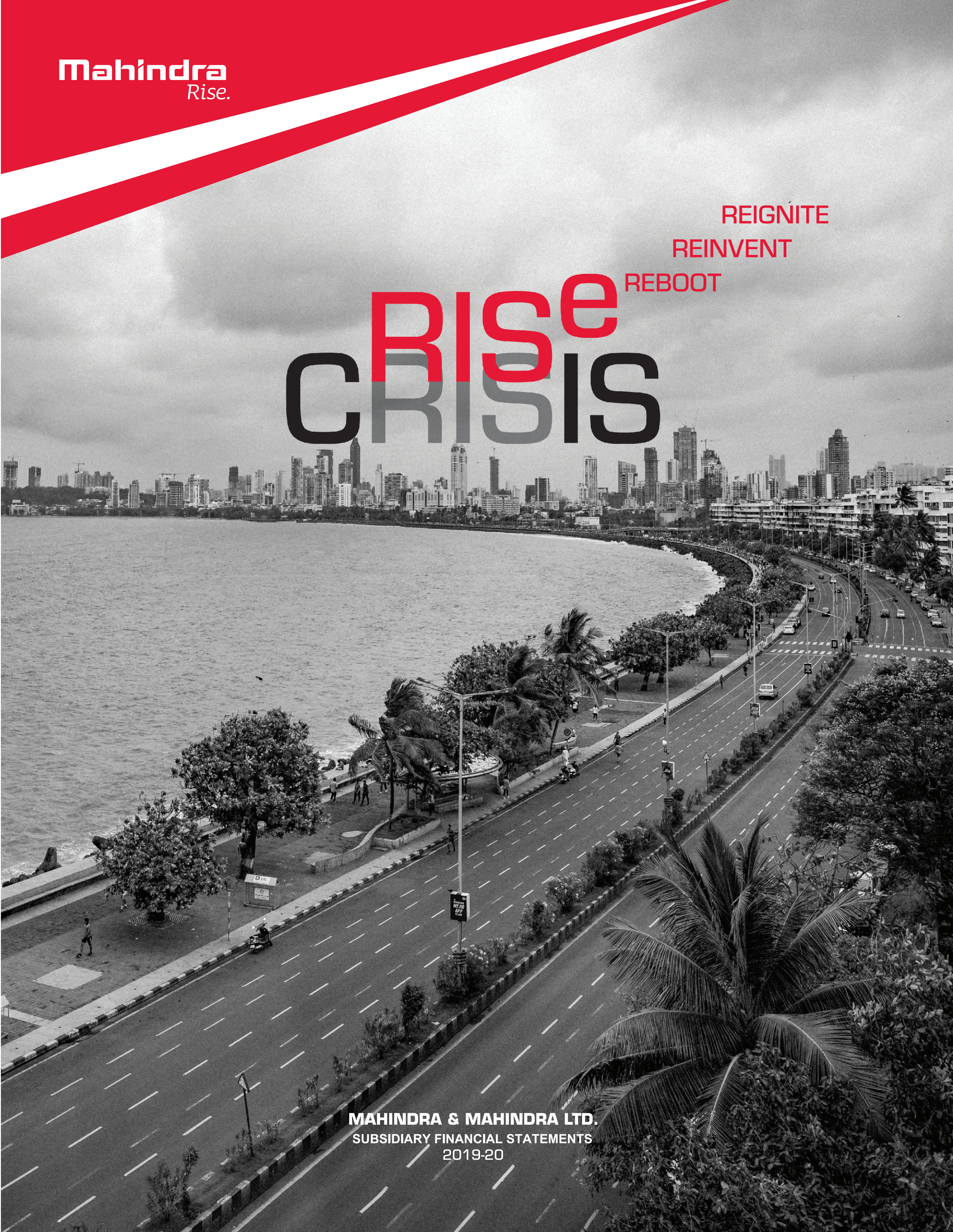

REIGNITE
REINVENT
REBOOT

RISe CRISIS

MAHINDRA & MAHINDRA LTD.

SUBSIDIARY FINANCIAL STATEMENTS

2019-20

Subsidiary Companies

Part 01

Subsidiary Companies

Part 01

Subsidiary Companies

Part 02

Subsidiary Companies

Part 02

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MAHINDRA VEHICLE MANUFACTURERS LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **Mahindra Vehicle Manufacturers Limited** ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information in which are included the Returns for the year ended on that date audited by the branch auditors of the Company's branches at Michigan, USA and Virginia, USA.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matter

We did not audit the financial information of two branches included in the standalone financial statements of the Company whose standalone financial information reflect total assets of Rs. 22,386 lakhs as at 31 March 2020 and the total revenue of Rs. 48,437 lakhs for the year ended on that date, as considered in the standalone financial statements. These branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.

The financial information of the two branches as referred above have been prepared in accordance with accounting principles generally accepted in their country and which have been audited by other auditors under generally accepted auditing standards applicable in their country. The Company's Management has converted the financial information of these branches located outside India from accounting principles generally accepted in their country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's Management. Our opinion in so far as it relates to the balances and affairs of these branches located outside India is based on the reports of other auditors and the conversion adjustments prepared by the Management of the Company and audited by us.

Our opinion is not modified in respect of this matter

Report on Other Legal and Regulatory Requirements

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

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

d) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.

e) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

f) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 45 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

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

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

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 01248W/W-100022

Abhishek
Partner
Membership No.: 062343
UDIN: 20062343AAAABP6043

Place: Pune
Date: 21st May 2020

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENT – 31ST MARCH, 2020

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the Standalone financial statements for the year ended 31 March 2020, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of physical verification of its fixed assets by which all its fixed assets are verified once in every three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. Pursuant to the program, physical verification was conducted in the previous financial year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The title deeds of the immovable properties are held in the name of the Company.

(ii) The inventory, except goods in transit, has been physically verified by the management during the year as well as subsequent to year end in accordance with the programme of physical verification. The discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of account. In our opinion, the frequency of such verification is reasonable and adequate in relation to the size of the Company and the nature of its business. In respect of significant stocks lying with third parties at the year end, written confirmation from major parties have been obtained.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to the loans given, investments made, guarantees and security given.

(v) The Company has not accepted any deposits from the public in terms of directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and the rules made there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 148(1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee's State Insurance, Income Tax, Duty of Customs, Goods and Service Tax and any other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities except amount in connection with certain employee related dues as more fully described in note 29 to the financial statements. As explained to us, the Company do not have dues on account of Sales Tax, Service Tax, Value Added Tax, Cess and Duty of Excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employee's State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Service Tax and any other statutory dues were in arrears as at 31 March 2020, for a period of more than six months from the date they became payable except amount in connection with certain employee related dues as more fully described in note 29 to the financial statements.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Goods and Service Tax and Value Added Tax which have not been deposited with the appropriate authorities by the Company on account of disputes other than those stated in Appendix 1 to this Report.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to bank and debenture holders. The Company did not have any dues from financial institution or government during the year.

(ix) According to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanation given to us, the managerial remuneration is paid or provided in accordance with the requisite approvals mandate by the provision of section 197 read with schedule V of the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company as per the Act. Accordingly, the reporting under paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanation given to us, all transactions with related parties are in compliance with section 177 and 188 of the Act and the details, as required by the applicable accounting standard have been disclosed in the Standalone financial statements.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year. Accordingly, the reporting under paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, the reporting under paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to register under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under paragraph 3(xvi) of the Order is not applicable.

For B S R & Co. LLP

Chartered Accountants
Firm Registration No: 101248W /W-100022

Abhishek
Partner
Membership No.: 062343
UDIN: 20062343AAAABP6043

Place: Pune
Date: 21st May 2020

APPENDIX -1

Details of amount unpaid on account of disputes:

Name of Statue	Nature of the dues	Period to which the amount relates	Amount Demanded (Rs. In lakhs)	Amount paid under protest (Rs. In lakhs)	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	2010 to 2014	1,173	29	The company has filed an appeal with Customs, excise and Service tax Appellate Tribunal (CESTAT)

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF MAHINDRA VEHICLE MANUFACTURERS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2020.

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Vehicle Manufacturers Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 01248W/W-100022

Abhishek
Partner
Membership No. 062343
UDIN : 20062343AAAABP6043

Place: Pune
Date: 21st May 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

Rs. in Lakhs

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
A ASSETS			
Non-current assets			
(a) Property, plant and equipment	4 & 4A	**164,326**	173,811
(b) Capital work-in-progress		**76,704**	15,999
(c) Other intangible assets	5	**2,408**	3,334
(d) Intangible assets under development		**15,370**	12,134
(e) Financial assets			
(i) Investments	6 A	**225,951**	301,625
(ii) Other financial assets	7	**28,779**	30,246
(f) Income tax assets (net)		**21,616**	21,219
(g) Other non-current assets	8	**15,512**	12,835
Total non-current assets		**550,666**	571,203
Current assets			
(a) Inventories	9	**65,486**	95,000
(b) Financial assets			
(i) Investments	6 B	–	25,863
(ii) Trade receivables	10	**41,906**	100,948
(iii) Cash and cash equivalents	11	**1**	5,471
(iv) Other bank balances	11	–	**4,568**
(v) Loans	12	**25**	15,021
(vi) Other financial assets	13	**17,866**	11,272
(c) Other current assets	14	**7,235**	4,609
Total current assets		**132,519**	262,752
Total assets		**683,185**	833,955
B EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	**406,472**	406,472
(b) Other equity	16	**21,193**	81,299
Total equity		**427,665**	487,771
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	**60,759**	79,993
(ii) Other financial liabilities	18	**16,445**	14,256
(b) Provisions	19	**5,431**	3,962
(c) Deferred tax liabilities (net)	20 A	**11,624**	17,174
Total non-current liabilities		**94,259**	115,385
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	22 A	**21,338**	–
(ii) Trade payables			
– Total outstanding dues of micro and small enterprises	21	**1,459**	2,109
– Total outstanding dues of creditors other than micro and small enterprises (including acceptances)	21	**92,061**	180,946
(iii) Other financial liabilities	22	**43,838**	34,115
(b) Provisions	23	**528**	412
(c) Current tax liabilities (net)		**811**	–
(d) Other current liabilities	24	**1,226**	13,217
Total current liabilities		**161,261**	230,799
Total equity and liabilities		**683,185**	833,955

See accompanying notes to the financial statements

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

Abhishek
Partner
Membership Number: 062343

Place: Pune
Date: 21st May 2020

Dattatraya Nikam
Chief Financial Officer

Rajan Wadhera
Director
DIN : 00416429

Vijay Kalra
Director
DIN : 07217974

Rajesh Arora
Company Secretary

Place: Mumbai
Date: 21st May 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Rs. in Lakhs

Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Revenue from operations	25, 25A & 25B	**759,819**	1,134,505
Other Income	26	**6,097**	7,409
Total Income		**765,916**	1,141,914
EXPENSES			
(a) Cost of materials consumed	27	**575,108**	955,817
(b) Changes in stock of finished goods and work-in-progress	28	**28,052**	(14,893)
(c) Employee benefits expense	29	**49,034**	46,443
(d) Finance costs	30	**5,029**	8,039
(e) Depreciation and amortisation expense	31	**14,940**	15,050
(f) Other expenses	32	**49,146**	52,708
Total Expenses		**721,309**	1,063,164
Profit/(loss) before exceptional item & tax		**44,607**	78,750
Exceptional Item	40	**79,717**	(703)
Profit/(loss) before tax		**(35,110)**	79,453
Tax expense			
(1) Current tax		**12,046**	8,121
(2) Deferred tax		**(5,327)**	(730)
Total tax expense		**6,719**	7,391
Profit/(loss) for the year		**(41,829)**	72,062
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
– Remeasurements of the defined benefit liabilities / (asset)		**(880)**	141
(ii) Income tax relating to items that will not be reclassified to P&L		**222**	(49)
Total comprehensive income for the period		**(42,487)**	72,154
Earnings per equity share (face value Rs. 10 each):	42		
(1) Basic		**(1.03)**	1.77
(2) Diluted		**(1.03)**	1.77

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

Abhishek
Partner
Membership Number: 062343

Place: Pune
Date: 21st May 2020

Dattatraya Nikam
Chief Financial Officer

Rajan Wadhera
Director
DIN : 00416429

Vijay Kalra
Director
DIN : 07217974

Rajesh Arora
Company Secretary

Place: Mumbai
Date: 21st May 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

Rs. in Lakhs

		For the year ended 31st March, 2020	For the year ended 31st March, 2019
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before exceptional item and tax:	**44,607**	78,750
	Adjustment for:		
	Depreciation and amortisation	**14,940**	15,050
	Finance costs recognised in profit or loss	**5,029**	8,039
	(Profit)/Loss on sale of fixed assets	**(21)**	(4)
	Investment income recognised in profit or loss	**(5,417)**	(6,674)
		14,531	16,411
	Operating profit before Working Capital changes	**59,138**	95,161
	Movements in working capital:		
	(Increase)/decrease trade and other receivables	**54,341**	19,989
	(Increase)/decrease in inventories	**29,514**	(31,488)
	(Increase)/decrease in other assets	**(3,049)**	8,562
	Increase/(decrease) in trade and other payables	**(89,535)**	(8,296)
	Increase/(decrease) in provisions	**705**	569
	Increase/(decrease) in other liabilities	**(8,351)**	(5,323)
		(16,375)	(15,987)
	Cash generated from operations	**42,763**	79,174
	Income taxes paid (Net of Refund)	**(11,632)**	(26,647)
	Net Cash from Operating activities	**31,131**	52,527
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Payments for property, plant and equipment	**(63,320)**	(22,935)
	Proceeds from disposal of property, plant and equipment	**55**	22
	Payments to purchase investments	**(471,800)**	(1,123,789)
	Proceeds on sale of investments	**498,229**	1,084,798
	Payments to acquire long term investments	**(4,043)**	(9,559)
	Proceeds on sale of long term investments	**–**	56,116
	Fixed Deposit (placed)/redeemed	**19,568**	(2,068)
	Interest/dividend received	**4,421**	3,807
	Net Cash from/(used) in investing activities	**(16,890)**	(13,608)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD).

		For the year ended 31st March, 2020	Rs. in Lakhs For the year ended 31st March, 2019
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Repayment of Long term borrowings	**(14,993)**	(14,990)
	Proceeds from Short term borrowings	**18,489**	–
	Payment of lease liability	**(360)**	–
	Dividends paid to owners of the Company (including dividend distribution tax)	**(17,619)**	(10,844)
	Interest paid	**(8,077)**	(8,158)
	Net Cash from/(used) in financing activities	**(22,560)**	(33,992)
D	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**	**(8,319)**	4,927
	Cash and cash equivalents at the beginning of the year	**5,471**	544
	Cash and cash equivalents at the end of the year	**(2,848)**	5,471

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

Abhishek
Partner
Membership Number: 062343

Place: Pune
Date: 21st May 2020

Dattatraya Nikam
Chief Financial Officer

Rajan Wadhera
Director
DIN : 00416429

Vijay Kalra
Director
DIN : 07217974

Rajesh Arora
Company Secretary

Place: Mumbai
Date: 21st May 2020

STATEMENT OF CHANGES IN EQUITY

Rs. in Lakhs

A. Equity Share Capital	As at 31st March, 2020	As at 31st March, 2019
Issued and Subscribed:		
Balance as at the beginning of the year	**406,472**	405,772
Add:		
Shares issued	–	700
Balance as at the end of the year	**406,472**	406,472

B. Other Equity

Rs. in Lakhs

	Share Application Money	Reserves and Surplus			
		Debenture Redemption Reserve (DRR)	Capital Reserve	Retained earnings	Total
Balance as at April 1, 2019	**–**	**7,624**	**(60)**	**73,735**	**81,299**
Profit for the year	**–**	**–**	**–**	**(41,829)**	**(41,829)**
Other comprehensive income for the year, net of income tax	**–**	**–**	**–**	**(658)**	**(658)**
Payment of dividend (Rs.0.37 per share)	**–**	**–**	**–**	**(15,039)**	**(15,039)**
Tax on dividend	**–**	**–**	**–**	**(2,580)**	**(2,580)**
Amount transferred from DRR	**–**	**(6,750)**	**–**	**6,750**	**–**
Transfers from retained earnings	**–**	**1,126**	**–**	**(1,126)**	**–**
Balance as at March 31, 2020	**–**	**2,000**	**(60)**	**19,253**	**21,193**

Remeasurement gain / (loss) (net) on defined benefit plan Rs. (658) lakhs (31st March 2019 - Rs. 92 lakhs) is recognised during the year as part of retained earnings.

STATEMENT OF CHANGES IN EQUITY (CONTD).

Rs. in Lakhs

	Share Application Money	Reserves and Surplus: Debenture Redemption Reserve	Capital Reserve	Retained earnings	Total
Balance as at April 1, 2018	700	8,851	(60)	11,198	20,689
Profit for the year	–	–	–	72,062	72,062
Other comprehensive income for the year, net of income tax	–	–	–	92	92
Payment of dividend (Rs.0.23 per share)	–	–	–	(9,349)	(9,349)
Tax on dividend	–	–	–	(1,495)	(1,495)
Amount transferred from DRR	–	(3,750)	–	3,750	–
Transfers from retained earnings	–	2,523	–	(2,523)	–
Issue of share capital	(700)	–	–	–	(700)
Balance as at March 31, 2019	–	7,624	(60)	73,735	81,299

Remeasurement gain (net) on defined benefit plan Rs. 92 lakhs (31st March 2018 - Rs. 125 lakhs) is recognised during the year as part of retained earnings.

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

Abhishek
Partner
Membership Number: 062343

Place: Pune
Date: 21st May 2020

Dattatraya Nikam
Chief Financial Officer

Rajan Wadhera
Director
DIN : 00416429

Vijay Kalra
Director
DIN : 07217974

Rajesh Arora
Company Secretary

Place: Mumbai
Date: 21st May 2020

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

1 Company Overview

Mahindra Vehicle manufacturers Limited is a Company incorporated and domiciled in India having its registered office in Mumbai (CIN : U34100MH2007PLC171151) . The Company is in the business of manufacture of passenger cars, medium and heavy commercial vehicles and construction equipments.

The immediate parent Company is Mahindra & Mahindra Limited, a company incorporated in India.These financial statements correspond to the stand alone financial statements of the Company.

The Company has elected not to prepare consolidated financial statements in accordance with Ind AS 110 and Companies (Accounts) Rules 2014, as amended. The parent Company is Mahindra & Mahindra Limited, a company incorporated in Mumbai, India which is the parent of the smallest and largest group to consolidate these financial statements. Copies of the annual report of the Mahindra & Mahindra Limited can be obtained from the Company Secretary, Mahindra & Mahindra Limited, Mahindra Towers, Dr. G. M. Bhosale Marg, Worli, Mumbai, 400 018, India. List of significant investments in subsidiaries, joint ventures and associates is provided in note no. 33

2 Significant Accounting Policies:

(A) Statement of Compliance:

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

The financial statements are approved by the Board of Directors and authorised for issue on 21st May, 2020.

(B) Functional and presentation currency

The financial statements are presented in Indian Rupees (INR or 'Rs.') which is also the Company's functional currency. All values are rounded to the nearest lakhs, unless otherwise stated.

(C) Basis of preparation

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

(D) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values. In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The Chief Financial Officer and persons entrusted have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and assessments that these valuations meet the requirements of Ind AS. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(E) Use of estimations & judgements:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in:

Property, Plant and Equipment - Note 2 (F)

Obligations relating to employee defined benefits - Note 36

Impairment of Investment - The Company reviews its carrying value of Investments carried at Cost annually

Leases -

Ind AS 116 requires lessees to determine the lease term as the non cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by lease basis and there by assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

(F) Property plant & equipment:

(a) Property plant & equipments are carried at cost of acquisition or construction less depreciation. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the Statement of Profit and Loss.

(b) Depreciation on assets is calculated on straight line method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013, except in respect of the following categories of assets, in whose case the life of the assets has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

(1) Certain items of plant and equipment - over their useful lives (2 years, 3 years, 5 years, 8 Years, 10 years, 20 years or 25 years as the case may be) as determined by the Company.

(2) Roads - over their useful life (15 years) as determined by the Company.

(3) Cars and Vehicles - over their useful life (5 years) as determined by the Company.

(G) Intangible Assets:

Intangible assets are initially recognised at cost.

Subsequent to initial recognition, intangible assets with indefinite useful lives are carried at cost less accumulated impairment, if any. Intangible assets with definite useful lives are amortised on a straight line basis so as to reflect the pattern in which the asset's economic benefits are consumed.

Intangible assets under development

The Company expenses cost incurred during research phase to profit or loss in the year in which they are incurred. Development phase expenses are initially recognised as intangible assets under development until the development phase is complete, upon which the amount is capitalised as intangible asset. The company has tested for impairment of intangible under development annually.

Other Intangible Assets

(a) License Fee:

The expenditure incurred is amortised over the estimated period of benefit, not exceeding five years commencing with the year of purchase of License.

(b) Technical Know-how fees:

The expenditure incurred on technical services and other project/

product related expenses are amortised over the estimated period of benefit, not exceeding five years.

(c) Software Expenditure:

The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

(H) Investments in subsidiaries, associates and joint ventures:

The Company accounts for its investments in subsidiaries, associates and joint venture at cost.

(I) Financial Instruments:

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

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

Classification of Financial Assets:

On initial recognition, a financial assets is classified as - measured at:

- Amortised Cost; or
- Fair Value Through Other Comprehensive Income (FVTOCI)
- Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gains and loss on derecognition is recognised in profit or loss.

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

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets.

Derecognition of financial assets: The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

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

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

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

Offsetting: Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

(J) Inventories:

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and bought out components are valued at the lower of cost or net realisable value. Cost is determined on the basis of the weighted average method.

Finished goods produced, manufactured components and work-in-progress are carried at cost or net realisable value whichever is lower.

Stores, spares and tools other than obsolete and slow moving items are carried at cost. Obsolete and slow moving items are valued at cost or estimated net realisable value, whichever is lower.

(K) Foreign Exchange Transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(L) Revenue Recognition:

Ind AS 115 specifies a uniform, five-step model for revenue recognition, which is generally to be applied to all contracts with customers. Amounts disclosed as revenue net of customer returns, trade allowance, rebates, value added and other indirect taxes and amount collected on behalf of third parties.

Sale of Goods:

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

Sale of Services:

Sale of services are recognised on satisfaction of performance obligation towards rendering of such services.

Interest Income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable and dividend income from investments in shares is recognised when the owner's right to receive the payment is established.

(M) Government Grants:

The Company, directly or indirectly through a consortium of Mahindra Group Companies, is entitled to various incentives from government authorities in respect of manufacturing unit located in developing region. The Company accounts for its entitlement as income on an accrual basis.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

(N) Employee Benefits:

Defined Contribution Plan/Defined Benefit Plan/Long term Compensated Absences:

Company's contributions paid/payable during the year to Provident fund, Superannuation Fund, ESIC and Labour Welfare Fund are recognised in the Statement of Profit and Loss as and when the employee renders service.

Company's liability towards gratuity, long term compensated absences are determined by independent actuaries, using the projected unit credit method. Past services are recognised on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses of gratuity liability are recognised immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(O) Borrowing Costs:

Borrowing costs directly attributable to the acquisition or construction of assets that necessarily take a substantial period of time to get ready for their intended use, are capitalised as part of the cost of such assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(P) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

(Q) Leases:

Transition:

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The Company has adopted modified retrospective approach where lease liability measured at present value of remaining lease payment discounted at the incremental borrowing rate at the date of initial application and right to use asset is equal to lease liability adjusted by the amount of any prepaid or accrued lease payments. The Company has adopted Ind AS 116 with effect from initially applying this standard from 1 April 2019. Accordingly, the information presented for previous year ended 31 March 2019 has not been restated and continues to be reported under IAS 17.

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the lessor has a substantive substitution right, then the asset is not identified
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company as a lessee has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
- the Company as a lessee has the right to operate the asset; or
- the Company as a lessee designed the asset in a way that predetermines how and for what purpose it will be used.
- This policy is applied to contracts entered into, or modified, on or after 1 April, 2019.

The Company as lessee:

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

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at amortised cost at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the incremental borrowing rate.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets:

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

The Company as lessor:

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term as part of 'other income'.

The Company as lessee :

Operating Leases :

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. Single discount rate to a portfolio of leases with similar characteristics.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

Finance Leases:

The Company has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17.

The Company as lessor:

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for a sub-lease. The Company accounted for its leases in accordance with Ind AS 116 from the date of initial application. The Company does not have any significant impact on account of sub-lease on the application of this standard.

(R) Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of these cash flows (when the effect of the time value of money is material).

3 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. As on this date, there is no standard which is issued but not yet effective that is expected to have a material impact on the financial statements of the Company.

NOTE 4 – PROPERTY, PLANT & EQUIPMENT

Rs. in Lakhs

Description of assets	Freehold land	Leasehold land	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Vehicles	Total
(I) Cost									
Balance as at 1st April 2019	**151**	**31,953**	**107,467**	**127,495**	**5,663**	**3,875**	**1,433**	**1,734**	**279,771**
Additions	–	–	**1,083**	**1,403**	**253**	**68**	–	**259**	**3,066**
Disposals	–	–	–	–	–	–	–	**326**	**326**
Reclassified as ROU	–	31,953	–	–	–	–	1,433	–	33,386
Balance as at 31st March 2020	**151**	–	**108,550**	**128,898**	**5,916**	**3,943**	–	**1,667**	**249,125**
(II) Accumulated depreciation									
Balance as at 1st April 2019	–	**3,374**	**27,219**	**66,726**	**4,813**	**2,300**	**391**	**1,137**	**105,960**
Depreciation for the year	–	–	**3,784**	**8,400**	**289**	**433**	–	**210**	**13,116**
Disposals	–	–	–	–	–	–	–	**292**	**292**
Impact on reclassification as ROU	–	3,374	–	–	–	–	391	–	3,765
Balance as at 31st March 2020	–	–	**31,003**	**75,126**	**5,102**	**2,733**	–	**1,055**	**115,019**
Carrying amount(I-II)									
Balance as at 31st March 2020	**151**	–	**77,547**	**53,772**	**814**	**1,210**	–	**612**	**134,106**
Balance as at 31st March 2019	151	28,579	80,248	60,769	850	1,575	1,042	597	173,811

Rs. in Lakhs

Description of Assets	Land – Freehold	Land – Leasehold	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Vehicles	Total
(I) Cost									
Balance as at 1st April 2018	151	31,953	106,710	122,340	5,432	3,677	1,433	1,639	273,335
Additions	–	–	757	5,155	231	198	–	220	6,561
Disposals	–	–	–	–	–	–	–	125	125
Balance as at 31st March 2019	151	31,953	107,467	127,495	5,663	3,875	1,433	1,734	279,771
(II) Accumulated depreciation									
Balance as at 1st April 2018	–	3,052	23,475	57,559	4,524	1,851	225	1,016	91,702
Depreciation for the year	–	322	3,744	9,167	289	449	166	228	14,365
Disposals	–	–	–	–	–	–	–	107	107
Balance as at 31st March 2019	–	3,374	27,219	66,726	4,813	2,300	391	1,137	105,960
Carrying amount(I-II)									
Balance as at 31st March 2019	151	28,579	80,248	60,769	850	1,575	1,042	597	173,811
Balance as at 31st March 2018	151	28,901	83,235	64,781	908	1,826	1,208	623	181,633

Note:

(i) Plant & Equipment with carrying amount of Rs. 53,772 lakhs (31st March 2019 - Rs. 60,769 lakhs) have been pledged to secure borrowings of the Company (See Note 17). The plant & equipment have been pledged as security for bank loans under a mortgage. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

(ii) Additions in Plant and Equipment during the year includes borrowing costs capitalised during the year Rs. Nil Lakhs (31st March 2019 : Rs. 47 Lakhs).

NOTE 4A - RIGHT OF USE ASSETS (PROPERTY, PLANT & EQUIPMENT)

Rs. in Lakhs

Description of Assets	Land – Leasehold	Leasehold Improvements	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
(I) Cost								
Balance as at 1st April 2019	–	–	–	–	–	–	–	–
Additions	–	–	–	–	–	–	–	–
Reclassified as ROU	28,579	1,042	718	179	526	–	38	31,082
Balance as at 31st March 2020	**28,579**	**1,042**	**718**	**179**	**526**	**–**	**38**	**31,082**
(II) Accumulated depreciation								
Balance as at 1st April 2019	–	–	–	–	–	–	–	–
Amortisation expense for the year	322	131	143	42	208	–	16	862
Balance as at 31st March 2020	322	131	143	42	208	–	16	862
Carrying amount(I-II)								
Balance as at 31st March 2020	28,257	911	575	137	318	–	22	30,220
Balance as at 31st March 2019	–	–	–	–	–	–	–	–

NOTE 5 – INTANGIBLE ASSETS

Rs. in Lakhs

Description of Assets	Computer Software	License	Technical know how	Total
(I) Cost				
Balance as at 1st April 2019	**3,135**	**2,520**	**1,391**	**7,046**
Additions during the year	**36**	–	–	**36**
Disposals	–	–	–	–
Balance as at 31st March 2020	**3,171**	**2,520**	**1,391**	**7,082**
(II) Accumulated amortisation				
Balance as at 1st April, 2019	**2,654**	**658**	**400**	**3,712**
Amortisation for the year	**340**	**406**	**216**	**962**
Disposals	–	–	–	–
Balance as at 31st March, 2020	**2,994**	**1,064**	**616**	**4,674**
Carrying amount(I-II)				
Balance as at 31st March, 2020	**177**	**1,456**	**775**	**2,408**
Balance as at 31st March, 2019	481	1,862	991	3,334

Rs. in Lakhs

Description of Assets	Computer Software	License	Technical know how	Total
(I) Cost				
Balance as at 1st April 2018	2,907	489	310	3,706
Additions during the year	228	2,031	1,081	3,340
Disposals	–	–	–	–
Balance as at 31st March 2019	3,135	2,520	1,391	7,046
(II) Accumulated amortisation				
Balance as at 1st April, 2018	2,228	489	310	3,027
Amortisation for the year	426	169	90	685
Disposals	–	–	–	–
Balance as at 31st March, 2019	2,654	658	400	3,712
Carrying amount(I–II)				
Balance as at 31st March, 2019	481	1,862	991	3,334
Balance as at 31st March, 2018	679	–	–	679

NOTE 6 A – NON-CURRENT INVESTMENTS

	Face Value	As at 31st March, 2020		As at 31st March, 2019	
	Rs.	Units	Rs. in Lakhs	Units	Rs. in Lakhs
NON-CURRENT INVESTMENTS					
Investment in equity instruments: At cost (Trade and fully paid up unless otherwise specified) (Unquoted):					
(i) In subsidiary companies					
– Mahindra Electric Mobility Limited	10	**321,357,564**	**81,538**	305,658,977	77,538
– Mahindra Intertrade Limited [including 1,50,00,000 shares partly paid-up Rs. 3 per share]	10	**27,100,007**	**70,021**	27,100,007	70,021
– Mahindra Heavy Engines Limited	10	**634,400,000**	**41,504**	634,400,000	41,504
– Mahindra Two Wheelers Limited	10	**2,998,389,216**	**3,089**	2,784,814,210	3,046
			196,152		192,109
(ii) In other companies					
– Sai Wardha Power Generation Limited: Class ‘A’ Equity Shares	10	**1,238,279**	*****	1,238,279	*
			*****		*

	Face Value	As at 31st March, 2020		As at 31st March, 2019	
	Rs.	Units	Rs. in Lakhs	Units	Rs. in Lakhs
(Quoted)					
(i) In Associate Companies					
– Mahindra CIE Automotive Limited	10	**43,344,512**	**109,516**	43,344,512	109,516
			109,516		109,516
Sub total A			**305,668**		301,625
Investments in preference shares (trade and fully paid-up unless otherwise specified):					
Unquoted					
(i) In other companies					
– Sai Wardha Power Generation Limited: 0.01% Class 'A' Redeemable Preference Shares	10	**1,561,721**	*****	1,561,721	*
Sub total B			*		*****
Total non current investment - Gross			**305,668**		301,625
Less: Aggregate amount of impairment in value of investments			**79,717**		–
Total non current investment - Net			**225,951**		301,625
Other disclosures					
(i) Aggregate amount of quoted Investments (Gross)			**109,516**		109,516
– Market value of quoted investments			**29,799**		101,643
(ii) Aggregate amount of unquoted investments (Gross)			**196,152**		192,109

* amount less than Rs. 50,000

NOTE 6 B – CURRENT INVESTMENTS

Rs. in Lakhs

	As at 31st March, 2020	As at 31st March, 2019
Quoted		
Carried at Fair Value Through Profit & Loss		
Investments in mutual funds	–	21,024
Unquoted		
Carried at Amortised Cost		
Investments in Commercial Paper	–	4,839
Total	–	25,863
Other disclosures		
(i) Aggregate amount of quoted investments (gross)	–	21,024
– Market value of quoted investments	–	21,024
(ii) Aggregate amount of unquoted investments (gross)	–	4,839

NOTE 7 – NON-CURRENT FINANCIAL ASSETS - OTHERS

Rs. in Lakhs

	As at 31st March, 2020	As at 31st March, 2019
Security deposits	**123**	114
Margin money with bank	**1**	1
Government grant receivable	**28,655**	30,131
Total	**28,779**	30,246

NOTE 8 – OTHER NON-CURRENT ASSETS

Rs. in Lakhs

	As at 31st March, 2020	As at 31st March, 2019
Capital Advance	**9,159**	6,905
VAT Refund	**4,898**	4,931
Others	**1,455**	999
Total	**15,512**	12,835

Others includes balances with Government authorities, amount paid under protest etc.

NOTE 9 – INVENTORIES

Rs. in Lakhs

	As at 31st March, 2020	As at 31st March, 2019
Raw materials [(Including goods in transit Rs.1,571 Lakhs) (31st March, 2019 - Rs. 11,557 Lakhs)]	**43,717**	45,684
Work-in-progress	**7,761**	8,466
Finished goods	**9,194**	36,541
Stores and spares	**3,595**	3,449
Loose tools	**1,219**	860
Total	**65,486**	95,000

Note:

The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 603,160 Lakhs (31st March 2019 - Rs. 940,924 Lakhs)

NOTE 10 – TRADE RECEIVABLES

	As at 31st March, 2020	As at 31st March, 2019
		Rs. in Lakhs
(Unsecured, considered good)		
Trade receivables	**41,906**	100,948
Total	**41,906**	100,948

NOTE 11 – CASH AND BANK BALANCE

	As at 31st March, 2020	As at 31st March, 2019
		Rs. in Lakhs
A. Cash & cash equivalents		
(i) Cash on hand	**1**	*
(ii) Balances with banks		
– In current accounts	**–**	5,471
Total cash & cash Equivalent	**1**	5,471
B. Other bank balances		
(i) Fixed deposits	**–**	4,568
Total other bank balances	**–**	4,568
Total	**1**	10,039

* amount less than Rs. 50,000

NOTE 12 – CURRENT FINANCIAL ASSETS – LOANS

	As at 31st March, 2020	As at 31st March, 2019
		Rs. in Lakhs
(Unsecured, considered good)		
Loans to related party (Refer note 43)	**–**	15,000
Loans to employees	**25**	21
Total	**25**	15,021

DISCLOSURE REQUIRED UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013 FOR LOANS:

Loans to related parties includes Intercorporate deposits given to

a. Mahindra & Mahindra Financial Services Limited - Rs. Nil (31st March 2019 - Rs. 10,000 Lakhs)

b. Mahindra Rural Housing Finance Limited - Rs. Nil (31st March 2019 - Rs. 5,000 Lakhs)

NOTE 13 – CURRENT FINANCIAL ASSETS – OTHERS

	As at 31st March, 2020	As at 31st March, 2019
		Rs. in Lakhs
Interest receivable	**1,426**	996
Security deposit	**25**	43
Government grant receivable	**12,713**	10,074
Others	**3,702**	159
Total	**17,866**	11,272

Other includes other receivables etc.

NOTE 14 – OTHER CURRENT ASSETS

	As at 31st March, 2020	As at 31st March, 2019
		Rs. in Lakhs
Advance to suppliers	**2,104**	3,179
Others	**5,131**	1,430
Total	**7,235**	4,609

Others includes prepaid expenses, other receivable etc.

NOTE 15 – SHARE CAPITAL

	As at 31st March, 2020	As at 31st March, 2019
		Rs. in Lakhs
Authorised:		
5,00,00,00,000 (31st March, 2019: 5,00,00,00,000) equity shares of Rs. 10 each.	**500,000**	500,000
Issued, subscribed and paid up:		
4,06,47,23,484 (31st March, 2019: 4,06,47,23,484) equity shares of Rs. 10 each fully paid up.	**406,472**	406,472
Total	**406,472**	406,472

Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:

	As at 31st March, 2020 No of shares	**As at 31st March, 2020 Amount Rs. in Lakhs**	As at 31st March, 2019 No of shares	As at 31st March, 2019 Amount Rs. in Lakhs
No. of equity shares outstanding at the beginning of the year	**4,064,723,484**	**406,472**	4,057,723,484	405,772
Add: Additional equity shares issued during the year	**–**	**–**	7,000,000	700
No. of equity shares outstanding at the end of the year	**4,064,723,484**	**406,472**	4,064,723,484	406,472

Notes:

i) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	**2020**		2019	
	Number of share	**% shareholding**	Number of shares	% shareholding
Equity Shares:				
Mahindra & Mahindra Ltd. (holding company) and its nominees	**4,064,723,484**	**100**	4,064,723,484	100

ii) Rights, preferences, restrictions of equity shares

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

NOTE 16 – OTHER EQUITY

Rs. in Lakhs

	As at 31st March, 2020	As at 31st March, 2019
Debenture Redemption Reserve:		
Balance as at the beginning of the year	**7,624**	8,851
Add: Transferred from Surplus in Statement of Profit & Loss	**1,126**	2,523
Less: Transferred to Surplus in the Statement of Profit & Loss	**(6,750)**	(3,750)
Balance as at the end of the year	**2,000**	7,624
Capital Reserve		
Balance as at the beginning and end of the year	**(60)**	(60)
Retained Earnings		
Balance as at the beginning of the year	**73,735**	11,198
Add: Profit for the year	**(41,829)**	72,062
Add: Amounts transferred from Debenture Redemption Reserve	**6,750**	3,750
Less: Transfer to Debenture Redemption Reserve	**(1,126)**	(2,523)
Add: Other Comprehensive income for the year (net)	**(658)**	92
Less: Dividend	**(15,039)**	(9,349)
Less: Tax on Dividend	**(2,580)**	(1,495)
Balance as at the end of the year	**19,253**	73,735
Share Application Money		
Balance as at the beginning of the year	**–**	700
Less: Issue of share capital	**–**	(700)
Balance as at the end of the year	**–**	–
Total	**21,193**	81,299

Description of the nature and purpose of Other Equity

Debenture redemption reserve:

Debenture redemption reserve has been created as applicable under the Companies Act, 2013.

Capital reserve:

Capital reserve represents reserve created on acquisition of entire business of Mahindra North America Technical Centre, Inc. (MNATC).

Rs. in Lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Proposed dividend on Equity shares		
Final dividend for the year ended on 31st March 2020 : Rs. Nil per share (31st March 2019 - Rs. 0.37 per share)	**–**	15,039
Dividend Distribution Tax on proposed dividend	**–**	2,580
	–	17,619

Proposed dividends on equity shares are subject to approval in annual general meeting and are not recognised as a liability as at 31st March.

NOTE 17 - NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

Rs. in Lakhs

	As at 31st March, 2020	As at 31st March, 2019
Loans and advances from other than related parties:		
Debentures (Secured)		
8.19% Non convertible Debentures (Series C)	**–**	19,993
Unsecured loans from related parties :		
6.5% Cumulative, Redeemable, Non- Convertible Preference Shares	**60,000**	60,000
Lease liabilities	759	–
Total	**60,759**	79,993

8.19% Non convertible debentures (Series C) are secured by First *Pari Passu* charge on plant and Equipment of the Company.

NOTE 17 - LONG TERM BORROWINGS contd.

Rs. in Lakhs

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cash flows	Coupon Rate	Repayment Bullet (or) Installment	Date of Redemption	Narrative remarks	Amortised cost as at 31st March, 2020	Amortised cost as at 31st March, 2019
Unsecured								
- Preference Shares	Rs.	7.82%	6.50%	Bullet	26th March 2027	Unsecured	**60,000**	60,000
Secured								
- Debentures - Series C	Rs.	8.22%	8.19%	Bullet	23rd Feb 2021	Debentures are to be secured by First *Pari Passu* charge on Plant and Equipment of the Company	**#**	19,993
- Debentures - Series B	Rs.			Bullet	24th Feb 2020		–	#

Amount shown in Current maturities of Long-term debt in Note 22

NOTE 18 – OTHER NON CURRENT FINANCIAL LIABILITIES

Rs. in Lakhs

	As at 31st March, 2020	As at 31st March, 2019
Government grants payable to group companies	**13,883**	14,256
Other liabilities	2,562	–
Total	**16,445**	14,256

Others includes obligation under EPCG scheme.

NOTE 19 – NON-CURRENT LIABILITIES - PROVISIONS

Rs. in Lakhs

	As at 31st March, 2020	As at 31st March, 2019
Provision for employee benefits	**5,431**	3,962
Total	**5,431**	3,962

NOTE 20 A – DEFERRED TAX LIABILITIES (NET)

(i) Break up of deferred tax liabilities as at year end:

Rs. in Lakhs

Nature of timing difference	As at 31st March, 2020	As at 31st March, 2019
On property, plant and equipment	**13,397**	19,072
Total	**13,397**	19,072

(ii) Break up of deferred tax assets as at year end:

Rs. in Lakhs

Nature of timing difference	As at 31st March, 2020	As at 31st March, 2019
Unclaimed amount under section 43B of Income Tax Act 1961	**1,773**	1,898
Total	**1,773**	1,898

(iii) Deferred tax assets/(liabilities) net:	**(11,624)**	(17,174)

(a) Income Tax recognised in profit or loss

Rs. in Lakhs

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Current Tax:		
In respect of current year	**12,046**	8,121
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(5,327)**	(730)
Total income tax expense	**6,719**	7,391

(b) Income tax recognised in other Comprehensive income

Rs. in Lakhs

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**(222)**	49
Total	**(222)**	49
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**(222)**	49
Total	**(222)**	49

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rs. in Lakhs

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Profit / (Loss) before tax	**(35,110)**	79,453
Income tax expense calculated at 25.168% (2019: 34.944%)	**(8,836)**	27,764
Tax on Exceptional Item	**20,063**	651
Rate Change - Opening Impact Deferred Tax	**(4,802)**	–
Tax Provision Reversed of earlier years	**(1,765)**	(23,032)
Dividend Income	**(627)**	(725)
Disallowances includes 14A , DDT, Wardha Power Write off & CSR Expenses	**2,065**	2,731
Others	**621**	2
Total Income Tax Expenses	**6,719**	7,391

The Company has elected to exercise the option with regards to the tax rate mentioned under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the tax rate 25.168% (31st March 2019 - 34.944%) used for the 31st March, 2020 to reconcile the corporate tax payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(i) Movement in deferred tax liabilities (net)

Rs. in Lakhs

	For the Year ended 31st March, 2020			
Particulars	**Opening Balance**	**Recognised in profit and Loss**	**Recognised in OCI**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities				
On property, plant and equipment	**19,072**	**(5,674)**	**–**	**13,398**
	19,072	**(5,674)**	**–**	**13,398**
Tax effect of items constituting deferred tax assets				
On employee benefits	**1,898**	**(346)**	**222**	**1,774**
	1,898	**(346)**	**222**	**1,774**
Net deferred tax asset (liabilities)	**17,174**	**(5,328)**	**(222)**	**11,624**

Rs. in Lakhs

Particulars	For the Year ended 31st March, 2019 Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
On property, plant and equipment	19,512	(440)	–	19,072
	19,512	(440)	–	19,072
Tax effect of items constituting deferred tax assets				
On employee benefits	1,657	290	(49)	1,898
	1,657	290	(49)	1,898
Net deferred tax asset (liabilities)	17,855	(730)	49	17,174

NOTE 21 – TRADE PAYABLES

Rs. in Lakhs

	As at 31st March, 2020	As at 31st March, 2019
Total outstanding dues of micro and small enterprises	**1,459**	2,109
Total outstanding dues other than micro and small enterprises		
– Acceptances	**89**	382
– Other than Acceptances	**91,972**	180,564
Total	**93,520**	183,055

Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below:

Rs. in Lakhs

Particulars	**For the year ended 31st March, 2020**	For the year ended 31st March, 2019
(i) Principal amount payable to MSME	**1,459**	2,109
(ii) Dues remaining unpaid as at 31st March		
Principal	**439**	125
Interest on the above	**1**	1
(iii) Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the year		
Principal paid beyond the appointed date	**7,692**	3,041
Interest paid in terms of Section 16 of the Act	**14**	27
(iv) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**44**	13
(v) Amount of interest accrued and remaining unpaid as at 31st March	**45**	14

NOTE 22 – OTHER FINANCIAL LIABILITIES

Rs. in Lakhs

	As at 31st March, 2020	As at 31st March, 2019
Current maturities of long-term debt	**19,997**	14,997
Current maturities of lease liabilities	**389**	–
Interest accrued but not due on borrowings	**4,256**	4,167
Government grant payable to group companies	**5,894**	4,723
Other payables	**13,302**	10,228
Total	**43,838**	34,115

Other payables includes capital creditors, accrued employee liability, retention money etc.

NOTE 22 A – SHORT TERM BORROWINGS

Rs. in Lakhs

	As at 31st March, 2020	As at 31st March, 2019
Loans and advances from other than related parties:		
Loans repayable on demand		
– Bank overdraft (secured)	**2,849**	–
Commercial papers	**14,489**	–
Loans and advances from related parties:		
Inter Corporate Loan (unsecured)	**4,000**	–
Total	**21,338**	–

Inter Corporate Loan, Commercial papers & Bank overdraft are on fixed interest ranging from 5.50% to 9.00%

NOTE 23 – CURRENT PROVISIONS

Rs. in Lakhs

	As at 31st March, 2020	As at 31st March, 2019
Provision for employee benefits	**528**	412
Total	**528**	412

NOTE 24 – OTHER CURRENT LIABILITIES

Rs. in Lakhs

	As at 31st March, 2020	As at 31st March, 2019
Statutory dues (including GST, Provident fund, TDS etc.)	**1,044**	13,057
Other payables	**182**	160
Total	**1,226**	13,217

NOTE 25 – REVENUE FROM OPERATIONS

Rs. in Lakhs

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Revenue from contracts with customers:		
– Sale of products	**702,878**	1,074,813
– Sale of services	**48,600**	47,033
Other operating revenues		
– Government grants	**5,752**	8,088
– Scrap sales	**2,589**	4,571
Total	**759,819**	1,134,505

NOTE 25A - COUNTRY-WISE BREAK UP OF REVENUE

For the year ended 31st March, 2020 **Rs. in Lakhs**

Country	**Revenue from contracts with customers (IndAS 115)**	**Revenue from operations from other than customers**	**Total Revenue from Operations**	**Other Income**	**Total Income**
India	**745,805**	**5,752**	**751,557**	**6,097**	**757,654**
United States	**8,262**	**–**	**8,262**	**–**	**8,262**
Total	**754,067**	**5,752**	**759,819**	**6,097**	**765,916**

For the year ended 31st March, 2019 Rs. in Lakhs

Country	Revenue from contracts with customers (IndAS 115)	Revenue from operations from other than customers	Total Revenue from Operations	Other Income	Total Income
India	1,121,260	8,088	1,129,348	7,409	1,136,757
United States	5,157	–	5,157	–	5,157
Total	1,126,417	8,088	1,134,505	7,409	1,141,914

NOTE 25B – BREAKUP OF REVENUE INTO CONTRACTS ENTERED IN PREVIOUS YEAR AND IN CURRENT YEAR

Rs. in Lakhs

Particulars	**For the year ended 31st March, 2020**	For the year ended 31st March, 2019
Revenue from PO/contract/ agreement entered into previous year	**–**	–
Revenue from New PO/contract/ agreement entered into current year	**754,067**	1,126,417
Total Revenue recognised during the period	**754,067**	1,126,417

There is no reconciliation between contract revenue and revenue recognised in statement of profit and loss account. Further, there is no reconciliation for previous year balance sheet that has been presented and hence information with regards to the same has not been separately presented.

NOTE 26 – OTHER INCOME

Rs. in Lakhs

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest Income on financial assets carried at amortised cost	**932**	1,360
Interest Income - Others	**1,429**	1,367
Net gain arising on investment carried Fair Value Through Profit or Loss	**566**	1,872
Dividend on Investment in subsidiaries	**2,490**	2,075
Operating lease income	**594**	574
Other non-operating income	**86**	161
Total	**6,097**	7,409

NOTE 27 – COST OF MATERIAL CONSUMED

Rs. in Lakhs

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Raw material consumed	**575,108**	955,817
Total	**575,108**	955,817

NOTE 28 – CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Rs. in Lakhs

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Opening stock		
Work-in-progress	**8,466**	7,864
Finished goods	**36,541**	22,250
Total - (A)	**45,007**	30,114
Closing stock		
Work-in-progress	7,761	8,466
Finished goods	9,194	36,541
Total - (B)	**16,955**	45,007
Total (A-B)	**28,052**	(14,893)

NOTE 29 – EMPLOYEE BENEFITS EXPENSE

Rs. in Lakhs

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries and wages	**43,998**	40,825
Contribution to provident and other funds ^	**1,084**	813
Share based payment *	**368**	301
Staff welfare expenses	**3,584**	4,504
Total	**49,034**	46,443

* represents reimbursement of cost to holding company, towards ESOP's granted by the Holding Company to the employees of the Company

^ In February 2019, Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution from the date of Supreme Court order.

NOTE 30 – FINANCE COSTS

Rs. in Lakhs

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest expense (On financial liability measured at amortised cost)	**1,129**	3,330
Dividend on redeemable preference shares (including dividend distribution tax)	**3,900**	4,709
Total	**5,029**	8,039

NOTE 31 – DEPRECIATION & AMORTISATION EXPENSE

Rs. in Lakhs

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Depreciation on Property, Plant & Equipment	**13,116**	14,365
Amortization on other Intangible Assets	962	685
Amortization on right of use assets	862	–
Total	**14,940**	15,050

NOTE 32 – OTHER EXPENSES

Rs. in Lakhs

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Consumption of stores and tools	**3,862**	5,149
Power and fuel	**4,244**	5,361
Rent including lease rental	**511**	902
Repairs and maintenance		
– Buildings	**206**	226
– Machinery	**5,455**	5,132
– Others	**1,502**	2,156
	7,163	7,514
Insurance	**2,941**	3,224
Rates & taxes	**667**	662
Hire & service charges	**15,625**	15,503
Payment to Statutory Auditors		
– Audit Fees	**26**	26
– Limited review fees	**12**	12
– Other services	**4**	4
– Reimbursement of expenses	*****	*
	42	42
Expenditure on corporate social responsibility	**1,276**	1,059
Research & development expenditure	**1,838**	2,864
Miscellaneous expenses	**10,977**	10,428
Total	**49,146**	52,708

* amount less than Rs. 50,000

NOTE 33 – SIGNIFICANT SUBSIDIARIES, ASSOCIATES & JOINT VENTURES

Details of Significant Subsidiaries, Associates & Joint Ventures:

Name of Investee	Place of incorporation and principal place of business	Proportion of ownership interest/ voting	
		31st March, 2020	31st March, 2019
Subsidiaries:			
Mahindra Intertrade Limited	India	**100.00%**	100.00%
Mahindra Steel Service Centre Limited ^	India	**61.00%**	61.00%
Mahindra MiddleEast Electrical Steel Service Centre FZC ^	U.A.E.	**90.00%**	90.00%
Mahindra Electrical Steel Private Limited ^	India	**100.00%**	100.00%
Mahindra Auto Steel Private Limited ^	India	**51.00%**	51.00%
Mahindra MSTC Recycling Private Limited ^	India	**50.00%**	50.00%
Mahindra Two wheelers Limited	India	**100.00%**	92.88%
Mahindra Electric Mobility Limited	India	**99.43%**	99.45%
Mahindra Heavy Engines Limited	India	**100.00%**	100.00%
PT Mahindra Accelo Steel Indonesia ^	Indonesia	**99.96%**	99.96%
Associates:			
Mahindra CIE Automotive Limited	India	**11.44%**	11.44%

^ Subsidiary of Mahindra Intertrade Limited

NOTE 34 – FINANCIAL INSTRUMENTS

CAPITAL MANAGEMENT

The Company's capital management objective is to maximise shareholder value, safeguard business continuity and support the growth of the Company by maintaining sound and optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio on a monthly basis. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company monitors the total capital as comprising of debt and equity. Debt includes all short term and long term debts. Equity comprises of total shareholders' equity as reported in the financial statements.

The Company is not subject to externally enforced capital regulation.

Total Capital of the Company is as follows:

Rs. in Lakhs

	31st March, 2020	31st March, 2019
Equity	**406,472**	406,472
Debt		
Short tem debt	**21,338**	–
Long term debt (including current maturities of long term debt)	**80,756**	94,990
Sub total	**102,094**	94,990
Total Capital	**508,566**	501,462

Categories of financial assets and financial liabilities

As at 31st March, 2020 **Rs. in Lakhs**

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current assets				
Other Financial Assets				
– Non Derivative Financial Assets	**28,779**	**–**	**–**	**28,779**
Current Assets				
Trade Receivables	**41,906**	**–**	**–**	**41,906**
Cash & Bank Balances	**1**	**–**	**–**	**1**
Loans	**25**	**–**	**–**	**25**
Other Financial Assets				
– Non Derivative Financial Assets	**17,866**	**–**	**–**	**17,866**
Non-Current Liabilities				
Borrowings	**60,759**	**–**	**–**	**60,759**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**16,445**	**–**	**–**	**16,445**
Current Liabilities				
Borrowings	21,338	–	–	21,338
Trade Payables	**93,520**	**–**	**–**	**93,520**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**43,838**	**–**	**–**	**43,838**

As at 31st March, 2019 Rs. in Lakhs

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets				
– Non Derivative Financial Assets	30,246	–	–	30,246
Current Assets				
Investments	4,839	21,024	–	25,863
Trade Receivables	100,948	–	–	100,948
Cash & Bank Balances	10,039	–	–	10,039
Loans	15,021	–	–	15,021

As at 31st March, 2019 Rs. in Lakhs

	Amortised Costs	FVTPL	FVOCI	Total
Other Financial Assets				
– Non Derivative Financial Assets	11,272	–	–	11,272
Non-current Liabilities				
Borrowings	79,993	–	–	79,993
Other Financial Liabilities				
– Non Derivative Financial Liabilities	14,256	–	–	14,256
Current liabilities				
Trade Payables	183,055	–	–	183,055
Other Financial Liabilities				
– Non Derivative Financial Liabilities	34,115	–	–	34,115

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(I) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. Financial instruments that are subject to credit risk, principally consist of trade receivables, investment in mutual funds and fixed deposits etc.

None of the financial instruments of the Company result in material concentrations of credit risks except trade receivables which mainly consists of receivable from Holding Company. There were no indications as at 31st March 2020 and 31st March 2019, that defaults in payment obligations will occur.

As the trade receivables are mainly from its holding Company, the Company does not expect any credit loss.

LIQUIDITY RISK

(I) Liquidity risk management

The Company has established an appropriate liquidity risk management framework for the management of short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows.

(II) Maturities of financial liabilities

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

Rs. in Lakhs

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial liabilities				
31st March, 2020				
Fixed interest rate instruments	**47,464**	**8,559**	**7,800**	**71,700**
Non-interest bearing	**112,716**	**16,445**	**–**	**–**
Total	**160,180**	**25,004**	**7,800**	**71,700**
31st March, 2019				
Fixed interest rate instruments	21,759	29,438	7,800	75,600
Non-interest bearing	198,007	14,256	–	–
Total	219,766	43,694	7,800	75,600

MARKET RISK:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Future specific market movements cannot be normally predicted with reasonable accuracy.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's / Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise:

Particulars	Currency	Amount in foreign currency (in lakhs)		Equivalent amount (Rs. in lakhs)	
		31st March, 2020	31st March, 2019	**31st March, 2020**	31st March, 2019
Payables	USD	**8**	37	**573**	2,542
	KRW	**7,653**	114,707	**473**	6,980
	EURO	**10**	3	**847**	254
	GBP	*	*	*	*
	JPY	**2,865**	143	**1,995**	89
	CHF	*	*	*	*
Receivables	USD	**238**	179	**17,563**	12,260

* amount less than 50,000

Foreign Currency Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

Rs. in Lakhs

	Currency	Change in rate	Effect on profit before tax
31st March, 2020	**USD**	**+5%**	**850**
	USD	**-5%**	**(850)**
	KRW	**+5%**	**(24)**
	KRW	**-5%**	**24**
	EURO	**+5%**	**(42)**
	EURO	**-5%**	**42**
	GBP	**+5%**	*
	GBP	**-5%**	*
	JPY	**+5%**	**(100)**
	JPY	**-5%**	**100**
	CHF	**+5%**	*
	CHF	**-5%**	*
31st March, 2019	USD	+5%	486
	USD	-5%	(486)
	KRW	+5%	(349)
	KRW	-5%	349
	EURO	+5%	(13)
	EURO	-5%	13
	GBP	+5%	*
	GBP	-5%	*
	JPY	+5%	(4)
	JPY	-5%	4
	CHF	+5%	*
	CHF	-5%	*

* amount less than Rs. 50,000

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to the risk of changes in market interest rates as the Company does not have any long-term debt obligations with floating interest rates.

Other price risk

The Company is not exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

NOTE NO. 35 – FAIR VALUE MEASUREMENT

Fair Valuation Techiques and Inputs used - recurring Items

Rs. in Lakhs

Financial assets/ financial liabilities measured at Fair value	Fair value as at		Fair value hierarchy	Valuation technique(s)
	31st March, 2020	31st March, 2019		
Financial assets				
Investments				
1) Mutual fund investments	**–**	21,024	**Level 1**	**Quoted Market Price**
Total financial assets	**–**	21,024		
Financial liabilities				
Other Financial Liabilities	**–**	–		
Total financial liabilities	**–**	–		

Fair value of financial assets and financial liabilities that are not measured at fair value

Rs. in Lakhs

Particulars	31st March, 2020 Carrying amount	31st March, 2020 Fair value	31st March, 2019 Carrying amount	31st March, 2019 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– Trade and other receivables ^	**88,552**	**88,552**	152,505	152,505
– Loans ^	**25**	**25**	15,021	15,021
– Investments in Commercial Paper	**–**	**–**	4,839	4,839
Financial liabilities				
Financial liabilities held at Amortised cost				
– Debentures	**–**	**–**	19,993	20,278
– Loans from related parties	**60,000**	**57,706**	60,000	58,194
– Lease Liabilities	1,148	1,148	–	–
– Short Term Loan from Related Parties	4,000	4,000	–	–
– Short Term Loan	17,338	17,338	–	–
– Current Maturities of Long term loans ^	**19,997**	**19,997**	14,997	14,997
– Trade and other payables ^	**133,417**	**133,417**	216,429	216,429

^ For short term financial assets and liabilities, the carrying amount is reasonably approximation of fair value.

Rs. in Lakhs

Fair value hierarchy as at 31st March, 2020

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– Loans	**–**	**25**	**–**	**25**
Total	**–**	**25**	**–**	**25**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Loans from related parties	**–**	**57,706**	**–**	**57,706**
– Lease Liabilities	**–**	1,148	**–**	1,148
– Current Maturities of Long term loans	**–**	**19,997**	**–**	**19,997**
Total	**–**	**78,851**	**–**	**78,851**

Rs. in Lakhs

Fair value hierarchy as at 31st March, 2019

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Loans	–	15,021	–	15,021
Total	–	15,021	–	15,021

Rs. in Lakhs

Fair value hierarchy as at 31st March, 2019

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Debentures	–	20,278	–	20,278
– Loans from related parties	–	58,194	–	58,194
– Current Maturities of long term loans	–	14,997	–	14,997
Total	–	93,469	–	93,469

NOTE 36 – EMPLOYEE BENEFITS

(A) Defined contribution plan

Amount recognised as an expense in the Statement of Profit and Loss is Rs. 1,084 Lakhs (31st March, 2019 - Rs.813 Lakhs)

(B) Defined benefit plan

The defined benefit plans comprise of Gratuity..

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

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

Interest Risk:

A decrease in government bond yields will increase plan liabilities.

Longevity Risk:

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Rs. in Lakhs

	Particulars	**Gratuity (Unfunded)**	
(C)	**Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:**	**For the year ended 31st March, 2020**	For the year ended 31st March, 2019
	1 Present Value of Defined Benefit Obligation as on 1st April	**2,771**	2,514
	2 Current Service cost	**349**	335
	3 Past Service cost	**–**	–
	4 Interest Cost	**212**	193
	5 Remeasurements (gains)/ losses [Actuarial (gains)/losses]		
	(i) Actuarial (gains)/ losses arising from changes in demographic assumption	**(78)**	*
	(ii) Actuarial (gains)/ losses arising from changes in financial assumption	**43**	36
	(iii) Actuarial (gains)/ losses arising from changes in experience adjustment	**915**	(176)
	6 Benefits paid	**(111)**	(131)
	7 Present value of Defined Benefit Obligation as on Balance Sheet date	**4,101**	2,771

* amount less than Rs. 50,000

Rs. in Lakhs

(D)	Analysis of defined benefit obligation:	**As at 31st March, 2020**	As at 31st March, 2019
	1 Defined Benefit Obligation	**4,101**	2,771
	2 Fair Value of Plan assets at the end of the year	**–**	–
	3 Net (Asset)/Liability recognised in the Balance Sheet	**4,101**	2,771

Rs. in Lakhs

(E)	Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognised in the Balance Sheet:	**As at 31st March, 2020**	As at 31st March, 2019
	1 Present value of Defined Benefit Obligation	**4,101**	2,771
	2 Fair value of plan assets	**–**	–
	3 Funded status [Surplus/(Deficit)]	**(4,101)**	(2,771)
	4 **Net asset/(Liability) recognized in Balance Sheet**	**(4,101)**	(2,771)
	5 Current portion of the above	**(312)**	(235)
	6 Non-Current portion of the above	**(3,789)**	(2,536)

Rs. in Lakhs

(F)	Components of employer expenses recognised in the statement of profit and loss for the year ended	**For the year ended 31st March, 2020**	For the year ended 31st March, 2019
	1 Current Service cost	**349**	335
	2 Past Service cost	**–**	–
	3 Interest cost	**212**	193
	4 Total expense recognised in the Statement of Profit & Loss	**561**	528

Rs. in Lakhs

(G)	Components of employer expenses recognised in the statement of Comprehensive Income for the year ended	**For the year ended 31st March, 2020**	For the year ended 31st March, 2019
	1 Actuarial Losses/(Gains)		
	(i) arising from changes in demographic assumption	**(78)**	*
	(ii) arising from changes in financial assumption	**43**	36
	(iii) arising from changes in experience adjustment	**915**	(176)
	2 Components of defined benefit costs recognised in other Comprehensive Income	**880**	(140)

* amount less than Rs. 50,000

(H)	Principal Actuarial Assumptions:	**As at 31st March, 2020**	As at 31st March, 2019
	1 Discount Rate (%)	**6.80%**	7.80%
	2 Expected Return on plan assets (%)	**NA**	NA
	3 Salary Escalation (%)	**7%/9%**	8%/10%
	4 Withdrawal Rate (%) (Others)	**2%/10%**	2%/7%

a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.

b) Salary Escalation Rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Rs. in Lakhs

(I)	Experience Adjustments	**For the year ended on 31st March, 2020**	For the year ended on 31st March, 2019	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017	For the year ended on 31st March, 2016
	1 Defined Benefit Obligation at the end of the year	**4,101**	2,771	2,514	2,293	1,931
	2 Plan Assets at the end of the year	**–**	–	–	–	–
	3 Surplus/(Deficit)	**(4,101)**	(2,771)	(2,514)	(2,293)	(1,931)
	4 Experience adjustments on plan liabilities (gains)/losses	**915**	(176)	(125)	(99)	(54)
	5 Experience adjustments on plan assets	**–**	–	–	–	–

Rs. in Lakhs

(J)	Sensitivity of the defined benefit obligation to changes:		Change in assumption	Impact on defined benefit obligation increase/(decrease) Increase in assumption	Decrease in assumption
	1 Discount Rate	**2020**	**1%**	**(517)**	**644**
		2019	1%	(325)	398
	2 Salary Escalation (%)	**2020**	**1%**	**587**	**(484)**
		2019	1%	350	(299)
	3 Withdrawal Rate (%) (Others)	**2020**	**1%**	**(31)**	**36**
		2019	1%	(32)	36

Note:

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

(K) Maturity profile of defined benefit obligation:

Rs. in Lakhs

	2020	2019
Within 1 year	**312**	235
1 - 2 year	**208**	117
2 - 3 year	**226**	133
3 - 4 year	**277**	149
4 - 5 year	**282**	181
5 year & Above	**1,798**	1,386

(L) The weighted average duration of the defined benefit obligation as at 31st March, 2020 is 20.91 years (31st March, 2019 - 22.33 years)

NOTE 37 –

The net difference in foreign exchange loss debited to the Statement of Profit and Loss is Rs. 703 Lakhs (31st March, 2019 - Loss of Rs. 105 Lakhs)

NOTE 38 –

During the year ended 31st March 2019, the Company has received favorable order from Income Tax Appellant Tribunal ('ITAT') for the financial year 2010-11 and 2011-12 stating that incentive received under Industrial Promotion Scheme ('IPS') is capital receipt and the same is exempt from tax. The Company had considered IPS income as revenue receipt while calculating the provision for tax for the respective years in the books of account till 31st March 2015. On receipt of favorable order from ITAT, the Company had reversed net excess tax provision amounting to INR 23,032 lakhs after adjusting other tax impacts.

NOTE 39 –

Expenditure incurred on Corporate Social Responsibility (CSR) under Section 135 of the Companies Act, 2013 Rs. 1,276 lakhs (31st March 2019 : Rs. 1,059 lakhs).

NOTE 39 A –

The Company has elected to exercise the option with regards to the tax rate mentioned under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognized Provision for Income Tax for the year ended 31 March 2020 and re-measured its Deferred Tax Liabilities basis the rate prescribed in the said section. The impact of this change amounting to Rs. 4,802 Lakhs has been recognized in the statement of Profit & Loss for the year ended 31 March 2020.

NOTE 39 B –

COVID-19, a new strain of Coronavirus, has spread globally, including India. The event significantly affects the economic activity worldwide. The impact of the COVID-19 on the Company's business will depend on future developments that cannot be reliably predicted, including actions to contain or treat the disease and mitigate its impact on the economy of the country, among others. The Company will closely monitor any material changes to future economic conditions due to this pandemic.

NOTE 39 C –

The Board of Directors of the Company at its meeting held on 29th May 2019, have approved the merger of the Company, with Mahindra & Mahindra Limited. The Appointed Date of the Scheme would be 1st April 2019 or such other date as may be approved. The Scheme of arrangement has been filed with the National Company Law Tribunal.

NOTE 40 – EXCEPTIONAL ITEM

(a) Exceptional items include Rs. 79,717 lakhs towards provision for impairment of investment in associate company measured as per the principles of Indian Accounting Standards.

(b) Exceptional items include Rs. 3,549 lakhs towards provision for impairment in relation to certain capital work-in-progress which is damaged in transit. The same is compensated with an insurance claim receivable of an equivalent amount, which also has been included under Exceptional items.

(c) Exceptional items in previous year include Rs. 703 lakhs represents profit on sale of certain long term investments.

NOTE 41 – LEASES

Reconciliation of operating lease commitments as at March 31, 2019 with the lease liabilities recognized in the Balance Sheet as at April 1, 2019:

Particulars	Rs. in Lakhs
Operating lease commitment at March 31, 2019	1,840
Discounted using the incremental borrowing rate at April 1, 2019	1,210
Recognition exemption for:	
Short term leases, Leases of low value assets and Extension and termination options reasonably certain to be exercised	192
Lease liabilities recognised at April 1, 2019	1,017
Impact of adoption of Ind AS 116 on retained earnings:	–
Reversal of deferred rent liability as at March 31, 2019	–
Less: Reclassification of operating lease under Ind AS 17 'Leases' to right-of-use assets	–
Impact on retained earnings as at April 1, 2019	–

Impact of adoption of Ind AS 116 on the statement of profit and loss	Rs. in Lakhs For the year ended on 31st March, 2020
Interest on lease liabilities	**47**
Amortization on right of use assets	**862**
Deferred tax (credit)	**(57)**
Impact on the statement of profit and loss for the period	**852**

The Company has sublet few of the leased premises. Lease rental income under such non-cancellable operating lease during the year ended March 31, 2020 amounted to Rs. 594 lakhs.

Particulars	As at 31st March, 2020
Receivable – Not later than one year	**166**
Receivable – Later than one year and not later than five years	–

NOTE 42 – EARNING PER SHARE

Particulars	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019
Profit for the year for Basic and Diluted EPS (Rs. in Lakhs)	**(41,829)**	72,062
Weighted Average Number of Equity Shares for Basic EPS	**4,064,723,484**	4,064,646,772
Weighted Average Number of Equity Shares for Diluted EPS	**4,064,723,484**	4,064,646,772
Basic EPS (Face value of Rs.10 per share)	**(1.03)**	1.77
Diluted EPS (Face value of Rs.10 per share)	**(1.03)**	1.77

NOTE 43 – RELATED PARTY DISCLOSURES:

A) Name of the related party and nature of relationship where control exists:

Name of Related Party	Nature of Relationship
Mahindra & Mahindra Limited	Holding Company
Mahindra Two Wheelers Limited	Subsidiary
Mahindra Intertrade Limited	Subsidiary
Mahindra Steel Service Centre Limited *	Subsidiary
Mahindra MiddleEast Electrical Steel Service Centre FZC *	Subsidiary
Mahindra Electrical Steel Private Limited *	Subsidiary
Mahindra Auto Steel Private Limited *	Subsidiary
PT Mahindra Accelo Steel Indonesia *	Subsidiary
Mahindra Electric Mobility Limited (formerly known as Mahindra Reva Electric Vehicles Private Limited)	Subsidiary
Mahindra Heavy Engines Limited	Subsidiary
Mahindra MSTC Recycling Private Limited *	Subsidiary

B) Other parties with whom transactions have taken place during the year:

Name of Related Party	Nature of Relationship
Mahindra Logistics Limited	Fellow Subsidiary
Mahindra Trucks and Buses Limited	Fellow Subsidiary
Mahindra Integrated Business Solutions Limited	Fellow Subsidiary
Ssangyong Motor Company, Korea	Fellow Subsidiary
Mahindra Susten Private Limited	Fellow Subsidiary
Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary
Mahindra First Choice Services Limited	Fellow Subsidiary
Mahindra Defence Systems Limited	Fellow Subsidiary
Mahindra Graphic Research Design s.r.l.	Fellow Subsidiary
Lords Freight India Private Limited	Fellow Subsidiary
Mahindra North America Technical Centre, Inc.	Fellow Subsidiary
Mahindra Tractor Assembly Inc.	Fellow Subsidiary
Tech Mahindra Limited	Associate of Holding Company
Mahindra Automotive North America Inc.	Fellow Subsidiary
Mahindra Retail Limited	Fellow Subsidiary
Mahindra Vehicle Sales and Service Inc.	Fellow Subsidiary
Peugeot Motocycles S.A.S.	Fellow Subsidiary
Mahindra Rural Housing Finance Limited	Fellow Subsidiary
Mahindra Engineering & Chemical Products Limited	Fellow Subsidiary
Mahindra Racing UK Limited	Fellow Subsidiary
Mahindra USA, Inc.	Fellow Subsidiary
Mahindra CIE Automotive Limited	Associate

C) Key managerial personnel:

Name of key managerial personnel
Mr. Vijay Kalra
Mr. Nachiket Kodkani
Mr. Dattatraya Nikam
Mr. Rajesh Arora
Ms. Smita Mankad
Mr. Rahul Asthana

* Step down subsidiary

D) Related Party Transactions:

Name of Related Party	Nature of Transactions	Amount of Transactions (Rs. in Lakhs)	Amount Outstanding at the end of year Credit (Rs. in Lakhs)	Amount Outstanding at the end of year Debit (Rs. in Lakhs)
Mahindra & Mahindra Limited	Purchase of Assets	**168**		
		(556)		
	Purchase of Material	**100,858**		
		(122,634)		
	Deputation of Personnel from parties	**–**		
		(207)		
	Reimbursements made	**17,746**	**96,931**	
		(9,384)	*(100,520)*	
	Dividend paid	**15,039**		
		(9,349)		
	Interest Expenses	**3,900**		
		(3,900)		
	Sale of goods	**931,344**		
		(1,440,714)		
	Sale of Services	**41,862**		**38,384**
		(42,065)		*(96,622)*
	Reimbursements received	**1,384**		
		–		
	Other Income	**33**		
		(33)		
	Issue of Equity Shares	**–**		
		(700)		
	Share Application Money Received/ (Allotted) (net)	**–**	**–**	
		(700)	*(–)*	

Name of Related Party	Nature of Transactions	Amount of Transactions (Rs. in Lakhs)	Amount Outstanding at the end of year Credit (Rs. in Lakhs)	Amount Outstanding at the end of year Debit (Rs. in Lakhs)
Mahindra Electric Mobility Limited	Purchase of Material	835	77	
		(348)	*(*)*	
	Sale of goods	**24**		
		(–)		
	Investment in Equity - Purchases/ Conversion	**4,000**		
		(9,556)		
	Deputation of Personal	**71**		21
		(73)		*(17)*
	Deposit Given (ICD)	**1,500**		
		(–)		
	Deposit Received Refunded (ICD)	**1,500**		
		(–)		
	Interest Income on ICD	**10**		–
		(–)		–
Mahindra Two Wheeler Limited	Investment in Equity share capital	43		
		(–)		
Mahindra Engineering & Chemical Products Limited	Purchase of Material	**13**	**13**	
		(–)	*(–)*	
Mahindra Intertrade Limited	Purchase of Material	**7,504**	**78**	
		(14,755)	*(6)*	
	Sale of goods	**32**		**24**
		(–)		*(–)*
	Dividend received	**2,490**		
		(2,075)		
Mahindra Auto Steel Private Limited	Purchase of Material	**1,416**	**15**	
		(3,668)	*(42)*	
Mahindra Graphic Research Design s.r.l.	Purchase of Services	**–**	**–**	
		(674)	*(–)*	
Mahindra CIE Automotive Limited	Purchase of Material	**11,830**	**1,659**	
		(17,663)	*(3,389)*	
Mahindra Logistics Limited	Purchase of Services	**10,368**	**753**	
		(13,658)	*(1,244)*	

Name of Related Party	Nature of Transactions	Amount of Transactions (Rs. in Lakhs)	Amount Outstanding at the end of year Credit (Rs. in Lakhs)	Debit (Rs. in Lakhs)
Mahindra Heavy Engines Limited	Purchase of Material	**28,041**	**1,777**	
		(61,754)	*(3,108)*	
	Reimbursements received	**482**		
		(717)		
	Sale of Material	**22**		**1**
		(7)		*(–)*
	ICD Received	**4,000**	**4,000**	
		(–)	*(–)*	
Mahindra Trucks and Buses Limited	Purchase of Material	**84**	**5**	
		(106)	*(2)*	
	Sale of goods	**1,050**		**75**
		(1,456)		*(197)*
Mahindra Integrated Business Solutions Limited	Purchase of Services	**204**	**18**	
		(181)	*(20)*	
Ssangyong Motor Company, Korea	Purchase of Material	**8,970**		
		(32,766)		
	Purchase of Services	**100**	**114**	
		(408)	*(4,341)*	
	Royalty Paid	**515**		
		(123)		
Mahindra Susten Private Limited	Purchase of Asset	**–**	**–**	
		(400)	*(397)*	
Mahindra Retail Limited	Purchase of Material	**39**	**16**	
		(80)	*(23)*	
Mahindra & Mahindra Financial Services Limited	Other Income	**70**		**2**
		(124)		*(-)*
	Inter Corporate Deposits given	**–**		**–**
		(30,000)		*(10,075)*
	Inter Corporate Deposits refunded	**10,000**		
		(20,000)		
	Interest Income on ICD	**119**		
		(732)		

Name of Related Party	Nature of Transactions	Amount of Transactions (Rs. in Lakhs)	Amount Outstanding at the end of year Credit (Rs. in Lakhs)	Amount Outstanding at the end of year Debit (Rs. in Lakhs)
Mahindra Rural Housing Finance Limited	Inter Corporate Deposits given	**–**		
		(5,000)		
	Inter Corporate Deposits refunded	**5,000**		**–**
		(–)		*(5,005)*
	Interest Income on ICD	**385**		
		(6)		
Mahindra First Choice Services Limited	Purchase of Service	**22**	**–**	
		(–)	*(–)*	
Mahindra Defence Systems Limited	Purchase of Services	**2**	**1**	
		(5)	*(3)*	
Lords Freight India Private Limited	Purchase of Services	**253**	**11**	
		(217)	*(3)*	
Tech Mahindra Limited	Purchase of Services	**543**	**32**	
		(485)	*(–)*	
Mahindra Automotive North America Inc.	Purchase of Services	**5,884**	**836**	
		(4,782)	*(–)*	
Mahindra Vehicle Sales and Service Inc.	Sale of Services	**2,382**		**772**
		(–)		*(–)*
Mahindra North America Technical Centre, Inc.	Sale of Services	**4,390**		**2,455**
		(5,151)		*(4,155)*
Peugeot Motocycles S.A.S.	Purchase of Goods	**2**	**2**	
		(29)	*(–)*	
Mahindra Racing UK Limited	Purchase of Services	**49**	**–**	
		(–)	*(–)*	
Mahindra USA, Inc.	Reimbursements made	**232**		**232**
		(–)		*(–)*
Mahindra Tractor Assembly Inc.	Purchase of Services	**1,020**	**–**	
		(–)	*(–)*	
	Sale of Services	**1,491**		**1,346**
		(–)		*(–)*
Mr. Vijay Kalra	Remuneration ^	**64**		
		(56)		
Mr. Nachiket Kodkani	Remuneration ^	**120**		
		(104)		

Name of Related Party	Nature of Transactions	Amount of Transactions (Rs. in Lakhs)	Amount Outstanding at the end of year Credit (Rs. in Lakhs)	Debit (Rs. in Lakhs)
Mr. Dattaraya Nikam	Remuneration ^	**68**		
		(68)		
Mr. Rajesh Arora	Remuneration ^	**10**		
		(6)		
Ms. Smita Mankad	Remuneration ^	**9**		
		(9)		
Mr. Rahul Asthana	Remuneration ^	**9**		
		(9)		

Figure in bracket and italics are of previous year

* Amount less than Rs. 50000

^ Remuneration does not include post retirement benefits

NOTE 44 – COMMITMENTS:

(a) Uncalled liability on equity shares partly paid Rs. 1,050 Lakhs (31st March, 2019 - Rs. 1,050 Lakhs)

(b) Company availed benefit under EPCG scheme worth Rs 2,562 lakhs during the financial year ended on 31st March 2020. The unfilled export obligation as at 31st March 2020 under the scheme is Rs. 15,372 lakhs. The company expects to fulfill the export obligation within prescribed time limit as it is obliged under the scheme.

(c) Estimated amount of contracts remaining to be executed on capital account for tangible assets and not provided for Rs. 80,681 Lakhs (31st March, 2019 - Rs. 98,876 Lakhs) and intangible assets Rs. Nil (2019 - Rs. Nil)

NOTE 45 – CONTINGENT LIABILITY:

(a) Claims against the Company not acknowledged as debts - Excise duty & MSEDCL related : Rs. 1,836 lakhs (2019 - Rs. 1,116 lakhs).

NOTE 46 – SEGMENT REPORTING:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Senior Management to make decisions about resources to be allocated to the segments and assess their performance.

The principle business of the Company is manufacture of passenger cars, medium and heavy commercial vehicles and construction equipment. Senior management of the Company monitors the operating results of the Company's business as a single segment. Accordingly in context of Ind AS 108 "Operating Segments", the principle business of the Company constitutes a single reportable segment and the major revenue is generated from manufacture of passenger cars, medium and heavy commercial vehicles and construction equipment. As per Management's perspective, the risk and returns from its sales do not materially vary geographically. Accordingly there are no other business / geographical segments to be reported under Ind AS 108.

Revenue of the Company is mainly sale of products to its holding company.

NOTE 47 –

Previous year figures have been regrouped/recanted wherever necessary to correspond with the current years classifications/disclosures.

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

Abhishek
Partner
Membership Number: 062343

Place: Pune
Date: 21st May 2020

Dattatraya Nikam
Chief Financial Officer

Rajan Wadhera
Director
DIN : 00416429

Vijay Kalra
Director
DIN : 07217974

Rajesh Arora
Company Secretary

Place: Mumbai
Date: 21st May 2020

Form AOC-1

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

Statement containing salient features of the financial statements of subsidiaries/associate company/joint ventures

Part "A": Subsidiaries

(In Rs lakhs)

S. No	Name of the Subsidiary	The date since when subsidiary was acquired	Reporting Currency	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investment (excluding investment in subsidiaries)	Gross Turnover	Profit/ (Loss) before Tax	Provision for Tax	Profit/ (Loss) after Tax	Proposed Dividend and Tax thereon	Proportion of ownership interest
1	Mahindra Intertrade Limited	30th Dec 2015	INR	1.00	1,660	57,921	82,697	23,116	19,812	106,226	4,623	978	3,645	1,428	100.00%
2	Mahindra Steel Service Centre Limited	30th Dec 2015	INR	1.00	1,654	8,645	22,199	11,900	–	21,176	(1,155)	(634)	(521)	–	61.00%
3	Mahindra MSTC Recycling Private Limited	16th Dec 2016	INR	1.00	3,720	(1,481)	2,914	675	–	583	(529)	10	(539)	–	50.00%
4	Mahindra MiddleEast Electrical Steel Service Centre FZC	30th Dec 2015	AED	20.53	414	2,203	4,544	1,927	–	3,041	(641)	–	(641)	–	90.00%
5	Mahindra Electrical Steel Private Limited	30th Dec 2015	INR	1.00	50	(516)	723	1,190	–	–	(123)	(4)	(119)	–	100.00%
6	Mahindra Auto Steel Private Limited	30th Dec 2015	INR	1.00	6,850	2,792	12,784	3,142	–	8,965	697	176	521	96	51.00%
7	PT Mahindra Accelo Steel Indonesia	18th Dec 2018	IDR	0.01	1,305	(92)	1,240	27	–	22	(67)	–	(67)	–	99.96%
8	Mahindra Electric Mobility Limited	30th Dec 2015	INR	1.00	32,319	(5,497)	57,004	30,182	–	27,890	(5,523)	–	(5,523)	–	99.43%
9	Mahindra Heavy Engines Limited	9th Feb 2016	INR	1.00	63,440	(19,980)	59,373	15,913	–	100,759	3,913	–	3,913	–	100.00%
10	Mahindra Two Wheelers Limited	18th Feb 2016	INR	1.00	600	246	1,817	971	342	2,589	135	64	71	–	100.00%

Part B: Associates/Joint Ventures

	Name of the associate/joint venture	Latest audited Balance Sheet Date	Date on which the Associate or Joint Venture was associated or acquired	No. of Equity Shares Held	% of Holding	Cost of Investments (Equity Shares) [Net of impairment]	Net worth Attributable to Shareholding as per latest audited Balance Sheet	Profit /(Loss) for the year	
								Considered in Consolidation	Not Considered in Consolidation
1	Mahindra CIE Automotive Limited	31st Dec 2019	30th Dec 2015	43,344,512	11.44%	29,799	53,011	4,047	31,332

Rajan Wadhera
Director
DIN : 00416429

Dattatraya Nikam
Chief Financial Officer

Rajesh Arora
Company Secretary

Vijay Kalra
Director
DIN : 07217974

Place: Mumbai
Date: 21st May 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF,
MAHINDRA HEAVY ENGINES LIMITED

Report on the Audit of the Standalone IND AS Financial Statements

Opinion

We have audited the standalone IND AS Financial Statements of Mahindra Heavy Engines Limited ("the Company"), which comprise the balance sheet as at 31st March, 2020, and the statement of Profit and Loss, (statement of changes in equity) and statement of cash flows for the year then ended, and notes to the IND AS Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone IND AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and profit/ loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the IND AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the IND AS Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Our opinion on IND AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the IND AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the IND AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Standalone IND AS Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the IND AS Financial Statements

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

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the IND AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the IND AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the IND AS Financial Statements, including the disclosures, and whether the IND AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone IND AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its IND AS Financial Statements – Refer Note 30 to the IND AS Financial Statements;

      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 20111212AAAAHE5093

Mumbai, 28th April, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of Mahindra Heavy Engines Limited ("the Company") as of 31stMarch, 2020 in conjunction with our audit of the IND AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 20111212AAAAHE5093
Mumbai, 28th April, 2020

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

i. **In respect of its Fixed Assets:**

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The fixed assets are physically verified once in a three years by the Management in accordance with program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. During the year, no physical verification was conducted by the management. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

c) In respect of immovable properties of land that have been taken on lease (disclosed as Right of Use of Asset as Property, Plant and Equipment in the IND AS financial statements) and building constructed thereon (disclosed as Property, Plant and Equipment in the IND AS financial statements), according to the information and explanations given to us and on the basis of our examination of the records of the Company, the lease agreements of immovable properties are held in the name of the Company, where the Company is the lessee in the agreement.

ii. In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, physical verification of materials, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.

iii. The Company has not granted any loans, secured or unsecured to companies or other parties covered under section 189 of the Companies Act, 2013 and hence reporting under clause (iii) of the CARO 2016 is not applicable.

iv. According to information and explanations provided to us, the Company has granted an unsecured loan of Rs. 40 crore to the Parent Company and provisions of Sections 186 of the Companies Act, 2013 are complied with. The Company has not granted any loans to directors and hence compliance of provisions of section 185 is not applicable.

v. According to the information and explanations given to us, the Company has not accepted any deposits during the year. There were no unclaimed deposits outstanding at any time during the year.

vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under subsection (1) of Section 148 of the Companies Act, 2013, and are 'of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

a. The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax and other material statutory dues applicable to it to the appropriate authorities.

b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Cess, Goods and Service Tax and other material statutory dues in arrears as at 31stMarch 2020 for a period of more than six months from the date they became payable.

c. According to the information and explanations given to us and records of the Company examined by us, particulars of dues of Income Tax , and Excise Duty and cess, which have not been deposited on account of disputes are as under:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the Amount relates	Amount involved (Rs. in Lakhs)	Amount unpaid (Rs. In Lakhs)
Income Tax Act, 1961	Income tax (including interest)	Assessing Officer	Assessment Year 2010-11	11.14	11.14
Central Excise Act, 1944	Interest on Excise Duty	Commissioner of Customs and Central Excise (Appeals) – Pune	Assessment Year 2012-16	21.74	21.74

viii. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date. The Company has not taken any loans or borrowings from Government and has not issued any debentures.

ix. Based on the records examined by us and according to the information and explanations given to us, during the year, term loans were applied for the purpose for which the loans were obtained. According to the information and explanations given by the management, the Company has not raised any money way of initial public offer/further public offer.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instances of frauds by the Company or any material fraud on the Company by its officers or employees nor have any instances of material fraud been reported to us by the management during the year.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a 'Nidhi' Company, hence Clause (iii) (xii) of the Order is not applicable to the Company.

xiii. According to the information and explanation given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the IND AS financial statements as required by the applicable accounting standards.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the Clause (iii) (xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, Clause (iii) (xv) of the Order is not applicable.

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

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

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 20111212AAAAHE5093
Mumbai, 28th April, 2020

Balance Sheet as at March 31, 2020

Rs. In Lakhs

	Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
A	**ASSETS**			
	1 Non-current assets			
	(a) Property, Plant and Equipment	2	**30,917.68**	31,379.42
	(b) Capital work-in-progress		**1,098.95**	538.96
	(c) Other Intangible assets	3	**3,726.25**	4,736.87
	(d) Intangible assets under development		**1,969.11**	1,875.43
	(e) Financial Assets			
	(i) Loans	4	**5.25**	5.25
	(ii) Other financial assets	5	**1,120.96**	293.66
	(f) Deferred tax assets (net)	6	–	–
	(g) Other non-current assets	7	**1,000.11**	1,070.24
	Total Non - Current Assets		**39,838.31**	39,899.83
	2 Current assets			
	(a) Inventories	8	**4,644.24**	6,652.95
	(b) Financial Assets			
	(i) Investments	9	–	2,213.51
	(ii) Trade receivables	10	**9,619.50**	19,543.30
	(iii) Cash and cash equivalents	11	**420.23**	814.23
	(iv) Bank balances other than (iii) above	11	**98.46**	102.50
	(v) Loans	4	**4,005.14**	0.91
	(vi) Other financial assets	5	**276.70**	1,287.32
	(c) Other current assets	7	**470.38**	288.17
	Total Current Assets		**19,534.65**	30,902.89
	Total Assets (1+2)		**59,372.96**	70,802.72
B	**EQUITY AND LIABILITIES**			
	1 Equity			
	(a) Equity Share capital	12	**63,440.00**	63,440.00
	(b) Other Equity	13	**(19,979.84)**	(23,859.81)
	Total Equity		**43,460.16**	39,580.19
	2 Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14	–	2,700.00
	(b) Other non-current liabilities	18	**220.10**	220.10
	(c) Provisions	15	**577.00**	399.02
	Total Non - Current Liabilities		**797.10**	3,319.12
3	**Current liabilities**			
	(a) Financial Liabilities	16		
	(i) Trade payables			
	- Total outstanding dues of Micro and Small Enterprises	16	**46.28**	112.70
	- Total outstanding dues of creditors other than Micro & Small Enterprises	16	**12,134.76**	19,438.44
	(ii) Other financial liabilities	17	**2,315.20**	6,361.04
	(b) Other current liabilities	18	**466.43**	1,729.84
	(c) Provisions	15	**153.03**	261.39
	Total Current Liabilities		**15,115.70**	27,903.41
	Total Equity and Liabilities (1+2+3)		**59,372.96**	70,802.72

The accompanying notes form an integral part of the financial statements

As per report of even date

For B.K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar

Partner
Membership No.: 111212

Place : Mumbai
Date : 28th April 2020

Dattatraya Nikam
Chief Financial Officer

Kiran Bade
Company Secretary
Membership No.: A3911

For and on behalf of Board of Directors

Director: **Vijay Kalra**
DIN: 0007217974

Director: **Bharat Moossaddee**
DIN: 0002166403

Place : Mumbai
Date : 28th April 2020

Statement Of Profit And Loss For The Year Ended March 31, 2020

Rs. In Lakhs

	Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I	Revenue from operations	19	**100,150.58**	107,595.14
II	Other Income	20	**608.55**	322.43
III	**Total Income (I + II)**		**100,759.13**	107,917.57
IV	**Expenses**			
	(a) Cost of materials consumed		**85,244.10**	89,074.37
	(b) Changes in inventories of finished goods and work-in-progress	21	**(464.69)**	171.76
	(c) Employee benefit expense	22	**3,762.84**	3,767.97
	(d) Finance costs	23	**250.91**	772.57
	(e) Depreciation and amortisation expense	2 & 3	**4,155.23**	4,147.85
	(f) Other expenses	24	**3,898.20**	4,719.72
	Total Expenses		**96,846.59**	102,654.24
V	**Profit/(loss) before tax (III - IV)**		**3,912.54**	5,263.33
VI	**Tax Expense**			
	(a) Current tax		**–**	–
	(b) Deferred tax	6	**–**	–
VII	**Profit/(loss) after tax from continuing operations (V - VI)**		**3,912.54**	5,263.33
VIII	**Profit/(loss) for the period**		**3,912.54**	5,263.33
IX	**Other comprehensive income**			
	(a) Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans	28	**(32.57)**	(8.35)
	(b) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	Total other comprehensive income		**(32.57)**	(8.35)
X	**Total comprehensive income for the period (VIII + IX)**		**3,879.97**	5,254.98
XI	**Earnings per equity share (for continuing operation)**	25		
	(a) Basic (in Rs.)		**0.62**	0.83
	(b) Diluted (in Rs.)		**0.62**	0.83

The accompanying notes form an integral part of the financial statements

As per report of even date
For B.K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar

Partner
Membership No.: 111212

Place : Mumbai
Date : 28th April 2020

Dattatraya Nikam
Chief Financial Officer

Kiran Bade
Company Secretary
Membership No.: A3911

For and on behalf of Board of Directors

Director: **Vijay Kalra**
DIN: 0007217974

Director: **Bharat Moossaddee**
DIN: 0002166403

Place : Mumbai
Date : 28th April 2020

Statement Of Cash Flows For The Year Ended March 31, 2020

Rs. In Lakhs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash Flows from operating activities		
Profit/(Loss) for the year	**3,912.54**	5,263.33
Adjustments for		
Finance costs on borrowings	**249.74**	767.19
(Profit)/Loss on disposal of property, plant and equipment	**0.52**	(6.73)
Interest income	**(20.45)**	(22.89)
Net gain on sale of investments	**(274.27)**	(93.98)
Net gain arising on financial assets designated as at FVTPL	**–**	(13.52)
Liabilities no longer required written back	**(122.52)**	(9.13)
Depreciation and amortisation	**4,155.23**	4,147.85
Unwinding of discounts on provisions	**1.02**	1.64
Net foreign exchange (gain)/loss	**16.08**	(3.74)
	7,917.89	10,030.02
Movement in working capital		
(Increase)/decrease in Inventories	**2,008.70**	(3,392.40)
(Increase)/decrease in Trade Receivables	**9,925.78**	(7,996.45)
(Increase)/decrease in Loans	**(4,004.23)**	(0.01)
(Increase)/decrease in Other Financial Assets	**208.63**	834.33
(Increase)/decrease in Other Assets	**(204.99)**	(137.64)
Increase/(decrease) in Trade Payables	**(7,265.64)**	8,052.26
Increase/(decrease) in Other Financial Liabilities	**(896.93)**	1,133.21
Increase/(decrease) in Provisions	**36.03**	47.96
Increase/(decrease) in Other Liabilities	**(1,263.41)**	931.94
Cash generated from Operations	**6,461.85**	9,503.22
Income tax refund received/(paid) (net)	**(441.69)**	(93.37)
(A) Net cash generated from by operating activities	**6,020.15**	9,409.85
Cash flows from investing activities		
Fixed deposits placed	**(5,108.96)**	(6.25)
Fixed deposits matured	**5,100.00**	635.85
Payments to acquire current investments	**(25,300.00)**	(18,500.00)
Proceeds on sale of current investments	**27,787.78**	17,246.39
Interest received	**8.14**	38.65
Payments for property, plant and equipment	**(2,930.26)**	(3,177.06)
Proceeds from disposal of property, plant and equipment	**0.05**	26.69
(B) Net cash used in investing activities	**(443.24)**	(3,735.73)
Cash flows from financing activities		
Proceeds from Long Term borrowings	**–**	–
Repayment of Long Term borrowings	**(5,670.50)**	(4,343.00)

Statement Of Cash Flows For The Year Ended March 31, 2020

Rs. In Lakhs

Particulars	**Year ended March 31, 2020**	Year ended March 31, 2019
Interest paid	**(299.09)**	(777.79)
Other borrowing cost	**(1.31)**	(2.19)
(C) Net cash generated from financing activities	**(5,970.90)**	(5,122.98)
Net increase in cash and cash equivalents (A+B+C)	**(394.00)**	551.14
Cash and cash equivalents at the beginning of the year	**814.23**	263.09
Cash and cash equivalents at the end of the year	**420.23**	814.23
Reconciliation of Cash & Cash eqivalents as per the cash flow statement		
Cash and cash equivalents as per above comprise of the following		
Cash and cash equivalents (Refer Note No. 11)	**420.23**	814.23
Balance as per statement of cash flows	**420.23**	814.23

The accompanying notes form an integral part of the financial statements

As per report of even date
For B.K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar

Partner
Membership No.: 111212

Place : Mumbai
Date : 28th April 2020

Dattatraya Nikam
Chief Financial Officer

Kiran Bade
Company Secretary
Membership No.: A3911

For and on behalf of Board of Directors

Director: **Vijay Kalra**
DIN: 0007217974

Director: **Bharat Moossaddee**
DIN: 0002166403

Place : Mumbai
Date : 28th April 2020

Statement Of Changes In Equity For The Year Ended March 31, 2020

a) Equity share capital

Particulars	No. of Shares	Amount (Rs. In Lakhs)
Balance as at March 31, 2018	634,400,000	63,440.00
Changes in equity share capital during the year		
Issue of equity shares during the year	–	–
Balance as at March 31, 2019	634,400,000	63,440.00
Changes in equity share capital during the year		
Issue of equity shares during the year	–	–
Balance as at March 31, 2020	**634,400,000**	**63,440.00**

b) Other Equity

Rs. In Lakhs

Particulars	Retained earnings	Other comprehensive income (Remeasurements of the defined benefit plans)	Total
Balance as at April 1, 2018	(29,216.30)	101.51	(29,114.79)
Profit for the year	5,263.33	–	5,263.33
Total Comprehensive Income for the year, net of Income Tax	–	(8.35)	(8.35)
Balance as at April 1, 2019	(23,952.97)	93.16	(23,859.81)
Profit for the year	3,912.54	–	3,912.54
Total Comprehensive Income for the year, net of Income Tax	–	(32.57)	(32.57)
Balance as at March 31, 2020	**(20,040.43)**	**60.59**	**(19,979.84)**

The accompanying notes form an integral part of the financial statements

As per report of even date
For B.K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar

Partner
Membership No.: 111212

Place : Mumbai
Date : 28th April 2020

Dattatraya Nikam
Chief Financial Officer

Kiran Bade
Company Secretary
Membership No.: A3911

For and on behalf of Board of Directors

Director: **Vijay Kalra**
DIN: 0007217974

Director: **Bharat Moossaddee**
DIN: 0002166403

Place : Mumbai
Date : 28th April 2020

Notes To The Financial Statements For The Year Ended March 31, 2020

Mahindra Heavy Engines Limited is subsidiary of Mahindra Vehicle Manufacturers Limited having Corporate Identity Number U35914MH2007PLC169753, having it's registered office at Mahindra Towers, Dr. G.M. Bhosale Marg, P.K. Kurne Road, Worli, Mumbai 400 018. The Company is in manufacturing and sales of Engines and other auto components for vehicles and Genset applications.

NOTE 1. - Significant Accounting Policies:

1.1 Statement of compliance:

The financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act").

1.2 Basis of preparation and presentation:

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

1.3. Property, Plant & Equipment:

Property, Plant & Equipment are carried at cost less depreciation. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition and financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use.

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

Depreciation is provided on straight-line basis for property, plant and equipment so as to expense the depreciable amount, i.e. the cost less estimated residual value, over its estimated useful lives. The estimated useful lives and residual values are reviewed annually and the effect of any changes in estimate is accounted for on a prospective basis.

The management's estimate of useful lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes, based on the Company's expected usage pattern supported by technical assessment:, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. :

Plant and Machinery	2 years, 5 years, 7 years, 8 years and 10 years
Vehicles	5 years
Roads	15 years
Assets below Rs. 5,000/-	1 year

1.4. Intangible Assets

Intangible assets acquired separately:

Intangible assets are initially recognised at cost.

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

Intangible assets under development

The Company expenses costs incurred during research phase to profit or loss in the year in which they are incurred. Eligible development phase expenses are initially recognised as intangible assets under development until the development phase is complete. Once the development phase is complete, the eligible development phase expenses are capitalised as intangible asset.

Technical Know-how fees:

The expenditure incurred on technical services and other project/product related expenses are amortised over the estimated period of benefit, not exceeding six years.

Software Expenditure:

The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

Internally-generated intangible assets - Research and Development expenditure:

Expenditure on research activities are recognised as an expense in the period in which they are incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Product Development Expenditure:

The expenditure incurred on product development expenditure expenses are amortised over the estimated period of benefit, not exceeding five years.

Notes To The Financial Statements For The Year Ended March 31, 2020

Derecognition of intangible assets:

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

1.5. Impairment:

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment based on internal/external factors. Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

1.6. Inventories:

Inventories are stated at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. In determining the cost of purchased materials moving average method is used. Cost of manufactured finished goods and work-in-progress are valued on absorption costing basis and includes appropriate proportion of overheads and, where applicable, excise duty. Stores, spares and tools are carried at cost or estimated net realisable value, whichever is lower.

1.7. Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition).

1.8. Investments:

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as non-current investments.

1.9. Financial Instruments:

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

Financial Assets:

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

Financial assets at Fair value through profit or loss are measured at fair value at the end of each reporting period, with any gains or losses arising on re measurement recognised in profit or loss, The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in 'Other income'.

Financial liabilities and equity instruments:

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

1.10. Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Ind AS 115- Revenue from Contracts with Customers

Company adopted IND AS 115 - Revenue from contracts with customers w.e.f. 1st April 2018. In view of that, Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, Company apply the following five step approach:

(1) identify the contract with a customer

(2) identify the performance obligations in the contract

(3) determine the transaction price

(4) allocate the transaction price to the performance obligations in the contract

(5) recognize revenues when a performance obligation is satisfied.

The Company applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligation based on their selling price.

Interest income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

1.11. Goods and Services Tax :

GST duty payable on finished goods is accounted for upon transfer of goods to the customers.

1.12. Custom Duty:

Custom duty payable on imported goods is accounted for when the goods enter the Indian shores.

1.13. Government Grants and Other Incentives:

The Company, directly or indirectly through a consortium of Mahindra Group Companies, expects to be entitled to various incentives from government authorities in respect of manufacturing units located in developing regions. The company accounts for such entitlement on accrual basis.

Government grants related to acquisition of depreciable assets are recognised as deferred revenue in the financial statements and are transferred to statement of Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

1.14. Export Benefits:

Export benefits under various schemes of Government of India are accounted on accrual basis except when there is an uncertainty in respect of the entitlement.

1.15. Foreign exchange transactions:

Transactions in foreign currencies (Other than company's functional currency) are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Monetary items at the end of the year, is recognised as income or expense, as the case may be .

Notes To The Financial Statements For The Year Ended March 31, 2020

1.16. Employee Benefits:

(i) Defined Contribution Plan

The Company's contributions paid/payable during the year to Provident Fund and Superannuation Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees.

(ii) Defined Benefit Plan/Leave encashment:

The Company's liability towards gratuity and leave encashment is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognised on straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of other comprehensive income as income or expense. Obligation is measured at the present value of estimated future cash flow using discounted rate i.e. determined by reference to the market yield at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(iii) Other Benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

1.17. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset are capitalised as part of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.18. Taxes on Income:

Current tax:

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

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

Current and deferred tax for the year:

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.19. Warranty:

Provision for warranty represents present value of management's best estimate of the future outflow of economic benefits that will be required in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. Management estimates the related provision for future warranty claims based on historical warranty claim information and is adjusted regularly to reflect new information.

1.20. Segment Reporting:

The Company's business activity falls within a primary business segment namely manufacturing of Engines and other auto components and there is no reportable geographical segment.

1.21. Provisions, Contingent Liabilities and Contingent Assets:

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

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

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

Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

1.22. Critical accounting judgements and key sources of estimation uncertainty :

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of useful lives of property, plant and equipment, obligations relating to employee defined benefits etc. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

1.23. Ind AS 116 Leases :

Ind AS 116 is replaced the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees.

Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The amendment is effective for annual periods beginning on or after 01st April 19.

Notes To The Financial Statements For The Year Ended March 31, 2020

Note No. 2 - Property, Plant and Equipment

Rs. In Lakhs

Description of Assets		ROU Asset	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
I.	**Gross Block**							
	Balance as at March 31, 2018	693.91	9,178.54	28,525.55	1,338.49	880.70	217.73	**40,834.92**
	Additions	–	17.69	4,786.90	89.97	–	20.45	**4,915.01**
	Disposals	–	–	–	–	–	(74.86)	**(74.86)**
	Balance as at March 31, 2019	**693.91**	**9,196.23**	**33,312.45**	**1,428.46**	**880.70**	**163.32**	**45,675.07**
	Additions	–	86.36	2,423.62	92.90	12.76	39.08	**2,654.72**
	Disposals	–	–	–	–	–	(11.50)	**(11.50)**
	Balance as at March 31, 2020	**693.91**	**9,282.59**	**35,736.07**	**1,521.36**	**893.46**	**190.90**	**48,318.29**
II.	**Accumulated depreciation**							
	Balance as at March 31, 2018	67.38	1,604.47	8,151.24	963.76	318.09	126.69	**11,231.63**
	Depreciation expense for the year	7.30	299.17	2,535.75	171.54	78.22	26.95	**3,118.93**
	Eliminated on disposal of assets	–	–	–	–	–	(54.91)	(54.91)
	Balance as at March 31, 2019	**74.68**	**1,903.64**	**10,686.99**	**1,135.30**	**396.31**	**98.73**	**14,295.65**
	Depreciation expense for the year	7.30	301.51	2,526.11	170.97	80.82	29.17	3,115.88
	Eliminated on disposal of assets	–	–	–	–	–	(10.92)	(10.92)
	Balance as at March 31, 2020	**81.99**	**2,205.15**	**13,213.10**	**1,306.27**	**477.13**	**116.98**	**17,400.61**
III.	**Net block (I-II)**							
	Balance as at March 31, 2019	619.23	7,292.59	22,625.46	293.16	484.39	64.59	31,379.42
	Balance as at March 31, 2020	**611.92**	**7,077.45**	**22,522.97**	**215.10**	**416.33**	**73.92**	**30,917.68**

Note:

1) Assets pledged as security

   Refer Note no. 14 for details of property, plant and equipment pledged as security for loans from a Bank and a Financial institution under hypothecation/mortgage. (Loans have been repaid during the current financial year)

2) Borrowing Cost of Rs. Nil (Previous Year Rs. 39.72 Lakhs) and Professional Fees of Rs. Nil (Previous Year Rs. 124.25 Lakhs) have been capitalised during **the year under "Plant and Equipment"**

Note No. 3 - Other Intangible Assets

Rs. In Lakhs

Description of Assets		Technical Knowhow	Development Expenditure	Computer Software	Total
I.	**Gross Block**				
	Balance as at March 31, 2018	10,259.81	2,115.93	353.89	**12,729.63**
	Additions	–	111.78	7.40	**119.18**
	Disposals	–	–	–	**–**
	Balance as at March 31, 2019	**10,259.81**	**2,227.71**	**361.29**	**12,848.81**
	Additions	–	–	28.74	**28.74**
	Disposals	–	–	–	–
	Balance as at March 31, 2020	**10,259.81**	**2,227.71**	**390.03**	**12,877.55**
II.	**Accumulated amortisation**				
	Balance as at March 31, 2018	5,629.84	1,122.99	330.19	**7,083.02**
	Amortisation expense for the year	793.71	222.37	12.84	**1,028.92**
	Eliminated on disposal of assets	–	–	–	**–**
	Balance as at March 31, 2019	**6,423.55**	**1,345.36**	**343.03**	**8,111.94**
	Amortisation expense for the year	793.79	230.18	15.39	**1,039.36**
	Eliminated on disposal of assets	–	–	–	–
	Balance as at March 31, 2020	**7,217.34**	**1,575.54**	**358.42**	**9,151.30**
III.	**Net block (I-II)**				
	Balance as at March 31, 2019	3,836.26	882.35	18.26	4,736.87
	Balance as at March 31, 2020	**3,042.47**	**652.17**	**31.60**	**3,726.25**

Note : Testing Charges of Rs. Nil (Previous Year Rs. 111.78 Lakhs) have been capitalised during the year under "Development Expenditure"

Notes To The Financial Statements For The Year Ended March 31, 2020

Note No. 4 - Loans

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Current:		
a) Security Deposits		
– Unsecured, considered good	**5.25**	5.25
	5.25	5.25
Current:		
a) Other Loans		
– Unsecured, considered good	**5.14**	0.91
b) Intercompany Deposits to Group Companies*	**4,000.00**	–
	4,005.14	0.91

* Note : The Company has given intercorporate deposit to Mahindra Vehicle Manufacturers Limited for the purpose of working capital.

Note No. 5 - Other financial assets

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost		
Non-Current:		
a) Bank Deposit with more than 12 months maturity (under Bank's lien)	**59.05**	46.05
b) Accrued Interest	**39.75**	30.73
c) Government Grants and other incentives receivables	**1,022.16**	**216.88**
	1,120.96	293.66

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Current:		
a) Government Grants and other incentives receivables	**255.67**	1,269.58
b) Accrued Interest	**21.03**	17.74
	276.70	1,287.32

Note No. 6 - Deferred tax assets (net)

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
a) Deferred tax assets		
Provision for compensated absences	**77.38**	82.06
Provision for gratuity	**102.00**	105.98
Provision for doubtful debts/Advances	**5.28**	7.34
Carried forward tax losses*	**1,293.26**	1,730.73
Others	**0.27**	36.97
	1,478.20	1,963.08
b) Deferred tax liabilities		
Depreciation and amortisation	**1,478.20**	1,963.08
	1,478.20	1,963.08
c) Net Deferred tax assets	**–**	–

Movement in Deferred tax assets/(liabilities) for the year ended March 31, 2020:

Rs. In Lakhs

Particulars	Opening Balance as at April 1, 2019	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Closing Balance as at March 31, 2020
Deferred tax assets/(liabilities) in relation to:				
Provision for compensated absences	82.06	(4.68)	–	**77.38**
Provision for gratuity	105.98	(12.18)	8.20	**102.00**
Provision for doubtful debts	7.34	(2.05)		**5.28**
Carried forward tax losses *	1,730.72	(429.26)	(8.20)	**1,293.26**
Others	36.97	(36.70)		**0.27**
Depreciation and amortisation	(1,963.07)	484.87		**(1,478.20)**
	–	–	–	**–**

Movement in Deferred tax assets/(liabilities) for the year ended March 31, 2019:

Rs. In Lakhs

Particulars	Opening Balance as at April 1, 2018	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Closing Balance as at March 31, 2019
Deferred tax assets/(liabilities) in relation to:				
Provision for compensated absences	74.25	7.81	–	82.06
Provision for gratuity	91.01	12.05	2.92	105.98
Provision for doubtful debts	7.34	(0.00)	–	7.34
Carried forward tax losses *	3,067.52	(1,333.88)	(2.92)	1,730.72
Others	39.49	(2.52)	–	36.97
Depreciation and amortisation	(3,279.62)	1,316.54	–	(1,963.07)
	–	–	–	–

* Considered to the extent probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Notes To The Financial Statements For The Year Ended March 31, 2020

Note No. 7 - Other assets

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Current:		
a) Capital Advances		
Unsecured Considered good	**331.57**	866.18
Unsecured Considered doubtful	**21.00**	21.00
Less: Provision for Doubtful Capital Advances	**(21.00)**	(21.00)
	331.57	866.18
b) Advances other than capital advances		
i) Advance Income Tax [net of provisions Rs. 1,000,000 (As at March 31, 2019 Rs. 1,000,000)]	**573.34**	131.65
c) Others		
i) Balances with government authorities (other than income taxes)		
1) VAT credit receivable	**3.00**	3.00
2) Custom deposit Receivable	**50.97**	50.97
3) Others	**16.50**	–
ii) Other advances		
Other Prepayments	**24.73**	18.44
	1,000.11	1,070.24
Current:		
a) Advances other than capital advances		
i) Advance to suppliers	**188.79**	52.58
b) Others		
i) Balances with government authorities (other than income taxes)		
1) VAT credit receivable	**17.81**	17.81
2) Excise duty/Customs/GST rebate receivable	**52.98**	90.12
ii) Other advances		
1) Other Prepayments	**53.46**	63.75
2) Others	**157.34**	63.91
	470.38	288.17

Note No. 8 - Inventories

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials	**3,538.32**	5,913.71
Work-in-progress	**446.02**	187.93
Finished goods	**376.34**	169.74
Stores and spares	**283.56**	381.57
Total Inventories at the lower of cost and net realisable value	**4,644.24**	6,652.95
Included above, raw material-in-transit:	**478.59**	1,116.13
Total goods-in-transit	**478.59**	1,116.13

Notes:

(i) The cost of inventories recognised as an expense during the year was Rs. 85,438.16 Lakhs (for the year ended March 31, 2019 Rs. 90,291.79 Lakhs)

(ii) The cost of inventories recognised as an expenses as on March 31, 2020 includes Rs. 230.06 Lakhs (As on March 31, 2019 Rs. 215.54 Lakhs) in respect of write-downs of inventory to net realisable value.

Note No. 9 - Investments

Rs. In Lakhs

Particular	As at March 31, 2020		As at March 31, 2019	
	Quantity	**Amount**	Quantity	Amount
Current:				
Quoted Investments (all fully paid)				
Designated as Fair Value Through Profit and Loss				
Investments in Mutual Funds				
Mahindra Mutual Fund	–	–	41,729.18	503.62
UTI Money Market Fund	–	–	16,516.51	503.74
SBI Mutual Fund	–	–	17,236.28	502.66
Kotak Mahindra Mutual Fund	–	–	13,318.37	502.46
Aditya Birla Sun Life Mutual Fund	–	–	67,234.24	201.03
	–	–	156,034.58	2,213.51

Notes To The Financial Statements For The Year Ended March 31, 2020

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Aggregate book value of quoted investments	–	2,213.51
Aggregate market value of quoted investments	–	2,213.51
Aggregate amount of impairment in value of investments	–	–

Note No. 10 - Trade receivables

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Trade Receivables		
(a) Unsecured, considered good	**9,619.50**	19,543.30
(b) Doubtful	–	–
Less: Allowance for doubtful debts (expected credit loss allowance) - (Refer Note No. 26)	–	–
	9,619.50	19,543.30

Note:

The normal credit period on sale of goods ranges from 30 to 120 days. No interest is charged on trade receivables.

Note No. 11 - Cash and Bank Balances

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
(a) Balances with banks	**420.23**	514.23
(b) In Fixed Deposits - original maturity less than 3 months	**-**	300.00
Total Cash and cash equivalent	**420.23**	814.23
Other Bank Balances		
(a) Balances with Banks:		
On Margin Accounts (under Bank's lien)	**13.46**	27.50
In Fixed Deposits	**85.00**	75.00
Total Other Bank balances	**98.46**	102.50

Note No. 12 - Equity Share Capital

Particulars	As at March 31, 2020 No. of shares	As at March 31, 2020 Amount (Rs. In Lakhs)	As at March 31, 2019 No. of shares	As at March 31, 2019 Amount (Rs. In Lakhs)
Authorised:				
Equity shares of Rs 10 each with voting rights	**800,000,000**	**80,000.00**	800,000,000	80,000.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs 10 each with voting rights	**634,400,000**	**63,440.00**	634,400,000	63,440.00
Total	**634,400,000**	**63,440.00**	634,400,000	63,440.00

(i) Terms/Rights attached to equity shares:

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the board of directors is subject to approval of the shareholders in the ensuing annual general meeting (AGM), except in the case of interim dividend which is ratified by the shareholders at the AGM.

The Equity Shares of the Company rank pari-passu in all respects including voting rights and entitlement to dividend.

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the period:

Particulars	No. of Shares	Amount (Rs. In Lakhs)
Balance as at 31 March, 2019	634,400,000	63,440.00
Fresh Issue during the year	–	–
Balance as at 31 March, 2020	**634,400,000**	**63,440.00**

(iii) Details of shares held by the holding company

Particulars	No. of Shares	Amount (Rs. In Lakhs)
As at March 31, 2019		
Mahindra Vehicle Manufacturers Limited, the holding company	634,400,000	63,440.00
As at March 31, 2020		
Mahindra Vehicle Manufacturers Limited, the holding company	**634,400,000**	**63,440.00**

(iv) Details of shares held by each shareholder holding more than 5% shares

Particulars	No. of Shares	Percentage of holding
As at March 31, 2019		
Mahindra Vehicle Manufacturers Limited and its nominees	634,400,000	100%
As at March 31, 2020		
Mahindra Vehicle Manufacturers Limited and its nominees	**634,400,000**	**100%**

Notes To The Financial Statements For The Year Ended March 31, 2020

Note No. 13 - Other Equity

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Retained Earnings	**(20,040.43)**	(23,952.97)
Remeasurements of the defined benefit plans	**60.59**	93.16
Balance at the end of the year	**(19,979.84)**	(23,859.81)

a) Retained earning

Rs. In Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	**(23,952.97)**	(29,216.30)
Profit/(Loss) for the year	**3,912.54**	5,263.33
Balance at the end of the year	**(20,040.43)**	(23,952.97)

b) Remeasurements of the defined benefit plans

Rs. In Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	**93.16**	101.51
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	**(32.57)**	(8.35)
Balance at the end of the year	**60.59**	93.16

Note No. 14 - Borrowings - Non-Current

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Measured at amortised cost		
Secured Borrowings:		
Term Loans		
a) From a Bank	–	2,700.00
For Hypothecation		
First and exclusive hypothecation charge on all movable fixed assets/plant and machinery created out of the proceeds of the facilities granted by the Bank		
For Mortgage		
(i) First and exclusive charge on immovable properties being the building that is setup using the facilities granted by the Bank at the existing plant at Chakan MIDC near Pune.		
(ii) Negative lien over the building setup using the facilities granted at the existing plant along with land situated at the Chakan MIDC plant.		
	–	2,700.00

Details of Long term Borrowings of the Company:

Rs. In Lakhs

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cash flows	Coupon Rate	Repayment Bullet (or) Instalment	Number of Instalments	Amortised cost as at March 31, 2020	Amortised cost as at March 31, 2019
Secured							
Term loans from banks:							
Kotak Mahindra Bank Limited	INR	8.66%	5.51% to 9.15%	TL-1 - Moratorium period till 31st March 2017 and for TL-2 and TL-3 till 31st March 2019	16	–	5,667.53
				Door to door tenor of 6 years including moratorium of 3 years			
				Repayment of TL-1 loan will be on quarterly basis as follows			
				FY-2016-17 - 8% of Loan Amount			
				FY-2017-18 - 28.5% of Loan Amount			
				FY-2018-19 - 43% of Loan Amount			
				FY-2019-20 - 20.5% of Loan Amount			
				Repayment of TL-2 and TL-3 loan will be on 16 equal quarterly Installments			
Total (Refer note below)						–	5,667.53

Notes To The Financial Statements For The Year Ended March 31, 2020

Note:

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
a) Non-Current borrowings	**–**	2,700.00
b) Current maturities of long-term debt (Refer Note No. 17)	**–**	2,967.53
Total	**–**	5,667.53

Note No. 15 - Provisions

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Current:		
a) Provision for employee benefits		
i) Gratuity	**391.78**	253.29
ii) Leave Encashment	**185.22**	144.80
b) Other Provisions (Refer note below)		
i) Warranty	**–**	0.94
	577.00	399.02
Current:		
a) Provision for employee benefits		
i) Gratuity	**30.00**	50.00
ii) Leave Encashment	**122.25**	90.04
b) Other Provisions (Refer note below)		
i) Warranty	**0.78**	121.35
	153.03	261.39

Movement in other provisions

Rs. In Lakhs

Particulars	Warranty	
	As at March 31, 2020	**As at March 31, 2019**
Carrying Amount at the beginning of the year	**122.28**	129.51
Additional Provision made during the year (net of reversal)	**(122.52)**	(7.74)
Amounts used during the year	**–**	1.13
Unwinding of discount and effect of changes in the discount rate	**1.02**	1.64
	0.78	122.28

Warranty Provision:

Warranty cost are accrued at the time of sale of products, based on technical estimates and past trends. The provision is discharged over the warranty period as per below :

1. For Industrial Engines – 18 to 30 months from the date of dispatch or 6 to 24 months from the date of commissioning or 1000 to 5000 hours of operations whichever is earlier.
2. For Genset Engines – 30 months from the date of dispatch or 24 months from the date of commissioning or 5000 hours of operations whichever is earlier.

The estimates for accounting of warranties are reviewed and revisions are made as required.

Note No. 16 - Trade Payables

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Current:		
Total outstanding dues of micro enterprises and small enterprises (Refer Note below)	**46.28**	112.70
Total outstanding dues of creditors other than micro enterprises and small enterprises	**12,134.76**	19,438.44
	12,181.04	19,551.14

Note:

The normal credit period on purchases of goods from supplier ranges from 0 to 64 days. No interest is charged on outstanding balance.

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

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal	**46.28**	112.70
Interest	**–**	0.03
(ii) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	**3.06**	1.72
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**0.82**	3.70
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year	**0.82**	3.73
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**–**	0.12

Notes To The Financial Statements For The Year Ended March 31, 2020

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note No. 17 - Other Financial Liabilities

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Other Financial Liabilities Measured at Amortised Cost		
a) Current maturities of long-term debt (Refer Note No. 14)	**–**	2,967.53
b) Interest accrued	**–**	53.63
c) Short term Deposits	**37.82**	23.50
d) Other liabilities		
i) Creditors for capital supplies	**999.45**	1,127.19
ii) Others	**1,277.93**	2,189.18
	2,315.20	6,361.04

Note No. 18 - Other Liabilities

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Current		
a) Deferred Government Grants - Export Promotion Capital Goods	**220.10**	220.10
	220.10	220.10
Current		
a) Advances received from customers	**13.53**	–
b) Statutory dues payables		
- Statutory dues (Contributions to PF and other funds, Withholding Taxes and GST)	**452.90**	1,729.84
	466.43	1,729.84

Note No. 19 - Revenue from Operations

Rs. In Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Revenue from sale of products	**99,596.13**	106,931.17
b) Other operating revenue		
(i) Sale of Scrap	**276.00**	243.68
(ii) Government Grants and other incentives	**272.64**	397.39
(iii) Duty Drawback	**5.81**	22.90
	100,150.58	107,595.14

Note No. 20 - Other Income

Rs. In Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income on Bank deposits and Others (at amortised cost)	**20.45**	22.89
Net Gain on sale of investments	**274.27**	93.98
Net Gain on disposal of property, plant and equipment (net)	**–**	6.73
Net gain arising on financial assets designated as at FVTPL	**–**	13.52
Liabilities no longer required written back	**122.52**	9.13
Miscellaneous Income (includes business support services)	**191.31**	176.18
	608.55	322.43

Note No. 21 - Changes in inventories of finished goods and work-in-progress

Rs. In Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the beginning of the year:		
a) Finished goods	**169.74**	325.27
b) Work-in-progress	**187.93**	204.16
	357.67	529.43
Inventories at the end of the year:		
a) Finished goods	**376.34**	169.74
b) Work-in-progress	**446.02**	187.93
	822.36	357.67
	(464.69)	171.76

Note No. 22 - Employee Benefits Expenses

Rs. In Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Salaries and wages	**3,080.74**	3,046.77
b) Contribution to provident and other funds #	**210.59**	185.94
c) Share based payment transactions expenses - Equity-settled share-based payments *	**70.06**	52.22
d) Staff welfare expenses	**401.45**	483.04
	3,762.84	3,767.97

 # Note:
In February 2019, Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution from the date of Supreme Court order.

Notes To The Financial Statements For The Year Ended March 31, 2020

*** Note:**

Represents cost reimbursed by the company towards ESOP's granted by the ultimate holding company, Mahindra & Mahindra Limited;

Certain employees of the Company are covered by Employee Stock Option Scheme (ESOP scheme) offered by Ultimate Holding Company, Mahindra & Mahindra Limited. Under the scheme, eligible employees are granted an option to purchase shares of Mahindra & Mahindra Limited, in accordance with the terms and conditions of the scheme.

The Company recognises this scheme as an equity settled share based payments arrangement in accordance with IND AS 102 - Share Based Payment. Options granted under Parent's ESOP scheme vests in

i) 5 equal instalments on the expiry of 12 Months, 24 Months, 36 Months, 48 Months and 60 Months from the date of grant.

OR

ii) 4 instalments bifurcated as 20% on the expiry of 18 months, 20% on the expiry of 30 months, 30% on the expiry of 42 months and 30% on the expiry of 54 months.

OR

iii) 3 instalments bifurcated as 33.33% on the expiry of 12 months, 33.33% on the expiry of 24 months and 33.34% on the expiry of 36 months.

The options may be exercised on any day over a period of 5 years from the date of vesting. Number of vested options exercisable is subject to a minimum of 50 or number of options vested whichever is lower.

Such ESOP expense in respect of employees of the Company is charged by the Ultimate Holding Company over the vesting period. The charge is based on fair value of options calculated using Black and Scholes Option Pricing Model. The fair value charge is recognized as share based payment expenses under Employee Benefit Expenses.

Note No. 23 - Finance Cost

Rs. In Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Interest		
i) Borrowings	**248.43**	765.00
ii) Trade Payables - Micro Enterprises and Small Enterprises (Refer Note No. 16)	**0.15**	3.74
b) Other borrowing cost	**1.31**	2.19
c) Unwinding of discounts on provisions	**1.02**	1.64
	250.91	772.57

Analysis of Interest Expenses by category

Rs. In Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Expenses		
On financial liability at amortised cost	**248.58**	768.74
	248.58	768.74

Note No. 24 - Other Expenses

Rs. In Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Stores consumed	**658.75**	1,045.66
Power & Fuel	**428.72**	667.51
Rates and taxes	**40.86**	81.48
Insurance	**78.95**	51.46
Repairs and maintenance - Buildings	**16.89**	24.42
Repairs and maintenance - Machinery	**121.57**	175.34
Repairs and maintenance - Others	**57.43**	38.23
Travelling and Conveyance Expenses	**110.73**	138.07
Auditors remuneration and out-of-pocket expenses		
i) As Auditors	**17.00**	17.00
ii) For Taxation matters	**11.50**	2.75
iii) For Other services	**2.60**	5.43
iv) For reimbursement of expenses	**0.71**	1.17
Legal and other professional costs	**668.99**	355.38
Packing material consumed	**108.37**	192.54
Engineering & Testing expenses	**217.02**	215.16
Royalty	**457.61**	868.97
CSR Activities *	**60.86**	15.82
Director's Commission	**10.00**	10.00
Net foreign exchange losses	**39.67**	69.20
Net Loss on disposal of property, plant and equipment (net)	**0.52**	–
Bank charges	**4.67**	0.95
Housekeeping and security expenses	**87.15**	81.13
Labour Contract Charges	**553.78**	520.37
Miscellaneous expenses	**143.85**	141.67
	3,898.20	4,719.72

* Note : Gross amount required to be spent by the Company as per section 135 of Companies Act 2013 on CSR Activities of Rs. 60.86 Lakhs (Previous Year - 11.56 Lakhs).

Note No. 25 - Earnings per Share

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit/(loss) for the year attributable to equity share holders of the Company	**3,912.54**	5,263.33
Weighted average number of equity shares	**634,400,000**	634,400,000
Basic and Diluted Earnings per share (Face value of Rs. 10 per share)	**0.62**	0.83

Note No. 26 - Financial Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

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

Notes To The Financial Statements For The Year Ended March 31, 2020

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Equity	**43,460.16**	39,580.19
Less: Cash and cash equivalents	**420.23**	814.23
	43,039.93	38,765.96

Categories of financial assets and financial liabilities

Rs. In Lakhs

Particulars	As at March 31, 2020 Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Loans	**5.25**	–	–	**5.25**
Other Financial Assets				
- Non Derivative Financial Assets	**1,120.96**	–	–	**1,120.96**
Current Assets				
Investments	–	–	–	–
Trade Receivables	**9,619.50**	–	–	**9,619.50**
Cash and cash equivalents	**420.23**	–	–	**420.23**
Bank balances	**98.46**			**98.46**
Loans	**4,005.14**	–	–	**4,005.14**
Other Financial Assets				
- Non Derivative Financial Assets	**276.70**	–	–	**276.70**
Non-current Liabilities				
Borrowings	–			–
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	**12,181.04**	–	–	**12,181.04**
Other Financial Liabilities				
- Non Derivative Financial Liabilities	**2,315.20**	–	–	**2,315.20**

Rs. In Lakhs

Particulars	As at March 31, 2019 Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Loans	5.25	–	–	5.25
Other Financial Assets				
- Non Derivative Financial Assets	293.66	–	–	293.66
Current Assets				
Investments	–	2,213.51	–	2,213.51
Trade Receivables	19,543.30	–	–	19,543.30
Cash and cash equivalents	814.23	–	–	814.23
Bank balances	102.50			102.50
Loans	0.91	–	–	0.91
Other Financial Assets				
- Non Derivative Financial Assets	1,287.32	–	–	1,287.32
Non-current Liabilities				
Borrowings	2,700.00			2,700.00
Current Liabilities				
Trade Payables	19,551.14	–	–	19,551.14
Other Financial Liabilities				
- Non Derivative Financial Liabilities	6,361.04	–	–	6,361.04

CREDIT RISK

(i) Credit risk management

Rs. In Lakhs

Particulars	As at March 31, 2020 Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	**0%**	**0%**	**0%**	
Gross carrying amount	**6,038.74**	**3,406.05**	**168.34**	**9,619.50**
Loss allowance provision	–	–	–	–

Rs. In Lakhs

Particulars	As at March 31, 2019 Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0%	0%	0%	
Gross carrying amount	16,506.64	2,979.25	57.40	19,543.30
Loss allowance provision	–	–	–	–

Reconciliation of loss allowance provision for Trade Receivables

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as at beginning of the year	**–**	–
Impairment losses recognised in the year based on lifetime expected credit losses		
- On receivables originated in the year	**–**	–
- Other receivables	**–**	–
Impairment losses reversed/written back	**–**	–
Balance at end of the year	**–**	–

The Concentration of credit risk is limited due to the fact that the customer base comprises largely of Mahindra group entities.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the table have been drawn up based on the non-discounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Notes To The Financial Statements For The Year Ended March 31, 2020

Rs. In Lakhs

Particulars	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above
Non-derivative financial liabilities				
As at March 31, 2020				
Non-interest bearing	**14,497.06**	–	–	–
Variable interest rate instruments	–	–	–	–
Fixed interest rate instruments	–	–	–	–
	14,497.06	–	–	–
As at March 31, 2019				
Non-interest bearing	1,154.42	–	–	–
Variable interest rate instruments	3,438.49	3,208.99	–	–
Fixed interest rate instruments	–	–	–	–
	4,592.91	3,208.99	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. In Lakhs

Particulars	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above
Non-derivative financial assets				
As at March 31, 2020				
Non-interest bearing	**14,300.54**	1,022.16	–	5.25
Variable interest rate instruments	–	–	–	–
Fixed interest rate instruments	**128.24**	**83.10**	**15.69**	–
Total	**14,428.78**	**1,105.26**	**15.69**	**5.25**
As at March 31, 2019				
Non-interest bearing	21,628.02	216.88	–	5.25
Variable interest rate instruments	2,213.51	–	–	–
Fixed interest rate instruments	138.87	75.62	16.18	–
	23,980.40	292.50	16.18	5.25

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Rs. In Lakhs

Particulars	Currency	As at March 31, 2020	As at March 31, 2019
Trade Receivables	USD	**0.57**	2.84
	INR	**43.16**	196.76
Trade Payables	USD	**2.99**	0.94
	INR	**225.64**	64.88
	EUR	**0.45**	0.07
	INR	**37.41**	5.13
	JPY	**–**	93.30
	INR	**–**	58.26
	KRW	**299.12**	748.31
	INR	**18.49**	45.53

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Rs. In Lakhs

Particulars	Currency	As at March 31, 2020	As at March 31, 2019
Trade Receivables	USD	**0.57**	2.84
	INR	**43.16**	196.76
Trade Payables	USD	**2.99**	0.94
	INR	**225.64**	64.88
	EUR	**0.45**	0.07
	INR	**37.41**	5.13
	JPY	**–**	93.30
	INR	**–**	58.26
	KRW	**299.12**	748.31
	INR	**18.49**	45.53

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, JPY and KWR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives.

Rs. In Lakhs

Particulars	Currency	Change in rate	Effect on profit/(loss) before tax
As at March 31, 2020	**USD**	**10%**	**(18.25)**
		(10%)	**18.25**
	EUR	**10%**	**(3.74)**
		(10%)	**3.74**
	KWR	**10%**	**(1.85)**
		(10%)	**1.85**
	JPY	**10%**	**–**
		(10%)	**–**
As at March 31, 2019	USD	10%	13.19
		(10%)	(13.19)
	EUR	10%	(0.51)
		(10%)	0.51
	KRW	10%	(4.55)
		(10%)	4.55
	JPY	10%	(5.83)
		(10%)	5.83

Notes To The Financial Statements For The Year Ended March 31, 2020

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate loans and borrowings, as follows:

Rs. In Lakhs

Particulars	**Currency**	**Increase/ (decrease) in basis points**	**Effect on profit/(loss) before tax**
31-Mar-20	**INR**	**100**	**–**
	INR	**(100)**	**–**
31-Mar-19	INR	100	(56.71)
	INR	(100)	56.71

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note No. 27 - Fair Value Measurement

a) Fair Valuation Techniques and Inputs used - recurring items

Financial assets measured at Fair Value:

Rs. In Lakhs

Particulars	**Fair Value** **As at March 31, 2020**	**Fair Value** As at April 1, 2019	**Fair Value hierarchy**	**Valuation technique(s) and key input(s)**
Financial assets				
a) Investments				
i) Mutual Fund investments	–	2,213.51	Level-1	Net Asset value published by – Mahindra Mutual Fund – UTI Mutual Fund – SBI Mutual Fund – Kotak Mahindra Mutual Fund – Aditya Birla Sun Life
	–	2,213.51		

b) Fair value of financial assets and financial liabilities that are not measured at fair value

Rs. In Lakhs

Particulars	**Level**	**As at March 31, 2020** **Carrying amount**	**Fair value**	As at April 1, 2019 Carrying amount	Fair value
a) Financial assets					
Financial assets carried at Amortised Cost					
Loans	**Level-3**	**4,010.39**	**4,010.39**	6.16	6.16
Trade Receivables	**Level-3**	**9,619.50**	**9,619.50**	19,543.30	19,543.30
Cash and cash equivalents	**Level-1**	**420.23**	**420.23**	814.23	814.23
Bank balances	**Level-1**	**98.46**	**98.46**	102.50	102.50
Other Financial Assets					
- Non Derivative Financial Assets	**Level-3**	**1,397.66**	**1,397.66**	1,580.98	1,580.98
b) Financial liabilities					
Financial liabilities held at amortised cost					
Borrowings	**Level-3**	**–**	**–**	2,700.00	2,700.00
Trade Payables	**Level-3**	**12,181.04**	**12,181.04**	19,551.14	19,551.14
Other Financial Liabilities					
- Non Derivative Financial Liabilities	**Level-3**	**2,315.20**	**2,315.20**	6,361.04	6,361.04

Notes To The Financial Statements For The Year Ended March 31, 2020

Note No. 28 - Employee benefits

(a) Defined Contribution Plan

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. Amount recognised as an expense in the Statement of Profit and Loss is Rs. 134.33 Lakhs. (Previous year Rs. 109.60 Lakhs).

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

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

1) Liability Risks

a. Asset-Liability Mismatch Risk:

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuations wings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b. Discount Rate Risk:

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c. Future Salary Escalation and Inflation Risk:

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India.LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund where in all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claims settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

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

Particulars	As per March 31, 2020	As per March 31, 2019
Discount rate	**6.85%**	7.80%
Expected rate of salary increase		
Officers	**9.00%**	10.00%
Associates	**7.00%**	10.00%

Defined benefit plans as per actuarial valuation on 31st March, 2020

Rs. In Lakhs

Particulars	Funded Plan - Gratuity For the year ended March 31, 2020	For the year ended March 31, 2019
I(a). Expense recognised in the Statement of Profit and Loss for the year		
1) Current service cost	**52.10**	46.12
2) Past Service Credit	**–**	–
3) Interest cost	**23.42**	18.37
	75.52	64.49
I(b). Included in other Comprehensive Income		
1) Return on plan assets	**0.06**	(1.99)
2) Actuarial (Gain)/Loss on account of:		
- Demographic Assumptions	**16.94**	(6.10)
- Financial Assumptions	**(58.61)**	28.70
- Experience Adjustments	**74.18**	(12.26)
	32.51	10.34
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:	**32.57**	8.35

Rs. In Lakhs

Particulars	Funded Plan - Gratuity For the year ended March 31, 2020	For the year ended March 31, 2019
Service Cost		
Current Service Cost	**52.10**	46.12
Past service cost and (gains)/losses from settlements	**–**	–
Net interest expense	**23.42**	18.37
Components of defined benefit costs recognised in statement of Profit and Loss	**75.52**	64.49
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**0.06**	(1.99)
Actuarial gains and loss arising from changes in financial assumptions	**(58.61)**	28.70
Actuarial gains and loss arising from experience adjustments	**74.18**	(12.26)
Actuarial gains and loss arising from Demographic adjustments	**16.94**	(6.10)
Components of defined benefit costs recognised in other comprehensive income	**32.57**	8.35
Total	**108.09**	72.84
I. Net Asset/(Liability) recognised in the Balance Sheet as at year end		
1. Present value of defined benefit obligation as at year end	**421.78**	325.01
2. Fair value of plan assets as at year end	**16.50**	21.73
3. Surplus/(Deficit)	**(405.28)**	(303.28)
4. Current portion of the above	**(30.00)**	(50.00)
5. Non current portion of the above	**(375.28)**	(253.28)
II. Change in the obligation during the year		
1. Present value of defined benefit obligation at the beginning of the year	**325.00**	278.59
2. Expenses Recognised in Statement of Profit and Loss		

Notes To The Financial Statements For The Year Ended March 31, 2020

Rs. In Lakhs

Particulars	Funded Plan - Gratuity For the year ended March 31, 2020	For the year ended March 31, 2019
- Current Service Cost	**52.10**	46.12
- Past Service Cost	**–**	–
- Interest Expense/(Income)	**24.86**	20.54
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**16.94**	(6.10)
ii. Financial Assumptions	**(58.61)**	28.70
iii. Experience Adjustments	**74.18**	(12.26)
4. Benefit payments	**(12.70)**	(30.59)
5. Present value of defined benefit obligation at the end of the year	**421.77**	325.00
III. Change in fair value of assets during the year		
1. Fair value of plan assets at the beginning of the year	**21.72**	18.15
2. Expenses Recognised in Statement of Profit and Loss		
- Expected return on plan assets	**1.44**	2.17
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
- Actual Return on plan assets in excess of the expected return	**(0.06)**	1.99
5. Contributions by employer (including benefit payments recoverable)	**–**	30.00
6. Benefit payments	**(6.61)**	(30.59)
7. Fair value of plan assets at the end of the year	**16.49**	21.72
IV. The Major categories of plan assets		
Fund managed by insurer	**100%**	100%
V. Actuarial assumptions		
1. Discount rate	**6.85%**	7.80%
2. Expected rate of return on plan assets	**7.80%**	7.80%
3. Attrition rate		
Officers	**11.00%**	17.00%
Associates	**0.00%**	0.00%
4. Medical premium inflation	**NA**	NA

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. In Lakhs

Principal assumption	Year ended	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	As at March 31, 2020	1%/-1%	(376.47)	476.87
	As at March 31, 2019	1%/-1%	(295.50)	361.02
Salary growth rate	As at March 31, 2020	1%/-1%	471.38	(380.03)
	As at March 31, 2019	1%/-1%	356.65	(298.49)
Withdrawal rate	As at March 31, 2020	1%/-1%	(417.81)	425.69
	As at March 31, 2019	1%/-1%	(319.02)	326.86

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs. 30 Lakhs to the gratuity trusts during the next financial year ending March 31, 2021.

Mortality : It is assumed that the active members of the scheme will experience in-service mortality in accordance with the Indian Assured Lives Mortality (2012-14) ultimate (IALM ult). A sample pick from this table is given below:

Age	Mortality rate
21	0.093%
22	0.094%
23	0.094%
24	0.093%
25	0.093%

Age of the members at the valuation date is taken as their nearest age at that date.

Maturity profile of defined benefit obligation:

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Within 1 year	**27.24**	35.04
1 - 2 year	**30.68**	34.31
2 - 3 year	**35.19**	39.34
3 - 4 year	**39.65**	42.65
4 - 5 year	**44.74**	45.21
5 - 10 years	**287.00**	242.90

Plan Assets

The fair value of Company's pension plan asset as of March 31, 2020 is as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Asset category:		
Cash and cash equivalents	**0%**	0%
Debt instruments (quoted)	**0%**	0%
Debt instruments (unquoted)	**0%**	0%
Equity instruments (quoted)	**0%**	0%
Deposits with Insurance companies	**100%**	100%
Total	**100%**	100%

Notes To The Financial Statements For The Year Ended March 31, 2020

VIII. Experience Adjustments :

Rs. In Lakhs

Particulars	Gratuity as at As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
1. Defined Benefit Obligation	**421.77**	325.00	278.59	251.09	227.71
2. Fair value of plan assets	**16.49**	21.72	18.15	40.83	58.95
3. Surplus/(Deficit)	**(405.28)**	(303.28)	(260.44)	(210.26)	(168.76)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**74.18**	(12.26)	7.40	(22.61)	(73.47)
5. Experience adjustment on plan assets [Gain/(Loss)]	**0.06**	(1.99)	0.54	(0.51)	2.64

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

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

Note No. 29 - Related Party Disclosures:

A) Name of the related party and nature of relationship where control exists:

Name of Related Party	Nature of Relationship
Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Vehicle Manufacturers Limited	Holding Company

B) Related parties with whom transactions have taken place during the year:

Name of Related Party	Nature of Relationship
1) Mahindra Logistics Limited	Fellow subsidiary
2) Mahindra Trucks and Buses Limited	Fellow subsidiary
3) Mahindra Integrated Business Solutions Private Limited	Fellow subsidiary
4) LORDS Freight (India) Private Limited	Fellow subsidiary
5) Mahindra Retail Private Limited	Fellow subsidiary

C) Related parties with whom transactions have taken place during the year:

Name of Related Party	Nature of Relationship
1) Mahindra CIE Automotive Limited	Associate of Holding Company
2) Swaraj Engines Limited	Associate of Ultimate Holding Company

D) Key Managerial Personnel :

Name of Related Party
1) Mr. KVN Prasad (Left the organisation w.e.f. March 31, 2019)
2) Mr. Nasir Deshmukh (Appointed w.e.f. April 1, 2019)

E) Related Party Transactions:

Rs. In Lakhs

Name of Related Party	Nature of Transactions	For the year ended March 31, 2020	For the year ended March 31, 2019
Mahindra & Mahindra Limited	Sale of goods	**98,689.86**	73,999.73
	Training and Seminar Expenses	**0.12**	10.60
	Staff welfare expenses paid	**9.07**	1.39
	Rework Income of Engines	**76.52**	
	Engineering testing expenses paid	–	351.47
	Reimbursement of ESOP cost (Refer Note 3 below)	**66.97**	52.22
	Reimbursement of expenses received from Party	**1,340.95**	279.66
	Reimbursement of expenses paid	**679.30**	1,502.77
	Sale of Asset	–	10.57
	Cenvat on capital goods paid	**46.67**	–
	GST on capital goods paid	**453.33**	207.57
	Purchase of Raw Material	**182.71**	356.54
Mahindra Logistics Limited	Services received	**1,275.62**	1,456.98
	Reimbursement of expense paid	**9.25**	0.14
Mahindra Vehicle Manufacturers Limited	Sale of Goods	**28,040.75**	61,754.47
	Inter Company Deposit (ICD)	**4,000.00**	–
	Accrued Interest on ICD	**0.86**	–
	Purchase of Raw Material	**21.60**	7.49
	Sale of Asset	–	6.50
	Reimbursement of expense paid	**486.02**	722.15
Mahindra Trucks and Buses Limited	Sales of Goods	**600.73**	1,197.96
	Purchase of Raw Material	**4.74**	18.97
	Reimbursement of expenses paid	–	0.17
Mahindra Integrated Business Solutions Private Limited	Manpower cost paid	**45.26**	33.27
LORDS Freight (India) Private Limited	Services received	**17.33**	10.61
Mahindra Retail Private Limited	Staff welfare expenses paid	**7.58**	1.37
Swaraj Engines Limited	Staff welfare expenses paid	–	0.27
Mahindra CIE Automotive Limited	Purchase of Raw Material	**2,200.16**	1,972.96
Mr. KVN Prasad	Remuneration Paid	–	93.46
Mr. Nasir Deshmukh	Remuneration Paid	**98.05**	–

Notes To The Financial Statements For The Year Ended March 31, 2020

F) Related Party Balances:

Rs. In Lakhs

Name of Related Party	Nature of Balances	As at March 31, 2020	As at March 31, 2019
Mahindra & Mahindra Ltd.	Receivables	**8,762.86**	16,445.32
	Payables	**146.97**	187.67
Mahindra Logistics Ltd.	Receivables	–	–
	Payables	**168.76**	206.93
Mahindra Vehicle Manufacturers Ltd.	Receivables	**2,107.50**	2,780.54
	Payables	**1.04**	202.51
	ICD Receivable	**4,000.77**	
Mahindra Trucks and Buses Limited	Receivables	**21.36**	108.14
	Payables	–	0.17
Mahindra Integrated Business Solutions Private Limited	Receivables	–	–
	Payables	**5.12**	2.56
LORDS Freight (India) Private Limited	Receivables	–	–
	Payables	**1.61**	2.07
Mahindra CIE Automotive Limited	Receivables	–	–
	Payables	**392.37**	434.67

Notes:

1 Related Party Transactions for the period are at arm's length.

2 The amount outstanding is unsecured and will be settled in cash. No guarantee has been given or received. No expense has been recognised in current or prior years for bad and doubtful debts in respect of the amounts owed by the related party.

3 Represents costs reimbursed by the Company towards ESOP's granted by the ultimate holding Company, Mahindra & Mahindra Limited.

4 The transactions reported above are inclusive of applicable Taxes.

Note No. 30: Contingent liabilities and commitments:

1) Contingent Liabilities

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Claims against the company not acknowledged as debt:		
(i) Income Tax claims disputed by the company relating to disallowance of depreciation and amortisation on Technical Know-how.	**11.14**	11.14
(ii) Excise duty claims disputed by the company relating to valuation rules	**–**	1.88
(iii) Service Tax disputed by the company relating to the activity of arranging canteen facility is a taxable service under the statutory provisions of the Finance Act,1994	**21.74**	-

It is not practicable for the company to estimate the closure of the above issues and the consequential timing of cash flows, if any.

2) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided:

(i) Tangible:

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided	**1,554.82**	3,762.20
Advance paid	**350.11**	887.18
Estimated amount of contracts remaining to be executed on capital account and not provided (Net)	**1,204.72**	2,875.02

(ii) Intangible:

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
The Company has obligation on account of Technical Know-how fees as below		
(i) 4 Cylinder Engine	**725.34**	665.95
	725.34	665.95

Note No. 31 - Segment Reporting

The Company's business activity falls within a single business segment viz. manufacturing of engines and other auto components. All other activities of the Company revolve around its main business. Hence there are no separate reportable primary segments.

Rs. In Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations		
(i) Revenue from major products		
Engines	**98,217.61**	105,135.40
Spares	**1,378.53**	1,795.77
(ii) Other operating revenue	**554.44**	663.97
	100,150.58	107,595.14

Notes To The Financial Statements For The Year Ended March 31, 2020

Rs. In Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from external customers		
India	**99,828.97**	107,035.20
Outside India	**321.61**	559.94
	100,150.58	107,595.14
All non-current assets of the Company are located in India		
Revenue from major customers		
Mahindra group entities	**99,547.16**	106,675.53
Others *	**603.42**	919.61
	100,150.58	107,595.14

* No other single customer contributed 10% or more to the Company's revenue for both financial year 2019-20 and 2018-19.

Note No. 32 - Commission to Independent Directors:

Other Expenses includes Rs. 10.00 Lakhs (March 31, 2019: Rs. 10.00 Lakhs) payable as Commission to Independent Directors subject to the approval of shareholders at the Annual General Meeting.

Note No. 33 -

No material events have occurred after the balance sheet date and up to the approval of the financial statements.

Note No. 34 -

The Company, based on internal & external sources of information including market research, economic forecast and other information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2020 as at the date of approval of these financial statements.

Note No. 35 -

The financial statements were approved for issue by the Board of Directors on April 28, 2020.

Note No. 36 -

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

For and on behalf of Board of Directors

Dattatraya Nikam
Chief Financial Officer

Kiran Bade
Company Secretary
Membership No.: A3911

Director: **Vijay Kalra**
DIN: 0007217974

Director: **Bharat Moossaddee**
DIN: 0002166403

Place : Mumbai
Date : 28th April 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Electric Mobility Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahindra Electric Mobility Limited** ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we

are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
   i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer note 17 and 35 to the financial statements;
   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

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

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

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155
ICAI UDIN: 20065155AAAACG2394

Place: Bengaluru

Date: 11 May 2020

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

With respect to the Annexure A referred to in paragraph 1 under Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the IND AS financial statements for the year ended 31 March 2020, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year. No material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material. For stocks lying with third parties at the year-end, written confirmation have been obtained by the management.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us, there are no loans, investments, guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the products manufactured/services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and services tax, cess and any other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee state insurance, income-tax, duty of customs, goods and services tax, cess and any other material statutory dues were in arrears, as at 31 March 2020, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income-tax or duty of customs or goods and services tax or service-tax or duty of excise which have not been deposited by the Company on account of disputes, except for the following:

Name of statue	Nature of dues	Amount (INR)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Duty of Excise	5,142,000	AY 2009 -2011	High Court of Karnataka
Central Excise Act, 1944	Duty of Customs	9,600,000	AY 2016-2017	CESTAT
Finance Act, 1994	Service tax	6,896,608	AY 2006 - 2009	CESTAT*
Finance Act, 1994	Service tax	10,228,255	AY 2006 -2015	Additional Commissioner of Service tax*
Income tax Act, 1961	Income tax	110,000,000	AY 2012-2013	Income Tax Appellate Tribunal**

* The amounts mentioned constitute 70% of the amount of Service tax and 100% of interest and penalty thereon as demanded in the order, as the remaining 30% of the Service tax demanded has been paid under Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019, whereof the final discharge certificates are pending to be issued by the designated committee formed under the said scheme.

** Against the above, amount of INR 16,500,000 is paid under protest for Income Tax. Refer note 10 for details.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks and Government. The Company did not have dues to financial institutions and debenture holders during the year.

(ix) According to the information and explanations given to us and based on examination of the records of the Company, the term loans were applied for the purpose for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, clause 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155
ICAI UDIN: 20065155AAAACG2394

Place: Bengaluru
Date: 11 May 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA ELECTRIC MOBILITY LIMITED FOR THE YEAR ENDED 31 MARCH 2020.

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Electric Mobility Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155
ICAI UDIN: 20065155AAAACG2394

Place: Bengaluru
Date: 11 May 2020

BALANCE SHEET AS AT 31 MARCH 2020

(₹ in lakhs)

	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	**14,228**	14,544
Capital work-in-progress	4	**5,212**	1,074
Right of Use Assets	5	**3,646**	–
Other intangible assets	6	**4,662**	6,336
Intangible assets under development	7	**11,436**	2,384
Financial assets			
Loans	8	**310**	289
Non-current tax assets	9	**1,145**	738
Other non-current assets	10(a)	**1,218**	3,873
		41,857	29,238
Current assets			
Inventories	11	**3,369**	4,516
Financial assets			
Trade receivables	12	**4,497**	2,056
Cash and cash equivalents	13	**62**	3
Other current assets	10(b)	**7,072**	7,319
Assets held for sale	14	**147**	148
		15,147	14,042
TOTAL ASSETS		**57,004**	43,280
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	**32,319**	30,735
Other equity		**(5,497)**	(2,693)
Total equity		**26,822**	28,042
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	16(a)	**10,701**	876
Provisions	17(a)	**1,004**	957
Other non-current liabilities	18(a)	**–**	13
		11,705	1,846
Current liabilities			
Financial liabilities			
Borrowings	16(b)	**3,500**	1,570
Trade payables	19		
Total outstanding dues of micro and small enterprises		**188**	464
Total outstanding dues of creditors other than micro and small enterprises		**6,119**	5,728
Other financial liabilities	20	**5,853**	3,447
Provisions	17(b)	**550**	695
Other current liabilities	18(b)	**2,267**	1,488
		18,477	13,392
		30,182	15,238
TOTAL EQUITY AND LIABILITIES		**57,004**	43,280
Summary of significant accounting policies	2.3		

The accompanying notes form an integral part of the IND AS financial statements.

As per our report of even date attached:

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: 11 May 2020

For and on behalf of the Board of Directors of:

Mahindra Electric Mobility Limited

Dr. Pawan Kumar Goenka	Chairman	DIN: 00254502
Arvind Mathew	Director	DIN: 01377003
Saroj Khuntia	Chief Financial Officer	
Mahesh Babu	Chief Executive Officer	
Jignesh Parikh	Company Secretary	

Date: 06 May 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(₹ in lakhs except per share data)

	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	21	**27,261**	24,906
Other income	22	**629**	224
Total Income		**27,890**	25,130
Expenses			
Cost of materials consumed	23	**13,576**	11,848
Changes in inventories of finished goods	24	**248**	(130)
Employee benefits expense	25	**6,263**	6,409
Finance cost	26	**433**	96
Depreciation and amortisation expense	27	**5,062**	3,936
Other expenses	28	**7,831**	8,269
Total Expenses		**33,413**	30,428
Loss before tax		**(5,523)**	(5,298)
Tax expense			
Current tax		**–**	–
Deferred tax	36	**–**	–
Loss for the year		**(5,523)**	(5,298)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plan, net of tax	32	**22**	(71)
		22	(71)
Total comprehensive loss for the year attributable to the owners of the Company		**(5,501)**	(5,369)
Earnings per equity share of face value Rs. 10 each			
Basic and Diluted Earnings per equity share	31	**(1.72)**	(1.82)
Summary of significant accounting policies	2.3		

The accompanying notes form an integral part of the IND AS financial statements.

As per our report of even date attached:

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: 11 May 2020

For and on behalf of the Board of Directors of:

Mahindra Electric Mobility Limited

Dr. Pawan Kumar Goenka Chairman DIN: 00254502
Arvind Mathew Director DIN: 01377003
Saroj Khuntia Chief Financial Officer
Mahesh Babu Chief Executive Officer
Jignesh Parikh Company Secretary

Date: 06 May 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	(₹ in lakhs)
Equity share capital*	
As at 1 April 2018	26,980
Issued during the year	3,755
Balance as at 31 March 2019	30,735
As at 1 April 2019	30,735
Issued during the year	1,584
Balance as at 31 March 2020	**32,319**

* Refer Note 15

Other Equity

(₹ in lakhs)

	Reserves and surplus			Items of Other Comprehensive Income	
Particulars	**Securities premium**	**Share options outstanding account #**	**Retained earnings**	**Remeasurement of defined benefit liability, net of tax**	**Total**
Balance as at 1 April 2018	65,186	75	(68,648)	–	(3,387)
Total comprehensive income for the year					
Loss for the year	–	–	(5,298)	–	(5,298)
Other Comprehensive Income	–	–	–	(71)	(71)
Total Comprehensive Income	–	–	(5,298)	(71)	(5,369)
Transferred to retained earnings	–	–	(71)	71	–
Contributions by and distributions to owners					
Issue of equity shares	5,611	–	–	–	5,611
Share based payments #	–	452	–	–	452
Total contributions by and distributions to owners	5,611	452	(71)	71	6,063
Balance as at 31 March 2019	**70,797**	**527**	**(74,017)**	–	**(2,693)**
Total comprehensive income for the year					
Loss for the year	**–**	**–**	**(5,523)**	**–**	**(5,523)**
Other comprehensive income	**–**	**–**	**–**	**22**	**22**
Total comprehensive income	**–**	**–**	**(5,523)**	**22**	**(5,501)**
Transferred to retained earnings	**–**	**–**	**22**	**(22)**	**–**
Contributions by and distributions to owners					
Issue of equity shares under ESOP	**15**	**(10)**	**–**	**–**	**5**
Issue of equity shares (Right Issues)	**2,432**	**–**	**–**	**–**	**2,432**
Share based payments #	**–**	**260**	**–**	**–**	**260**
Total contributions by and distributions to owners	**2,447**	**250**	**22**	**(22)**	**2,697**
Balance as at 31 March 2020	**73,244**	**777**	**(79,518)**	**–**	**(5,497)**

 # Refer Note 33

Nature and purpose of Reserves

(a) Securities Premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

(b) Share options outstanding Account

The share options outstanding account is used to recognise the grant date fair value of options during the vesting period issued under Mahindra Electric Mobility Limited ESOP Scheme ('MEML ESOP - 2017').

As per our report of even date attached:

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: 11 May 2020

For and on behalf of the Board of Directors of:

Mahindra Electric Mobility Limited

Dr. Pawan Kumar Goenka	Chairman	DIN: 00254502
Arvind Mathew	Director	DIN: 01377003
Saroj Khuntia	Chief Financial Officer	
Mahesh Babu	Chief Executive Officer	
Jignesh Parikh	Company Secretary	

Date: 06 May 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

(₹ in lakhs)

Particulars	**Notes**	**For the year ended 31 March 2020**	For the year ended 31 March 2019
Cash flows from Operating Activities			
Loss before tax for the year		**(5,523)**	(5,298)
Adjustments for:			
Provisions no longer required written back		**(581)**	–
Allowances for expected credit losses on Financial Assets		**56**	107
Finance costs recognised in the Statement of Profit and Loss		**433**	96
Interest Income		**(18)**	(37)
Net Gain on sale of Current Investment		**–**	(5)
Share-based payment expense		**250**	476
(Profit)/loss on disposal of Property, Plant and Equipment (Net)		**12**	(14)
Depreciation and Amortisation Expense		**5,062**	3,936
Provision for Asset held for Sale		**–**	66
Advances written off		**5**	–
Property, Plant and Equipment written off		**–**	63
Net Foreign exchange Loss/(gain)		**76**	(56)
Operating Cash Flows before Working Capital changes		**(228)**	(666)
Changes in :			
Trade Receivables, other current and non-current assets		**(2,029)**	(3,983)
Inventories		**1,147**	(878)
Trade and Other Payables and Provisions		**1,288**	2,051
Cash generated from operations		**178**	(3,476)
Income taxes paid		**(408)**	(225)
Net cash flows used in operating activities		**(230)**	(3,701)
Cash flows from Investing Activities			
Acquisition of Property, Plant and Equipment and Intangible Assets		**(15,107)**	(7,900)
Proceeds from disposal of Property, Plant and Equipment		**88**	74
Interest received		**–**	38
Acquisition of investments		**–**	(1,696)
Proceeds from sale of investments		**–**	1,993
Net cash flows used in investing activities		**(15,019)**	(7,491)
Cash flows from financing activities			
Proceeds from issue of equity share capital (including securities premium)		**4,031**	9,366
Proceeds from non-current borrowings	16.02	**10,000**	–
Proceeds from working capital loan(Net)	16.02	**1,930**	1,570
Proceeds from Inter Corporate Deposit	37	**4,500**	–

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

(₹ in lakhs)

Particulars	Notes	**For the year ended 31 March 2020**	For the year ended 31 March 2019
Repayment of non-current borrowing	**16.02**	**(175)**	(175)
Repayment of Inter Corporate Deposit	37	**(4,500)**	–
Interest paid		**(510)**	(129)
Net cash flows from financing activities		**15,276**	10,632
Net increase/(decrease) in cash and cash equivalents		**27**	(560)
Cash and cash equivalents at the beginning of the year		**3**	563
Cash and cash equivalents at the end of the year		**30**	3
Components of cash and cash equivalents	13		
Cash and cash equivalents		**62**	3
Less: Book Overdraft		**(32)**	–
		30	3
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the IND AS financial statements.

Note :

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

ii) The accompanying notes are an integral part of the IND AS financial statements.

iii) Figures in brackets indicate Outflows.

As per our report of even date attached:

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: 11 May 2020

For and on behalf of the Board of Directors of:

Mahindra Electric Mobility Limited

Dr. Pawan Kumar Goenka	Chairman	DIN: 00254502
Arvind Mathew	Director	DIN: 01377003
Saroj Khuntia	Chief Financial Officer	
Mahesh Babu	Chief Executive Officer	
Jignesh Parikh	Company Secretary	

Date: 06 May 2020

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. Reporting Entity

Mahindra Electric Mobility Limited ('the Company') is engaged in design and manufacture of electrically powered vehicles and design and development of related technology for end use vehicles. The marketing of the vehicles is done through a network of dealers in India and abroad.

The Company is an unlisted public limited company domiciled in India and is incorporated under the provisions of the Indian Companies Act. The registered office of the Company is located at Mahindra Tower, Dr. G.M. Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai – 400018, Maharashtra.

The Company's Holding Company is Mahindra Vehicle Manufacturers Limited ("the Holding Company) and the Ultimate Holding Company is Mahindra & Mahindra Limited ("the Ultimate Holding Company").

2.1. Statement of compliance

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

In the Board of Directors meeting held on 06 May 2020, the Board has approved to issue these IND AS financial statements to shareholders of the Company.

2.2. Basis of preparation

a) Basis of measurement

The IND AS financial statements have been prepared on the historical cost convention and on an accrual basis except for the following items:

Items	Measurement basis
Certain financial assets	Fair value/Amortized cost
Liabilities for equity-settled share-based payments	Fair value
Net defined benefit liability	Present value of defined benefit obligations

b) Functional and presentation currency

These IND AS financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

c) Going concern

The Company has been incurring losses and has accumulated losses of Rs. 79,518 lakhs as at 31 March 2020. Furthermore, the Company's current liabilities exceeded its current assets by Rs. 3,331 lakhs as at that date. The Company's plant and office were shut down on 24 March 2020 due to the outbreak COVID-19 Pandemic. However, owing to the continued support for the past several years from the Holding Company and based on future business plans, the Company is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Hence, these IND AS financial statements have been prepared on a going concern basis. Also refer note 41.

d) Use of estimates and judgements

In preparing these IND AS financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumptions, estimation uncertainties and judgements that have a significant risk of resulting in a material adjustment in the year ended 31 March 2020 are included in the following notes:

Particular	Assumptions, estimation uncertainties and judgements
Note 2.3 (c)	- Intangible assets: whether the Company recognises the expenditure incurred on technology development as an intangible asset or as an operating expense.
Note 2.3 (b) and (c)	- Useful life of Property, plant and equipment and intangible assets.
Note 2.3 (d)	- Impairment of financial assets and non-financial assets: key assumptions over expected credit losses associated with its assets carried at amortised cost. Assumption on discount rate.
Note 2.3 (d)	- Impairment of non-financial assets: key assumptions underlying recoverable value.
Note 2.3 (e)	- Measurement of transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. Determining whether the performance obligation is satisfied at a point in time or over a period of time. Judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.
Note 2.3 (g)	- Measurement of defined benefit obligations: key actuarial assumptions.
Note 2.3 (h)	- Assessment of lease term and the applicable discount rate.
Note 2.3 (i)	- Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used.
Note 2.3 (k)	- recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

e) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. Significant valuation issues, if any, are reported to the Company's Management.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

– Note 2.3 (g) - Share-based payment transactions

– Note 2.3 (p) - Financial instruments.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2.3 Significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement, if the recognition criteria, are satisfied.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent these relate to the period till such assets are ready to be put to use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are classified as capital advances under other non-current assets. Costs of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the Property, plant and equipment is de-recognized.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated range of useful lives of the assets as follows:

Class of assets	Management estimate of useful life in years	Useful life as per Schedule II
Factory Buildings	30	30
Plant & Machinery*	5 to 15	10 to 15
Tools & Fixtures*	8	NA
Office equipment*	3 to 5	5
Computer equipment	3 to 6	3 to 6
Furniture & Fixtures	10	10
Vehicles*	5	8
Batteries*	3 to 5	NA

Leasehold improvements are amortized over the lease term or useful lives of assets, whichever is lower.

* The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and machinery, tools and fixtures, office equipment, vehicles and batteries over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

During the period of development, the asset is tested for impairment annually.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

The Management estimates the useful lives for its intangible assets as follows:

Class of assets	Useful life estimated (in years)
Product development	5
Computer software	4

Derecognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

d) Impairment

i. Impairment of financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

ii. Impairment of non-financial assets

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

e) Revenue recognition

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A 5-step approach is used to recognise revenue as below:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Sale of goods

Revenue from the sale of goods is recognised upon transfer of control of promised goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Company provides normal warranty provisions for general repairs on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold.

Rendering of services

Arrangements with customers for development of technology and engineering services are on a fixed-price and fixed-time frame basis. Revenue from these contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Maintenance revenue is recognized rateably over the term of the underlying maintenance arrangement.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Revenue in excess of invoicing are classified as contract assets (referred as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred as deferred revenues).

Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

f) Foreign currency transactions

Transactions in foreign currency are translated to the functional currency at the exchange rates at the dates of the transaction or an average rate, if the average rate approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using exchange rate prevalent at the each Balance Sheet date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in to the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit and loss for the period in which the transaction is settled.

g) Employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset.

The Company operates a defined benefit gratuity plan which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined on the basis of on actuarial valuation at the year end, using the projected unit credit method.

Long-term compensated absences are provided for based on the actuarial valuation carried out at year-end using the projected unit credit method.

Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income and are not reclassified to profit or loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Company transfers those amounts recognised in other comprehensive income to retained earnings.

Share based payment transactions

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee benefit expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

h) Leases

Effective 1 April 2019, the Company has applied Ind AS 116, which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. The Company has applied Ind AS 116 using the modified retrospective approach and has accordingly not restated the comparative information. The Company at the inception of a contract, assesses whether a contract, is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Ind AS 116 introduces a single balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company has elected not to recognise right-of-use of assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Lessor accounting remains similar to the accounting under the previous standard i.e. lessor continues to classify leases as finance or operating lease. This policy is applied to contracts entered into, or changed, on or after 1 April 2019. For contracts entered into before 1 April 2019, the determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

In the comparative period, leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases, where the Company is a lessor, is recognised as income on a straight-line basis over the lease term.

i) Income taxes

Income tax comprises current and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

j) Earnings/ (loss) per share

The basic earnings/(loss) per share ('EPS') is computed by dividing the net profit/(loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. In computing dilutive earning per share, only potential equity shares that are dilutive i.e. which reduces earnings per share or increases loss per share are included.

k) Provision and contingent liabilities

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provision

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer.

Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the IND AS financial statements.

l) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises purchase price, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, weighted average cost is used. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to sell. The comparison of cost and net realizable value is made on an item-by-item basis.

Inventories are stated net of write down or allowances on account of obsolescence, damage or slow moving items.

The method of determination of cost is as follows:

- Raw materials and components – on a weighted average basis
- Stores and spares – on a weighted average basis
- Work-in-progress – raw material costs and costs of conversion
- Finished goods – raw material costs and costs of conversion
- Goods in transit – at purchase cost

The provision for inventory obsolescence is assessed periodically and is provided as considered necessary.

m) Statement of cash flows

Cash flows are reported using the indirect method, whereby net profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

n) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

o) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

p) Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at either at amortised cost, FVTPL or fair value in other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at investment level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for each of such investments and the operation of those policies in practice;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.4 Recent Indian Accounting Standards (Ind AS)

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

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

4. Property, plant and equipment

(Rs. in lakhs)

Particulars	Freehold Land	Factory Buildings	Leasehold Improvements	Plant & Machinery	Tools & Fixtures	Office Equipment	Computer Equipment	Furniture and Fixtures	Vehicles	Batteries	Total
At Cost (Gross Carrying Amount)											
As at 01 April 2018	836	2,646	13	3,006	6,898	141	600	135	1,061	1,986	17,322
Additions during the year	–	1,233	–	2,182	1,940	70	231	9	53	–	5,718
Disposals during the year	–	–	(1)	(1)	–	–	(51)	–	(869)	(245)	(1,167)
As at 31 March 2019	**836**	**3,879**	**12**	**5,187**	**8,838**	**211**	**780**	**144**	**245**	**1,741**	**21,873**
As at 01 April 2019	**836**	**3,879**	**12**	**5,187**	**8,838**	**211**	**780**	**144**	**245**	**1,741**	**21,873**
Additions during the year	–	**131**	–	**2,121**	–	**15**	**103**	**23**	**119**	–	**2,512**
Disposals during the year	–	–	–	**(30)**	**(12)**	–	–	–	**(28)**	**(300)**	**(370)**
As at 31 March 2020	**836**	**4,010**	**12**	**7,278**	**8,826**	**226**	**883**	**167**	**336**	**1,441**	**24,015**
Accumulated Depreciation											
As at 01 April 2018	–	360	7	823	2,961	84	411	79	578	792	6,095
Depreciation expense for the year	–	101	1	311	1,109	22	123	10	140	247	2,064
On disposals	–	–	(1)	(1)	–	–	(49)	–	(584)	(195)	(830)
At 31 March 2019	–	**461**	**7**	**1,133**	**4,070**	**106**	**485**	**89**	**134**	**844**	**7,329**
As at 01 April 2019	–	**461**	**7**	**1,133**	**4,070**	**106**	**485**	**89**	**134**	**844**	**7,329**
Depreciation expense for the year	–	**138**	**1**	**513**	**1,625**	**29**	**142**	**10**	**74**	**196**	**2,728**
On disposals	–	–	–	**(18)**	**(5)**	–	–	–	**(25)**	**(222)**	**(270)**
As at 31 March 2020	–	**599**	**8**	**1,628**	**5,690**	**135**	**627**	**99**	**183**	**818**	**9,787**
Net Carrying Amount											
At 31 March 2019	**836**	**3,418**	**5**	**4,054**	**4,768**	**105**	**295**	**55**	**111**	**897**	**14,544**
At 31 March 2020	**836**	**3,411**	**4**	**5,650**	**3,136**	**91**	**256**	**68**	**153**	**623**	**14,228**

Capital work-in-progress as on 31 March 2019	1,074
Capital work-in-progress as on 31 March 2020	**5,212**

Notes:

a. Vehicles as on 31 March 2020 includes self generated assets at cost aggregating to Rs. 264 lakhs (31 March 2019 - Rs. 181 lakhs).

b. Gross carrying amount of tools and fixtures as on 31 March 2020 includes tools aggregating to Rs. 8,165 lakhs (31 March 2019 - Rs. 7,875 lakhs) lying with third party vendors.

c. Batteries are given to customers on Operating Lease Arrangement.

d. Refer note 16.01 for details of assets placed as security against borrowings.

e. Refer note 40 for Management's assessment of impairment on Property, plant and equipment.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

5. Right of Use Assets

(Rs. in lakhs)

Particulars	Leasehold Land
Gross carrying value as at 01 April 2019	–
Reclassified on account of adoption of Ind AS 116	3,684
Addition	–
Disposals during the year	–
As at 31 March 2020	**3,684**
Accumulated depreciation	
As at 01 April 2019	**–**
Reclassified on account of adoption of Ind AS 116	–
Depreciation for the year	38
On disposals	–
As at 31 March 2020	**38**
Net Carrying amount	
As at 31 March 2020	**3,646**

5.01 During the year, the Company has adopted Ind AS-116 "Leases" notified by the Ministry of Corporate Affairs effective from 1st April, 2019. Please refer Note 2.3(h) for the transitional impact on adoption of Ind AS 116.

6. Other Intangible Assets

(Rs. in lakhs)

Particulars	Product Development	Computer Software	Total
Cost (Gross carrying amount)			
As at 01 April 2018	19,127	953	20,080
Additions during the year	2,492	740	3,232
Written off during the year	–	(100)	(100)
At 31 March 2019	**21,619**	**1,593**	**23,212**
As at 01 April 2019	**21,619**	**1,593**	**23,212**
Additions during the year	–	622	622
Written off during the year	–	–	–
At 31 March 2020	**21,619**	**2,215**	**23,834**
Accumulated amortisation			
As at 01 April 2018	**14,528**	**576**	**15,104**
Amortisation for the year	1,655	217	1,872
Written off during the year	–	(100)	(100)
At 31 March 2019	**16,183**	**693**	**16,876**
As at 01 April 2019	**16,183**	**693**	**16,876**
Amortisation for the year	1,949	347	2,296
Written off during the year	–	–	–
At 31 March 2020	**18,132**	**1,040**	**19,172**
Net Carrying amount			
At 31 March 2019	5,436	900	6,336
At 31 March 2020	**3,487**	**1,175**	**4,662**

6.01 Refer note 40 for Management's assessment of impairment on Intangible assets.

7. Intangible Assets under Development

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Opening balance	**2,384**	995
Development cost incurred during the year	**9,675**	4,636
Less: Capitalised during the year	**(622)**	(3,232)
Less: Other adjusments	–	(15)
Closing balance	**11,436**	2,384

8. Loans

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Non-current		
Security Deposits		
Unsecured, considered good	**310**	289
Unsecured, considered doubtful	**8**	8
	318	298
Less: Allowance for expected credit losses	**(8)**	(8)
Total	**310**	289

9. Non-current tax assets

(₹ in lakhs)

Particulars	31 March 2020	31 March 2019
Tax deducted at source	**1,145**	738
Total	**1,145**	738

10. Other Assets

(Rs. in lakhs)

(a) Non-current		31 March 2020	31 March 2019
Capital advances	**(A)**	1,218	231
Advances other than capital advances			
Unsecured, considered good			
– Rent paid in advance		–	3,642
	(B)	–	3,642
Unsecured, considered doubtful			
– Advances recoverable in cash or kind		**182**	169
– Balances with government authorities		**30**	529
	(C)	**212**	698
Less: Allowance for expected credit losses	**(D)**	**(212)**	(698)
Total	**(A) + (B) + (C) - (D)**	**1,218**	3,873

(b) Current

(Rs. in lakhs)

	31 March 2020	31 March 2019
Unsecured, considered good		
Balances with government authorities (Refer note 10.01)	**6,070**	4,363
Unbilled revenue	**512**	2,461
Advances recoverable in cash or kind	**435**	405
Prepaid expenses	**55**	36
Rent paid in advance	–	54
Total	**7,072**	7,319

10.01 Includes Rs. 165 lakhs (31 March 2019: Rs. 165 lakhs) paid under protest against disputed demands pertaining to Income Tax and Rs. Nil (31 March 2019: Rs. 250 lakhs) paid under protest against disputed demands pertaining to Excise Duty.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

11. Inventories

(at lower of cost and net realisable value)

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Raw materials (includes raw materials in transit Rs. 523 lakhs (31 March 2019: Rs. 61 lakhs) - net of provision of Rs. 398 lakhs (31 March 2019: Rs. 544 lakhs)	**2,565**	3,603
Finished goods -net of provision of Rs. 3 lakhs (31 March 2019: Rs. 15 lakhs)	**342**	590
Stores and Spares - net of provision of Rs. 58 lakhs (31 March 2019: Rs. 30 lakhs)	**462**	323
	3,369	4,516

11.01 Out of the above, inventories lying with third parties as at 31 March 2020 is Rs. 94 lakhs (31 March 2019: Rs. 219 lakhs)

11.02 The Company has availed working capital facilities and other non-fund based facilities viz. letters of credit, which are secured by hypothecation of inventories. Refer note 16.01.

11.03 Mode of valuation of inventories is stated in Note 2.3(l).

12. Trade Receivables

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Unsecured, considered good	**4,497**	2,056
Unsecured, considered doubtful	**332**	290
	4,829	2,346
Less: Allowance for Expected Credit Losses	**(332)**	(290)
Total	**4,497**	2,056
Of the above, trade receivables from:		
– Related parties (Refer Note 37)	**3,975**	1,351
– Others	**854**	995
Total	**4,829**	2,346

12.01 No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

12.02 The Company has availed working capital facilities and other non-fund based facilities viz. letters of credit, which are secured by hypothecation of Trade receivables.

13. Cash and Cash Equivalents

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Cash on hand	–	–
Balances with banks:		
Current accounts	**62**	3
Total	**62**	3

For the purpose of the Statement of Cash Flows, Cash and Cash Equivalents comprise the following :

(Rs. in lakhs)

	31 March 2020	31 March 2019
Cash and Cash Equivalents	**62**	3
Book Overdraft	**(32)**	–
Total	**30**	3

14. Assets Held for Sale

(Rs. in lakhs)

	31 March 2020	31 March 2019
Assets held for sale	**213**	214
Less: Provision against Assets held for Sale	**(66)**	(66)
Total	**147**	148

15. Equity Share Capital

(Rs. in lakhs except per share data)

Particulars	31 March 2020	31 March 2019
Authorised		
40,00,00,000 (31 March 2019 : 40,00,00,000) equity shares of Rs. 10 each	**40,000**	40,000
Issued, subscribed and fully paid-up		
32,31,90,310 (31 March 2019 : 30,73,51,775) equity shares of Rs. 10 each	**32,319**	30,735

a. Reconciliation of shares outstanding at the beginning and at the end of reporting year

(Rs. in lakhs except per share data)

Particulars	31 March 2020 Number of shares	31 March 2020 Amount	31 March 2019 Number of shares	31 March 2019 Amount
At the commencement of the year	307,351,775	30,735	269,796,679	26,980
Issued during the year *#	15,838,535	1,584	37,555,096	3,755
At the end of the year	**323,190,310**	**32,319**	**307,351,775**	**30,735**

Rights Issue and Preferential Issue

During the year, the Company allotted 1,57,40,445 (31 March 2019: 2,80,24,128) fully paid equity shares of face value of Rs.10 each for cash at a price of Rs. 25.48 (31 March 2019: Rs. 24.90) per fully paid equity share including a premium of Rs. 15.48 (31 March 2019: Rs. 14.90) per fully paid equity share aggregating to Rs. 4,011 lakhs (31 March 2019: Rs. 6,978 lakhs) pursuant to right issue and Nil (31 March 2019: 95,30,968) fully paid equity shares of face value of Rs.10 each for cash at a price of Rs. Nil (31 March 2019: Rs. 25.17) per fully paid equity share including a premium of Rs. Nil (31 March 2019: Rs. 15.17) per fully paid equity share aggregating to Rs. Nil (31 March 2019: Rs. 2,399 lakhs) pursuant to preferential issue. Equity shares were issued persuant to the right issue approved by the Board of Directors at their meetings on 24 July 2019 and 21 October 2019 (Right and Preferential issue 31 March 2019: 01 August 2018, 29 October 2018, 15 November 2018 and 21 January 2019).

During the year, the Company has allotted 98,090 (31 March 2019 : NIL) shares pursuant to the options exercised by the eligible employees under the Mahindra Electric Mobility Limited ESOP Scheme ('MEML ESOP - 2017'). Also refer note 33.

b. Rights, preference and restrictions attached to:

Equity shares of Rs. 10 each

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Share based payments

Terms attached to stock options granted to employees are described in Note 33 on 'Employee Share Based Payment Plan'.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

c. Details of Equity Shares held by shareholders holding more than 5% of the aggregate shares in the Company's Issued, Subscribed and Paid-up share capital:

(Rs. in lakhs except per share data)

Name of the Shareholder	31 March 2020 Number	31 March 2020 Percentage	31 March 2019 Number	31 March 2019 Percentage
Mahindra Vehicle Manufacturers Limited (Holding Company)	**321,357,564**	**99.43%**	305,658,977	99.45%

d. Equity shares reserved for issue under options

(Rs. in lakhs except per share data)

Particulars	As at 31 March 2020 Number of equity	As at 31 March 2020 Amount	As at 31 March 2019 Number of equity	As at 31 March 2019 Amount
Under Employee Stock Option plan, equity shares of Rs. 10 each	**9,333,000**	**933**	9,168,000	917

e. No shares are held by the Ultimate Holding Company, their subsidiaries and associates.

f. There are no bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

16. Borrowings

(Rs. in lakhs)

	31 March 2020	31 March 2019
(a) Non-current		
Secured		
Term loan from bank	**10,000**	–
Unsecured		
Term loan from Council of Scientific and Industrial Research	**876**	1,051
Less: Amount of current maturities disclosed under other financial liabilities, current (Refer note 20)	**(175)**	(175)
Total	**10,701**	876
(b) Current		
Secured		
Working capital loan	**3,500**	1,570
Total	**3,500**	1,570

16.01 Details of Borrowings:

Description of the instrument	Currency of Loan	Interest Rate p.a.	Repayment Bullet (or) Instalment	Number of Instalments	Security	Period of repayment
Secured						
Term loan from bank	INR	1 Month MCLR + 5BPS	Instalment	8 equal quarterly instalments of Rs. 1,250 lakhs each	Exclusive charge on all existing and future fixed assets of the Company.	February 2023 to February 2025
Unsecured						
Term loans from other parties:						
Council of Scientific and Industrial Research	INR	3%	Instalment	5 equal annual instalments of Rs. 175 lakhs each	–	October 2015 to October 2024
Secured						
Working capital demand loan	INR	8.35% - 9.1%	Repayment Bullet	–	First and exclusive hypothecation charge on all existing & future receivables/ current assets of the Company.	On Demand

16.02 Reconciliation of movement in borrowings to cash flows from financing activities

Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Opening Balance		
Non Current Borrowing	**876**	1,051
Current maturities of Long term debt	**175**	175
Working Capital Loan	**1,570**	–
	2,621	1,226
Cash flow movement		
Proceeds from non-current borrowings	**10,000**	–
Repayment of non-current borrowings	**(175)**	(175)
Proceeds from Working capital loan (Net)	**1,930**	1,570
	11,755	1,395
Closing Balance		
Non Current Borrowing	**10,701**	876
Current maturities of Long term debt	**175**	175
Working Capital Loan	**3,500**	1,570
	14,376	2,621

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

16.03 The financial covenants applicable to term loan from bank are as follows:

Covenants	Parameter
Fixed Assets Cover ratio	Not below 1.25 times
TTL/Equity*	Not below 1.1 times
Mahindra Group shareholding	Not below 51%

* TTL means sum of all senior debt, junior debt, lease obligation and unsecured debt other than promoters' unsecured loan (to the extent of undertaking for non-interest bearing, non-repayable during tenor of bank loan.

The Company has complied with the above financial covenants.

17. Provisions

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
(a) Non Current		
Provision for employee benefits (Refer Note 32)		
Compensated absences	**350**	321
Gratuity benefits	**130**	64
Other Provisions		
Warranty & service coupon	**303**	119
Provision for disputes and contingencies	**221**	453
Total	**1,004**	957
(b) Current		
Provision for employee benefits (Refer Note 32)		
Compensated absences	**92**	83
Gratuity benefits	**146**	125
Other Provisions		
Warranty & Service Coupon	**294**	248
Discount	**18**	239
Total	**550**	695

Warranties

A provision is recognised for expected warranty claims on products sold during the last three years, based on past experience of the level of repairs and claims. It is expected that these costs will be incurred within three years after the reporting date. Assumptions used to calculate the provision for warranties are based on current sales levels and current information available about claims based on the three-year warranty period for all products sold.

17.01 Details of movement in Provisions is as follows:

(Rs. in lakhs)

Particulars	Warranty and Service Coupon	Disputes and contingencies	Discount
Balance at 01 April 2018	266	319	363
Additional provisions recognised	579	134	157
Amounts used during the year	(479)	–	(281)
Unwinding of discount	1	–	–
Balance at 31 March 2019	**367**	**453**	**239**
Additional provisions recognised	**736**	**5**	**–**
Amounts used during the year	**(506)**	**(51)**	**(62)**
Unused amounts reversed during the year	–	(186)	(159)
Balance at 31 March 2020	**597**	**221**	**18**

18. Other Liabilities

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
(a) Non Current		
Deferred government grant*	–	13
Total	–	13
(b) Current		
Advances received from customers	**966**	441
Deferred government grant*	**13**	13
Book overdraft	**32**	–
Deferred revenue	**917**	657
Statutory dues	**339**	377
Total	**2,267**	1,488

* The Company had received a non-recurring grant-in-aid of Rs. 69 lakhs in 2016-17 for a pilot project to install DC Fast Charging infrastructure. Amount of grant recognised as income for the year is Rs. 13 lakhs (31 March 2019: Rs. 13 lakhs).

19. Trade Payables

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Total outstanding dues of micro and small enterprises (Refer Note 39)	**188**	464
Total outstanding dues of creditors other than micro and small enterprises	**6,119**	5,728
Total	**6,307**	6,192

20. Other Financial Liabilities

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Current Maturities of Long-term Debt (Refer Note 16)	**175**	175
Interest accrued	**95**	44
Accrued salary and benefits	**1,181**	**907**
Creditors for capital goods	**4,402**	**2,321**
Total	**5,853**	3,447

21. Revenue from Operations

(Rs. in lakhs)

Particulars		31 March 2020	31 March 2019
Sale of products			
Revenue from sale of products		**18,640**	14,801
	(A)	**18,640**	14,801
Sale/Rendering of Services			
Product development and design fee		**8,252**	9,604
Income from leasing		**263**	417
After sales service		**76**	51
	(B)	**8,591**	10,072
Other Operating Revenue			
Scrap sale		**30**	32
Royalty		–	1
	(C)	**30**	33
Total	**(A) + (B) + (C)**	**27,261**	24,906

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

21.01 The following customer had transactions for more than 10% of the revenue.

(Rs. in lakhs)

Name of the Customer	Business segment	31 March 2020	31 March 2019
Mahindra & Mahindra Ltd.	Sale of Product and Product development and design fee	**11,116**	16,425

21.02 Revenue disaggregation by geography is as follows:

(Rs. in lakhs)

Geography	31 March 2020	31 March 2019
India	**24,191**	22,191
South Korea	**1,874**	1,277
Nepal	**904**	906
Others	**29**	115
Total	**26,998**	24,489

Geographical revenue is allocated based on the location of the customers.

Note: The amount of Rs. 263 lakhs (31 March 2019: Rs. 417 lakhs) pertaining to lease income has not been considered in the above revenue disclosure.

21.03 Revenue to be recognised for performance obligation(s) not satisfied or partially satisfied at the end of the current year in respect of contracts with customer that are in place (i.e. signed agreements/Pos/WOs, etc) at the end of 31 March 2020:

(Rs. in lakhs)

Time Band	31 March 2020	31 March 2019
< 1year	**8,374**	8,471
>1 year but < 5 year	**6,366**	8,284
Total	**14,740**	16,755

21.04 Changes in unbilled revenue or contract assets are as follows:

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Opening balance of unbilled revenue or contract assets	**2,461**	1,169
Additions during the year	**6,866**	6,268
Reclassification adjustments:		
- Billing from opening balance of contract assets to trade receivables	**(2,461)**	(1,169)
- Billing from contract assets transferred to trade receivables	**(6,354)**	(3,807)
Closing balance of unbilled revenue or contract assets	**512**	2,461

21.05 Changes in Deferred Revenue or Contract Liabilities are as follows:

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Opening balance of deferred revenue or contract liabilities	**1,098**	2,476
Additions during the year	**2,452**	1,406
Reclassification Adjustments:		
- Adjustment from opening balances of contract liabilities to revenue	**(866)**	(2,353)
- Transfer from contract liabilities to revenue	**(801)**	(431)
Closing balance of Deferred Revenue or Contract Liabilities	**1,883**	1,098

* Deferred Revenue or Contract Liabilities includes Advances received from customers.

21.06 Reconciliation of Revenue from Contracts with Customers

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Revenue from contracts with customers as per the contract price	**29,268**	23,330
Adjustments made to contract price on account of :-		
a) Discounts/Rebates/Incentives	–	(157)
b) Sales Returns/Reversals	**(1,485)**	(63)
c) Deferment of revenue	**(1,651)**	(975)
e) Recognition of revenue out of opening balance of contract liability	**866**	2,353
Revenue from Contracts with Customers	**26,998**	24,488

22. Other Income

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Interest Income on Financial Assets Carried at Amortized Cost		
Bank deposits	–	16
Security deposits	**18**	21
Other non-operating income		
Net gain on Sale of Investments	–	5
Profit on assets sold/discarded (Net)	**6**	14
Net Foreign Exchange gain	–	153
Income from Government Grant	**13**	13
Liabilities no longer required written back	**581**	–
Miscellaneous income	**11**	2
Total	**629**	224

23. Cost of Materials Consumed

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Inventories at the beginning of the year (Refer Note 11)	**3,925**	3,177
Add: Purchases made during the year	**13,810**	13,134
	17,735	16,312
Less: Issued for Product Development & Captive Consumption	**(1,132)**	(538)
Less: Inventories at the end of the year (Refer Note 11)	**(3,027)**	(3,925)
Cost of materials consumed	**13,576**	11,848

24. Changes in Inventories of Finished Goods

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Inventories at the end of the year:		
Finished goods (Refer Note 11)	**342**	590
	342	590

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Inventories at the beginning of the year:		
Finished goods (Refer Note 11)	**590**	460
	590	460
(Increase)/Decrease in Inventories	**248**	(130)

25. Employee benefits expense

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Salaries and Wages, including bonus	**5,187**	5,138
Contribution to provident and other funds	**550**	491
Share based payments (Refer Note 33)	**250**	476
Staff welfare expenses	**276**	305
Total	**6,263**	6,409

26. Finance cost

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Interest expenses on		
Financial Liabilities measured at amortised cost	**400**	75
Unwinding of discount	–	1
Defined benefit obligation (Refer Note 32)	**11**	3
Others	**22**	17
Total	**433**	96

27. Depreciation and Amortisation Expense

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Depreciation of Property, Plant and Equipment (Refer Note 4)	**2,728**	2,064
Depreciation of Right of Use Assets (Refer Note 5)	**38**	–
Amortisation of Intangible Assets (Refer Note 6)	**2,296**	1,872
Total	**5,062**	3,936

28. Other expenses

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Power and Fuel	**111**	124
Rent	**268**	328
Rates and Taxes	**20**	17
Insurance	**22**	37
Repairs and Maintenance		
– Buildings	**43**	31
– Machinery	**423**	336
– Others	**148**	163
Advertisement	**493**	363
Net Foreign Exchange Loss	**50**	–
Freight Outward	**679**	177
Sales Promotion expenses	**461**	79
Travelling and Conveyance Expenses	**399**	469
Allowances for expected credit losses	**56**	**107**
Auditors remuneration and out-of-pocket expenses		
– As auditors	**17**	16
– For other services	**3**	2
– For reimbursement of expenses	**1**	1
Legal and Professional Expenses	**2,162**	3,478
Materials used in Customer Projects	**612**	304
Communication Costs	**19**	24
Sub-contracting Expenses	**425**	420
Security Charges	**99**	111
Recruitment Expenses	**187**	133
Research Costs	**98**	432
Assets written-off and provision for assets held for sale	–	129
Warranties and Service Coupons	**736**	579
Loss on Assets Sold/Discarded (Net)	**18**	–
Bank Charges	**32**	14
Other Miscellaneous Expenses	**249**	395
Total	**7,831**	8,269

29. Financial instruments

The carrying value and fair value of financial instruments by categories are as follows:

(Rs. in lakhs)

Particulars	Note	31 March 2020 Carrying Value	31 March 2019 Carrying Value
Financial Assets			
Measured at Amortised Cost			
Loans	8	**310**	289
Trade Receivables	12	**4,497**	2,056
Cash and Cash Equivalents	13	**62**	3
Total Financial Assets		**4,869**	2,348
Financial liabilities			
Measured at amortised cost			
Borrowings	16	**14,201**	2,446
Trade Payables	19	**6,307**	6,192
Other Financial Liabilities	20	**5,853**	3,447
Total Financial Liabilities		**26,361**	12,085

29.01 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

The Company has not separately disclosed the fair values for financial assets and liabilities because their carrying amounts are a reasonable approximation of the fair value.

29.02 Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's management oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The management is

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Board.

29.03 Financial Risk Management Objective And Policies

The Company's principal financial liabilities comprise borrowings, trade payables and other liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade receivables and cash.

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

29.04 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from the Company's trade receivables. Credit risk arises from cash held with banks and financial institutions as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

Given below is ageing of gross trade receivable spread by period of six months:

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Outstanding for more than 6 months	**290**	496
Others	**4,539**	1,850
Total:	**4,829**	2,346

The Company continuously monitors receivables from customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls.

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counter-parties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry section.

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Information about major customers

Revenue from single external customer is approximately Rs. 11,116 lakhs (31 March 2019: Rs. 16,425 lakhs) representing 41% (31 March 2019: 66%) of Company's total revenue from operations for the year ended 31 March 2020. Receivables from single external customer is approximately Rs. 3,127 lakhs (31 March 2019: Rs. 1,337 lakhs) representing 70% (31 March 2019: 57%) of Company's total receivables (after allowance for external credit loss) as at 31 March 2020. Apart from the aforesaid single customer, the Company does not have a significant credit risk exposure to any other single counterparty.

29.05 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

As of 31 March 2020, the Company has a working capital of Rs. 3,331 lakhs (Negative) (31 March 2019: Rs. 650 lakhs), including Book Overdraft of Rs. 32 lakhs (31 March 2019: Rs. Nil) and cash and cash equivalents of Rs. 62 lakhs (31 March 2019: Rs. 3 lakhs).

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2020 and 31 March 2019.

(Rs. in lakhs)

Particulars	**1 year or less**	**1 year to 5 years**	**5 years or more**	**Adjustments**	**Total**
As on 31 March 2020					
Borrowings(including interest)	4,549	12,946	–	–	17,495
Trade Payables	6,307	–	–	–	6,307
Other Financial Liabilities	5,678	–	–	–	5,678
Total	**16,534**	**12,946**	**–**	**–**	**29,480**

Particulars	1 year or less	1 year to 5 years	5 years or more	Adjustments	Total
As on 31 March 2019					
Borrowings(including interest)	1,761	950	5	(95)	2,621
Trade Payables	6,192	–	–	–	6,192
Other Financial Liabilities	3,272	–	–	–	3,272
Total	**11,225**	**950**	**5**	**(95)**	**12,085**

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29.06 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

– **Currency risk**

Foreign Currency Exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in Foreign Currency Exchange rates. The Company's exposure to currency risk relates primarily to the Company's operating activities including anticipated sales, purchases and borrowings where the transactions are denominated in a currency other than the Company's functional currency.

Unhedged Foreign Currency Exposure as on 31 March 2020

Particulars	Receivable		Payable	
	Foreign Currency	Local Currency (Rs. in Lakhs)	Foreign Currency	Local Currency (Rs. in Lakhs)
USD	**1,436,829**	**1,083**	**3,629,949**	**2,736**
EURO	**27,767**	**23**	**158,591**	**132**
GBP	**20,026**	**19**	**1,445**	**1**
CAD	–	–	**78,200**	**41**
Total	**1,484,622**	**1,125**	**3,868,185**	**2,910**

Unhedged Foreign Currency Exposure as on 31 March 2019

Particulars	Receivable		Payable	
	Foreign Currency	Local Currency (Rs. in Lakhs)	Foreign Currency	Local Currency (Rs. in Lakhs)
USD	1,134,587	761	1,173,847	834
EURO	17,135	13	1,069,599	866
GBP	2,905	3	1,595	2
CAD	–	–	78,200	42
Total	1,154,627	777	2,323,241	1,744

Sensitivity Analysis of Unhedged Foreign Currency Exposure

(Rs. in lakhs)

Particulars	31 March 2020		31 March 2019	
	10% increase - Profit/ (Loss)	10% decrease - Profit/ (Loss)	10% increase - Profit/ (Loss)	10% decrease - Profit/ (Loss)
USD	**(165)**	**165**	(7)	7
EURO	**(11)**	**11**	(86)	86
GBP	**2**	**(2)**	0	(0)
CAD	**(4)**	**4**	(4)	4
Total	**(178)**	**178**	(97)	97

– **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is having non current borrowings in the form of Term Loan from bank. The Company is exposed to interest rate risk associated with its term loan due to floating rates of interest

Sensitivity Analysis of Interest Rate Risk Exposure

(Rs. in lakhs)

Particulars	31 March 2020		31 March 2019	
	100 basis points increase - Profit/(Loss)	100 basis points decrease - Profit/(Loss)	100 basis points increase - Profit/(Loss)	100 basis points decrease - Profit/(Loss)
Term Loan from Bank	**(100)**	**100**	–	–
Total	**(100)**	**100**	–	–

29.07 Capital Management

The objective of Company's capital management is:

– to ensure the Company's ability to continue as a going concern.

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions, requirements of the financial covenants and the risk characteristics of the underlying assets. The Company monitors capital on the basis of the carrying amount of equity including share application, securities premium and profit and loss account as presented on the face of the statement of financial position and on the basis of net debt to equity and maturity profile of overall debt portfolio of the Company.

Net debt and Equity is given in the table below

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Total Shareholders' Equity as reported in Balance Sheet	**26,822**	28,042
Non current borrowings (including current maturities)	**10,876**	1,051
Current borrowings	**3,500**	1,570
Less: Cash and cash equivalents	**(62)**	(3)
Net Debt	**14,314**	2,618
Total Capital Employed	**41,136**	30,660

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. No change were made in the objectives, policies or processes for managing capital during the year ended 31 March 2020.

30. Leases

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Details of leasing arrangements		
As Lessor		
Operating Lease		
The Company has leased out power pack batteries on operating lease for a period of upto 5 years and such assets are to be returned to the Company at the end of lease term.		
Future minimum lease receipts		
Within one year	**101**	285
After one year but not more than five years	**2**	115
More than five years	–	–
Total	**103**	400

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(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
As Lessee		
Short term lease		
Expense relating to short-term leases	**251**	311
	251	311

31. Earnings per share

(Rs. in lakhs except per share data)

Particulars	31 March 2020	31 March 2019
Basic and Diluted Earnings per Share		
Loss for the year	**(5,523)**	(5,298)
Weighted average number of equity shares outstanding (Nos.)	**320,558,707**	291,243,923
Basic and Diluted Earnings per Share of Rs.10 each	**(1.72)**	(1.82)

32. Employee benefits

(a) Defined contribution plan

The Company's contribution to Provident Fund aggregating to Rs. 394 lakhs (31 March 2019: Rs. 310 lakhs) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

(b) Defined benefit plan:

Gratuity

The Company operates one defined benefit plan, viz., gratuity, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

Through the defined benefit plan the Company is exposed to the following risks:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plan holds a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

The Company has chosen a suitable plan with Insurance, which augurs well with the Company's long term strategy to manage the plan efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings.

Life expectancy

Increase in life expectancy will result in an increase in the plan's liabilities, as the inflationary increases result in higher sensitivity to changes in life expectancy.

Note: An entity shall disclose description of any plan amendments, curtailments and settlements.

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

	Actuarial Assumptions	
Particulars	**31 March 2020**	31 March 2019
Discount rate(s)	6.78%	7.61%
Expected rate(s) of salary increase	8.00%	9.50%
Average longevity	Indian Assured Lives Mortality (2012-14) ultimate	Indian Assured Lives Mortality (2006-08) ultimate

Defined benefit plan – as per actuarial valuation

(Rs. in lakhs)

	Funded Plan	
Particulars	**31 March 2020**	31 March 2019
Amounts recognised in comprehensive income in respect of the defined benefit plan are as follows:		
Service cost :		
Current service cost	**136**	109
Net interest expense	**42**	34
Expected return on assets	**(30)**	(32)
Components of defined benefit costs recognised in the Statement of Profit and Loss	**147**	111
Remeasurement on the net defined benefit liability:		
Actuarial (gains)/loss arising from changes in financial assumptions	**(22)**	71
Components of defined benefit costs/(credit) recognised in other comprehensive income	**(22)**	71
	125	182

(Rs. in lakhs)

	31 March 2020	31 March 2019
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31 March 2020		
1. Present value of defined benefit obligation	**(775)**	(633)
2. Fair value of plan assets	**499**	444
3. Deficit	**(276)**	(189)
4. Current portion	**146**	125
5. Non-current portion	**130**	64
II. Change in the obligation during the year ended 31 March 2020		
1. Present value of defined benefit obligation at the beginning of the year	**633**	478
2. Expenses Recognised in Profit or Loss		
– Current Service Cost	**136**	109
– Interest Expense	**42**	34
3. Recognised in Other Comprehensive Income	**–**	–
Remeasurement loss		
– Actuarial loss arising from:	**2**	67
4. Benefit payments	**(38)**	(55)
Present value of defined benefit obligations at the end of the year	**775**	633
III. Change in fair value of assets during the year ended 31 March 2020		
1. Fair value of plan assets at the beginning of the year	**444**	417
2. Expenses Recognised in Profit and Loss		
– Expected return on plan assets	**31**	31
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actual Return on plan assets in excess of the expected return	**24**	(4)
4. Contributions by employer (including benefit payments recoverable)	**38**	55
5. Benefit payments	**(38)**	(55)
Fair Value of Plan Assets at the end of the year	**499**	444
IV. The Major categories of plan assets		
– Investment with insurer	**100%**	100%

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

The Company's policy is driven by considerations of maximizing returns. The asset allocation for plan assets is determined by the insurance company based on investment criteria prescribed by the local regulators. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

V. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(Rs. in lakhs)

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	**2020**	**1.00%**	**(67)**	**78**
	2019	1.00%	(46)	52
Salary growth rate	**2020**	**1.00%**	**69**	**(64)**
	2019	1.00%	46	(43)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The method and types of assumptions used in preparing the sensitivity analyses did not change compared to the previous period.

VI. Maturity profile of defined benefit obligation:

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Within 1 year	**50**	48
1 - 2 years	**39**	45
2 - 3 years	**35**	45
3 - 4 years	**54**	35
4 - 5 years	**29**	52
5 - 10 years	**157**	143
Above 10 years	**411**	265
Total	**775**	633

VII. Experience adjustments :

(Rs. in lakhs)

	Gratuity 31 March 2020	Gratuity 31 March 2019
1. Defined benefit obligation	**775**	633
2. Fair value of plan assets	**499**	444
3. Deficit	**(276)**	(189)
4. Experience adjustment on Plan Liabilities Loss	**2**	67
5. Experience adjustment on Plan Assets Gain/(Loss)	**24**	(4)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation. The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company expect to contribute Rs. 146 lakhs to gratuity fund in the next financial year.

33. Employee share based payment plan

a) Description of share-based payment arrangements

The Company has the following share-based payment arrangement for employees:

Mahindra Electric Mobility Limited ESOP Scheme ('MEML ESOP - 2017')

The MEML ESOP - 2017 plan was approved by the Board of Directors pursuant to resolution passed at its meeting held on 02 November 2017 read with special resolution passed by the shareholders at the Extraordinary General Meeting held on 10 November 2017. The plan entitles the employees with a right but not an obligation to purchase or subscribe at a future date the shares underlying the option at a pre-determined price, subject to compliance with vesting conditions; all exercised options shall be settled by physical delivery of equity shares or as provided under the MEML ESOP - 2017 plan. As per the plan, holders of vested options are entitled to purchase one equity share of Rs.10 each for every option at an exercise price of Rs. 24.90 each or Rs. 25.17 each as per ESOP offer letter.

The Company has computed the fair value of the options for the purpose of accounting for the employee stock compensation expense over the vesting period of the options.

The terms and conditions related to the grant of the share options are as follows:

(No. of options)

Employees entitled	Vesting conditions	For the year ended 31 March 2020	For the year ended 31 March 2019
Specified employees	One to four years of service from grant date	**9,333,000**	9,168,000
Total share options		**9,333,000**	9,168,000

For continuing employees, the options which vest would have to be exercised within a period of 5 years from the respective dates of vesting of options. No portion of the options vested can be exercised after a period of 5 years from the date of each vesting.

The number and reconciliation of the share options under the share option plan are as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Outstanding at the beginning	**9,168,000**	8,041,107
Granted during the year	**1,417,940**	1,872,594
Forfeited and expired during the year	**(1,154,850)**	(745,701)
Settled during the year	**(98,090)**	–
Outstanding at the end	**9,333,000**	9,168,000
Exercisable at the end	**1,725,133**	–

c) The fair value per option is measured based on the Black-Scholes option pricing model, which is as below:

Measurement of fair value	Number of options	Range of fair value per option
From 1 April 2019 to 31 March 2020	9,333,000	Rs.10.40 - Rs.16.70
From 1 April 2018 to 31 March 2019	9,168,000	Rs.10.40 - Rs.16.70

The fair value per options mentioned above is calculated on the grant date using the Black-Scholes option pricing model with the following assumptions:

d) Assumptions

	For the year ended 31 March 2020	For the year ended 31 March 2019
Risk free interest rate	**6.0% - 7.99%**	6.6% - 7.99%
Dividend yield	–	–
Expected volatility	**42.3% - 53.1%**	42.3% - 53.1%
Expected life	**5 years**	5 years

e) During the year, the Company recorded a share based payment expense of Rs. 250 lakhs (31 March 2019 : Rs. 476 lakhs) in the Statement of Profit and Loss.

f) The weighted average contractual life of options granted is 7.5 years (31 March 2019: 7.5 years).

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

34. Segment reporting

The Company currently operates in a single reportable segment i.e., design and manufacture of electrically powered vehicles and designing and development of related technology for end use vehicles. Consequently, the requirement for a separate disclosure under Ind AS 108 - "Operating Segments" is not applicable.

35. Contingent Liabilities and Commitments

Contingent Liabilities

(Rs. in lakhs)

	Particulars	31 March 2020	31 March 2019
(a)	Central Excise/Service tax matters under dispute #	**304**	781
(b)	Bank Guarantees	**77**	137

(c) In February 2019, Hon'ble Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company had been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company had made a provision for provident fund contribution from the date of Supreme Court order.

Commitments

(Rs. in lakhs)

	Particulars	31 March 2020	31 March 2019
(a)	Estimated amount of contracts remaining to be executed on capital account and not provided for	19,823	3,183
(b)	Commitment relating to short term leases (Refer Note 30)	–	–

The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/Courts and the ultimate outcome will not have a material adverse effect on the Company's financial position and results of its operations.

36. Unrecognised Deferred Tax Assets/(Liability) (Net)

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Deferred tax liability		
Property, Plant and Equipment	**1,856**	2,258
	1,856	2,258
Deferred Tax Assets		
On Carry Forward Business Losses, Unabsorbed Depreciation and unabsorbed capital R&D expenditure claimed u/s 35(1)(iv)	**24,765**	**20,417**
Provisions	**752**	**780**
	25,517	**21,197**
Deferred Tax Assets/(Liability) (Net) (Refer Note below)	**–**	**–**

Net deferred tax assets have been recognised only to the extent that the Company has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which such deferred tax assets can be realised.

36.01 Amount and Expiry date of Unused Tax Losses for which no Deferred Tax Assets is recognised :

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Upto Five years	37,356	27,432
More than Five years	**28,908**	32,506
No Expiry	**28,984**	18,591
	95,248	78,528

37. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

	Ultimate Holding Company	**Mahindra & Mahindra Limited ("M&M Ltd.")**
Related parties where control exists		
	Holding Company	Mahindra Vehicles Manufacturers Limited ("MVML")
Related parties with whom transactions have taken place during the year		
	Fellow subsidiaries	NBS International Limited ("NBS")
		Mahindra Automobile Distributor Pvt Ltd ("MADPL")
		Meru Mobility Tech Private Limited ("MMTPL")
		Ssang Yong Motor Company ("SYMC")
		Mahindra Retail Limited ("MRL")
		Lords Freight India Pvt Ltd ("LFIPL")
		Mahindra Logistics Limited ("MLL")
		Mahindra Integrated Business Solutions Private Limited ("MIBSPL")
		Mahindra Steel Services Centre Limited ("MSSCL")
	Associate companies of the Ultimate Holding Company	Tech Mahindra Limited ("TML")
		Mahindra CIE Automotive Limited ("MCAL")
	Key management personnel	Mr. Mahesh Babu (CEO from 01 December 2016)
		Mr. Saroj Khuntia (CFO from 01 October 2017)
		Mr. Narayana Swamy (Manager) *(Till 10th December,2019)*
		Mr. Jignesh Parikh (Company Secretary)

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

37. Related Party Transactions (contd..)

(Rs. in lakhs)

Particulars	Year	M&M Ltd.	MVML	NBS	MADPL	MMTPL	SYMC	KMPs	MCAL	TML	MRL	LFIPL	MLL	MIBSPL	MSSCL	Total
Transactions during the year																
Sale of Goods and Services	**31 March 2020**	**5,841**	**671**	**53**	–	**1**	**379**	–	–	–	–	–	–	–	–	**6,945**
	31 March 2019	7,943	277	224	(3)	–	155	–	–	–	–	–	–	–	–	**8,596**
Development Fee	**31 March 2020**	**5,275**	–	–	–	–	**1,482**	–	–	–	–	–	–	–	–	**6,757**
	31 March 2019	8,482	–	–	–	–	1,122	–	–	–	–	–	–	–	–	**9,604**
Purchase of Goods and Services	**31 March 2020**	**1,335**	**20**	–	–	–	–	–	**509**	–	**2**	**19**	**469**	**43**	**20**	**2,417**
	31 March 2019	249	–	0	–	–	–	–	403	3	–	37	**207**	**29**	**10**	**938**
Purchase of Property, Plant & Equipment	**31 March 2020**	**7**	–	–	–	–	–	–	**3**	–	–	–	–	–	–	**10**
	31 March 2019	–	–	–	–	–	–	–	596	–	7	–	–	–	–	602
Inter Corporate Deposit Taken	**31 March 2020**	**3,000**	**1,500**	–	–	–	–	–	–	–	–	–	–	–	–	**4,500**
	31 March 2019	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Inter Corporate Deposit Repaid	**31 March 2020**	**3,000**	**1,500**	–	–	–	–	–	–	–	–	–	–	–	–	**4,500**
	31 March 2019	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest Expenses	**31 March 2020**	**71**	**10**	–	–	–	–	–	–	–	–	–	–	–	–	**81**
	31 March 2019	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rent Expenses	**31 March 2020**	**5**	–	–	–	–	–	–	–	–	–	–	–	–	–	**5**
	31 March 2019	4	–	–	–	–	–	–	–	–	–	–	–	–	–	**4**
Reimbursement of expenses by the Company	**31 March 2020**	**731**	**65**	**11**	–	–	–	–	–	–	–	–	–	–	–	**807**
	31 March 2019	317	73	–	–	–	–	–	–	–	–	–	–	–	–	**390**
Cross charge of expenses to others	**31 March 2020**	**2**	–	–	–	–	–	–	–	–	–	–	–	–	–	**2**
	31 March 2019	1	–	21	–	–	–	–	–	–	–	–	–	–	–	**21**
Allotment of Equity Shares (including premium)	**31 March 2020**	–	**4,000**	–	–	–	–	–	–	–	–	–	–	–	–	**4,000**
	31 March 2019	–	8,978	–	–	–	–	–	–	–	–	–	–	–	–	8,978
Remuneration to key management personnel																
Narayan Swamy	**31 March 2020**	–	–	–	–	–	–	**21**	–	–	–	–	–	–	–	**21**
	31 March 2019	–	–	–	–	–	–	27	–	–	–	–	–	–	–	**27**
Saroj Khuntia	**31 March 2020**	–	–	–	–	–	–	**64**	–	–	–	–	–	–	–	**64**
	31 March 2019	–	–	–	–	–	–	59	–	–	–	–	–	–	–	**59**
Balances as at year end																
Deferred Revenue	**31 March 2020**	**917**	–	–	–	–	–	–	–	–	–	–	–	–	–	**917**
	31 March 2019	650	–	–	–	–	7	–	–	–	–	–	–	–	–	**657**
Unbilled revenue	**31 March 2020**	**105**	–	–	–	–	**407**	–	–	–	–	–	–	–	–	**512**
	31 March 2019	2,461	–	–	–	–	–	–	–	–	–	–	–	–	–	**2,461**
Amount Receivables	**31 March 2020**	**3,127**	**77**	–	–	–	**771**	–	–	–	–	–	–	–	–	**3,975**
	31 March 2019	1,337	0	–	–	–	14	–	–	–	–	–	–	–	–	**1,351**
Amount Payables	**31 March 2020**	**608**	**27**	–	–	**0**	–	–	**138**	–	**1**	**4**	**87**	**5**	**4**	**874**
	31 March 2019	290	17	–	0	–	–	–	410	–	–	2	**38**	–	**10**	**767**
Advance from customers	**31 March 2020**	–	–	**17**	–	–	–	–	–	–	–	–	–	–	–	**17**
	31 March 2019	111	–	11	–	–	–	–	–	–	–	–	–	–	–	**122**

Note:

i) The remuneration to the KMP does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

ii) The remuneration to KMP includes short-term employee benefit of Rs. 81 lakhs and other long-term benefits of Rs.3 lakhs.

iii) Key managerial service cost charged on the Company by Mahindra & Mahindra Ltd is Rs. 167 lakhs (31 March 2019: Rs. 162 lakhs) (excluding tax).

Tems and conditions

All transactions with related parties are priced at arm's length basis and resulting outstanding balances are to be settled in cash within six months to one year of reporting date. None of the balances are secured.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

38. Research and Development Expenditure

(Rs. in lakhs)

Particulars	31 March 2020	31 March 2019
Debited to Statement of Profit or loss, including certain expenditure based on allocations made by the Company (excluding depreciation and amortization)	**674**	1,060
Development expenditure, computer software, patent and trademark expenditure	**9,675**	4,636
Capital expenditure/Non-recurring expenditure	**476**	4,222
Total	**10,825**	9,918
Break-up of Research and Development Expenditure		
Raw Material and Components	**508**	330
Salaries and Wages	**3,924**	2,465
Professional Charges	**5,234**	2,095
Rent	**112**	86
Travel expenses	**4**	6
Computer Software	**327**	310
Others	**240**	406
Capital expenditure	**476**	**4,222**
Total	**10,825**	9,918

39. Disclosures related to micro, small and medium enterprises

Total outstanding dues of micro, small and medium enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below:

(Rs. in lakhs)

		31 March 2020	31 March 2019
(a)	Dues remaining unpaid		
	– Principal	**164**	455
	– Interest on the above	**15**	8
(b)	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	– Principal paid beyond the appointed date	–	–
	– Interest paid in terms of Section 16 of the MSMED Act	–	–
(c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	–	–
(d)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**2**	2
(e)	Amount of interest accrued and remaining unpaid	**24**	9

40. Management's assessment on impairment of Property, plant and equipment and Intangible assets:

The Company tests whether Property, plant and equipment and Intangible assets have suffered any impairment on an annual basis as at 31 March every year. The recoverable amount of a cash generating unit ('CGU') is determined based on Value-In-Use calculations by forcasting the latest cash flows of next ten years and applying a growth rate beyond approved forecast period. The growth rates used in the value-In-use calculation reflect those inherent within the Company's budgets, which is primarily a function of the Company's cycle plan assumptions, past performance, and management expectations of future market developments through to 2030-31.The calculations use pre-tax cash flow projections based on financial budgets approved by the management. An average of the range of each assumption used is mentioned below.

Assumptions	31 March 2020	31 March 2019
Revenue growth for 10 years	**27%**	34%
Operating EBITDA to revenue % (Average)	**12%**	12%
Discount rate	**24%**	20%
Terminal growth rate	**5%**	5%

The above discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the CGU. These estimates are likely to differ from future actual results of the operations and cash flows. Based on the above assessment, there has been no impairment on these assets.

41. Impact of COVID-19

The COVID-19 pandemic is rapidly spreading throughout the world. The event significantly affects the economic activity worldwide and, as a result, could affect the operations and results of the Company. The impact of the COVID-19 pandemic may be different from that estimated as at the date of approval of these financial statements and the Company continues to closely monitor any material changes to future economic conditions.

The Company's plants and offices are under nationwide lockdown since 24 March 2020. The Company is monitoring the situation closely and will resume operations in a phased manner taking into account directives from the Government. Based on the ongoing discussions with vendors and service providers, the Management is confident of obtaining regular supply of raw materials and logistics services after restarting the plant.

Management has performed a comprehensive assessment of the implications of COVID-19 on the financial statements of the Company for the year ended 31 March 2020 including specifically on the going concern assumption, impairment testing for property, plant and equipment, estimate of expected credit losses and revenue recognized during the year, net realizable value of inventory, significant estimates (including the assumptions, data, method & disclosures), and have accordingly concluded that there are no adjustments required in these financial statements. Also refer note 2.2(c).

42. Long-term contracts

The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.

As per our report of even date attached:

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: 11 May 2020

For and on behalf of the Board of Directors of:

Mahindra Electric Mobility Limited

Dr. Pawan Kumar Goenka	Chairman	DIN: 00254502
Arvind Mathew	Director	DIN: 01377003
Saroj Khuntia	Chief Financial Officer	
Mahesh Babu	Chief Executive Officer	
Jignesh Parikh	Company Secretary	

Date: 06 May 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Trucks and Buses Ltd

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Mahindra Trucks and Buses Ltd Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its profit and cash flows for the year ended on that date.

Basis for Opinion

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

Other Information

4. The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is included in the Director's report, but does not include the financial statements and our auditor's report thereon.

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

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

7. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

8. The Company's Board of Directors is responsible for the matters in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

9. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

11. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

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

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

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

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other Legal and Regulatory Requirements

16. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

17. As required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare and Co.
Chartered Accountants

Firm Registration No.: 105102W

Shirish Rahalkar
Partner

Membership No.: 111212

Mumbai, April 30, 2020 UDIN No: 20111212AAAAHO8540

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 16 of our report of even date on the accounts of Members of Mahindra Trucks and Buses Limited for the year ended March 31, 2020

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

ii) According to the information and explanation given to us, the Company has phased programme for verification of its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and nature of assets. During the year, the Company did not verify the fixed assets.

iii) According to the information and explanation given to us, no immovable property is held by the Company in its own name.

2) Inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification. In our opinion, the frequency of verification is reasonable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause (iii), (iii) (a), (iii) (b) and (iii) (c) of the Order are not applicable to the Company.

4) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the provisions of clause (iv) of the Order are not applicable to the Company.

5) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, the provisions of Clause 3(v) of the Order are not applicable to the Company.

6) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the products/services of the Company. Hence, the provisions of clause 3(viii) are not applicable and commented upon.

7) i) According to the records of the Company and information and explanations given to us, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance Scheme, Income Tax, Sales Tax, Goods and Service Tax, Custom Duty and other statutory dues applicable to it with concerned authorities.

ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Goods and Service Tax, Customs Duty and other statutory dues applicable that were outstanding, at the year-end for a period of more than six months from the date they became payable.

iii) Particulars of dues of income tax as on 31 March 20 which have not been deposited on account of disputes as under

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Financial year to which is it pertains	Forum where the disputes is pending
Income Tax Act, 1961	Income tax including interest	146	2014-15	DCIT

8) The Company has not taken any loans or borrowings from financial institution, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the order is not applicable to company.

9) In our opinion and according to the information and explanations given to us, during the year, no term loans were obtained by the Company. During the year, there were no moneys raised by way of initial public offer or further public offer and hence reporting under clause (ix) is not applicable.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or no material fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.

11) Based on the records examined by us and according to information and explanations given to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by provisions of section 197 read with schedule V of the Act.

12) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company

13) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause (xiv) of the Order are not applicable to the Company.

15) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of clause (xv) of the Order are not applicable to the Company.

16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause (xvi) of the Order are not applicable to the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN No: 20111212AAAAHO8540

Mumbai, April 30, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA TRUCKS AND BUSES LIMITED.

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

We have audited the internal financial controls over financial reporting of Mahindra Trucks and Buses Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For B. K. Khare and Co.
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN No: 20111212AAAAHO8540

Mumbai, April 30, 2020

STANDALONE BALANCE SHEET AS ON MARCH 31, 2020

Rupees Lakhs

Particulars	Note No	As at March 31, 2020	As at March 31, 2019
A ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	3	**938.06**	32.20
(b) Financial assets			
(i) Investments	4(A)	**5,086.38**	4,304.36
(ii) Trade receivables	5(A)	**831.64**	562.61
(iii) Loans	6	**90.46**	78.87
(c) Deferred tax assets (net)	7	**621.22**	973.71
(d) Non-current Tax assets (net)	8	**117.14**	3.29
(e) Other non-current assets	9	**270.66**	319.29
Total non - current assets		**7,955.56**	6,274.33
2 Current assets			
(a) Inventories	10	**4,237.45**	4,289.27
(b) Financial assets			
(i) Investments	4(B)	**2,118.55**	1,244.13
(ii) Trade receivables	5(B)	**3,008.13**	3,716.41
(iii) Cash and cash equivalents	11	**269.64**	39.50
(iv) Bank balances other than (iii) above	11	**2,134.89**	2.43
(v) Other financial assets	12	**52.81**	0.02
(c) Other current assets	13	**231.81**	152.63
Total current assets		**12,053.28**	9,444.39
Total Assets (1+2)		**20,008.84**	15,718.72
B EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	14	**9,334.96**	9,334.96
(b) Other equity	15	**5,192.86**	1,496.73
Total equity (a+b)		**14,527.82**	10,831.69
Liabilities			
2 Non-current liabilities			
(a) Provisions	16(A)	**8.04**	7.86
(b) Other non-current liabilities	16(A)	**463.58**	0.00
Total Non - Current Liabilities		**471.62**	7.86
3 Current liabilities			
(a) Financial liabilities			
(i) Trade payables	17	**4,111.70**	4,402.20
(ii) Other financial liabilities	18	**480.10**	0.84
(b) Provisions	16(B)	**31.29**	50.29
(c) Current tax liabilities (Net)	19	**–**	101.88
(d) Other current liabilities	20	**386.31**	323.96
Total Current Liabilities		**5,009.40**	4,879.17
Total Equity and Liabilities (1+2+3)		**20,008.84**	15,718.72

See accompanying notes to the standalone financial statements

In terms of our report attached
For B K KHARE & CO
Chartered Accountants
Firm Regn. No. 105102W

Shirish Rahalkar
Partner
M. No. 111212
Place: Mumbai
Date: Apr 30, 2020

For and on behalf of the Board of Directors

Bharat Moossaddee
Director
DIN-021664403

Hemant Sikka
Director
DIN-00922281

Sandip Dhond
CEO

Niteen Karve
Chief Financial Officer

Shubha Samani
Company Secretary

Place: Mumbai
Date: Apr 30, 2020

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Rupees Lakhs

	Particulars	Note No	For the year ended March 31, 2020	For the year ended March 31, 2019
I	**Revenue from operations**	21	**22,077.17**	19,207.80
II	**Other income**	22	**285.09**	822.17
III	**Total Income (I + II)**		**22,362.26**	20,029.97
IV	**Expenses**			
	(a) Purchases of stock-in-trade	23(A)	**13,824.51**	13,454.35
	(b) Changes in inventories of stock-in-trade	23(B)	**51.82**	(1,296.81)
	(c) Excise Duty		**–**	–
	(d) Employee benefit expense	24	**271.59**	208.47
	(e) Finance costs	25	**86.89**	11.91
	(f) Depreciation expense (Note no 3)		**541.44**	4.87
	(g) Other expenses	26	**3,088.34**	3,614.26
	Total Expenses (IV)		**17,864.59**	15,997.05
V	**Profit before exceptional items and tax (III - IV)**		**4,497.67**	4,032.92
VI	**Exceptional Items**		**–**	3,908.96
VII	**Profit before tax (V - VI)**		**4,497.67**	123.96
VIII	**Tax Expense**			
	(a) Current tax	27	**1,088.56**	961.31
	(b) Deferred tax	27	**202.03**	(1,095.85)
	Total tax expense		**1,290.59**	(134.54)
IX	**Profit after tax from continuing operations (VII - VIII)**		**3,207.08**	258.49
X	**Profit for the period**		**3,207.08**	258.49
XI	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plans		**0.31**	7.30
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plans		**(0.08)**	(2.53)
	B (i) Items that may be reclassified to profit or loss			
	(d) Share of other comprehensive income of equity accounted investees		**782.01**	–
	(ii) Income tax on items that may be reclassified to profit or loss		**(150.37)**	64.50
	Total Other Comprehensive Income		**631.87**	69.27
XII	**Total comprehensive income for the period (X + XI)**		**3,838.95**	327.77
XIII	**Earnings per equity share (Nominal value per share Rs. 0.20)** Basic and Diluted	28	**0.07**	0.01

See accompanying notes to the standalone financial statements

In terms of our report attached
For B K KHARE & CO
Chartered Accountants
Firm Regn. No. 105102W

For and on behalf of the Board of Directors

Bharat Moossaddee
Director
DIN-021664403

Hemant Sikka
Director
DIN-00922281

Shirish Rahalkar
Partner
M. No. 111212
Place: Mumbai
Date: Apr 30, 2020

Sandip Dhond
CEO

Niteen Karve
Chief Financial Officer

Shubha Samani
Company Secretary

Place: Mumbai
Date: Apr 30, 2020

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

Rupees Lakhs

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flows from operating activities			
Profit before tax for the year		**4,497.67**	123.96
Adjustments for:			
Interest of Fixed Deposit		**(61.59)**	(0.16)
Interest on Lease Liability		**84.64**	–
Dividend Income from current investments		**(67.72)**	(78.48)
Payment of Lease Liability		**(574.32)**	–
Depreciation expense		**5.50**	5.04
Amortisation of Lease		**535.94**	4.27
Interest income on unwinding of security deposit		**(4.71)**	(4.06)
Dividend from Long Term Investment		**(142.82)**	(734.70)
Provision for doubtful trade receivable		**22.26**	21.90
Impairment of Investment in MADPL		**–**	3,908.96
Interest on Income Tax Provision		**–**	11.07
Provision for material buy back		**29.75**	–
Provision for warranty		**(20.65)**	(2.86)
		4,303.95	3,254.94
Movements in working capital:			
(Increase)/decrease in trade receivables		**417.24**	(1,149.21)
(Increase)/decrease in inventories		**51.82**	(1,296.82)
(Increase)/decrease in other assets		**(37.43)**	(48.86)
Increase/(decrease) in trade payables		**(320.25)**	646.95
Increase/(decrease) in provisions		**1.83**	(2.05)
Increase/(decrease) in other liabilities		**61.51**	54.98
Cash generated from operations		**4,478.67**	1,459.93
Income taxes paid		**(1,304.24)**	(902.00)
Net cash generated by operating activities	**A**	**3,174.43**	557.93
Cash flows from investing activities			
Net cash outflow on acquisition of a subsidiary		**–**	–
Payments to acquire financial assets - Preference shares		**–**	–
Payments to acquire financial assets - Mutual Fund		**(874.42)**	281.02
Proceeds on sale of financial assets - Mutual Fund			
Interest received		**8.80**	0.16
Other dividends received		**210.54**	813.18
Payments for property, plant and equipment		**(13.94)**	–
Payments to acquire financial assets - Fixed deposit		**(2,134.89)**	(2.43)
Proceeds on sale of financial assets - Fixed deposit		**2.43**	2.29
Net cash (used in)/generated by investing activities	**B**	**(2,801.48)**	1,094.22

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Rupees Lakhs

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flows from financing activities			
Dividends paid on equity shares		**(142.82)**	(1,688.78)
Net cash generated by /(used in) financing activities	**C**	**(142.82)**	(1,688.78)
Net increase in cash and cash equivalents		**230.13**	(36.63)
Cash and cash equivalents at the beginning of the year		**39.50**	76.13
Cash and cash equivalents at the end of the year (Refer Note 11)	**A+B+C**	**269.64**	39.50

See accompanying notes to the standalone financial statements

In terms of our report attached
For B K KHARE & CO
Chartered Accountants
Firm Regn. No. 105102W

For and on behalf of the Board of Directors

Bharat Moossaddee
Director
DIN-021664403

Hemant Sikka
Director
DIN-00922281

Shirish Rahalkar
Partner
M. No. 111212
Place: Mumbai
Date: Apr 30, 2020

Sandip Dhond
CEO

Niteen Karve
Chief Financial Officer

Shubha Samani
Company Secretary

Place: Mumbai
Date: Apr 30, 2020

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

a) Equity share capital

Rupees Lakhs

Particulars	Number of Shares	Equity share capital (Amount)
Balance at April 1, 2018	4,667,478,380	9,334.96
Changes in equity share capital during the year		
Issue of equity shares during the year	–	–
Balance at March 31, 2019	4,667,478,380	9,334.96
Changes in equity share capital during the year		
Issue of equity shares during the year	–	–
Balance at March 31, 2020	**4,667,478,380**	**9,334.96**

b) Other Equity

Rupees Lakhs

Particulars	Retained earnings	Other comprehensive income (Remeasure-ments of the defined benefit Plans)	Total
Balance as at April 1, 2018	2,086.74	771.01	2,857.75
Profit for the year	258.49	–	258.49
Share Issue Expenses	–	–	–
Payment of dividend	(1,526.10)	–	(1,526.10)
Tax paid on dividend	(162.68)	–	(162.68)
Other comprehensive income for the year, net of Income Tax	–	69.27	69.27
Balance as at March 31, 2019	**656.45**	840.28	**1,496.73**
Profit for the year	3,207.08	–	3,207.08
Share Issue Expenses	–	–	–
Payment of dividend	(142.82)	–	(142.82)
Tax paid on dividend	–	–	–
Other comprehensive income for the year, net of Income Tax	–	631.87	631.87
Balance as at March 31, 2020	**3,720.71**	**1,472.15**	**5,192.86**

In terms of our report attached
For B K KHARE & CO
Chartered Accountants
Firm Regn. No. 105102W

Shirish Rahalkar
Partner
M. No. 111212
Place: Mumbai
Date: Apr 30, 2020

For and on behalf of the Board of Directors

Bharat Moossaddee
Director
DIN-021664403

Hemant Sikka
Director
DIN-00922281

Sandip Dhond
CEO

Niteen Karve
Chief Financial Officer

Shubha Samani
Company Secretary

Place: Mumbai
Date: Apr 30, 2020

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

NOTE NO. 1. GENERAL INFORMATION

Mahindra Trucks and Buses Limited is in the business of trading in spare parts and accessories. It deals in parts required for the range of commercial vehicles manufactured and sold by its Holding Company, Mahindra & Mahindra Limited. The Company undertakes procurement, warehousing management, logistics and sale of spare parts and accessories. It has a network of dealers spread across India to ensure timely availability of spare parts to commercial vehicle customers.

The Company has elected not to prepare consolidated financial statements, as Mahindra & Mahindra Limited being the Holding Company prepares consolidated financial statements at Group Level. Copies of the annual report of the Mahindra & Mahindra Limited can be obtained from the Company Secretary, Mahindra & Mahindra Limited, Mahindra Towers, Dr. G. M. Bhosale Marg, Worli, Mumbai, 400 018, India.

NOTE NO. 2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance:

The standalone financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015. Upto the year ended March 31, 2017, the company has prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. This is the company's first Ind AS financial statements. The date of transition to Ind AS is April 1 2015. Refer point no.-2.13 for the details of first-time adoption exemptions availed by the Company.

2.2 Basis of preparation and presentation:

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

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

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

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

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
2. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
3. Level 3 inputs are unobservable inputs for the asset or liability

2.3 Revenue Recognition:

Revenue is recognised at the fair value of the consideration received or receivable. Sale are recognised, net of returns, trade discounts, VAT / Sales Tax on the transfer of risk and rewards of ownership of the products to the customers, which is generally on dispatch of goods.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the company; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Leases:

The Company's significant leasing arrangements are in respect of operating lease for godowns. These leasing arrangements, which are non-cancellable, range between 2-3 years, and are usually renewable by mutual consent on agreed terms. The lease rentals payable are charged on a straight line basis over the lease term.

2.5 Foreign exchange transactions:

Transactions in foreign currencies (other than company's functional currency) are recorded at the exchange rates prevailing on the date of transaction. Monetary items are re-translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on re-translation of Monetary items at the end of the year, is recognised as income or expense, as the case may be.

2.6 Employee Benefits:

2.6.1 Defined contribution plan

The Company's contributions paid/payable during the year to Provident Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees.

2.6.2 Defined benefit plan / leave encashment

The Company's liability towards gratuity and leave encashment is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognised on straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the statement of other comprehensive income as income or expense. Obligation is measured at the present value of estimated future cash flow using discounted rate i.e. determined by reference to the market yield at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

2.6.3 Other benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

2.7 Taxes on Income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and applicable tax laws. Deferred tax is recognised on temporary differences between the carrying amounts assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.8 Property Plant & Equipment:

Property Plant & Equipments are carried at cost less depreciation. Cost comprises the purchase price and other attributable costs.

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

Depreciation on assets is calculated on Straight Line Method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013, except in respect of the following categories of assets, in whose case the useful life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. :

Vehicles	5 years

2.9 Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

2.10 Inventories:

Inventories comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Stock -in -trade are valued at lower of cost or net realisable value after provision for obsolescence and other losses, where considered necessary. Cost is determined on the basis of weighted average method. Excise duty is included in the value of inventory.

2.11 Product Warranty:

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale on the basis of technical estimate. These estimates are established using historical information on the nature, frequency and average cost of warranty claims. The estimates for accounting of warranties are reviewed and revisions are made as required.

2.12 Financial Instruments:

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

Financial Assets:

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

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

Investments in equity instruments at FVTOCI

A financial asset is held for trading if:

1. It has been acquired principally for the purpose of selling it in the near term; or
2. on initial recognition it is part of a portfolio of identified financial instruments or a financial guarantee
3. it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

The Company has equity investments in one entity which are not held for trading. The company has elected the FVTOCI irrevocable option for this investment (see note no 4). Fair value is determined in the manner described in note no 30. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit and loss on disposal of the investment.

Dividends on this investment in equity instruments is recognised in profit or loss when the company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other Income' line item.

2.13 Critical accounting judgements and key sources of estimation uncertainty:

The preparation of standalone financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these standalone financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of useful lives of property, plant and equipment, obligations relating to employee defined benefits etc. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.14 Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.15 Investments:

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as non current investments.

2.16 Segment Reporting:

The Company has single reportable business segment namely Automotive vehicles-related spare parts. The Company has only one reportable geographical segment.

NOTE NO. 3. PROPERTY, PLANT AND EQUIPMENT

Rupees Lakhs

Description of Assets	Plant and Machinery	Computers	Furniture and Fixtures	Vehicles	Right to Use Building	Total
I. Gross carrying amount						
Balance as at April 1, 2018	45.16	7.76	0.33	24.34	–	77.58
Additions	–	–	–	–	–	–
Disposals	–	–	–	3.15	–	3.15
Balance as at March 31, 2019	**45.16**	**7.76**	**0.33**	**21.19**	**–**	**74.43**
Additions	–	–	–	14.48	1,433.36	1,447.84
Disposals	–	–	–	10.88	–	10.88
Balance as at March 31, 2020	**45.16**	**7.76**	**0.33**	**24.79**	**1,433.36**	**1,511.39**
II. Accumulated depreciation						
Balance as at April 1, 2018	17.01	7.37	0.31	15.65	–	40.34
Depreciation expense for the year	2.02	–	–	2.86	–	4.88
Eliminated on disposal of assets	–	–	–	2.99	–	2.99
Balance as at March 31, 2019	**19.03**	**7.37**	**0.31**	**15.52**	**–**	**42.23**
Depreciation expense for the year	2.01	–	–	3.49	535.94	541.44
Eliminated on disposal of assets	–	–	–	10.34	–	10.34
Balance as at March 31, 2020	**21.04**	**7.37**	**0.31**	**8.67**	**535.94**	**573.33**
III. Net carrying amount (I-II)						
Balance as on April 1, 2018	**28.15**	**0.39**	**0.02**	**8.69**	**–**	**37.24**
Balance as on March 31, 2019	**26.13**	**0.39**	**0.02**	**5.67**	**–**	**32.20**
Balance as on March 31, 2020	**24.12**	**0.39**	**0.02**	**16.12**	**897.42**	**938.06**

NOTE NO. 4(A). INVESTMENTS

Rupees Lakhs

Particulars	As at March 31, 2020 Quantity	As at March 31, 2020 Amount	As at March 31, 2019 Quantity	As at March 31, 2019 Amount
Non-current				
Unquoted investments (all fully paid)				
Investments in equity instruments of a subsidiary -				
– Mahindra Automobile Distributor Private Limited equity shares of Rs. 10 each	**7,90,000**	**5,110.31**	7,90,000	5,110.31
Investments in 0.01% compulsorily convertible preference shares at fair value through other comprehensive income				
– Resfeber Labs Private Limited	**1,53,195**	**3,885.03**	1,53,195	3,103.01
Total unquoted investments	**9,43,195**	**8,995.34**	9,43,195	8,213.32
Less: Impairment in value of investments Mahindra Automobile Distributor Private Limited		**3,908.96**		3,908.96
Total Non Current Investments	**–**	**5,086.38**	–	4,304.36

NOTE NO. 4(B). INVESTMENTS

Rupees Lakhs

Particulars	As at March 31, 2020 Quantity	As at March 31, 2020 Amount	As at March 31, 2019 Quantity	As at March 31, 2019 Amount
Current				
Quoted investments (all fully paid) at fair value through profit or loss				
– Investments in mutual funds	**13,88,618**	**2,118.55**	3,46,658	1,244.13
Total quoted investments	**13,88,618**	**2,118.55**	3,46,658	1,244.13

Other Disclosures

Rupees Lakhs

Particulars	As at March 31, 2020 Quantity	Amount	As at March 31, 2019 Quantity	Amount
Aggregate carrying value of unquoted investments				
a. Equity shares	**7,90,000**	**1,201.35**	7,90,000	1,201.35
b. 0.01% compulsorily convertible preference shares of Rs.100 each	**1,53,195**	**3,885.03**	1,53,195	3,103.01
	9,43,195	**5,086.38**	9,43,195	4,304.36
Aggregate book value of quoted investments				
a. Mutual funds:				
1. Aditya Birla SL Liquid Fund (DD)	**659,765**	**661.05**	24,443	249.06
2. ICICI Pru Liquid Fund (DD)	**658,650**	**659.63**	248,123	248.49
3. Mahindra Liquid Fund (DD)	**65,940**	**659.84**	24,852	248.60
4. UTI Liquid Cash Growth (G)	**4,264**	**138.03**	–	–
5. UTI Mutual Fund	**–**	**–**	24,443	249.19
6. SBI Liqid DDR	**–**	**–**	24,798	248.79
	13,88,618	**2,118.55**	3,46,658	1,244.13
Aggregate market value of quoted investments	**13,88,618**	**2,118.55**	3,46,658	1,244.13
Aggregate amount of impairment in value of investments	**–**	**–**	–	–

NOTE NO. 5(A). TRADE RECEIVABLES

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Non current		
Trade receivables		
Unsecured, considered good	**831.64**	562.61
Total	**831.64**	562.61

Note No. 5(B). Trade receivables

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Trade receivables		
(a) Unsecured, considered good	**3,008.13**	3,716.41
(b) Unsecured, considered doubtful	**104.81**	82.55
Less: Allowance for bad and doubtful debts (expected credit loss allowance) (Refer note no 29)	**(104.81)**	(82.55)
Total	**3,008.13**	3,716.41

Refer note no. 29 for disclosure related to credit risk, expected credit loss and other related disclosure.

NOTE NO. 6. LOANS

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Non current		
Security deposits		
– Unsecured, considered good	**90.46**	78.87
Total	**90.46**	78.87

NOTE NO. 7 - DEFERRED TAX LIABILITY (NET)

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liability:		
Recognised in other comprehensive income:		
(i) Defined benefit obligations	**0.08**	–
(ii) Fair value of Investment in Resfeber	**492.63**	342.26
Total	**492.71**	342.26
Deferred tax asset:		
Recognised in Profit or Loss:		
(i) Property, plant and equipment	**1.20**	1.60
(ii) Defined benefit obligations	**4.12**	4.14
(iii) Provision for doubtful debt	**26.38**	24.04
(iv) Provision for warranty	**5.86**	12.79
(v) Discounting of security deposit	**2.18**	3.89
(vi) Deferred revenue	**82.90**	78.49
(vii) Provision for material buy back	**7.49**	52.73
(viii) Impairment of MADPL Investments	**983.81**	1,138.29
Total	**1,113.93**	1,315.97
Net deferred tax assets	**621.22**	973.71

Movement of deferred tax

Rupees Lakhs

Particulars	Opening balance	Recognised in profit and loss	Recognised in other comprehensive income	Closing balance
As at March 31, 2020				
Deferred tax (liabilities)/assets in relation to				
1. Property, plant and equipment	**1.60**	**(0.40)**	–	**1.20**
2. Defined benefit obligations	**4.13**	**(0.02)**	**(0.08)**	**4.03**
3. Provision for doubtful debts	**24.04**	**2.34**	–	**26.38**
4. Provision for warranty	**12.80**	**(6.93)**	–	**5.86**
5. Discounting of security deposit	**3.89**	**(1.71)**	–	**2.18**
6. Deferred Revenue	**78.49**	**4.41**	–	**82.90**
7. Prov for Material Buy back	**52.73**	**(45.24)**	–	**7.49**
8. Impairment of Investment in MADPL	**1,138.29**	**(154.48)**	–	**983.81**
9. Fair value through Other Comprehensive Income	**(342.26)**	–	**(150.37)**	**(492.63)**
	973.71	**(202.03)**	**(150.45)**	**621.22**
As at March 31, 2019				
Deferred tax (liabilities)/assets in relation to				
1. Property, plant and equipment	2.47	(0.87)	–	1.60
2. Defined benefit obligations	6.92	(0.26)	(2.53)	4.13
3. Provision for doubtful debts	20.98	3.06	–	24.04
4. Provision for warranty	16.20	(3.40)	–	12.80
5. Discounting of security deposit	3.00	0.89	–	3.89
6. Deferred revenue	71.88	6.61	–	78.49
7. Prov for Material Buy back	101.19	(48.47)	–	52.73
8. Impairment of Investment in MADPL	–	1,138.29	–	1,138.29
9. Fair value through Other Comprehensive Income	(406.76)	–	64.50	(342.26)
	(184.12)	1,095.85	61.97	973.71

NOTE NO. 8. CURRENT TAX ASSETS (NET)

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Non current		
Tax refund receivable [Net of provision for tax Rs. 201.17 (2019: Rs. 201.17 Lakhs)]	**117.14**	3.29
Total	**117.14**	3.29

NOTE NO. 9. OTHER NON-CURRENT ASSETS

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Prepayments	–	–
(b) Others:		
Balances with government authorities		
– VAT credit receivable	**270.66**	319.29
	270.66	319.29
Total	**270.66**	319.29

NOTE NO. 10. INVENTORIES

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Stock-in-trade (in respect of goods acquired for trading) (lower of cost and net realisable value)	**4,237.45**	4,289.27
Total	**4,237.45**	4,289.27
Included above, goods-in-transit:		
Stock-in-trade (in respect of goods acquired for trading)	**6.22**	7.58
Total goods-in-transit	–	–

Note

The cost of inventories recognized as an expense includes Rs.75.52 Lakhs (2019 Rs.187.52 Lakhs) in respect of write-downs of inventory to net realizable value.

NOTE NO. 11. CASH AND CASH EQUIVALENTS

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
(a) Unrestricted balances with banks		
– With scheduled banks		
In current account	**269.64**	39.50
Total cash and cash equivalents	**269.64**	39.50
Other bank balances		
Balances with banks:		
(i) Fixed deposits with maturity less than 12 months	**2,134.89**	2.43
Total other bank balances	**2,134.89**	2.43

*Includes fixed deposits of Rs. 2.43 lakhs (2019: Rs. 2.43 lakhs) submitted to VAT Authorities.

NOTE NO. 12. OTHER FINANCIAL ASSETS

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost		
Current		
Interest accrued on fixed deposits	**52.81**	0.02
Total	**52.81**	0.02

NOTE NO. 13. OTHER CURRENT ASSETS

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Prepayments	**3.08**	14.87
(b) Balances with government authorities:		
(i) Deposit with excise authorities	–	–
(ii) Income Tax authorities	**37.00**	37.00
(iii) GST authorities	**110.91**	18.51
	147.91	55.51
(c) Others:		
(i) Advance to suppliers	**80.82**	81.72
(ii) Gratuity (net)	–	0.53
(iii) Others	–	–
	80.82	82.25
Total	**231.81**	152.63

NOTE NO. 14(A). EQUITY SHARE CAPITAL

Rupees Lakhs

Particulars	No. of shares	As at March 31, 2020	No. of shares	As at March 31, 2019
Authorised:				
Equity shares of Rs. 0.20 each with voting rights	**75,000,000,000**	**150,000.00**	75,000,000,000	150,000.00
Issued, subscribed and fully paid:				
Equity shares of Rs. 0.20 each with voting rights	**4,667,478,380**	**9,334.96**	4,667,478,380	9,334.96

NOTE NO. 14(B). EQUITY SHARE CAPITAL

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Closing Balance
(a) Equity Shares with voting rights			
As at March 31, 2020			
No. of shares	4,667,478,380	–	4,667,478,380
Amount (Rupees Lakhs)	9,334.96	–	9,334.96
As at March 31, 2019			
No. of shares	4,667,478,380	–	4,667,478,380
Amount (Rupees Lakhs)	9,334.96	–	9,334.96

(ii) Terms/rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 0.20 per share. Each shareholder is eligible for one vote per share. The dividend proposed by the board of directors is subject to approval of the shareholders in the ensuing annual general meeting (AGM), except in the case of interim dividend which is ratified by the shareholders at the AGM.

The Equity Shares of the Company rank pari-passu in all respects including voting rights and entitlement to dividend.

(iii) Details of shares held by the holding company & its nominees

Particulars	No. of Shares Equity Shares with Voting rights
As at March 31, 2020	
Mahindra & Mahindra Limited (Holding Company) and its nominees	4,667,478,380
As at March 31, 2019	
Mahindra & Mahindra Limited (Holding Company) and its nominees	4,667,478,380

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra & Mahindra Limited (Holding Company) and its nominees	**4,667,478,380**	**100%**	4,667,478,380	100%

NOTE NO. 15. OTHER EQUITY

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Retained earnings	**3,720.71**	656.45
Other comprehensive income	**1,472.15**	840.28
	5,192.86	1,496.73

Particulars	As at March 31, 2020	As at March 31, 2019
a) **Retained earnings**		
Balance at the beginning of the year	**656.45**	2,086.74
Add: Profit for the year	**3,207.08**	258.49
Less: Share issue expenses	–	–
Less: Payment of dividend (Refer note below)	**(142.82)**	(1,526.10)
Less: Tax paid on dividend	–	(162.68)
Closing Balance	**3,720.71**	656.45
b) **Other comprehensive income**		
Balance at the beginning of the year	**840.28**	771.01
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	**0.31**	7.30
Income tax relating to defined benefit plans	**(0.08)**	(2.53)
Share of other comprehensive income of equity accounted investees	**782.01**	–
Income tax relating to equity accounted investees	**(150.37)**	64.50
Closing Balance	**1,472.15**	840.28

Note: On July 30, 2019 interim dividend of Rs. 0.003 per share (total dividend Rs. 142.82 Lakhs) was paid to holders of fully paid equity shares. On June 29, 2018 dividend of Rs. 0.017 per share (total dividend Rs. 791.40 Lakhs) was paid to holders of fully paid equity shares and on July 27, 2018 interim dividend of Rs. 0.016 per share (total dividend Rs. 734.7 Lakhs) was paid.

NOTE NO. 16(A). PROVISIONS

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Provision for employee benefits		
(1) Long-term employee benefits		
a) Compensated absences	**8.04**	7.86
b) Gratuity (net)	–	–
(2) Liability for purchase of property, plant & equipment (As per IND AS-116)	**463.58**	–
Total	**471.62**	7.86

NOTE NO. 16(B). PROVISIONS

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
(a) Provision for employee benefits		
(1) Short-term employee benefits		
– Compensated absences	**6.56**	6.36
– Gratuity (net)	**1.45**	–
(b) Other provisions		
(1) Warranty claims (Refer note no 38)	**23.28**	43.93
Total	**31.29**	50.29

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale on the basis of technical estimate. These estimates are established using historical information on the nature, frequency and average cost of warranty claims.

The estimate for accounting of warranty are reviewed and revisions are made as required.

NOTE NO. 17. TRADE PAYABLES

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note no. 35)	**160.30**	73.62
(ii) Total outstanding dues other than micro enterprises and small enterprises	**3,951.40**	4,328.58
Total	**4,111.70**	4,402.20

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. Company's credit risk management processes are explained in Note 29.

NOTE NO. 18. OTHER FINANCIAL LIABILITIES

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Other financial liabilities at amortised cost		
Current		
Deposits	–	–
Interest accrued on trade payables (Refer Note no. 35)	–	0.84
Liability for purchase of property, plant & equipment	**480.10**	–
Total	**480.10**	0.84

NOTE NO. 19. CURRENT TAX LIABILITIES (NET)

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax payable [Net of advance tax Rs 2,753.54 Lakhs (2018: Rs.1,785.68 Lakhs)]	–	101.88
Total	–	101.88

NOTE NO. 20. OTHER CURRENT LIABILITIES

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
a. Advances received from customers	**319.97**	192.34
b. Others		
- Statutory dues (Excise duty, service tax, sales tax, TDS etc.)	**66.34**	131.62
Total	**386.31**	323.96

NOTE NO. 21. REVENUE FROM OPERATIONS

Rupees Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Revenue from sale of products	**22,062.67**	19,202.46
(b) Other operating revenue		
- Sale of scrap	**14.50**	5.34
Total	**22,077.17**	19,207.80

NOTE NO. 22. OTHER INCOME

Rupees Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Interest income		
On financial assets at amortised cost	**66.30**	4.22
(b) Dividend income		
On equity shares	**142.82**	734.70
On financial assets at fair value through profit or loss	**67.72**	78.48
(c) Liabilities & provision no longer required written back	–	–
(d) Foreign Exchange Gain	–	–
(e) Miscellaneous income	**8.25**	4.77
Total	**285.09**	822.17

NOTE NO. 23(A). PURCHASES OF STOCK-IN-TRADE

Rupees Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Bought out spares	**13,824.51**	13,454.35
Total	**13,824.51**	13,454.35

NOTE NO. 23(B). CHANGES IN INVENTORIES OF STOCK-IN-TRADE

Rupees Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the beginning of the year:		
Stock-in-trade	**4,289.27**	2,992.46
	4,289.27	2,992.46
Inventories at the end of the year:		
Stock-in-trade	**4,237.45**	4,289.27
	4,237.45	4,289.27
Net (increase)	**51.82**	(1,296.81)

NOTE NO. 24. EMPLOYEE BENEFIT EXPENSE

Rupees Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Salaries and wages	**259.14**	193.95
(b) Contribution to provident and other funds	**7.05**	8.96
(c) Share based payments		
Equity-settled share-based payments*	**3.23**	4.33
(d) Staff welfare expenses	**2.17**	1.23
Total	**271.59**	208.47

* Represents cost reimbursed by company towards ESOP's granted by Mahindra & Mahindra Limited, the holding company.

NOTE NO. 25. FINANCE COST

Rupees Lakhs

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
(a)	Interest expense		
	– Interest on Lease Liability	84.64	–
	– Interest on delayed payment of Income Tax	–	–
	– Interest on trade payables (MSME)	2.25	11.91
(b)	Others	–	–
Total		**86.89**	11.91

Analysis of interest expenses by category

Rupees Lakhs

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Expenses			
(a)	On financial liability at amortised cost	2.25	11.91
(b)	Other interest expenses	84.64	–

NOTE NO. 26. OTHER EXPENSES

Rupees Lakhs

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
(a)	Rent including lease rentals	–	407.77
(b)	Rates and taxes	3.39	14.79
(c)	Insurance	17.97	11.59
(d)	Repairs and maintenance - others	11.48	13.38
(e)	Freight outward	1,056.10	1,270.23
(f)	Advertisement & sales promotion expenses	119.49	173.73
(g)	Travelling and conveyance expenses	15.08	11.35
(h)	Subcontracting, hire and service charges	1,666.82	1,543.39
(i)	CSR Expenditure	44.37	30.94
(j)	Warranty	(4.74)	19.60
(k)	Provision for doubtful trade receivables	35.72	21.91
(l)	Auditors remuneration and out-of-pocket expenses		
	(i) As auditors	8.60	10.10
	(ii) For other services	0.95	0.75
	(iii) For reimbursement of expenses	0.04	0.16
(m)	Legal and other professional costs	67.59	55.06
(n)	Foreign exchange loss (Net)	3.16	10.04
(o)	Miscellaneous expenses	42.32	19.47
Total		**3,088.34**	3,614.26

NOTE NO. 27. TAX EXPENSE

Income tax expense

Rupees Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax		
Current income tax charge	1,088.56	961.31
Deferred tax		
In respect of current year origination and reversal of temporary differences	202.03	(1,095.85)
Total Tax Expense recognised in the statement of profit and loss	**1,290.59**	(134.54)

Numerical Reconciliation between average effective tax rate and applicable tax rate:

Rupees Lakhs

Particulars	As at March 31, 2020 Amount	As at March 31, 2019 Amount
Profit Before tax from Continuing Operations	4,497.67	123.96
Enacted Tax Rate	25.17%	29.12%
Income Tax using the Company's domestic Tax rate #	1,131.97	36.10
	–	–
Effect of Non deductible Expenses	31.08	36.52
Effect of Tax - Exempt income	(52.23)	(236.80)
Difference in Tax rate for current tax & deferred tax	178.03	34.20
Others	1.73	(4.55)
	–	–
Unrecognised MAT Credit	–	–
Income Tax recognised in statement of profit and loss from Continuing Operations (Effective Tax Rate)	1,290.59	(134.54)

Tax rate considered are as per the tax rates applicable for relevant Assessment Year.

NOTE NO. 28. EARNING PER SHARE

Rupees Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit for the year attributable to owners of the Company	3,207.08	258.49
Weighted average number of equity shares	4,66,74,78,380	4,66,74,78,380
Earnings per share from continuing operations – Basic & diluted (face value of Rs. 0.20 per share)	0.07	0.01

NOTE NO. 29. FINANCIAL INSTRUMENTS

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash & cash equivalent as presented on the face of the statement of financial position.

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

	As at March 31, 2020	As at March 31, 2019
Equity	14,527.82	10,831.69
Less: Cash and cash equivalents	269.64	39.50
	14,258.18	10,792.19

Categories of financial assets and financial liabilities

Rupees Lakhs

Particulars	As at March 31, 20120 Amortised Costs	FVTPL	FVOCI	Total	As at March 31, 2019 Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets								
Investments	**1,201.35**	**–**	**3,885.03**	**5,086.38**	1,201.35	–	3,103.01	4,304.36
Trade Receivables	**831.64**	**–**	**–**	**831.64**	562.61	–	–	562.61
Loans	**90.46**	**–**	**–**	**90.46**	78.87	–	–	78.87
Current Assets								
Investments	–	**2,118.55**	**–**	**2,118.55**	–	1,244.13	–	1,244.13
Trade Receivables	**3,008.13**	**–**	**–**	**3,008.13**	3,716.41	–	–	3,716.41
Cash and cash equivalents	**269.64**	**–**	**–**	**269.64**	39.50	–	–	39.50
Bank Balances	**2,134.89**	**–**	**–**	**2,134.89**	2.43	–	–	2.43
Other Financial Assets	**52.81**	**–**	**–**	**52.81**	0.02	–	–	0.02
Current Liabilities			**–**				–	
Trade Payables	**4,111.70**	**–**	**–**	**4,111.70**	4,402.20	–	–	4,402.20
Other Financial Liabilities								
– Non Derivative Financial Liabilities	**480.10**	**–**	**–**	**480.10**	0.84	–	–	0.84
– Derivative Financial Liabilities	**–**	**–**	**–**	**–**	–	–	–	–

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management as and when required. The Company does not have significant credit risk exposure to any single counterparty.

The loss allowance provision is determined as follows:

As at March 31, 2020 Rupees Lakhs

Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	**0%**	**0%**	**52%**	**3%**
Gross carrying amount	**1,965.02**	**1279.267**	**199.95**	**3,444.24**
Loss allowance provision	–	–	**104.81**	**104.81**

As at March 31, 2019 Rupees Lakhs

Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0%	0%	35%	2%
Gross carrying amount	2,591.21	1300.834	239.04	4,131.08
Loss allowance provision	–	–	82.55	82.55

Reconciliation of loss allowance provision for Trade Receivables

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Balance as at beginning of the year	**82.55**	60.65
Impairment losses recognised in the year based on lifetime expected credit losses (Net of Recovery)	**22.26**	21.90
Balance at end of the year	**104.81**	82.55

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

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

Rupees Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
March 31, 2020				
Non-interest bearing	**4,591.80**	–	–	–
Total	**4,591.80**	–	–	–
March 31, 2019				
Non-interest bearing	4,403.04	–	–	–
Total	4,403.04	–	–	–

(iii) Maturities of financial assets

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

Rupees Lakhs

Particulars	Less than 1 Year	1-3 Years	3–5 Years	5 years and above
March 31, 2020				
Non-interest bearing	5,396.32	831.64	–	5,110.31
(i) Investments	2,118.55	–	–	5,110.31
(ii) Trade receivables	3,008.13	831.64	–	–
(iii) Cash and cash equivalents	269.64	–	–	–
(iv) Loans		–	–	–
Fixed interest rate instruments	2,187.70	–	–	–
(i) Investments	–	–	–	–
(ii) Fixed deposits with banks	2,134.89	–	–	–
(iii) Interest accrued but not received	52.81	–	–	–
(iv) Loans				
Total	**7,584.02**	**831.64**	**–**	**5,110.31**
March 31, 2019				
Non-interest bearing	5,000.04	41.21	181.16	5,110.31
Fixed interest rate instruments	2.45	–	–	–
Total	**5,002.49**	**41.21**	**181.16**	**5,110.31**

MARKET RISK

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	As at March 31, 2020	As at March 31, 2019
Trade Receivables	USD	**30,964.42**	23,944.55
	INR (Rupees Lakhs)	**23.32**	16.56
Trade Payables	USD	**93,087.43**	546.38
	INR (Rupees Lakhs)	**70.15**	0.38

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Particulars	Currency	As at March 31, 2020	As at March 31, 2019
Trade Receivables	USD	**30,964.42**	23,944.55
	INR (Rupees Lakhs)	**23.32**	16.56
Trade Payables	USD	**93,087.43**	546.38
	INR (Rupees Lakhs)	**70.15**	0.38

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Rupees Lakhs

For the year ended	Currency	Change in rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2020	**USD**	**+10%**	**(4.68)**	**(4.68)**
	USD	**(10%)**	**4.68**	**4.68**
March 31, 2019	USD	+10%	1.62	1.62
	USD	(10%)	(1.62)	(1.62)

NOTE NO. 30. FAIR VALUE MEASUREMENT

Fair Valuation Techniques and Inputs used - recurring Items

Rupees Lakhs

Financial assets/ financial liabilities measured at Fair value	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	March 31, 2020	March 31, 2019				
Financial assets						
Mutual fund investments	2,118.55	1,244.13	Level 1	Value published by the respective Asset Management Company which is available in an active market	NA	NA

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees Lakhs

Particulars	Level	As at March 31, 2020		As at March 31, 2019	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Financial assets carried at amortised cost					
Security deposit	Level 3	**90.46**	**92.23**	78.87	92.23
Investments	Level 3	**5,110.31**	**5,110.31**	5,110.31	5,110.31
Trade receivables	Level 3	**3,839.77**	**3,839.77**	4,279.02	4,279.02
Cash and cash equivalents	Level 1	**269.64**	**269.64**	39.50	39.50
Bank balances	Level 1	**2,134.89**	**2,134.89**	2.43	2.43
Other financial assets	Level 3	**52.81**	**52.81**	0.02	0.02
Financial liabilities					
Financial liabilities held at amortised cost					
Trade payables	Level 3	**4,111.70**	**4,111.70**	4,402.20	4,402.20
Other financial liabilities	Level 3	**480.10**	**480.10**	0.84	0.84

NOTE NO. 31. RELATED PARTY TRANSACTIONS

1. Name of related party and nature of relationship where control exists

Nature of Relationship	Name of the related party
Parent Company	Mahindra & Mahindra Limited
Subsidiary	Mahindra Automobile Distributor Private Limited (w.e.f. March 29, 2017)

2. Other parties with whom transactions have taken place during the year

Nature of Relationship	Name of the related party
Fellow Subsidiary	Mahindra Vehicle Manufactures Limited
Fellow Subsidiary	Mahindra Heavy Engines Limited
Fellow Subsidiary	Mahindra Integrated Business Solutions Private Limited
Fellow Subsidiary	Defence Land Systems India Limited
Fellow Subsidiary	Mahindra Holdings Limited
Fellow Subsidiary	Mahindra Logistics Limited
Fellow Subsidiary	Lords Freight (India) Private Limited
Fellow Subsidiary	Mahindra Retail Private Limited

Details of transaction between the Company and its related parties are disclosed below:

Rupees Lakhs

Name of The Related Party	Nature of transactions	For the year ended March 31, 2020	For the year ended March 31, 2019
Mahindra & Mahindra Limited	Sale of goods	**58.24**	36.80
	Purchase of goods	**407.00**	428.70
	Purchase of Fixed asset	**11.80**	–
	Receiving of services	**1,811.64**	1,784.79
	Dividend Paid	**142.82**	1,526.10
	Reimbursements received from parties	**134.87**	147.43
	Reimbursements made to parties (Note no 2)	**327.72**	225.40
	Others-Warranty Transafers	**10,715.02**	–

Rupees Lakhs

Name of The Related Party	Nature of transactions	For the year ended March 31, 2020	For the year ended March 31, 2019
Mahindra Automobile Distributor Private Limited	Dividend Received	**142.82**	734.70
Mahindra Vehicle Manufactures Limited	Sale of goods	**86.61**	105.53
	Purchase of Goods	**1,050.03**	1,456.27
Mahindra Heavy Engines Limited	Sale of goods	**4.74**	18.97
	Purchase of Goods	**600.63**	1,197.51
Mahindra Retail Private Limited	Purchase of Goods	**3.59**	1.88
Mahindra Integrated Business Solutions Private Limited	Receiving of services	**14.10**	13.33
Mahindra Logistics Limited	Receiving of services	**663.89**	913.75
Lords Freight (India) Private Limited	Receiving of services	**1.14**	2.74
Defence Land Systems India Limited	Sale of goods	**40.29**	–

Details of balances between the Company and its related parties are disclosed below:

Rupees Lakhs

Name of The Related Party	Nature of Balances	For the year ended March 31, 2020	For the year ended March 31, 2019
Mahindra & Mahindra Ltd	Receivables	**1,045.80**	1,738.87
	Payables	**261.30**	344.67
Mahindra Vehicle Manufactures Limited	Receivables	**0.70**	1.58
	Payables	**75.28**	197.27
Mahindra Heavy Engines Limited	Receivables	**–**	–
	Payables	**21.36**	107.97
Mahindra Integrated Business Solutions Private Limited	Payables	**1.10**	2.23
Defence Land Systems India Limited	Receivables	**–**	–
Mahindra Logistics Limited	Payables	**101.61**	255.68
Lords Freight (India) Private Limited	Receivables	**1.54**	–

Notes:

1. The amount outstanding is unsecured and will be settled in cash. No guarantee has been given or received. No expense has been recognised in current or prior years for bad and doubtful debts in respect of the amounts owed by the related party.
2. Related party transactions for the period are at arm's length.

NOTE NO. 32. EMPLOYEE BENEFITS

(a) Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.5.34 Lakhs (2018: Rs. 6.34 Lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested, it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

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

1) Liability Risks

a. Asset-Liability Mismatch Risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation wings caused by interest rate movements. Hence, companies are encouraged to adopt asset-liability management.

b. Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c. Future Salary Escalation and Inflation Risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India.LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claims settlement and hence 100% liquidity is ensured. Also, interest rate and inflation risk are taken care of.

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

	Valuation as at March 31, 2020	Valuation as at March 31, 2019
Discount rate(s)	**6.80%**	7.50%
Expected rate(s) of salary increase	**9.00%**	10.00%

Defined benefit plans – as per actuarial valuation on March 31, 2020

Rupees Lakhs

Particulars	**Funded Plan Gratuity March 31, 2020**	Funded Plan Gratuity March 31, 2019
Ia. Expense recognised in the Statement of Profit and Loss for the year:	**2.39**	3.62
1. Current service cost	**2.44**	3.31
2. Past Service Credit	–	–
3. Interest cost	**(0.05)**	0.31
Ib. Included in other Comprehensive Income	**(0.31)**	(7.30)
1. Return on plan assets	–	–
2. Actuarial (Gain)/Loss on account of:	**(0.31)**	(7.30)
– Demographic Assumptions		–
– Financial Assumptions	**(0.39)**	0.71
– Experience Adjustments	**0.08**	(8.01)
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
a. Service Cost:		
Current Service Cost	**2.44**	3.31
Past service cost and (gains)/losses from settlements		–
Net interest expense	**(0.05)**	0.31
Components of defined benefit costs recognised in profit or loss	**2.39**	3.62
b. Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	–	–
Actuarial gains and loss arising form changes in financial assumptions	**(0.39)**	0.71
Actuarial gains and loss arising form experience adjustments	**0.08**	(8.01)
Components of defined benefit costs recognised in other comprehensive income	**(0.31)**	(7.30)
Total	**2.08**	(3.69)

Rupees Lakhs

Particulars	**Funded Plan Gratuity March 31, 2020**	Funded Plan Gratuity March 31, 2019
I. Net Asset/(Liability) recognised in the Balance Sheet as at year end	**(1.45)**	0.53
1. Present value of defined benefit obligation as at year end	**21.27**	17.75
2. Fair value of plan assets as at year end	**19.82**	18.28
3. Surplus/(Deficit)	**(1.45)**	0.53
4. Current portion of the above	–	–
5. Non current portion of the above	**19.82**	17.75
II. Change in the obligation during the year ended		
1. Present value of defined benefit obligation at the beginning of the year	**17.75**	20.62
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	–	–
3. Expenses Recognised in Statement of Profit and Loss		
– Current Service Cost	**2.44**	3.31
– Past Service Cost	–	–
– Transfer In/(Out)		
– Interest Expense (Income)	**1.33**	1.63
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)	**(0.25)**	(7.81)
5. Benefit payments	–	–
6. Present value of defined benefit obligation at the end of the year	**21.27**	**17.75**
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**18.28**	15.89
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer		
3. Expenses Recognised in Statement of Profit and Loss		
– Expected return on plan assets	**1.37**	1.32
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actual Return on plan assets in excess of the expected return	**0.06**	(0.51)
5. Contributions by employer (including benefit payments recoverable)	**0.11**	1.58
6. Benefit payments		–
7. Fair value of plan assets at the end of the year	**19.82**	**18.28**
IV. The Major categories of plan assets		
Fund managed by insurer	**100.00%**	100.00%
V. Actuarial assumptions		
1. Discount rate	**6.80%**	7.50%
2. Expected rate of return on plan assets	**7.50%**	7.90%
3. Attrition rate	**7.00%**	7.00%
4. Medical premium inflation	**NA**	NA

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rupees Lakhs

		March 31, 2020		March 31, 2019	
		Impact on defined benefit obligation		Impact on defined benefit obligation	
Principal assumption	Changes in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	(1.00%)		**23.82**		19.95
	1.00%	**19.11**		15.90	
Salary growth rate	(1.00%)		**19.31**		16.07
	1.00%	**23.52**		19.69	
Withdrawal rate	(1.00%)		**19.32**		18.19
	1.00%	**23.20**		17.37	

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs. 5 Lacs to the gratuity trusts during the next financial year of 2019.

Mortality : It is assumed that the active members of the scheme will experience in-service mortality in accordance with the Indian Assured Lives Mortality (2006-08) ultimate (IALM ult). A sample pick from this table is given below:

Age	Mortality rate
21	0.000934
22	0.000937
23	0.000936
24	0.000933
25	0.000931

Age of the members at the valuation date is taken as their nearest age at that date.

Maturity profile of defined benefit obligation:

Particulars	March 31, 2020	March 31, 2019
Within 1 year	**1.25**	1.00
1 - 2 year	**1.41**	1.18
2 - 3 year	**1.64**	1.34
3 - 4 year	**1.87**	1.56
4 - 5 year	**2.06**	1.79
5 - 10 years	**17.80**	16.99

Plan Assets

The fair value of Company's pension plan asset as of March 31, 2019 is as follows:

Particulars	March 31, 2020	March 31, 2019
Asset category:		
Cash and cash equivalents	**0%**	0%
Debt instruments (quoted)	**0%**	0%
Debt instruments (unquoted)	**0%**	0%
Equity instruments (quoted)	**0%**	0%
Deposits with Insurance companies	**100%**	100%
Total	**100%**	100%

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

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

NOTE NO. 33. SEGMENT REPORTING

The Company has single reportable business segment namely Automotive vehicles-related spare parts. All other activities of the Company revolve around its main business. Hence there are no separate reportable primary segments. The Company deals into trading of Spare parts. The Company has only one reportable geographical segment.

Rupees Lakhs

Geographic information	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from external customers		
India	**21,581.62**	18,434.36
Outside India	**495.55**	773.44
Total revenue per statement of profit or loss	**22,077.17**	19,207.80

All the non-current assets of the Company are located in India.

Revenue from major products and services

The following is an analysis of the company's revenue from its major products and services:

Rupees Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of spares	**22,077.17**	19,207.80
Total	**22,077.17**	19,207.80

Revenues from transactions with a single external customer does not amounts to 10% or more of a Company's revenues during the year.

Since there is single segment there is no difference in measurement of profit & loss and measurement of assets and liabilities.

NOTE NO. 34. INDAS 116

	Rupees Lakhs
Maturity Analysis - Contractual Undiscounted Cash Flow	**Total**
Less than one year	535.76
One to Three years	485.91
Three to five years	–
More than five years	
Total undiscounted lease liabilities at Balance sheet date	
later than one year and not later than five years	485.91
later than five years	

INDAS Lease - Transition Date Reconcilation (1st April)		**Total**
INDAS Lease - Transition Date Reconcilation (1st April)		
Transition date reconciliation required by para C12(b) of Ind AS 116		
A.	Operating lease commitments disclosure as per Ind AS 17 as of March 31	1,399.32
	Weighted average incremental borrowing rate	7.80
B.	Present value using incremental borrowing rate as on 1 April	1,250.79
	Recognition exemption for short term leases	
	Recognition exemption for low value assets	
	Extension options reasonably certain to be exercised	
	Termination options reasonably certain to be exercised	
	Variable lease payments based on index or a rate	
	Residual value guarantees	
C.	Finance lease liability as at 31 March as per financial statements	
	Finance lease liability as at 31 March as per financial statements	
	Total lease liabilities on transition date	1,250.79

NOTE NO. 35 - ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

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

Rupees Lakhs

	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	Principal amount remaining unpaid to MSME suppliers as at the end of the accounting year	**160.30**	73.62
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**2.46**	0.84
(iii)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	**0.43**	0.70
(iv)	The amount of interest due and payable for the year	**2.03**	0.84
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	**2.46**	0.84
(vi)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	–	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

NOTE NO. 36 - PARTICULARS OF LOAN GIVEN / INVESTMENTS MADE / GUARANTEES GIVEN, AS REQUIRED BY CLAUSE (4) OF SECTION 186 OF THE COMPANIES ACT, 2013

Rupees Lakhs

Name	During the year	Closing balance
Investments made		
1. Investment in 50000 equity shares of Mahindra Automobile Distributors Private Limited of Rs. 10 each.	–	**5,110.31**
2. Investment in 85,195 0.01% Cumulative Convertible Preference Shares of Resfeber Labs Private Limited of Rs. 100 each.	–	**3,885.03**

NOTE NO. 37. Pursuant to section 135 of the Companies Act, 2013 read with the Companies (Corporate Social responsibility) Rules, 2014, Gross amount required to be spent by the company during the year Rs.44.37 Lakhs (2019: 30.94 lakhs). The Company has spend Rs.44.37 Lakhs (2019: Rs.30.94 lakhs) for Corporate Social responsibility during the year as under

Rupees Lakhs

Particulars	In cash/cheque	Yet to be paid in cash/cheque	Total
On Purpose other than Construction/acquisition of any assets	44.37	–	44.37
	(–)	(–)	(–)

NOTE NO. 38. PROVISION FOR WARRANTY:

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Carrying Amount at the beginning of the year	**43.93**	46.79
Add: Additional Provision made during the year (net of reversal)	**(4.74)**	19.59
Less: Amounts Used during the year	**(15.91)**	(22.45)
Carrying Amounts at the end of the year	**23.28**	43.93

Brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits

Provision for warranty relates to provision made in respect of certain products, the estimated costs of which is accrued at the time of sale. The products are generally covered under warranty period ranging upto 6 months or 20,000 kms. from the date of fitment, which ever is earlier.

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale on the basis of technical estimate. These estimates are established using historical information on the nature, frequency and average cost of warranty claims.

The estimate for accounting of warranty are reviewed and revisions are made as required.

NOTE NO. 39. AUDITORS' REMUNERATION

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Audit fees	**8.60**	10.10
Other services	**0.95**	0.75
Out of pocket expenses reimbursed	**0.04**	0.16
Total	**9.59**	11.01

NOTE NO. 40. COMMISSION TO INDEPENDENT DIRECTORS

Professional Fees include Rs. 6.00 Lakhs (2019: Rs. 6.00 lakhs) payable as Commission to Independent Directors subject to the approval of the shareholders at the Annual General Meeting.

NOTE NO. 41. EVENTS AFTER THE REPORTING PERIOD

Following are the material events occurred after the balance sheet date but before the approval of financial statements by board of directors.

Event 2: Annual accounts were approved on April 30, 2020 by the board of directors.

NOTE NO. 42. EARNINGS IN FOREIGN EXCHANGE

Rupees Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
FOB Value of exports	**112.86**	597.09
Total	**112.86**	597.09

NOTE NO. 43 - EMPLOYEE STOCK OPTION

Certain employees of the Company are covered by Employee Stock Option Scheme (ESOP scheme) offered by holding Company, Mahindra & Mahindra Limited. Under the scheme, eligible employees are granted an option to purchase shares of Mahindra & Mahindra Limited, in accordance with the terms and conditions of the scheme.

The Company recognises this scheme as an equity settled share based payments arrangement in accordance with IND AS 102 - Share Based Payment. Options granted under Parent's ESOP scheme vests in 4/5 instalments on expiry of 12 months, 24 months, 36 months, 48 months and 60 months from the date of grant. The options may be exercised subject to condition of minimum number of option vesting, on specified day over a period of 4/5 years from the date of vesting. Such ESOP expense in respect of employees of the Company is charged by the holding Company over the vesting period. The charge is based on fair value of options calculated using Black and Scholes Option Pricing Model. The fair value charge is recognised as share based payment expenses under Employee Benefit Expenses.

NOTE NO. 44. COVID-19 IMPACT ON FINANCIALS

The Company used certain significant accounting estimates which have been disclosed in the financial statements.

These includes valuation of inventory, fair valuation of financial and non-financial assets and liabilities, testing of impairment of assets, going concern assessment etc. requiring significant management judgement in estimating the same. Considering the continuing COVID-19 pandemic, the results in upcoming period may significantly vary and may affect the recoverability of assets and settlement of liabilities.

The Company, based on internal & external sources of information including market research, economic forecast and other information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2020 as at the date of approval of these financial statements.

NOTE NO. 45. Merger of Mahindra Trucks and Buses Limited and Mahindra Automobile Distributor Private Limited into Mahindra Two Wheelers Limited

The Board of Directors of Mahindra Two Wheelers Limited (MTWL) at its Meeting held on 16th January, 2020, subject to requisite approvals/consents, approved the Scheme of Merger by Absorption of Mahindra Trucks and Buses Limited ("MTBL") and Mahindra Automobile Distributor Private Limited ("MADPL") with MTWL and their respective Shareholders ("Scheme") under the provisions of sections 230 to 232 of the Companies Act, 2013. The Appointed Date of the Scheme would be 1st April, 2019 and all the assets and liabilities and entire business of MTBL and MADPL in India or abroad would be vested in MTWL as a going concern. Upon the Scheme being effective and as consideration, MTWL will issue shares to the shareholders of MTBL and MADPL as per the swap ratio determined by the Independent Registered Valuer.

MTWL is in process of filing the Scheme with National Company Law Tribunal for approval.

NOTE NO. 46.

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

In terms of our report attached	For and on behalf of the Board of Directors		
For B K KHARE & CO			
Chartered Accountants Firm Regn. No. 105102W	**Bharat Moossaddee** Director **DIN-021664403**	**Hemant Sikka** Director **DIN-00922281**	
Shirish Rahalkar Partner M. No. 111212 Place: Mumbai Date: Apr 30, 2020	**Sandip Dhond** CEO Place: Mumbai Date: Apr 30, 2020	**Niteen Karve** Chief Financial Officer	**Shubha Samani** Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of **MAHINDRA AUTOMOBILE DISTRIBUTOR PRIVATE LIMITED**

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **Mahindra Automobile Distributor Private Limited** ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has

adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The company does not have any pending litigations which will impact its financial positions.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

FOR B. K. KHARE & CO.
Chartered Accountants
(Firm's Registration No. 105102W)

Ravi Kapoor
Partner
Membership No. 040404

Mumbai, 30th April, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of **Mahindra Automobile Distributor Private Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR B. K. KHARE & CO.
Chartered Accountants
(Firm's Registration No. 105102W)

Ravi Kapoor
Partner
Membership No. 040404

Mumbai, 30th April, 2020

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Automobile Distributor Private Limited** for the year ended March 31, 2020

Annexure to the Auditor's Report referred to in our report of even date:

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

iii) The title deeds of the freehold land are held in the name of the Company.

2) Physical verification of inventory has been conducted at reasonable intervals by the management and not material discrepancies were noticed.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

ii) There are no disputed dues outstanding as on March 31, 2020 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles -in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

FOR B. K. KHARE & CO.
Chartered Accountants
Firm's Registration Number 105102W

Ravi Kapoor
Partner
Membership Number 040404

Mumbai, 30th April, 2020

BALANCE SHEET AS ON MARCH 31, 2020

Rs. Lakhs

Particulars	Note No.	As on March 31, 2020	As on March 31, 2019
A ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	5	13.13	18.56
(b) Financial Assets Investments	6	–	–
(c) Deferred tax assets (net)	7	11.46	9.96
(d) Other non-current assets	8	0.37	0.37
Total Non-Current Assets		24.97	28.89
2 Current assets			
(a) Inventories	9	340.36	322.67
(b) Financial Assets			
(i) Investments	10	1,366.46	1,334.51
(ii) Trade receivables	11	25.23	141.73
(iii) Cash and cash equivalents	12	286.37	177.01
(iv) Loans	13	–	–
(v) Other financial assets	14	–	–
(c) Other current assets	15	10.79	16.45
Total Current Assets		2,029.21	1,992.37
Total Assets (1+2)		2,054.17	2,021.26
B EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share capital	16	100.00	100.00
(b) Other Equity	17	1,331.80	1,019.30
Total equity		1,431.80	1,119.30
LIABILITIES			
2 Non-current liabilities			
(a) Financial Liabilities	18	–	2.00
(b) Provisions	19	12.38	11.50
Total Non-Current Liabilities		12.38	13.50
3 Current liabilities			
(a) Financial Liabilities – Trade payables	20	–	–
– Total outstanding dues of micro and small enterprises		–	0.84
– Total outstanding dues of creditors other than micro and small enterprises (including acceptances)		369.06	527.30
(b) Current Tax Liabilities (Net)	21	4.48	44.56
(c) Other current liabilities	22	236.45	315.76
Total Current Liabilities		609.99	888.46
Total Equity and Liabilities (1+2+3)		2,054.17	2,021.26

The accompanying notes 1 to 36 are an integral part of Financial Statements.

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
FRN - 105102W

Ravi Kapoor
Partner
Membership No. 40404

Place : Mumbai
Date : 30th April, 2020

For and on behalf of the Board of Directors

Hemant Sikka Chairman

Bharat Moossaddee Director

Ketan Doshi Director

Sanjoy Gupta Director

Sandip Dhond CEO

Place : Mumbai
Date : 30th April, 2020

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2020

Rs. Lakhs

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
Continuing Operations			
I Revenue from operations	23	2,784.14	4,707.56
II Other Income	24	123.03	138.21
III **Total Revenue (I + II)**		2,907.18	4,845.77
IV **EXPENSES**			
(a) Purchases of Stock-in-trade		1,439.59	2,397.05
(b) Changes in stock of finished goods	25	(17.69)	68.84
(c) Employee benefit expense	26	39.04	40.62
(d) Finance costs	27	0.14	0.13
(e) Depreciation, amortisation and impairment expense	5	5.43	505.41
(f) Other expenses	28	721.20	1,313.31
Total Expenses		2,187.71	4,325.37
V **Profit before tax (III – IV)**		719.47	520.40
VI **Tax Expense**			
(1) Current tax	29	190.51	303.76
(2) Deferred tax	29	(1.50)	(1.31)
Total tax expense		189.00	302.45
VII **Profit for the year (V – VI)**		530.46	217.95
VIII **Other comprehensive income**		–	–
IX **Total comprehensive income for the period (VII + VIII)**		530.46	217.95
X **Earnings per equity share**			
(1) Basic	30	53.05	21.80
(2) Diluted	30	53.05	21.80

The accompanying notes 1 to 36 are an integral part of Financial Statements.

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
FRN - 105102W

Ravi Kapoor
Partner
Membership No. 40404

Place : Mumbai
Date : 30th April, 2020

For and on behalf of the Board of Directors

Hemant Sikka Chairman
Bharat Moossaddee Director
Ketan Doshi Director
Sanjoy Gupta Director
Sandip Dhond CEO

Place : Mumbai
Date : 30th April, 2020

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2020 - INDIRECT METHOD

Rs. Lakhs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash flows from operating activities		
Profit before tax for the year	**719.47**	520.40
Adjustments for:		
Finance costs recognised in profit and loss	**0.14**	0.13
Interest income	**(69.11)**	(71.55)
Dividend income	**–**	(15.08)
(Gain)/Loss on sale of investments (Net)	**(49.90)**	(22.01)
Marked to market (gain)/loss on current investment	**(2.05)**	(0.64)
Depreciation and amortisation of non-current assets	**5.43**	505.41
Unrealised foreign exchange (gain)/loss	**3.89**	(0.46)
Movements in working capital:		
(Increase)/decrease in trade and other receivables	**116.50**	5.97
(Increase)/decrease in inventories	**(17.69)**	68.85
(Increase)/decrease in other assets	**5.65**	5.01
Increase/(decrease) in trade and other payables	**(243.41)**	(100.89)
Cash generated from operations	**468.93**	895.14
Income taxes paid	**(230.59)**	(326.77)
Net cash generated by operating activities	**238.34**	568.37
Cash flows from investing activities		
Capital Expenditure	**–**	–
Payments to acquire financial assets - Mutual Fund	**(32,064.00)**	(39,085.08)
Proceeds on sale of financial assets - Mutual Fund	**32,034.11**	38,922.96
Profit/(loss) on sale of mutual funds	**49.90**	22.01
Interest received	**69.11**	76.65
Other dividends received	**–**	15.08
Inter corporate Deposits given	**(2,600.00)**	(1,800.00)
Inter corporate Deposits received	**2,600.00**	2,100.00
Non current investment in equity shares	**–**	–
Net cash generated by investing activities	**89.12**	251.62
Cash flows from financing activities		
Dividend and tax paid	**(217.95)**	(1,121.16)
Interest paid	**(0.14)**	(0.13)
Net cash used in financing activities	**(218.09)**	(1,121.29)
Net decrease in cash and cash equivalents	**109.36**	(301.30)
Cash and cash equivalents at the beginning of the year	**177.01**	478.31
Cash and cash equivalents at the end of the year	**286.37**	177.01

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
FRN - 105102W

Ravi Kapoor
Partner
Membership No. 40404

Place : Mumbai
Date : 30th April, 2020

For and on behalf of the Board of Directors

Hemant Sikka Chairman

Bharat Moossaddee Director

Ketan Doshi Director

Sanjoy Gupta Director

Sandip Dhond CEO

Place : Mumbai
Date : 30th April, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. Nature of Operations

Mahindra Automobile Distributor Private Limited is in the business of trading in Spare Parts. It deals in spare parts required for four wheelers. The Company undertakes procurement, warehousing management, logistics and sale of imported and local spare parts. It has a network of dealers spread across India to ensure timely availability of spare parts to the customers. The Company also exports spare parts in small quantities. It mainly follows a cash & carry business model.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (IndAS) notified under the companies (Indian Accounting standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All values are rounded to the nearest lakh.

2.2 Basis of preparation and presentation

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

2.2.(a) Scheme of Merger by Absorption:

Board of Directors of the Company at its Meeting held on 16th January, 2020, subject to requisite approvals/consents, approved the Scheme of Merger by Absorption of Mahindra Trucks and Buses Limited ("MTBL") and Mahindra Automobile Distributor Private Limited ("MADPL") into Mahindra Two Wheelers Limited ("MTWL") under the provisions of sections 230 to 232 of the Companies Act, 2013. The Appointed Date of the Scheme would be 1st April, 2019

All the assets and liabilities and entire business to absorbed as a going concern.

Upon the Scheme being effective and as consideration, MTWL will issue shares to the shareholders of MTBL and MADPL as per the swap ratio determined by the Independent Registered Valuer

Company has made the required filing with and seeking approval from National Company Law Tribunal, Mumbai Bench ("NCLT") for giving effect to the Scheme. Subject to pendency of the said approval, no adjustments have been made to the financial statements and have prepared on a going concern basis

2.3 Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

2.4 Revenue recognition

Sale of goods and services-

Sale of products and income from services rendered are recognised when the products are shipped or services rendered. Revenues are presented on gross amount and indirect taxes i.e. excise duty is shown under expenditure.

Dividend and interest income

Revenue also includes dividend on financial assets at FVTPL and is recognised immediately on receipt in case of mutual fund. Dividend in case of investment in equity shares are recognized when the right to receive the dividends is established.

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

2.5 Employee benefits

For defined benefit retirement benefit plans, liability towards gratuity is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognized on straight line basis over the average period until the benefit becomes vested. Actuarial gains and losses are recognized immediately in the statement of profit and loss account as income or expenses. Obligation is measured at the present value of estimated future cash flow using discount rate i.e. determined by reference to market to yield at the balance sheet date on government bonds where the currency and terms of bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.6 Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.7 Property, plant and equipment

All tangible fixed assets are carried at cost of acquisition less depreciation less accumulated impairment, if any.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation on assets is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

General plant and machinery Tool - 8 years

Vehicle – 5 years

2.8 Impairment of assets

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

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

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

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

2.9 Inventories

Inventories comprise of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Finished goods produced and purchased for sale, manufactured components and work-in-progress are carried at cost or net realizable value, whichever is lower.

2.10 Provisions

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

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

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

2.11 Financial Instruments

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

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

2.12 Financial Assets

Financial assets at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Company has made an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is made since the equity investment is not held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

In March 2017, the Company has invested into equity shares of AK Surya Power Magic Private Limited designated as Fair value though Other Comprehensive Income (FVOCI). However, owing financial uncertainties and business-related issues taken place during the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

period ended 31, December 2018, Company has decided to provide for a diminution against the value of investment along with the change in the classification of investments from FVOCI to FVTPL.

A financial asset is held for trading only if:

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

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item

Impairment of financial assets

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

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss

2.13 Financial Liabilities

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

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

2.14 Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

2.15 Segment Reporting

The Company's business activity falls within a single business segment viz. 'Automotive'. All other activities of the Company revolve around its main business. Hence there is no separate reportable primary segment.

2.16 Cash Flow statement

Cash flows are reported using the indirect method, as setout in Ind AS 7 whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows are segregated on the basis of Operating, Investing & Financing activities of the company.

2.17 Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

3. Recent Accounting Pronouncements: Standards issued but not yet effective

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116, Leases and consequential amendments to various Ind AS standards. The amendments are effective from accounting periods beginning from April 1, 2019.

Ind AS 116 Leases

The Company is required to adopt Ind AS 116, Leases from April 1, 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the financial statements in the period of initial application is not reasonably estimable as at present.

4. COVID 19 Impact:

The Company has accounted significant accounting estimates which have been disclosed in the financial statements.

These includes fair valuation of financial assets, testing of impairment of assets, going concern assessment etc. requiring significant management judgement in estimating the same. Considering the continuing COVID-19 pandemic, the results in upcoming period may significantly vary and may affect the recoverability of assets. However, this will depend upon future developments including actions taken to contain or treat the disease and to mitigate its impact on the economy.

The Company, based on internal & external sources of information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2020 as at the date of approval of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

Note 5 – Property, Plant and Equipment

Rs. Lakhs

Description of Assets	Plant and Equipment	Office Equipment	Vehicles	CWIP	Total
I. Cost					
Balance as at March 31, 2017	15.75	0.49	18.75	–	34.99
Additions during the year	–	–	–	2.16	2.16
Balance as at March 31, 2018	15.75	0.49	18.75	2.16	37.15
Additions during the year	–	–	–	–	–
Balance as at March 31, 2019	15.75	0.49	18.75	2.16	37.15
Additions during the year	–	–	–	–	–
Balance as at March 31, 2020	**15.75**	**0.49**	**18.75**	**2.16**	**37.15**
II. Accumulated depreciation and impairment for the year					
Balance as at March 31, 2017	(4.71)	(0.49)	(0.36)		(5.56)
Depreciation for the year	(1.87)	–	(3.56)	(2.16)	(7.59)
Balance as at March 31, 2018	(6.58)	(0.49)	(3.92)	(2.16)	(13.15)
Depreciation for the period	(1.87)	–	(3.56)	–	(5.43)
Balance as at March 31, 2019	(8.45)	(0.49)	(7.49)	(2.16)	(18.59)
Depreciation for the period	(1.87)	–	(3.56)	–	(5.43)
Balance as at March 31, 2020	**(10.32)**	**(0.49)**	**(11.05)**	**(2.16)**	**(24.02)**
Carrying amount (I-II)					
Balance as on March 31, 2020	5.43	–	7.70	–	13.13
Balance as on March 31, 2019	7.30	–	11.26	–	18.56

Note:

(i) The Company uses straight line method for accounting of fixed assets. The Plant and equipment tool has been depreciated over the useful life of 8 Years.

(ii) Vehicle has been depreciated over 5 years of useful life.

Note 6 Non – Current Investment

Particulars	Face value	As on March 31, 2020		As on March 31, 2019 **	
	Rs. per unit	Number	Rs. Lakhs	Number	Rs. Lakhs
Unquoted Investments (fully paid up)					
Investments in Equity Instruments at FVTOCI					
AK Surya Power Magic Private Limited	**1.00**	–	–	–	–
	–	–	–	–	–

In March 2017, the Company has invested in equity shares of AK Surya Power Magic Private Limited designated as Fair value though Other Comprehensive Income (FVOCI). However, owing to financial uncertainties that A K Surya Power Magic Private Limited has been facing in the past twelve months and business related issues that have taken place during the period ended 31 March 2019, Company had decided to impair the investment and accordingly changed the classification from FVOCI to FVTPL. The company has decided to impair this investment to the extent of Rupees 499.98 Lakhs and related write off has been charged to Profit and loss.

** This investment is classifed as current investment as on 31 December 2018 (Refer Schedule 8b)

Note 7 Deferred Tax Assets (net)

Rs. Lakhs

Particulars	As on March 31, 2020	As on March 31, 2019
Tax effect of items constituting deferred tax liabilities		
Property, Plant and Equipment	**0.13**	(0.09)
Vehicle	**0.74**	0.37
Financial asset at Fair value through profit and loss (FVTPL)	**(1.12)**	(0.21)
	(0.25)	0.07
Tax effect of items constituting deferred tax assets		
Employee Benefits	**3.05**	3.35
Provision for doubtful debts	**8.66**	6.54
	11.71	9.89
Net Tax Asset (Liabilities)	**11.46**	9.96

Movement of Deferred tax assets and liabilities

Rs. Lakhs

Particulars	For the Year ended March 31, 2020		
	Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	**(0.26)**	**0.39**	**0.13**
Vehicle	**(0.02)**	**0.77**	**0.74**
FVTPL financial asset	**0.82**	**(1.94)**	**(1.12)**
	0.53	**(0.78)**	**(0.25)**
Tax effect of items constituting deferred tax assets			
Employee Benefits	**3.18**	**(0.13)**	**3.05**
Provision for doubtful debts	**6.25**	**2.42**	**8.66**
	9.43	**2.29**	**11.71**
Net Tax Asset (Liabilities)	**9.96**	**1.50**	**11.46**

Note 8 Other non current Assets

Rs. Lakhs

Particulars	As on March 31, 2020	As at March 31, 2019
(a) Security deposits	**0.37**	0.37
(b) Advance income tax	**–**	–
Total	**0.37**	0.37

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

Note 9 Inventories

Rs. Lakhs

Particulars	As on March 31, 2020	As on March 31, 2019
Finished goods	**340.36**	322.67
Total Inventories at the lower of cost and net realisable value	**340.36**	322.67

Notes

The cost of inventories recognised as an expense during the year was Rs. 1421.9 Lakhs for 31 March 2020 (31 March 2019 Rs. 2465.88 Lakhs)

The amount of write-down of inventories to net realizable value recognized as an expense was Rs. 0.64 Lakhs and Rs. 0.02 Lakhs in 2020 and 2019, respectively.

Note 10a – Financial assets - Investments

Particular	As on March 31, 2020		As on March 31, 2019	
	Units	Rs. Lakhs	Units	Rs. Lakhs
Investments in Mutual Funds At fair value through profit & Loss account				
Quoted – Growth Scheme				
UTI Money Market Fund-Inst(G)	–	–	18,004	549.11
Mahindra Liquid Fund-Reg(G)	**30,268**	**388.17**	46,819	565.04
ICICI Pru Liquid Fund(G)	**24,214**	**26.05**	80,008	220.36
HDFC Overnight Fund(G)	**1,323**	**39.11**	–	–
SBI Liquid Fund(G)	**27,769**	**859.06**	–	–
Aditya Birla SL Overnight Fund-Reg(G)	**1,951**	**21.04**	–	–
SBI Overnight Fund-Reg(G)	**1,024.15**	**33.02**	–	–
Total Quoted Investments	**86,550**	**1,366**	1,44,831	1,335

Note 10b – Financial assets - Investments

Particulars	Face value	As on March 31, 2020		As on March 31, 2019**	
	Rs. per unit	Number*	Rs. Lakhs	Number	Rs. Lakhs
Unquoted Investments (fully paid up)					
Investments in Equity Instruments at FVTPL					
AK Surya Power Magic Private Limited	**1.00**	**17,629**	**499.98**	17,629	499.98
Less: Aggregate amount of impairment in value of investment	–	–	**(499.98)**	–	(499.98135)
	–	**17,629**	**0.00**	17,629	0.00

In March 2017, the Company has invested in equity shares of AK Surya Power Magic Private Limited designated as Fair value though Other Comprehensive Income (FVOCI). However, owing to financial uncertainties that A K Surya Power Magic Private Limited has been facing in the past twelve months and business related issues that have taken place during the period ended 31 March 2019, Company had decided to impair the investment and accordingly changed the classification from FVOCI to FVTPL. The company has decided to impair this investment to the extent of Rupees 499.98 Lakhs and related write off has been charged to Profit and loss.

*The company holds 17629 equity shares of A K Surya Power Magic Private Limited which are collectively valued at Re 1 in the Financial statements.

** This investment was classified as Non-current investment as on 31st March 2018.

Note 11 – Trade receivables

Rs. Lakhs

Particulars	As on March 31, 2020 Current	As on March 31, 2019 Current
Trade receivables		
(a) Unsecured, considered good	**25.23**	141.73
(b) Doubtful	**27.55**	16.36
(c) credit impaired		
Less: Allowance for doubtful debts (expected credit loss allowance)	**(27.55)**	(16.36)
Total	**25.23**	141.73

Note 12 Cash and cash equivalents

Rs. Lakhs

Particulars	As on March 31, 2020	As on March 31, 2019
Cash and cash equivalents		
(a) Balances with banks	**286.37**	177.01
(b) Cheques on hand	**–**	–
(c) Fixed deposits with maturity less than 3 months	**–**	–
Total Cash and cash equivalent	**286.37**	177.01

Note 13 – Loans

Rs. Lakhs

Particulars	As on March 31, 2020	As on March 31, 2019
a) Loans to related parties		
– Unsecured, considered good	**–**	–
Total	**–**	–
b) Other Loans		
– Unsecured, considered good	**–**	–
Sub total	**–**	–
Total	**–**	–

Note 14 – Other financial assets

Rs. Lakhs

Particulars	As on March 31, 2020	As on March 31, 2019
(i) Interest accrued but not received on fixed deposit	**–**	–
(ii) Interest accrued but not received on inter corporate deposit	**–**	–
Total	**–**	–

Note 15 Other current assets

Rs. Lakhs

Particulars	As on March 31, 2020	As on March 31, 2019
(a) Advances to suppliers	**9.79**	14.51
(b) Balances with government authorities	**–**	–
(c) Prepayments	**1.01**	1.94
Total	**10.79**	16.45

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

Note 16 Equity Share Capital

Particulars	As at March 31, 2020 No. of shares	As at March 31, 2020 Rs. Lakhs	As at March 31, 2019 No. of shares	As at March 31, 2019 Rs. Lakhs
Authorised:				
Equity shares of Rs. 10 each...	**40,00,00,000**	**40,000.00**	40,00,00,000	40,000.00
Issued, Subscribed Capital:				
Equity shares of Rs. 10 each, fully paid up............................	**10,00,000**	**100.00**	10,00,000	100.00
Total	**10,00,000**	**100.00**	10,00,000	100.00

Notes:

(i) The company has one class of Equity shares having a face value of Rs. 10. Each shareholder is eligible for one vote per share held. The equity shares of the company rank pari-passu in all respects including voting rights and entitlement to dividend.

Note 16.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the period

Particulars	As at 31st March, 2020 No. of Shares	As at 31st March, 2020 Rs. Lakhs	As at 31st March, 2019 No. of Shares	As at 31st March, 2019 Rs. Lakhs
Issued and subscribed:				
Balance as at the beginning of the year...............................	**10,00,000**	**100.00**	10,00,000	100.00
Add:				
Shares issued during the year...	**–**	**–**	–	–
Balance at the end of the year..	**10,00,000**	**100.00**	10,00,000	100.00

Note 16.2 Details of shares held by each shareholder holding more than 5% shares, and details of shares held by the holding and their subsidiaries:

Class of shares/ Name of shareholder	As at March 31, 2020 Number of shares held	As at March 31, 2020 % holding in that class of shares	As at March 31, 2019 Number of shares held	As at March 31, 2019 % holding in that class of shares
Equity shares				
Mahindra Trucks and Buses Limited, the holding Company......................	**7,90,000**	**79%**	7,90,000	79%
Mahindra Holdings Limited Subsidiary of Mahindra & Mahindra Ltd...........	**2,10,000**	**21%**	2,10,000	21%

Note 17 Other Equity

Other Equity Rs. Lakhs

Particulars	**Reserves & Surplus** General reserve	Retained earnings	Equity instrument through Other Comprehensive Income	**Total**
Balance at the beginning of the year......................	412.50	606.80	–	1,019.30
Total Comprehensive income for the period......	–	530.46	–	530.46
Dividends paid on equity shares..............................	–	(180.79)	–	(180.79)
Dividend distribution tax....	–	(37.16)	–	(37.16)
Balance at the end of the year 31st March 2020.......	**412.50**	**919.32**	**–**	**1,331.80**

Details of dividend paid and proposed

Rs. Lakhs

Particulars	**March 31, 2020**	March 31, 2019
Dividend paid		
Dividend paid on equity shares.....................	**180.79**	930.00
Dividend distribution tax paid........................	**37.16**	191.16
(Dividend for the period ended 31st March 2020 Rs. 53.05 per share and for 31st March 2019 Rs. 18.08 per share)................................		
Dividend proposed		
Dividend proposed on equity shares - 53.05 per share (Rs. 18.08 per share for FY 2019)...	**530.46**	180.79
Dividend distribution tax on proposed dividend..	**NA**	37.16
(Proposed dividend on equity shares are subject to the approval of members at the annual general meeting and are not recognized as a liability as at 31st March 2020)...................................		
	748.41	1,339.11

Note 18 Other Financial Liabilities

Rs. Lakhs

Particulars	**As on March 31, 2020**	As on March 31, 2019
Other Financial Liabilities Measured at Amortised Cost		
Non-Current		
Deposits received from Dealers..........................	**–**	2.00
Total other financial liabilities..........................	**–**	2.00

Note 19 Provisions

Rs. Lakhs

Particulars	**As on March 31, 2020**	As on March 31, 2019
Provision for employee benefits		
(i) Provision for compensated absences........	**5.46**	5.49
(ii) Provision for gratuity..................................	**6.92**	6.01
Total Provisions...	**12.38**	11.50

Note 20 Trade Payables

Rs. Lakhs

Particulars	**As on March 31, 2020**	As on March 31, 2019
Trade payables - Micro and small enterprise.....	**–**	0.84
Trade payables - others....................................	**369.06**	527.30
Total trade payables..	**369.06**	528.14

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

Note 21 Current tax liabilities (net)

Rs. Lakhs

Particulars	As on March 31, 2020	As on March 31, 2019
Provision for tax net of advance tax Rs. 175 Lakhs (FY 2018-19 - Rs. 257.5 Lakhs)...	**4.48**	44.56
Total	**4.48**	44.56

Note 22 Other Liabilities

Rs. Lakhs

Particulars	As on March 31, 2020	As on March 31, 2019
Advances received from customers	**209.79**	220.93
Statutory dues		
– Taxes payable	**26.66**	94.83
Total other liabilities	**236.45**	315.76

Note 23 Revenue from Operations

Rs. Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from sale of goods.........................	**2,784.14**	4,707.56
Total Revenue from Operations	**2,784.14**	4,707.56

Note 24 Other Income

Rs. Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Interest income		
– on financial assets at Amortized cost		
(i) fixed deposit with banks.............	**0.00**	7.34
(i) inter corporate deposit	**69.10**	64.21
(b) Dividend income from current investment	**–**	15.08
(c) Foreign exchange gain (net)	**(3.89)**	0.46
(d) Net profit on sale of current investments...	**49.90**	22.01
(e) Liabilities no longer required written back	**5.08**	6.30
(f) Miscellaneous income..........................	**2.83**	22.81
Total Other Income	**123.03**	138.21

Note 25 Changes in stock of finished goods, work-in-progress and stock-in-trade

Rs. Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the end of the period:		
Finished goods	**340.36**	322.67
Inventories at the beginning of the period:		
Finished goods	**322.67**	391.51
Net (Increase)/Decrease	**(17.69)**	68.84

Note 26 Employee Benefits Expense

Rs. Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Salaries and wages, including bonus ..	**32.02**	35.56
(b) Contribution to provident and other funds	**1.36**	1.74
(c) Share based payment expense...........	**2.42**	1.81
(d) Staff welfare expenses	**3.23**	1.51
Total Employee Benefit Expense	**39.04**	40.62

Certain employees of the Company are covered by Employee Stock Option Scheme (ESOP scheme) offered by Parent Company, Mahindra & Mahindra Limited.

Under the scheme, eligible employees are granted an option to purchase shares of Mahindra & Mahindra Limited, in accordance with the terms and conditions of the scheme.

The Company recognises this scheme as an equity settled share based payments arrangement in accordance with IND AS 102 - Share Based Payment. Options granted under Parent's ESOP scheme vests in 4/5 instalments on expiry of 12 months, 24 months, 36 months, 48 months and 60 months from the date of grant. The options may be exercised subject to condition of minimum number of option vesting, on specified day over a period of 4/5 years from the date of vesting. Such ESOP expense in respect of employees of the Company is charged by the Parent Company over the vesting period. The charge is based on fair value of options calculated using Black and Scholes Option Pricing Model. The fair value charge is recognised as share based payment expenses under Employee Benefit Expenses.

26.1 Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised for Year ended 31 March, 2020 Rs. 1.36 Lakhs for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to this plan by the Company is at rates specified in the rules of the schemes.

26.2 Defined Benefit Plans:

The Company offers the following employee benefit schemes to its employees:

Gratuity:

The Company has a plan towards gratuity, a defined benefit retirement plan covering eligible employees at retirement or death while in employment or on termination of employment for an amount as per policy payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company has only 2 employees on its payroll as of March 31, 2020, hence the company has made valuations at full value rather than obtaining actuarial valuation. Provision for gratuity is made on arithmetical basis of Rs. 6.63 Lakhs (March 2019, Rs. 6.01 Lakhs).

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

Note 27 Finance Cost

Rs. Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense on financial liability at amortised cost	**0.14**	0.13
Total finance costs	**0.14**	0.13

Note 28 Other Expenses

Rs. Lakhs

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a)	Rent including lease rentals	**40.93**	38.98
(b)	Rates and taxes	**6.61**	8.84
(c)	Insurance	**3.33**	3.61
(e)	Advertisement	**0.06**	25.00
(f)	Freight outward	**120.23**	204.75
(g)	Sales promotion expenses	**10.27**	13.64
(h)	Allowance for credit loss (net)	**11.19**	(2.89)
(i)	Travelling and Conveyance Expenses	**3.38**	4.58
(j)	Subcontracting, Hire and Service Charges	**203.05**	259.62
(k)	Expenditure on corporate social responsibilty (CSR) under section 135 of the Companies Act, 2013.	**29.52**	38.80
(l)	Contribution to New Democratic Electoral Trust	**–**	**300.00**
(m)	Auditors remuneration and out-of-pocket expenses (refer note (i) below)	**5.28**	7.25
(n)	Legal and other professional costs	**24.15**	20.53
(o)	Packing Expenses	**40.20**	45.02
(p)	Warehousing Charges	**210.74**	317.29
(q)	Royalty Expense	**6.88**	22.00
(r)	Other General Expenses	**5.37**	6.29
	Total Other Expenses	**721.20**	1,313.31

note (i)

Rs. Lakhs

	Particular	For the year ended March 31, 2020	For the year ended March 31, 2019
(i)	Payments to the auditors comprises (net of service tax input credit, where applicable):		
	For - statutory audit	**4.00**	4.00
	For taxation matters	**1.25**	1.25
	For other services		2.00
	Reimbursement of expenses	**0.03**	–
	Total	**5.28**	7.25

Note 29 Tax expenses

Income Tax Expense

Rs. Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Tax:		
Current Income Tax Charge	**190.51**	303.76
Deferred Tax		
In respect of current year origination and reversal of temporary differences	**(1.50)**	(1.31)
Short/(Excess) Provision for previous years	**–**	–
Total Tax Expense recognised in profit and loss account	**189.00**	302.45

Note 30 Earning per share disclosures

Particulars	For the year ended 31 March, 2020 Per Share	For the year ended 31 March, 2019 Per Share
Basic Earnings per share		
From continuing operations	**53.05**	21.80
Total basic earnings per share	**53.05**	21.80
Diluted Earnings per share		
From continuing operations	**53.05**	21.80
Total diluted earnings per share	**53.05**	21.80

Note 30.1 Basic earnings per share

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

Rs. Lakhs

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Profit for the year attributable to owners of the Company	**530.46**	217.95
Less: Preference dividend and tax thereon	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**530.46**	217.95
Weighted average number of equity shares	**10,00,000**	10,00,000
Earnings per share from continuing operations - Basic	**53.05**	21.80

Note 31 Segment information

The Company's businees activity falls within a single business segment viz. 'Automotive'.

All other activities of the Company revolve around its main business. Hence there are no separate reportable primary segments. Company deals into trading of Spare parts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

Rs. Lakhs

Geographic information	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from customers		
India	**2,767.15**	4,702.46
Outside India	**17.00**	5.10
Total revenue per statement of profit or loss	**2,784.14**	4,707.56

All the non-current assets of the Company are located in India.

Revenue from major products and services

The following is an analysis of the company's revenue from its major products and services:

Rs. Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of spares	**2,784.14**	4,707.56
Total	**2,784.14**	4,707.56

Revenues from transactions with a single external customer does not amounts to 10% or more of a Company's revenues during the year.

Since there is single segment there is no difference in measurement of profit & loss and measurement of assets and liabilities.

Note 32 Contingent liabilities and commitments

Rs. Lakhs

Contingent liabilities (to the extent not provided for)	As at March 31, 2020	As at March 31, 2019
Contingent liabilities		
Disputed Liabilities in appeal		
Sales Tax C form liability F13 & F15	**30.71**	–
Sales Tax C form liability F15	**–**	4.00
Total	**30.71**	4.00

Note 33 Related Party Transactions

Details of related parties:

Description of relationship	Names of related parties
Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Trucks & Buses Limited
Fellow Subsidiary	Mahindra Holdings Limited
Fellow Subsidiary	NBS International Limited
Fellow Subsidiary	Mahindra First Choice Services Limited
Fellow Subsidiary	Mahindra Reva Electric Vehicles Private Limited
Fellow Subsidiary	Mahindra Integrated Business Solution Private Limited
Fellow Subsidiary	Mahindra Two Wheeler Private Limited
Fellow Subsidiary	Mahindra Retail Private Limited
Fellow Subsidiary	Bristlecone India Limited
Key Management Personnel	Mr. Sandip Dhond

Note: Related parties have been identified by the Management.

Note**:** Figures in bracket relates to the previous year

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

Rs. Lakhs

	Mahindra & Mahindra Limited	Mahindra Trucks & Buses Limited	Mahindra Holdings Limited	NBS International Limited	Mahindra First Choice Services Limited	Mahindra Reva Electric Vehicles Private Limited	Mahindra Integrated Business Solution	Mahindra Two Wheeler Pvt Ltd	Mahindra Retail Private Limited	Total
Purchase of goods	140.48					0.00			21.07	161.55
	(159.95)					(-4.01)			(21.74)	(177.68)
Sale of goods	52.13			31.27	0.00	0.00				83.40
	(6.80)		(0.00)	(36.17)	(0.11)	(0.07)				(43.15)
Purchase of Fixed Assets										–
										(0.00)
Receiving of services	454.95						23.48			478.43
	(649.89)						(25.91)			(675.80)
Rent Expenses	48.30									48.30
	(46.00)									(46.00)
Interest Income				0.00						–
				(22.75)				(0.00)		(22.75)
Reimbursements received from parties	0									–
	(1.09)									(1.09)
Reimbursements made to parties	0.00									–
	(0.00)			(0.00)						(0.00)
Interest Expenses					0					–
					(0.12)					(0.12)
Managerial Remuneration	14.16									14.16
	(14.16)									(14.16)
Dividend Paid		142.82	37.97							180.79
		(830.28)	(235.62)							(1,065.90)
Inter Corporate Deposit Given				0.00						–
				(600.00)						(600.00)
Inter Corporate Deposit Received				0.00						–
				(900.00)				(0.00)		(900.00)
<u>Balances outstanding at the end of the year</u>										0.00
Trade receivables	0					0.00				–
	(0.00)					(0.07)				(0.07)
Trade payables	50.93			4.99	0.00	0	1.81			57.73
	(83.05)			(3.29)	(0.00)	(0.00)	(1.84)			(88.18)
Interest receivable										–
										(0.00)
Inter Corporate Deposit Receivable				0.00						–
				(0.00)						(0.00)
Dealer deposit					0.00					–
					(2.00)					(2.00)

Company has incurred Rs. 14.16 Lakhs for key managerial personnel services provided by M/s. Mahindra & Mahindra Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

Note 34 Financial Instruments and Risk Review

34.1 Capital Management policies and procedures

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound and optimal capital structure through monitoring of financial ratios, Return on capital employed ratio on the basis of the carrying amount of equity on a monthly basis and implement capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The company monitors the total capital comprising of Equity. The company is not subject to externally enforced capital regulation. Equity comprises of total shareholders' equity as reported in the financial statements.

Total Capital is as follows:

Rs. Lakhs

Particular	As at March 31, 2020	As at March 31, 2019
Equity	**1,431.80**	1,119.30
	1,431.80	1,119.30

Categories of financial assets and financial liabilities

Rs. Lakhs

	As at March 31, 2020				As at March 31, 2019			
Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**	Amortised Costs	FVTPL	FVOCI	Total
Non current financial Assets								
(i) Non current investment	–	–	–	–	–	–	–	–
Current Assets								
(i) Investments	–	**1,366.46**	–	**1,366.46**	–	1,334.51	–	1,334.51
(ii) Trade receivables	**25.23**	–	–	**25.23**	141.73	–	–	141.73
(iii) Cash and cash equivalents	**286.37**	–	–	**286.37**	177.01	–	–	177.01
(iv) Loans	–	–	–	–	–	–	–	–
(v) Interest accrued but not received	–	–	–	–	–	–	–	–
Total	**311.59**	**1,366.46**	–	**1,678.04**	318.74	1,334.51	–	1,653.25
Current Liabilities								
Trade Payables	**369.06**	–	–	**369.06**	528.14	–	–	528.14
Other Non Current financial liabilities								
Other financial liabilities	–	–	–	–	2.00	–	–	2.00
Total	**369.06**	–	–	**369.06**	530.14	–	–	530.14

Note 34.2 Financial Risk Management Framework

The Company's activities expose it to avariety of financial risks: market risk, credit risk, liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

(i) CREDIT RISK

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date. The Company's exposures are continuously monitored.

In respect of trade and other receivables, the company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are agencies with high credit-ratings assigned by international credit-rating agencies.

Trade Receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

The loss allowance for trade receivables using expected credit losses for different ageing periods are as follows:

Particulars	**Less than 6 months past due**	**More than 6 months past due**	**Total**
As at 31 March 2020			
Gross carrying amount	**25.23**	**27.55**	**52.79**
Loss allowance provision	**–**	**(27.55)**	**(27.55)**
Net	**25.23**	**–**	**25.23**
As at 31 March 2019			
Gross carrying amount	141.73	16.36	158.09
Loss allowance provision	–	(16.36)	(16.36)
Net	141.73	–	141.73

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

Reconciliation of loss allowance for Trade Receivables

Rs. Lakhs

Particulars	For the year ended March 31, 2020
Balance as at beginning of the year	**16.36**
Addition during the year	**11.19**
Additons/Reversal during the year	**–**
Balance at end of the year	**27.55**

(ii) MARKET RISK

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks, including:

(i) Forward covers to hedge the import payments,

(ii) Fixed Deposits with Bank and

(iii) Mutual funds investment

There have been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Rs. Lakhs

Particulars	Euro(Amt in Rs.)
As at 31 March 2020	
Trade Receivables	**0.05**
Trade Payables	**30.68**
	30.73
As at 31 March 2019	
Trade Receivables	4.91
Trade Payables	40.77
	45.68

Of the above foreign currency exposures, the following exposures are not hedged:

Rs. Lakhs

Particulars	Euro
As at 31 March 2020	
Trade Receivables	**0.05**
Trade Payables	**30.68**
	30.73
As at 31 March 2019	
Trade Receivables	4.91
Trade Payables	–
	4.91

Outstanding forward contracts entered by the Company as on 31st Dec, 2019

Currency	Buy/Sell	FC (in Lakhs)	Rs. Lakhs
As at 31 March 2020			
EUR	**Buy**	**0.22**	**–**
As at 31 March 2019			
EUR	Buy	1.27	102.05

Sensitivity Analysis

The following table illustrates the sensitivity of the net results for the year and equity in regards to the company's financial assets and liabilities and exchange rate

It assumes 10% change in exchage rate. This has been determined considering other variables constant

Rs. Lakhs

Exposure	As at March 31, 2020	As at March 31, 2019
Debtors	**0.05**	4.91
Creditors	**–**	–
Sub total	**0.05**	4.91
Exchange impact	**0.01**	0.49

Forward Exchange Contracts

It is the policy of the Company to enter into forward foreign exchange contracts to cover specific foreign currency remittances. Company has forex committee which decides on heging the foreign exposure from time to time.

The Company has not designated forward contracts under hedging relationships

(iii) LIQUIDITY RISK

(a) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

(b) Maturities of financial liabilities

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

Rs. Lakhs

Particulars	Less than 1 Year	1-3 Years
Non-derivative financial liabilities		
31-Mar-20		
Interest bearing financial liability	**–**	**–**
Non-interest bearing financial liabilities	**369.06**	**–**
Total	**369.06**	**–**
31-Mar-19		
Interest bearing financial liability	–	2.00
Non-interest bearing financial liabilities	528.14	–
Total	528.14	2.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

(c) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. Lakhs

Particulars	Less than 1 Year	1-3 Years
31-Mar-20		
Non-interest bearing		
(i) current Investments	**1,366.46**	**–**
(ii) Trade receivables	**25.23**	**–**
(iii) Cash and cash equivalents	**286.37**	**–**
(iv) Non current investments	**–**	**–**
Fixed interest rate instruments		
(i) Fixed deposits with banks	**–**	**–**
(ii) Interest accrued but not received	**–**	**–**
(iii) Loans	**–**	**–**
Total	**1,678.04**	**–**
31-Mar-19		
Non-interest bearing		
(i) Investments	1,334.51	–
(ii) Trade receivables	141.73	–
(iii) Cash and cash equivalents	177.01	–
(iv) Non current investments	–	–
Fixed interest rate instruments		
(i) Fixed deposits with banks	–	–
(ii) Interest accrued but not received	–	–
(iii) Loans	–	–
Total	**1,653.26**	**–**

Offsetting of balances

Rs. Lakhs

Particulars	Gross amount recognised	Gross amount recognized as set off in the balance sheet	Net amount presented in the balance sheet	Amounts subject to an enforceable master netting arrangement Deposit	Net amount after financial assets offsetting
As at 31 March 2020					
Financial assets					
Non current Investments	**–**	**–**	**–**	**–**	**–**
Current investments	**1,366.46**	**–**	**1,366.46**	**–**	**1,366.46**
Trade receivables	**52.79**	**(27.55)**	**25.23**	**–**	**25.23**
Cash and cash equivalents	**286.37**	**–**	**286.37**	**–**	**286.37**
Loans	**–**	**–**	**–**	**–**	**–**
Other financial assets	**–**	**–**	**–**	**–**	**–**
Total	**1,705.60**	**(27.55)**	**1,678.04**	**–**	**1,678.04**
Financial liability					
Trade payables	**369.06**	**–**	**369.06**	**–**	**369.06**
Other financial liabilities	**–**	**–**	**–**	**–**	**–**
Total	**369.06**	**–**	**369.06**	**–**	**369.06**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

Particulars	Gross amount recognised	Gross amount recognized as set off in the balance sheet	Net amount presented in the balance sheet	Amounts subject to an enforceable master netting arrangement Deposit	Net amount after financial assets offsetting
As at 31 March 2019					
Financial assets					
Non current Investments	–	–	–	–	–
Current investments	1,334.51	–	1,334.51	–	1,334.51
Trade receivables	158.09	(16.36)	141.73	–	141.73
Cash and cash equivalents	177.01	–	177.01	–	177.01
Loans	–	–	–	–	–
Other financial assets	–	–	–	–	–
Total	1,669.62	(16.36)	1,653.26	–	1,653.26
Financial liability					
Trade payables	528.14	–	528.14	–	528.14
Other financial liabilities	2.00	–	2.00	–	2.00
Total	530.14	–	530.14	–	530.14

Note 35 Fair Value Measurement

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	March 31, 2020	March 31, 2019				
(i) Foreign currency forward contracts	NIL	(1.46)	Level 2	Discounted Cash Flow	Future cash flows are estimated based on forward exchange rates (from observable forward exchanage rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counter parties.	
(ii) Equity investments	–	–	Level 3	Combination of Net assets value and Discounted Cash Flow	Long term revenue growth rates	

Note: Carrying amount of Investment in unquoted equity shares closely approximates the fair value.

Financial instruments not measured using fair value i.e. measured using amortized cost

Rs. Lakhs

	Level 1	Level 2	Level 3	Total
<u>**Financial assets**</u>				
As at 31st March 2020				
<u>Current Financial assets carried at amortised cost</u>				
– loans to related parties	**–**	**–**	**–**	**–**
– trade and other receivables	**–**	**25.23**	**–**	**25.23**
– Loans receivables	**–**	**–**	**–**	**–**
– Others	**–**	**–**	**–**	**–**
Total	**–**	**25.23**	**–**	**25.23**
<u>**Financial liabilities**</u>				
<u>Non current financial liabilities carried at amortised cost</u>				
Dealer Deposit	**–**	**–**	**–**	**–**
<u>Current financial liabilities carried at amortised cost</u>				
Trade Payables	**–**	**369.06**	**–**	**369.06**
Total	**–**	**369.06**	**–**	**369.06**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

Rs. Lakhs

	Level 1	Level 2	Level 3	Total
Financial assets				
As at 31st March 2019				
Current Financial assets carried at amortised cost				
– loans to related parties	–	–	–	–
– trade and other receivables	–	141.73	–	141.73
– Loans receivables	–	–	–	–
– Others	–	–	–	–
Total	–	141.73	–	141.73
Financial liabilities				
Non current financial liabilities carried at amortised cost				
Dealer Deposit	–	2.00	–	2.00
Current financial liabilities carried at amortised cost				
Trade Payables	–	528.14	–	528.14
Total	–	530.14	–	530.14

Financial instruments measured using fair value

Rs. Lakhs

	Level 1	Level 2	Level 3	Total
Financial assets				
As at 31st March 2020				
Current Financial assets				
Investments in Mutual Funds	**1,366.46**	**–**	**–**	**1,366.46**
Non current financial assets				
Investment in equity instruments	**–**	**–**	**–**	**–**
Total	**1,366.46**	**–**	**–**	**1,366.46**
Financial assets				
As at 31st March 2019				
Current Financial assets				
Investments in Mutual Funds	1,334.51	–	–	1,334.51
Non current financial assets				
Investment in equity instruments	–	–	–	–
Total	1,334.51	–	–	1,334.51

Note 36 Additional Information to the Financial Statements

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

Rs. Lakhs

Particulars		**March 31, 2020**	March 31, 2019
(i)	Principal amount remaining unpaid to MSME suppliers as at the end of the accounting year	**–**	0.84
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**–**	–
(iii)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	**–**	0.01
(iv)	The amount of interest due and payable for the year	**–**	0.01
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	**–**	–
(vi)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	**–**	–

For and on behalf of the Board of Directors

Hemant Sikka	Chairman
Bharat Moossaddee	Director
Ketan Doshi	Director
Sanjoy Gupta	Director
Sandip Dhond	CEO

Place : Mumbai
Date : 30th April, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of **NBS International Limited**

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of NBS International Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, the statement of profit and loss, Statement of change in equity and statement of cash flow for the year then ended and notes to the financial statements, including summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, its loss, changes in equity and cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 32 of the Ind AS financial statements, which indicate that the Company has accumulated losses of Rs. 4019.98 lakhs and its net worth as at 31 March 2020 has been fully eroded. However, standalone Ind AS financial statement of the Company have been prepared on a going concern basis for the reason stated in said note.

Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report, but does not include the Standalone Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the Standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statement, that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting

a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company so far, it appears from our examination of those books.
    c) The balance sheet, the statement of profit and loss, the statement of change in equity and the cash flow statement dealt with by this Report are in agreement with the books of account.
    d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule (7) of Companies Accounts (Rules), 2014.
    e) The going concern matter describe under the Emphasis of matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
    f) On the basis of written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020, from being appointed as a director in terms of Section 164(2) of the Act.
    g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
    h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company has not paid or provided remuneration to its directors during the year. Accordingly compliance with the provision of Section 197(16) read with schedule V of the Act is not required.
    i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 30 to the Ind AS Financial Statements.
        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
        iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For **Suresh Surana & Associates LLP**
Chartered Accountants
Firm's Registration Number: 121750W/W-100010

Vinodkumar Varma
Partner
Membership No. 105545

Mumbai, 11 May, 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the standalone Ind AS financial statements of NBS International Limited for the year ended 31 March 2020)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Property, Plant and Equipment.

   (b) The Property, Plant and Equipment are physically verified by the management according to a programme of phased verification, which in our opinion as reasonable having regard to size of the Company and nature of its assets. Pursuant to the programme, a portion of Property, Plant and Equipment has been physical verified by the Management during the year and no material discrepancies had been noticed in respects of assets verified during the year.

   (c) According to information and explanations given to us, and on the basis of our examination of the records of the Company, the Company does not have any immovable properties. Accordingly, the provision of clause 3(i) (c) of the Order is not applicable to the Company.

2. According to information and explanations given to us, the inventory has been physically verified by the management at regular intervals during the year and no material discrepancies were noticed on such verification by the management.

3. According to information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) of the Order are not applicable to the Company.

4. According to information and explanations given to us, the Company has not granted any loans or made any investment or provided any guarantee or security covered under provisions of section 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order is not applicable to the Company.

5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the rules framed thereunder. Accordingly, the provision of clause 3(v) of the Order is not applicable to the Company.

6. According to the information and explanations given to us, the requirement for maintenance of cost records specified by the Central Government under Section 148(1) of the Act is not applicable to the Company during the year.

7. a) According to the information and the explanations given to us, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, custom duty, cess and other applicable statutory dues with the appropriate authorities. No undisputed amounts payable in respect of aforesaid statutory dues were outstanding as on the last day of the financial year for a period of more than six months from the date they became payable.

   b) According to information and explanations given to us, and record of the Company examined by us, there were no dues on account of Income tax or sales tax service tax, goods and services tax, custom duty, excise duty, value added tax and cess which have not been deposited on account of any dispute except following:

Name of the Statue	Nature of dues	Amount* (Rs. in lakhs)	Period to which the amounts relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	93.43	AY 2012-2013	Appeal filed against order passed by DCIT

* net of amount paid under protest Rs. 50.00 lakhs

8. According to information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions or bank as at the balance sheet date.

9. According to the information and explanations given to us, the Company has not raised moneys by way of public offer (including debt instruments) and term loan during the year and accordingly, para 3 (ix) of the order is not applicable to the Company.

10. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanation given to us, we report that no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

11. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not paid or provided any managerial remuneration. Accordingly, the provision of clause 3(xi) of the Order is not applicable to the Company.

12. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.

13. According to the information and explanations given to us, transactions with related parties are in compliance with Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

14. The Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provision of clause 3(xiv) of the Order is not applicable to the Company.

15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provision of clause 3(xvi) of the Order is not applicable to the Company.

For **Suresh Surana & Associates LLP**
Chartered Accountants
Firm's Registration Number: 121750W/W-100010

Vinodkumar Varma
Partner
Membership No. 105545

Mumbai, 11 May, 2020

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(g) under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date on the Standalone Ind AS financial statements of NBS International Limited for the year ended 31 March 2020)

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

We have audited the internal financial controls over financial reporting of NBS International Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by Institute of Chartered Accountants of India.

For **Suresh Surana & Associates LLP**
Chartered Accountants
Firm's Registration Number: 121750W/W-100010

Vinodkumar Varma
Partner
Membership No. 105545

Mumbai, 11 May, 2020

BALANCE SHEET AS AT 31 MARCH 2020

(Currency: Indian Rupees in Lakhs)

	Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	4	**767.96**	717.00
	(b) Capital Work-in-Progress		**7.07**	31.40
	(c) Other Intangible Assets	5	**0.06**	–
	(d) Financial Assets			
	(i) Others	6	**49.52**	43.76
	(e) Deferred Tax Assets (Net)	7	**–**	–
	(f) Other Non-current Assets	8	**19.97**	27.80
	(g) Non Current Tax Asset (Net of Provision)		**239.96**	219.45
	SUB-TOTAL		**1,084.54**	1,039.41
	CURRENT ASSETS			
	(a) Inventories	9	**537.95**	2,836.83
	(b) Financial Assets			
	(i) Trade Receivables	10	**560.28**	579.36
	(ii) Cash and Cash Equivalents	11	**14.96**	13.33
	(iii) Loans and Advances	12	**19.60**	21.99
	(c) Assets held for Sale		**0.66**	–
	(d) Other Current Assets	8	**185.29**	682.32
	SUB-TOTAL		**1,318.74**	4,133.83
	TOTAL ASSETS		**2,403.28**	5,173.24
II	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Equity Share Capital	13	**2,455.05**	2,455.05
	(b) Other Equity		**(4,019.98)**	(3,212.23)
	SUB-TOTAL		**(1,564.93)**	(757.18)
	LIABILITIES			
2	**NON-CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Lease Liabilities		**135.17**	–
	(b) Provisions	14	**56.99**	33.68
	SUB-TOTAL		**192.16**	33.68
3	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	15	**2,210.70**	2,381.61
	(ii) Trade Payables	16		
	- total outstanding dues of micro enterprises and small enterprises		**–**	–
	- total outstanding dues of creditors other than micro enterprises and small enterprises		**1,126.14**	2,817.43
	(iii) Lease Liability		**123.29**	–
	(iv) Others	17	**6.94**	151.26
	(b) Other Current Liabilities	18	**281.93**	527.57
	(c) Provisions	14	**27.05**	18.87
	SUB-TOTAL		**3,776.05**	5,896.74
	TOTAL		**2,403.28**	5,173.24

The accompanying notes 1 to 34 are an integral part of the Financial Statements

As per our report of even date attached

For Suresh Surana & Associates LLP
Chartered Accountants
Firm Registration No. 121750W/W-100010

Vinodkumar Varma
Partner
Membership No. 105545

Place: Mumbai
Date: 11th May, 2020

For and on behalf of the Board of Directors of
NBS International Ltd.

P.N. Shah Chairman

Vijay Nakra Director
Anil Mediratta CEO
V. Rajan CFO
Divya Mascarenhas Company Secretary

Place: Mumbai
Date: 11th May, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(Currency: Indian Rupees in Lakhs)

	Particulars	Note No.	For the year ended 31 March 2020	For the year ended 31 March 2019
	Income			
I	Revenue from operations	19	**19,281.24**	16,788.09
II	Other Income	20	**29.55**	55.18
III	**Total Revenue (I + II)**		**19,310.79**	16,843.27
IV	**EXPENSES**			
	(a) Purchases of Stock-in-trade	21(a)	**14,556.74**	16,512.08
	(b) Changes in stock-in-trade	21(b)	**2,298.88**	(1,823.89)
	(c) Employee benefits expense	22	**1,443.74**	1,267.76
	(d) Finance costs	23	**235.88**	185.18
	(e) Depreciation and amortisation expense	4	**424.61**	153.83
	(f) Other expenses	24	**1,136.73**	1,302.26
V	**Total Expenses**		**20,096.58**	17,597.22
VI	**Profit/(loss) before tax (III - V)**		**(785.79)**	(753.95)
VII	**Tax Expense**			
	(1) Current tax		**–**	–
	(2) Deferred tax	7	**–**	–
	(3) Tax adjustment for earlier years		**–**	0.88
	Total tax expense		**–**	0.88
VIII	**Profit/(loss) for the year (VI - VII)**		**(785.79)**	(753.07)
IX	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plan		**21.96**	5.66
X	**Total comprehensive income for the period (VIII + IX)**		**(807.75)**	(747.41)
XI	**Earnings per equity share:**			
	(Face Value Rs. 10/- per share)			
	(1) Basic	25	**(3.29)**	(3.04)
	(2) Diluted	25	**(3.29)**	(3.04)

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As per our report of even date attached

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Anil Mediratta CEO
V. Rajan CFO
Divya Mascarenhas Company Secretary

Place: Mumbai
Date: 11th May, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

(Currency: Indian Rupees in Lakhs)

A. Equity share capital	Rupees lakhs
As at 1 April 2018	2,455.05
Changes in equity share capital during the year	–
As at 31 March 2019	**2,455.05**
Changes in equity share capital during the year	–
As at 31 March 2020	**2,455.05**

B. Other Equity

Particulars	Reserves and Surplus		Items of other comprehensive income	
	General Reserve	Retained Earnings	Remeasurement of the defined benefit plan	Total
Opening as at 1 April 2018	**–**	**(2,482.20)**	**17.38**	**(2,464.82)**
Profit / (Loss) for the year		(753.07)	–	(753.07)
Equity Share Issuance Costs	–	–	5.66	5.66
Other Comprehensive Income / (Loss)	–	–	–	–
Total Comprehensive Income for the year	**–**	**(753.07)**	**5.66**	**(747.41)**
Closing as at 31 March 2019	**–**	**(3,235.27)**	**23.04**	**(3,212.23)**
Opening as at 1 April 2019	**–**	**(3,235.27)**	**23.04**	**(3,212.23)**
Profit / (Loss) for the year	–	(785.79)	–	(785.79)
Other Comprehensive Income / (Loss)	–	–	(21.96)	(21.96)
Total Comprehensive Income for the year	**–**	**(785.79)**	**(21.96)**	**(807.75)**
Closing as at 31 March 2020	**–**	**(4,021.06)**	**1.08**	**(4,019.98)**

The accompanying notes 1 to 34 are an integral part of the Financial Statements

As per our report of even date attached

For Suresh Surana & Associates LLP
Chartered Accountants
Firm Registration No. 121750W/W-100010

Vinodkumar Varma
Partner
Membership No. 105545

Place: Mumbai
Date: 11th May, 2020

For and on behalf of the Board of Directors of
NBS International Ltd.

P.N. Shah Chairman

Vijay Nakra Director
Anil Mediratta CEO
V. Rajan CFO
Divya Mascarenhas Company Secretary

Place: Mumbai
Date: 11th May, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flows from operating activities		
Profit/(Loss) before tax for the year	**(785.79)**	(753.07)
Adjustments for:		
Finance costs recognised in profit or loss	**235.88**	185.18
Asset Written Off	**12.49**	-
(Gain)/loss on disposal of property, plant and equipment	**7.90**	7.52
Net gain/(loss) on Acturial Valuation	**(21.96)**	5.66
Interest on Security Deposit	**(0.87)**	(1.37)
Depreciation and amortisation of non-current assets	**424.61**	153.83
	(127.74)	(402.25)
Movements in working capital:		
(Increase)/decrease in trade and other receivables	**19.08**	(113.89)
(Increase)/decrease in inventories	**2,298.88**	(1,823.89)
(Increase)/decrease in other assets	**501.49**	(347.90)
Decrease in trade and other payables	**(1,691.29)**	1,508.36
Increase/(decrease) in provisions	**31.49**	(3.12)
(Decrease)/increase in other liabilities	**(389.96)**	459.06
Cash generated from operations	**641.95**	(723.63)
Income taxes (paid)/refund received- Net	**(20.51)**	9.96
Net cash generated by/(used in) operating activities	**621.44**	(713.67)
Cash flows from investing activities		
Payments for property, plant and equipment	**(48.30)**	(359.10)
Proceeds from disposal of property, plant and equipment	**90.67**	40.32
Net cash (used in)/generated by investing activities	**42.37**	(318.78)
Cash flows from financing activities		
Repayment of lease liabilities	**(256.26)**	-
Proceeds from borrowings	**(170.91)**	1,503.75
Repayment of borrowings	–	(300.00)
Interest paid	**(235.88)**	(185.18)
Interest on Security Deposit	**0.87**	1.37
Net cash (used in)/generated by financing activities	**(662.18)**	(1,019.94)
Net increase in cash and cash equivalents	**1.63**	(12.51)
Cash and cash equivalents at the beginning of the year	**13.33**	25.84
Cash and cash equivalents at the end of the year	**14.96**	13.33

The accompanying notes 1 to 34 are an integral part of the Financial Statements

As per our report of even date attached

For Suresh Surana & Associates LLP
Chartered Accountants
Firm Registration No. 121750W/W-100010

Vinodkumar Varma
Partner
Membership No. 105545

Place: Mumbai
Date: 11th May, 2020

For and on behalf of the Board of Directors of
NBS International Ltd.

P.N. Shah Chairman

Vijay Nakra Director
Anil Mediratta CEO
V. Rajan CFO
Divya Mascarenhas Company Secretary

Place: Mumbai
Date: 11th May, 2020

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

1. **Nature of Operations:**

   NBS International Limited, a wholly owned subsidiary of Mahindra & Mahindra Limited engaged in the business of sales & servicing of motor vehicles..

2. **Significant Accounting Policies:**

   a) **Statement of compliance**

   The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended and notified under section 133 of the Companies Act,2013 (the Act) and other relevant provisions of the Act.

   The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All values are rounded to the nearest lakhs.

   b) **Basis of preparation and presentation**

   The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

   Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

   (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

   (ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

   (iii) Level 3 inputs are unobservable inputs for the asset or liability

   c) **Use of estimates and judgements**

   The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented.

   Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

   In the process of applying the Company's accounting policies, management has made the following Judgements, estimates and assumptions which have significant effect on the amounts recognised in the financial statements:

   Provision for doubtful advances and trade receivables:

   The company is not significantly exposed and the amount involved is not material therefore Company does not calculate any credit loss for trade receivables and advances to parties as required under IND AS 109 'Financial Instrument'. However, the company provides for doubtful advances and trade receivables based on its judgement about recoverability of amount.

   Deferred tax assets

   Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Deferred tax assets in respect of carry forward of unused tax losses or unused tax credit have been recognised to the extent of available taxable temporary differences.

   - **Fair value measurement of financial instruments**

     When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of various inputs including liquidity risk, credit risk, volatility etc. Changes in assumptions/judgements about these factors could affect the reported fair value of financial instruments.

   d) **Change in accounting policies and disclosures**

   i) **New and amended standards and interpretations:**

   On April 1, 2019, the Company adopted Ind AS 116, Leases. Accordingly, the policy for Leases as presented in the Company's Annual Report is amended as under:

   Ind AS 116 – Leases

   The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

   The Company as a lessee

   The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves–

   (a) the use of an identified asset,

   (b) the right to obtain substantially all the economic benefits from use of the identified asset,

   (c) the right to direct the use of the identified asset.

   The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

   The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

   For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

   The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in consolidated statement of income. For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

   Lease payments have been classified as cash used in financing activities.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Contracts in which all the risks and rewards of the lease are substantially transferred to the lessee are classified as a finance lease. All other leases are classified as operating leases.

Leases, for which the Company is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contracts. The sub-lease is classified as a finance lease or an operating lease by reference to the RoU asset arising from the head-lease.

New Accounting standards, amendments and interpretations adopted by the Company effective from April 1, 2019:

Ind AS 116 - Leases

On April 1, 2019, the Company has adopted Ind AS 116, Leases, applied to all lease contracts outstanding as at April 1, 2019 using modified retrospective method by recognizing a right-of-use asset equal to the amount of the lease liability. Under that method, comparative periods are not restated. The Company has made use of the following practical expedient available on transition to Ind AS 16,

(i) not to reassess whether a contract is or contains a lease, accordingly the definition of lease in accordance with Ind AS 17 will continue to be applied to those leases entered or modified before April 1, 2019.

(ii) The Company has applied a single discount rate to a portfolio of leases of similar assets in similar economic environment, consequently, the Company has recorded the lease liability at the present value of remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and the right to use asset at its carrying amount as if the standard had been applied since the commencement date of the lease but discounted using the incremental borrowing rate at the date of initial application.

(iii) Excluded the initial direct costs from measurement of the RoU asset.

(iv) Not to recognize RoU assets and lease liabilities for leases with less than twelve months of lease term and low-value assets on the date of initial application.

Refer note No. 31 for the effect of adopting Ind AS 116 as at 1 April 2019.

Ind AS 12 'Income Taxes'

The Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The adoption of amendment to Ind AS 12 did not have any material impact on financial statements of the Company.

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The adoption of amendment to Ind AS 12 did not have any material impact on financial statements of the Company.

Amendment to Ind AS 19 'Employee Benefits':

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The adoption of amendment to Ind AS 19 did not have any material impact on financial statements of the Company.

e) <u>New accounting standards not yet adopted</u>

Certain new standards, amendments to standards and interpretations are not yet effective for annual periods beginning after April 1, 2019. These amendments are effective for annual reporting periods beginning on or after April 1, 2020, with early application permitted. The adoption of this amendment is not expected to have any impact on the financial statements of the Company.

f) **<u>Revenue from contract with customer</u>**

The Company derives revenues primarily from sale and servicing of motor vehicles.

Ind AS 115 "Revenue from Contracts with Customers" provides a control-based revenue recognition model and provides a five step application approach to be followed for revenue recognition.

- Identify the contract(s) with a customer;
- Identify the performance obligations;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations;
- Recognise revenue when or as an entity satisfies performance obligation.

Revenue from contract with customer is recognised when control of the goods or services are transferred to the customer at an amount that reflect the consideration to which the Company expects to be entitled in exchange of the goods and services. Revenue excludes amount collected on behalf of the third parties. Revenue is net of discounts, duties and sales tax/GST.

The Company applied Ind AS 115 "Revenue from Contracts with Customers" effective 1 April 2018. The adoption of Ind AS 115 did not have any material impact on the revenue recognition by the Company compared to previous year.

(i) <u>Sales of goods:</u>

Sale of spares parts and accessories of vehicles (including customized) is recognised when the title is accepted by the customer.

(ii) <u>Service Income:</u>

Service income is recognized as per the terms of the contract when the related services are rendered.

(iii) <u>Interest income:</u>

Interest income is recognized on time proportion basis.

(iv) <u>Other Income:</u>

Income from financing vehicles, Insurance Income and other service income are accounted on accrual basis.

g) <u>Inventories</u>

Inventories comprise of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Spare parts & accessories are valued at moving average rate.

h) Property, Plant & equipment

Property, Plant & equipment assets are carried at cost of acquisition less depreciation less accumulated impairment, if any.

Cost of intangible assets are being amortised over a period of five years on time proportion basis.

Leasehold Improvements are amortized over the period of lease or estimated period of useful life of such improvement, whichever is lower.

Depreciation is provided on straight-line basis for property, plant and equipment so as to expense the depreciable amount, i.e. the cost less estimated residual value, over its estimated useful life.

When an asset is scrapped or otherwise disposed off the cost and relevant depreciation are removed from the books of accounts and resultant profit or loss, if any, is reflected in statement of profit and loss.

Assets costing less than or equal to Rs. 5,000 are depreciated fully in the year of purchase.

The management's estimate of useful lives are in accordance with Schedule II of the Companies Act,2013,other than the following asset classes, based on the Company's expected usage pattern supported by technical assessment:

Asset Class		Useful lives
(i)	Certain items of plant and Machinery	1 - 15 years
(ii)	Office equipment	1 - 5 years
(iii)	Vehicles	5 years

i) Retirement and Other Employee Benefits

For defined benefit retirement benefit plans, liability towards gratuity is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognized on straight line basis over the average period until the benefit becomes vested. Actuarial gains and losses are recognized immediately in the statement of profit and loss account as income or expenses. Obligation is measured at the present value of estimated future cash flow using discount rate i.e. determined by reference to market to yield at the balance sheet date on government bonds where the currency and terms of bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Defined benefit costs are categorised as follows:

(i) service cost (including current service cost, past service cost, as well as gains qand losses on curtailments and settlements):

(ii) net interest expense or income; and

(iii) remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

j) Taxation

(i) Current Tax

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

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

k) Impairment of assets

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

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

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

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

l) Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company.

When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

m) Financial Instruments

i) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value (purchase value plus transaction costs that are attributable to the acquisition of the financial asset). Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income FVTOCI

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the other comprehensive income (OCI). There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit & loss.

Derecognition

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

ii) Non-derivative financial liabilities

Financial liabilities are classified as either "financial liabilities at fair value through profit or loss" or "other financial Liabilities".

(a) Financial liabilities are classified as "financial liabilities at fair value through profit or loss" if they are held for trading or if they are designated as financial liabilities at fair value through profit or loss. These are measured initially at fair value with subsequent changes recognized in profit or loss. Fair value is determined as per IND AS 113 'fair value measurement'.

(b) Other financial liabilities, including loans and borrowing, are initially measured at fair value, net of directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the EIR method.

Derecognition of financial liabilities:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

a) Cash-Flow Statement

Cash flows are reported using the indirect method, as set out in Ind AS 7 whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows are segregated on the basis of Operating, Investing & Financing activities of the company.

b) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

c) Segment

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole. The Company's business activity primarily falls within a single business segment, i.e. Automative as primarily segment. There is no geographical segment, thus there are no additional disclosures to be provided under Ind AS 108 - "Operating Segments". There have been no other reportable segments identified by chief operating decision makers.

Note No. 4 - Property, Plant and Equipment

(Currency: Indian Rupees in Lakhs)

Description of Assets	Right-of-Use Assets	Buildings - Leasehold	Plant and Equipment - Freehold	EDP Equipments	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Carrying Amount								
Balance as at 1 April 2018	–	232.97	284.12	78.36	56.63	73.84	467.47	1,193.39
Additions	–	–	16.80	12.54	41.03	1.73	269.21	341.31
Disposals	–	(35.95)	(33.38)	(15.54)	(5.96)	(8.82)	(123.12)	(222.77)
Balance as at 31 March 2019	–	197.02	267.54	75.36	91.70	66.75	613.56	1,311.93
Additions	514.72	–	11.69	9.35	13.11	3.70	21.37	573.94
Disposals		–	–	–	–	–	(229.85)	(229.85)
Balance as at 31 March 2020	**514.72**	**197.02**	**279.23**	**84.71**	**104.81**	**70.45**	**405.08**	**1,656.02**
II. Accumulated depreciation and impairment								
Balance as at 1 April 2019	–	93.31	164.39	65.11	48.46	33.47	211.26	616.00
Depreciation expense for the year	–	9.04	23.78	7.74	17.74	6.25	89.28	153.83
Eliminated on disposal of assets	–	(34.84)	(31.36)	(14.78)	(5.66)	(7.77)	(80.52)	(174.93)
Balance as at 31 March 2019	–	67.51	156.81	58.07	60.54	31.95	220.02	594.93
Depreciation expense for the year	265.83	7.40	24.51	9.97	19.62	8.57	88.51	424.41
Eliminated on disposal of assets	–	–	–	–	–	–	(131.28)	(131.28)
Balance as at 31 March 2020	**265.83**	**74.91**	**181.32**	**68.04**	**80.16**	**40.52**	**177.25**	**888.06**
III. Net carrying amount (I-II)								
Balance as at 31 March 2019	–	129.51	110.73	17.29	31.16	34.80	393.54	717.00
Balance as at 31 March 2020	**248.89**	**122.11**	**97.91**	**16.67**	**24.65**	**29.93**	**227.83**	**767.96**

Note No. 5 - Other Intangible Assets

(Currency: Indian Rupees in Lakhs)

Description of Assets	Computer Software
I. Gross Carrying Amount	
Balance as at 1 April 2018	5.70
Additions from separate acquisitions	–
Disposals	–
Balance as at 31 March 2019	5.70
Additions from separate acquisitions	0.26
Disposals	–
Balance as at 31 March 2020	**5.96**

(Currency: Indian Rupees in Lakhs)

Description of Assets	Computer Software
II. Accumulated depreciation and impairment	
Balance as at 1 April 2018	5.70
Amortisation expense for the year	–
Balance as at 31 March 2019	5.70
Amortisation expense for the year	0.20
Balance as at 31 March 20	**5.90**
III. Net carrying amount (I-II)	
Balance as at 31 March 2019	–
Balance as at 31 March 2020	0.06

Note No. 6 - Financial Assets- Others

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
a) Others				
Security Deposits				
	–	49.52	–	43.76
TOTAL	–	49.52	–	43.76

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

Note No. 7 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current Tax:		
In respect of current year	–	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	–	–
Total income tax expense	–	–

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	As at 31 March 2020	As at 31 March 2019
Profit before tax from continuing operations	(785.79)	(753.07)
Income tax expense calculated at 26% (PY 26%)	(204.31)	(195.80)
Effect of current year losses for which no deferred tax asset is recognised	204.31	195.80
Income tax expense recognised In profit or loss from continuing operations	–	–

The tax rate used for the reconciliations above is the corporate tax rate of 26% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(c) Amounts on which deferred tax asset has not been created:

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

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Tax effect of items constituting deferred tax liabilities		
	–	–
	–	–
Tax effect of items constituting deferred tax assets		
Property, Plant and Equipment	44.55	32.42
Disallowances u/s 40(a)(ia)	64.01	57.78
Leave Encashment	2.34	1.63
Gratuity	19.51	12.04
Bonus Payable	1.57	1.57
Provision for Doubtful Debts	2.20	1.57
Provision for Doubtful Advances	1.56	1.56
Carried forward Losses	977.51	791.85
IND AS 116 Impact (Net of Right of Use of Assets and Lease Liability)	2.49	–
Total	1,115.75	900.42
Less: Deferred tax asset in respect of above not recognised in absence of certainty of utilisation.	1,115.75	900.42
Net Tax Asset (Liabilities)	–	–

Note No. 8 - Other assets

(Currency: Indian Rupees in Lakhs)

Particulars	As at March 31, 2020 Current	As at March 31, 2020 Non-Current	As at March 31, 2019 Current	As at March 31, 2019 Non-Current
(a) Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	0.14	19.97	363.11	27.80
(ii) Prepaid Expenses	20.98	–	20.96	–
(iii) Others	164.17	–	298.25	–
Total	185.29	19.97	682.32	27.80

Note No. 9 - Inventories

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Stock-in-trade [includes in transit Rs. 41.67 Lakhs (31 March 2019 Rs. 531.75 Lakhs)]	**537.95**	2,836.83
Total Inventories (at lower of cost and net realisable value)	**537.95**	2,836.83

a. The cost of inventories recognised as an expense during the year was Rs. 16855.62 Lakhs (31 March 2019 Rs. 14688.19 Lakhs)

Note No. 10 - Trade receivables

(Currency: Indian Rupees in Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	Non-Current	Current	Non-Current
Trade receivables				
(a) Considered good- Secured,	–	–	–	–
(b) Considered good- Unsecured,	**560.28**	–	572.80	–
(c) Trade Receivables which have significant increase in Credit Risk;	–	–	6.94	–
(d) Trade Receivables - credit impaired	**8.48**	–	5.65	–
Less: Allowance for expected credit loss	**(8.48)**	–	(6.03)	–
TOTAL	**560.28**	–	579.36	–
Of the above, trade receivables from:				
– Related Parties	**108.31**	–	59.36	–
– Others	**451.97**	–	520.00	–
Total	**560.28**	–	579.36	–

Note No. 11 - Cash and Cash equivalents

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents		
(a) Balances with banks	**10.92**	1.84
(b) Cash on hand	**4.04**	11.49
Total Cash and cash equivalent	**14.96**	13.33

Note No. 12 - Loans & Advances

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Current	Non-Current	Current	Non-Current
Financial assets at amortised cost				
a) Loan given to employees				
– UnSecured	**2.20**	–	0.60	–
b) Advances to Vendors	**23.40**	–	27.39	–
Less- Provision for Doubtful Advances	**(6.00)**	–	(6.00)	–
TOTAL	**19.60**	–	21.99	–

Note No. 13 - Equity Share Capital

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Amt	No. of shares	Amt
Authorised:				
Equity shares of Rs 10 each with voting rights	**25,000,000**	**2,500.00**	25,000,000	2,500.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs 10 each with voting rights	**24,550,484**	**2,455.05**	**24,550,484**	2,455.05

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

(Currency: Indian Rupees in Lakhs)

Particulars	Opening Balance	Fresh Issue	Closing Balance
(a) Equity Shares with Voting rights*			
Year Ended 31 March 2020			
No. of Shares	24,550,484	–	24,550,484
Amount	2,455.05	–	2,455.05
Year Ended 31 March 2019			
No. of Shares	24,550,484	–	24,550,484
Amount	2,455.05	–	2,455.05

*** Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval of the shareholders in the ensuing annual general meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates : (details of fully paid and partly paid also needs to be given)

(Currency: Indian Rupees in Lakhs)

Particulars	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
	No. of Shares		
As at 31 March 2020			
Mahindra & Mahindra Ltd, the Holding Company	**24,550,484**	**–**	**–**
As at 31 March 2019			
Mahindra & Mahindra Ltd, the Holding Company	24,550,484	–	–

(iii) Details of shares held by each shareholder holding

(Currency: Indian Rupees in Lakhs)

Class of shares / Name of shareholder	As at 31 March 2020 Number of shares held	As at 31 March 2020 % holding in that class of shares	As at 31 March 2019 Number of shares held	As at 31 March 2019 % holding in that class of shares
Equity shares with voting rights				
Mahindra & Mahindra Ltd, the Holding Company	**24,550,474**	**100.00%**	24,550,474	100.00%
Mahindra Holdings Limited	**10**	**0.00%**	10	0.00%

Note No. 14 - Provisions

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
(a) Provision for employee benefits				
(1) Long-term Employee Benefits	**27.05**	**56.99**	18.87	33.68
Total Provisions	**27.05**	**56.99**	18.87	33.68

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

Note No. 15 - Current Borrowings

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
A. Unsecured Borrowings		
(a) Loans repayable on demand		
(1) From Banks *(Refer note 15.1)*	**2,210.70**	2,381.61
Total Current Borrowings	**2,210.70**	2,381.61

Note No. 15.1 - Details of Borrowing

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
<u>**From Banks- Bank Overdraft**</u>		
Terms of the loan	**On Demand**	On Demand
Rate of Interest Charged	**9.00%**	9.00%
Security	**Unsecured**	Unsecured

Note No. 16 - Trade Payables

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
Trade payable - Micro and small enterprises	**–**	**–**	–	–
Trade payable - Other than micro and small enterprises	**1,126.14**	**–**	2,817.43	–
Total trade Payables	**1,126.14**	**–**	2,817.43	–

Note:

a. Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

b. Based on the information available with the Company, there are no parties who have been identified as micro, small and medium enterprises based on the confirmations circulated and responses received by the management.

Note No. 17 - Other Financial Liabilities

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Other Financial Liabilities Measured at Amortised Cost		
Current		
(a) Other liabilities		
(1) Other Current Financial Payables	**0.20**	0.20
(2) RTO Payable	**4.54**	148.86
(3) Security deposits	**2.20**	2.20
Total other financial liabilities	**6.94**	151.26

Note:

a. Based on the information available with the Company, there are no parties who have been identified as micro, small and medium enterprises based on the confirmations circulated and responses received by the management.

Note No. 18 - Other Liabilities

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
a. Advances received from customers	**130.37**	**–**	473.18	–
b. Statutory dues				
– Taxes payable	**117.01**	**–**	25.40	–

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Current	Non-Current	Current	Non-Current
– Employee Recoveries and Employer Contributions	13.76	–	13.78	–
c. Other Payables	20.79	–	15.21	–
Total Other Liabilities	281.93	–	527.57	–

Note No. 19 - Revenue from Operations

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Revenue from sale of products (Vehicle, Spares and Accessories)	17,498.86	15,303.36
(b) Revenue from rendering of services (Servicing of Vehicles)	1,148.96	919.33
(c) Other operating revenue		
(i) Income from Sale of Scrap	22.95	20.36
(ii) Commission	68.80	59.30
(iii) Infrastructure Service Income	74.70	54.49
(iv) Dealer Incentive and other operating income	466.97	431.25
Total Revenue from Operations	19,281.24	16,788.09

Note No. 20 - Other Income

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Interest Income on Security Deposit (On Financial Instrument carried at amortised cost)	0.87	1.37
(b) Interest received on Income tax/Sales tax Refund	–	21.67
(c) Write Back of liabilities	28.68	32.14
Total Other Income	29.55	55.18

Note No. 21(a) - Purchase of stock in trade

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Purchase (Vehicle, Spares and Accessories)	14,556.74	16,512.08

Note No. 21(b) Changes in inventories of stock-in-trade

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventories at the end of the year:		
Stock - in - Trade	537.95	2,836.83
	537.95	2,836.83
Inventories at the beginning of the year:		
Stock - in - Trade	2,836.83	1,012.94
	2,836.83	1,012.94
Net (increase) / decrease	2,298.88	(1,823.89)

Note No. 22 - Employee Benefits Expense

Employee Benefits Expense

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries and wages, including bonus and incentives	1,276.44	1,101.42
Contribution to provident/ ESIC funds	93.47	78.31
Contribution to Gratuity expense	12.56	12.75
Staff welfare expenses	61.27	75.28
Total Employee Benefit Expense	1,443.74	1,267.76

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 86.88 lakhs (2019 : Rs. 71.73 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a defined benefit final salary gratuity plan which is open to new entrants. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company. There are no minimum funding requirements for a gratuity plan in India. The Company has chosen not to fund the gratuity liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts. The only regulatory framework which applies to such plans is if the company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act. There are no minimum funding requirements for a gratuity plan in India. The Company has chosen not to fund the gratuity liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts. The only regulatory framework which applies to such plans is if the company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act. The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

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

(Currency: Indian Rupees in Lakhs)

	Valuation as at 31 March 2020	Valuation as at 31 March 2019
Discount rate(s)	5.15%	6.65%
Expected rates(s) of Salary increase	8% until year 1 inclusive, then 5%	8% until year 2 inclusive, then 5%

Defined benefit plans – as per actuarial valuation on 31 March, 2020

(Currency: Indian Rupees in Lakhs)

	Unfunded Plans	
	Gratuity	
Particulars	**2020**	2019
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**10.00**	9.59
Net interest expense	**2.55**	2.39
Components of defined benefit costs recognised in profit or loss	**12.56**	11.98
Remeasurement on the net defined benefit liability		
Actuarial gains and loss arising form changes in financial assumptions	**5.25**	0.26
Actuarial gains and loss arising form experience adjustments	**16.71**	(5.92)
Actuarial gains and loss arising from change in demographic assumptions	**–**	(0.00)
Componenets of defined benefit costs recognised in other comprehensive income	**21.96**	(5.66)
Total	**34.52**	6.32
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31 March		
1. Present value of defined benefit obligation as at 31st March	**75.05**	46.26
2. Fair value of plan assets as at 31st March		
3. Surplus/(Deficit)		
4. Current portion of the above	**22.95**	15.79
5. Non current portion of the above	**52.10**	30.50
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**46.29**	41.76
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	–
3. *Expenses Recognised in Profit and Loss Account*		
– Current Service Cost	**10.00**	9.59
– Past Service Cost	**–**	–
– Interest Expense (Income)	**2.55**	2.39
4. *Recognised in Other Comprehensive Income*		
Remeasurement gains / (losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	–
ii. Financial Assumptions	**5.25**	0.26
iii. Experience Adjustments	**16.71**	(5.92)
5. Benefit payments	**–**	–
6. Others (Benefits Paid)	**(5.75)**	(1.80)
7. Present value of defined benefit obligation at the end of the year	**75.05**	46.29

Note No. 23 - Finance Cost

(Currency: Indian Rupees in Lakhs)

Particulars	**For the year ended 31 March 2020**	For the year ended 31 March 2019
(a) Interest expense (On Financial Instrument carried at Amortised cost)	**27.72**	10.98
(b) Other Interest expense	**208.16**	174.20
Total finance costs	**235.88**	185.18

Note No. 24 - Other Expenses

(Currency: Indian Rupees in Lakhs)

Particulars	**For the year ended 31 March 2020**	For the year ended 31 March 2019
(a) Power & Fuel	**79.20**	76.33
(b) Rent including lease rentals	**208.96**	456.60
(c) Rates and taxes	**11.18**	21.07
(d) Repairs to:		
Machinery	**47.49**	51.54
Others	**44.16**	51.00
(e) Insurance	**26.78**	22.34
(f) Advertisement	**2.25**	2.47
(g) Sales promotion expenses	**117.04**	117.38
(i) Travelling and conveyance expenses	**36.51**	46.97
(j) Hire and service charges	**312.32**	263.32
(k) Postage & telephone	**25.64**	23.41
(l) Printing & stationery	**23.17**	19.19
(m) Bad debts written off	**7.40**	8.75
(n) Provision for doubtful debts & advances	**2.45**	6.03
(o) Legal and other professional costs	**70.62**	57.95
(p) Auditors remuneration & out-of-pocket expenses		
(i) As Auditors - Statutory Audit	**3.00**	3.00
(q) Loss on sale of capital assets	**7.90**	7.52
(r) Write off - CWIP	**12.49**	–
(s) Miscellaneous expenses	**98.17**	67.39
Total Other Expenses	**1,136.73**	1,302.26

Note No. 25 - Earnings per Share

(Currency: Indian Rupees in Lakhs)

Particulars	**For the year ended 31 March 2020 Per Share**	For the year ended 31 March 2019 Per Share
Basic Earnings per share		
From continuing operations	**(3.29)**	(3.04)
Total basic earnings per share	**(3.29)**	(3.04)
Diluted Earnings per share		
From continuing operations	**(3.29)**	(3.04)
Total diluted earnings per share	**(3.29)**	(3.04)

Basic earnings per share

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

(Currency: Indian Rupees in Lakhs)

Particulars	**For the year ended 31 March 2020**	For the year ended 31 March 2019
Profit / (loss) for the year attributable to owners of the Company	**(807.75)**	(747.41)

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Less: Preference dividend and tax thereon	**0**	–
Profit / (loss) for the year used in the calculation of basic earnings per share	**(807.75)**	(747.41)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**(807.75)**	(747.41)
Weighted average number of equity shares	**24,550,484**	24,550,484
Earnings per share from continuing operations - Basic	**(3.29)**	(3.04)

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit / (loss) for the year used in the calculation of basic earnings per share	**(807.75)**	(747.41)
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes	**–**	–
Profit / (loss) for the year used in the calculation of diluted earnings per share	**(807.75)**	(747.41)
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	**–**	–

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profits used in the calculation of diluted earnings per share from continuing operations	**(807.75)**	(747.41)

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Weighted average number of equity shares used in the calculation of Basic EPS	**24,550,484**	24,550,484
Add: Effect of Warrants,	**–**	–
ESOPs	**–**	–
Convertible bonds	**–**	–
Others if any	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**24,550,484**	24,550,484

Note No. 26 - Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity and borrowings as presented on the face of the statement of financial position.

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

	31-Mar-20	31-Mar-19
Equity	**(1,564.93)**	(757.18)
Borrowings	**2,210.70**	2,381.61
	645.77	1,624.43

Note:

The entity bases above capital management disclosures on the information provided internally to key management personnel.

Categories of financial assets and financial liabilities

Particulars	**As at 31 March 2020**			As at 31 March 2019		
	Amortised Costs	**FVTPL**	**Total**	Amortised Costs	FVTPL	Total
Non-current Assets						
Others	**49.52**	**–**	**49.52**	43.76	–	43.76
Current Assets						
Loans and Advances	**19.60**	**–**	**19.60**	21.99	–	21.99
Trade Receivables	**560.28**	**–**	**560.28**	579.36	–	579.36
Cash and Cash Equivalents	**14.96**	**–**	**14.96**	13.33	–	13.33
Other Financial Assets						
– Non Derivative Financial Assets	**–**	**–**	**–**	–	–	–
Non-current Liabilities						
Lease Liability	**135.17**	**–**	**135.17**	–	–	–
Current Liabilities						
Borrowings	**2,210.70**	**–**	**2,210.70**	2,381.61	–	2,381.61
Trade Payables	**1,126.14**	**–**	**1,126.14**	2,817.43	–	2,817.43
Lease Liability	**123.29**	**–**	**123.29**	–	–	–
Other Financial Liabilities						
– Non Derivative Financial Liabilities	**6.94**	**–**	**6.94**	151.26	–	151.26

Financial Risk Management

Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

* The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.

* The company continuously monitors defaults of customers and the other counterparties, identified either individually or by company and incorporates this information into its credit risk controls.

* The company's management considers that all the financial assets are not impaired for each of the reporting date under review, are of good credit quality, including those that are past due.

* In respect of trade and other receivables, the company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Concentration of credit risk to any counterparty did not exceed 10% of gross monetary assets at any time during the year.

* The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determinationof expected credit losses. Due to immateriality company has decided not to provide for any credit losses.

MARKET RISK

Market risk is the risk that changes in market prices – such as interest rates will affect the entity's income . The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. There has been no significant changes to the entity's exposure to market risk or the methods in which they are managed or measured.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

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

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(Currency: Indian Rupees in Lakhs)

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial liabilities				
31-Mar-20				
Non-interest bearing	1,391.54	-	-	-
Fixed interest rate instruments	–	–	–	–
Variable interest rate instruments	2,210.70	–	–	–
Financial guarantee contracts		–	–	–
Total	**3,602.24**	–	–	–
31-Mar-19				
Non-interest bearing	2,968.69	–	–	–
Fixed interest rate instruments	–	–	–	–
Variable interest rate instruments	2,381.61	–	–	–
Total	**5,350.30**	–	–	–

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

(Currency: Indian Rupees in Lakhs)

Particulars	**31-Mar-20** INR	31-Mar-19 INR
Unsecured Bank Overdraft facility		
– Expiring within one year	**789.30**	618.39
– Expiring beyond one year	**–**	–
	789.30	618.39

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Currency: Indian Rupees in Lakhs)

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial assets				
31-Mar-20				
Non-interest bearing	644.36	–	–	–
Total	**644.36**	–	–	–
31-Mar-19				
Non-interest bearing	658.44	–	–	–
Total	**658.44**	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ decrease in basis points	**Effect on profit / (loss) for the year**
31-Mar-20	+100	(20.15)
	-100	20.15
31-Mar-19	+100	(9.54)
	-100	9.54

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note No. 27 - Fair Value Measurement

Financial assets and financial liabilities not measured at fair value i.e measured using amortized cost

(Currency: Indian Rupees in Lakhs)

Particulars	**As at 31 March 2020 Carrying amount**	**Fair value**	As at 31 March 2019 Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	**560.28**	**560.28**	579.36	579.36
– deposits and similar assets	**49.52**	**49.52**	43.76	43.76
– Loans	**19.60**	**19.60**	21.99	21.99
– Other	**–**	**–**	–	–
Financial liabilities				
Financial liabilities held at amortised cost				
– bank loans	**2,210.70**	**2,210.70**	2,381.61	2,381.61
– loans from other entities	**–**	**–**	–	–
– trade and other payables	**1,126.14**	**1,126.14**	2,817.43	2,817.43
– Lease Liability	**258.46**	**258.46**	–	–
– Other	**6.94**	**6.94**	151.26	151.26
Total	**4,231.64**	**4,231.64**	5,995.42	5,995.42

Note No. 28 - Segment information

a. The Company's businees activity falls within a single business segment viz. 'Automotive'. All other activities of the Company revolve around its main business. Hence there are no separate reportable primary segments. Company deals into trading and Servicing of Vehicles.

b. All the non-current assets of the Company are located in India.

c. Revenue from major products and services

(Currency: Indian Rupees in Lakhs)

Particulars	**31 March 2020**	31 March 2019
Sale and Service of Vehicles	**19,281.24**	16,788.09

d. Revenues from transactions with a single external customer does not amount to 10% or more of an entity's revenues during the year.

e. Since there is single segment there is no difference in measurement of profit & loss and measurement of assets and liabilities.

Note No. 29 - Related Party Transactions

Name of the parent Company **Mahindra & Mahindra Limited**

Description of relationship	**Names of related parties**
Holding Company	Mahindra & Mahindra Limited
Fellow Subsidiary	Mahindra Agri Solutions Pvt. Ltd.
Fellow Subsidiary	Mahindra First Choice Wheels Limited
Fellow Subsidiary	Mahindra First Choice Services Limited
Fellow Subsidiary	Mahindra Electric Mobility Ltd
Fellow Subsidiary	Mahindra Integrated Business Solution Pvt. Ltd
Fellow Subsidiary	Mahindra Two Wheeler Private Limited
Fellow Subsidiary	Mahindra & Mahindra Financial Services Ltd
Fellow Subsidiary	Mahindra Insurance Brokers Ltd
Fellow Subsidiary	Mahindra Automobile Distributer Pvt ltd
Fellow Subsidiary	Mahindra Intertrade Limited
Fellow Subsidiary	Mahindra Life Space Develpers Ltd
Fellow Subsidiary	Mahindra Logistics Ltd
Fellow Subsidiary	Mahindra Rural Housing Finance Ltd
Fellow Subsidiary	Mahindra Susten Pvt. Ltd.
Fellow Subsidiary	Mahindra Greenyard Pvt Ltd
Fellow Subsidiary	Meru Mobility Tech Pvt Ltd
Joint Ventures	Mahindra Summit
KMP	Ms. Anuja More (upto 15th July, 2019)
KMP	Ms. Divya Mascarenhas (w.e.f. 24th Oct, 2019)
KMP	Mr. Vijay Nakra
KMP	Mr. V Rajan (From 01st May,2019)
KMP	Mr. Munaf Meghani (upto 31st Jul,2019)
KMP	Mr. Anil Mediratta (w.e.f. 01st Aug,2019)

Details of transaction between the Company and its related parties are disclosed below:

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended	Parent Company	Joint Ventures	KMP of the Company	Other related parties (Fellow Subsidiaries)
Nature of transactions with Related Parties					
Purchase of goods	31-Mar-20	18111.74	0.00	0.00	93.54
	31-Mar-19	22241.04	0.00	0.00	294.24
Sale of Goods/Services	31-Mar-20	653.67	0.08	0.00	868.47
	31-Mar-19	694.61	0.00	0.00	159.44
Receiving of services	31-Mar-20	64.74	0.00	56.71	24.87
	31-Mar-19	86.52	0.00	29.81	16.46
Lease expenses*	31-Mar-20	396.31	0.00	0.00	0.00
	31-Mar-19	398.18	0.00	0.00	0.00
ICD received	31-Mar-20	0.00	0.00	0.00	0.00
	31-Mar-19	1000.00	0.00	0.00	600.00
ICD repaid	31-Mar-20	0.00	0.00	0.00	0.00
	31-Mar-19	1000.00	0.00	0.00	600.00
Reimbursement made to parties*	31-Mar-20	71.39	0.00	0.00	0.00
	31-Mar-19	80.30	0.00	0.00	0.00
Reimbursement received from parties	31-Mar-20	140.90	1.60	0.00	39.92
	31-Mar-19	154.50	0.00	0.00	30.74
Interest Expense	31-Mar-20	0.00	0.00	0.00	0.00
	31-Mar-19	10.05	0.00	0.00	23.41

The above transactions are inclusive of GST.

*Lease expense includes Rs. 254.71 Lakhs paid to M/s. Mahindra & Mahindra Limited towards Goregaon Property for which IND AS 116 is applicable.

**Out of the above,company has incurred Rs 18.88 Lakhs for key managerial personnel services provided by M/s. Mahindra & Mahindra Limited.

(Currency: Indian Rupees in Lakhs)

Nature of Balances with Related Parties	Balance as on	Parent Company	Joint Ventures	KMP of the Company and KMP of parent Company	Other related parties
Trade payables	31-Mar-20	**588.56**	–	–	**1.69**
	31-Mar-19	1,882.19	–	–	0.74
	31-Mar-20	**36.97**	**1.68**	–	**69.65**
Other balances-Amt. Receivable	31-Mar-19	27.58	–	–	31.78

Note No. 30 - Contingent liabilities and commitments

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Contingent liabilities (to the extent not provided for)		
(a) Other money for which the Company is contingently liable		
Taxation Matters: Demands against the company not acknowledged as debts and not provided for, relating to issues of taxability and deductibility, in respect of which the company is in appeal.	**143.43**	143.43

Note No. 31- Leases

Disclosures pursuant to Ind AS 116 "Leases"

1.1 Change in Accounting Policy

Except as specified below, the company has consistently applied the accounting policies to all periods presented in this financial statement. The Company has adopted Ind AS 116 on "leases" with effect from April 1, 2019 by applying it to all contracts of leases existing on April 1, 2019 except for (i) leases relating to low-value assets and (ii) short-term leases (12 months or less) by using modified retrospective approach and accordingly, comparative information for the year ended March 31, 2019 has not been restated. As a result, the company has changed its accounting policy for lease contracts as detailed below:

a) The Company has recognised and measured the Right-of-Use (ROU) asset and the lease liability over the remaining lease period and payments discounted using the incremental borrowing rate as at the date of initial application. This has resulted in recognising ROU asset of Rs.514.72 Lacs and a corresponding lease liability of Rs.393.79 Lacs as at April 1, 2019 and Rs. 120.93 during the subsequent period. In the results for the current period, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation for the ROU asset and finance costs for interest accrued on lease liability.

b) Company has elected the modified retrospective method for first-time application of Ind AS 116, which involves recognizing a right-of-use asset equal to the amount of the lease liability, under which the effect of initial application on retained earnings at 1st April, 2019 is not material/NIL.

Particulars	Amount
Lease commitments as at 31 March 2019	–
Add/(less): contracts reassessed as lease contracts	–
Add/(less): adjustments on account of extension/termination	–
Lease liabilities as on 1 April 2019	514.72
Current lease liability	283.98
Non current lease liabilities	230.74

The impact of change in accounting policy on account on adoption of Ind AS 116 is as follows:

Particulars	Amount
Decrease in Property Plant and equipment by	–
Increase in lease liability by	514.72

Particulars	Amount
Increase in rights of use by	514.72
Increase/(Decrease) in Deferred tax assets by	2.49
Increase/(Decrease) in finance cost by	27.72
Increase/(Decrease) in depreciation by	265.83

1.2 As a Lessee

Most of the leases contracted by Company relate to industrial Leasehold lands, Corporate and office premises, godowns and item of equipment, as the lessee.

Disclosure Requirement as per Para 53 of the Ind AS -116 : Leases

(A) Additions to right of use assets:

Property, plant and equipment comprises owned and leased assets that do not meet the definition of investment property.

	(Currency: Indian Rupees in Lakhs)				
Particulars	**Leasehold Land**	**Premises**	**Godowns**	**Corporate Office**	**Equipments**
Property, plant and equipment owned	–	–	–	–	–
Right-of-use assets, except for investment property	–	514.72	–	–	–

(B) Carrying amount of right of use assets at the end of the reporting period by class:

	(Currency: Indian Rupees in Lakhs)				
Particulars	**Leasehold Land**	**Premises**	**Godowns**	**Corporate Office**	**Equipments**
Balance at 1 April 2019	–	514.72	–	–	–
Depreciation charge for the year	–	(265.83)	–	–	–
Balance at 31 March 2020		248.89			

(C) Amounts recognised in the statement of profit or loss:

	(Currency: Indian Rupees in Lakhs)				
Particulars	**Leasehold Land**	**Premises**	**Godowns**	**Corporate Office**	**Equipments**
Interest expense on lease liabilities	–	27.72	–	–	–
Variable lease payments not included in the measurement of lease liabilities	–	–	–	–	–
Income from sub-leasing right-of-use assets	–	–	–	–	–
Expenses relating to short-term leases*	–	–	–	–	–
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets*	–	169.00	20.52	–	18.48
Gains or losses arising from sale and leaseback transactions;	–	–	–	–	–

*Excluding the expense relating to leases with a lease term of one month or less.

(D) Amounts recognised in the statement of cash flows :

(Currency: Indian Rupees in Lakhs)

Particulars	Amount
Total cash outflow for leases	283.98

Due to the first-time application of Ind AS 116 effective April 1, 2019, Company used the modified retrospective approach for transition and the historical information has not been restated.

(E) Maturity analysis of lease liabilities :

(Currency: Indian Rupees in Lakhs)

Maturity analysis – contractual undiscounted cash flows	Amount As on 31st March, 2020
Less than one year	109.82
One to five years	137.87
More than five years	64.12
Total undiscounted lease liabilities at 31 March 2020	311.80
Lease liabilities included in the statement of financial position at 31 March 2020	258.46
Current	123.29
Non-Current	135.17

(excluding the property not considered under IND AS 116)

(G) Additional Disclosure :

(1) Initial direct costs have been excluded from the initial measurement of the right-of-use asset.

(2) There was no material change in right-of-use assets between April 1, 2019 and March 31, 2020.

(3) The lease agreements are for a period of one to four years for Leasehold lands, premises, godown and equipments, and for Corporate office. The Company has the option to continue the lease of premises, godown, equipments and corporate office with the condition of increase in rent and for a further period of three to five years.

Note No. 32- Going concern

The Company has been incurring losses and has accumulated losses of Rs. 4019.98 Lakhs as at 31 March 2020 and its net worth has been fully eroded. However, based on future business plans, the management is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Accordingly,the financial statements have been prepared on a going concern basis.

Note No. 33- Impact of Covid 19

The operations of the company have been impacted due to the national lockdown imposed by the Government/Authorities in wake of Covid-19 pandemic. The company expects resumption of economic activity in a phased manner and a gradual return to normalcy over the next few months.

The company has evaluated the impact of the Covid-19 related situation and the following observations are in that context.

The Company is engaged in the business of sales and servicing of motor vehicles. The showrooms and workshops have been temporarily closed which has impacted the revenue from operations till the reopening of the business. The company does not foresee any continued adverse impact in the medium to long term to its business operations.

The Company, based on internal & external sources of information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2020 as at the date of approval of these financial statements.

Note No. 34- Others

Previous year figures has been regrouped/reclassified wherever necessary.

The accompanying notes 1 to 34 are an integral part of the Financial Statements

As per our report of even date attached

For Suresh Surana & Associates LLP
Chartered Accountants
Firm Registration No. 121750W/W-100010

Vinodkumar Varma
Partner
Membership No. 105545

Place: Mumbai
Date: 11th May, 2020

For and on behalf of the Board of Directors of
NBS International Ltd.

P.N. Shah	Chairman
Vijay Nakra	Director
Anil Mediratta	CEO
V. Rajan	CFO
Divya Mascarenhas	Company Secretary

Place: Mumbai
Date: 11th May, 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Mahindra Automotive Australia Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mahindra Automotive Australia Pty Ltd (the Company), which comprises the statement of financial position as at 31 March 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Mahindra Automotive Australia Pty Ltd, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company's financial position as at 31 March 2020 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of matter - Subsequent event

We draw attention to Note 18 of the financial report, which describes the non-adjusting subsequent event on the impact of the COVID-19 outbreak on the Company. Our opinion is not modified with respect to this matter.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, but does not include the financial report and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

Randall Bryson

Director

Brisbane, 13th day of May 2020

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 MARCH 2020

In accordance with a resolution of the directors of Mahindra Automotive Australia Pty Ltd, the directors of the company declare that:

1 The financial statements and accompanying notes are in accordance with the *Corporations Act 2001* and:

   (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements; and

   (b) give a true and fair view of the entity's financial position as at 31 March 2020 and of its performance for the year ended on that date.

2 In the directors' opinion, there are reasonable grounds to believe that Mahindra Automotive Australia Pty Ltd will be able to pay its debts as and when they become due and payable.

Pravin Shah

Bharat Moossaddee

Brisbane, 13th day of May 2020.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 $	2019 $
Revenue	3	**15,627,436**	16,674,449
Other income		**31,702**	17,648
Changes in inventories		**(1,927,549)**	(1,516,800)
Purchases of inventories		**(9,905,848)**	(11,293,363)
Employee benefits expense		**(1,931,179)**	(1,825,101)
Depreciation and amortisation		**(343,288)**	(61,486)
Freight and cartage		**(407,851)**	(356,077)
Advertising expense		**(804,010)**	(1,327,076)
Rent expenses		**–**	(439,005)
Other expenses		**(781,724)**	(892,317)
Finance costs		**(121,164)**	(64,693)
Profit/(loss) before income tax expense		**(563,475)**	(1,083,821)
Income tax benefit/(expense)	4	**–**	–
Profit/(loss) after income tax expense		**(563,475)**	(1,083,821)
Other comprehensive income		**–**	–
Total comprehensive income for the year		**(563,475)**	(1,083,821)

The above Statement of Profit or loss and other Comprehensive Income should be read in conjunction with the attached notes

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020 $	2019 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	**766,118**	221,856
Trade and other receivables	7	**3,045,170**	2,843,274
Inventories	8	**5,803,500**	7,731,049
Other assets	9	**109,585**	43,212
Total Current Assets		**9,724,373**	10,839,391
Non-Current Assets			
Property, plant and equipment	10	**140,640**	168,348
Right-of-use assets	11	**1,403,900**	–
Deferred tax assets	4	**288,883**	288,883
Total Non-Current Assets		**1,833,423**	457,231
Total Assets		**11,557,796**	11,296,622
LIABILITIES			
Current Liabilities			
Trade and other payables	12	**7,113,498**	7,617,906
Financial liabilities	13	**2,200,000**	2,200,000
Lease liabilities	11	**280,717**	–
Provisions	14	**626,480**	747,552
Total Current Liabilities		**10,220,695**	10,565,458
Non-Current Liabilities			
Lease liabilities	11	**1,161,677**	–
Provisions	14	**123,434**	115,699
Total Non-Current Liabilities		**1,285,111**	115,699
Total Liabilities		**11,505,806**	10,681,157
NET ASSETS		**51,990**	615,465
EQUITY			
Share capital	15	**4,575,000**	4,575,000
Accumulated losses		**(4,523,010)**	(3,959,535)
TOTAL EQUITY		**51,990**	615,465

The above Statement of Financial Position should be read in conjunction with the attached notes

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Share Capital $	Accumulated Losses $	Total $
Balance at 1 April 2018	4,575,000	(2,875,714)	1,699,286
Profit / (Loss) after income tax	–	(1,083,821)	(1,083,821)
Other comprehensive income	–	–	–
Total Comprehensive Income	–	(1,083,821)	615,465
Transactions with owners in their capacity as owners			
Dividends Paid during the year	–	–	–
Total transactions with owners	–	–	–
Balance at 31 March 2019	**4,575,000**	**(3,959,535)**	**615,465**
Balance at 1 April 2019	4,575,000	(3,959,535)	615,465
Profit / (Loss) after income tax	–	(563,475)	(563,475)
Other comprehensive income	–	–	–
Total Comprehensive Income	–	(563,475)	(563,475)
Transactions with owners in their capacity as owners			
Dividends Paid during the year	–	–	–
Total transactions with owners	–	–	–
Balance at 31 March 2020	**4,575,000**	**(4,523,010)**	**51,990**

The above Statement of Changes in Equity should be read in conjunction with the attached notes

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 $	2019 $
Cash Flows From Operating Activities			
Receipts from customers		**16,988,235**	17,413,164
Payments to suppliers and employees		**(16,045,725)**	(19,547,817)
Interest paid		**(117,557)**	(64,693)
Net cash provided by operating activities	**17(ii)**	**824,953**	(2,199,346)
Cash Flows From Investing Activities			
Payments for plant and equipment		**(14,743)**	(3,654)
Net cash provided by investing activities		**(14,743)**	(3,654)
Cash Flows from Financing Activities			
Repayment/(Proceeds) of borrowings		**–**	2,200,000
Principal repayment of lease		**(265,948)**	–
Net cash used in financing activities		**(265,948)**	2,200,000
Net increase/(decrease) in cash held		**544,262**	(3,000)
Cash at the beginning of the financial year		**221,856**	224,856
CASH AT THE END OF THE FINANCIAL YEAR	**6**	**766,118**	221,856

The above Statement of Cash Flows should be read in conjunction with the attached notes

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Mahindra Automotive Australia Pty Ltd (referred hereafter as the 'Entity' or 'Company').

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

(a) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Inventory

Inventory has been valued as follows:

Finished goods are valued at the lower of cost and net realisable value.

Raw materials are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a diminishing value basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	10% – 20%	(DV)
Furniture and fixtures	10% – 20%	(DV)
Motor vehicles	20% – 30%	(DV)
Computer equipment	20% – 40%	(DV)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(d) Leases

The Company has changed its accounting policy for leases. The impact of the change is described in Note 1 (p).

Until 31 March 2019, leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease Liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases that relate to building premises, the entity's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, making adjustments specific to the lease (e.g. term, country, currency and security).

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use Assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension Options

Extension options are included in a number of building premises leases across the dealership. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are exercisable only by the Company and not by the respective lessor.

When exercising lease extensions of building premises, the Company considers the following factors:

- any termination and make-good penalties;
- value of leasehold improvements;
- cost of disruption to the business to relocate, and
- availability and cost other suitable properties.

Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(f) Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs incurred. Financial liabilities are subsequently measured at amortised cost. Any difference between the process (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of financial liabilities using the effective interest rate method.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

(g) Impairment of Non-current assets

Assets that have an indefinite useful life, including Goodwill is tested annually for impairment.

At each reporting date, the Company reviews the carrying amount of all other non-financial assets to determine whether there is any indication of impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates independent cash inflows (known as cash-generating units or CGUs). Goodwill arising from a business combination is allocated to CGUs that are expected to benefit from the synergies of the transaction.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(h) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

Exchange differences arising on translation of foreign operations are transferred directly to the entities foreign currency translation reserve in the statement of financial position via other comprehensive income. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(i) Employee Benefits

Short-term employee benefit obligations

Provision is made for the entities obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The entity's obligations for short-term employee benefits such as wages and salaries are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefit obligations

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

The entities obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(j) Provisions

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

(k) Revenue and Other Income

Sales of goods revenue

Revenue from the sale of goods is recognised when the performance obligation has been satisfied and control is transferred to the customer. The performance obligation is considered to be satisfied at a point in time and control is transferred when the goods are invoiced and physically dispatched or collected.

Interest revenue

Interest revenue is recognised on a time proportional basis, taking into account the effective interest rates applicable to the financial assets.

Property, plant and equipment sales revenue

Income from the sale of property, plant and equipment is recognised when the performance obligation is satisfied, at the transfer of ownership.

Other revenue is recognised in accordance with AASB 15, when performance obligation is satisfied and control is transferred.

All revenue is stated net of the amount of goods and services tax.

(l) Trade and other receivables

Trade receivables are recognised initially at the transaction price, less the expected lifetime credit losses to be recognised from initial recognition of the receivables.

The Group applies the simplified approach permitted by AASB 9, which requires expected lifetime credit losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company historical credit loss experience, as well as the credit losses that are expected in the foreseeable future.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(o) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) New or Revised Standards and Interpretations that are first effective in the current reporting period

A number of new or amended standards became applicable for the current reporting period and the Company had to change its accounting policies as a result of adopting the following standard:

- AASB 16 Leases
- Interpretation 23 Uncertainty over Income Tax Treatment

The impact of the adoption of these standards and the new accounting policies are disclosed below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

AASB 16 Leases

This standard and its consequential amendments were applied from 1 April 2019, replacing the accounting requirements applicable to leases in

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

AASB 117 Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

This means that for most leases, a right-of-use asset and a lease liability will be recognised, with the right-of-use asset being depreciated and the lease liability being unwound in principal and interest components over the life of the lease.

The Company transitioned to AASB 16 using the modified retrospective approach, where the right-of-use asset is recognised at the date of initial application at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Balance Sheet immediately before the date of initial application, using the entity's incremental borrowing rate at the date of initial application. Comparative figures are not restated.

For leases previously classified as finance leases, the Company recognised the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date. There was no re-measurement adjustments for these leases immediately after the date of initial application.

Initial measurement of lease liabilities:

Operating lease commitments disclosed as at 31 March 2019	$1,854,785
Discounted using the entity's incremental borrowing rate	$1,704,735
Less: short term leases not recognised as a liability	–
Add: finance lease liabilities recognised as at 31 March 2019	–
Lease liability recognised as at 1 April 2019	**$1,704,735**

Initial measurement of right-of-use assets:

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 1 April 2019.

Adjustments recognised in the balance sheet on 1 April 2019:

Right-of-use assets increased by	$1,704,735
Lease liabilities increased by	$1,704,735

There was no impact on retained earnings upon adoption of AASB 16.

In applying AASB 16 for the first time, the group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The use of hindsight in determining the lease term where the contract contains options to extend of terminate the lease;
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases; and
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 Income Taxes. It does not apply to taxes or levies outside the scope of AASB 112, nor does it specially include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity considers changes in facts and circumstances.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions and concludes that it is probable that its tax treatments will be accepted by the appropriate tax authorities. The Interpretation did not have an impact on the financial statements of the Company.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(q) Going Concern

The financial report has been prepared on a going concern basis. This acknowledges the parent company will continue to provide support by extending working capital for a period of at least 12 months from the date of signing this financial report.

(r) Critical Accounting Estimates and Judgements

The management evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Allowances for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Carrying Amount of Inventories

In determining the amount of write-downs of inventories, management has made judgements based on the expected net realisable value. This requires certain judgements and assumptions to be made, including but not limited to historical loss experience, inventory aging and current knowledge of the goods.

Income Tax

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Impairment

The Company assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No impairment to be recognised at reporting date.

Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the Group expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the following 12-month period, obligations for annual leave entitlements are classified under AASB 119 as other long-term employee benefits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Lease term

The Company included the renewal period as part of the lease term for leases of building premises, plant and equipment with shorter non-cancellable periods (i.e., three to five years per option).

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate (IBR) is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as credit rating).

		2020 $	2019 $
3.	**REVENUE**		
	Revenue:		
	Sale of goods	**15,627,436**	16,674,449
		15,627,436	16,674,449
4.	**INCOME TAX**		
i)	*Numerical reconciliation of income tax expense and tax at statutory rate of 30%:*		
	Profit/(Loss) before income tax from continuing operations	**(563,475)**	(1,083,821)
	Tax at statutory rate of 30%	**(169,043)**	(325,146)
	Tax effect amounts which are not deductible/(taxable) in calculating taxable income		
	Movement in provisions	**(40,867)**	17,467
	Movement in accrued expenses	**13,100**	(8,809)
	Movement in prepayments	–	1,536
	Deferred tax assets not recognised	**196,810**	314,952
	Income tax expense	–	–
ii)	*Deferred tax assets*		
	Tax effect of timing differences	**288,883**	288,883
		288,883	288,883

5. KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to key management personnel (KMP) of the company during the year are as follows.

	2020 $	2019 $
Key management personnel compensation	**403,644**	384,057

6. CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash on hand and at bank	**766,118**	221,856

Cash at bank earns interest at floating rates based on daily bank deposit rates.

7. TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
Current		
Trade accounts receivable	**3,049,164**	2,847,268
Provision for impairment	**(3,994)**	(3,994)
Due to the short-term nature of current trade and other receivables, their carrying value is assumed to be the same as their fair value.	**3,045,170**	2,843,274

8. INVENTORIES

	2020 $	2019 $
Finished goods at cost	**5,803,500**	7,731,049

9. OTHER ASSETS

	2020 $	2019 $
Prepayments	**109,585**	43,212

10. PROPERTY, PLANT AND EQUIPMENT

	2020 $	2019 $
Plant & equipment at cost	**52,659**	52,424
Accumulated depreciation	**(26,242)**	(24,583)
	26,417	27,841
Furniture and fixtures at cost	**278,501**	270,366
Accumulated depreciation	**(218,728)**	(207,325)
	59,773	63,041
Motor vehicles at cost	**200,366**	200,366
Accumulated depreciation	**(156,141)**	(129,323)
	44,225	71,043
Computer equipment at cost	**62,181**	55,807
Accumulated depreciation	**(51,956)**	(49,384)
	10,225	6,423
Total property, plant and equipment	**140,640**	168,348

MOVEMENTS IN PROPERTY, PLANT & EQUIPMENT

2020

	Plant & Equipment $	Furniture and Fixtures $	Motor Vehicles $	Computer Equipment $	Total $
Opening written down value	27,841	63,041	71,043	6,423	168,348
Additions at cost	235	8,135	–	6,374	14,744
Disposals at written down value	–	–	–	–	–
Depreciation expense	(1,659)	(11,403)	(26,818)	(2,572)	(42,452)
Closing written down value	26,417	59,773	44,225	10,225	140,640

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

11. LEASES

The Company leases various building premises. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under AASB 117 Leases. The assets were presented in the liabilities as part of the Group's borrowings. For adjustments recognised on adoption of AASB 16 on 1 April 2019, refer to Note 1 (p).

	2020 **$**	2019 $
Amounts recognised in the Balance Sheet		
Right-of-use assets		
Non-Current		
Leased buildings - right-of-use	**1,403,900**	–

Additions to the right-of-use assets during the period was $nil.

	2020 **$**	2019 $
Lease liabilities		
Current		
Leases for building premises	**280,717**	–
Non-Current		
Leases for building premises	**1,161,677**	–
Amounts recognised in the Statement of Profit and Loss		
Amortisation		
Building premises	**300,835**	–
Interest expense on leases (included in finance costs)		
Building premises	**46,916**	–
Amounts recognised in the Statement of Cash Flows		
Lease principal repayments - building premises	**265,948**	–
Interest payments - building premises	**43,309**	–
	309,257	–

12. TRADE AND OTHER PAYABLES

	2020	2019
Current		
Trade payables	**6,235,245**	6,740,414
Sundry payables and accrued expenses	**822,289**	796,889
Net GST payable	**55,963**	80,603
	7,113,497	7,617,906

Refer to Note 16 for amounts payable by the entity to related entities which are included in the above total.

13. FINANCIAL LIABILITIES

	2020	2019
Current		
Bank loans - unsecured	**2,200,000**	2,200,000
	2,200,000	2,200,000

14. PROVISIONS

	2020	2019
Current		
Employee benefits	**73,061**	58,752
Warranty	**345,983**	448,752
Other provisions	**207,436**	240,048
	626,480	747,552
Non-Current		
Employee benefits	**123,434**	115,699
	123,434	115,699

Provisions for Warranty

A provision of $345,983 at 31 March 2020 has been recognised by the Company for estimated warranty claims in respect of vehicles/machinery sold which are still under warranty at the end of the reporting period. The provision for warranties has been based calculated upon total sales and the total percentage of claims made in relation to total sales

Provision - Other

Other provisions of $207,436 at 31 March 2020 has been recognised by the Company for estimated amounts payable to retail dealerships in respect of the following:

	2020 **$**	2019 $
Holdback	**62,390**	68,880
Roadside Price Service	**107,376**	90,328
Capped Price Service	**37,670**	36,840
Manufacturer incentives	**–**	44,000
	207,436	240,048

15. SHARE CAPITAL

Ordinary Shares

	2020	2019
4,575,000 (2019: 4,575,000) Fully paid ordinary shares paid	**4,575,000**	4,575,000

Ordinary shares have equal rights to vote, participate in dividends and share in the distribution of surplus assets in the event of the entity winding up.

16. RELATED PARTY TRANSACTIONS

The group's main related parties are as follows:

i) Entities exercising control over the company

The ultimate parent entity is Mahindra & Mahindra Limited, a publically listed company based in Mumbai, India.

ii) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, is considered key management personnel.

Information of remuneration of directors and key management personnel is disclosed in Note 5.

iii) Transactions with Related Parties

Transactions with related parties are on normal commercial terms and conditions no more favourable than available to other parties unless otherwise stated.

The following transactions occurred with related parties

Purchase and sale of goods and services

Mahindra & Mahindra Limited and its subsidiaries

Mahindra Automotive Australia Pty Ltd made total purchases of inventory from Mahindra & Mahindra Limited and its subsidiaries during the year of $6,167,657 (2019: $7,488,632). Sales made by the Company to Mahindra & Mahindra Limited and its subsidiaries during the year of $107,640.

The Hayden Way (Aust) Pty Limited

On 7 October 2017, Mahindra Automotive Australia Pty Ltd entered into a sponsorship and promotion agreement with The Hayden Way (Aust) Pty Limited (a company associated with M Hayden). The total licence and services fees paid to The Hayden Way (Aust) Pty Limited were $19,172 (2019: $67,250).

Trade and other payables

Mahindra and Mahindra Limited and its subsidiaries have provided inventory to Mahindra Automotive Australia Pty Ltd under vendor finance arrangements. The outstanding amount at year-end was $5,437,805 (2019: $6,085,781). These amounts are interest free, unsecured and at call.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Trade and other receivables

Receivables to Company from Mahindra & Mahindra Limited and its subsidiaries at year-end was $263,879 (2019: Nil). These amounts are interest free, unsecured and at call.

17. NOTES TO STATEMENTS OF CASH FLOWS

(i) For the purposes of the Statements of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2020 $	2019 $
Cash	**766,118**	221,856
Overdraft	**–**	–
	766,118	221,856

(ii) Reconciliation of profit after income tax to net cash inflow from operating activities

	2020 $	2019 $
Profit for the year	**(563,965)**	(1,083,821)
Depreciation and amortisation	**343,288**	61,486
Unpaid interest expense	**3,606**	–
Changes in operating assets and liabilities		
Movement in trade accounts receivable	**(201,406)**	(706,803)
Movement in prepayments	**(66,373)**	66,987
Movement in inventories	**1,927,549**	1,516,800
Movement in trade accounts payable	**(479,768)**	(2,019,883)
Movement in GST clearing	**(24,640)**	(24,922)
Movement in provisions	**(113,338)**	(9,190)
Net cash inflow from operating activities	**824,953**	(2,199,346)

18. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the financial year, Australia has been impacted by the worldwide COVID-19 pandemic. The World Health Organisation (WHO) announced a global health emergency on 31 January 2020 and it was subsequently classified as a pandemic on 11 March 2020.

The Commonwealth and State Governments have implemented a range of measures to help control the spread of the Virus. Management and Governance teams are reviewing operations and strategies and assessing the impact on the financial position and cash flows. Although the Company is unable to determine the full impact of COVID-19 at this time, it has reviewed its operations and based on this analysis, the group is confident it can continue to operate as a going concern and can meet its debts as and when they fall due.

INDEPENDENT AUDITORS' REPORT

Based on a report originally issued in Korean

To the Shareholders and Board of Directors of Ssangyong Motor Company

Opinion

We have audited the accompanying separate financial statements of Ssangyong Motor Company ("the Company"), which comprise the separate statements of financial position as of December 31, 2019 and 2018, the separate statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as of December 31, 2019 and 2018, and its separate financial performance and its separate cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

We also have audited, in accordance with Korean Standards on Auditing (KSAs), the Company's Internal Control over Financial Reporting ("ICFR") as of December 31, 2019 based on the criteria established in Conceptual Framework for Designing and Operating Internal Control over Financial Reporting issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea, and our report dated March 16, 2020, expressed "an unmodified opinion on the effectiveness of the company's internal control over financial reporting".

Basis for Opinion

We conducted our audits in accordance with KSAs. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the separate financial statements in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty on the ability to continue as a going concern

The accompanying separate financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in note 35 to the separate financial statements, the Company has incurred a net loss of ₩ 341,052 million during the year ended December 31, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by ₩ 476,896 million. As stated in Note 35, these events or conditions, along with other matters as set forth in Note 35, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not affected by this uncertainty.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements as of and for the year ended December 31, 2019. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We concluded that below matters are key audit matters which to be communicated in that report in addition to above matter, material uncertainty on the ability continue as a going concern.

Revenue recognition

As described in note 3.(3), the Company generates revenue by selling finished vehicles and then selling parts and providing maintenance activities. For sales of finished vehicles and sales of parts, revenue is recognized when control is transferred to the customer. Revenue from maintenance activities is recognized at the time when rendering maintenance service to customers is completed to the customer.

We identified revenue recognition as a key audit matter, because there is a significant inherent risk that sales may be recognized before the revenue recognition conditions are met and that there is a risk that the revenue is overstated due to external pressure on financial performance as the revenue is one of the key performance indicators for the Company's executive directors.

The primary procedures we performed to address the key audit matter included:

- We evaluated the design and operation of the Company's internal accounting control system related to recognition of revenue.
- We selected sales transactions recorded immediately before and after end of the reporting date and vouched to the supporting documents to assess whether revenue is recognized in an appropriate accounting period.
- We assessed whether the attribution of the sales period is appropriate through document inspection of the samples extracted from the sales cancellation and return details after the reporting period.

Impairment of tangible and intangible assets

As described in note 3.(12), the Company reviews for indication of asset impairment at the end of reporting date, and estimates the recoverable amount of the asset to determine the amount of the impairment loss if there is any indication of asset impairment. When the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment indicator existed as the PBR, stock price divided by net asset value per share, is less than 1 and the Company has incurred continuous operating losses. Considering the significant degree of the judgment in estimating the value in use of the Company used in the impairment testing for tangible and intangible assets which requires significant auditor attention, we identified the impairment of tangible and intangible assets as a key audit matter.

The primary procedures we performed to address the key audit matter included:

- We evaluated the design and operation of the Company's internal accounting control system related to impairment of tangible and intangible assets.
- We evaluated the qualifications of external experts used by the management of the company.
- We assessed whether the input data for estimation of the projected future cash flows have been appropriately approved and compared the key financial information used in the discounted cash flow projections with the approved financial information.
- We used internal valuation specialist to review the reasonableness of key assumptions applied to discounted cash flows projections, such as expected sales and discount rates, and to check the adequacy of the evaluation methods and evaluation models applied by the Company in the impairment assessment.

Other Matter

The procedures and practices utilized in the Republic of Korea to audit such separate financial statements may differ from those generally accepted and applied in other countries.

The accompanying separate financial statements as of and for the years ended December 31, 2019 and 2018 have been translated into Indian rupees solely for the convenience of the reader. We have audited the translation and, in our opinion, the separate financial statements expressed in Korean won have been translated into rupees on the basis set forth in note 2.(1) to the separate financial statements.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with K-IFRS, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used in the preparation of the separate financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Jong-Sang Lee.

Seoul, Korea
March 16, 2020

KPMG Samjong Accounting Corp.

Notice to Readers

This report is effective as of March 16, 2020, the audits report date. Certain subsequent events or circumstances, which may occur between the audits report date and the time of reading this report, could have a material impact on the separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

SEPARATE STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2019 AND 2018

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
	Note	**2019**	2018	**2019**	2018
Assets					
Cash and cash equivalents	4,5,34	₩ **119,130,707**	150,953,423	Rs **7,340,238**	9,300,995
Trade and other receivables, net	2,7,13, 32,33,34	**173,894,654**	195,638,837	**10,714,519**	12,054,287
Derivative assets	26,34	**–**	891,319	**–**	54,919
Inventories, net	8,25	**204,624,341**	216,956,615	**12,607,929**	13,367,782
Other current assets	10	**8,879,552**	11,243,637	**547,114**	692,776
Total current assets		**506,529,254**	575,683,831	**31,209,800**	35,470,759
Non-current financial instruments	5,34	**4,000**	4,000	**246**	246
Non-current other receivables, net	7,32, 33,34	**38,884,934**	35,124,580	**2,395,895**	2,164,201
Non-current financial assets	6,34	**560,000**	560,000	**34,504**	34,504
Property, plant and equipment, net	11,14	**1,141,386,612**	1,227,206,439	**70,326,536**	75,614,325
Intangible assets, net	11,12	**312,855,599**	353,759,962	**19,276,598**	21,796,920
Investments in subsidiaries	9	**297,411**	3,248,243	**18,325**	200,141
Investments in joint venture	9	**10,200,000**	10,200,000	**628,473**	628,473
Other non-current assets	10	**276,041**	276,099	**17,009**	17,012
Right-of-use assets	2,13	**5,851,154**	–	**360,519**	–
Total non-current assets		**1,510,315,751**	1,630,379,323	**93,058,105**	100,455,822
Total assets		₩**2,016,845,005**	2,206,063,154	Rs **124,267,905**	135,926,581
Liabilities					
Trade payables	33,34	₩ **477,054,916**	534,719,078	Rs **29,393,739**	32,946,716
Other payables	19,33,34	**128,788,149**	157,785,447	**7,935,281**	9,721,950
Short-term borrowings	14,19, 31,34	**254,106,448**	178,227,545	**15,656,769**	10,981,490
Other Financial Liabilities	15,34	**39,427,815**	38,035,515	**2,429,344**	2,343,559
Provision of warranty for sale - current	16	**50,305,013**	49,209,826	**3,099,543**	3,032,063
Other long-term employee benefits liabilities-current		**2,078,739**	2,726,290	**128,082**	167,981
Other current liabilities	17,32,33	**25,535,241**	32,909,339	**1,573,355**	2,027,708
Lease liabilities - current	2,13, 31,34	**6,128,903**	–	**377,632**	–
Total current liabilities		**983,425,224**	993,613,040	**60,593,745**	61,221,467

See accompanying notes to the separate financial statements.

SEPARATE STATEMENTS OF FINANCIAL POSITION (CONTINUED) AS OF DECEMBER 31, 2019 AND 2018

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
	Note	**2019**	2018	**2019**	2018
Long-term borrowings	14,19, 31,34	₩ **158,750,000**	75,000,000	Rs **9,781,381**	4,621,125
Non-current other payables	34	**848,340**	1,593,270	**52,270**	98,169
Other non-current liabilities	17,32	**15,862,475**	11,257,510	**977,368**	693,633
Defined benefit liabilities	18	**356,155,261**	329,181,466	**21,944,506**	20,282,516
Other long-term employee benefits liabilities - non-current		**14,174,556**	14,313,194	**873,365**	881,907
Provision of warranty for sale - non-current	16	**78,226,239**	85,828,261	**4,819,910**	5,288,308
Non-current lease liabilities	2,13, 31,34	**3,863,317**	–	**238,038**	–
Total non–current liabilities		**627,880,188**	517,173,701	**38,686,838**	31,865,658
Total liabilities		**1,611,305,412**	1,510,786,741	**99,280,583**	93,087,125
Equity					
Capital stock	20,33	**749,200,010**	689,746,980	**46,161,959**	42,498,760
Other capital surplus	21	**78,162,820**	87,909,478	**4,816,002**	5,416,542
Other equity	22	**–**	103,000	**–**	6,347
Accumulated deficit	23	**(421,823,237)**	(82,483,045)	**(25,990,639)**	(5,082,193)
Total equity		**405,539,593**	695,276,413	**24,987,322**	42,839,456
Total liabilities and equity		₩ **2,016,845,005**	2,206,063,154	Rs **124,267,905**	135,926,581

See accompanying notes to the separate financial statements.

SEPARATE STATEMENTS OF COMPREHENSIVE LOSS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(In thousands of won and in thousands of rupee, except earnings per share information)

	Note	Korean won		Indian rupee	
		2019	2018	**2019**	2018
Sales	32,33	₩ **3,626,261,374**	3,705,902,889	Rs **223,432,095**	228,339,207
Cost of sales	25,33	**3,363,531,331**	3,247,911,038	**207,243,983**	200,120,039
Gross profit		**262,730,043**	457,991,851	**16,188,112**	28,219,168
Selling, general and administrative expenses	25,27	**537,929,132**	519,916,042	**33,144,504**	32,034,627
Operating loss		**(275,199,089)**	(61,924,191)	**(16,956,392)**	(3,815,459)
Other income	28,33	**17,533,995**	11,201,087	**1,080,357**	690,155
Other expenses	28,33	**(76,032,450)**	(11,695,496)	**(4,684,740)**	(720,618)
Finance income	26,29	**11,646,850**	12,971,871	**717,621**	799,262
Finance costs	26,29	**(19,001,403)**	(12,995,811)	**(1,170,771)**	(800,737)
Loss before income taxes		**(341,052,097)**	(62,442,540)	**(21,013,925)**	(3,847,397)
Income tax expenses	24	**–**	–	**–**	–
Loss for the year		**(341,052,097)**	(62,442,540)	**(21,013,925)**	(3,847,397)
Other comprehensive income (loss) for the year		**1,608,905**	(19,937,505)	**99,132**	(1,228,449)
Items that will never be reclassified to profit or loss:					
Defined benefit plan re-measurements	18	**1,711,905**	(20,040,505)	**105,479**	(1,234,796)
Items that are or may be reclassified subsequently to profit or loss:					
Changes in fair value of cash flow hedge	22,26	**(103,000)**	103,000	**(6,347)**	6,347
Total comprehensive loss for the year		₩ **(339,443,192)**	(82,380,045)	Rs **(20,914,793)**	(5,075,846)
Losses per share					
Basic and diluted losses per share	30	₩ **(2,287)**	(449)	Rs **(141)**	(28)

See accompanying notes to the separate financial statements.

SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(In thousands of won)

	Korean won							
		Other capital surplus						
	Capital stock	Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Gain on disposal of treasury stock	Other equity	Accumulated deficit	Total
Balance at January 1, 2018	₩ 689,746,980	12,916,273	118,189,001	931,508	1,105,138	–	(45,232,442)	777,656,458
Total comprehensive income(loss) for the year:								
Loss for the year	–	–	–	–	–	–	(62,442,540)	(62,442,540)
Defined benefit plan re-measurements	–	–	–	–	–	–	(20,040,505)	(20,040,505)
Changes in fair value of cash flow hedge	–	–	–	–	–	103,000	–	103,000
Transactions with owners of the Company, recognized directly in equity:								
Disposition of deficit	–	–	(44,127,304)	–	(1,105,138)	–	45,232,442	–
Balance at December 31, 2018	₩ 689,746,980	12,916,273	74,061,697	931,508	–	103,000	(82,483,045)	695,276,413
Balance at January 1, 2019	₩ 689,746,980	12,916,273	74,061,697	931,508	–	103,000	(82,483,045)	695,276,413
Total comprehensive income(loss) for the year:								
Loss for the year	–	–	–	–	–	–	(341,052,097)	(341,052,097)
Defined benefit plan re-measurements	–	–	–	–	–	–	1,711,905	1,711,905
Changes in fair value of cash flow hedge	–	–	–	–	–	(103,000)	–	(103,000)
Transactions with owners of the Company, recognized directly in equity:								
Issue of ordinary shares	59,453,030	(9,746,658)	–	–	–	–	–	49,706,372
Balance at December 31, 2019	₩ 749,200,010	3,169,615	74,061,697	931,508	–	–	(421,823,237)	405,539,593

See accompanying notes to the separate financial statements.

(In thousands of rupee)

	Indian rupee							
		Other capital surplus						
	Capital stock	Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Gain on disposal of treasury stock	Other equity	Accumulated deficit	Total
Balance at January 1, 2018	₨ 42,498,760	795,836	7,282,215	57,395	68,093	–	(2,786,997)	47,915,302
Total comprehensive income(loss) for the year:								
Loss for the year	–	–	–	–	–	–	(3,847,397)	(3,847,397)
Defined benefit plan re-measurements	–	–	–	–	–	–	(1,234,796)	(1,234,796)
Changes in fair value of cash flow hedge	–	–	–	–	–	6,347	–	6,347
Transactions with owners of the Company, recognized directly in equity:								
Disposition of deficit	–	–	(2,718,904)	–	(68,093)	–	2,786,997	–
Balance at December 31, 2018	₨ 42,498,760	795,836	4,563,311	57,395	–	6,347	(5,082,193)	42,839,456
Balance at January 1, 2019	₨ 42,498,760	795,836	4,563,311	57,395	–	6,347	(5,082,193)	42,839,456
Total comprehensive income(loss) for the year:								
Loss for the year	–	–	–	–	–	–	(21,013,925)	(21,013,925)
Defined benefit plan re-measurements	–	–	–	–	–	–	105,479	105,479
Changes in fair value of cash flow hedge	–	–	–	–	–	(6,347)	–	(6,347)
Transactions with owners of the Company, recognized directly in equity:								
Issue of ordinary shares	3,663,199	(600,540)	–	–	–	–	–	3,062,659
Balance at December 31, 2019	₨ 46,161,959	195,296	4,563,311	57,395	–	–	(25,990,639)	24,987,322

See accompanying notes to the separate financial statements.

SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	**2019**	2018
Cash flows from operating activities				
Loss for the year	₩ **(341,052,097)**	(62,442,540)	Rs **(21,013,925)**	(3,847,397)
Adjustment	**424,310,809**	293,718,065	**26,143,911**	18,097,439
Changes in assets and liabilities	**(104,694,309)**	(51,840,039)	**(6,450,740)**	(3,194,124)
Cash generated from operations (note 31)	**(21,435,597)**	179,435,486	**(1,320,754)**	11,055,918
Interest received	**3,721,828**	2,588,205	**229,320**	159,472
Interest paid	**(8,344,403)**	(4,536,210)	**(514,140)**	(279,499)
Dividends received	**11,000**	11,000	**678**	678
Net cash provided by(used in) operating activities	**(26,047,172)**	177,498,481	**(1,604,896)**	10,936,569
Cash flows from investing activities				
Proceed from disposal of property, plant and equipment	**1,889,529**	447,440	**116,423**	27,569
Proceed from disposal of intangible assets	**112,138**	–	**6,909**	–
Acquisition of property, plant and equipment	**(136,556,642)**	(136,632,786)	**(8,413,938)**	(8,418,629)
Acquisition of intangible assets	**(71,779,732)**	(119,497,975)	**(4,422,709)**	(7,362,868)
Acquisition of Investment in subsidiaries	**(1,116,761)**	(2,950,834)	**(68,809)**	(181,816)
Cash flow used in other investing activities	**(1,894,680)**	(1,713,945)	**(116,741)**	(105,604)
Net cash used in investing activities	**(209,346,148)**	(260,348,100)	**(12,898,865)**	(16,041,348)
Cash flows from financing activities				
Proceeds from borrowings	**259,999,999**	31,769,058	**16,019,900**	1,957,450
Proceeds from issuing capital stock	**49,706,372**	–	**3,062,659**	–
Receipts of government grants	**197,692**	2,012,470	**12,181**	123,998
Repayment of borrowings	**(97,520,761)**	(12,500,000)	**(6,008,742)**	(770,187)
Payment of finance lease	**(8,812,698)**	–	**(542,994)**	–
Net cash provided by financing activities	**203,570,604**	21,281,528	**12,543,004**	1,311,261
Net decrease in cash and cash equivalents	**(31,822,716)**	(61,568,091)	**(1,960,757)**	(3,793,518)
Cash and cash equivalents at January 1	150,953,423	212,521,514	9,300,995	13,094,513
Cash and cash equivalents at December 31	₩ **119,130,707**	150,953,423	Rs **7,340,238**	9,300,995

See accompanying notes to the separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

1. General Description of the Company

(1) Organization and description of business of the Company

Ssangyong Motor Company (the "Company") was incorporated on December 6, 1962, in the Republic of Korea and listed its stocks on the Korea Stock Exchange in May 1975. The Company is headquartered in Dongsak-ro, Pyeongtaek, and its factories are located in Pyeongtaek, Gyeonggi-do, and Changwon, Gyeongsangnam-do, Republic of Korea to manufacture, sell and fix multiple types of vehicle, heavy machinery and those parts.

(2) Major shareholders

As of December 31, 2019, the Company's shareholders are as follows:

Name of shareholder	Number of shares	Percentage of ownership
Mahindra & Mahindra Ltd.	111,855,108	74.65%
Others	37,984,894	25.35%
	149,840,002	100.00%

2. Basis of Preparation and Accounting Policies

(1) Basis of translating separate financial statements

The separate financial statements are expressed in Korean won and have been translated into Indian rupees at the rate of INR 0.061615 to ₩ 1 on December 31, 2019, solely for the convenience of the reader. These translations should not be construed as a representation that any or all of the amounts shown could be converted into Indian rupees at this or any other rate.

(2) Statement of compliance

The Company has prepared its separate financial statements in accordance with the K-IFRS. The Company's financial statements are separate financial statements prepared in accordance with the requirements of K-IFRS No. 1027, Separate Financial Statements, in which a parent, or an investor with joint control of, or significant influence over, an investee, accounts for the investments on the basis of the direct equity interest rather than on the basis of the underlying results and net assets of the investees.

The separate financial statements have been prepared on the historical cost basis, except as described below. Historical cost is generally based on the fair value of the consideration given.

1. Derivatives measured at fair value
2. FVTPL measured at fair value
3. Defined benefit liabilities that present value of defined benefit obligation deducted by plan assets

The separate financial statements as of and for the year ended December 31, 2019, to be submitted at the ordinary shareholders' meeting on March 24, 2020, were authorized for issuance at the board of directors' meeting on February 6, 2020.

The Company has initially applied K-IFRS 1116 'Lease' for preparation of the separate financial statements as of and for the ended December 31, 2019. The significant changes in accounting policies are described in note 2.(4).

(3) Use of estimates and judgments

The preparation of the separate financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The Company makes estimates and assumptions concerning the future. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The significant estimates and assumptions and those which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities after the end of the reporting period are addressed below.

- Property, plant and equipment and Intangible assets: Assumptions for estimating recoverable amount for impairment test
- Provision for warranty for sale: Assumptions of expected expenditures based on warranty periods.
- Employee benefits: Actuarial assumptions.
- Trade and other receivables: Estimation of the possibility of impairment of receivables.
- Inventories: Estimation of the possibility of losses of inventories.
- Going concern assumption: Judgment on whether there is any significant uncertainty of going concern assumption.

(4) Changes in accounting policies

New standard, interpretations, and changes in accounting policies resulting from the adoption of them are as follows. The changes in accounting policies described below is reflected in the annual financial statements for the year ended December 31, 2019.

The Company has initially adopted K-IFRS No.1116 Leases from January 1, 2019. On transition to K-IFRS No. 1116, the company elected to apply the practical expedient to grandfather the assessment of which transaction are leases. A number of other new standards are also effective from January 1, 2019 but they do not have a material effect on the Company's financial statements.

K-IFRS No.1116 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The comparative information presented for 2018 has not been restated. It is presented, as previously reported, under K-IFRS No.1017 and related interpretations. The details of the changes in accounting policies are disclosed below.

1) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under K-IFRS No. 2104 Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under K-IFRS No.1116, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to K-IFRS No.1116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied K-IFRS No.1116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under K-IFRS No.1017 and K-IFRS No.2104 were not reassessed for whether there is a lease under K-IFRS No. 1116. Therefore, the definition of a lease under K-IFRS No.1116 has been applied only to contracts entered into or changed on or after January 1, 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and will account for the lease and non-lease components as a single lease component.

2) As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership of the underlying asset to the company. Under K-IFRS No.1116, the Company recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Company has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets. The

Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The carrying amounts of right-of-use assets are as below.

(In millions of won)		Property, plant and equipment			
		Land and Buildings	Vehicles	Equipment	Total
Balance at January 1, 2019	₩	2,112	5,177	–	7,289
Balance at December 31, 2019		919	3,576	1,356	5,851

(In millions of rupee)		Property, plant and equipment			
		Land and Buildings	Vehicles	Equipment	Total
Balance at January 1, 2019	Rs	130	319	–	449
Balance at December 31, 2019		57	220	84	361

The Company presents right-of-use assets and lease liabilities separately in the separate statement of financial position.

1. Significant accounting policies

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The Company measures right-of-use asset's useful lives based on the lease period and, recognizes amortisation costs using a straight-line method based on that useful lives.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include extension options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

2. Transition

Previously, the Company classified property leases as operating leases under K-IFRS No.1017. These include Land and Buildings, Vehicles. The leases typically run for lease period according to lease contract. Some leases include termination option or an option to renew the lease for an additional period after the end of the non-cancellable period. Lease, which does not have a significant probability of exercising the option even if the option is included in the contract, did not take into account the lease term for the termination option.

At transition, for leases classified as operating leases under K-IFRS No.1017, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate and the interest rate implicit in the lease as at January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Company applied this approach to all other leases.

The Company used the following practical expedients when applying K-IFRS No.1116 to leases previously classified as operating leases under K-IFRS No.1017.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases of low value assets.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) As a lessor

The Company leases out some of right-of-use assets. The accounting policies applicable to the Company as a lessor are not different from those under K-IFRS No.1017. However, when the Company is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. The Company is not required to make any adjustments on transition to K-IFRS No.1116 for leases in which it acts as a lessor.

The Company sub-leases some of Land and Buildings. On transition to K-IFRS No.1116, the right-of-use assets recognized from the head leases are presented in finance leases, and the sub-lease contracts are classified as finance leases under K-IFRS No.1116.

4) Impacts on financial statements

1. Impacts on transition

On transition to K-IFRS No.1116, the impact on the separate statement of financial position is as follows.

(In millions of won and in thousands of rupee)		Korean won		Indian rupee
		January 1, 2019		January 1, 2019
Right-of-use assets	₩	**7,289**	Rs.	**449**
Sub-lease receivables		**6,006**		**370**
Lease liability		**13,295**		**819**

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate and the interest rate implicit in the lease at January 1, 2019. The weighted-average rate of incremental borrowing applied is 3.93%, and the weighted-average rate of the interest rate implicit in the lease applied is 10.36%.

(In millions of won and in thousands of rupee)		Korean won		Indian rupee
		January 1, 2019		January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Company's separate financial statements	₩	**6,690**	Rs.	**412**
Discounted using the incremental borrowing rate and the interest rate implicit in the leases at January 1, 2019		**12,465**		**768**
– Recognition exemption for leases of low-value assets		**(1,858)**		**(114)**
– Recognition exemption for leases with less than 12 months of lease term at transition		**(264)**		**(16)**
– Adjustment extension options reasonably certain to be exercised		**2,952**		**181**
Lease liabilities recognized at January 1, 2019		**13,295**		**819**

2. Impacts for the period

As a result of initially applying K-IFRS No.1116, in relation to the leases that were previously classified as operating leases, the Company recognized ₩ 5,851 million (Rs 361 million) of right-of-use assets and ₩ 5,954 million (Rs 367 million) of lease liabilities and respectively ₩ 4,038 million (Rs 249 million) of sub-lease receivables and sub-lease liabilities as of December 31, 2019.

Also in relation to those leases under K-IFRS No.1116, the Company has recognized depreciation and interest costs, instead of operating lease expense. During the year ended December 31, 2019, the Company recognized ₩ 3,345 million (Rs 206 million) of depreciation costs, ₩ 485 million (Rs 30 million) of interest costs and ₩ 197 million (Rs 12 million) of interest income from these leases.

3. Significant Accounting Policies

(1) New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted. The followings are newly required standards and amendments that the Company decided not to early adopt in preparation of the financial statements.

The following amendment standards and interpretation are not expected to have a significant impact on the company's separate financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards.
- K-IFRS No. 1001("Presentation of financial statement") and 1008("Accounting Policies, Changes in Accounting Estimates and Errors"): 'Definition of Material'
- K-IFRS No. 1103 'Business Combinations'
- K-IFRS No. 1117 'Insurance Contracts'

(2) Accounting for investments in subsidiaries and joint ventures

The Company in accordance with the K-IFRS No. 1110 'Consolidated financial statements' is a parent company and it has subsidiaries, Ssangyong Motor (Shanghai) Co., Ltd., Ssangyong European Parts Center B.V. and Ssangyong Australia Pty Ltd., and has a joint venture with SY auto capital Co., Ltd. When the Company prepares separate financial statements, the investments in subsidiaries and a joint venture are accounted for at cost basis by the direct investment proportion. Also, the Company recognizes a dividend from a subsidiary in profit or loss in the separate financial statements when its right to receive the dividend is established.

(3) Revenue recognition

K-IFRS No.1115 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including K-IFRS No.1018 Revenue, K-IFRS No.1011 Construction Contracts, K-IFRS No. 2113 Customer Loyalty Programs, K-IFRS No. 2115 Agreements for the Construction of Real Estate and K-IFRS No.2118 Transfers of assets from customers.

The Company have identified distinct performance obligations for our products and merchandise contract with our customers, such as (1) sales of vehicles and merchandise, (2) transportation of vehicles, and (3) warranties. The revenue from the sale of goods under the contract is recognized when the goods are transferred to the customer and the performance obligation is transferred. In addition, The Company identified performance obligations for transportation and guarantee and deferred recognition of revenue over the time or period of performance.

Our sales contract with customers has the option of customers purchasing additional warranties. Also, depending on the sales policy, customers may be offered service warranty beyond the assurance warranty when selling a vehicle. When a customer purchases a warranty or provides a service warranty to a customer under a sales policy, sales recognition related to the performance obligations is deferred to the time the performance obligation is fulfilled and is not recognized in provision of warranties.

Transaction price of a service warranty to a customer under a sales policy is allocated by relative individual sales price that is estimated by "expected cost plus a margin approach". The consideration paid to customers defined in K-IFRS 1115 are recognized by deducting from related sales.

(4) Foreign currencies

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the separate financial statements, the results and financial position of each entity are expressed in Korean won, which is the functional currency of the entity and the presentation currency for the consolidated financial statements.

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

(5) Non-derivative financial assets

1) Recognition and initial measurement

Trade receivables and debt securities are recognized for the first time at the time of issue. Other financial instruments and financial liabilities are recognized only when the Company becomes a party to the financial instrument.

Except for trade receivables that do not include significant financial assets, are measured at fair value at the time of initial recognition and except for, financial assets at fair value through profit or loss or financial liabilities s at fair value through profit or loss, transaction costs directly related to the acquisition of the financial asset or the issuance of the financial liability are added to or subtracted from the fair value. Trade receivables that do not include significant financial elements are initially measured at transaction prices.

2) Classification and subsequent measurements

At initial recognition, financial assets are amortized cost, other comprehensive income - fair value debt instruments, other comprehensive income - fair value equity instruments or profit or loss - classified as measured at fair value.

Financial assets are not reclassified after initial recognition, unless the entity modifies the financial asset management model, in which case all of the financial assets impacted are reclassified on the first day of the first reporting period after the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

An assessment of whether contractual cash flows consist solely of principal and interest

The principal is defined as the fair value at the initial recognition of the financial asset. Interest consists of consideration for the time value of money, consideration for credit risk associated with the principal balance in a particular time period, as well as consideration for basic loan risk and costs (e.g., liquidity risk and operating costs) as well as profit.

When evaluating whether the contractual cash flows consist solely of payments for principal and interest, we take into account the terms and conditions of the applicable product. If a financial asset includes a contractual term that changes the timing or amount of a contractual cash flow, then the contractual terms must determine whether the contractual cash flows that may occur over the life of the financial instrument consist solely of principal payments.

When evaluating this, we consider the following:

- Conditional conditions that change the amount or timing of cash flow
- Provision to adjust contractual nominal interest rate, including variable interest rate characteristics
- Moderate repayment characteristics and maturity extension characteristics
- The terms of the contract that limit our claims for cash flows arising from a particular asset (e.g. non-property features)

A prepayment feature is consistent with solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and profit and loss

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

3) Elimination

In the event that the contractual rights to cash flows of financial assets have ceased, the Company transfers the contractual rights to receive the cash flows of the financial assets and substantially transfers the risks and rewards of ownership of the transferred financial assets. Or if the Company does not control or control the financial assets without retaining or transferring substantially all the risks and rewards of ownership.

If the Company transacts a recognized asset in its statement of financial position but holds most of the risks and rewards of ownership of the transferred asset, the transferred asset is not removed.

4) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company currently has a legally enforceable right to set off the recognized amounts and there is the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(6) Impairment of financial assets

1) Financial instruments and contract assets

The Company recognize a loss reserve for expected credit losses on the following assets:

- Financial assets measured at amortized cost
- Debt instruments measured at fair value- Other comprehensive income
- Contractual assets as defined in K-IFRS No. 1115

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Company has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the company in full, without recourse by the Company to actions such as realizing security (if any is held)

Total expected credit losses are the expected credit losses due to any default event that may occur during the expected life of the instrument. The expected 12-month credit loss is the total expected period that represents the expected credit loss due to a default event of a financial instrument that can occur within 12 months after the end of the reporting period (or a shorter period if the expected life of the instrument is less than 12 months) Part of credit loss.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

2) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3) Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The evidence that the credit of a financial asset is impaired includes the following observable information.

- Significant financial difficulty of the debtor
- A breach of contract such as a default or being more than 90 days past due
- The restructuring of a loan or advance by the company on terms that the company would not consider otherwise
- It is probable that the debtor will enter bankruptcy or other financial reorganization, or
- The disappearance of an active market for a security because of financial difficulties

4) Presentation of allowance for credit loss on statement of financial position

The allowance for losses on financial assets at amortized cost is deducted from the carrying amount of the asset. For debt instruments measured at FVOCI, changes in credit risk are included in profit or loss and changes in non-credit risk are recognized in other comprehensive income.

5) Write-Off

If there is no reasonable expectation of recovery of all or part of the contractual cash flows of a financial asset, the asset is removed. For individual customers, the Company assesses the timing and amount of each individual by assessing whether there is a reasonable expectation of recovery for the enterprise customer, based on historical experience with the recovery of similar assets. The Company has no expectation that the proceeds will be recovered significantly. However, deferred financial assets can be subject to collection activities in accordance with the collection procedure of the amount due.

(7) Financial liabilities and Paid-in capital

1) Paid-in capital

Common stock is classified as equity. Incremental costs directly related to capital transactions are deducted from equity as a net amount reflecting the tax effect.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2) Financial liabilities

The Company classifies financial liabilities as financial liabilities at fair value through profit or loss and other financial liabilities in accordance with the definition of the substance of contractual contracts and financial liabilities and recognizes them in the statement of financial position when becoming a party to the contract.

1) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as held for trading if they are classified as held for trading, are derivatives, or are initially recognized at fair value through profit or loss. Financial liabilities at fair value through profit or loss are measured at fair value after initial recognition and changes in fair value are recognized in profit or loss. Transaction costs incurred in connection with the initial recognition are recognized in profit or loss as incurred.

2) Other financial liabilities

Non-derivative financial liabilities that are not classified as financial liabilities at fair value through profit or loss are classified as other financial liabilities. Other financial liabilities are measured initially at fair value, net of transaction costs directly attributable to the issue. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method. Interest expense is recognized using the effective interest method.

3) Elimination of financial liabilities

Company only eliminates financial liabilities when the contractual obligation of the financial liability is fulfilled, cancelled or expired. The Company recognizes new financial liabilities as fair value based on new contracts and removes existing liabilities when the contractual terms of the financial liabilities change and the cash flows change substantially. When a financial liability is derecognized, the difference between the carrying amount and the consideration paid (including any transferred non-cash assets or liabilities assumed) is recognized in profit or loss.

(8) Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risk by foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument; in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

At inception of designated hedging relationships, the company documents the risk management objective and strategy for undertaking the hedge. The company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash Flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of change in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The company designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognized in a cost of hedging reserve within equity.

(9) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of inventories, except for those in transit, are measured under the weighted-average method and consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories, less all estimated costs of completion and costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense (cost of sales) in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(10) Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is directly attributable to their purchase or construction, which includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized in the carrying amount of an asset or as a separate asset if it is probable that future economic benefits associated with the assets will flow into the Company and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

The Company does not depreciate land. Depreciation expense is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Useful lives (Years)
Buildings	24–50
Structures	13–30
Machinery and equipment	10
Vehicles	6–10
Others	6–10

If each part of an item of property, plant and equipment has a cost that is significant in relation to the total cost of the item, it is depreciated separately.

The Company reviews the depreciation method, the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

(11) Intangible assets

1) Intangible assets acquired separately

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

2) Internally generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Expenditure arising from development (or from the development phase of an internal project) is recognized as an intangible asset if, and only if, the development project is designed to produce new or substantially improved products, and the Company can demonstrate the technical and economic feasibility and measure reliably the resources attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost, less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The useful life of amortization related to intangible assets is as follows.

	Useful lives (Years)
Development cost	5
Patents	5~10
Software	3
Other intangible assets	Indefinite

3) Derecognition of intangible assets

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

(12) Impairment of Non-financial assets

The carrying amounts of the Company's non-financial assets other than assets arising from biological assets, investment property, contract assets, employee benefits, inventories and deferred tax assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets that have indefinite useful lives irrespective of whether there is any indication of impairment, Good will and intangible assets not yet available are tested for impairment annually by comparing their recoverable amount to their carrying amount.

The Company estimates the recoverable amount of an individual asset, if it is impossible to measure the individual recoverable amount of an asset, then the Company estimates the recoverable amount of cash-generating unit ("CGU"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

The value in use is estimated by applying a pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the asset or CGU for which estimated future cash flows have not been adjusted, to the estimated future cash flows expected to be generated by the asset or CGU.

An impairment loss is recognized in profit or loss if the carrying amount of an asset or a CGU exceeds its recoverable amount.

(13) Retirement benefit costs and termination benefits

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the separate statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are composed of service cost (including current service cost and past service cost, as well as gains and losses on curtailments and settlements), net interest expense (income) and remeasurement.

The Company presents the service cost and net interest expense (income) components in profit or loss and the remeasurement component in other comprehensive income. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the separate statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit or when the entity recognizes any related restructuring costs.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

If the contributions are not linked to services (e.g., contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by K-IFRS No. 1019 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost in the period in which the related service is rendered.

(14) Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The discount rate used is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage is recognized in profit or loss as borrowing cost.

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

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

(15) Lease

The Company has initially adopted K-IFRS No.1116 Leases from January 1, 2019. The significant changes in accounting policies are described in note 2.(4).

The Company applied the following accounting policies in relation to leases before 1 January 2019. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) a lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2) a lessee

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the separate statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs (see Note 3. (16)). Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising from operating leases are recognized as an expense in the period in which they are incurred.

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

(16) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(17) Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants related to assets are presented in the separate statement of financial position by deducting the grant from the carrying amount of the asset. The related grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

(18) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expenses on borrowings. Interest expense is recognized as it accrues in profit or loss, using the effective interest method.

(19) Earnings per share

The Company presents basic and diluted earnings per share(EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholdings of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. The Company has no dilutive potential shares, therefore diluted earnings(loss) per share is equal to the basic earnings(loss) per share.

(20) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

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

2) **Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent it is probable that there will be sufficient taxable profits against which the benefits of the temporary differences can be utilized and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if, and only if, the Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities that intend either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3) **Current and deferred taxes for the year**

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

(21) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these separate financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of K-IFRS No. 1102 Share-based payment; leasing transactions that are within the scope of K-IFRS No. 1116 Leases; and measurements that have some similarities to fair value, but are not fair value, such as net realizable value in K-IFRS No. 1002 Inventories or value in use in K-IFRS No. 1036 Impairment of Assets.

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

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

b. Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

c. Level 3 inputs are unobservable inputs for the asset or liability.

(22) Segment information

Segment information is presented in the same format as the reporting material presented to the Company's management. The Company's management is liable for the assessment of the resources to be allocated to the business segments and the performance results of the business segments.

(23) Accounting Treatment related to the Emission Rights Cap and Trade Scheme

The Company classifies the emission rights as intangible assets. Emission right allowances the government allocated free of charge are measured at ₩ 0, and emission right allowances purchased are measured at cost that the Company paid to purchase the allowances. If emission rights that the government allocated free of charge are sufficient to settle the emission rights allowances allotted for vintage year, the emissions liabilities are measured at ₩ 0. However, for the emission liabilities that exceed the allowances allocated free of charge, the shortfall is measured at best estimate at the end of the reporting period.

4. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks and highly liquid short-term financial instruments that may be easily converted into cash and whose risk of value fluctuation is not material.

5. Restricted Financial Instruments

Restricted financial Instruments as of December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

			Korean won			Indian rupee		
	Financial institution		**2019**	2018		**2019**	2018	**Description**
Cash and cash equivalents	Shinhan Bank and others	₩	**187,494**	1,086,949	Rs	**11,552**	66,972	Government grants
	Woori Bank		**752,317**	750,379		**46,354**	46,235	Unconfirmed reorganization debt pledged as collateral
Non-current financial instruments	Shinhan Bank and others		**4,000**	4,000		**246**	246	Bank account deposit
		₩	**943,811**	1,841,328	Rs	**58,152**	113,453	

6. Non-current Financial Assets

Non-current financial assets as of December 31, 2019 and 2018 are as follows:

(In thousands of won)

	2019					2018
	Ownership (%)		Acquisition cost	Net asset value	Book value	Book value
Korea Business Finance Loan(*)	**1.72**	₩	**500,000**	**722,313**	**500,000**	500,000
Korea Management Consultants Association(*)	**1.50**		**60,000**	**854,342**	**60,000**	60,000
		₩	**560,000**	**1,576,655**	**560,000**	560,000

(In thousands of rupee)

	2019					2018
	Ownership (%)		Acquisition cost	Net asset value	Book value	Book value
Korea Business Finance Loan(*)	**1.72**	Rs	**30,807**	**44,505**	**30,807**	30,807
Korea Management Consultants Association(*)	**1.50**		**3,697**	**52,640**	**3,697**	3,697
		Rs	**34,504**	**97,145**	**34,504**	34,504

(*) Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at acquisition cost.

7. Trade and Other Receivables

(1) Details of trade and other receivables as of December 31, 2019 and 2018 are as follows:

(In thousands of won)

	2019		2018	
	Current	Non-current	Current	Non-current
Trade receivables	₩ **159,356,266**	**100,000**	179,134,041	1,332,414
Less: Allowance for doubtful accounts	**(332,307)**	**(497)**	(122,904)	(1,395)
Other receivables	**7,104,763**	**108,172**	8,440,060	553,345
Less: Allowance for doubtful accounts	**(4,442,546)**	**(44,345)**	(3,918,799)	(450,095)
Loans and others(*)	**12,208,478**	**38,721,961**	12,106,439	33,690,668
Less: Allowance for doubtful accounts	**–**	**(357)**	–	(357)
	₩ **173,894,654**	**38,884,934**	195,638,837	35,124,580

(*) The Loans and others listed above include ₩ 4,037,510 thousand for sub lease receivables and the interest revenue received by the sub lease contract is ₩ 637,160 thousand.

(In thousands of rupee)

	2019		2018	
	Current	Non-current	Current	Non-current
Trade receivables	Rs **9,818,736**	**6,162**	11,037,344	82,097
Less: Allowance for doubtful accounts	**(20,475)**	**(31)**	(7,573)	(86)
Other receivables	**437,760**	**6,665**	520,034	34,094
Less: Allowance for doubtful accounts	**(273,727)**	**(2,732)**	(241,457)	(27,733)
Loans and others(*)	**752,225**	**2,385,853**	745,939	2,075,851
Less: Allowance for doubtful accounts	**–**	**(22)**	–	(22)
	Rs **10,714,519**	**2,395,895**	12,054,287	2,164,201

(*) The Loans and others listed above include Rs 248,771 thousand for sub lease receivables and the interest revenue received by the sub lease contract is Rs 39,259 thousand.

(2) Details of aging analysis of the trade and other receivables as of December 31, 2019 and 2018 are as follows:

(In thousands of won)

	2019		2018	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Less than 90 days	₩ **124,619,361**	**53,501,544**	169,731,967	47,795,006
Less than 180 days	**15,540,796**	**57,067**	3,899,884	361,228
Less than 270 days	**17,528,017**	**30,610**	3,844,119	133,364
Less than 365 days	**674,780**	**1,568**	2,511,167	1,878,601
More than 365 days	**1,093,312**	**4,552,585**	479,318	4,622,313
Total	₩ **159,456,266**	**58,143,374**	180,466,455	54,790,512
Impaired receivables	**332,804**	**4,487,248**	124,299	4,369,251

(In thousands of rupee)

	2019		2018	
	Trade receivables	Others(*)	Trade receivables	Others(*)
Less than 90 days	Rs **7,678,422**	**3,296,496**	10,458,036	2,944,890
Less than 180 days	**957,546**	**3,516**	240,291	22,257
Less than 270 days	**1,079,989**	**1,886**	236,855	8,217
Less than 365 days	**41,577**	**97**	154,726	115,750
More than 365 days	**67,364**	**280,508**	29,533	284,804
Total	Rs **9,824,898**	**3,582,503**	11,119,441	3,375,918
Impaired receivables	**20,506**	**276,481**	7,659	269,212

(*) Others consist of other receivables, loans and others.

(3) Changes in allowance for trade and other receivables for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won)

		2019		2018	
		Trade receivables	**Others**	Trade receivables	Others
Beginning balance	₩	**124,299**	**4,369,251**	126,715	3,783,442
Bad debt expense		**209,403**	**524,237**	–	600,864
Reversal of allowance for bad debts		**(898)**	**(405,749)**	(2,416)	(15,055)
Removal		**–**	**(491)**	–	–
Ending balance	₩	**332,804**	**4,487,248**	124,299	4,369,251

(In thousands of rupee)

		2019		2018	
		Trade receivables	**Others**	Trade receivables	Others
Beginning balance	Rs	**7,659**	**269,212**	7,808	233,118
Bad debt expense		**12,902**	**32,299**	–	37,022
Reversal of allowance for bad debts		**(55)**	**(25,000)**	(149)	(928)
Removal		**–**	**(30)**	–	–
Ending balance	Rs	**20,506**	**276,481**	7,659	269,212

8. Inventories

Details of inventories as of December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Merchandises	₩	**37,958,354**	39,892,986	Rs	**2,338,804**	2,458,006
Finished goods		**73,488,372**	76,588,557		**4,527,986**	4,719,004
Work-in-process		**22,869,812**	27,069,755		**1,409,123**	1,667,903
Raw materials		**34,184,282**	31,654,571		**2,106,265**	1,950,396
Sub-materials		**375,663**	413,615		**23,146**	25,485
Supplies		**3,270,070**	3,611,193		**201,486**	222,504
Goods in transit		**32,477,788**	37,725,938		**2,001,119**	2,324,484
	₩	**204,624,341**	216,956,615	Rs	**12,607,929**	13,367,782

The Company has measured inventories at the lower of cost or net realizable value. The loss on valuation of inventories amounted to ₩ 9,469,719 thousand (Rs 583,477 thousand) and ₩ 7,981,632 thousand (Rs 491,788 thousand) for the years ended December 31, 2019 and 2018 is included in cost of sales.

9. Investments in Subsidiaries and a Joint venture

Details of investment in subsidiaries and a joint venture as of December 31, 2019 and 2018 are as follows:

(In thousands of won)

						2019		2018
	Company	**Location**	**Ownership**	**Closing month**		**Acquisition cost**	**Book value**	Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100%	December	₩	**5,338,097**	**297,411**	297,410
	Ssangyong European Parts Center B.V.	Netherlands	100%	December		**835,695**	**–**	–
	Ssangyong Australia Pty Ltd.(*1)	Australia	100%	December		**4,067,594**	**–**	2,950,833
						10,241,386	**297,411**	3,248,243
Joint venture	SY Auto Capital Co., Ltd.(*2)	Korea	51%	December		**10,200,000**	**10,200,000**	10,200,000
					₩	**20,441,386**	**10,497,411**	13,448,243

(*1) The company made additional investments of ₩ 1,116,761 thousand during the year. Impairment loss on investments in subsidiaries of ₩ 4,067,594 thousand was recognized for the year ended December 31, 2019.

(*2) SY Auto Capital Co., Ltd. were established under joint venture agreement as a joint venture since the Company has rights only to the net assets, and their legal structures of arrangements are separated.

(In thousands of rupee)

						2019		2018
	Company	**Location**	**Ownership**	**Closing month**		**Acquisition cost**	**Book value**	Book value
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100%	December	Rs	**328,907**	**18,325**	18,325
	Ssangyong European Parts Center B.V.	Netherlands	100%	December		**51,491**	**–**	–
	Ssangyong Australia Pty Ltd.(*1)	Australia	100%	December		**250,625**	**–**	181,816
						631,023	**18,325**	200,141
Joint venture	SY Auto Capital Co., Ltd.(*2)	Korea	51%	December		**628,473**	**628,473**	628,473
					Rs	**1,259,496**	**646,798**	828,614

(*1) Impairment loss on investments in subsidiaries of Rs 250,625 thousand was recognized for the year ended December 31, 2019. Ssangyong Australia Pty Ltd. has been invested Rs 68,809 thousand for 100% of the shares in 2019.

(*2) SY Auto Capital Co., Ltd. were established under joint venture agreement as a joint venture since the Company has rights only to the net assets, and their legal structures of arrangements are separated.

10. Other Assets

Details of other assets as of December 31, 2019 and 2018 are as follows:
(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Other current assets						
Advance payments	₩	**1,341,758**	1,013,026	Rs	**82,672**	62,418
Prepaid expenses		**7,107,472**	9,906,317		**437,927**	610,378
Current tax assets		**430,322**	324,294		**26,515**	19,980
	₩	**8,879,552**	11,243,637	**Rs**	**547,114**	692,776
Other non-current assets						
Other non-current assets	₩	**276,041**	276,099	Rs	**17,009**	17,012

11. Property, Plant and Equipment

(1) Details of property, plant and equipment as of December 31, 2019 and 2018 are as follows:

(In thousands of won)

		2019				
		Acquisition cost	**Government grants**	**Accumulated depreciation**	**Accumulated impairment losses**	**Book value**
Land	₩	**474,755,254**	**(7,354)**	**–**	**–**	**474,747,900**
Buildings		**552,055,868**	**(3,681,126)**	**(239,864,472)**	**(157,179,120)**	**151,331,150**
Structures		**112,714,645**	**(69,552)**	**(67,488,211)**	**(29,759,580)**	**15,397,302**
Machinery		**1,306,810,589**	**(143,706)**	**(1,053,087,261)**	**(100,241,895)**	**153,337,727**
Vehicles		**8,304,758**	**(4,344)**	**(5,758,383)**	**(471,742)**	**2,070,289**
Tools and molds		**1,405,141,005**	**(90,765)**	**(912,094,472)**	**(171,857,337)**	**321,098,431**
Equipment		**69,603,163**	**(110,235)**	**(54,857,475)**	**(3,482,468)**	**11,152,985**
Construction in progress		**12,717,610**	**–**	**–**	**(699,821)**	**12,017,789**
Machinery in transit		**233,039**	**–**	**–**	**–**	**233,039**
	₩	**3,942,335,931**	**(4,107,082)**	**(2,333,150,274)**	**(463,691,963)**	**1,141,386,612**

(In thousands of won)

		2018				
		Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩	475,116,992	(7,354)	–	–	475,109,638
Buildings		550,322,646	(3,734,723)	(228,576,444)	(148,366,786)	169,644,693
Structures		112,176,542	(90,063)	(65,850,786)	(28,862,964)	17,372,729
Machinery		1,276,272,698	(166,908)	(1,023,019,261)	(92,390,513)	160,696,016
Vehicles		7,499,847	(5,878)	(5,745,301)	(516,742)	1,231,926
Tools and molds		1,261,396,400	(24,038)	(826,949,338)	(157,469,741)	276,953,283
Equipment		69,535,620	(74,248)	(52,003,068)	(3,203,583)	14,254,721
Construction in progress		110,625,296	–	–	–	110,625,296
Machinery in transit		1,318,137	–	–	–	1,318,137
	₩	3,864,264,178	(4,103,212)	(2,202,144,198)	(430,810,329)	1,227,206,439

(In thousands of rupee)

		2019				
		Acquisition cost	**Government grants**	**Accumulated depreciation**	**Accumulated impairment losses**	**Book value**
Land	Rs	**29,252,045**	**(453)**	**–**	**–**	**29,251,592**
Buildings		**34,014,922**	**(226,816)**	**(14,779,249)**	**(9,684,591)**	**9,324,266**
Structures		**6,944,913**	**(4,285)**	**(4,158,286)**	**(1,833,637)**	**948,705**
Machinery		**80,519,134**	**(8,854)**	**(64,885,972)**	**(6,176,404)**	**9,447,904**
Vehicles		**511,698**	**(268)**	**(354,803)**	**(29,066)**	**127,561**
Tools and molds		**86,577,763**	**(5,592)**	**(56,198,701)**	**(10,588,990)**	**19,784,480**
Equipment		**4,288,599**	**(6,792)**	**(3,380,043)**	**(214,572)**	**687,192**
Construction in progress		**783,596**	**–**	**–**	**(43,119)**	**740,477**
Machinery in transit		**14,359**	**–**	**–**	**–**	**14,359**
	Rs	**242,907,029**	**(253,060)**	**(143,757,054)**	**(28,570,379)**	**70,326,536**

(In thousands of rupee)

		2018				
		Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	Rs	29,274,333	(453)	–	–	29,273,880
Buildings		33,908,130	(230,114)	(14,083,738)	(9,141,620)	10,452,658
Structures		6,911,758	(5,549)	(4,057,396)	(1,778,392)	1,070,421
Machinery		78,637,542	(10,284)	(63,033,332)	(5,692,641)	9,901,285
Vehicles		462,103	(362)	(353,997)	(31,839)	75,905
Tools and molds		77,720,939	(1,481)	(50,952,483)	(9,702,498)	17,064,477
Equipment		4,284,437	(4,575)	(3,204,169)	(197,389)	878,304
Construction in progress		6,816,178	–	–	–	6,816,178
Machinery in transit		81,217	–	–	–	81,217
	Rs	238,096,637	(252,818)	(135,685,115)	(26,544,379)	75,614,325

(2) Changes in property, plant and equipment for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won)

		2019						
		Beginning balance	**Acquisition**	**Disposal**	**Depreciation**	**impairment (*1)**	**Others (*2)**	**Ending balance**
Land	₩	**475,109,638**	**–**	**(361,738)**	**–**	**–**	**–**	**474,747,900**
Buildings		**169,644,693**	**78,903**	**–**	**(11,185,918)**	**(8,812,334)**	**1,605,806**	**151,331,150**
Structures		**17,372,729**	**456,902**	**(132,731)**	**(1,641,894)**	**(896,618)**	**238,914**	**15,397,302**
Machinery		**160,696,016**	**105,540**	**(261,972)**	**(39,624,472)**	**(8,928,852)**	**41,351,467**	**153,337,727**
Vehicles		**1,231,926**	**329,635**	**(427,369)**	**(572,765)**	**(120,557)**	**1,629,419**	**2,070,289**
Tools and molds		**276,953,283**	**9,284,053**	**(389,315)**	**(106,810,004)**	**(18,698,149)**	**160,758,563**	**321,098,431**
Equipment		**14,254,721**	**2,380,817**	**(29,516)**	**(5,061,468)**	**(649,460)**	**257,891**	**11,152,985**
Construction in progress		**110,625,296**	**103,484,143**	**–**	**–**	**(699,821)**	**(201,391,829)**	**12,017,789**
Machinery in transit		**1,318,137**	**1,286,628**	**–**	**–**	**–**	**(2,371,726)**	**233,039**
	₩	**1,227,206,439**	**117,406,621**	**(1,602,641)**	**(164,896,521)**	**(38,805,791)**	**2,078,505**	**1,141,386,612**

(In thousands of won)

		2018					
		Beginning balance	Acquisition	Disposal	Depreciation	Others (*2)	Ending balance
Land	₩	475,062,920	54,072	–	–	(7,354)	475,109,638
Buildings		175,450,508	245,602	(352)	(10,958,093)	4,907,028	169,644,693
Structures		16,717,153	509,016	(3)	(1,719,493)	1,866,056	17,372,729
Machinery		168,999,971	33,906	(96,855)	(32,913,358)	24,672,352	160,696,016
Vehicles		1,182,791	114,689	(257,180)	(382,373)	573,999	1,231,926
Tools and molds		298,398,114	897,900	(224,932)	(89,610,504)	67,492,705	276,953,283
Equipment		16,415,748	3,842,551	(146,967)	(6,149,031)	292,420	14,254,721
Construction in progress		87,441,686	123,427,659	–	–	(100,244,049)	110,625,296
Machinery in transit		–	1,318,137	–	–	–	1,318,137
	₩	1,239,668,891	130,443,532	(726,289)	(141,732,852)	(446,843)	1,227,206,439

(*1) Cash Generating Unit consists of only a single cash-generating unit. As the present value (value in use) of future cash flows expected from the use and disposal of property, plant and equipment is less than the book value at the end of this year, the book value was adjusted to recoverable value and the difference was recognized as a loss on property, plant and equipment (non-operating expenses). The discount rate used in calculating value in use is 8.6% and 1% growth rate has been applied since 2024.

(*2) Capitalized borrowing costs in respect of construction in progress is ₩ 765,291 thousand (2018: ₩ 1,073,366 thousand) and ₩ 1,510,906 thousand (2018: ₩ 519,000 thousand) was transferred from inventory to vehicles during the year ended December 31, 2019. The government grant amounting to ₩ 197,692 thousand (2018: ₩ 2,012,470 thousand) was used for asset acquisition was included in others during the year ended December 31,2019.

(In thousands of rupee)

		2019						
		Beginning balance	**Acquisition**	**Disposal**	**Depreciation**	**impairment (*1)**	**Others (*2)**	**Ending balance**
Land	Rs	**29,273,880**	**–**	**(22,288)**	**–**	**–**	**–**	**29,251,592**
Buildings		**10,452,658**	**4,862**	**–**	**(689,220)**	**(542,972)**	**98,938**	**9,324,266**
Structures		**1,070,421**	**28,152**	**(8,178)**	**(101,165)**	**(55,245)**	**14,720**	**948,705**
Machinery		**9,901,285**	**6,503**	**(16,141)**	**(2,441,463)**	**(550,153)**	**2,547,873**	**9,447,904**
Vehicles		**75,905**	**20,310**	**(26,332)**	**(35,291)**	**(7,428)**	**100,397**	**127,561**
Tools and molds		**17,064,477**	**572,037**	**(23,988)**	**(6,581,098)**	**(1,152,086)**	**9,905,138**	**19,784,480**
Equipment		**878,304**	**146,694**	**(1,819)**	**(311,862)**	**(40,016)**	**15,891**	**687,192**
Construction in progress		**6,816,178**	**6,376,175**	**–**	**–**	**(43,119)**	**(12,408,757)**	**740,477**
Machinery in transit		**81,217**	**79,276**	**–**	**–**	**–**	**(146,134)**	**14,359**
	Rs	**75,614,325**	**7,234,009**	**(98,746)**	**(10,160,099)**	**(2,391,019)**	**128,066**	**70,326,536**

(In thousands of rupee)

		2018					
		Beginning balance	Acquisition	Disposal	Depreciation	Others (*2)	Ending balance
Land	Rs	29,271,002	3,332	–	–	(454)	29,273,880
Buildings		10,810,383	15,133	(22)	(675,183)	302,347	10,452,658
Structures		1,030,027	31,363	–	(105,947)	114,978	1,070,421
Machinery		10,412,933	2,089	(5,968)	(2,027,957)	1,520,188	9,901,285
Vehicles		72,878	7,067	(15,846)	(23,560)	35,366	75,905
Tools and molds		18,385,800	55,324	(13,859)	(5,521,351)	4,158,563	17,064,477
Equipment		1,011,456	236,759	(9,055)	(378,873)	18,017	878,304
Construction in progress		5,387,719	7,604,995	–	–	(6,176,536)	6,816,178
Machinery in transit		–	81,217	–	–	–	81,217
	Rs	76,382,198	8,037,279	(44,750)	(8,732,871)	(27,531)	75,614,325

(*1) Cash Generating Unit consists of only a single cash-generating unit. As the present value (value in use) of future cash flows expected from the use and disposal of property, plant and equipment is less than the book value at the end of this year, the book value was adjusted to recoverable value and the difference was recognized as a loss on property, plant and equipment (non-operating expenses). The discount rate used in calculating value in use is 8.6% and 1% growth rate has been applied since 2024.

(*2) Capitalized borrowing costs in respect of construction in progress is Rs 47,153 thousand (2018: Rs 66,135 thousand) and Rs 93,094 thousand (2018: Rs 31,978 thousand) was transferred from inventory to vehicles during the year ended December 31, 2019. The government grant amounting to Rs 12,185 thousand (2018: Rs 123,998 thousand) was used for asset acquisition was included in others during the year ended December 31,2019.

(3) Details of pledged assets provided as collateral for the borrowings as of December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		Book value	**Collateralized amount**		**Book value**	**Collateralized amount**
Land	₩	**450,663,971**		Rs	**27,767,661**	
Buildings and structures		**113,593,935**	**372,000,000**		**6,999,090**	**22,920,780**
Machinery and others		**15,639**			**964**	
	₩	**564,273,545**	**372,000,000**	Rs	**34,767,715**	**22,920,780**

(4) Capitalized borrowing costs and capitalization interest rate for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Capitalized interest expenses	₩	**3,466,735**	3,724,107	Rs	**213,603**	229,461
Capitalization interest rate		**3.49%**	3.35%		**3.49%**	3.35%

12. Intangible Assets

(1) Details of intangible assets as of December 31, 2019 and 2018 are as follows:

(In thousands of won)

	2019				
	Acquisition cost	**Government grants**	**Accumulated amortization**	**Accumulated impairment losses**	**Book value**
Development cost	**₩ 510,279,976**	**–**	**(275,331,952)**	**(12,928,659)**	**222,019,365**
Patents	**4,848,742**	**(9,343)**	**(3,525,514)**	**(156,296)**	**1,157,589**
Other intangible assets	**130,169,749**	**–**	**(33,946,764)**	**(6,544,340)**	**89,678,645**
	₩ 645,298,467	**(9,343)**	**(312,804,230)**	**(19,629,295)**	**312,855,599**

(In thousands of won)

	2018				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	₩ 345,185,015	–	(182,160,013)	–	163,025,002
Patents	4,360,730	(11,559)	(2,907,159)	(107,788)	1,334,224
Other intangible assets	221,383,684	(6,186)	(30,567,312)	(1,409,450)	189,400,736
	₩ 570,929,429	(17,745)	(215,634,484)	(1,517,238)	353,759,962

(In thousands of rupee)

	2019				
	Acquisition cost	**Government grants**	**Accumulated amortization**	**Accumulated impairment losses**	**Book value**
Development cost	**Rs. 31,440,901**	**–**	**(16,964,578)**	**(796,599)**	**13,679,724**
Patents	**298,755**	**(575)**	**(217,225)**	**(9,630)**	**71,325**
Other intangible assets	**8,020,409**	**–**	**(2,091,630)**	**(403,230)**	**5,525,549**
	Rs. 39,760,065	**(575)**	**(19,273,433)**	**(1,209,459)**	**19,276,598**

(In thousands of rupee)

	2018				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	Rs 21,268,575	–	(11,223,789)	–	10,044,786
Patents	268,686	(713)	(179,125)	(6,641)	82,207
Other intangible assets	13,640,556	(381)	(1,883,405)	(86,843)	11,669,927
	Rs 35,177,817	(1,094)	(13,286,319)	(93,484)	21,796,920

(2) Changes in intangible assets for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won)

	2019							
	Beginning balance	**Acquisition**	**Disposal**	**Amortization**	**Impairment (*1)**	**Transfer**	**Others (*2)**	**Ending balance**
Internally created intangible assets:								
Development cost	**₩ 163,025,002**	**–**	**–**	**(93,171,939)**	**(12,928,659)**	**165,094,961**	**–**	**222,019,365**
Other intangible assets	**181,843,818**	**68,251,200**	**–**	**–**	**(4,826,016)**	**(165,094,961)**	**2,701,444**	**82,875,485**
	₩ 344,868,820	**68,251,200**	**–**	**(93,171,939)**	**(17,754,675)**	**–**	**2,701,444**	**304,894,850**
	Beginning balance	**Acquisition**	**Disposal**	**Amortization**	**Impairment (*1)**	**Transfer**	**Others (*2)**	**Ending balance**
Individually acquired intangible assets:								
Patents	**₩ 1,334,224**	**488,012**	**–**	**(616,139)**	**(48,508)**	**–**	**–**	**1,157,589**
Other intangible assets	**7,556,918**	**3,040,520**	**(112,138)**	**(3,373,265)**	**(308,875)**	**–**	**–**	**6,803,160**
	8,891,142	**3,528,532**	**(112,138)**	**(3,989,404)**	**(357,383)**	**–**	**–**	**7,960,749**
	₩ 353,759,962	**71,779,732**	**(112,138)**	**(97,161,343)**	**(18,112,058)**	**–**	**2,701,444**	**312,855,599**

(In thousands of won)

	2018						
	Beginning balance	Acquisition	Amortization	Impairment (*1)	Transfer	Others (*2)	Ending balance
Internally created intangible assets:							
Development cost	₩ 189,161,366	–	(66,365,959)	–	40,229,595	–	163,025,002
Other intangible assets	104,765,438	115,704,215	–	(1,046,981)	(40,229,595)	2,650,741	181,843,818
	293,926,804	115,704,215	(66,365,959)	(1,046,981)	–	2,650,741	344,868,820

	Beginning balance	Acquisition	Amortization	Impairment (*1)	Transfer	Others (*2)	Ending balance
Individually acquired intangible assets:							
Patents	₩ 1,592,985	376,594	(605,905)	(29,450)	–	–	1,334,224
Other intangible assets	7,748,933	3,417,166	(3,609,181)	–	–	–	7,556,918
	9,341,918	3,793,760	(4,215,086)	(29,450)	–	–	8,891,142
	303,268,722	119,497,975	(70,581,045)	(1,076,431)	–	2,650,741	353,759,962

(*1) Cash Generating Unit consists of only a single cash-generating unit. As the present value (value in use) of future cash flows expected from the use and disposal of Intangible Assets is less than the book value at the end of this year, the book value was adjusted to recoverable value and the difference was recognized as a loss on Intangible Assets (non-operating expenses). The discount rate used in calculating value in use is 8.6% and 1% growth rate has been applied since 2024.

(*2) Capitalized borrowing costs in respect of other intangible assets is ₩ 2,701,444 thousand and ₩ 2,650,741 thousand for the years ended December 31, 2019 and 2018, respectively.

(In thousands of rupee)

	2019							
	Beginning balance	**Acquisition**	**Disposal**	**Amortization**	**Impairment (*1)**	**Transfer**	**Others (*2)**	**Ending balance**
Internally created intangible assets:								
Development cost	Rs **10,044,786**	**–**	**–**	**(5,740,789)**	**(796,599)**	**10,172,326**	**–**	**13,679,724**
Other intangible assets	**11,204,307**	**4,205,298**	**–**	**–**	**(297,355)**	**(10,172,326)**	**166,448**	**5,106,372**
	21,249,093	**4,205,298**	**–**	**(5,740,789)**	**(1,093,954)**	**–**	**166,448**	**18,786,096**

	Beginning balance	**Acquisition**	**Disposal**	**Amortization**	**Impairment (*1)**	**Transfer**	**Others (*2)**	**Ending balance**
Individually acquired intangible assets:								
Patents	**82,207**	**30,069**	**–**	**(37,963)**	**(2,988)**	**–**	**–**	**71,325**
Other intangible assets	**465,620**	**187,342**	**(6,909)**	**(207,844)**	**(19,032)**	**–**	**–**	**419,177**
	547,827	**217,411**	**(6,909)**	**(245,807)**	**(22,020)**	**–**	**–**	**490,502**
	Rs **21,796,920**	**4,422,709**	**(6,909)**	**(5,986,596)**	**(1,115,974)**	**–**	**166,448**	**19,276,598**

(In thousands of rupee)

	2018						
	Beginning balance	Acquisition	Amortization	Impairment (*1)	Transfer	Others (*2)	Ending balance
Internally created intangible assets:							
Development cost	Rs 11,655,178	–	(4,089,138)	–	2,478,746	–	10,044,786
Other intangible assets	6,455,122	7,129,115	–	(64,510)	(2,478,746)	163,326	11,204,307
	18,110,300	7,129,115	(4,089,138)	(64,510)	–	163,326	21,249,093

	Beginning balance	Acquisition	Amortization	Impairment (*1)	Transfer	Others (*2)	Ending balance
Individually acquired intangible assets:							
Patents	98,151	23,204	(37,333)	(1,815)	–	–	82,207
Other intangible assets	477,451	210,549	(222,380)	–	–	–	465,620
	575,602	233,753	(259,713)	(1,815)	–	–	547,827
	Rs 18,685,902	7,362,868	(4,348,851)	(66,325)	–	163,326	21,796,920

(*1) Cash Generating Unit consists of only a single cash-generating unit. As the present value (value in use) of future cash flows expected from the use and disposal of Intangible Assets is less than the book value at the end of this year, the book value was adjusted to recoverable value and the difference was recognized as a loss on Intangible Assets (non-operating expenses). The discount rate used in calculating value in use is 8.6% and 1% growth rate has been applied since 2024.

(*2) Capitalized borrowing costs in respect of other intangible assets is Rs 166,448 thousand and Rs 163,326 thousand for the years ended December 31, 2019 and 2018, respectively.

(3) Details of capitalized development costs as of December 31, 2019 are as follows.
(In thousands of won and in thousands of rupee)

	Project name	Korean won	Indian rupee	Remaining amortization period (*1)
Development costs	RV(*2)	₩ 193,173,708	Rs 11,902,398	1~4 years
	Power train and others	28,845,657	1,777,325	1~4 years
Other intangible assets	RV(*3)	82,875,485	5,106,372	–
		₩ 304,894,850	Rs 18,786,095	

(*1) If the amortization is initiated, the remaining amortization period is recorded. If the amortization is not started, it is marked with "-" only.
(*2) It is a development project for vehicles under sale as of December 31, 2019.
(*3) On-going development project for vehicles as of December 31, 2019 to respond to consumer needs and market conditions.

(4) Details of expenditures for research and developments for the years ended December 31, 2019 and 2018 are as follows:
(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	**2019**	2018
Capitalization of intangible assets	**₩ 70,952,644**	**118,354,956**	**Rs 4,371,747**	7,292,441
Manufacturing costs	**106,341,408**	**69,401,524**	**6,552,226**	4,276,175
Selling and administrative expenses	**12,291,122**	**13,882,448**	**757,317**	855,367
	₩ 189,585,174	**201,638,928**	**Rs 11,681,290**	12,423,983

13. Lease

(1) Changes in right-of-use assets for the year ended December 31, 2019 are as follows:
(In thousands of won)

	Beginning balance	Increase	Depreciation	Others	Ending balance
Land and building	**₩ 2,111,692**	**194,148**	**(1,253,569)**	**(133,031)**	919,240
Vehicle	**5,177,133**	**305,371**	**(1,905,132)**	**(1,464)**	3,575,908
Equipment	**–**	**1,542,742**	**(186,736)**	**–**	1,356,006
Total	**₩ 7,288,825**	**2,042,261**	**(3,345,437)**	**(134,495)**	5,851,154

(In thousands of rupee)

	Beginning balance	Increase	Depreciation	Others	Ending balance
Land and building	**Rs 130,112**	**11,962**	**(77,239)**	**(8,195)**	56,640
Vehicle	**318,989**	**18,815**	**(117,385)**	**(90)**	220,329
Equipment	**–**	**95,056**	**(11,506)**	**–**	83,550
Total	**Rs 449,101**	**125,833**	**(206,130)**	**(8,285)**	360,519

(2) Details of lease liabilities as of December 31, 2019 are as follows:
(In thousands of won)

	Within a year	Over 1 year
Lease liabilities(*)	**₩ 6,128,903**	**3,863,317**

(In thousands of rupee)

	Within a year	Over 1 year
Lease liabilities(*)	**Rs 377,632**	**238,038**

(*) The total amount of lease liabilities paid in the current term is ₩ 8,812,698 thousand (Rs 542,994 thousand) and interests expenses is ₩ 485,271 thousand (Rs 29,900 thousand).

(3) Expenses from lease contracts with low cost and short term contract during this year are as follows:
(In thousands of won)

	Exemption of lease recognition	Expenses
Office equipment and others	Low cost	₩ 1,056,554
	Short term	570,694
Building	Short term	30,700

(In thousands of rupee)

	Exemption of lease recognition	Expenses
Office equipment and others	Low cost	Rs 65,100
	Short term	35,163
Building	Short term	1,892

(4) The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date. Under K-IFRS No 1017, the company did not have any finance leases as a lessor.
(In thousands of won and in thousands of rupee)

	2019	
	Korean won	Indian rupee
Less than 1 year	**₩ 2,841,843**	**Rs 175,100**
1 year to 2 years	**1,340,272**	**82,581**
Lease to be received	**4,182,115**	**257,681**
Unrealized interests	**(144,605)**	**(8,910)**
Net investment in the lease	**4,037,510**	**248,771**
Interests from sublease for this year	**196,545**	**12,110**

14. Borrowings

(1) Details of short-term borrowings as of December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

Creditor	Type	Interest rate (%)	Korean won 2019	Korean won 2018	Indian rupee 2019	Indian rupee 2018
Korea Development Bank	Operating fund	CD+2.10	₩ **20,000,000**	30,000,000	Rs **1,232,300**	1,848,450
	Facility fund(*)	CD+1.57	**70,000,000**	–	**4,313,050**	–
Woori Bank	General loan(*)	CD+2.00	**17,500,000**	–	**1,078,263**	–
Kookmin Bank	Facility fund(*)	CD+2.00	**10,000,000**	5,000,000	**616,150**	308,075
BNP PARIBAS	Overdraft	CD+2.00	**30,000,000**	–	**1,848,450**	–
BOA and others	Banker's usance	0.26 ~0.82	**106,606,448**	143,227,545	**6,568,556**	8,824,965
			₩ **254,106,448**	178,227,545	Rs **15,656,769**	10,981,490

(*) Current portion of long-term borrowing

(2) Details of long-term borrowing as of December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

Creditor	Type	Interest rate (%)	Korean won 2019	Korean won 2018	Indian rupee 2019	Indian rupee 2018
Korea Development Bank	Facility fund	CD+1.57~1.60	₩ **170,000,000**	70,000,000	Rs **10,474,550**	4,313,050
Woori Bank	General loan	CD+2.00	**35,000,000**	–	**2,156,525**	–
Kookmin Bank	Facility fund	CD+2.00	**11,250,000**	10,000,000	**693,169**	616,150
JP Morgan	Facility fund	CD+2.00	**40,000,000**	–	**2,464,600**	–
Less: Current portion			**(97,500,000)**	(5,000,000)	**(6,007,463)**	(308,075)
			₩ **158,750,000**	75,000,000	Rs **9,781,381**	4,621,125

(3) Details of pledged assets as collateral for borrowings as of December 31, 2019 are as follows:

(In thousands of won)

Creditor	**Pledged assets**		**Borrowings amount**	**Maximum credit amount**
Korea Development Bank	Land, buildings, structures and machinery	₩	190,000,000	300,000,000
Kookmin Bank	Land and buildings		11,250,000	24,000,000
Woori Bank	Land and buildings		35,000,000	48,000,000
		₩	236,250,000	372,000,000

(In thousands of rupee)

Creditor	Pledged assets		Borrowings amount	Maximum credit amount
Korea Development Bank	Land, buildings, structures and machinery	Rs	11,706,850	18,484,500
Kookmin Bank	Land and buildings		693,169	1,478,760
Woori Bank	Land and buildings		2,156,525	2,957,520
		Rs	14,556,544	22,920,780

15. Other Financial Liabilities

Details of other financial liabilities as of December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	**2019**	2018
Accrued expenses	₩ **39,427,815**	₩ 38,035,515	Rs. **2,429,344**	Rs. 2,343,559

16. Provision of Warranty for sale

The Company generally provides warranty for each product sold and accrues warranty expense at the time of sale based on the history of actual claims. Changes in provision of warranty for sale for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	**2019**	2018
Beginning balance	₩ **135,038,087**	146,239,557	Rs. **8,320,372**	Rs. 9,010,550
Increase	**35,273,579**	27,317,843	**2,173,381**	1,683,188
Decrease	**(41,780,414)**	(38,519,313)	**(2,574,300)**	(2,373,367)
Ending balance	₩ **128,531,252**	₩ 135,038,087	Rs. **7,919,453**	Rs. 8,320,371
Current	₩ **50,305,013**	49,209,826	Rs. **3,099,543**	3,032,063
Non-current	**78,226,239**	85,828,261	**4,819,910**	5,288,308

17. Other Liabilities

Details of other liabilities as of December 31, 2019 and 2018 are as follows:

(In thousands of won)

	2019		2018	
	Current	Non-current	**Current**	Non-current
Advances from customers	₩ **3,734,946**	₩ –	Rs **3,798,708**	Rs –
Deposits received	**580,505**	–	**525,166**	–
Withholdings	**17,435,070**	–	**22,531,153**	–
Unearned revenue	**3,784,720**	15,862,475	**6,054,312**	11,257,510
	₩ **25,535,241**	₩ 15,862,475	Rs **32,909,339**	Rs 11,257,510

(In thousands of rupee)

	2019		2018	
	Current	**Non-current**	Current	Non-current
Advances from customers	Rs **230,129**	Rs –	Rs 234,057	Rs –
Deposits received	**35,768**	–	32,358	–
Withholdings	**1,074,262**	–	1,388,257	–
Unearned revenue	**233,196**	**977,368**	373,036	693,633
	Rs **1,573,355**	Rs **977,368**	Rs 2,027,708	Rs 693,633

18. Employee Benefits

(1) Details of defined benefit liabilities as of December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	**2019**	2018
Present value of defined benefit obligations	₩ **357,109,529**	₩ 330,195,117	Rs. **22,003,303**	Rs. 20,344,972
Fair value of plan assets	**(954,268)**	(1,013,651)	**(58,797)**	(62,456)
	₩ **356,155,261**	₩ 329,181,466	Rs. **21,944,506**	Rs. 20,282,516

(2) Changes in defined benefit liabilities for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won)

	2019		
Details	**PV of defined benefit obligation**	**Plan assets**	**Total**
Beginning balance	₩ **330,195,117**	**(1,013,651)**	**329,181,466**
Current service cost	**39,722,211**	-	**39,722,211**
Interest expense (income)	**8,590,806**	**(26,318)**	**8,564,488**
Sub-total	**378,508,134**	**(1,039,969)**	**377,468,165**
Re-measurement factors:			
Re-measurements of plan assets	–	**13,869**	**13,869**
Loss (gain) from experience adjustments	**(15,322,662)**	–	**(15,322,662)**
Loss (gain) from changes in financial assumptions	**12,785,519**	–	**12,785,519**
Loss (gain) from changes in demographic assumptions	**811,369**	–	**811,369**
Sub-total	**(1,725,774)**	**13,869**	**(1,711,905)**
Benefit paid by plan	**(71,832)**	**71,832**	–
Benefit paid directly	**(19,600,999)**	–	**(19,600,999)**
Ending balance	₩ **357,109,529**	**(954,268)**	**356,155,261**

(In thousands of won)

	2018		
Details	PV of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 285,658,090	(1,094,967)	284,563,123
Current service cost	36,320,832	-	36,320,832
Interest expense (income)	8,892,349	(34,034)	8,858,315
Sub-total	330,871,271	(1,129,001)	329,742,270
Re-measurement factors:			
Re-measurements of plan assets	–	20,618	20,618
Loss (gain) from experience adjustments	1,253,039	–	1,253,039
Loss (gain) from changes in financial assumptions	18,608,552	–	18,608,552
Loss (gain) from changes in demographic assumptions	158,296	–	158,296
Sub-total	20,019,887	20,618	20,040,505
Benefit paid by plan	(94,732)	94,732	–
Benefit paid directly	(20,601,309)	–	(20,601,309)
Ending balance	₩ 330,195,117	(1,013,651)	329,181,466

(In thousands of rupee)

	2019		
Details	**PV of defined benefit obligation**	**Plan assets**	**Total**
Beginning balance	Rs. **20,344,972**	**(62,456)**	**20,282,516**
Current service cost	**2,447,484**	–	**2,447,484**
Interest expense (income)	**529,323**	**(1,622)**	**527,701**
Sub-total	**23,321,779**	**(64,078)**	**23,257,701**
Re-measurement factors:			
Re-measurements of plan assets	–	**855**	**855**
Loss (gain) from experience adjustments	**(944,107)**	–	**(944,107)**
Loss (gain) from changes in financial assumptions	**787,780**	–	**787,780**
Loss (gain) from changes in demographic assumptions	**49,993**	–	**49,993**
Sub-total	**(106,334)**	**855**	**(105,479)**
Benefit paid by plan	**(4,426)**	**4,426**	–
Benefit paid directly	**(1,207,716)**	–	**(1,207,716)**
Ending balance	Rs **22,003,303**	**(58,797)**	**21,944,506**

(In thousands of rupee)

		2018		
Details		PV of defined benefit obligation	Plan assets	Total
Beginning balance	Rs	17,600,823	(67,466)	17,533,357
Current service cost		2,237,908	–	2,237,908
Interest expense (income)		547,902	(2,097)	545,805
Sub-total		20,386,633	(69,563)	20,317,070
Re-measurement factors:				
Re-measurements of plan assets		–	1,270	1,270
Loss (gain) from experience adjustments		77,206	–	77,206
Loss (gain) from changes in financial assumptions		1,146,567	–	1,146,567
Loss (gain) from changes in demographic assumptions		9,753	–	9,753
Sub-total		1,233,526	1,270	1,234,796
Benefit paid by plan		(5,837)	5,837	–
Benefit paid directly		(1,269,350)	–	(1,269,350)
Ending balance	Rs	20,344,972	(62,456)	20,282,516

(3) The components of plan assets as of December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Insurance contracts	₩	**954,268**	1,013,651	Rs.	**58,797**	62,456

(4) Actuarial assumptions used related to plans as of December 31, 2019 and 2018 are as follows:

	2019	2018
Discount rate (%)	**2.30**	2.63
Rate of future salary growth (%)	**3.96**	3.95

The discount rate is the market yield at the end of the reporting year on high quality corporate bonds (AA+) that have maturity which approximates the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The discount rate for the calculation of the present value of defined benefit obligations is also used as expected return on plan assets.

Weighted average duration of defined benefit obligation as of December 31, 2019 and 2018 are 11.1 years and 11.6 years, respectively.

(5) The sensitivity of the defined benefit obligations to key assumptions as of December 31, 2019 is as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		1% increase	1% decrease		**1% increase**	1% decrease
Discount rate	₩	**(34,976,590)**	40,541,126	Rs	**(2,155,083)**	2,497,941
Future salary growth	₩	**38,098,453**	(33,573,782)	Rs	**2,347,436**	(2,068,649)

Sensitivity analysis does not take into account the variance of all expected cash flows, but it provides an approximation of the sensitivity to the assumptions used.

19. Commitments and Contingencies

Details of commitments and contingencies as of December 31, 2019 are as follows:

(1) The Company carries product liability insurance for all products that it sells.

(2) As of December 31, 2019, the Company has agreements with Korea Development Bank and others for various borrowings, trading finance and others with limit of W 423,250 million (Rs 26,079 million) and USD 245 million.

(3) As of December 31, 2019, the Company has been provided with guarantees amounting to USD 896,649 by Standard Chartered Bank Korea Limited in connection with refunds for advance received and performing transactions.

(4) As of December 31, 2019, 5 claims as a plaintiff were filled with the claim amount of W 5,480 million (Rs 338 million) and 12 claims as a defendant were filled with the claims of W 2,185 million (Rs 135 million). The provision amounting to W 7,486 million (Rs 461 million) is recognized as other payable for the foregoing lawsuits and claims, since the amounts for potential loss can be estimated and management expect that it is probable that the Company will be required to incur an outflow.

20. Capital Stock

The Company's capital stock as of December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee, except for par value and share information)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Number of shares authorized	₩	**3,000,000,000**	3,000,000,000	Rs	**3,000,000,000**	3,000,000,000
Shares outstanding		**149,840,002**	137,949,396		**149,840,002**	137,949,396
Par value		**5,000**	5,000		**308**	308
Capital stock	₩	**749,200,010**	689,746,980	Rs	**46,161,959**	42,498,760

21. Other Capital Surplus

Details of other capital surplus as of December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Paid-up capital in excess of par value	₩	**3,169,615**	12,916,273	Rs.	**195,296**	795,836
Gain on capital reduction		**74,061,697**	74,061,697	Rs.	**4,563,311**	4,563,311
Debt to be swapped for equity		**931,508**	931,508	Rs.	**57,395**	57,395
	₩	**78,162,820**	87,909,478		**4,816,002**	5,416,542

22. Other Equity

(1) Details of the Company's other equity as of December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Gains (losses) on valuation of derivatives	₩	–	103,000	Rs	–	6,347

(2) Changes in the Company's gains (losses) on valuation of derivatives for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Beginning balance	₩	**103,000**	–	Rs	**6,347**	–

	Korean won		Indian rupee	
	2019	2018	**2019**	2018
Gains on valuation of derivatives	₩ **–**	103,000	Rs **–**	6,347
Reclassified to net losses	**(103,000)**	–	**(6,347)**	–
Ending balance	₩ **–**	**103,000**	Rs **–**	**6,347**

23. Deficit

(1) Details of deficit as of December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	**2019**	2018
Deficit	₩ **(421,823,237)**	(82,483,045)	Rs **(25,990,639)**	(5,082,193)

(2) Changes in retained earnings (deficit) for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2019	2018	**2019**	2018
Beginning balance	₩ **(82,483,045)**	(45,232,442)	Rs **(5,082,193)**	(2,786,997)
Disposition of deficit	**–**	45,232,442	**–**	2,786,997
Loss for the year	**(341,052,097)**	(62,442,540)	**(21,013,925)**	(3,847,397)
Defined benefit plan re-measurement	**1,711,905**	(20,040,505)	Rs **105,479**	(1,234,796)
Ending balance	₩ **(421,823,237)**	(82,483,045)	**(25,990,639)**	(5,082,193)

(3) Statements of disposition of accumulated deficits for the years ended December 31, 2019 and 2018 are as follows:

Date of Disposition for 2019: March 24, 2020

Date of Disposition for 2018: March 29, 2019

(In thousands of won)

		2019	2018
Undisposed accumulated Deficits			
Balance at beginning of year	₩	**(82,483,045)**	–
Loss for the year		**(341,052,097)**	(62,442,540)
Re-measurements of defined benefit liabilities		**1,711,905**	(20,040,505)
	₩	**(421,823,237)**	(82,483,045)
Disposition of deficit		**–**	–
Undisposed accumulated deficits to be carried over to subsequent year	₩	**(421,823,237)**	(82,483,045)

(In thousands of rupee)

		2019	2018
Undisposed accumulated Deficits			
Balance at beginning of year	Rs	**(5,082,193)**	–
Loss for the year		**(21,013,925)**	(3,847,397)
Re-measurements of defined benefit liabilities		**105,479**	(1,234,796)
	Rs	**(25,990,639)**	(5,082,193)
Disposition of deficit		**–**	–
Undisposed accumulated deficits to be carried over to subsequent year	Rs	**(25,990,639)**	(5,082,193)

24. Income Tax Expense

(1) Income tax expense and deferred income tax assets related to the temporary differences, deficit carried forward and tax credit carried forward are not recognized as of December 31, 2019.

(2) Changes in temporary differences and deferred income tax assets for the years ended December 31, 2019 and 2018, are as follows:

(In thousands of won)

	2019			
	Beginning balance	**Decrease**	**Increase**	**Ending balance**
Allowance for doubtful accounts	₩ **2,415,106**	**2,408,106**	**2,939,429**	**2,946,429**
Government grants	**5,039,624**	**1,390,745**	**825,695**	**4,474,574**
Provision for warranties	**135,038,086**	**135,038,087**	**128,531,253**	**128,531,252**
Defined benefit liabilities	**331,410,425**	**19,522,238**	**46,323,923**	**358,212,110**
Impairment loss of property, plant and equipment	**84,669,290**	**26,818,376**	**38,805,791**	**96,656,705**
Intangible assets	**19,157,125**	**6,794,782**	**748,689**	**13,111,032**
Depreciation	**16,761,726**	**2,166,172**	**7,634,434**	**22,229,988**
Other payables	**22,079,874**	**22,079,874**	**27,238,937**	**27,238,937**
Accrued expenses	**37,502,860**	**37,502,860**	**38,787,848**	**38,787,848**
Investment in subsidiaries	**5,907,287**	**–**	**4,067,594**	**9,974,881**
Derivatives	**(891,319)**	**(891,319)**	**–**	**–**
Other long-term employee benefit	**17,039,484**	**17,039,484**	**16,253,294**	**16,253,294**
Trade receivable	**2,904,346**	**–**	**1,073,928**	**3,978,274**
Other receivable	**3,029,805**	**3,029,805**	**297,495**	**297,495**
Land	**(260,713,528)**	**(58,216)**	**–**	**(260,655,312)**
Impairment loss of Intangible assets	**–**	**–**	**17,763,809**	**17,763,809**
Sub-lease receivables	**–**	**–**	**(4,037,510)**	**(4,037,510)**
Right-of-use assets	**–**	**–**	**(5,851,154)**	**(5,851,154)**
Lease liabilities	**–**	**–**	**9,992,220**	**9,992,220**
Others	**4,892,990**	**4,341,933**	**7,945,369**	**8,496,426**
Deficit carried over on tax	**1,155,686,877**	**569,599,726**	**269,976,417**	**856,063,568**
Sub-total	₩ **1,581,930,058**	**846,782,653**	**609,317,461**	**1,344,464,866**

		2019			
		Beginning balance	**Decrease**	**Increase**	**Ending balance**
Not recognized as deferred tax assets		**1,581,930,058**	**846,782,653**	**609,317,461**	**1,344,464,866**
Recognized as deferred tax assets		**–**	**–**	**–**	**–**
Statutory tax rate		**22%**			**22%**
Deferred tax assets resulting from temporary differences or deficits carried over on tax		**–**	**–**	**–**	**–**
Tax credit carry-forwards:		**22,456,665**	**2,023,360**	**–**	**20,433,305**
Not recognized as deferred tax assets		**22,456,665**	**2,023,360**	**–**	**20,433,305**
Recognized as deferred tax assets		**–**	**–**	**–**	**–**
Deferred tax assets resulting from tax credit carry-forwards		**–**	**–**	**–**	**–**
Total deferred income tax	₩	**–**	**–**	**–**	**–**

The Company does not recognize deferred tax assets since it could not estimate income tax decease effect by deducting temporary differences, deficits carried over on tax and tax credit carry-forwards from expected future taxable income.

(In thousands of won)

		2018			
		Beginning balance	Decrease	Increase	Ending balance
Allowance for doubtful accounts	₩	1,597,027	1,614,687	2,432,766	2,415,106
Government grants		3,025,471	2,297,962	4,312,115	5,039,624
Provision for warranties		146,239,557	146,239,557	135,038,086	135,038,086
Defined benefit liabilities		287,112,258	20,550,333	64,848,500	331,410,425
Impairment loss of property, plant and equipment		91,298,992	6,653,531	23,829	84,669,290
Intangible assets		23,602,904	6,590,801	2,145,022	19,157,125
Depreciation		13,534,126	1,031,848	4,259,448	16,761,726
Other payables		26,556,965	28,265,201	23,788,110	22,079,874
Accrued expenses		36,769,573	36,769,573	37,502,860	37,502,860
Investment in subsidiaries		5,148,212	–	759,075	5,907,287
Derivatives		409,259	409,259	(891,319)	(891,319)
Other long-term employee benefit		16,328,928	16,328,928	17,039,484	17,039,484
Trade receivable		2,458,305	–	446,041	2,904,346
Other receivable		2,007,258	37,313	1,059,860	3,029,805
Land		(260,713,528)	–	–	(260,713,528)
Others		838,816	(100,987)	3,953,187	4,892,990
Deficit carried over on tax		1,108,462,181	–	47,224,696	1,155,686,877
Sub-total	₩	1,504,676,304	266,688,006	343,941,760	1,581,930,058
Not recognized as deferred tax assets		1,504,676,304	266,688,006	343,941,760	1,581,930,058
Recognized as deferred tax assets		–	–	–	–
Statutory tax rate		22%			22%
Deferred tax assets resulting from temporary differences or deficits carried over on tax		–	–	–	–
Tax credit carry-forwards:		3,223,052	–	19,233,613	22,456,665
Not recognized as deferred tax assets		3,223,052	–	19,233,613	22,456,665
Recognized as deferred tax assets		–	–	–	–
Deferred tax assets resulting from tax credit carry-forwards		–	–	–	–
Total deferred income tax	₩	–	–	–	–

(In thousands of rupee)

		2019			
		Beginning balance	**Decrease**	**Increase**	**Ending balance**
Allowance for doubtful accounts	Rs	**148,807**	**148,375**	**181,113**	**181,545**
Government grants		**310,516**	**85,691**	**50,875**	**275,700**
Provision for warranties		**8,320,372**	**8,320,372**	**7,919,453**	**7,919,453**
Defined benefit liabilities		**20,419,853**	**1,202,863**	**2,854,249**	**22,071,239**
Loss on revaluation of property, plant and equipment		**5,216,898**	**1,652,414**	**2,391,019**	**5,955,503**
Intangible assets		**1,180,366**	**418,660**	**46,130**	**807,836**
Depreciation		**1,032,774**	**133,469**	**470,396**	**1,369,701**
Other payables		**1,360,451**	**1,360,451**	**1,678,327**	**1,678,327**
Accrued expenses		**2,310,739**	**2,310,739**	**2,389,913**	**2,389,913**
Investment in subsidiaries		**363,977**	**–**	**250,625**	**614,602**

		2019			
		Beginning balance	**Decrease**	**Increase**	**Ending balance**
Derivatives		**(54,919)**	**(54,919)**	**–**	**–**
Other long-term employee benefit		**1,049,888**	**1,049,888**	**1,001,447**	**1,001,447**
Trade receivable		**178,951**	**–**	**66,170**	**245,121**
Other receivable		**186,681**	**186,681**	**18,330**	**18,330**
Land		**(16,063,864)**	**(3,587)**	**–**	**(16,060,277)**
Impairment loss of Intangible assets		**–**	**–**	**1,094,517**	**1,094,517**
Sub-lease receivables		**–**	**–**	**(248,771)**	**(248,771)**
Right-of-use assets		**–**	**–**	**(360,519)**	**(360,519)**
Lease liabilities		**–**	**–**	**615,671**	**615,671**
Others		**301,482**	**267,528**	**489,554**	**523,508**
Deficit carried over on tax		**71,207,647**	**35,095,887**	**16,634,597**	**52,746,357**
Sub-total	Rs	**97,470,619**	**52,174,512**	**37,543,096**	**82,839,203**
Not recognized as deferred tax assets		**97,470,619**	**52,174,512**	**37,543,096**	**82,839,203**
Recognized as deferred tax assets		**–**	**–**	**–**	**–**
Statutory tax rate		**22%**			**22%**
Deferred tax assets resulting from temporary differences		**–**	**–**	**–**	**–**
Tax credit carry-forwards:		**1,383,667**	**124,669**	**–**	**1,258,998**
Not recognized as deferred tax assets		**1,383,667**	**124,669**	**–**	**1,258,998**
Recognized as deferred tax assets		**–**	**–**	**–**	**–**
Deferred tax assets resulting from tax credit carry-forwards		**–**	**–**	**–**	**–**
Total deferred income tax	Rs	**–**	**–**	**–**	**–**

The Company does not recognize deferred tax assets since it could not estimate income tax decease effect by deducting temporary differences, deficits carried over on tax and tax credit carry-forwards from expected future taxable income.

(In thousands of rupee)

					2018
		Beginning balance	**Decrease**	**Increase**	**Ending balance**
Allowance for doubtful accounts	Rs	98,401	99,489	149,895	148,807
Government grants		186,414	141,589	265,691	310,516
Provision for warranties		9,010,550	9,010,550	8,320,372	8,320,372
Defined benefit liabilities		17,690,422	1,266,209	3,995,640	20,419,853
Loss on revaluation of property, plant and equipment		5,625,387	409,957	1,468	5,216,898
Intangible assets		1,454,293	406,092	132,165	1,180,366
Depreciation		833,905	63,577	262,446	1,032,774
Other payables		1,636,307	1,741,560	1,465,704	1,360,451
Accrued expenses		2,265,557	2,265,557	2,310,739	2,310,739
Investment in subsidiaries		317,207	–	46,770	363,977
Derivatives		25,216	25,216	(54,919)	(54,919)
Other long–term employee benefit		1,006,107	1,006,107	1,049,888	1,049,888
Trade receivable		151,468	–	27,483	178,951
Other receivable		123,677	2,299	65,303	186,681
Land		(16,063,864)	–	–	(16,063,864)
Others		51,684	(6,222)	243,576	301,482
Deficit carried over on tax		68,297,897	–	2,909,750	71,207,647
Sub-total	Rs	92,710,628	16,431,980	21,191,971	97,470,619
Not recognized as deferred tax assets		92,710,628	16,431,980	21,191,971	97,470,619
Recognized as deferred tax assets		–	–	–	–
Statutory tax rate		22%	–	–	22%
Deferred tax assets resulting from temporary differences		–			–
Tax credit carry-forwards:		198,588	–	1,185,079	1,383,667
Not recognized as deferred tax assets		198,588	–	1,185,079	1,383,667
Recognized as deferred tax assets		–	–	–	–
Deferred tax assets resulting from tax credit carry-forwards		–	–	–	–
Total deferred income tax	Rs	–	–	–	–

(3) Details of information that the expected expiration of tax losses and deferred tax credits which are not recognized as deferred tax assets as of December 31, 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		Deficit carried over on tax	Tax credit carry-forwards		Deficit carried over on tax	Tax credit carry-forwards
0 ~ 1 Year	₩	**162,489,141**	9,108,635	Rs	**10,011,768**	561,229
1 ~ 5 Years		**372,688,764**	11,324,670		**22,963,218**	697,770
5 ~ 10 Years		**320,885,663**	–		**19,771,370**	–
	₩	**856,063,568**	20,433,305	Rs	**52,746,356**	1,258,999

25. Nature of Expenses

Details of nature of expenses for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Changes in inventories	₩	**9,234,761**	(12,410,465)	Rs	**569,000**	(764,671)
Raw materials consumed and purchase of merchandise		**2,546,684,966**	2,543,994,969		**156,913,994**	156,748,250
Employee benefits		**546,463,649**	541,611,494		**33,670,358**	33,371,392
Depreciation		**164,896,521**	141,732,852		**10,160,099**	8,732,871
Amortization		**97,161,343**	70,581,045		**5,986,596**	4,348,851
Others		**537,019,223**	482,317,185		**33,088,440**	29,717,973
	₩	**3,901,460,463**	3,767,827,080	Rs	**240,388,487**	232,154,666

Total expenses are equal to the sum of cost of sales and selling, general and administrative expenses.

26. Derivatives

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risk by foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument; in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

27. Selling, General and Administrative Expenses

(1) Details of selling expenses for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Warranty expenses	₩	**55,490,404**	49,420,657	Rs	**3,419,041**	3,045,054
Commissions		**241,034,691**	235,656,996		**14,851,352**	14,520,006
Advertising		**16,119,230**	16,282,956		**993,186**	1,003,274
Export expenses		**9,947,700**	9,247,333		**612,928**	569,774
Others		**26,481,533**	23,225,325		**1,631,660**	1,431,029
	₩	**349,073,558**	333,833,267	Rs	**21,508,167**	20,569,137

(2) Details of general and administrative expenses for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Salaries	₩	**53,192,233**	52,306,346	Rs	**3,277,439**	3,222,856
Retirement benefit costs		**6,109,388**	5,912,583		**376,430**	364,304
Employee welfare		**13,262,211**	12,793,435		**817,151**	788,267
Rent expense		**10,027,439**	12,121,083		**617,841**	746,841
Service fees		**26,701,212**	36,786,353		**1,645,195**	2,266,591
Depreciation		**29,245,367**	15,498,415		**1,801,953**	954,935
R&D expenses		**12,291,122**	13,882,448		**757,317**	855,367
Amortization		**3,989,404**	4,129,695		**245,807**	254,451
(Reversal of) bad debt expense		**208,505**	(2,416)		**12,847**	(149)
Others		**33,828,693**	32,654,833		**2,084,357**	2,012,027
	₩	**188,855,574**	186,082,775	Rs	**11,636,337**	11,465,490

28. Other Income and Expenses

(1) Details of other income for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Foreign exchange transaction gain	₩	**6,089,248**	5,772,244	Rs	**375,189**	355,657
Foreign exchange translation gain		**428,256**	269,394		**26,387**	16,599
Gain on disposal of property, plant and equipment		**1,122,423**	243,229		**69,158**	14,987
Others		**9,894,068**	4,916,220		**609,623**	302,912
	₩	**17,533,995**	11,201,087	Rs	**1,080,357**	690,155

(2) Details of other expenses for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Foreign exchange transaction loss	₩	**5,668,952**	5,878,888	Rs	**349,292**	362,228
Foreign exchange translation loss		**515,176**	601,157		**31,743**	37,040
Loss on disposal of property, plant and equipment		**835,535**	522,078		**51,482**	32,168
Loss on disposal of trade receivables		**83,386**	73,131		**5,138**	4,506
Impairment loss on investments in subsidiaries		**4,067,594**	759,076		**250,625**	46,770
Impairment loss on PP&E		**38,805,791**	-		**2,391,019**	-
Impairment loss on Intangible		**18,112,058**	1,076,431		**1,115,974**	66,325
Others		**7,943,958**	2,784,735		**489,467**	171,581
	₩	**76,032,450**	11,695,496	Rs	**4,684,740**	720,618

29. Finance Income and Costs

(1) Details of finance income for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Interest income	₩	**3,722,295**	2,469,118	Rs	**229,349**	152,135
Dividend income		**11,000**	11,000		**678**	678
Foreign exchange transaction gain		**4,511,937**	3,951,968		**278,003**	243,501
Foreign exchange translation gain		**2,901,720**	897,164		**178,790**	55,279
Realized gain of financial derivatives		**499,898**	4,835,727		**30,801**	297,953
Unrealized gain of financial derivatives		**–**	806,894		**–**	49,716
	₩	**11,646,850**	12,971,871	Rs	**717,621**	799,262

(2) Details of finance costs for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Interest expense	₩	**5,001,773**	950,013	Rs	**308,184**	58,535
Foreign exchange transaction loss		**13,733,596**	9,321,726		**846,195**	574,358
Foreign exchange translation loss		**51,385**	1,014,664		**3,166**	62,519
Realized loss of financial derivatives		**214,649**	1,690,833		**13,226**	104,181
Unrealized loss of financial derivatives		**–**	18,575		**–**	1,144
	₩	**19,001,403**	12,995,811	Rs	**1,170,771**	800,737

(3) Details of the Company's financial net profit or loss for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Financial assets/ liabilities at amortized cost	₩	**(7,650,802)**	(3,968,153)	Rs.	**(471,404)**	(244,498)
Non-current financial assets		**11,000**	11,000		**678**	678
Derivatives financial assets (liabilities)		**285,249**	3,933,213		**17,576**	242,345
	₩	**(7,354,553)**	(23,940)	Rs	**(453,150)**	(1,475)

30. Losses per Share

(1) Basic losses per share for the years ended December 31, 2019 and 2018 are calculated as follows:

(In thousands of won and in thousands of rupee, except per share information)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Loss for the year	₩	**(341,052,097)**	(62,442,540)	Rs	**(21,013,925)**	(3,847,397)
Loss contributed to common stocks		**(341,052,097)**	(62,442,540)		**(21,013,925)**	(3,847,397)
Weighted average number of common shares		**149,096,397**	138,983,372		**149,096,397**	138,983,372
Basic earnings (losses) per share(*)	₩	**(2,287)**	(449)		**(141)**	(28)

(*) Diluted losses per share are not calculated for the years ended December 31, 2019 and 2018, because there are no dilutive shares as of December 31, 2019 and 2018.

(2) Weighted average number of common shares outstanding for the years ended December 31, 2019 and 2018 are calculated as follows:

(In shares)

	2019			
	Outstanding period	**Common shares issued**	**Weighted-average**	**Common shares outstanding**
Beginning	**2019-01-01~2019-12-31**	**137,949,396**	**365/365**	**137,949,396**
Issuing(*)	**2019-01-01~2019-12-31**	**1,033,976**	**365/365**	**1,033,976**
Issuing	**2019-01-26~2019-12-31**	**10,856,630**	**340/365**	**10,113,025**
				149,096,397

(In shares)

	2018			
	Outstanding period	Common shares issued	Weighted-average	Common shares outstanding
Beginning	2018-01-01~2018-12-31	137,949,396	365/365	137,949,396
Issuing(*)	2018-01-01~2018-12-31	1,033,976	365/365	1,033,976
				138,983,372

(*) In accordance with K-IFRS No.1033, when the rights offering is less than fair value, the shares issued below the fair value are considered as free shares and the number of shares outstanding is retroactively calculated.

31. Cash Flows

(1) Details of cash flows from operating activities for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Loss for the year	₩	**(341,052,097)**	(62,442,540)	Rs	**(21,013,925)**	(3,847,397)
Adjustments for:						
Retirement benefit costs		**48,286,699**	45,179,147		**2,975,185**	2,783,713
Depreciation		**164,896,521**	141,726,745		**10,160,099**	8,732,493
Amortization		**97,161,343**	70,581,045		**5,986,596**	4,348,851
Losses on disposal of trade receivables		**83,386**	73,131		**5,138**	4,506
Impairment loss on investments in subsidiaries		**4,067,594**	759,076		**250,625**	46,770
Foreign exchange translation gain and loss, net		**(2,763,415)**	449,263		**(170,268)**	27,681
Losses (Gains) on disposal of property, plant and equipment		**(286,888)**	278,849		**(17,677)**	17,181
Interest expense and income, net		**1,262,687**	(1,519,105)		**77,800**	(93,600)
Dividends income		**(11,000)**	(11,000)		**(678)**	(678)
Unrealized gain and loss of financial derivatives, net		**–**	(788,319)		**–**	(48,572)
Losses on valuation of inventories		**9,469,719**	7,981,632		**583,477**	491,788
Increase in provision of warranty for sale		**36,187,758**	27,317,843		**2,229,709**	1,683,189
Impairment loss on Tangible assets		**38,805,791**	–		**2,391,019**	–
Impairment loss on Intangible assets		**18,112,058**	1,076,441		**1,115,974**	66,325
Others		**9,038,556**	613,317		**556,912**	37,792
		424,310,809	293,718,065		**26,143,911**	18,097,439
Changes in assets and liabilities						
Trade receivables		**20,679,973**	20,337,478		**1,274,197**	1,253,094
Other receivables		**1,927,410**	(5,882)		**118,757**	(362)
Inventories		**363,456**	(1,919,821)		**22,394**	(118,290)
Trade payables		**(57,619,618)**	8,152,953		**(3,550,233)**	502,344

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Other payables		**(15,924,456)**	(26,601,104)		**(981,185)**	(1,639,027)
Accrued expenses		**1,284,988**	733,287		**79,175**	45,181
Usage of provision of warranty for sale		**(41,780,414)**	(38,519,313)		**(2,574,300)**	(2,373,367)
Payment of retirement benefits		**(19,600,999)**	(20,601,309)		**(1,207,716)**	(1,269,350)
Others		**5,975,351**	6,583,672		**368,171**	405,653
		(104,694,309)	(51,840,039)		**(6,450,740)**	(3,194,124)
Net cash provided by (used in) operating activities	₩	**(21,435,597)**	179,435,486	Rs	**(1,320,754)**	11,055,918

(2) Significant non-cash activities for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Changes in other payables related to the acquisition of property, plant and equipment	₩	**(19,150,021)**	(6,189,253)	Rs	**(1,179,929)**	(381,351)

(3) Adjustment of liabilities from financing activities

Changes in liabilities from financial activities for the year ended December 31, 2019 is as follows:

(In thousands of won)

		Beginning balance	Increase	Decrease	Liquidity	Others	Exchange rate effect	Ending balance
Banker's usance(*)	₩	143,227,545	–	(33,770,762)	–	–	(2,850,335)	106,606,448
Short-term borrowings		35,000,000	69,999,999	(63,749,999)	106,250,000	–	–	147,500,000
Long-term borrowings		75,000,000	190,000,000	–	(106,250,000)	–	–	158,750,000
Lease liabilities		–	–	(8,812,698)		18,804,918	–	9,992,220
	₩	253,227,545	259,999,999	(106,333,459)	–	18,804,918	(2,850,335)	422,848,668

(In thousands of rupee)

		Beginning balance	Increase	Decrease	Liquidity	Others	Exchange rate effect	Ending balance
Banker's usance(*)	Rs	8,824,965	–	(2,080,786)	–	–	(175,623)	6,568,556
Short-term borrowings		2,156,525	4,313,050	(3,927,956)	6,546,594	–	–	9,088,213
Long-term borrowings		4,621,125	11,706,850	–	(6,546,594)	–	–	9,781,381
Lease liabilities		–	–	(542,994)		1,158,664	–	615,670
	Rs	15,602,615	16,019,900	(6,551,736)	–	1,158,664	(175,623)	26,053,820

(*) The changes in usance borrowings are presented by net amounts.

Changes in liabilities from financial activities for the year ended December 31, 2018 is as follows:
(In thousands of won)

		Beginning balance	Increase	Decrease	Liquidity	Exchange rate effect	Ending balance
Banker's usance(*)	₩	121,340,987	21,769,058	–	–	117,500	143,227,545
Short-term borrowings		42,500,000	–	(12,500,000)	5,000,000	–	35,000,000
Long-term borrowings		70,000,000	10,000,000	–	(5,000,000)	–	75,000,000
	₩	233,840,987	31,769,058	(12,500,000)	–	117,500	253,227,545

(In thousands of rupee)

		Beginning balance	Increase	Decrease	Liquidity	Exchange rate effect	Ending balance
Banker's usance(*)	Rs	7,476,424	1,341,301	–	–	7,240	8,824,965
Short-term borrowings		2,618,638	–	(770,188)	308,075	–	2,156,525
Long-term borrowings		4,313,050	616,150	–	(308,075)	–	4,621,125
	Rs	14,408,112	1,957,451	(770,188)	–	7,240	15,602,615

(*) The changes in usance borrowings are presented by net amounts.

32. Segment Information

(1) The Company determined itself as a single reportable segment by considering the nature of goods and service as well as the characteristic of assets providing service. The Company has not disclosed operating income or loss, profit or loss before income taxes and total assets and liabilities by reportable segment.

(2) Geographic sales information of the Company for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
Sales region		**2019**	2018		**2019**	2018
Republic of Korea	₩	**2,989,818,593**	3,005,311,067	Rs	**184,217,673**	185,172,241
Europe		**300,661,225**	298,409,324		**18,525,241**	18,386,490
Asia Pacific		**185,967,509**	116,029,561		**11,458,388**	7,149,161
Others		**149,814,047**	286,152,937		**9,230,793**	17,631,315
	₩	**3,626,261,374**	3,705,902,889	Rs	**223,432,095**	228,339,207

Non-current assets are not separately disclosed since those are located in Korea. Main customer over 10% of sales is not disclosed since most sales are occurred through contract with individual customer and authorized foreign agencies.

(3) Information of sales of goods and service for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Automobile	₩	**3,136,404,463**	3,246,435,024	Rs	**193,249,561**	200,029,094
Merchandise and parts		**386,814,363**	358,222,080		**23,833,567**	22,071,853
Others		**103,042,548**	101,245,785		**6,348,967**	6,238,260
	₩	**3,626,261,374**	3,705,902,889	Rs	**223,432,095**	228,339,207

(4) Balance of Contracts as of December 31, 2019 and 2018 are as follows:
(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2019	2018		**2019**	2018
Receivables from contracts with customers	₩	**159,123,462**	180,342,156	Rs	**9,804,392**	11,111,782
Contract liabilities		**19,647,195**	17,311,822		**1,210,564**	1,066,669

Contract liabilities in unearned revenue was occurred from contracts from customers that recognizing over time such as product warranty and transportation. In addition, at the end of 2018, W 4,866,375 thousand (Rs 299,842 thousand) of contract liabilities were recognized as profit in the current period.

33. Transactions and Balances with Related Parties

(1) Details of parent and subsidiary relationships as of December 31, 2019 are as follows:

Relationship	Company
Parent	Mahindra & Mahindra Ltd.
Subsidiaries	Ssangyong Australia Pty Ltd. Ssangyong Motor (Shanghai) Co., Ltd. Ssangyong European Parts Center B.V.
Joint venture	SY Auto Capital Co., Ltd.

(2) Transactions with related parties for the years ended December 31, 2019 and 2018 are as follows:
(In thousands of won)

Relationship	Company	Description		2019	2018
Parent	Mahindra & Mahindra Ltd.	Sales	₩	**31,623,926**	12,961,510
		Purchases		**488,222**	110,907
		Other expenses		**727,732**	4,830,477
Subsidiaries	Ssangyong European Parts Center B.V.	Sales		**15,621,144**	13,962,668
	Ssangyong Australia Pty Ltd	Sales		**36,673,003**	9,754,441
		Other income		**10,340**	–
	Ssangyong Motor (Shanghai) Co.Ltd.	Other expenses		**392,060**	32,260
Joint venture	SY Auto Capital Co., Ltd.	Other income		**2,043,265**	–
		Other expenses		**31,754,171**	21,734,022
Others	Mahindra Vehicle Manufacturing Ltd. and others	Sales		**41,398,196**	29,196,388
		Other income		**5,276**	–
		Other expenses		**1,783,736**	3,132,055

(In thousands of rupee)

Relationship	Company	Description		2019	2018
Parent	Mahindra & Mahindra Ltd.	Sales	₩	**1,948,508**	798,623
		Purchases		**30,082**	6,834
		Other expenses		**44,839**	297,630
Subsidiaries	Ssangyong European Parts Center B.V.	Sales		**962,497**	860,310
	Ssangyong Australia Pty Ltd	Sales		**2,259,607**	601,020
		Other income		**637**	–
	Ssangyong Motor (Shanghai) Co.Ltd.	Other expenses		**24,157**	1,988
Joint venture	SY Auto Capital Co., Ltd.	Other income		**125,896**	–
		Other expenses		**1,956,533**	1,339,142
Others	Mahindra Vehicle Manufacturing Ltd. and others	Sales		**2,550,750**	1,798,935
		Other income		**325**	–
		Other expenses		**109,905**	192,982

(3) Account balances with related parties as of December 31, 2019 and 2018 are as follows:
(In thousands of won)

Relationship	Company	Description		2019	2018
Parent	Mahindra & Mahindra Ltd.	Trade receivables	₩	**454,892**	4,171,953
		Other receivables		**50,954**	30,314
		Trade payables		**486,641**	-
		Other payables		**811,771**	669,683
Subsidiaries	Ssangyong European Parts Center B.V.	Trade receivables		**14,013,743**	13,451,565
		Other payables		**22,867**	43,002
	Ssangyong Australia Pty Ltd.	Trade receivables		**25,253,968**	9,621,128
		Other payables		**6,631**	86,650

Relationship	Company	Description		2019	2018
	Ssangyong Motor (Shanghai) Co.Ltd.	Other receivables		**413,275**	405,844
		Other payables		**91,077**	79,755
Joint venture	SY Auto Capital Co., Ltd.	Other payables		–	242,805
Others	Mahindra Vehicle Manufacturing Ltd. and others	Trade receivables		**208,034**	5,405,701
		Other payables		**2,646,646**	2,556,284

(In thousands of rupee)

Relationship	Company	Description		2019	2018
Parent	Mahindra & Mahindra Ltd.	Trade receivables	Rs	**28,028**	257,055
		Other receivables		**3,140**	1,868
		Trade payables		**29,984**	-
		Other payables		**50,017**	41,263
Subsidiaries	Ssangyong European Parts Center B.V.	Trade receivables		**863,457**	828,818
		Other payables		**1,409**	2,650
	Ssangyong Australia Pty Ltd.	Trade receivables		**1,556,023**	592,806
		Other payables		**409**	5,339
	Ssangyong Motor (Shanghai) Co.Ltd.	Other receivables		**25,464**	25,006
		Other payables		**5,612**	4,914
Joint venture	SY Auto Capital Co., Ltd.	Other payables		–	14,960
Others	Mahindra Vehicle Manufacturing Ltd. and others	Trade receivables		**12,818**	333,072
		Other payables		**163,073**	157,505

Allowance for receivables from related parties were W 594,752 thousand (Rs 36,646 thousand) as of December 31, 2019 and W 405,844 thousand (Rs 25,006 thousand) recognized as of December 31, 2018.

(4) Capital transactions with related parties for the years ended December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won				Indian rupee			
			2019		2018		**2019**		2018
Parent	Mahindra & Mahindra Ltd.	₩	**49,706,372**	₩	–	Rs.	**3,062,659**	Rs.	–
Subsidiaries	Ssangyong Australia Pty Ltd.		**1,116,761**		2,950,833		**68,809**		181,816

(5) Executive compensation of the Company for the years ended December 31, 2019 and 2018, are as follows:

(In thousands of won and in thousands of rupee)

	Korean won				Indian rupee			
		2019		2018		**2019**		2018
Short-term employee benefits	₩	**7,232,091**	₩	6,939,709	Rs.	**445,605**	Rs.	427,590
Retirement benefits		**545,887**		527,600		**33,635**		32,508

34. Financial Instruments

(1) Capital risk management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound or optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity on financial statements. The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won				Indian rupee			
		2019		2018		**2019**		2018
Debt (A)	₩	**1,611,305,412**	₩	1,510,786,741	Rs.	**99,280,583**	Rs.	93,087,125
Equity (B)		**405,539,593**		695,276,413		**24,987,322**		42,839,456
Debt-to-equity ratio (A/B)		**397.32%**		217.29%		**397.32%**		217.29%

(2) Details of financial assets and liabilities by category as of December 31, 2019 and 2018 are as follows:

1) Financial assets

(In thousands of won)

	2019							
		Amortised cost		Measured at FVTPL		Total		Fair value
Cash and cash equivalents	₩	119,130,707	₩	–	₩	119,130,707	₩	119,130,707
Long-term financial instruments		4,000		–		4,000		4,000
Trade and other receivables		212,482,093		–		212,482,093		212,482,093
Non-current financial assets		–		560,000		560,000		560,000
	₩	331,616,800	₩	560,000	₩	332,176,800	₩	332,176,800

(In thousands of won)

	2018				
	Amortised cost	Measured at FVTPL	Derivatives cash flow hedge	Total	Fair value
Cash and cash equivalents	₩ 150,953,423	₩ –	₩ –	₩ 150,953,423	₩ 150,953,423
Long-term financial instruments	4,000	–	–	4,000	4,000
Trade and other receivables	228,980,147	–	–	228,980,147	228,980,147
Non-current financial assets	–	560,000	–	560,000	560,000
Derivative assets	–	806,894	84,425	891,319	891,319
	₩ 379,937,570	₩ 1,366,894	₩ 84,425	₩ 381,388,889	₩ 381,388,889

(In thousands of rupee)

	2019			
	Amortised cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	Rs 7,340,238	Rs –	Rs 7,340,238	Rs 7,340,238
Long-term financial instruments	246	–	246	246
Trade and other receivables	13,092,084	–	13,092,084	13,092,084
Non-current financial assets	–	34,504	34,504	34,504
	Rs 20,432,568	Rs 34,504	Rs 20,467,072	Rs 20,467,072

(In thousands of rupee)

	2018				
	Amortised cost	Measured at FVTPL	Derivatives cash flow hedge	Total	Fair value
Cash and cash equivalents	Rs 9,300,995	Rs –	Rs –	Rs 9,300,995	Rs 9,300,995
Long-term financial instruments	246	–	–	246	246
Trade and other receivables	14,108,612	–	–	14,108,612	14,108,612
Non-current financial assets	–	34,504	–	34,504	34,504
Derivative assets	–	49,717	5,202	54,919	54,919
	Rs 23,409,853	Rs 84,221	Rs 5,202	Rs 23,499,276	Rs 23,499,276

2) Financial liabilities

(In thousands of won)

	2019			
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Total	Fair value
Trade and other payables	₩ 597,614,144	₩ –	₩ 597,614,144	₩ 597,614,144
Borrowings	412,856,448	–	412,856,448	412,856,448
Lease liabilities	9,992,220	–	9,992,220	9,992,220
	₩ 1,020,462,812	₩ –	₩ 1,020,462,812	₩ 1,020,462,812

(In thousands of won)

	2018			
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Total	Fair value
Trade and other payables	₩ 691,768,504	₩ –	₩ 691,768,504	₩ 691,768,504
Borrowings	253,227,545	–	253,227,545	253,227,545
	₩ 944,996,049	₩ –	₩ 944,996,049	₩ 944,996,049

(In thousands of rupee)

	2019			
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Total	Fair value
Trade and other payables	Rs 36,821,995	Rs –	Rs 36,821,995	Rs 36,821,995
Borrowings	25,438,150	–	25,438,150	25,438,150
Lease liabilities	615,670	–	615,670	615,670
	Rs 62,875,815	Rs –	Rs 62,875,815	Rs 62,875,815

(In thousands of rupee)

	2018			
	Financial liability measured at amortized cost	Financial liabilities at FVTPL	Total	Fair value
Trade and other payables	Rs 42,623,316	Rs –	Rs 42,623,316	Rs 42,623,316
Borrowings	15,602,615	–	15,602,615	15,602,615
	Rs 58,225,931	Rs –	Rs 58,225,931	Rs 58,225,931

(3) Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring and responds to each risk factors.

Financial assets that are subject to the financial risk management consist of cash and cash equivalents, non-current financial assets, trade receivables, other receivables and others; financial liabilities subject to the financial risk management consist of trade payables, other payables, borrowings, and others.

1) Market risk

a. Foreign exchange risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company assesses, manages and reports, on a regular basis, the foreign exchange risk for its receivables and payables denominated in foreign currency.

The table below shows the sensitivity for each foreign currency when exchange rates change 10%. Sensitivity analysis only includes foreign currency monetary items that are not paid, and it adjusts the translation assuming exchange rate changes 10% as of December 31, 2019.

(In thousands of won and in thousands of rupee)

	Korean won		**Indian rupee**	
Currency	10% increase	10% decrease	10% increase	10% decrease
USD	₩ 1,890,903	₩ (1,890,903)	Rs. 116,508	Rs. (116,508)
EUR	366,758	(366,758)	22,598	(22,598)
JPY	(8,624,010)	8,624,010	(531,368)	531,368
Others	3,441,399	(3,441,399)	212,042	(212,042)
	₩ (2,924,950)	₩ 2,924,950	Rs. (180,220)	Rs. 180,220

b. Interest rate risk

Sensitivity analysis was conducted assuming floating rate debt current balance is the same during the whole reporting year. When reporting interest rate risk to management internally, 0.5% variation is used, representing management's assessment about reasonably possible fluctuations of interest rates.

If other variables are constant and the interest rate is lower or higher by 0.5% than the current rate, the Company's current income will decrease or increase in W 806,455 thousand (Rs 49,690 thousand) for the year ended December 31, 2019, due to floating rate debt's interest rate risk.

2) Credit risk

Credit risk arises from transactions in the ordinary course of business and investment activities and when a customer or a transacting party fails to perform obligations defined by respective contract terms. In order to manage the aforementioned credit risk, the Company regularly assesses credit ratings of its customers and transacting parties based on their financial status and past experiences, and establishes credit limit for each customer or transacting party.

If a credit risk occurs with respect to a dealership sale, which is a major type of the Company's sales, the respective dealership bears all of the risk; the Company manages credit risk on product sales using two management index, agreed liability rate and agreed excess rate, and when the management index exceeds the agreed rate, it imposes a release restriction on the respective dealership and transfers a credit risk arising from product sales. The Company's trade receivables are usually collected within 30 days but some of the notes receivable are collected within 75 days.

The Company estimates allowances for doubtful accounts (default, liquidation, bankruptcy, court receivership, workout, disappearance, full-scale capital erosion, etc.) through individual analysis for the receivables that are over more than 90 days.

Maximum exposure in respect of credit risk as of December 31, 2019 and 2018 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		**Indian rupee**	
	2019	2018	**2019**	2018
Trade and other receivables	₩ **212,482,093**	₩ 228,980,147	Rs. **13,092,084**	Rs. 14,108,612

3) Liquidity risk

The Company has managed liquidity risk to maintain adequate level of liquidity by periodic projecting cash outflow. To manage the risks, the Company has entered into a factoring agreement with capital financial institutions.

The contractual maturities of financial liabilities as of December 31, 2019 and 2018 are as follows:

(In thousands of won)

	2019		
	Within a year	**Over 1 year**	**Total**
Trade payables	₩ **477,054,916**	₩ **–**	₩ **477,054,916**
Other payables	**118,490,416**	**–**	**118,490,416**
Short-term borrowings(*)	₩ **256,399,637**	₩ **–**	₩ **256,399,637**
Lease liabilities(*)	**6,414,948**	**3,981,696**	**10,396,644**
Other payables	**1,220,472**	**–**	**1,220,472**
Long-term borrowings(*)	**–**	**171,603,986**	**171,603,986**
Long-term other payables	**–**	**848,340**	**848,340**
	₩ **859,580,389**	₩ **176,434,022**	₩ **1,036,014,411**

(*) Including expected interest expenses.

(In thousands of won)

	2018		
	Within a year	Over 1 year	Total
Trade payables	₩ 534,719,078	₩ –	₩ 534,719,078
Other payables	154,398,334	–	154,398,334
Short-term borrowings(*)	₩ 179,518,770	₩ –	₩ 179,518,770
Other payables	1,057,821	–	1,057,821
Long-term borrowings(*)	–	78,760,222	78,760,222

	2018		
	Within a year	Over 1 year	Total
Long-term other payables	–	1,593,271	1,593,271
	₩ 869,694,003	₩ 80,353,493	₩ 950,047,496

(*) Including expected interest expenses.

(In thousands of rupee)

	2019		
	Within a year	**Over 1 year**	**Total**
Trade payables	Rs 29,393,739	₩ –	Rs 29,393,739
Other payables	7,300,787	–	7,300,787
Short-term borrowings(*)	Rs 15,798,064	Rs –	Rs 15,798,064
Lease liabilities(*)	395,257	245,332	640,589
Other payables	75,199	–	75,199
Long-term borrowings(*)	–	10,573,380	10,573,380
Long-term other payables	–	52,270	52,270
	Rs 52,963,046	₩ 10,870,982	Rs 63,834,028

(*) Including expected interest expenses.

(In thousands of rupee)

	2018		
	Within a year	Over 1 year	Total
Trade payables	Rs 32,946,716	Rs –	Rs 32,946,716
Other payables	9,513,253	–	9,513,253
Short-term borrowings(*)	Rs 11,061,049	Rs –	Rs 11,061,049
Other payables	65,178	–	65,178
Long-term borrowings(*)	–	4,852,811	4,852,811
Long-term other payables	–	98,169	98,169
	Rs 53,586,196	Rs 4,950,980	Rs 58,537,176

(*) Including expected interest expenses.

(4) Fair value of financial instruments

1) The Company's management deems that the differences between carrying value and fair value of financial assets and financial liabilities recognized as amortized cost on financial statements is not significant.

2) Valuation methods and assumptions applied in fair value measurement

The fair values of financial instruments (i.e., government bonds and unsecured corporate bonds) traded on active markets are determined with reference to quoted market prices. The Company uses the closing price as the quoted market price for its financial assets.

The fair values of derivatives where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. Non-option derivatives are evaluated by discounted cash flow method using the yield curve available. Options are evaluated by option-pricing models. Foreign exchange forward contracts are determined using the yield curve derived from market interest rates with the same maturity of forward contracts. To measure interest rate swaps, the cash flows are estimated by the yield curve derived from market interest rate and discounted to calculate the present value of swaps.

3) The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, classified as Level 1, 2 or 3, based on the degree to which the fair value is observable.

Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or in indirectly (i.e. derived from prices)

Level 3 input for the asset or liability that are not based on observable market data (unobservable inputs)

Fair values of financial instruments by hierarchy level as of December 31, 2018 are as follows:

(In thousands of won)

		Level 1	**Level 2**	**Level 3**	**Fair value**
As of December 31, 2018	₩				
Derivatives assets		**–**	**891,319**	**–**	**891,319**

(In thousands of rupee)

		Level 1	**Level 2**	**Level 3**	**Fair value**
As of December 31, 2018	Rs				
Derivatives assets		**–**	**54,919**	**–**	**54,919**

4) As input factors used in measuring market value of foreign exchange forward are from observable exchange forward rate, the Company classified the fair value of foreign exchange forward as level 2.

35. Going concern assumption

The Company's financial statements are prepared on the assumption that it will continue as going concern, and therefore our assets and liabilities are accounted for on the assumption that they can be recovered or repaid at their carrying amount through the normal course of business activities. However, due to deteriorating financial structure, the Company has incurred operating losses of W 275,199 million (Rs 16,956 million) and net losses of W 341,052 million (Rs 21,014 million) as of the end of the reporting period. In addition, the company's current liabilities exceed its current assets by W 476,896 million (Rs 29,384 million) as of the end of the reporting period.

In circumstances where material uncertainty on the ability to continue as a going concern, which is the basis for preparation of the financial statements. As a result, the Company has commenced a capital reorganization plan. As the stabilization of operating income will depend on the success of this plan, a significant uncertainty exists.

As it will be difficult for the Company to continue as a going concern if the Company fails to achieve its plan, the carrying amount of the Company's assets and liabilities may not be recoverable in the ordinary course of business. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Independent Auditors' Report on Internal Control over Financial Reporting ("ICFR")

Based on a report originally issued in Korean

To the Shareholders and Board of Directors of

Ssangyong Motor Company

Opinion on Internal Accounting Control System

We have audited Ssangyong Motor Company's ("the Company") internal control over financial reporting ("ICFR") as of December 31, 2019 based on the criteria established in the Conceptual Framework for Designing and Operating ICFR ("ICFR Design and Operation Framework") issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea (the "ICFR Committee").

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on ICFR Design and Operation Framework.

We also have audited, in accordance with Korean Standards on Auditing (KSAs), the separate financial statements of the Company, which comprise the separate statement of financial position as of December 31, 2019, the separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, and our report dated March 16, 2020 expressed "an unmodified opinion on those separate financial statements".

Basis for Opinion

We conducted our audit in accordance with KSAs. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Internal Control over Financial Reporting section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the internal control over financial reporting in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Internal Control over Financial Reporting

The Company's management is responsible for designing, operating and maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report on the Assessment of the internal Control over Financial Reporting.

Those charged with governance are responsible for overseeing the Company's internal control over financial reporting.

Auditors' Responsibilities for the Audit of the Internal Control over Financial Reporting

Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We conducted our audit in accordance with KSAs. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Korean International Financial Reporting Standards ("K-IFRS"). A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with K-IFRS, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditors' report is Jong Sang Lee.

Seoul, Korea
March 16, 2020

This report is effective as of March 16, 2020, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the internal control over financial reporting. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

AUDITOR'S REPORT

Ssangyong Motor (Shanghai) Co., Ltd.:

I. Audit Opinion

We have audited the accompanying financial statements of Ssangyong Motor (Shanghai) Co., Ltd. Company Limited (hereinafter referred to as "Ssangyong Company"), including the balance sheet on December 31, 2019, and the income statement, cash flow statement, the statement of changes in owners' equity and notes to financial statements for the year 2019.

In our opinion, the financial statements give a true and fair view of the financial position of the Ssangyong Company as of 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with the Accounting Standards for Chinese Enterprises and the Accounting Regulation for Chinese Enterprises.

II. Basis of Issuing Audit Opinions

We conducted our audit in accordance with the Chinese Standards on Auditing for Certified Public Accountants (CPA). The "CPA's Responsibilities for the Audit of Financial Statements" part of the Audit Report further elaborates on our responsibilities under these standards. According to China Code of Professional Ethics for Certified Public Accountants, we are independent of Ssangyong Company and have performed our other responsibilities in respect of professional ethics. We believe the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

III. Major Uncertainties Related to Continuous Operation

The key audit matters are matters that we consider to be the most important matters for the current audit of financial statements based on our professional judgment. These maters should be handled on the basis that we audit the financial statements and form our audit opinions. We will not express separate opinion on these matters. We confirm the following matters as the key audit matters that need to be communicated in the audit report.

1. Revenue recognition

1) Matter description

Ssangyong Company has operating income of 2,515,650.36 yuan, which is an important item of the its income statement. Therefore, we determine the authenticity and cut-off of main operating income as a key audit matter.

2) Audit procedures

The main audit procedures we implemented with regard to the authenticity and completeness of the main operating income include: ①Getting to know and testing the design and implementation of the Ssangyong Company's internal control system and financial accounting system for sales and fee collection; ② distinguishing the types of product sales, carrying out analytical review procedures taking into account the business segment information, industrial development situation and the actual situation of Ssangyong Company, and determining the reasonableness of sales revenue and changes in gross profit; ③Conducting details test, randomly checking the inventory records, receipt sheets confirmed by clients and other external evidencing documents, checking the fee collection records, seeking external confirmations for period-end accounts receivable, and auditing the authenticity of sales revenue; ④Randomly checking the big-amount incomes generated at the period start and end, and doing sales revenue cut-off test etc.

IV. Other Information

The management of the Ssangyong Company shall be responsible for other information. Other information includes the information covered in the annual report, but does not include the financial statements and our audit report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and to consider whether the other information is materially inconsistent with the financial statements or the information we obtained during the audit or if there is any major misstatement. We shall report truthfully if we determine that there is a material misstatement in the other information based on what we have done. We have nothing to report in this respect.

V. The Management's and the Governing Body's Responsibility for the Financial Statements

The management of the Ssangyong Company Limited (hereinafter referred to as "the management") is responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting Standards for Business Enterprises, and be responsible for designing, implementing and maintaining necessary internal controls so that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Ssangyong Company's ability to continue as a going concern, disclosing matters related to continuous operation (if applicable), and applying the going-concern assumptions, unless the management plans to liquidate the Ssangyong Company, discontinue the operation or has no other feasible choices.

The governing body is responsible for overseeing the Ssangyong Company's financial reporting process.

VI. CPA's Responsibilities for the Audit of Financial Statements

Our goal is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but there is no guarantee that an audit performed in accordance with the auditing standards will always find out a material misstatement that exists. Misstatements can be caused by fraud or error. A misstatement is generally considered to be material if it is reasonably expected that the misstatement, alone or together with other misstatements, may affect the financial decisions made by users of the financial statements based on the financial statements.

In performing the audit in accordance with the auditing standards, we applied our professional judgment and kept our professional doubt. At the same time, we also did the following:

1. Identify and assess the risks of material misstatement in financial statements due to fraud or error, design and implement audit procedures to deal with these risks and obtain sufficient and appropriate audit evidence as the basis for expressing audit opinions. As a fraud may involve collusion, forgery, willful omission, misrepresentation or override of internal control, so the risk of not discovering a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement resulting from an error.

2. Understand the internal control related to audit in order to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of internal control.

3. Appraise the appropriateness of the accounting policies selected by the management and the reasonableness of accounting estimates and related disclosures made by the management.

4. Draw conclusions for the management's use of the going-concern assumptions and at the same time, conclude based on the audit evidence obtained whether there is any material uncertainty about the matters or circumstances that may cast significant doubts on the Ssangyong Company's ability to continue as a going concern. If we conclude that there is a significant uncertainty, the auditing standards require us to draw the attention of users of the statements to the relevant disclosures in the financial statements in the audit report. If the disclosures are not sufficient, we shall issue a non-unqualified opinion. Our conclusion is based on the information available up to the date of the audit report. However, future events or circumstances may result in the Ssangyong Company's inability to continue as a going concern.

5. Evaluate the overall presentation, structure and content (including disclosures) of the financial statements and evaluate whether the financial statements fairly reflect the related transactions and matters.

6. Obtain adequate and appropriate audit evidence on the financial information of entities or business activities of the Ssangyong Company, so to express an audit opinion on the financial statements. We are responsible for directing, supervising and implementing the Group's audit and shall assume full responsibility for the audit opinions.

We communicated with the governing body on issues such as the scope of the audit, audit schedule and major audit findings, including the attention-worthy shortcomings of internal control that we identified in the audit.

We also provided statements to the governing body regarding the ethical requirements relating to independence that we have complied with and discussed with it relationships and other matters that may reasonably be regarded as affecting our independence, as well as related precautionary measures (where applicable).

From the matters communicated with the governing body, we determined which matters are most important to the audit of the current financial statements and made them the key audit matters. We will describe these matters in the audit report unless laws and regulations prohibit the public disclosure of these matters or, in rare circumstances, if it is reasonably foreseen that the negative consequences of communicating a certain matter in the audit report outweigh the public benefits created, then we will determine that the matter shall not be communicated in the audit report.

Shanghai Changhao Certified Public Accountants	Chinese CPA:
China Shanghai	Chinese CPA:
	January 16, 2020

BALANCE SHEET DECEMBER 31, 2019

Establishment:Ssangyong Motor (Shanghai) Co., Ltd. | Unit: INR

Item	**Closing Balance**		Opening Balance	
Currency	**RMB**	**INR**	RMB	INR
Current assets:				
Monetary funds	**1,326,763.31**	**13,546,253.40**	2,464,685.54	25,164,439.36
Current Investment				
Other current Investment				
Notes receivable				
Account receivable	**503,570.00**	**5,141,449.70**	557,157.28	5,688,575.83
Prepayment				
Interest receivable				
Dividends receivable				
Other receivable	**1,793,255.05**	**18,309,134.06**	2,083,320.83	21,270,705.67
Inventories				–
Possession of assets for sale				
Non-current assets due within one year				
Other current assets				
Total current assets	**3,623,588.36**	**36,996,837.16**	5,105,163.65	52,123,720.86
Non-current assets:				
Financial assets available for sale				
Investments held to maturity				
Long-term accounts receivable				
Long-term equity investments				
Investment real estate				
Fixed assets	**59,991.88**	**612,517.09**	69,499.17	709,586.53
Construction in progress				
Engineering materials				
Fixed assets to be disposed of				
Bearer biological assets				
Oil and gas assets				
Intangible assets				
R&D expenditures				
Goodwill				
Long-term deferred expenses	**57,087.67**	**582,865.11**	93,142.99	950,989.93
Deferred income tax assets				
Other non-current assets				
Total non-current assets	**117,079.55**	**1,195,382.20**	162,642.16	1,660,576.46
Total Assets	**3,740,667.91**	**38,192,219.36**	5,267,805.81	53,784,297.32
Current Liabilities:				
Short-term borrowings				
Financial Liabilities measured at fair value and recorded as current gains and losses				
Held-for-trading financial liabilities				
Notes payable				
Accounts payable	**92,636.23**	**945,815.91**	92,636.23	945,815.91
Advances from customers	**7,716.63**	**78,786.79**	116,536.44	1,189,837.05
Compensation for employees				
Taxes and fees payable	**2,061.80**	**21,050.98**	3,063.60	31,279.36
Interest payable				
Dividends payable	**2,493,514.56**	**25,458,783.66**	2,493,514.56	25,458,783.66
Other payables	**647,375.99**	**6,609,708.86**	734,758.31	7,501,882.35
Possession of liabilities for sale				
Non-current liabilities due within one year				
Other current liabilities				
Total current liabilities	**3,243,305.21**	**33,114,146.20**	3,440,509.14	35,127,598.33

BALANCE SHEET (Continued)

Item	Closing Balance		Opening Balance	
Currency	**RMB**	**INR**	RMB	INR
Non-current Liabilities:				
Long-term borrowings				
Bonds payable				
Including: Preferred Stock				
Sustainable debt				
long-term accounts payable				
Long-term compensation for employees				
Special accounts payable				
Estimated debts				
Deferred revenue				
Deferred income tax liabilities				
Other long-term liability				
Total long-term liability	**–**	**–**	–	–
Total liability	**3,243,305.21**	**33,114,146.20**	3,440,509.14	35,127,598.33
OWNERS' EQUITY :				
Paid in capital	**30,000,000.00**	**306,300,000.00**	30,000,000.00	306,300,000.00
Other equity instruments				
Including: preferred stock				
Sustainable debt				
Capital Reserves	**184,216.66**	**1,880,852.10**	184,216.66	1,880,852.10
Subtraction:stock unit				
Other comprehensive income				
The special reserve				
Surplus Reserves	**2,047,327.05**	**20,903,209.18**	2,047,327.05	20,903,209.18
Retained profits after appropriation	**-31,734,181.01**	**-324,005,988.12**	-30,404,247.04	-310,427,362.29
Total owners' Equity	**497,362.70**	**5,078,073.16**	1,827,296.67	18,656,698.99
Total Liabilities and owners' Equity	**3,740,667.91**	**38,192,219.36**	5,267,805.81	53,784,297.32

Legal Representative: **Head of accounting:** **Head of Accounting Institution:**

INCOME STATEMENT YEAR 2019

Establishment:Ssangyong Motor (Shanghai) Co., Ltd.				Unit: INR
Item	**Current Period**		Last Period	
Currency	**RMB**	**INR**	RMB	INR
I. Operating income	**2,515,650.36**	**25,684,790.18**	707,737.26	7,225,997.42
Subtraction:Operating costs			405,923.50	4,144,478.94
Taxes and surcharges				
Costs of sales	**4,072,286.19**	**41,578,042.00**	5,066,249.03	51,726,402.60
Administration expenses				
Finance costs	**-224,334.18**	**-2,290,451.98**	-135,667.66	-1,385,166.81
Impairment losses on assets				
Add: Gains from changes in fair values (Losses are indicated by "–")				
Investment income (Loss is indicated by "–")				
Including: Income from investments in associates and joint ventures				
Asset disposal income (Loss is indicated by"–")				–
Other income	**2,367.68**	**24,174.01**		
II. Operating profit (Loss is indicated by "–")	**-1,329,933.97**	**-13,578,625.83**	-4,628,767.61	-47,259,717.31
Add: Non-operating income			301.81	3,081.48
Less: Non-operating expenses				
III. Total Profit (Total Loss is indicated by "–")	**-1,329,933.97**	**-13,578,625.83**	-4,628,465.80	-47,256,635.83
Less: Income tax expenses				
IV. Net profit (Net loss is indicated by "–")	**-1,329,933.97**	**-13,578,625.83**	-4,628,465.80	-47,256,635.83
(I) Continuous operating net profit (Net loss is indicated by "–")	**-1,329,933.97**	**-13,578,625.83**	-4,628,465.80	-47,256,635.83
(II)Termination of net profit (Net loss is indicated by "–")				
V. Earnings per share:				
Basic earnings per share				
Diluted earnings per share				

Legal Representative: **Head of accounting:** **Head of Accounting Institution:**

CASH FLOW STATEMENT YEAR 2019

Establishment:Ssangyong Motor (Shanghai) Co., Ltd. Unit: INR

Item	Current Period		Last Period	
Currency	**RMB**	**INR**	RMB	INR
I. Cash Flow from Operating Activities:				
Cash received from sales of goods or rendering services	**2,666,589.38**	**27,225,877.59**	750,201.50	7,659,557.27
Refunds of taxes				
Other cash receipts relating to operating activities	**148,980.07**	**1,521,086.51**	2,019,934.19	20,623,528.08
Sub-total of cash inflows	**2,815,569.45**	**28,746,964.10**	2,770,135.69	28,283,085.35
Cash paid for goods or receiving services			474,930.50	4,849,040.35
Cash paid to and on behalf of employees	**2,014,358.80**	**20,566,603.35**	2,206,499.42	22,528,359.08
Tax payments	**2,192.20**	**22,382.36**		
Cash paid relating to other operating activities	**2,155,102.73**	**22,003,598.88**	4,860,237.48	49,623,024.69
Sub-total of cash outflows	**4,171,653.73**	**42,592,584.59**	7,541,667.40	77,000,424.12
Net Cash Flow from Operating Activities	**-1,356,084.28**	**-13,845,620.49**	-4,771,531.71	-48,717,338.77
II. Cash Flows from Investing Activities:				
Cash received from disposals of investments				
Cash received from investments income				
Net cash received from disposal of fixed assets, intangible assets and other long-term assets				
Cash received from disposal of subsidiary or other operating business units				
Cash received relating to other investing activities				–
Sub-total of cash inflows	**–**	**–**	–	–
Cash paid to acquire fixed assets, intangible assets and other long-term assets				
Cash paid to acquire investments				
Net cash payments for acquisitions of subsidiaries and other business units				
Cash payments relating to other investing activities				
Sub-total of cash inflows	**–**	**–**	–	–
Net Cash Flow from Investing Activities	**–**	**–**	–	–
III. Cash Flows from Financing Activities:				
Cash received by investors				
Cash received from borrowings				
Cash receipts from issue of bonds				
Cash received relating to other financing activities				
Sub-total of cash inflows	**–**		–	–
Repayments of borrowings				
Dividends paid, profit distributed or interest paid				
Cash payments relating to other financing activities				
Sub-total of cash inflows	**–**		–	–
Net Cash Flow from Financing Activities	**–**		–	–
IV. Effect of Foreign Currency Translation	**218,162.05**	**2,227,434.53**	62,227.50	635,342.78
V. Net Increase (Decrease) in Cash and Cash Equivalents	**-1,137,922.23**	**-11,618,185.96**	-4,709,304.21	-48,081,995.99
Add: Opening balance of Cash and Cash Equivalents	**2,464,685.54**	**25,164,439.36**	7,173,989.75	73,246,435.35
VI. Closing Balance of Cash and Cash Equivalents	**1,326,763.31**	**13,546,253.40**	2,464,685.54	25,164,439.36

Legal Representative: **Head of accounting:** **Head of Accounting Institution:**

STATEMENT OF CHANGES IN OWNERS' EQUITY YEAR 2019

Establishment:Ssangyong Motor (Shanghai) Co., Ltd. **Unit: INR**

Item	Current Period																					
	Paid in capital		Other equity instruments						Capital Reserves		Subtraction: stock unit		Other comprehensive income		The special reserve		Surplus Reserves		Retained profits after appropriation		Total owners' Equity	
			Ipreferred stock		Other comprehensive income		Other															
Currency	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR
I. Closing balance of the preceding year	30,000,000.00	306,300,000.00	–	–	–	–	–	–	184,216.66	1,880,852.10	–	–	–	–	–	–	2,047,327.05	20,903,209.18	-30,404,247.04	-310,427,362.29	1,827,296.67	18,656,698.99
Add: Changes in accounting policies																					-	-
Corrections of prior period errors																					-	-
Other																					-	-
II. Opening balance of the year	30,000,000.00	306,300,000.00	–	–	–	–	–	–	184,216.66	1,880,852.10	–		–		–		2,047,327.05	20,903,209.18	-30,404,247.04	-310,427,362.29	1,827,296.67	18,656,698.99
III. Changes for the year (decrease is indicated by "–")	–		–			–		–	–				–		–		–		-1,329,933.97	-13,578,625.83	-1,329,933.97	-13,578,625.83
(I) Net profit																			-1,329,933.97	-13,578,625.83	-1,329,933.97	-13,578,625.83
(II) Owners' contributions and reduction in capital	–		–			–		–	–		–		–		–		–			–	–	–
1. Capital contribution from owners																					–	–
2. Share-based payment recognised in owners' equity																					–	–
3. Others																					–	–
(III) Special reserve	–		–			–		–	–		–		–		–		–			–	–	–
1. Withdrawn in the period																	–				–	–
2. Utilised in the period																					–	–
3. Others																					–	–
(IV) Transfers within owners' equity	–		–			–		–	–		–		–		–		–			–	–	–
1. Capitalisation of capital reserve																					–	–
2. Capitalisation of surplus reserve																					–	–
3. Loss made up by surplus reserve																	–				–	–
4. Others																					–	–
(V) The special reserve	–		–			–		–	–		–		–		–		–			–	–	–
1. This extract																					–	–
2. In current use																					–	–
(VI) Others																					–	–
V. Closing Balance	30,000,000.00	306,300,000.00	–			–		–	184,216.66	1,880,852.10	–		–		–		2,047,327.05	20,903,209.18	-31,734,181.01	-324,005,988.12	497,362.70	5,078,073.16

Legal Representative: **Head of accounting:** **Head of Accounting Institution:**

STATEMENT OF CHANGES IN OWNERS' EQUITY YEAR 2018

Establishment:Ssangyong Motor (Shanghai) Co., Ltd.

Unit: INR

Item	Current Period																					
	Paid in capital		Other equity instruments						Capital Reserves		Subtraction: stock unit		Other comprehensive income		The special reserve		Surplus Reserves		Retained profits after appropriation		Total owners' Equity	
			Ipreferred stock		Other comprehensive income		Other															
Currency	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR	RMB	INR
I. Closing balance of the preceding year	30,000,000.00	306,300,000.00							184,216.66	1,880,852.10							2,047,327.05	20,903,209.18	-25,775,781.24	-263,170,726.46	6,455,762.47	65,913,334.82
Add: Changes in accounting policies																					–	–
Corrections of prior period errors																					–	–
Other																					–	–
II. Opening balance of the year	30,000,000.00	306,300,000.00	–			–		–	184,216.66	1,880,852.10	–		–		–		2,047,327.05	20,903,209.18	-25,775,781.24	-263,170,726.46	6,455,762.47	65,913,334.82
III. Changes for the year (decrease is indicated by "–")	–	–	–			–		–	–		–		–		–		–		-4,628,465.80	-47,256,635.83	-4,628,465.80	-47,256,635.83
(I) Net profit																			-4,628,465.80	-47,256,635.83	4,628,465.80	-47,256,635.83
(II) Owners' contributions and reduction in capital	–	–	–			–		–	–		–		–		–		–			–	–	–
1. Capital contribution from owners																					–	–
2. Share-based payment recognised in owners' equity																					–	–
3. Others																					–	–
(III) Special reserve	–	–	–			–		–	–		–		–		–		–			–	–	–
1. Withdrawn in the period																	–				–	–
2. Utilised in the period																					–	–
3. Others																					–	–
(IV) Transfers within owners' equity	–	–	–			–		–	–		–		–		–		–			–	–	–
1. Capitalisation of capital reserve																					–	–
2. Capitalisation of surplus reserve																					–	–
3. Loss made up by surplus reserve																	–				–	–
4. Others																					–	–
(V) The special reserve	–	–	–			–		–	–		–		–		–		–			–	–	–
1. This extract																					–	–
2. In current use																					–	–
(VI) Others																					–	–
V. Closing Balance	30,000,000.00	306,300,000.00	-			-		-	184,216.66	1,880,852.10	–		–		–		2,047,327.05	20,903,209.18	-30,404,247.04	-310,427,362.29	1,827,296.67	18,656,698.99

Legal Representative: Head of accounting: Head of Accounting Institution:

NOTES TO FINANCIAL STATEMENTS FOR 2019

I. Company Profile

Ssangyong Motor (Shanghai) Co., Ltd. ("Company") was funded and incorporated by Ssangyong Motor Company on December 2, 2003. The Company has obtained business license with registered number 913100007569738651 from Shanghai Administration for Industry and Commerce. The company registered in China (Shanghai) free trade area, 500 grams of ice road, room 1209, the Company has a registered capital of RMB30,000,000.00 and a paid-in capital of RMB30,000,000.00, and its legal representative is BYUNG TAE YEA.

In September 22, 2014 set up a Ssangyong Motor (Shanghai) Co., Ltd. Beijing branch, has been awarded by the Beijing Municipal Administration of industry and commerce registration number for the business license 911101053180612179.Company registered in Beijing City, Chaoyang District, 1701, 7th floor, section A, no. 203, zone 2, lizezhongyuan, wangjing,.

Operation scope of the Company: import and exclusive distribution (excluding retail) of SSANG YONG automobiles with authorization of Ssangyong Motor Company; wholesale, commission agent (excluding auction), import/export of auto parts, chemicals (excluding dangerous goods, specialty chemicals, and precursor chemicals), and metallic tools, for autos, textiles, and lubricants used for autos, as well as related marketing, technical support, training services, and supporting services; enterprise management consulting, economic information consulting, international trade within the Free Trade Zone, re-export trade, agent for trade between enterprises within the Free Trade Zone as well as trade within the Free Trade Zone, merchandized simple processing within the Free Trade Zone; and being agent for trade with non-Free-Trade-Zone-enterprises via domestic enterprises with import/export qualifications (not involving state-trading-goods; if involving any goods which require quota or license, application should be submitted as specified by competent regulations.) (If involving any goods which require administrative license, operate with relevant licenses).

II. Circumstances not Meeting the Prerequisites of Accounting

The Company has no circumstances that do not meet the prerequisites of accounting.

III. Main Accounting Policies and Accounting Estimates

1. Accounting standards and accounting system

The Company adopts the Accounting Standards for Business Enterprises.

2. Fiscal year

The fiscal year of Company runs from January 1 to December 31 of each calendar year.

3. Bookkeeping currency

The Company's functional currency is Renminbi (RMB). All amounts disclosed in Proforma Indian Rupees are Renminbi converted against a currency rate of Rupees(INR) 10.21=RMB 1.00.

4. Accounting basis and pricing principles

The Company takes the accrual basis as the bookkeeping basis, adopts the debit-credit bookkeeping method and takes the actual cost as the pricing principle.

5. Foreign currency businessaccounting and translation method

Financial operations involving foreign currencies in the fiscal year shall be translated to RMB at the central parity of the exchange rate prevailing in the foreign exchange market at the beginning of the month in which such transaction occurs. At the end of the month, the balance in the foreign currency account is adjusted to the bookkeeping currency based on the central parity of the exchange rate prevailing in the foreign exchange market at the end of the month. The difference between the reconciled bookkeeping currency balance and the original account balance is included in the financial cost - foreign exchange gains and losses or exchange gains and losses during the preparatory period.

6. Determination standards of cash equivalents

(1) Cash is the company's cash on hand and deposits that can be used for payment at any time, including cash, bank deposits and other monetary funds that can be used for payment at any time.

(2) Cash equivalents are short-term (usually due within three months from the date of purchase) and highly liquid investments held by the Company that are easily convertible into known amounts of cash and which are subject to a small risk of changes in value.

7. Accounts receivable and prepayments

Accounts receivable and prepayments refer to the creditor's rights occurred by small enterprises in their daily production and operation activities. The actual amount of accounts receivable and prepayments shall be recorded.

Where accounts receivable and prepayments of the Company meet any of the following conditions, the uncollectible accounts receivable and prepayments after deducting the recoverable amount shall be recognized as bad debt losses:

(I) The debtor declares bankruptcy, shutdown, dissolution or is revoked according to law, or its business license is legally cancelled or revoked and its liquidation property is insufficient to repay the debts.

(II) The debtor dies, or is declared missing or dead according to law and its property or estate is insufficient to repay the debts.

(III) The debt is overdue for 3 years or longer and there's exact evidence showing that the debtor is insolvent.

(IV) It is impossible to demand payment of the debt after a debt reorganization agreement is reached with the debtor or after the court approves the bankruptcy restructuring plan.

(V) The debt is unrecoverable because of natural disasters, wars and other force majeure.

(VI) Other conditions as prescribed by the finance and tax administrative department of the State Council.

8. Inventory accounting method

The Company's inventories include: goods in process etc.

The perpetual inventory system is adopted for stocktaking.

Pricing method for inventory acquisition and issue: raw materials and fuels purchased shall be measured at the actual cost. The cost of obtaining inventory through further processing includes direct material and direct labor cost, and manufacturing costs that are allocated according to a certain method.

The Company uses the individual valuation method to determine the actual cost of inventories issued.

For non-replaceable inventories, inventories purchased or manufactured for specific projects and services provided, their costs are determined by the specific identification method.

Revolving materials will be accounted by the one-off write-off method and will be included into production cost or current profit and loss at the time of requisition and use; revolving materials of high value can also be accounted by the amortization method. The cost of leased or lent revolving materials needs not be carried over, but shall be recorded for future reference.

In case of damage to inventories, the disposal income, the recoverable liability compensation and insurance indemnity, net of costs and related taxes and fees, shall be included in the proceeds from disposal of assets.

9. Fixed assets pricing and depreciation method

(1) Standards for the recognition of fixed assets

Fixed assets of the Company refer to housings, buildings, machines, machinery, transportation vehicles and other equipment, appliances and tools related to operation and production which have a useful life of more than one year. Goods not included as major production and operation equipment but with a unit value of more than 2,000 yuan and an useful life of more than 2 years, shall also be regarded as fixed assets.

(2) Fixed assets pricing and depreciation method

Fixed assets of the Company are priced at the actual cost at which they are acquired and are depreciated using the straight-line method.

Depreciation life and yearly depreciation rate are respectively determined by categories of fixed assets, estimated economic useful life and estimated net residual value rate as follows:

Category of fixed assets	Estimated net residual value rate (%)	Estimated useful life (years)	yearly depreciation rate (%)
Office equipment	10.00	5	18.00
Transportation equipment	10.00	5	18.00

Reconstruction expenditures for fixed assets are included in the cost of fixed assets. However, the reconstruction expenditures for fixed assets that have been fully depreciated and are rented through operating lease shall be included in long-term deferred expenses.

At the disposal of fixed assets, the disposal proceeds net of the book value, related taxes and fees and clean-up costs shall be included in asset disposal income.

10. Revenue recognition principle

Revenue from sales of goods will be recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer, when the Company no longer has the right of continuous management and actual control of the goods, the economic benefits related to the transaction are likely to flow into the enterprise, and the revenue and costs related to the sale of goods can be reliably measured.

When the labor service provided by the Company is started and completed in the same fiscal year, the business income will be recognized when the labor service has been provided, the price has been received or the evidence proving the receipt of price has been obtained. When the labor service starts and completes in different fiscal years, the business income will be recognized by the percentage of completion method when the total income of labor contracts and the degree of completion of labor services can be reliably determined, when the transaction-related money can flow in, and the costs already incurred and the cost to be incurred for the completion of labor services can be reliably measured.

The interest income and royalty income obtained by the Company from transferring the right to use assets shall be recognized when the economic benefits related to the transaction can flow into the enterprise and the amount of income can be reliably measured.

11. Lease accounting method

The Company divides leases into financial lease and operating lease.

In the case of a finance lease, the Company (the lessee) will on the lease commencement date, take the lower of the original carrying amount of the leased asset on the lease commencement date and the present value of the minimum lease payment as the entry value of the leased asset, take the minimum lease payment as the entry value of long-term payables and record the difference between the two as the unrecognized financing costs.

In the case of operating leases, rentals for operating leases are recognized as an expense on a straight-line basis over each period of the lease term. Any other methods that are more reasonable may be adopted.

12. Accounting method of income tax

Income tax of the Company is accounted by the taxes payable method and will be levied according to the taxable income and the applicable tax rate.

13. Government subsidies

For purpose of the Company, government subsidies refer to governments' assistance by transferring resources to the Company so that the Company shall in turn conduct its business activities under certain conditions in the past or in the future.

Government subsidies are recognized when all of the following conditions are met:

(1) The company meets the additional conditions for government subsidies;

(2) The company can receive subsidies.

14. Profit distribution method

The Company's net profit realized in the current period is distributed in the following order:

Make up the annual losses of previous years;

Withdrawal of statutory surplus reserve;

Withdrawal of discretionary surplus reserve;

Profit payable to shareholders.

IV. Taxes

Tax type	Tax rate	Description
VAT	6.00%	VAT payable
Urban maintenance and construction tax	1.00%	Turnover tax payable
Educational surcharges	3.00%	Turnover tax payable
Watercourse management fee	1.00%	Turnover tax payable
Local educational surcharge	2.00%	Turnover tax payable
Enterprise income tax	25.00%	Taxable income

V. Notes to major items of the financial statements

1. Monetary funds

Item	31 December 2019		31 December 2018	
	RMB	INR	RMB	INR
Cash	14,219.34	145,179.46	12,457.25	127,188.52
Bank balances	1,312,543.97	13,401,073.94	2,452,228.29	25,037,250.84
Total	1,326,763.31	13,546,253.40	7,173,989.75	73,246,435.36

2. Accounts receivable

Category	31 December 2019			31 December 2018		
	Book balance		Provision for doubtful debts	Book balance		Provision for doubtful debts
	RMB	INR	RMB	RMB	INR	RMB
Account receivable for which doubtful debt provision is made using individual identification method	503,570.00	5,141,449.70	–	557,157.28	5,688,575.83	–
Account receivable for which doubtful debt provision is made using collective identification (ageing analysis) method			–			–
Total	503,570.00	5,141,449.70	–	557,157.28	5,688,575.83	–

Account receivable for which doubtful debt provision is made using individual identification method:

Item	31 December 2019			31 December 2018		
	Book balance		Provision for doubtful debts	Book balance		Provision for doubtful debts
	RMB	INR	RMB	RMB	INR	RMB
0-1 year			–	21,418.46	218,682.48	–
1-2 years			–	32,168.82	328,443.65	–
2-3 years	503,570.00	5,141,449.70	–	503,570.00	5,141,449.70	–
Total	503,570.00	5,141,449.70	–	557,157.28	5,688,575.83	–

3. Other receivables

Category	31 December 2019			31 December 2018		
	Book balance		Provision for doubtful debts	Book balance		Provision for doubtful debts
	RMB	INR	RMB	RMB	INR	RMB
Other receivables for which doubtful debt provision is made using individual identification method	1,793,255.05	18,309,134.06	–	2,083,320.83	21,270,705.67	–
Other receivables for which doubtful debt provision is made using collective identification (ageing analysis) method			–			–
Total	1,793,255.05	18,309,134.06	–	2,083,320.83	21,270,705.67	–

Other receivables for which doubtful debt provision is made using individual identification method:

Item	31 December 2019			31 December 2018		
	Book balance		Provision for doubtful debts	Book balance		Provision for doubtful debts
	RMB	INR	RMB	RMB	INR	RMB
0-1 year	1,775,755.05	18,130,459.06	–	2,067,320.83	21,107,345.67	–
1-2 year(s)	17,500.00	178,675.00	–			–
2-3 years			–			–
Over 3 years				16,000.00	163,360.00	
Total	1,793,255.05	18,309,134.06	–	2,083,320.83	21,270,705.67	–

4. Fixed assets

Item	31 December 2018		Increase in current year		Decrease in current year		**31 December 2019**	
	RMB	INR	RMB	INR	RMB	INR	**RMB**	**INR**
I. The total of the original price...	504,457.14	5,150,507.40	2,628.43	26,836.27			**507,085.57**	**5,177,343.67**
Including: office equipment ..	133,084.14	1,358,789.07	2,628.43	26,836.27			**135,712.57**	**1,385,625.34**
Transport equipment	371,373.00	3,791,718.33					**371,373.00**	**3,791,718.33**
II. The total of the accumulated depreciation	434,957.97	4,440,920.87	12,135.72	123,905.70			**447,093.69**	**4,564,826.57**
Including: office equipment ..	100,722.27	1,028,374.37	12,135.72	123,905.70			**112,857.99**	**1,152,280.07**
Transport equipment	334,235.70	3,412,546.50					**334,235.70**	**3,412,546.50**
III. The total of the accumulated provision for impairment	–							
Including: office equipment ..	–							
Transport equipment	–							
IV. The total of the carrying amount	69,499.17	709,586.53					**59,991.88**	**612,517.09**
Including: office equipment ..	32,361.87	330,414.70					**22,854.58**	**233,345.26**
Transport equipment	37,137.30	379,171.83					**37,137.30**	**379,171.83**

5. Long-term deferred expenses

Item	31 December 2018		Increase in current year		Amount paid in current year		**31 December 2019**	
	RMB	INR	RMB	INR	RMB	INR	**RMB**	**INR**
Renovation costs	93,142.99	950,989.93			36,055.32	368,124.82	**57,087.67**	**582,865.11**
Total	93,142.99	950,989.93			36,055.32	368,124.82	**57,087.67**	**582,865.11**

6. Accounts payable

Ageing	**31 December 2019**			31 December 2018		
	RMB	**INR**	**Percentage (%)**	RMB	INR	Percentage (%)
0ver 3 years	**92,636.23**	**945,815.91**	**100.00**	92,636.23	945,815.91	100.00
Total	**92,636.23**	**945,815.91**	**100.00**	92,636.23	945,815.91	100.00

7. Advances from customers

Ageing	**31 December 2019**			31 December 2018		
	RMB	**INR**	**Percentage (%)**	RMB	INR	Percentage (%)
0-1 year (including 1 year)	**7,716.63**	**78,786.79**	**100.00**	116,536.44	1,189,837.05	100.00
Total	**7,716.63**	**78,786.79**	**100.00**	116,536.44	1,189,837.05	100.00

8. Taxes payable

Item	31 December 2018		Increase in current year		Amount paid in current year		**31 December 2019**	
	RMB	INR	RMB	INR	RMB	INR	**RMB**	**INR**
Individual	3,063.60	31,279.36	21,427.83	218,778.15	23,656.83	241,536.23	**834.60**	**8,521.27**
Stamp duty........................			1,227.20	12,529.71		–	**1,227.20**	**12,529.71**
Total	3,063.60	31,279.36	22,655.03	231,307.86	23,656.83	241,536.23	**2,061.80**	**21,050.98**

9. Dividends payable

Item	31 December 2018		Increase in current year		Decrease in current year		**31 December 2019**	
	RMB	INR	RMB	INR	RMB	INR	**RMB**	**INR**
Ssangyong Motor Company..	2,493,514.56	25,458,783.66					**2,493,514.56**	**25,458,783.66**

10. Other payables

(1) Detail of other payables

Ageing	31 December 2019			31 December 2018		
	RMB	INR	Percentage (%)	RMB	INR	Percentage (%)
0-1 year (including one year)	**526,982.18**	**5,380,488.06**	**81.40**	658,758.31	6,725,922.35	89.66
2-3 year	**44,393.81**	**453,260.80**	**6.86**	–		0.00
Over 3 years	**76,000.00**	**775,960.00**	**11.74**	76,000.00	775,960.00	10.34
Total	**647,375.99**	**6,609,708.86**	**100.00**	734,758.31	7,501,882.35	100.00

11. Paid-in capital

Name investor	31 December 2018			Increase in current year		Decrease in current year		31 December 2019		
	Amount of investment		Percentage (%)					Amount of investment		Percentage (%)
	RMB	INR		RMB	INR	RMB	INR	RMB	INR	
Ssangyong Motor Company	30,000,000.00	306,300,000.00	100.00	–	–	–	–	**30,000,000.00**	**306,300,000.00**	**100.00**
Total	30,000,000.00	306,300,000.00	100.00	–	–	–	–	**30,000,000.00**	**306,300,000.00**	**100.00**

12. Capital reserve

Item	31 December 2018		Increase in current year		Decrease in current year		31 December 2019	
	RMB	INR	RMB	INR	RMB	INR	RMB	INR
The capital premium	184,216.66	1,880,852.10	–	–	–	–	**184,216.66**	**1,880,852.10**
Total	184,216.66	1,880,852.10	–	–	–	–	**184,216.66**	**1,880,852.10**

13. Surplus reserve

Item	31 December 2018		Increase in current year		Decrease in current year		31 December 2019	
	RMB	INR	RMB	INR	RMB	INR	RMB	INR
Statutory surplus reserve	1,858,072.13	18,970,916.45	–	–	–	–	**1,858,072.13**	**18,970,916.45**
Discretionary surplus reserve	189,254.92	1,932,292.73	–	–	–	–	**189,254.92**	**1,932,292.73**
Total	2,047,327.05	20,903,209.18	–		–	–	**2,047,327.05**	**20,903,209.18**

14. Unappropriated profits

Item	31 December 2019		31 December 2018	
	RMB	INR	RMB	INR
Closing Balance of previous year	**-30,404,247.04**	**-310,427,362.29**	-25,775,781.24	-263,170,726.46
Add: changes in accounting policies				
Corrections of prior period errors				
Opening Balance of current year	**-30,404,247.04**	**-310,427,362.29**	-25,775,781.24	-263,170,726.46
Increase of current year	**-1,329,933.97**	**-13,578,625.83**	-4,628,465.80	-47,256,635.83
including: net profit of current year				
Other adjustments				
Decrease of current year				
Including: Withdrawal of surplus reserve				
Withdrawal of common risks reserve				
Distribution of cash dividends				
Closing Balance of current year	**-31,734,181.01**	**-324,005,988.12**	-30,404,247.04	-310,427,362.29

15. Operating income

Item	31 December 2019				31 December 2018			
	RMB		INR		RMB		INR	
	Income	Cost	Income	Cost	Income	Cost	Income	Cost
Income From major operations	189,576.42	1,935,575.25			513,869.34	405,923.50	5,246,605.96	4,144,478.94
Total	189,576.42	1,935,575.25			513,869.34	405,923.50	5,246,605.96	4,144,478.94

16. Income from other operating

Item	31 December 2019		31 December 2018	
	RMB	INR	RMB	INR
Income from other operations	**2,326,073.94**	**23,749,214.93**	193,867.92	1,979,391.46
Total	**2,326,073.94**	**23,749,214.93**	193,867.92	1,979,391.46

17. Finance expense

Item	31 December 2019	
	RMB	INR
Interest income	**-10,333.19**	**-105,501.87**
From foreign exchange	**-218,162.05**	**-2,227,434.53**
Fees..	**4,161.06**	**42,484.42**
Total	**-224,334.18**	**-2,290,451.98**

18. Other income

Item	31 December 2019		31 December 2018	
	RMB	INR	RMB	INR
VAT is deducted in addition...	**2,367.68**	**24,174.01**		
Total	**2,367.68**	**24,174.01**		

VI. Related Party and Related-Party Transactions

(1) Profile of the Parent

Name of the Parent	Nature	Domicile
Ssangyong Motor Company	Foreign enterprise	Gyeonggi Province, South Korea

(2) The main related parties that have business dealings with our company are as follows

Name of the Parent	Relations with the company
Ssangyong Motor Company	the Parent

VII. Contingent events

The Company has no significant contingent events which require disclosure.

VIII. Acceptance events

The Company has no significant acceptance events which require disclosure.

IX. Non-adjusting events after the balance sheet date

The Company has no non-adjusting events after the balance sheet date which require disclosure.

X. Other Significant Events

The Company has no other significant events which require disclosure.

Ssangyong Motor (Shanghai) Co., Ltd.

January 23, 2020

ADJUSTMENT TABLE OF TAXABLE PROFIT 2019

Unit: RMB

Period	Adjusting item	Caption of account	Adjustment Table of Taxable Profit		Description
			Increase for tax adjustment	Decrease for tax adjustment	
Year 2019	entertainment expenses	Costs of sales	470.80		
	welfare expenses	Costs of sales	607,272.13		
			–		
The total of adjust table of taxable profit			607,742.93	–	
Net increase (minus) income			607,742.93		
Profit before tax adjustment			-1,329,933.97		
Taxable profit after adjustment			-722,191.04		

Description:

This table adjusts the tax affairs item on the financial audit, only criticizes the reference as the tax affairs.

INDEPENDENT AUDITOR'S REPORT

To the General Meeting of Ssangyong European Parts Center B.V.

REPORT ON THE FINANCIAL STATEMENTS 2019 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the financial statements 2019 of Ssangyong European Parts Center B.V., based in Breda, The Netherlands.

In our opinion the financial statements included in these annual accounts give a true and fair view of the financial position of Ssangyong European Parts Center B.V. as at 31 December 2019, and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The balance sheet as at 31 December 2019.
2. The income statement for 2019.
3. The cash flow statement for 2019.
4. The notes to the financial statements comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Ssangyong European Parts Center B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in The Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Emphasis of the impact of the coronavirus

The coronavirus also impacts Ssangyong European Parts Center B.V. Management disclosed the current impact and her plans to deal with these events or circumstances under chapter 8 'Events after the balance sheet date' on page herein of the financial statements. Management indicates that it is currently not possible for them to properly estimate the impact of the Coronavirus on the financial performance and health of Ssangyong European Parts Center B.V. Our opinion is not modified in respect of this matter.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report, the annual accounts contain other information that consists of:

- The directors' report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of other information, including the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

Eindhoven, 25 March 2020

Deloitte Accountants B.V.

Signed on the original

I.H.C. van de Kerkhof

BALANCE SHEET AS AT 31 DECEMBER 2019

(before appropriation of net result)

	Note	**31 December 2019**	31 December 2018
		Euro	Euro
Fixed assets			
Intangible fixed assets	5.1	**0**	0
Tangible fixed assets	5.2	**10,667**	5,650
		10,667	5,650
Current assets			
Inventories	5.3	**6,976,051**	6,299,691
Receivables	5.4	**909,745**	966,998
Cash and cash equivalents	5.5	**889,686**	993,861
		8,775,482	8,260,550
		8,786,149	8,266,200
Equity and liabilities			
Shareholder's equity	5.6		
Paid-in share capital		**700,000**	700,000
Retained earnings		**(3,241,496)**	(3,362,423)
Result for the year		**125,524**	120,927
		(2,415,972)	(2,541,496)
Current liabilities	5.7	**11,202,121**	10,807,696
		8,786,149	8,266,200

The accompanying notes form an integral part of the financial statements.

INCOME STATEMENT FOR 2019

	Note	**2019** **Euro**	2018 Euro
Net turnover	6.1	**15,159,175**	14,816,301
Cost of sales		**(12,442,301)**	(12,406,452)
Gross turnover result		**2,716,874**	2,409,849
Selling expenses		**13,862**	13,971
General and administrative expenses	6.2	**2,536,261**	2,232,859
Total expenses		**2,550,123**	2,246,830
Operating profit		**166,751**	163,019
Financial income (expense), net	6.3	**(11,235)**	(10,745)
Result before taxation		**155,516**	152,274
Income tax (expense)	6.4	**(29,992)**	(31,347)
Net result		**125,524**	120,927
Total amount of the direct equity movements of the legal entity		**0**	0
Total net result of the legal entity		**125,524**	120,927

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENT FOR 2019

	Note	**2019**	2018
		Euro	Euro
Cash flows from operating activities			
Operating Profit		**166,751**	163,019
Adjustments for:			
Amortisation and depreciation	5.1 & 5.2	**3,195**	1,693
Changes in working capital:			
Inventories	5.3	**(676,360)**	541,733
Receivables	5.4	**57,253**	419,125
Current liabilities	5.7	**390,610**	(1,460,425)
Corporation income tax received		**2,822**	0
Corporation income tax paid		**(28,999)**	(27,842)
Cash generated from operations		**(84,728)**	(362,697)
Financial income(expense), net	6.3	**(11,235)**	(10,745)
Net cash generated from operating activities		**(95,963)**	(373,442)
Cash flows from investing activities			
Investments intangible fixed assets	5.1	**0**	0
(Investments) / Disposals tangible fixed assets	5.2	**(8,212)**	727
Net cash used in investing activities		**(8,212)**	727
Cash flows from financing activities			
Net cash used in financing activities		**0**	0
Net cash flows		**(104,175)**	(372,715)

Movements in cash and cash equivalents can be broken down as follows:

At 1 January		**993,861**	1,366,576
Movements during the year		**(104,175)**	(372,715)
At 31 December		**889,686**	993,861

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

1.1 *The Company*

Ssangyong European Parts Center B.V., with registration number 20128617 in The Netherlands Chamber of Commerce Commercial Register, located at IABC 5253-5254, 4814 RD, Breda ("the Company", hereinafter) is a limited liability company, having its official seat in Breda.

The Company was incorporated as a 100% subsidiary of Ssangyong Motor Company, 455-12 Dongsak-ro, Pyungtaek-si, Gyeonggi-do in Korea ("SYMC", hereinafter) with its principal capital of Euro 700,000 on 12 December 2006. Since early 2011, the majority of the shares of SYMC has been acquired by Mahindra & Mahindra Ltd. in India. Accordingly, the financial information of the Company has been included in the consolidated financial information of SYMC and Mahindra & Mahindra Ltd., the ultimate parent company.

SYMC is an automotive manufacturing company in Korea with its products of SUVs (sports utility vehicles) and a large-sized sedan, one of its main export markets has been Western-Europe since 2002.

1.2 *Activities*

As of 31 December 2019, the Company is distributing the spare parts to 27 distributors through its outsourced warehouse facilities in Breda. The Company's activity is to provide logistics and administrative support services including reinvoicing activities to SYMC for its distribution of spare parts to the distributors in Europe, who have an exclusive distributorship of SYMC's products respectively by country. Accordingly, all spare parts handled by the Company come from SYMC.

The Company's services are performed in accordance with the service agreement between SYMC and the Company, which in effect as of 1 January 2016. Based on the agreement, SYMC compensates the Company for its local operational cost, including a profit mark-up using a certain fixed rate based on the Company's sales to distributors, which is known as the Return On Sales Method.

The remuneration in the above is acknowledged to be an arms' length remuneration for the Company's services to SYMC, through the Advance Pricing Agreement settled into by the Company and the Dutch tax authorities, on 28 April 2016 with a validity retroactive 1 January 2016.

1.3 *Use of estimates*

The financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial report, and the reported amounts of revenues and expenses during the reporting period. Estimates include those required in the valuation of inventories and accounting of provisions. Of particular importance are the estimates involved for the valuation of the inventory in relation to the provision. On the basis of the expected turnover rate and taking into account the individual assessment of inventories the provision is measured. The assumptions used as the basis for the estimates are based on the current level of management's knowledge of the future developments and plans.

1.4 *Support parent company*

In view of the negative equity and negative working capital balances the continuation of the Company's operation might be dependent on the financial support of the parent company. In connection with this Ssangyong Motor Company, parent of Ssangyong European Parts Center B.V., has confirmed that it will provide the necessary financial support to Ssangyong European Parts Center B.V. to enable it to operate as a going concern and to meet its financial obligations for the approximate 12 months period after the date of these financial statements and confirmed that it has the financial resources to fulfil that commitment.

2 Accounting policies for the balance sheet

2.1 *General information*

The financial statements are prepared according to the stipulations in chapter 9 Book 2 of The Netherlands Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are valued according to the cost model.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

The financial information is denominated in Euros.

2.2 *Related party transactions*

In the ordinary course of business the Company purchases approximately 99% of its products from affiliated parties. The Company is furthermore financed by an intercompany payable, reference is made to note 5.7.

2.3 *Prior-year comparison*

The accounting policies have been consistently applied to all the years presented, if not specifically stated otherwise.

2.4 *Foreign currencies*

Receivables, liabilities and obligations denominated in foreign currencies are translated against the exchange rates prevailing at balance sheet date. Transactions in foreign currencies during the financial year are recognised in the financial statements against the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as of balance sheet date, are recorded in income statement.

Transactions, receivables and debts

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the income statement.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions.

2.5 *Financial instruments*

Financial instruments be both primary financial instruments, such as receivables and payables, and financial derivatives. The notes to the specific items of the balance sheet disclose the fair value of the related instrument if this deviates from the carrying amount. If the financial instrument is not recorded in the balance sheet the information on the fair value is disclosed in the notes to the "Contingent rights and obligations." For the principles of primary financial instruments, in case applicable, reference is made to the treatment per balance sheet item.

2.6 *Intangible fixed assets*

Intangible fixed assets are presented at cost less accumulated amortisation. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year.

2.7 *Tangible fixed assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment and are depreciated over their estimated useful lives on a straight line basis. Ordinary maintenance and repairs are expensed as incurred.

Property, plant and equipment are depreciated over their estimated useful lives as from the inception of their use. Future depreciation and amortisation is adjusted if there is a change in estimated useful life.

2.8 *Impairment of assets*

On balance sheet date, the company tests whether there are any indications of an asset, which could be subject to impairment. If there are such indications, the company estimates the recoverable amount of the asset conceded. If this is not possible, the recoverable amount of the cash-generating unit to which the asset belongs, is identified. An asset is subject to impairment if its book value exceeds its recoverable value; the recoverable value is the higher of the value in use and the fair value less costs to sell.

Impairment is recognized as an expense in the profit and loss account immediately, unless the asset is carried at the revalued amount; in that case, the impairment is treated as a revaluation decrease.

2.9 *Inventories*

Inventories are stated at the lower of acquisition price and net realisable value. Direct cost of freight are included in the acquisition price. The valuation is based on weighted average prices. Net realisable value is based on the estimated selling price in the ordinary course of business, less applicable variable selling expenses. A provision is made for obsolete inventories by individual assessment of inventories, where considered necessary.

2.10 *Receivables*

Upon initial recognition the receivables are included at fair value and then valued at amortised cost. The fair value and amortized cost equal the face value. Any provision for doubtful accounts deemed necessary is deducted. These provisions are determined by individual assessment of the receivables.

2.11 *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Cash and cash equivalents are stated at face value.

2.12 *Provisions*

Provisions are recognised for legally enforceable or constructive obligations existing at the balance sheet date, the settlement of which is probable to require an outflow of resources whose extent can be reliably estimated. Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations at the balance sheet date. Unless indicated otherwise, provisions are stated at the present value of the expenditure expected to be required to settle the obligations.

2.13 *Short term Liabilities*

Upon intial recognition, liabilities recorded are stated at fair value and then valued at amortized costs.

3 Accounting policies for the income statement

3.1 *Net turnover*

Net turnover represents amounts invoiced for goods and services supplied during the financial year reported on, net of discounts and value added taxes.

Revenues ensuing from the sale of goods are accounted for when all major entitlements to economic benefits as well as all major risks have transferred to the buyer. The cost price of these goods is allocated to the same period.

3.2 *Cost of sales*

Cost of sales represents the direct and indirect expenses attributable to net turnover.

3.3 *Selling, General and Administrative expenses*

Selling, General and Administrative expenses are recognised at the historical cost convention that are not directly attributable to the cost of the goods sold, and are allocated to the reporting year to which they are related. Selling expenses are related to various communication activities for the Company's logistics and administrative support services. General and Administrative expenses include the employee benefits, depreciations, outsourcing cost and other general cost.

Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees.

Employee benefits:

The pension plans are financed through contributions to pension providers such as insurance companies. The pension obligations are valued according to the 'valuation to pension fund approach'. This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account.

Based on the administration agreement it is assessed whether and, if so, which obligations exist in addition to the payment of the annual contribution due to the pension provider as at balance sheet date. These additional obligations, including any obligations from recovery plans of the pension provider, lead to expenses for the company and are included in a provision on the balance sheet.

A pension receivable is included in the balance sheet when the company has the right of disposal over the pension receivable and it is probable that the future economic benefits which the pension receivable holds will accrue to the Company and the pension receivable can be reliably established. As at year-end 2019 (and 2018) no pension receivables and no obligations existed for the company in addition to the payment of the annual contribution due to the pension provider.

The pension rights of each employee are based upon the employee's average salary during employment. The maximum salary for base pension in 2019 amounts to Euro 107,593 and in 2018 Euro 105,075, in 2019 the franchise amounts to Euro 14,770 and in 2018 Euro 14,297. Pension for employees with a salary above the maximum salary for base pension is covered by the so called excedent pension scheme without a maximum.

3.4 *Finance income and costs*

Interest paid and received

Interest paid and received is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received.

3.5 *Income tax expense*

Income tax is calculated on the result before tax in the income statement, taking into account any losses carried forward from previous financial years where not included in deferred income tax assets and tax exempt items, and plus non deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

3.6 *Principles for preparation of the cash flow statement*

The cash flow statement is prepared according to the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered as highly liquid investments.

Cash flows in foreign currencies are translated at an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Corporate income taxes, issuance of share capital, interest received and dividends received are presented under the cash flow from operating activities. Interest paid and dividends paid are presented under the cash flow from financing activities.

Transactions that do not result in exchange of cash and cash equivalents, such as financial lease, are not presented in the cash flow statement. The payment of lease terms on account of the financial lease contract is considered as an expenditure of financing activities as far as it concerns redemptions and as an expenditure of operational activities as far as it concerns interest.

4 Risk management

4.1 *Currency risk*

The Company is mainly active in the European Union and all receivables and payables are denominated in Euro. Accordingly, the currency risk is not hedged.

4.2 *Interest rate risk*

The Company is exposed to interest rate risk mainly on the interest-bearing cash at bank. The company is exposed to the consequences of variable interest rates on cash at bank. The company has not entered into any derivative contracts to hedge the interest risk on assets or liabilities.

4.3 *Liquidity risk and cash flow risk*

The Company periodically prepares liquidity budgets. Liquidity risks are controlled through interim monitoring and possible adjustments.

4.4 *Credit risk*

The Company mitigates the credit risk through credit limits for each financial institution and debtors by exclusively engaging financial institutions and debtors with a high creditworthiness. No significant concentrations of credit risk existed as at balance sheet date.

5 Notes to the balance sheet

5.1 *Intangible fixed assets*

	ERP System	Total
	Euro	Euro
At 1 January 2019		
Cost	96,109	96,109
Accumulated depreciation	(96,109)	(96,109)
Carrying amount	0	0
Movements		
Investments	0	0
Depreciation	0	0
Carrying amount	0	0
At 31 December 2019		
Cost	96,109	96,109
Accumulated depreciation	(96,109)	(96,109)
Carrying amount	0	0
Depreciation rate	33%	33%

The Company has been developing its own ERP system.

5.2 *Tangible fixed assets*

Movements in property, plant and equipment can be broken down as follows:

	Office equipment	Total
	Euro	Euro
At 1 January 2019		
Cost	75,775	75,775
Accumulated depreciation	(70,125)	(70,125)
Carrying amount	5,650	5,650
Movements		
Investments	8,212	8,212
Depreciation	(3,195)	(3,195)
Carrying amount	5,017	5,017
At 31 December 2019		
Cost	83,987	83,987
Accumulated depreciation	(73,320)	(73,320)
Carrying amount	10,667	10,667
Depreciation rate	20%	20%

5.3 *Inventories*

	31-12-2019	31-12-2018
	Euro	Euro
Goods for resale	8,966,060	8,085,472
Less: provision	(1,990,009)	(1,785,781)
	6,976,051	6,299,691

In the Goods for resale an amount of Euro 875,424 (2018: Euro 1,424,224) is included related to Goods in transit. There has been no significant scrapping of inventories in 2019 and 2018; the impact to the Profit & Loss amounted to around Euro 0 in 2019 and around Euro 87 in 2018. In relation to the Company's outsourcing contract described all inventories above are provided as collateral for the outsourced parties.

5.4 *Receivables*

	31-12-2019	31-12-2018
	Euro	Euro
Trade receivables	799,514	852,679
Other receivables, including prepayments	110,231	114,319
	909,745	966,998

Receivables in the above fall due in less than one year and the fair value of the receivables approximates the book value.

Other receivables

	31-12-2019	31-12-2018
	Euro	Euro
V.A.T.	74,757	63,848
Prepayments	33,368	48,355
Corporation income tax to receive	0	0
Others	2,106	2,116
	110,231	114,319

5.5 *Cash and cash equivalents*

All cash and cash equivalents are available on demand.

5.6 *Shareholder's equity*

	Issued share capital	Retained earnings (accumulated deficit)	Result for the year	Total
	Euro	**Euro**	**Euro**	**Euro**
At 1 January 2018	700,000	(3,476,122)	113,699	(2,662,423)
Changes				
Profit(loss) appropriation	0	113,699	(113,699)	0
Profit(loss) for the year	0	0	120,927	120,927
At 31 December 2018	700,000	(3,362,423)	120,927	(2,541,496)
Changes				
Profit(loss) appropriation	0	120,927	(120,927)	0
Profit(loss) for the year	0	0	125,524	125,524
At 31 December 2019	700,000	(3,241,496)	125,524	(2,415,972)

The authorised share capital of Ssangyong European Parts Center B.V. amounts to Euro 3,500 thousand, divided by 35 thousand ordinary shares of Euro 100 each. Out of the authorised shares, 7 thousand ordinary shares, equivalent of Euro 700 thousand, have been issued and paid-in.

5.7 *Current liabilities*

	31-12-2019	31-12-2018
	Euro	Euro
Payable to SYMC, the parent company	**10,801,155**	10,515,937
Accounts payable	**251,409**	205,334
Corporation income tax to pay	**5,156**	1,333
Wage tax to pay	**55,441**	30,491
Other debts, accruals and deferred income	**88,960**	54,601
	11,202,121	10,807,696

Payable to the parent company consists of trade payable for goods purchased and no interest is charged.

5.8 *Remuneration of directors*

In 2019 an amount of approximately Euro 265 thousand and for 2018: Euro 260 thousand for the remuneration of directors of the legal entity was charged to the company.

5.9 *Commitments*

On 11 November 2011, the Company settled with Pantos Logistics Benelux B.V. into a 5 year service agreement including the work-scope of warehousing and warehousing management system only and which has been renewed on 25 October 2016 for another 5 years with reduced fixed- but increased variable rates.

In accordance with the new service agreement, the total fee committed by the Company amounts to
Euro 3,108 thousand as of 31 December 2019 of which:
Euro 1,540 thousand is due within 1 year,
Euro 1,568 thousand is due within 2 to 5 years

With respect to the outsourcing fee, the fees are recognized on an accrual basis as General and Administrative expenses in the income statement.

The fees for 2019 and 2018 amounted to Euro 1,562 thousand and Euro 1,370 thousand respectively.

Total commitments in connection with operational lease- and other contractual agreements amounts to approximately Euro 144 thousand of which:
Euro 91 thousand is due within 1 year,
Euro 53 thousand is due within 2 to 5 years

6 Notes to the Income statement

6.1 *Revenue*

	2019	2018
	Euro	Euro
The Netherlands	**245,064**	186,195
European Union countries	**13,094,861**	12,767,022
Non European Union countries	**1,819,250**	1,863,084
Total parts sales	**15,159,175**	14,816,301

6.2 *Employee benefits*

	2019	2018
	Euro	Euro
Salaries and wages	**564,025**	491,252
Social security contributions	**72,036**	70,027
Other personnel expenses	**108,693**	110,675
	744,754	671,954

The above employee benefits expense is included in General and Administrative expenses.

Included in the social security charges for 2019 is an amount of Euro 18,123 and for 2018: Euro 18,358 with respect to pension costs.

6.3 *Financial income and expenses*

	2019	2018
	Euro	Euro
Interest and similar income	**(164)**	0
Bank cost and similar expense (incl. bank charges)	**(11,071)**	(10,745)
	(11,235)	(10,745)

6.4 *Income taxes*

The effective tax rate of 19.3% does not significantly differ from the nominal tax rate in The Netherlands.

6.5 *Average number of employees*

During the year 2019, the average number of employees, based on full time equivalents, was around 7 (2018: 7) all employed in the logistic services. There was no employee outside The Netherlands in 2019 and 2018, respectively.

6.6 *Other Operational Expenses*

Fees Audit Firm

	2019	2018
	Euro	Euro
Audit of the financial statements	**38,063**	38,131
Tax advisory services	**2,250**	2,250
Other non-audit services	**0**	0
	40,313	40,381

The above mentioned audit fees concern the fees of the auditor, Deloitte Accountants B.V., and are based on the costs of the complete examination of the annual accounts of the related financial years. The tax advisory services concern the fees of Deloitte Tax Advisors in relation to the preparation and filing of the corporate income tax return and relevant country by country reports of the related financial years.

7 Appropriation of result

7.1 *Appropriation of the result for the financial year 2018*

The annual report 2018 is determined in the General Meeting. The General Meeting, held on 03 June 2019, has determined the appropriation of the result in accordance with the proposal being made to that end.

7.2 *Proposed appropriation of the result for the financial year 2019*

The statutory directors propose that the result for the financial year 2019 amounting to Euro 125,524 should be transferred to reserves without payment of dividend.

The financial statements do not yet reflect this proposal.

8 Events after the balance sheet date

As per 29 February 2020 one of our managing directors left SYMC. Currently no formal successor is appointed.

Impact of COVID-19 Virus

As stated in the directors report the world has changed significantly after the balance sheet date of 31 December 2019 as a result of the COVID-19 Virus. The Corona or COVID-19 virus situation has and will create more difficulties in daily business. Some or more countries are in lock down or have closed borders although transportation of goods is still possible.

Although no single company or government has the answer or solution to the current situation or what may be the result if all companies and people should work together as much as possible.

The management is recognizing the following new risks to the company's business:

- More people attracting the virus globally resulting in reduced or no orders/ transportation
- Further restrictions to people movement and border closures globally resulting in reduced or no orders/transportation
- Cash flow risk due to a possible reduced number of orders and/or possibly distributors/dealers inability to fulfill payment obligations due to problems they are/will be facing
- Employees at SYMC or the third party logistics provider falling ill possibly causing warehouse operations to slow down or stop resulting in a shortage in spare parts availability/ sale ability
- Illness of SEPC's own personnel resulting in less administrative support of the spare parts business or even payments delays

The Dutch Government has announced that they will support businesses with several measures including:

- the possibility to guarantee loans for business,
- take over up to 90% of the wages costs if turnover has fallen/will fall > 20% since March 1, 2020
- postponement of having to pay taxes

These countermeasures will be available for 3 months and might be extended for 6 months.

Although these programs will help companies in the Netherlands the company is also planning to or has been implementing the following risks mitigation measures on its own and in cooperation with SYMC:

- If needed SEPC will apply for the support measurements offered by the Netherlands Government
- SEPC will ensure it has the funds readily available to meet its obligations as far and as long as possible by implementing a safety buffer amount in the bank and if needed obtain a loan from SYMC and/or bank(s) with or without the Netherlands Government guarantee
- If needed SEPC will request the Government for a postponement in paying wage taxes
- If needed SEPC will request the third party logistics provider to secure a postponement in the warehouse rent payments as hinted to building owners in general by the government
- SEPC will closely monitor the availability of spare parts inbound wise as well as outbound wise and will adjust its purchasing volumes accordingly and SYMC will do the same and spread the sourcing if possible in order to ensure the continuation of parts supply
- To prevent a shortage of staff if some or more employees fall ill cross training has taken place so employees can take over daily tasks from each other
- If authorized persons fall ill and/or are not able to authorize payments etc. the treasury department in SYMC can instruct the bank to make the payments
- All SEPC personnel now have the tools and capability to work- and access all necessary systems from home or any other secure place if needed

With the financial support of the parent company and mitigating measures to support us we have good faith that this current situation will not threaten our existence in the end and we will overcome this difficult situation.

Signing of the financial statements

Breda, 25 March 2020

Statutory director,

S.T. Yang

Ssangyong European Parts Center B.V.

IABC 5253-5254

4814RD, Breda

The Netherlands

OTHER INFORMATION

Independent Auditor's Report

Reference is made to the auditor's report as included hereinafter.

Statutory rules concerning appropriation of result

According to Article 15, paragraph 2 of the Company's Articles of Association the profits, if any, are at the disposal of the General Meeting. The Company may distribute profits only if and to the extent that its shareholders equity is greater than the sum of the paid and called up part of the issued capital and the reserves which must be maintained by virtue of the law.

INDEPENDENT AUDITOR'S REPORT

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
SY Auto Capital Co., Ltd.

Opinion

We have audited the accompanying financial statements of SY Auto Capital Co., Ltd. (the Company), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SY Auto Capital Co., Ltd. as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

The accompanying financial statements as at and for the years ended December 31, 2019 and 2018, have been translated into Indian rupee on the basis set forth in Note 2.3 to the financial statements solely for the convenience of the reader.

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Korean IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Seoul, Korea
February 28, 2020

This report is effective as of February 28, 2020, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2019 AND 2018

(In Korean won and Indian rupee)	Notes	2019 (In Korean won)	2019 (In Indian rupee) (Unaudited)	2018 (In Korean won)	2018 (In Indian rupee) (Unaudited)
Assets					
Cash and due from financial institutions	5,6,7	**4,075,644,261**	**251,117,946**	2,032,075,333	125,204,888
Financial assets at amortized cost	4,5,6,8	**49,327,129,179**	**3,039,256,265**	51,181,588,307	3,153,517,456
Financial assets at fair value through profit or loss	5,6,9	**32,801,344,004**	**2,021,031,670**	33,988,278,691	2,094,163,813
Property and equipment	10	**548,927,072**	**33,821,754**	348,434,329	21,468,535
Intangible assets	11	**1,232,865,465**	**75,962,136**	1,835,663,191	113,103,092
Other financial assets	4,5,6,13	**466,016,382**	**28,713,271**	392,267,307	24,169,273
Other assets	13	**42,727,764**	**2,632,641**	36,416,228	2,243,760
Deferred tax assets	17	**116,175,141**	**7,158,049**	133,333,702	8,215,262
Total assets		**88,610,829,268**	**5,459,693,732**	89,948,057,088	5,542,086,081
Liabilities					
Borrowings	4,5,6,14	**47,900,000,000**	**2,951,324,707**	53,300,000,000	3,284,041,898
Net defined benefit liabilities	16	**133,612,985**	**8,232,470**	321,416,035	19,803,822
Other financial liabilities	4,5,6,12,15	**2,246,005,585**	**138,386,050**	3,426,392,424	211,114,752
Other liabilities	15	**1,171,277,720**	**72,167,450**	1,101,809,171	67,887,195
Current tax liabilities	17	**955,199,040**	**58,853,915**	640,958,920	39,492,232
Provisions		**21,618,522**	**1,332,010**	21,618,522	1,332,010
Total liabilities		**52,427,713,852**	**3,230,296,602**	58,812,195,072	3,623,671,908
Equity					
Share capital	18	**20,000,000,000**	**1,232,285,890**	20,000,000,000	1,232,285,890
Other comprehensive income		**(345,846,672)**	**(21,309,099)**	(177,655,036)	(10,946,090)
Retained earnings	18	**16,528,962,088**	**1,018,420,338**	11,313,517,052	697,074,372
Total equity		**36,183,115,416**	**2,229,397,130**	31,135,862,016	1,918,414,172
Total liabilities and equity		**88,610,829,268**	**5,459,693,732**	89,948,057,088	5,542,086,081

STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018

(In Korean won and Indian rupee)	Notes	2019 (In Korean won)	2019 (In Indian rupee) (Unaudited)	2018 (In Korean won)	2018 (In Indian rupee) (Unaudited)
Interest income	6,19	**2,411,013,129**	**148,552,873**	2,356,268,918	145,179,847
Interest expense	6,19	**(1,390,465,514)**	**(85,672,552)**	(1,298,470,941)	(80,004,371)
Net interest income		**1,020,547,615**	**62,880,321**	1,057,797,977	65,175,476
Gain on disposal of loans and receivables	6	**15,778,619,522**	**972,188,510**	11,207,861,787	690,564,497
Loss on disposal of loans and receivables	6	**(644,514,793)**	**(39,711,324)**	(1,730,893,337)	(106,647,772)
Net gain on disposal of loans and receivables		**15,134,104,729**	**932,477,186**	9,476,968,450	583,916,725
Gain on valuation of loans and receivables		**382,558,658**	**23,571,082**	337,818,614	20,814,456
Provision for impairment		**(240,589,745)**	**(14,823,767)**	(411,069,733)	(25,327,772)
General and administrative expenses	20	**(11,038,286,743)**	**(680,116,250)**	(9,510,425,150)	(585,978,136)
Other operating income	21	**1,821,522,404**	**112,231,818**	2,622,781,252	161,600,817
Other operating expenses	21	**(525,324,890)**	**(32,367,522)**	(282,012,008)	(17,375,971)
Operating profit		**6,554,532,028**	**403,852,867**	3,291,859,402	202,825,595
Non-operating income		**270,246,029**	**16,651,018**	379,106,873	23,358,403
Non-operating expense		**(3,136,129)**	**(193,230)**	(28,274,187)	(1,742,094)
Net non-operating income		**267,109,900**	**16,457,788**	350,832,686	21,616,308
Profit before income tax		**6,821,641,928**	**420,310,655**	3,642,692,088	224,441,903
Income tax expense	17	**1,589,874,337**	**97,958,986**	914,140,381	56,324,115
Profit for the period		**5,231,767,591**	**322,351,669**	2,728,551,707	168,117,788
Other comprehensive loss		**(168,191,636)**	**(10,363,009)**	(150,604,538)	(9,279,392)
Total comprehensive income for the period		**5,063,575,955**	**311,988,660**	2,577,947,169	158,838,396

STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018

	Share capital		**Retained earnings**		**Other Comprehensive Income**		**Total Equity**	
(In Korean won and Indian rupee)	(In Korean won)	(In Indian rupee) (Unaudited)	(In Korean won)	(In Indian rupee) (Unaudited)	(In Korean won)	(In Indian rupee) (Unaudited)	(In Korean won)	(In Indian rupee) (Unaudited)
Balance as at January 1, 2018	20,000,000,000	1,232,285,890	8,800,791,804	542,254,578	(27,050,498)	(1,666,697)	28,773,741,306	1,772,873,771
Changes in accounting policy (Note 25)	–	–	(215,826,459)	(13,297,995)	–	–	(215,826,459)	(13,297,995)
Comprehensive income								
Profit for the period	–	–	2,728,551,707	168,117,788	–	–	2,728,551,707	168,117,788
Remeasurement of net defined benefit liabilities	–	–	–	–	(150,604,538)	(9,279,392)	(150,604,538)	(9,279,392)
Balance as at Decemer 31, 2018	20,000,000,000	1,232,285,890	11,313,517,052	697,074,372	(177,655,036)	(10,946,090)	31,135,862,016	1,918,414,172

	Share capital		**Retained earnings**		**Other Comprehensive Income**		**Total Equity**	
	(In Korean won)	(In Indian rupee) (Unaudited)	(In Korean won)	(In Indian rupee) (Unaudited)	(In Korean won)	(In Indian rupee) (Unaudited)	(In Korean won)	(In Indian rupee) (Unaudited)
Balance as at January 1, 2019	20,000,000,000	1,232,285,890	11,313,517,052	697,074,372	(177,655,036)	(10,946,090)	31,135,862,016	1,918,414,172
Changes in accounting policy (Note 25)	–	–	(16,322,555)	(1,005,703)	–	–	(16,322,555)	(1,005,703)
Comprehensive income								
Profit for the period	–	–	5,231,767,591	322,351,669	–	–	5,231,767,591	322,351,669
Remeasurement of net defined benefit liabilities (assets) .	–	–	–	–	(168,191,636)	(10,363,009)	(168,191,636)	(10,363,009)
Balance as at Decemer 31, 2019 ...	20,000,000,000	1,232,285,890	16,528,962,088	1,018,420,338	(345,846,672)	(21,309,099)	36,183,115,416	2,229,397,130

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

(In Korean won and Indian rupee)	Notes	2019 (In Korean won)	2019 (In Indian rupee) (Unaudited)	2018 (In Korean won)	2018 (In Indian rupee) (Unaudited)
Cash flows from operating activities					
Cash generated from (used in) operations	22	**8,093,836,516**	**498,696,027**	(16,964,897,777)	(1,045,280,208)
Interest paid		**(1,424,171,290)**	**(87,749,309)**	(1,283,867,987)	(79,104,620)
Interest received		**2,416,824,918**	**148,910,962**	2,316,203,441	142,711,241
Income tax paid		**(1,211,036,990)**	**(74,617,190)**	(368,979,850)	(22,734,433)
Net cash inflow (outflow) from operating activities		**7,875,453,154**	**485,240,490**	(16,301,542,173)	(1,004,408,021)
Cash flows from investing activities					
Acquisition of property and equipment	10	**(12,057,150)**	**(742,893)**	(107,177,400)	(6,603,660)
Acquisition of intangible assets	11	**(132,839,000)**	**(8,184,781)**	(51,887,000)	(3,196,981)
Increase in leasehold deposits received		**(5,000,000)**	**(308,071)**	–	–
Net cash outflow from investing activities		**(149,896,150)**	**(9,235,746)**	(159,064,400)	(9,800,641)
Cash flows from financing activities					
Increase in borrowings	14	**98,089,000,000**	**6,043,684,535**	73,891,000,000	4,552,741,836
Decrease in borrowings	14	**(103,489,000,000)**	**(6,376,401,725)**	(65,591,000,000)	(4,041,343,192)
Decrease in lease liabilities		**(281,988,076)**	**(17,374,496)**	–	–
Net cash inflow (outflow) from financing activities		**(5,681,988,076)**	**(350,091,687)**	8,300,000,000	511,398,644
Net increase (decrease) in cash and due from financial institutions		**2,043,568,928**	**125,913,058**	(8,160,606,573)	(502,810,017)
Cash and due from financial institutions at the beginning of the period		**2,032,075,333**	**125,204,888**	10,192,681,906	628,014,905
Cash and due from financial institutions at the end of the period		**4,075,644,261**	**251,117,946**	2,032,075,333	125,204,888

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

1. The Company

SY Auto Capital Co., Ltd. (the "Company") was established in October 28, 2015, and was registered with the Financial Services Commission under the Specialized Credit Financial Business Act on December 8, 2015. The Company engages in facility leasing and installment financing business. As at December 31, 2019, the Company's share capital amounts to ₩20,000 million. The main office is located in 455-12 Dongsak-ro, Pyeongtaek-si, Gyeonggi-do, Korea.

The Company's shareholders and their respective percentage of ownership as at December 31, 2019, are as follows.

	Number of shares owned	Percentage of ownership (%)
Ssangyong Motor Co., Ltd.	2,040,000	51.00
KB Capital Co., Ltd.	1,960,000	49.00
	4,000,000	100.00

2. Significant Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language ("Hangeul") in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS"). The accompanying financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Company's financial position, financial performance or cash flows, is not presented in the accompanying financial statements.

The financial statements of the Company have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board ("IASB") that have been adopted by the Republic of Korea.

The financial statements have been prepared on a historical cost basis, except for the following:

– Certain financial assets and liabilities (including derivative instruments), certain classes of property and equipment and investment property – measured at fair value
– assets held for sale – measured at fair value less costs to sell, and
– defined benefit pension plans – plan assets measured at fair value.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Changes in Accounting Policies and Disclosure

2.2.1 New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2019.

(a) *Enactment of Korean IFRS 1116 Leases*

Under the new standard, with implementation of a single lease model, lessee is required to recognize assets and liabilities for all lease which lease term is over 12 months and underlying assets are not low value assets. A lessee is required to recognize a right-of-use asset and a lease liability representing its obligation to make lease payments.

With implementation of Korean IFRS 1116 Lease, the Company has changed accounting policy. The Company has adopted Korean IFRS 1116 retrospectively, as permitted under the specific transitional provisions in the standard, and recognized the cumulative impact of initially applying the standard as at January 1, 2019, the date of initial application. The Company has not restated comparatives for the 2018 reporting period. The impact of the adoption of the leasing standard and the new accounting policies are disclosed in Note 25.

(b) *Amendment to Korean IFRS 1109 Financial Instruments – Prepayment Features with Negative Compensation*

The narrow-scope amendments made to Korean IFRS 1109 Financial Instruments enable entities to measure certain prepayable financial assets with negative compensation at amortized cost. When a modification of a financial liability measured at amortized cost that does not result in the derecognition, a modification gain or loss shall be recognized in profit or loss. The amendment does not have a significant impact on the financial statements.

(c) *Amendments to Korean IFRS 1019 Employee Benefits – Amendment, Curtailment or Settlement of the Plan*

The amendments require that an entity shall calculate current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement based on updated actuarial assumptions from the date of the change. The amendments also require that a reduction in a surplus must be recognized in profit or loss even if that surplus was not previously recognized because of the impact of the asset ceiling. The amendment does not have a significant impact on the financial statements.

(d) *Amendments to Korean IFRS 1028 Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

The amendments clarify that an entity shall apply Korean IFRS 1109 to financial instruments in an associate or joint venture to which the equity method is not applied. The amendments also clarify that Korean IFRS 1109 requirements are applied to long-term interests that form part of the entity's net investment in an associate or joint venture before applying the impairment requirements of Korean IFRS 1028. The amendment does not have a significant impact on the financial statements.

(e) *Enactment to Interpretation of Korean IFRS 2123 Uncertainty over Income Tax Treatments*

The Interpretation explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment, and includes guidance on how to determine whether each uncertain tax treatment is considered separately or together. It also presents examples of circumstances where a judgement or estimate is required to be reassessed. The enactment does not have a significant impact on the financial statements.

(f) *Annual Improvements to Korean IFRS 2015 – 2017 Cycle:*

– Amendments to Korean IFRS 1103 *Business Combination*

The amendments clarify that when a party to a joint arrangement obtains control of a business that is a joint operation, and had rights to the assets and obligations for the liabilities relating to that joint operation immediately before the acquisition date, the transaction is a business combination achieved in stages. In such cases, the acquirer shall remeasure its entire previously held interest in the joint operation. The amendment does not have a significant impact on the financial statements.

– Amendments to Korean IFRS 1111 *Joint Agreements*

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business. In such cases, previously held interests in the joint operation are not remeasured. The amendment does not have a significant impact on the financial statements.

– Amendments to Paragraph 57A of Korean IFRS 1012 *Income Tax*

The amendment is applied to all the income tax consequences of dividends and requires an entity to recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. The amendment does not have a significant impact on the financial statements.

– Korean IFRS 1023 *Borrowing Costs*

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use (or sale), it becomes part of general borrowings. The amendment does not have a significant impact on the financial statements.

2.2.2 New standards and interpretations not yet adopted by the Company

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2019 reporting periods and have not been early adopted by the Company.

(a) Amendments to Korean IFRS 1001 Presentation of Financial Statements and Korean IFRS 1008 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

The amendments clarify the explanation of the definition of material and amended Korean IFRS 1001 and Korean IFRS 1008 in accordance with the clarified definitions. Materiality is assessed by reference to omission or misstatement of material information as well as effects of immaterial information, and to the nature of the users when determining the information to be disclosed by the Company. These amendments should be applied for annual periods beginning on or after January 1, 2020, and earlier application of permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

(b) Amendments to Korean IFRS 1103 *Business Combination – Definition of a Business*

To consider the integration of the required activities and assets as a business, the amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs and excludes economic benefits from the lower costs. An entity can apply a concentration test, an optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset or a Company of similar assets, the assets acquired would not represent a business. These amendments should be applied for annual periods beginning on or after January 1, 2020, and earlier application of permitted. The Company does not expect that these amendments have a significant impact on the financial statements.

(c) Agenda Decision of the IFRS Interpretations Committee

On December 16, 2019, the IFRS Interpretations Committee (IFRIC) concluded that the enforceable period of a lease under IFRS 16, “Leases”, reflects broader economics, not just legal rights and termination cash payments. The Company is assessing the impact that the change in accounting policy of enforceable period will have on the Company’s financial statements, and the Company will apply the impact in the financial statements once the assessment is completed.

2.3 Foreign Currency Translation

(a) Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates (“the functional currency”). The financial statements are presented in Korean won, which is the Company’s functional and presentation currency.

The Company operates primarily in Korea and its official accounting records are maintained in Korean won. The Indian rupee amounts are provided herein as supplementary information solely for the convenience of the reader. Korean won amounts are expressed in Indian rupee at the rate of ₩ 16.23 to Indian ₹1.00, at December 31, 2019. Such convenience translation into Indian rupee should not be construed as representations that the Korean won amounts have been, could have been, or could in the future be, converted at this or any other rate of exchange.

(b) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying effective portion of net investment hedges, or are attributable to monetary part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss within ‘non-operating income or expenses’.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognized in other comprehensive income.

2.4 Financial Assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss
- those to be measured at fair value through other comprehensive income, and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Company reclassifies debt investments when, and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

A. Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into one of the following three measurement categories:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'interest income' using the effective interest rate method.
- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'interest income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'non-operating income or expenses' and impairment losses are presented in 'non-operating expenses'.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit or loss within 'gain (loss) on disposal of loans or gain (loss) on valuation of loans' in the year in which it arises.

B. Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments, which held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'dividend income' when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'gain (loss) on valuation of loans' in the statement of profit or loss as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(c) Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(d) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Company has retained substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received.

(e) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.5. Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of all property and equipment is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

	Estimated useful lives
Leasehold improvement	5 years
Equipment	5 years

The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.6 Intangible Assets

Intangible assets are initially recognized at its historical cost, and carried at cost less accumulated amortization and accumulated impairment losses.

Membership rights that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Company amortizes intangible assets with a limited useful life using the straight-line method over the following estimated useful lives:

	Estimated useful lives
Software	5 years

2.7 Impairment of Non-financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.8 Financial Liabilities

(a) Classification and measurement

The Company's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liabilities is held for trading if it is incurred principally for the purpose of repurchasing in near term. A derivative that is not a designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Company classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and presented as 'other financial liabilities' in the statement of financial position.

(b) Derecognition

Financial liabilities are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired or when the terms of an existing financial liability is substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

2.9 Provisions

Provisions for restoration, and legal claims are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the passage of time is recognized as interest expense.

2.10 Current and Deferred Tax

The tax expense for the period consists of current and deferred tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Company recognizes current income tax on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the assets and settle the liability simultaneously.

2.11 Employee Benefits

The Company operates defined benefit pension plans.

A defined benefit plan is a pension plan that is not a defined contribution plan. Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depended on the employee's age, periods of service or salary levels. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

2.12 Revenue Recognition

(a) Interest income and expenses

Interest income and expenses are recognized using the effective interest method. Effective interest method is a method of calculating the amortized cost of a financial asset (or group of financial assets) and of allocating the interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appreciate, a shorter period, to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. In those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the Company uses the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Interest on impaired financial assets (or group of financial assets) is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(b) Commission income

Financial service fees are recognized in accordance with the accounting standard of the financial instrument related to the fees earned, as followings.

– Fees that are an integral part of the effective interest of a financial instrument

Those fees are generally treated as adjustments of effective interest rate. Such commissions may include compensation for activities such as evaluating the borrower's financial condition, evaluating and recording guarantees, collateral and other security arrangements, negotiating the terms of the instrument, preparing and processing documents and closing the transaction. However, fees relating to the creation or acquisition of a financial instrument at fair value through profit or loss are recognized as revenue immediately.

– Fees earned as services are provided

Those fees are recognized as revenue as the services are provided.

(c) Dividend income

Dividend income is recognized when the right to receive payment is established. Dividend income is recognized in statement of comprehensive income as a part of operating income.

2.13 Leases

As explained in Note 2.2 above, the Company has changed its accounting policy for leases. The impact of the new accounting policies is disclosed in Note 25.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Company as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

The Company leases various offices, vehicles and equipment. Lease contracts are typically made for fixed periods of 2 to 4 years, but may have extension options as described in (b) below.

Contracts may contain both lease and non-lease components. The Company applies the practical expedient which has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The Company determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Company should consider a termination penalty in determining the period for which the contract is enforceable.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Company (the lessee) under residual value guarantees
- The exercise price of a purchase option if the Company (the lessee) is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Company (the lessee) exercising that option

Lease liability measurement also includes payments to be made in option periods if the lessee is reasonably certain to exercise an option to extend the lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of vehicles and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

(a) Variable lease payments

The Company does not have lease contracts linked to the index such as sales as at December 31, 2018 and 2019.

(b) Extension and termination options

Extension and termination options are included in offices and vehicles leases across the Company. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

(c) Residual value guarantees

The Company does not have lease contract that provides residual value guarantees as at December 31, 2019.

2.14 Approval of Issuance of the Financial Statements

The financial statements 2019 were approved for issue by the Board of Directors on February 5, 2020 and are subject to change with the approval of shareholders at their Annual General Meeting.

3. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Company to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Company's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information of significant judgement and assumptions of certain items are included in relevant notes.

(a) Income taxes

The Company recorded, based on its best estimate, current taxes and deferred taxes that the Company will be liable in the future. However, the final tax outcome in the future maybe different from the amounts that were initially recorded. Such differences will impact the current and deferred income tax assets and liabilities in the period in which actual tax return made (Note 17).

(b) Fair value of financial instruments

In principles, fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 5).

(c) Impairment of financial assets

The provisions for impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period (Note 4.1).

(d) Net defined benefit liability

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 16).

(e) Lease

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of offices and vehicles, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

During the current financial year, there was no financial effect of revising lease terms to reflect the effect of exercising extension and termination options.

4. Financial Risk Management

4.1 Credit Risk

Credit risk refers the loss of the Company due to credit deterioration of contractual counterparties. The purpose of the credit risk management is to maintain the source of the credit risk and to optimize the return rate of the credit risk.

(a) Credit risk management

To measure the risk of credit risk, the Company considers the possibility of a breach of liability by the customer or contract obligations, the obligations of the trading partners, the bankruptcy rate of the trade partner and the insolvency rate.

(b) Management of credit line

The Company's management activities of credit limits include managing shared borrowers, total exposure, portfolio management calculating appropriate credit line.

(c) Maximum exposure to credit risk

The maximum amount of credit risk of financial assets shows the worst situation before considering the collateral or other credit enhancement.

The maximum amount of credit risk of a financial guarantee is the maximum amount to be paid by the claimant's claim. The maximum value of the credit risk without consideration of the collateral excluding equity securities as at December 31, 2019 and 2018, are as follows:

	2019			**2019**		
	Loans at amortized cost	**Financial assets at Fair value through Profit or loss**	**Other financial assets**	Loans at amortized cost	Financial assets at Fair value through Profit or loss	Other financial assets
	(in thousands of Korean won)			**(In thousands of Indian rupee)**		
Carrying amount before provisions for impairment	**50,016,000**	**32,801,344**	**483,109**	**3,081,701**	**2,021,032**	**29,766**
Provisions for impairment	**(688,871)**	**–**	**(4,587)**	**(42,444)**	**–**	**(283)**
Present value discount	**–**	**–**	**(12,506)**	**–**	**–**	**(771)**
Carrying amount	**49,327,129**	**32,801,344**	**466,016**	**3,039,256**	**2,021,032**	**28,713**

	2018			2018		
	Loans at amortized cost	Financial assets at Fair value through Profit or loss	Other financial assets	Loans at amortized cost	Financial assets at Fair value through Profit or loss	Other financial assets
	(in thousands of Korean won)			(In thousands of Indian rupee)		
Carrying amount before provisions for impairment	51,797,811	33,988,279	418,285	3,191,486	2,094,164	25,772
Provisions for impairment	(616,223)	–	(1,008)	(37,968)	–	(62)
Present value discount	–	–	(25,010)	–	–	(1,541)
Carrying amount	51,181,588	33,988,279	392,267	3,153,517	2,094,164	24,169

(d) Credit risk of loans

Details of loans at amortized cost and the credit quality of loans as at December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)	**2019**		
	Retail	**Corporate**	**Total**
Loans neither overdue nor impaired	**43,263,730**	**5,403,630**	**48,667,360**
Overdue but not impaired loans	**334,185**	**34,105**	**368,290**
Impaired Loans	**883,945**	**96,405**	**980,350**
	44,481,860	**5,534,140**	**50,016,000**
Provisions for impairment	**(612,508)**	**(76,363)**	**(688,871)**
Total	**43,869,352**	**5,457,777**	**49,327,129**

(In thousands of Indian rupee)	**2019**		
	Retail	**Corporate**	**Total**
Loans neither overdue nor impaired	**2,665,664**	**332,941**	**2,998,605**
Overdue but not impaired loans	**20,591**	**2,101**	**22,692**
Impaired Loans	**54,464**	**5,940**	**60,404**
	2,740,718	**340,982**	**3,081,701**
Provisions for impairment	**(37,739)**	**(4,705)**	**(42,444)**
Total	**2,702,979**	**336,277**	**3,039,256**

(In thousands of Korean won)	2018		
	Retail	Corporate	Total
Loans neither overdue nor impaired	47,283,749	3,305,137	50,588,886
Overdue but not impaired loans	369,436	–	369,436
Impaired Loans	749,861	89,628	839,489
	48,403,046	3,394,765	51,797,811
Provisions for impairment	(560,792)	(55,431)	(616,223)
Total	47,842,254	3,339,334	51,181,588

(In thousands of Indian rupee)	2018		
	Retail	Corporate	Total
Loans neither overdue nor impaired	2,913,355	203,644	3,116,999
Overdue but not impaired loans	22,763	–	22,763
Impaired Loans	46,202	5,522	51,725
	2,982,320	209,166	3,191,486
Provisions for impairment	(34,553)	(3,415)	(37,968)
Total	2,947,767	205,751	3,153,517

(i) Loans that are neither overdue nor impaired

Details of loans that are neither overdue nor impaired as at December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	2019		
	Retail	**Corporate**	**Total**
Loans	**43,263,730**	**5,403,630**	**48,667,360**
Provisions for impairment	**(114,818)**	**(22,871)**	**(137,689)**
Total	**43,148,912**	**5,380,759**	**48,529,671**

(In thousands of Indian rupee)	2019 (unaudited)		
	Retail	**Corporate**	**Total**
Loans	**2,665,664**	**332,941**	**2,998,605**
Provisions for impairment	**(7,074)**	**(1,409)**	**(8,484)**
Total	**2,658,590**	**331,532**	**2,990,121**

(In thousands of Korean won)	2018		
	Retail	Corporate	Total
Loans	47,283,749	3,305,137	50,588,886
Provisions for impairment	(150,249)	(9,723)	(159,972)
Total	47,133,500	3,295,414	50,428,914

(In thousands of Indian rupee)	2018 (unaudited)		
	Retail	Corporate	Total
Loans	2,913,355	203,644	3,116,999
Provisions for impairment	(9,257)	(599)	(9,857)
Total	2,904,097	203,045	3,107,142

Credit qualities of loans that are neither overdue nor impaired as at December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	2019		
	Carrying amount Before provision For impairment	**Provisions for impairment**	**Carrying amount**
G1	**17,480,366**	**(52,422)**	**17,427,944**
G2	**15,403,390**	**(37,847)**	**15,365,543**
G3	**9,283,572**	**(25,488)**	**9,258,084**
G4	**4,851,408**	**(15,803)**	**4,835,605**
G5	**1,080,869**	**(4,738)**	**1,076,131**
Non grade	**567,755**	**(1,391)**	**566,364**
Total	**48,667,360**	**(137,689)**	**48,529,671**

(In thousands of Indian rupee)	2019 (unaudited)		
	Carrying amount Before provision For impairment	**Provisions for impairment**	**Carrying amount**
G1	**1,077,040**	**(3,230)**	**1,073,810**
G2	**949,069**	**(2,332)**	**946,737**
G3	**572,001**	**(1,570)**	**570,430**
G4	**298,916**	**(974)**	**297,942**
G5	**66,597**	**(292)**	**66,305**
Non grade	**34,982**	**(86)**	**34,896**
Total	**2,998,605**	**(8,484)**	**2,990,121**

(In thousands of Korean won)	2018		
	Carrying amount Before provision For impairment	Provisions for impairment	Carrying amount
G1	16,958,692	(49,293)	16,909,399
G2	16,977,946	(49,679)	16,928,267
G3	9,668,892	(31,564)	9,637,328
G4	5,650,642	(23,211)	5,627,431
G5	1,076,419	(5,478)	1,070,941
Non grade	256,295	(747)	255,548
Total	50,588,886	(159,972)	50,428,914

(In thousands of Indian rupee)	2018 (unaudited)		
	Carrying amount Before provision For impairment	Provisions for impairment	Carrying amount
G1	1,044,898	(3,037)	1,041,861
G2	1,046,084	(3,061)	1,043,023
G3	595,742	(1,945)	593,797
G4	348,160	(1,430)	346,730
G5	66,323	(338)	65,985
Non grade	15,791	(46)	15,745
Total	3,116,999	(9,857)	3,107,142

The Company classifies loans into 5 internal grades reflecting the product's characteristic and management process of it. When the loan's grade could not be assessed due to the lack of information to analysis or is managed separately, the Company does not measure its internal grade.

(ii) Loans that are overdue but not impaired

Details of loans that are overdue but not impaired as at December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	**2019**			
	Less than 30 days	**30-59 days**	**60-89 days**	**Total**
Retail	**312,441**	**21,744**	**–**	**334,185**
Corporate	**34,105**	**–**	**–**	**34,105**
	346,546	**21,744**	**–**	**368,290**
Provisions for impairment	**(18,676)**	**(3,606)**	**–**	**(22,282)**
Total	**327,870**	**18,138**	**–**	**346,008**

(In thousands of Indian rupee)	**2019 (unaudited)**			
	Less than 30 days	**30-59 days**	**60-89 days**	**Total**
Retail	**19,251**	**1,340**	**–**	**20,591**
Corporate	**2,101**	**–**	**–**	**2,101**
	21,352	**1,340**	**–**	**22,692**
Provisions for impairment	**(1,151)**	**(222)**	**–**	**(1,373)**
Total	**20,201**	**1,118**	**–**	**21,319**

(In thousands of Korean won)	2018			
	Less than 30 days	30-59 days	60-89 days	Total
Retail	347,197	22,239	–	369,436
Corporate	–	–	–	–
	347,197	22,239	–	369,436
Provisions for impairment	(21,205)	(4,726)	–	(25,931)
Total	325,993	17,513	–	343,505

(In thousands of Indian rupee)	2018 (unaudited)			
	Less than 30 days	30-59 days	60-89 days	Total
Retail	21,392	1,370	–	22,763
Corporate	–	–	–	–
	21,392	1,370	–	22,763
Provisions for impairment	(1,307)	(291)	–	(1,598)
Total	20,086	1,079	–	21,165

(iii) Impaired loan

Details of loans that are impaired as at December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	**2019**		
	Retail	**Corporate**	**Total**
Loans	**883,945**	**96,405**	**980,350**
Provisions for impairment	**(447,191)**	**(51,708)**	**(528,899)**
Total	**406,754**	**44,697**	**451,451**

(In thousands of Indian rupee)	**2019 (unaudited)**		
	Retail	**Corporate**	**Total**
Loans	**54,464**	**5,940**	**60,404**
Provisions for impairment	**(29,402)**	**(3,186)**	**(32,588)**
Total	**25,062**	**2,754**	**27,816**

(In thousands of Korean won)	2018		
	Retail	Corporate	Total
Loans	749,861	89,628	839,489
Provisions for impairment	(384,612)	(45,708)	(430,320)
Total	365,249	43,920	409,169

(In thousands of Indian rupee)	2018 (unaudited)		
	Retail	Corporate	Total
Loans	46,202	5,522	51,725
Provisions for impairment	(23,698)	(2,816)	(26,514)
Total	22,505	2,706	25,211

(e) Credit risk mitigation

A quantification of the extent to which collateral and other credit enhancements mitigate credit risk as at December 31, 2019, are as follows:

(In thousands of Korean won)	**Impaired loans**	**Non-impaired loans**		
	Collective assessment	**Overdue**	**Non overdue**	**Total amount**
Properties	**484,150**	**140,250**	**23,242,507**	**23,382,757**

(In thousands of Indian rupee) (unaudited)	**Impaired loans**	**Non-impaired loans**		
	Collective assessment	**Overdue**	**Non overdue**	**Total amount**
Properties	**29,831**	**8,641**	**1,432,071**	**1,440,712**

4.2. Market Risk

Market risk is the risk of possible losses which arise from changes in market factors such as interest rates, stock prices, and foreign exchange rates. Market risk is contingent upon changing interest rates and exchange rates for unsettled financial instruments, and all contracts are subject to varying levels of volatility, depending on credit spread, foreign exchange rate and interest rates.

(a) Market risk management

Market risk management refers to the process of determining risks by identifying risk factors, assessing the size of the risk and feasibility, and avoiding risk.

(b) Exposure to market risk

(i) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flow due to volatility in market interest rates. The contents of financial assets and liabilities exposed to interest rate risk as at December 31, 2019 and 2018, are as follows:

2019	**Within 3 months**	**4-6 Months**	**7-9 Months**	**10-12 Months**	**1-5 Years**	**Over 5 years**	**Total**
(in thousands of Korean won)							
Loans	**8,219,290**	**4,683,245**	**4,340,363**	**4,098,373**	**26,086,772**	**2,527,855**	**49,955,898**
Borrowings	**–**	**1,900,000**	**43,000,000**	**3,000,000**	**–**	**–**	**47,900,000**

2019	**Within 3 months**	**4-6 Months**	**7-9 Months**	**10-12 Months**	**1-5 Years**	**Over 5 years**	**Total**
(in thousands of Indian rupee)(unaudited)							
Loans	**506,426**	**288,555**	**267,428**	**252,518**	**1,607,318**	**155,752**	**3,077,997**
Borrowings	**–**	**117,067**	**2,649,415**	**184,843**	**–**	**–**	**2,951,325**

2018	Within 3 months	4-6 Months	7-9 Months	10-12 Months	1-5 Years	Over 5 years	Total
(in thousands of Korean won)							
Loans	5,167,643	4,804,790	4,497,616	4,296,548	30,630,886	2,264,989	51,662,472
Borrowings	500,000	3,300,000	4,500,000	40,000,000	5,000,000	–	53,300,000

2018	Within 3 months	4-6 Months	7-9 Months	10-12 Months	1-5 Years	Over 5 years	Total
(in thousands of Indian rupee)(unaudited)							
Loans	318,401	296,044	277,117	264,729	1,887,300	139,556	3,183,147
Borrowings	30,807	203,327	277,264	2,464,572	308,071	–	3,284,042

(c) Sensitivity analysis

(i) Interest rate risk

The Company manages interest rate risk of all financial assets and liabilities excluding those are managed for price fluctuation risk. The effect of 100bp shift of interest rate with all other variables held constant for the year ended December 31, 2019 and 2018, are as follows:

	2019			
	100bp increase		**100bp decrease**	
	(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***	***(In thousands of Korean won)***	***(In thousands of Indian rupee) (unaudited)***
Interest income	**40,756**	**2,511**	**(40,756)**	**(2,511)**
Interest expense	**64,000**	**3,943**	**(64,000)**	**(3,943)**

	2018			
	100bp increase		100bp decrease	
	(In thousands of Korean won)	*(In thousands of Indian rupee) (unaudited)*	*(In thousands of Korean won)*	*(In thousands of Indian rupee) (unaudited)*
Interest income	20,321	1,252	(20,321)	(1,252)
Interest expense	70,000	4,313	(70,000)	(4,313)

(ii) Stock price risk

There is no financial asset exposed to stock price risk at the end of the reporting period.

(iii) Foreign exchange rate risk

There is no financial asset exposed to foreign exchange rate risk at the end of the reporting period.

4.3. Liquidity Risk

Liquidity risk is defined as non-payment of financial liabilities at maturity.

(a) Liquidity Risk Management

Liquidity risk management is an effort to avoid loss caused by lack of funds using effective management of liquidity, resulting in insufficient liquidity due to asset, liabilities mismatch, or unexpected outflow of funds. All assets and liabilities in the statement of financial position and off-balance items are subject to liquidity risk management.

The Company manages liquidity risks by grouping assets and liabilities into account units according to the characteristics of each account, and by checking the gap rate and gap ratios by various time intervals (e.g., depending on the duration of the contract), and keeping the gap ratios within the preset ratios.

(b) Cash flow of non-derivative financial instruments

The following table details the contractual maturity of the Company's non-derivative financial liabilities. The maturity analysis is based on the earliest maturity date that is payable on the basis of non-derivative cash flows including principal and interest.

Financial liabilities are classified based on the maturities. If there is no maturity or maturity allocation is needed, the Company allocates the financial liability's maturity based on the nature of products.

Financial guarantee contracts and loan commitment are included under the 'within 3 month' category as payments can be required upon request.

(In thousands of Korean won)	2019					
	Within 3 months	**4-6 months**	**7-9 months**	**10-12 months**	**1-5 years**	**Total**
Borrowings	**333,838**	**2,230,022**	**43,318,468**	**3,293,421**	**–**	**49,175,749**
Other financial liabilities	**1,903,593**	**–**	**–**	**–**	**–**	**1,903,593**
Lease liabilities	**78,800**	**78,800**	**78,800**	**78,800**	**35,672**	**350,872**
	2,316,231	**2,308,822**	**43,397,268**	**3,372,221**	**35,672**	**51,430,214**

(In thousands of Indian rupee)	2019 (unaudited)					
	Within 3 months	**4-6 months**	**7-9 months**	**10-12 months**	**1-5 years**	**Total**
Borrowings	**20,569**	**137,401**	**2,669,037**	**202,922**	**–**	**3,029,929**
Other financial liabilities	**117,289**	**–**	**–**	**–**	**–**	**117,289**
Lease liabilities	**4,855**	**4,855**	**4,855**	**4,855**	**2,198**	**21,619**
	142,713	**142,256**	**2,673,892**	**207,777**	**2,198**	**3,168,836**

(In thousands of Korean won)	2018					
	Within 3 months	4-6 months	7-9 months	10-12 months	1-5 years	Total
Borrowings	883,128	3,673,772	4,852,583	40,308,758	5,015,160	54,733,401
Other financial liabilities	3,426,392	-	-	-	-	3,426,392
	4,309,520	3,673,772	4,852,583	40,308,758	5,015,160	58,159,793

(In thousands of Indian rupee)	2018 (unaudited)					
	Within 3 months	4-6 months	7-9 months	10-12 months	1-5 years	Total
Borrowings	54,413	226,357	298,988	2,483,596	309,006	3,372,360
Other financial liabilities	211,115	–	–	–	–	211,115
	265,528	226,357	298,988	2,483,596	309,006	3,583,475

4.4. Capital Risk

The objective of the Company's capital management is to maintain a sound capital structure. The Company uses the capital adequacy ratio under the Regulation of Supervision of Specialized Credit Financial Business as a capital management indicator. This ratio is calculated dividing adjusted total assets by adjusted equity.

Adjusted capital adequacy ratio of the Company as at December 31, 2019 and 2018, are as follows:

	2019	
	(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***
Adjusted total asset (A)	**83,257,850**	**5,129,874**
Adjusted equity capital (B)	**36,123,581**	**2,225,729**
Adjusted capital adequacy ratio (B/A)[1]	**43.39%**	**43.39%**

	2018	
	(In thousands of Korean won)	*(In thousands of Indian rupee) (unaudited)*
Adjusted total asset (A)	86,643,992	5,338,508
Adjusted equity capital (B)	30,732,289	1,893,548
Adjusted capital adequacy ratio (B/A)[1]	35.47%	35.47%

1 The adjusted capital adequacy ratio is calculated in accordance with the Detailed rules on Supervision of Specialized Credit Financial Business.

5. Financial Instruments by Category

5.1. Fair Value by Type of Financial Instruments

Carrying amount and fair values of each type of financial instrument as at December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	**2019**		2018	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Assets				
Cash and due from financial institutions	**4,075,644**	**4,075,644**	2,032,075	2,032,075
Loans at amortized costs				
Loans	**9,716,097**	**9,909,559**	16,350,114	16,590,979
Loans for installment	**36,628,032**	**37,739,478**	34,831,474	35,473,501
Factoring receivables	**2,983,000**	**2,983,000**	–	–
Loans at fair value through profit or loss				
Loans	**–**	**–**	1,574,097	1,574,097
Loans for installment	**32,801,344**	**32,801,344**	32,414,182	32,414,182
Other financial assets	**466,016**	**466,016**	392,267	392,267
	86,670,133	**87,975,041**	87,594,209	88,477,101
Liabilities				
Borrowings	**47,900,000**	**48,677,442**	53,300,000	53,593,499
Other financial liabilities	**1,903,593**	**1,903,593**	3,426,392	3,426,392
	49,803,593	**50,581,035**	56,726,392	57,019,891

(In thousands of Indian rupee) (unaudited)	**2019**		2018	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Assets				
Cash and due from financial institutions	**251,118**	**251,118**	125,205	125,205
Loans at amortized costs				
Loans	**598,650**	**610,570**	1,007,401	1,022,241
Loans for installment	**2,256,810**	**2,325,291**	2,146,117	2,185,675
Factoring receivables	**183,795**	**183,795**	–	–
Loans at fair value through profit or loss				
Loans	**–**	**–**	96,987	96,987
Loans for installment	**2,021,032**	**2,021,032**	1,997,177	1,997,177
Other financial assets	**28,713**	**28,713**	24,169	24,169
	5,340,119	**5,420,520**	5,397,055	5,451,454
Liabilities				
Borrowings	**2,951,325**	**2,999,226**	3,284,042	3,302,126
Other financial liabilities	**117,289**	**117,289**	211,115	211,115
	3,068,613	**3,116,515**	3,495,157	3,513,240

5.2 Fair Value Hierarchy

Items that are measured at fair value are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

Fair value hierarchy classifications of the financial instruments that are measured at fair value are as follows:

(in thousands of Korean won)	**2019**			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements				
Financial assets at fair value through profit or loss	**–**	**–**	32,801,344	32,801,344

(In thousands of Indian rupee)	**2019 (unaudited)**			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements				
Financial assets at fair value through profit or loss	**–**	**–**	2,021,032	2,021,032

(in thousands of Korean won)	2018			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at fair value through profit or loss	**–**	**–**	33,988,279	33,988,279

(In thousands of Indian rupee)	2018 (unaudited)			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at fair value through profit or loss	**–**	**–**	2,094,164	2,094,164

5.3 Transfers between Fair Value Hierarchy Levels of Recurring Fair Value Measurements

The Company's policy is to recognize transfers between levels of the fair value at the end of the reporting period.

Details of transfers between levels of each fair value hierarchy of financial instruments are as follows:

(a) Details of transfers between level 1 and level 2 of recurring fair value measurements

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year ended December 31, 2019.

(b) Changes in level 3 for recurring fair value measurements

Changes in level 3 for recurring fair value measurements of financial assets for the years ended December 31, 2019 and 2018, are as follows:

	2019	
	Financial assets at fair value through profit or loss	
	(In thousands of Korean won)	***(In thousands of Indian rupee) (unaudited)***
Beginning balance	**33,988,279**	**2,094,164**
Total profit loss	**15,516,664**	**956,048**
Amount recognized in profit or loss	**15,516,664**	**956,048**
Amount recognized in other comprehensive income	**–**	**–**
Executed	**1,390,219,428**	**85,657,389**
Sales	**1,406,923,027**	**86,686,570**
Transfer into level 3	**–**	**–**
Transfer out of level 3	**–**	**–**
Ending balance	**32,801,344**	**2,021,032**

	2018	
	Financial assets at fair value through profit or loss	
	(In thousands of Korean won)	*(In thousands of Indian rupee) (unaudited)*
Beginning balance[1]	27,961,543	1,722,831
Total profit loss	9,814,787	604,731
Amount recognized in profit or loss	9,814,787	604,731
Amount recognized in other comprehensive income	–	–
Executed	886,641,895	54,629,815
Sales	890,429,947	54,863,213
Transfer into level 3	–	–
Transfer out of level 3	–	–
Ending balance	33,988,279	2,094,164

1 It has been prepared in accordance with Korean IFRS 1109.

In relation to changes in Level 3 of the fair value, the amount recognized in profit or loss for the period, and gain or loss on assets and liabilities held at the end of the reporting period in the statement of comprehensive income for the years ended December 31, 2019 and 2018, are as follows:

	2019		**2018**	
(In thousands of Korean won)	**Gain in disposal of loans**	**Gain on valuation of loans**	**Gain in disposal of loans**	**Gain on valuation of loans**
Amount recognized in profit or loss in total profit or loss	15,134,105	382,559	9,476,968	337,819
Amount recognized in profit or loss in relation to financial assets held at the end of the reporting period	–	382,559	–	337,819

	2019		**2018**	
(in thousands of Indian rupee) *(unaudited)*	**Gain in disposal of loans**	**Gain on valuation of loans**	**Gain in disposal of loans**	**Gain on valuation of loans**
Amount recognized in profit or loss in total profit or loss	932,477	23,571	583,917	20,814
Amount recognized in profit or loss in relation to financial assets held at the end of the reporting period	–	23,571	–	20,814

5.4 Valuation Techniques and the Inputs

The Company uses following valuation techniques and inputs used in the recurring and non-recurring fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy.

			2019		
(In thousands of Korean won)	**Fair value**	**Level**	**Valuation techniques**	**Inputs**	**Range of inputs (weighted average)**
Financial instruments at fair value through profit or loss					
Loans	32,801,344	3	Present value method	Credit risk adjusted discount rate	3.51% ~ 6.58% (3.63%)

			2019 (unaudited)		
(In thousands of Indian rupee)	**Fair value**	**Level**	**Valuation techniques**	**Inputs**	**Range of inputs (weighted average)**
Financial instruments at fair value through profit or loss					
Loans	2,021,032	3	Present value method	Credit risk adjusted discount rate	3.51% ~ 6.58% (3.63%)

			2018		
(In thousands of Korean won)	Fair value	Level	Valuation techniques	Inputs	Range of inputs (weighted average)
Financial instruments at fair value through profit or loss					
Loans	33,988,279	3	Present value method	Credit risk adjusted discount rate	4.05% ~ 7.19% (4.15%)

			2018 (unaudited)		
(In thousands of Indian rupee)	Fair value	Level	Valuation techniques	Inputs	Range of inputs (weighted average)
Financial instruments at fair value through profit or loss					
Loans	2,094,164	3	Present value method	Credit risk adjusted discount rate	4.05% ~ 7.19% (4.15%)

5.5 Valuation Processes for Fair Value Measurements Categorized as Level 3

The Company's finance department operates a separate team that performs the fair value measurements required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO) and the audit committee (AC). Discussions of valuation process and result are held between the CFO, AC and the valuation team at quarterly basis, in line with the Company's quarterly reporting periods.

5.6 Sensitivity Analysis for Recurring Fair Value Measurements Categorized as Level 3

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in the fair value of financial instruments which are affected by the unobservable parameters, using a statistical technique. When the fair value is affected by more than two input parameters, the most favorable or most unfavorable amounts are presented. Loans are categorized within Level 3 and are subject to sensitivity analysis, and changes in their fair value are recognized as profit or loss.

The results of the sensitivity analysis for the effect on profit or loss from changes in inputs for each financial instrument, which is categorized within Level 3 and subject to sensitivity analysis, are as follows:

	2019		2018	
(In thousands of Korean won)	***100bp increase***	***100bp decrease***	*100bp increase*	*100bp decrease*
Financial assets				
Financial assets at fair value through profit or loss	**823,771**	**(796,290)**	865,465	(834,553)

	2019		2018	
(in thousands of Indian rupee) (unaudited)	***100bp increase***	***100bp decrease***	*100bp increase*	*100bp decrease*
Financial assets				
Financial assets at fair value through profit or loss	**50,756**	**(49,063)**	53,325	(51,420)

5.7 Gains and Losses on Valuation at the Transaction Date

In the case that the Company measured the fair value of derivative financial instruments with unobservable inputs, the Company recognized the fair value of the instrument at the transaction price if the fair value at initial measurement is different from the transaction price. The difference between the fair value at initial measurement and the transaction price is deferred and amortized using a straight-line method until the maturity of the instrument. However, in the case where inputs of the valuation techniques become observable in markets, the remaining deferred difference is immediately recognized as gain or loss.

The Company has no derivative financial instruments as at December 31, 2019. Therefore, there are no deferred difference or changes related to derivative financial instruments.

6. Financial Instruments by Category

The carrying amounts of each financial asset by category as at December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)	**2019**	2018
Cash and due from financial institutions	**4,075,644**	2,032,075
Financial assets at amortized costs	**49,327,129**	51,181,588
Financial assets at fair value through profit or loss	**32,801,344**	33,988,279
Other financial assets	**466,016**	392,267
	86,670,133	87,594,209

(in thousands of Indian rupee) (unaudited)	**2019**	2018
Cash and due from financial institutions	251,118	125,205
Financial assets at amortized costs	3,039,256	3,153,517
Financial assets at fair value through profit or loss	2,021,032	2,094,164
Other financial assets	28,713	24,169
	5,340,119	5,397,055

The carrying amounts of each financial liabilities by category as at December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)	**2019**	2018
Borrowings	**47,900,000**	53,300,000
Other financial liabilities	**1,903,593**	3,426,392
	49,803,593	56,726,392

(in thousands of Indian rupee) (unaudited)	**2019**	2018
Borrowings	**2,951,325**	3,284,042
Other financial liabilities	**117,289**	211,115
	3,068,613	3,495,157

Net gains (losses) of categories of financial instruments for the years ended December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	**2019**	2018
Cash and due from financial institutions	**35,408**	54,910
Loans	**2,363,100**	2,288,854
Other receivables	**12,505**	12,505
	2,411,013	2,356,269
Interest expense		
Borrowings	**1,374,145**	1,298,471
Gain on disposal		
Financial assets at fair value through profit or loss	**15,134,105**	9,476,968
Gain in valuation		
Financial assets at fair value through profit or loss	**382,559**	337,819
	16,553,532	10,872,585

(In thousands of Indian rupee) (unaudited)	**2019**	2018
Cash and due from financial institutions	**2,182**	3,383
Loans	**145,601**	141,026
Other receivables	**770**	770
	148,553	145,180
Interest expense		
Borrowings	**84,667**	80,004
Gain on disposal		
Financial assets at fair value through profit or loss	**932,477**	583,917
Gain in valuation		
Financial assets at fair value through profit or loss	**23,571**	20,814
	1,019,934	669,907

7. Cash and Due from Financial Institutions

Details of cash and due from financial institutions as at December 31, 2019 and 2018, are as follows.

(in thousands of Korean won)	**2019**	2018
Cash and cash equivalents	**4,075,644**	2,032,075

(in thousands of Indian rupee) (unaudited)	**2019**	2018
Cash and cash equivalents	251,118	125,205

8. Financial Assets at Amortized Costs

Details of the loans at amortized costs as at December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)		**2019**			
		Principal	**Provisions for impairment**	**Deferred loan origination fees (costs)**	**Total**
Financial assets at amortized costs	Loans	**9,760,000**	**(167,287)**	**123,384**	**9,716,097**
	Installment financing	**37,195,896**	**(504,584)**	**(63,280)**	**36,628,032**
	Factoring loans	**3,000,000**	**(17,000)**	**–**	**2,983,000**
		49,955,896	**(688,871)**	**60,104**	**49,327,129**

(in thousands of Indian rupee) (unaudited)		**2019**			
		Principal	**Provisions for impairment**	**Deferred loan origination fees (costs)**	**Total**
Financial assets at amortized costs	Loans	**601,356**	**(10,307)**	**7,602**	**598,650**
	Installment financing	**2,291,799**	**(31,090)**	**(3,899)**	**2,256,810**
	Factoring loans	**184,843**	**(1,047)**	**–**	**183,795**
		3,077,997	**(42,444)**	**3,703**	**3,039,256**

(In thousands of Korean won)		2018			
		Principal	Provisions for impairment	Deferred loan origination fees (costs)	Total
Financial assets at amortized costs	Loans	16,191,501	(151,850)	310,463	16,350,114
	Loans for Installment	35,470,971	(464,373)	(175,124)	34,831,474
		51,662,472	(616,223)	135,339	51,181,588

(In thousands of Indian rupee)		2018 (unaudited)			
		Principal	Provisions for impairment	Deferred loan origination fees (costs)	Total
Financial assets at amortized costs	Loans	997,628	(9,356)	19,129	1,007,401
	Loans for Installment	2,185,519	(28,612)	(10,790)	2,146,117
		3,183,147	(37,968)	8,339	3,153,517

Movements in the provisions for impairment for the years ended December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)	**2019**	2018[1]
Beginning balance	**616,223**	199,078
Amounts restated through beginning balance of retained earnings	**–**	308,538
Provisions for impairment as at January 1	**616,223**	507,616
Receivables written off during the year as uncollectible	**(310,369)**	–
Recovery of receivables written off	**137,619**	6,225
Increase in provisions for impairment recognized in profit or loss during the year	**245,398**	406,068
Ending balance	**688,871**	**616,223**

(In thousands of Indian rupee) (unaudited)	**2019**	2018[1]
Beginning balance	**37,968**	12,266
Amounts restated through beginning balance of retained earnings	**–**	19,010
Provisions for impairment as at January 1	**37,968**	31,276
Receivables written off during the year as uncollectible	**(19,123)**	(18,711)
Recovery of receivables written off	**8,479**	384
Increase in provisions for impairment recognized in profit or loss during the year	**15,120**	25,020
Ending balance	**42,444**	**37,968**

1 The adjustment on provisions for impairment due to initial application of Korean IFRS 1109, was recognized as an adjustment of the beginning balance of retained earnings in 2018.

Changes in the provisions for impairment for the years ended December 31, 2019 and 2018, are as follows:

	2019						
	Loans			Loans for installment			
		Lifetime expected credit losses (ECL)			Lifetime expected credit losses (ECL)		
(In thousands of Korean won)	12 months expected credit losses (ECL)	Loss unrecognized	Loss recognized	12 months expected credit losses (ECL)	Loss unrecognized	Loss recognized	Total
Beginning	46,178	9,685	95,988	103,155	26,884	334,333	616,223
Transfer among stages							
Transfer to assets subject to 12 months ECL	2,910	(2,910)	–	15,832	(8,264)	(7,568)	–
Transfer to assets subject to lifetime ECL (loss unrecognized)	(2,301)	2,301	–	(5,141)	5,141	–	–
Transfer to assets subject to lifetime ECL (loss recognized)	(501)	(406)	907	(4,261)	(5,621)	9,882	–
	108	(1,015)	907	6,430	(8,744)	2,314	–
Impairment(reversal)	(4,895)	(1,373)	39,866	(19,145)	2,701	228,244	245,398
Write-offs	–	–	(45,665)	–	–	(264,704)	(310,369)
Recovery of receivables written off	–	–	44,506	–	–	93,113	137,619
Ending	41,391	7,297	135,602	90,440	20,841	393,300	688,871

	2019 (Unaudited)						
	Loans			Loans for installment			
		Lifetime expected credit losses (ECL)			Lifetime expected credit losses (ECL)		
(In thousands of Indian rupee)	12 months expected credit losses (ECL)	Loss unrecognized	Loss recognized	12 months expected credit losses (ECL)	Loss unrecognized	Loss recognized	Total
Beginning	2,845	597	5,914	6,356	1,656	20,600	37,968
Transfer among stages							
Transfer to assets subject to 12 months ECL	179	(179)	–	975	(509)	(466)	–
Transfer to assets subject to lifetime ECL (loss unrecognized)	(142)	142	–	(317)	317	–	–
Transfer to assets subject to lifetime ECL (loss recognized)	(31)	(25)	56	(263)	(346)	609	–
	7	(63)	56	396	(539)	143	–
Impairment(reversal)	(302)	(85)	2,456	(1,180)	166	14,063	15,120
Write-offs	–	–	(2,814)	–	–	(16,310)	(19,123)
Recovery of receivables written off	–	–	2,742	–	–	5,737	8,479
Ending	2,550	450	8,355	5,572	1,284	24,233	42,444

	2018						
	Loans			Loans for installment			
		Lifetime expected credit losses (ECL)			Lifetime expected credit losses (ECL)		
(In thousands of Korean won)	12 months expected credit losses (ECL)	Loss unrecognized	Loss recognized	12 months expected credit losses (ECL)	Loss unrecognized	Loss recognized	Total
Beginning	38,793	10,982	33,726	68,376	15,854	339,886	507,616
Transfer among stages							
Transfer to assets subject to 12 months ECL	3,014	(3,014)	–	23,090	(5,475)	(17,615)	–
Transfer to assets subject to lifetime ECL (loss unrecognized)	(1,573)	1,573	–	(2,759)	17,511	(14,752)	–
Transfer to assets subject to lifetime ECL (loss recognized)	(225)	(6,766)	6,992	(3,922)	(3,465)	7,386	–
	1,216	(8,207)	6,992	16,409	8,571	(24,981)	–
Impairment(reversal)	6,169	6,910	98,235	18,370	2,459	273,925	406,068
Write-offs	–	–	(43,025)	–	–	(260,661)	(303,686)
Recovery of receivables written off	–	–	60	–	–	6,165	6,225
Ending	46,178	9,685	95,988	103,155	26,884	334,333	616,223

	2018 (Unaudited)						
	Loans			Loans for installment			
		Lifetime expected credit losses (ECL)			Lifetime expected credit losses (ECL)		
(In thousands of Indian rupee)	12 months expected credit losses (ECL)	Loss unrecognized	Loss recognized	12 months expected credit losses (ECL)	Loss unrecognized	Loss recognized	Total
Beginning	2,390	677	2,078	4,213	977	20,942	31,276
Transfer among stages							
Transfer to assets subject to 12 months ECL	186	(186)	–	1,423	(337)	(1,085)	–
Transfer to assets subject to lifetime ECL (loss unrecognized)	(97)	97	–	(170)	1,079	(909)	–
Transfer to assets subject to lifetime ECL (loss recognized)	(14)	(417)	431	(242)	(213)	455	–
	75	(506)	431	1,011	528	(1,539)	–
Impairment(reversal)	380	(426)	6,053	1,132	152	16,878	25,020
Write-offs	–	–	(2,651)	–	–	(16,060)	(18,711)
Recovery of receivables written off	–	–	4	–	–	380	384
Ending	2,845	597	5,914	6,356	1,656	20,600	37,968

Changes in the loans for the years ended December 31, 2019 and 2018, are as follows:

	2019						
	Loans[1]			Loans for installment			
		Lifetime expected credit losses (ECL)			Lifetime expected credit losses (ECL)		
(In thousands of Korean won)	12 months expected credit losses (ECL)	Loss unrecognized	Loss recognized	12 months expected credit losses (ECL)	Loss unrecognized	Loss recognized	Total
Beginning	15,381,242	930,167	190,555	32,222,852	2,424,060	648,934	51,797,810
Transfer among stages							
Transfer to assets subject to 12 months ECL	342,832	(342,832)	–	1,029,172	(1,014,562)	(14,610)	–
Transfer to assets subject to ifetime ECL (loss unrecognized)	(418,139)	418,139	–	(1,730,172)	1,730,172	–	–
Transfer to assets subject to lifetime ECL (loss recognized)	(174,141)	(82,011)	256,152	(379,261)	(146,881)	526,142	–
	(249,448)	(6,704)	256,152	(1,080,261)	568,729	511,532	–
Net increase (decrease)	(2,993,315)	(432,592)	(147,008)	2,630,209	(359,290)	(169,447)	(1,471,443)
Write-offs	–	–	(45,665)	–	–	(264,704)	(310,369)
Ending	12,138,479	490,871	254,034	33,772,800	2,633,499	726,315	50,015,998

	2019 (unaudited)						
	Loans[1]			Loans for installment			
		Lifetime expected credit losses (ECL)			Lifetime expected credit losses (ECL)		
(In thousands of Indian rupee)	12 months expected credit losses (ECL)	Loss unrecognized	Loss recognized	12 months expected credit losses (ECL)	Loss unrecognized	Loss recognized	Total
Beginning	947,704	57,312	11,741	1,985,388	149,357	39,984	3,191,486
Transfer among stages							
Transfer to assets subject to 12 months ECL	21,123	(21,123)	–	63,412	(62,512)	(900)	–
Transfer to assets subject to ifetime ECL (loss unrecognized)	(25,763)	25,763	–	(106,603)	106,603	–	–
Transfer to assets subject to lifetime ECL (loss recognized)	(10,730)	(5,053)	15,783	(23,368)	(9,050)	32,418	–

	2019 (unaudited)						
	Loans[1]			Loans for installment			
		Lifetime expected credit losses (ECL)			Lifetime expected credit losses (ECL)		
(In thousands of Indian rupee)	**12 months expected credit losses (ECL)**	**Loss unrecognized**	**Loss recognized**	**12 months expected credit losses (ECL)**	**Loss unrecognized**	**Loss recognized**	**Total**
	(15,370)	(413)	15,783	(66,560)	35,042	31,518	–
Net increase (decrease)	(184,431)	(26,654)	(9,058)	162,058	(22,137)	(10,440)	(90,662)
Write-offs	–	–	(2,814)	–	–	(16,310)	(19,123)
Ending	747,904	30,245	15,652	2,080,887	162,261	44,751	3,081,700)

1 Includes changes in factoring loans.

2 Includes deferred loan origination fees and costs.

	2018						
	Loans			Loans for installment			
		Lifetime expected credit losses (ECL)			Lifetime expected credit losses (ECL)		
(In thousands of Korean won)	**12 months expected credit losses (ECL)**	**Loss unrecognized**	**Loss recognized**	**12 months expected credit losses (ECL)**	**Loss unrecognized**	**Loss recognized**	**Total**
Beginning	27,160,722	634,791	64,939	36,387,547	1,526,022	559,330	66,333,351
Changes in accounting policy	(13,371,841)	–	–	(14,528,412)	–	–	(27,900,253)
After restatement	13,788,881	634,791	64,939	21,859,135	1,526,022	559,330	38,433,098
Transfer among stages							
Transfer to assets subject to 12 months ECL	430,370	(430,370)	–	841,489	(808,267)	(33,222)	–
Transfer to assets subject to ifetime ECL (loss unrecognized)	(560,459)	560,459	–	(959,908)	987,816	(27,908)	–
Transfer to assets subject to lifetime ECL (loss recognized)	(80,731)	(42,670)	123,401	(420,840)	(145,061)	565,901	–
	(210,820)	87,419	123,401	(539,259)	34,488	504,771	–
Net increase(decrease)	1,803,181	207,957	45,240	10,902,976	863,550	(154,506)	13,668,398
Write-offs	–	–	(43,025)	–	–	(260,661)	(303,686)
Ending	15,381,242	930,167	190,555	32,222,852	2,424,060	648,934	51,797,810

	2018 (unaudited)						
	Loans			Loans for installment			
		Lifetime expected credit losses (ECL)			Lifetime expected credit losses (ECL)		
(In thousands of Indian rupee)	**12 months expected credit losses (ECL)**	**Loss unrecognized**	**Loss recognized**	**12 months expected credit losses (ECL)**	**Loss unrecognized**	**Loss recognized**	**Total**
Beginning	1,673,489	39,112	4,001	2,241,993	94,025	34,463	4,087,083
Changes in accounting policy	(823,897)	–	–	(895,158)	–	–	(1,719,054)
After restatement	849,592	39,112	4,001	1,346,835	94,025	34,463	2,368,028
Transfer among stages							
Transfer to assets subject to 12 months ECL	26,517	(26,517)	–	51,848	(49,801)	(2,047)	–
Transfer to assets subject to ifetime ECL (loss unrecognized)	(34,532)	34,532	–	(59,144)	60,864	(1,720)	–
Transfer to assets subject to lifetime ECL (loss recognized)	(4,974)	(2,629)	7,603	(25,930)	(8,938)	34,868	–
	(12,990)	5,386	7,603	(33,226)	2,125	31,101	–
Net increase(decrease)	111,102	12,813	2,787	671,779	53,207	(9,520)	842,169
Write-offs	–	–	(2,651)	–	–	(16,060)	(18,711)
Ending	947,704	57,312	11,741	1,985,388	149,357	39,984	3,191,486

9. Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss as at December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	2019	2018
Loans	–	1,574,097
Loans for installment	**32,801,344**	32,414,182
	32,801,344	33,988,279

(In thousands of Indian rupee) (unaudited)	2019	2018
Loans	–	96,987
Loans for installment	**2,021,032**	1,997,177
	2,021,032	2,094,164

Amounts recognized in profit or loss for the years ended December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	2019	2018
Gain on disposal	**15,134,105**	9,476,968
Gain on valuation	**382,559**	337,819
	15,516,664	9,814,787

(In thousands of Indian rupee) (unaudited)	2019	2018
Gain on disposal	**932,477**	583,917
Gain on valuation	**23,571**	20,814
	956,048	604,731

10. Property and Equipment

On January 1, 2019, the Company adopted a new lease standard, and included lease right-of-use assets in the property and equipment and presented in the financial statements. Therefore, property and equipment increased as at January 1, 2019 (Note 25).

Property and equipment as at December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	2019		
	Acquisition costs	Accumulated depreciation	Carrying amount
Lease right-of-use assets	**894,211**	**(563,355)**	**330,856**
Leasehold improvement	**163,541**	**(136,284)**	**27,257**
Equipment	**556,024**	**(365,210)**	**190,814**
	1,613,776	**(1,064,849)**	**548,927**

(In thousands of Indian rupee)	2019 (unaudited)		
	Acquisition costs	Accumulated depreciation	Carrying amount
Lease right-of-use assets	**55,096**	**(34,711)**	**20,385**
Leasehold improvement	**10,076**	**(8,397)**	**1,679**
Equipment	**34,259**	**(22,502)**	**11,757**
	99,432	**(65,610)**	**33,822**

(In thousands of Korean won)	2018		
	Acquisition costs	Accumulated depreciation	Carrying amount
Leasehold improvement	183,966	(124,001)	59,965
Equipment	544,550	(256,081)	288,469
	728,516	(380,082)	348,434

(In thousands of Indian rupee)	2018 (unaudited)		
	Acquisition costs	Accumulated depreciation	Carrying amount
Leasehold improvement	11,335	(7,640)	3,695
Equipment	33,552	(15,778)	17,774
	44,887	(23,418)	21,469

Changes in the property and equipment for the years ended December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	2019			
	Lease right-of-use assets	Leasehold improvement	Equipment	Total
Beginning balance	**–**	**59,965**	**288,469**	**348,434**
Changes in accounting policy (Note 25)	**542,481**	**–**	**–**	**542,481**
After restatement	**542,481**	**59,965**	**288,469**	**890,915**
Acquisition	**96,345**	**–**	**12,057**	**108,402**
Disposal	**(5,492)**	**–**	**(136)**	**(5,628)**
Depreciation	**(302,478)**	**(32,708)**	**(109,576)**	**(444,762)**
Ending balance	**330,856**	**27,257**	**190,814**	**548,927**

(In thousands of Indian rupee)	2019 (unaudited)			
	Lease right-of-use assets	Leasehold improvement	Equipment	Total
Beginning balance	**–**	**3,695**	**17,774**	**21,469**
Changes in accounting policy (Note 25)	**33,425**	**–**	**–**	**33,425**
After restatement	**33,425**	**3,695**	**17,774**	**54,893**
Acquisition	**5,936**	**–**	**743**	**6,679**
Disposal	**(338)**	**–**	**(8)**	**(347)**
Depreciation	**(18,637)**	**(2,015)**	**(6,751)**	**(27,404)**
Ending balance	**20,385**	**1,679**	**11,757**	**33,822**

(In thousands of Korean won)	2018		
	Leasehold improvement	Equipment	Total
Beginning balance	92,673	271,089	363,762
Acquisition	–	107,177	107,177
Equipment	(32,708)	(89,797)	(122,505)
Ending balance	59,965	288,469	348,434

(In thousands of Indian rupee)	2018 (unaudited)		
	Leasehold improvement	Equipment	Total
Beginning balance	5,710	16,703	22,413
Acquisition	–	6,604	6,604
Equipment	(2,015)	(5,533)	(7,548)
Ending balance	3,695	17,774	21,469

11. Intangible Asset

The details of intangible assets as at December 31, 2019 and 2018, are as follows.

(In thousands of Korean won)	**2019**		
	Acquisition costs	**Accumulated amortization**	**Carrying amount**
Software	**3,607,333**	**(2,682,145)**	**925,188**
Membership	**307,678**	**–**	**307,678**
	3,915,011	**(2,682,145)**	**1,232,866**

(In thousands of Indian rupee)	**2019 (unaudited)**		
	Acquisition costs	**Accumulated amortization**	**Carrying amount**
Software	**222,263**	**(165,258)**	**57,005**
Membership	**18,957**	**–**	**18,957**
	241,221	**(165,258)**	**75,962**

(In thousands of Korean won)	2018		
	Acquisition costs	Accumulated amortization	Carrying amount
Software	3,504,494	(1,976,509)	1,527,985
Membership	307,678	–	307,678
	3,812,172	(1,976,509)	1,835,663

(In thousands of Indian rupee)	2018 (unaudited)		
	Acquisition costs	Accumulated amortization	Carrying amount
Software	215,927	(121,781)	94,146
Membership	18,957	–	18,957
	234,884	(121,781)	113,103

Changes in the intangible assets for the years ended December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	**2019**			
	Beginning balance	**Acquisition/ Transfer**	**Amortization**	**Ending balance**
Software	**1,527,985**	**102,839**	**(705,637)**	**925,187**
Membership	**307,678**	**–**	**–**	**307,678**
	1,835,663	**102,839**	**(705,637)**	**1,232,865**

(In thousands of Indian rupee)	**2019 (unaudited)**			
	Beginning balance	**Acquisition/ Transfer**	**Amortization**	**Ending balance**
Software	**94,146**	**6,336**	**(43,477)**	**57,005**
Membership	**18,957**	**–**	**–**	**18,957**
	113,103	**6,336**	**(43,477)**	**75,962**

(In thousands of Korean won)	2018			
	Beginning balance	Acquisition/ Transfer	Amortization	Ending balance
Software	2,175,453	51,887	(699,355)	1,527,985
Membership	307,678	–	–	307,678
	2,483,131	51,887	(699,355)	1,835,663

(In thousands of Indian rupee)	2018 (unaudited)			
	Beginning balance	Acquisition/ Transfer	Amortization	Ending balance
Software	134,039	3,197	(43,090)	94,146
Membership	18,957	–	–	18,957
	152,996	3,197	(43,090)	113,103

12. Leases

Set out below is information for leases when the Company is a lessee.

(a) Amounts recognized in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

(In thousands of Korean won)	**December 31, 2019**	**January 1, 2019**
Right-of-use assets[1]		
Offices	**246,133**	**492,267**
Vehicles	**84,723**	**50,214**
	330,856	**542,481**

(In thousands of Indian rupee) (unaudited)	December 31, 2019	January 1, 2019
Right-of-use assets[1]		
Offices	**15,165**	**30,331**
Vehicles	**5,220**	**3,094**
	20,385	**33,425**

1 Included in 'property and equipment' of statement of financial position.

(In thousands of Korean won)	December 31, 2019	January 1, 2019
Lease liabilities[1]		
Offices	**256,258**	**482,534**
Vehicles	**86,155**	**51,260**
	342,413	**533,794**

(In thousands of Indian rupee) (unaudited)	December 31, 2019	January 1, 2019
Lease liabilities[1]		
Offices	**15,789**	**29,731**
Vehicles	**5,308**	**3,158**
	21,098	**32,889**

1 Included in 'other financial liabilities' of statement of financial position. For adjustments recognized on adoption of Korean IFRS 1116 on January 1, 2019, please refer to Note 25.

Additions to the right-of-use assets during the 2019 financial year were ₩ 96,345 thousand.

(b) Amounts recognized in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

(In thousands of Korean won)	2019
Depreciation of right-of-use assets Offices	**246,134**
Vehicles	**56,344**
	302,478
Interest expense relating to lease liabilities (included in finance cost)	**16,320**
Expense relating to short-term leases (included in general and administrative expenses)	**3,369**
Expense relating to leases of low-value assets that are not short-term leases (included in general and administrative expenses)	**45,709**
Expense relating to variable lease payments not included in lease liabilities (included in general and administrative expenses)	**29,855**

(In thousands of Indian rupee) (unaudited)	2019
Depreciation of right-of-use assets Offices	**15,165**
Vehicles	**3,472**
	18,637
Interest expense relating to lease liabilities (included in finance cost)	**1,006**
Expense relating to short-term leases (included in general and administrative expenses)	**208**
Expense relating to leases of low-value assets that are not short-term leases (included in general and administrative expenses)	**2,816**
Expense relating to variable lease payments not included in lease liabilities (included in general and administrative expenses)	**1,839**

The total cash outflow for leases in 2019 was ₩ 378,310 (₹ 23,309) thousand.

(c) Operating lease - 2018

The Company leases various offices, vehicles, equipment under cancellable operating leases expiring within two to four years for the year ended December 31, 2018. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

From January 1, 2019, the Company has recognized right-of-use assets for these leases, except for short-term and low-value leases (Note 25).

The minimum lease payment from the operating lease contracts are as follows:

(In thousands of Korean won)	2018
Less than 1 year	306,081
Over 1 year or less than 5 years	241,298
Over 5 years	–
	547,379

(In thousands of Indian rupee) (unaudited)	2018
Less than 1 year	18,859
Over 1 year or less than 5 years	14,867
Over 5 years	–
	33,726

Lease payments relating to operating leases for the year ended December 31, 2018, are as follows:

(In thousands of Korean won)	2018
Minimum lease payments	356,753
Total lease payments	356,753

(In thousands of Indian rupee) (unaudited)	2018
Minimum lease payments	21,981
Total lease payments	21,981

13. Other Financial Asset and Other Asset

Other financial asset and other asset as at December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	2019		
	Financial asset	Non-financial asset	Total
Other receivables	**159,017**	**–**	**159,017**
Accrued revenue	**96,804**	**–**	**96,804**
Advance payment	**–**	**42,728**	**42,728**
Deposit	**222,700**	**–**	**222,700**
Present value discount	**(12,505)**	**–**	**(12,505)**
Deferred tax assets	**–**	**116,175**	**116,175**
	466,016	**158,903**	**624,919**

(In thousands of Indian rupee)	**2019 (unaudited)**		
	Financial asset	**Non-financial asset**	**Total**
Other receivables	**9,798**	**–**	**9,798**
Accrued revenue	**5,965**	**–**	**5,965**
Advance payment	**–**	**2,633**	**2,633**
Deposit	**13,722**	**–**	**13,722**
Present value discount	**(770)**	**–**	**(770)**
Deferred tax assets	**–**	**7,158**	**7,158**
	28,713	**9,791**	**38,504**

(In thousands of Korean won)	2018		
	Financial asset	Non-financial asset	Total
Other receivables	96,850	–	96,850
Accrued revenue	102,727	–	102,727
Advance payment	–	36,416	36,416
Deposit	217,700	–	217,700
Present value discount	(25,010)	–	(25,010)
	392,267	36,416	428,683

(In thousands of Indian rupee)	2018 (unaudited)		
	Financial asset	Non-financial asset	Total
Other receivables	5,967	–	5,967
Accrued revenue	6,329	–	6,329
Advance payment	–	2,244	2,244
Deposit	13,413	–	13,413
Present value discount	(1,541)	–	(1,541)
	24,169	2,244	26,413

14. Borrowings

Borrowings as at December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	**2019**	2018
Borrowings	**47,900,000**	53,300,000

(in thousands of Indian rupee) (unaudited)	**2019**	2018
Borrowings	**2,951,325**	3,284,042

The details of borrowings as at December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)				**2019**	2018
	Financial institution	**Maturity**	**Interest rate (%) as at December 31, 2019**	**Carrying amount**	Carrying amount
Borrowings	KB capital Co.,Ltd	2021.09.30	2.72	**40,000,000**	40,000,000
	Kookmin Bank	2020.05.22	3.58	**1,900,000**	3,300,000
	Kookmin Bank	–	–	**–**	5,000,000
	NH Bank	2020.09.12	3.14	**1,500,000**	3,000,000
	NH Bank	2020.09.12	3.12	**1,500,000**	2,000,000
	Shinhan Bank	2020.11.15	3.18	**3,000,000**	–
				47,900,000	53,300,000

(in thousands of Indian rupee) (unaudited)				**2019**	2018
	Financial institution	**Maturity**	**Interest rate (%) as at December 31, 2019**	**Carrying amount**	Carrying amount
Borrowings	KB capital Co.,Ltd	2021.09.30	2.72	**2,464,572**	2,464,572
	Kookmin Bank	2020.05.22	3.58	**117,067**	203,327
	Kookmin Bank	–	–	**–**	308,071
	NH Bank	2020.09.12	3.14	**92,421**	184,843
	NH Bank	2020.09.12	3.12	**92,421**	123,229
	Shinhan Bank	2020.11.15	3.18	**184,843**	–
				2,951,325	3,284,042

15. Other Financial Liabilities and Other Liabilities

Other financial liabilities and other liabilities as at December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	**2019**		
	Financial liabilities	**Non-financial liabilities**	**Total**
Other payables	**346,233**	**223,103**	**569,336**
Accrued expenses	**1,547,288**	**803,940**	**2,351,228**
Withholdings	**10,072**	**114,214**	**124,286**
Lease liabilities	**342,413**	**–**	**342,413**
Advances from customers	**–**	**17,745**	**17,745**
Unearned revenues	**–**	**12,275**	**12,275**
	2,246,006	**1,171,277**	**3,417,283**

(In thousands of Indian rupee)	**2019 (unaudited)**		
	Financial liabilities	**Non-financial liabilities**	**Total**
Other payables	**21,333**	**13,746**	**35,079**
Accrued expenses	**95,335**	**49,534**	**144,869**
Withholdings	**621**	**7,037**	**7,658**
Lease liabilities	**21,098**	**–**	**21,098**
Advances from customers	**–**	**1,093**	**1,093**
Unearned revenues	**–**	**756**	**756**
	138,386	**72,167**	**210,553**

(In thousands of Korean won)	2018		
	Financial liabilities	Non-financial liabilities	Total
Other payables	**2,144,632**	**267,690**	**2,412,322**
Accrued expenses	**12,76,191**	**736,185**	**2,012,376**
Withholdings	**5,569**	**95,262**	**100,831**
Advance	**–**	**2,672**	**2,672**
	3,426,392	**1,101,809**	**4,528,201**

(In thousands of Indian rupee)	2018 (unaudited)		
	Financial liabilities	Non-financial liabilities	Total
Other payables	**132,140**	**16,494**	**148,634**
Accrued expenses	**78,632**	**45,360**	**123,991**
Withholdings	**343**	**5,870**	**6,213**
Advance	**–**	**165**	**165**
	211,115	**67,887**	**279,002**

16. Net defined Benefit Liabilities

The details of the net defined benefit liabilities as at December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)	**2019**	2018
Present value of defined Benefit obligations	**1,420,612**	894,750
The fair value of plan assets	**(1,286,999)**	(573,334)
Net defined benefit liabilities	**133,613**	321,416

(in thousands of Indian rupee) (unaudited)	**2019**	2018
Present value of defined Benefit obligations	**87,530**	55,129
The fair value of plan assets	**(79,298)**	(35,326)
Net defined benefit liabilities	**8,232**	19,804

Changes in defined benefit liabilities for the years ended December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)	**2019**	2018
Beginning balance	**894,750**	510,486
Current service cost	**343,221**	279,470
Interest expense	**19,358**	12,673
Benefits paid	**(50,009)**	(96,855)
Actuarial gains and losses:	**213,292**	188,976
Demographic assumptions	**108,079**	–
Financial assumptions	**71,798**	108,081
Experience adjustments	**33,415**	80,895
Ending balance	**1,420,612**	894,750

(in thousands of Indian rupee) (unaudited)	**2019**	2018
Beginning balance	**55,129**	31,423
Current service cost	**21,147**	17,219
Interest expense	**1,193**	781
Benefits paid	**(3,081)**	(5,968)
Actuarial gains and losses:	**13,142**	11,644
Demographic assumptions	**6,659**	–
Financial assumptions	**4,424**	6,659
Experience adjustments	**2,059**	4,984
Ending balance	**87,530**	55,129

Details of fair values of plan assets as at December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)	**2019**	2018
Beginning balance	**573,334**	411,000
Interest income	**12,094**	10,026
Remeasurements		
Loss on plan assets (excluding amounts included in interest income)	**(2,339)**	(4,106)
Contribution	**756,000**	255,000
Management fee	**(2,355)**	(1,731)
Payments	**(49,735)**	(96,855)
Ending balance	**1,286,999**	573,334

(In thousands of Indian rupee) (unaudited)	**2019**	2018
Beginning balance	**35,326**	25,323
Interest income	**745**	618
Remeasurements		
Loss on plan assets (excluding amounts included in interest income)	**(144)**	(253)
Contribution	**46,580**	15,712
Management fee	**(145)**	(107)
Payments	**(3,064)**	(5,968)
Ending balance	**79,298**	35,326

The significant actuarial assumptions as at December 31, 2019 and 2018, are as follows:

(in percentage)	**2019**	2018
Discount rate	**2.00%**	2.27%
Future salary increase rate	**5.00%**	5.00%

The sensitivity analysis of the defined benefit liabilities due to changes in the principal assumptions as at December 31, 2019, is as follows:

	Effects on Defined Benefit Obligation		
(In thousands of Korean won)	**Changes**	**Increase**	**Decrease**
Discount rate	**1.00%**	**(146,449)**	**176,338**
Future salary increase rate	**1.00%**	**169,363**	**(144,136)**

	Effects on Defined Benefit Obligation		
(in thousands of Indian rupee) (unaudited)	**Changes**	**Increase**	**Decrease**
Discount rate	**1.00%**	**(9,023)**	**10,865**
Future salary increase rate	**1.00%**	**10,435**	**(8,881)**

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to significant actuarial assumptions is calculated using the projected unit credit method which is used to calculate the defined benefit obligation

Expected maturity analysis of undiscounted retirement benefit payment as at December 31, 2019, is as follows:

(In thousands of Korean won)	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total**
Pension benefits	**67,548**	**99,892**	**281,441**	**1,362,148**	**1,811,029**

(In thousands of Indian rupee) (unaudited)	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total**
Pension benefits	**4,162**	**6,155**	**17,341**	**83,928**	**111,585**

The weighted average duration of the defined benefit obligations is 11.7 years.

17. Income Tax Expense

Income tax expense for the years ended December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)	**2019**	2018
Current tax expense	**1,559,594**	770,642
Changes in deferred income tax Assets (liabilities)[1]	**(17,159)**	101,020
Income tax expense reflected Directly to equity	**47,439**	42,478
Income tax expense	**1,589,874**	914,140

(in thousands of Indian rupee) (unaudited)	**2019**	2018
Current tax expense	**96,093**	47,483
Changes in deferred income tax Assets (liabilities)[1]	**(1,057)**	6,224
Income tax expense reflected Directly to equity	**2,923**	2,617
Income tax expense	**97,959**	56,324

1 Changes in deferred income tax assets (liabilities).

(in thousands of Korean won)	**2019**	2018
Net deferred tax asset at the beginning of the year	**133,334**	32,314
Net deferred tax asset at the end of the year	**116,175**	133,334
Changes in deferred income tax Assets(liabilities)	**(17,159)**	101,020

(in thousands of Indian rupee) (unaudited)	**2019**	2018
Net deferred tax asset at the beginning of the year	**8,215**	1,991
Net deferred tax asset at the end of the year	**7,158**	8,215
Changes in deferred income tax Assets(liabilities)	**(1,057)**	6,224

The relationship between income tax expenses and net profit before income tax for the years ended December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	**2019**	2018
Profit before income tax	**6,821,642**	3,642,692
Income tax at the applicable tax rate[1]	**1,478,761**	779,392
Adjustments:		
Non-deductible expense	**111,342**	134,267
Others	**(229)**	481
Income tax expenses	**1,589,874**	914,140

(in thousands of Indian rupee) (unaudited)	**2019**	2018
Profit before income tax	**420,311**	224,442
Income tax at the applicable tax rate[1]	**91,113**	48,022
Adjustments:		
Non-deductible expense	**6,860**	8,273
Others	**(14)**	30
Income tax expenses	**97,959**	56,324

1 The tax rate applied by the Company to calculate income tax during the current period is 22% (2018: 22%).

Changes in temporary differences and deferred tax assets (liabilities) for the years ended December 31, 2019 and 2018, are as follows:

	2019				
	Cumulative temporary difference			**Deferred income tax**	
(In thousands of Korean won)	**Beginning balance**	**Increase / decrease**	**Ending balance**	**Beginning balance**	**Ending balance**
Discount on rental deposit	**25,010**	**(12,505)**	**12,505**	**5,502**	**2,751**
Prepaid expenses	**(25,010)**	**12,505**	**(12,505)**	**(5,502)**	**(2,751)**
Asset retirement obligation	**21,619**	**–**	**21,619**	**4,756**	**4,756**
Unconfirmed expenses	**736,185**	**67,754**	**803,939**	**161,961**	**176,867**
Defined benefit obligation	**894,750**	**525,862**	**1,420,612**	**196,845**	**312,535**
Deferred loan origination fee plan assets	**(135,339)**	**75,237**	**(60,102)**	**(29,775)**	**(13,222)**
Plan assets	**(573,334)**	**(713,665)**	**(1,286,999)**	**(126,134)**	**(283,140)**
Gain on valuation of loans and receivables	**(337,819)**	**(44,740)**	**(382,559)**	**(74,320)**	**(84,163)**
Lease liabilities	**–**	**342,413**	**342,413**	**–**	**75,331**
Lease right-of-use assets	**–**	**(330,855)**	**(330,855)**	**–**	**(72,788)**
	606,062	**(77,994)**	**528,068**	**133,334**	**116,176**
Total amount of deferred tax Assets				**369,064**	**572,240**
Total amount of deferred tax liabilities				**(235,730)**	**(456,064)**

	2019 (unaudited)				
	Cumulative temporary difference			**Deferred income tax**	
(In thousands of Indian rupee)	**Beginning balance**	**Increase / decrease**	**Ending balance**	**Beginning balance**	**Ending balance**
Discount on rental deposit	**1,541**	**(770)**	**770**	**339**	**170**
Prepaid expenses	**(1,541)**	**770**	**(770)**	**(339)**	**(170)**
Asset retirement obligation	**1,332**	**–**	**1,332**	**293**	**293**
Unconfirmed expenses	**45,360**	**4,175**	**49,534**	**9,979**	**10,898**
Defined benefit obligation	**55,129**	**32,401**	**87,530**	**12,128**	**19,257**
Deferred loan origination fee plan assets	**(8,339)**	**4,636**	**(3,703)**	**(1,835)**	**(815)**
Plan assets	**(35,326)**	**(43,972)**	**(79,298)**	**(7,772)**	**(17,445)**
Gain on valuation of loans and receivables	**(20,814)**	**(2,757)**	**(23,571)**	**(4,579)**	**(5,186)**
Lease liabilities	**–**	**21,098**	**21,098**	**–**	**4,641**
Lease right-of-use assets	**–**	**(20,385)**	**(20,385)**	**–**	**(4,485)**
	37,342	**(4,806)**	**32,537**	**8,215**	**7,158**
Total amount of deferred tax Assets				**22,740**	**35,258**
Total amount of deferred tax liabilities				**(14,524)**	**(28,100)**

	2018				
	Cumulative temporary difference			Deferred income tax	
(In thousands of Korean won)	Beginning balance	Increase / decrease	Ending balance	Beginning balance	Ending balance
Discount on rental deposit	–	25,010	25,010	–	5,502
Prepaid expenses	–	(25,010)	(25,010)	–	(5,502)
Asset retirement obligation	21,619	–	21,619	4,756	4,756
Unconfirmed expenses	484,016	252,169	736,185	106,484	161,961
Defined benefit obligation	510,486	384,265	894,751	112,307	196,845
Deferred loan origination fee	(458,241)	322,902	(135,339)	(100,813)	(29,775)
Plan assets	(411,000)	(162,334)	(573,334)	(90,420)	(126,134)
Gain on valuation of loans and receivables	–	(337,819)	(337,819)	–	(74,320)
	146,880	459,183	606,063	32,314	133,334
Total amount of deferred tax Assets				223,547	369,064
Total amount of deferred tax liabilities				(191,233)	(235,730)

	2018 (unaudited)				
	Cumulative temporary difference			Deferred income tax	
(In thousands of Indian rupee)	Beginning balance	Increase / decrease	Ending balance	Beginning balance	Ending balance
Discount on rental deposit	–	1,541	1,541	–	339
Prepaid expenses	–	(1,541)	(1,541)	–	(339)
Asset retirement obligation	1,332	–	1,332	293	293
Unconfirmed expenses	29,822	15,537	45,360	6,561	9,979
Defined benefit obligation	31,453	23,676	55,129	6,920	12,128
Deferred loan origination fee plan assets	(28,234)	19,895	(8,339)	(6,212)	(1,835)
Plan assets	(25,323)	(10,002)	(35,326)	(5,517)	(7,772)
Gain on valuation of loans and receivables	–	(20,814)	(20,814)	–	(4,579)
	9,050	28,292	37,342	1,991	8,215
Total amount of deferred tax Assets				13,774	22,740
Total amount of deferred tax liabilities				(11,783)	(14,524)

The details of deferred income tax assets (liabilities) as at December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)	**2019**	**2018**
Deferred tax assets		
Deferred tax assets to be utilized no more than 12 months	**176,867**	**161,961**
Deferred tax assets to be utilized more than 12 months	**395,373**	**207,103**
	572,240	**369,064**
Deferred tax liabilities		
Deferred tax liabilities to be settled no more than 12 months	**(84,163)**	**(74,320)**
Deferred tax liabilities to be settled more than 12 months	**(371,901)**	**(161,410)**
	(456,064)	**(235,730)**
Net deferred tax assets	**116,176**	**133,334**

(In thousands of Indian rupee) (unaudited)	**2019**	2018
Deferred tax assets		
Deferred tax assets to be utilized no more than 12 months	10,898	9,979
Deferred tax assets to be utilized more than 12 months	24,361	12,761
	35,258	22,740
Deferred tax liabilities		
Deferred tax liabilities to be settled no more than 12 months	(5,186)	(4,579)
Deferred tax liabilities to be settled more than 12 months	(22,914)	(9,945)
	(28,100)	(14,524)
Net deferred tax assets	7,158	8,215

Realization of the future tax benefits related to the deferred tax assets is dependent on many factors, including the Company's ability to generate taxable profit within the period during which the temporary differences reverse, the outlook of the economic environment and the overall future industry outlook.

Management periodically considers these factors in reaching its conclusion and recognized the deferred tax asset since all the future tax benefits are determined to be realizable as at December 31, 2019.

18. Equity

Share capital as at December 31, 2019 and 2018, are as follows:

(In Korean won)	**2019**	2018
Par value per share	5,000	5,000
Number of shares issued	4,000,000	4,000,000
Share capital	20,000,000,000	20,000,000,000

(in Indian rupee) (unaudited)	**2019**	2018
Par value per share	308	308
Number of shares issued	4,000,000	4,000,000
Share capital	1,232,285,890	1,232,285,890

Details of accumulated other comprehensive income as at December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	**2019**	2018
Remeasurement of net defined benefit plan	**(345,847)**	(177,655)

(in thousands of Indian rupee) (unaudited)	**2019**	2018
Remeasurement of net defined benefit plan	**(21,309)**	(10,946)

Details of retained earnings as at December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	**2019**	2018
Retained earnings before appropriation	**14,728,125**	**9,499,272**
Regulatory reserve for credit losses	**800,837**	**814,245**
Reserve for indemnification and performance obligation	**1,000,000**	**1,000,000**
	16,528,962	**11,313,517**

(In thousands of Indian rupee) (unaudited)	**2019**	2018
Retained earnings before appropriation	**907,463**	**585,291**
Regulatory reserve for credit losses	**49,343**	**50,169**
Reserve for indemnification and performance obligation	**61,614**	**61,614**
	1,018,420	**697,074**

The details of the regulatory reserve for credit losses as at December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	**2019**	2018
Beginning balance	**800,837**	**814,245**
Effect of accounting changes[1]	**–**	**(308,162)**
Amount estimated to be appropriated	**(22,236)**	**294,754**
Ending balance	**778,601**	**800,837**

(In thousands of Indian rupee) (unaudited)	**2019**	2018
Beginning balance	**49,343**	**50,169**
Effect of accounting changes[1]	**–**	**(18,987)**
Amount estimated to be appropriated	**(1,370)**	**18,161**
Ending balance	**47,973**	**49,343**

1 Represents the increase in provisions for impairment reflected in the beginning balance of retained earnings in accordance with the changes in accounting policy (Korean IFRS 1109).

Adjusted profit after provision of regulatory reserve for credit losses for the years ended December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	**2019**	2018
Profit for the period	**5,231,768**	**2,728,552**
Estimated provision for regulatory reserve	**22,236**	**(294,754)**
Adjusted profit for the period after the provision[1]	**5,254,004**	**2,433,798**

(In thousands of Indian rupee) (unaudited)	**2019**	2018
Profit for the period	**322,352**	**168,118**
Estimated provision for regulatory reserve	**1,370**	**(18,161)**
Adjusted profit for the period after the provision[1]	**323,722**	**149,957**

1 Adjusted profits after provision of regulatory reserve for credit loss are not in accordance with Korean IFRS and calculated on the assumption that regulatory reserve for credit loss before income tax is adjusted to the net income.

The appropriation of retained earnings for the years ended December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	**2019**		2018	
	(Expected appropriation date: March 20, 2020)		(Appropriation date: March 27, 2019)	
Retained earnings before appropriation		**14,728,125**		9,499,272
Unappropriated retained earnings carried forward from prior period	**9,512,680**		6,986,546	
Effect of accounting changes	**(16,323)**		(215,826)	
Profit for the period	**5,231,768**		2,728,552	
Appropriation		**22,236**		13,408
Reserve for loss from compensation of damage	**22,236**		13,408	
Unappropriated retained earnings to be carried forward to subsequent period		**14,750,361**		9,512,680

(In thousands of Indian rupee)	**2019 (unaudited)**		2018 (unaudited)	
	(Expected appropriation date: March 20, 2020)		(Appropriation date: March 27, 2019)	
Retained earnings before appropriation		**907,463**		585,291
Unappropriated retained earnings carried forward from prior period	**586,117**		430,471	
Effect of accounting changes	**(1,006)**		(13,298)	
Profit for the period	**322,352**		168,118	
Appropriation		**1,370**		826
Reserve for loss from compensation of damage	**1,370**		826	
Unappropriated retained earnings to be carried forward to subsequent period		**908,833**		586,117

19. Net Interest Income

Interest income, interest expense and net interest income for the years ended December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)	**2019**	2018
Interest income		
Cash and due from financial institutions	**35,408**	54,910
Loans	**2,363,100**	2,288,854
Other receivables	**12,505**	12,505
	2,411,013	2,356,269
Interest expense		
Borrowings	**1,374,145**	1,298,471
Lease interest expense	**16,320**	–
	1,390,465	1,298,471
Net interest income	**1,020,548**	1,057,798

(in thousands of Indian rupee) (unaudited)	**2019**	2018
Interest income		
Cash and due from financial institutions	**2,182**	3,383
Loans	**145,601**	141,026
Other receivables	**770**	770
	148,553	145,180
Interest expense		
Borrowings	**84,667**	80,004
Lease interest expense	**1,006**	–
	85,673	80,004
Net interest income	**62,880**	65,175

20. General and Administration Expenses

General and administration expenses for the years ended December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)	**2019**	2018
Salaries	**2,710,030**	2,532,054
Bonuses	**1,178,982**	822,744

(in thousands of Korean won)	2019	2018
Miscellaneous benefits	**258,503**	260,911
Post-employment benefits	**352,841**	283,848
Depreciation	**444,762**	122,505
Amortization of intangible asset	**705,637**	699,355
Welfare expense	**927,212**	833,785
Service fee	**1,307,451**	1,287,568
Administrative and maintenance expenses	**1,102,701**	1,050,054
Communications	**119,850**	107,135
Advertising expenses	**856,299**	307,644
Tax and dues	**142,343**	113,201
Business promotion expenses	**572,594**	473,692
Training expenses	**24,696**	47,207
Publication	**119,716**	71,678
Insurance	**38,059**	45,001
Supplies	**46,390**	28,449
Travel expenses	**37,820**	20,419
Rent	**45,627**	356,753
Vehicles maintenance expenses	**46,776**	46,422
	11,038,289	9,510,425

(in thousands of Indian rupee) (unaudited)	2019	2018
Salaries	**166,977**	156,011
Bonuses	**72,642**	50,693
Miscellaneous benefits	**15,927**	16,076
Post-employment benefits	**21,740**	17,489
Depreciation	**27,404**	7,548
Amortization of intangible asset	**43,477**	43,090
Welfare expense	**57,130**	51,373
Service fee	**80,558**	79,333
Administrative and maintenance expenses	**67,942**	64,698
Communications	**7,384**	6,601
Advertising expenses	**52,760**	18,955
Tax and dues	**8,770**	6,975
Business promotion expenses	**35,280**	29,186
Training expenses	**1,522**	2,909
Publication	**7,376**	4,416
Insurance	**2,345**	2,773
Supplies	**2,858**	1,753
Travel expenses	**2,330**	1,258
Rent	**2,811**	21,981
Vehicles maintenance expenses	**2,882**	2,860
	680,116	585,978

21. Other Operating Income and Expenses

The other operating income for the years ended December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)	2019	2018
Commission income	**1,821,522**	**2,622,781**

(in thousands of Indian rupee) (unaudited)	2019	2018
Commission income	**112,232**	**161,601**

The other operating expenses for the years ended December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)	2019	2018
Sales promotion	**525,325**	282,012

(in thousands of Indian rupee) (unaudited)	2019	2018
Sales promotion	**32,368**	17,376

22. Cash Flow Statement

The cash flow from operating activities for the years ended December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)	2019	2018
Profit for the period	**5,231,768**	2,728,552
Adjustment:		
Interest income	**(2,411,013)**	(2,356,269)
Interest expense	**1,390,465**	1,298,471
Income tax expense	**1,589,874**	914,140
Post employment benefit	**352,841**	283,848
Loss on disposal of property and equipment	**136**	–
Depreciation	**444,762**	122,505
Amortization of intangible assets	**705,637**	699,355
Provisions for impairment	**240,590**	411,070
Gain on valuation of financial assets at fair Value through profit or loss	**(382,559)**	(337,819)
	1,930,733	1,035,301
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at amortized cost	**1,609,490**	(13,662,174)
Decrease (increase) in financial assets at fair Value through profit or loss	**1,569,493**	(5,688,917)
Increase in other receivables	**(57,906)**	(52,612)
Decrease in other deposits received	**–**	115,800
Decrease (increase) in advance payments	**(1,321)**	36,526
Decrease in other payables	**(1,842,986)**	(1,843,766)
Increase in accrued expenses	**372,312**	731,461
Increase (decrease) in VAT withheld	**23,454**	(61,707)
Increase (decrease) in advances received	**15,073**	(48,362)
Decrease in net defined benefit assets	**(756,274)**	(255,000)
	931,335	(20,728,751)
Cash provided from (used in) operations	**8,093,837**	(16,964,898)

(in thousands of Indian rupee) (unaudited)	2019	2018
Profit for the period	**322,352**	168,118

(in thousands of Indian rupee) (unaudited)	2019	2018
Adjustment:		
Interest income	**(148,553)**	(145,180)
Interest expense	**85,673**	80,004
Income tax expense	**97,959**	56,324
Post employment benefit	**21,740**	17,489
Loss on disposal of property and equipment	**8**	–
Depreciation	**27,404**	7,548
Amortization of intangible assets	**43,477**	43,090
Provisions for impairment	**14,824**	25,328
Gain on valuation of financial assets at fair Value through profit or loss	**(23,571)**	(20,814)
	118,961	63,789
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets at amortized cost	**99,168**	(841,785)
Decrease (increase) in financial assets at fair Value through profit or loss	**96,703**	(350,519)
Increase in other receivables	**(3,568)**	(3,242)
Decrease in other deposits received	**–**	7,135
Decrease (increase) in advance payments	**(81)**	2,251
Decrease in other payables	**(113,554)**	(113,602)
Increase in accrued expenses	**22,940**	45,068
Increase (decrease) in VAT withheld	**1,445**	(3,802)
Increase (decrease) in advances received	**929**	(2,980)
Decrease in net defined benefit assets	**(46,597)**	(15,712)
	57,384	(1,277,187)
Cash provided from (used in) operations	**498,696**	(1,045,280)

Changes in liabilities arising from financial activities for the years ended December 31, 2019 and 2018, are as follows:

	Liabilities from financing activities		
(In thousands of Korean won)	Borrowings	Lease liabilities	Total
At January 1, 2018	**45,000,000**		**45,000,000**
Cash flows	**8,300,000**		**8,300,000**
At December 31, 2018	**53,300,000**		**53,300,000**
Cash flows	**(5,400,000)**	**(281,988)**	**(5,681,988)**
Acquisitions - leases		**96,345**	**96,345**
Other changes of non-financial liabilities		**528,056**	**528,056**
At December 31, 2019	**47,900,000**	**342,413**	**48,242,413**

	Liabilities from financing activities		
(in thousands of Indian rupee) (unaudited)	Borrowings	Lease liabilities	Total
At January 1, 2018	**2,772,643**		**2,772,643**
Cash flows	**511,399**		**511,399**
At December 31, 2018	**3,284,042**		**3,284,042**
Cash flows	**(332,717)**	**(17,374)**	**(350,092)**
Acquisitions - leases		**5,936**	**5,936**
Other changes of non-financial liabilities		**32,536**	**32,536**
At December 31, 2019	**2,951,325**	**21,098**	**2,972,422**

23. Related Party Transactions

The related parties as at December 31, 2019, are as follows:

	2019
Jointly controlled entity	Ssangyong motor Co., Ltd., KB Capital Co., Ltd.
Other related parties	Mahindra & Mahindra Ltd. Mahindra Vehicle Manufacturing Ltd. Mahindra Electric Mobility Ltd. Mahindra & Mahindra South Africa Ltd. PININFARINA S.P.A Kookmin Bank KB Investment & Securities Co., Ltd. KB Kookmin Card Co., Ltd. KB Data Systems Co., Ltd. KB Insure Co., Ltd. Ssangyong motor Co., Ltd., Subsidiaries, affiliated companies, other related parties of KB Financial Group

Details of assets and liabilities from transactions with related parties as at December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)		2019	2018
Kookmin Bank	Cash and cash equivalents	**7,628**	4,789
	Borrowings[1]	**1,900,000**	8,300,000
	Accrued expense	**186**	8,917
KB Capital Co., Ltd.	Other receivables	**66,689**	58,671
	Accrued expense	**5,962**	31,825
	Borrowings	**40,000,000**	40,000,000
KB Kookmin Card Co., Ltd.	Other receivable	**57,537**	37,640
	Other payables	**–**	368,300
KB Insurance Co., Ltd.	Prepaid expense	**12,728**	5,461
		42,050,730	48,815,603

(In thousands of Indian rupee)		2019 (unaudited)	2018 (unaudited)
Kookmin Bank	Cash and cash equivalents	**470**	295
	Borrowings[1]	**117,067**	511,399
	Accrued expense	**11**	549
KB Capital Co., Ltd.	Other receivables	**4,109**	3,615
	Accrued expense	**367**	1,961
	Borrowings	**2,464,572**	2,464,572
KB Kookmin Card Co., Ltd.	Other receivable	**3,545**	2,319
	Other payables	**–**	22,693
KB Insurance Co., Ltd.	Prepaid expense	**784**	336
		2,590,926	3,007,739

1 As at December 31, 2019, the undrawn amount from the borrowing agreement with Kookmin Bank amounts to ₩ 8,100 million.

Details of gain and loss from transactions with related parties for the years ended December 31, 2019 and 2018, are as follows:

(In thousands of Korean won)	**2019** **Disposal of loans**	**Gain on disposal of loans**	**Interest income**	**Interest expense**	**Other income**	**Other expenses**
KB Capital Co., Ltd.	**768,861,450**	**7,223,530**	**–**	**825,035**	**287,561**	**33,733**
Kookmin Bank	**–**	**–**	**507**	**200,025**	**–**	**–**
KB Card Co., Ltd.	**624,691,600**	**7,927,977**	**–**	**644**	**524,170**	**–**
KB Insurance Co., Ltd.	**–**	**–**	**–**	**–**	**–**	**32,113**
KG Data Systems Co., Ltd.	**–**	**–**	**–**	**–**	**–**	**752,840**
	1,393,553,00	**15,151,507**	**507**	**1,025,704**	**811,731**	**818,686**

(In thousands of Indian rupee)	**2019 (unaudited)** **Disposal of loans**	**Gain on disposal of loans**	**Interest income**	**Interest expense**	**Other income**	**Other expenses**
KB Capital Co., Ltd.	**47,372,856**	**445,073**	**–**	**50,834**	**17,718**	**2,078**
Kookmin Bank	**–**	**–**	**31**	**12,324**	**–**	**–**
KB Card Co., Ltd.	**38,489,932**	**488,477**	**–**	**40**	**32,296**	**–**
KB Insurance Co., Ltd.	**–**	**–**	**–**	**–**	**–**	**1,979**
KG Data Systems Co., Ltd.	**–**	**–**	**–**	**–**	**–**	**46,386**
	85,862,788	**933,549**	**31**	**63,198**	**50,014**	**50,443**

(In thousands of Korean won)	2018 Disposal of loans	Gain on disposal of loans	Interest income	Interest expense	Other income	Other expenses
KB Capital Co., Ltd.	476,640,260	4,372,131	–	1,089,874	414,722	72,485
Kookmin Bank	–	–	35,413	189,035	–	–
KB Card Co., Ltd.	404,831,600	5,163,925	–	984	1,418,486	–
KB Insurance Co., Ltd.	–	–	–	–	–	28,830
KG Data Systems Co., Ltd.	–	–	–	–	–	680,203
	881,471,860	9,536,056	35,413	1,279,893	1,833,208	781,518

(In thousands of Indian rupee)	2018 (unaudited) Disposal of loans	Gain on disposal of loans	Interest income	Interest expense	Other income	Other expenses
KB Capital Co., Ltd.	29,367,853	269,386	–	67,152	25,553	4,466
Kookmin Bank	–	–	2,182	11,647	–	–
KB Card Co., Ltd.	24,943,413	318,172	–	61	87,399	–
KB Insurance Co., Ltd.	–	–	–	–	–	1,776
KG Data Systems Co., Ltd.	–	–	–	–	–	41,910
	54,311,267	587,557	2,182	78,860	112,952	48,153

Funding transactions with related parties for the years December 31, 2019 and 2018, are as follows:

		2019		2018	
(In thousands of Korean won)		**Borrowings**	**Redemption**	Borrowings	Redemption
Other related party	Kookmin Bank	**27,989,000**	**34,389,000**	48,891,000	40,591,000

		2019		2018	
(in thousands of Indian rupee) (unaudited)		**Borrowings**	**Redemption**	Borrowings	Redemption
Other related party	Kookmin Bank	**1,724,522**	**2,118,854**	3,012,384	2,500,986

As at December 31, 2019, the Company is holding an installment financing agreement with Ssangyong Motor Corporation. In relation to the financing agreement, loan origination fees of ₩ 29,710,906 thousand and ₩ 21,734,022 thousand were generated as at December 31, 2019 and 2018, respectively.

Credit limit for mutual growth partner agreement of Ssangyong Motor Corporation is up to ₩ 12,000,000(₹ 739,371) thousand, and the credit contribution balance is ₩ 3,000,000(₹ 184,843) thousand. It is discount bill for the account settlement purpose that Ssangyong Motor Corporation's partner has received for goods from Ssangyong Motor Corporation, and there is no direct credit grant agreement between Ssangyong Motor Corporation and the Company.

Key management personnel compensations for the years ended December 31, 2019 and 2018, are as follows:

(in thousands of Korean won)	2019	2018
Salaries	635,954	417,441
Post employment benefit	33,476	44,234
	669,430	461,675

(in thousands of Indian rupee) (unaudited)	2019	2018
Salaries	39,184	25,720
Post employment benefit	2,063	2,725
	41,246	28,446

24. Contingent Liabilities and Commitment

Contingent liabilities and commitment as at December 31, 2019, are as follows:

(In thousands of Korean won)	Financial institution	Limit of loan commitment	Loan executions
Loans for working capital	KB Capital Co., Ltd.	40,000,000	40,000,000
Loans for working capital	Kookmin Bank	10,000,000	1,900,000
Loans for working capital	Korea Development Bank	7,000,000	–
Loans for working capital	NH Bank	2,000,000	1,500,000

(in thousands of Indian rupee) (unaudited)	Financial institution	Limit of loan commitment	Loan executions
Loans for working capital	KB Capital Co., Ltd.	2,464,572	2,464,572
Loans for working capital	Kookmin Bank	616,143	117,067
Loans for working capital	Korea Development Bank	431,300	–
Loans for working capital	NH Bank	123,229	92,421

As at December 31, 2019, the Company is provided with payment guarantees amounting to ₩ 101(₹ 6) million in relation to deposits for collection of loan receivables from Seoul Guarantee Insurance Company.

At December 31, 2019, the Company provides loan agreements in relation with factoring loans and the unused limit commitment amount to ₩ 2,000,000(₹123,229) thousand.

25. Changes in Accounting Policies

The Company has adopted Korean IFRS 1116, retrospectively, from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are, therefore, recognized in the statement of financial position on January 1, 2019. Details of adjustments recognized on adoption of Korean IFRS 1116 Lease are as follows:

On adoption of Korean IFRS 1116, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Korean IFRS 1017. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at January 1, 2019. The lessee's weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 3.57%.

(a) Practical expedients applied

In applying Korean IFRS 1116 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous – there were no onerous contracts as at January 1, 2019
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019, as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying Korean IFRS 1017 and Interpretation 2104 Determining whether an Arrangement contains a Lease.

(b) Measurement of lease liabilities

(in thousands of Korean won)	Amount
Operating lease commitments disclosed as at December 31, 2018	593,479
Discounted using the lessee's incremental borrowing rate of at the date of initial application	573,312
Less: short-term leases recognized as an expense by straight-line method	(23,109)
Less: low-value leases recognized as an expense by straight-line method	(16,409)
Lease liability recognized as at January 1, 2019	533,794

(in thousands of Indian rupee) (unaudited)	Amount
Operating lease commitments disclosed as at December 31, 2018	36,567
Discounted using the lessee's incremental borrowing rate of at the date of initial application	35,324
Less: short-term leases recognized as an expense by straight-line method	(1,424)
Less: low-value leases recognized as an expense by straight-line method	(1,011)
Lease liability recognized as at January 1, 2019	32,889

(c) Measurement of right-of-use assets

The right-of-use assets were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

(d) Adjustments recognized in the statement of financial position as at January 1, 2019

The change in accounting policy affected the following items in the statement of financial position on January 1, 2019:

- property and equipment: increase by ₩ 542,481(₹ 33,425) thousand
- lease liabilities: increase by ₩ 533,794(₹ 32,889) thousand

The net impact on retained earnings on January 1, 2019, was a decrease of ₩ 16,323(₹ 1,006) thousand.

(e) Lessor accounting

The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of the adoption of Korean IFRS 1116.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SSANGYONG AUSTRALIA PTY LTD

Report on the audit of the financial report

Opinion

We have audited the financial report of SsangYong Australia Pty Ltd (the Company), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of *Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Grant Thornton Audit Pty Ltd
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 17 February 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2019

	Note	2019 $	2018 $
Revenue	4	37,182,245	4,084,320
Expenses			
Cost of sales	5	(33,535,753)	(3,710,449)
Selling expenses	6	(6,412,608)	(2,325,798)
Professional fees		(333,289)	(309,409)
Employee benefits expense		(2,122,425)	(470,099)
Depreciation and amortisation expense		(272,024)	(28,171)
Impairment of intangibles		–	(50,000)
Loss on disposal of assets		(86,509)	–
Other expenses		(659,776)	(214,302)
Software expenses		(138,086)	(1,707)
Loss before income tax expense		(6,378,225)	(3,025,615)
Income tax expense		–	–
Loss after income tax expense for the year	19	(6,378,225)	(3,025,615)
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year		(6,378,225)	(3,025,615)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	7	6,534,645	4,362,441
Trade and other receivables	8	453,361	415,601
Inventories	9	21,880,135	8,641,226
Prepayments		111,867	114,954
Total current assets		28,980,008	13,534,222
Non-current assets			
Property, plant and equipment	10	936,814	1,080,320
Right-of-use assets	11	157,081	–
Intangibles (software)	12	307,470	–
Security deposits		64,796	64,796
Total non-current assets		1,466,161	1,145,116
Total assets		30,446,169	14,679,338
Liabilities			
Current liabilities			
Trade and other payables	13	32,264,315	13,685,108
Lease liabilities	14	105,868	–
Employee benefits		81,336	–
Provisions - current	15	886,200	156,302
Accrued expenses		34,453	86,293
Total current liabilities		33,372,172	13,927,703
Non-current liabilities			
Non-current lease liabilities	16	84,364	–
Provisions - non-current	17	730,398	76,125
Contract liabilities		663,075	76,125
Total non-current liabilities		1,477,837	152,250
Total liabilities		34,850,009	14,079,953
Net assets/(liabilities)		(4,403,840)	599,385
Equity			
Issued capital	18	5,000,000	3,625,000
Accumulated losses	19	(9,403,840)	(3,025,615)
Total equity/(deficiency)		(4,403,840)	599,385

The above statement of financial position should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2019

	Issued capital $	Retained profits/ (losses) $	Total equity $
Balance at 31 July 2018	3,625,000	–	3,625,000
Loss after income tax expense for the year	–	(3,025,615)	(3,025,615)
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	(3,025,615)	(3,025,615)
Balance at 31 December 2018	3,625,000	(3,025,615)	599,385

	Issued capital $	Retained profits/ (losses) $	Total deficiency in equity $
Balance at 1 January 2019	3,625,000	(3,025,615)	599,385
Loss after income tax expense for the year	–	(6,378,225)	(6,378,225)
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	(6,378,225)	(6,378,225)
Issue of shares	1,375,000	–	1,375,000
Balance at 31 December 2019	5,000,000	(9,403,840)	(4,403,840)

The above statement of changes in equity should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Loss before income tax expense for the year		(6,378,225)	(3,025,615)
Adjustments for:			
Depreciation and amortisation		272,026	28,171
Write off of intangibles		–	50,000
		(6,106,199)	(2,947,444)
Change in operating assets and liabilities:			
Increase in trade and other receivables		(37,761)	(530,555)
Increase in inventories		(13,238,908)	(8,641,226)
Increase in other assets		3,087	–
Increase in trade and other payables		18,769,440	12,943,740
Increase in provisions		1,465,506	232,427
Increase in deferred revenue		586,950	76,125
Increase in accrued expenses		(51,840)	86,293
Net cash from operating activities		1,390,275	1,219,360
Cash flows from investing activities			
Purchase of property, plant and equipment		(511,371)	(367,123)
Purchase of intangibles (software)	12	(81,700)	(50,000)
Payments for security deposits		–	(64,796)
Net cash used in investing activities		(593,071)	(481,919)
Cash flows from financing activities			
Proceeds from issue of shares	18	1,375,000	3,625,000
Net cash from financing activities		1,375,000	3,625,000
Net increase in cash and cash equivalents		2,172,204	4,362,441
Cash and cash equivalents at the beginning of the financial year		4,362,441	–
Cash and cash equivalents at the end of the financial year	7	6,534,645	4,362,441

The above statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2019

Note 1. General information

SsangYong Australia Pty Ltd is a company limited by shares.

The principal activities of the Company consist of distribution of SsangYong vehicles and vehicle related parts.

The financial statements of the Company are prepared for the year from 01 January 2019 to 31 December 2019.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 17 February 2020.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 16 Leases

The company has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The company has decided to apply a modified retrospective approach, and as a result, prior periods have not been adjusted for the changes associated with the application of the new standard. Instead of performing an impairment review on the right-of-use assets at the date of initial application, the company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going concern basis

The financial statements are prepared under a going concern basis notwithstanding the significant losses that have been generated via the ongoing support from the Parent Entity in the form of longer credit terms and financial support through capital infusion. Refer to note 21 for an outline of related party transactions.

Foreign currency translation

The financial statements are presented in Australian dollars, which is the functional and presentation currency for SsangYong Australia Pty Ltd.

Foreign currency transactions are translated into Australian dollars using approximate exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of vehicles

Revenue from the sale of vehicles is recognised when the Company transfers control of the assets to the customers. Control and title are transferred when the goods are invoiced and paid.

All vehicles sold comes with a 5-year standard warranty and an extended 2-years' warranty. Estimated revenue arising from the provision of 2-year extended warranty is deferred and recognised at the time the extended warranty expires.

Sale of parts

Revenue from the sale of parts is recognised at the point of sale, when the customer has taken delivery of the goods.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2019

for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 1-30 days after invoice date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation

The depreciable amount of all plant and equipment are depreciated over their useful lives to the company commencing from the time the assets are held ready for use.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Motor Vehicles	8 years (12.5 %)
Computer Equipment	2 years (50%)
Other Plant and equipment	3 - 10 years (10 - 33.3%)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Revaluation surplus reserve, if any, relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days after end of month of recognition.

Provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2019

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Determination of variable consideration

Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the company where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Income tax

The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Warranty provision

In determining the level of provision required for warranties the company has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

Note 4. Revenue

	2019 $	2018 $
Revenue from contracts with customers		
Sales of products	36,796,724	4,041,578
Freight income	303,300	38,350
	37,100,024	4,079,928
Other revenue		
Interest income	67,737	4,392
Other revenue	14,484	–
	82,221	4,392
Revenue	37,182,245	4,084,320

	2019 $	2018 $
Major product lines		
Vehicles & parts	36,796,724	4,041,578
Freight	303,300	38,350
	37,100,024	4,079,928
Geographical regions		
Australia	37,100,024	4,079,928
Timing of revenue recognition		
Goods transferred at a point in time	37,100,024	4,079,928

Note 5. Cost of sales

	2019 $	2018 $
Cost of sales - vehicles	32,442,866	3,677,889
Cost of sales - parts	302,482	32,560
Vehicle obsolescence	770,005	–
Parts obsolescence	20,400	–
	33,535,753	3,710,449

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2019

Note 6. Selling expenses

	2019	2018
	$	$
Advertising expenses	3,663,423	2,088,105
Freight (outward)	289,889	5,700
Distribution	1,302,560	231,993
Vehicle expenses, commercial goodwill and roadside assist	1,156,736	–
	6,412,608	2,325,798

Note 7. Cash and cash equivalents

	2019	2018
	$	$
Cash at bank	6,534,645	4,312,441
Cash - deposits	–	50,000
	6,534,645	4,362,441

The cash deposits held in prior year of $50,000 were held as collateral for the credit card facility of $25,000. The deposit has been discontinued in the current financial year.

Note 8. Trade and other receivables

	2019	2018
	$	$
Trade receivables	255,479	77,800
Other receivables	109,601	663
GST receivable	88,281	337,138
	453,361	415,601

Note 9. Inventories

	2019	2018
	$	$
Finished goods - Parts	1,399,326	688,916
Stock in transit - Parts	98,015	180,061
Finished goods - Vehicles	19,568,485	4,700,329
Stock in transit - Vehicles	1,604,714	3,071,920
Provision for obsolete parts	(20,400)	–
Provision for obsolete vehicles	(770,005)	–
	21,880,135	8,641,226

Note 10. Property, plant and equipment

	2019	2018
	$	$
Fixtures and fittings - at cost	20,501	948
Less: Accumulated depreciation	(2,763)	(32)
	17,738	916
Motor vehicles - at cost	692,643	741,368
Less: Accumulated depreciation	(24,116)	(25,724)
	668,527	715,644
Office equipment - at cost	43,158	19,670
Less: Accumulated depreciation	(15,809)	(1,514)
	27,349	18,156
Signage - at cost	201,725	50,000
Less: Accumulated depreciation	(19,142)	(833)
	182,583	49,167
Other equipment - at cost	41,936	3,744
Less: Accumulated depreciation	(4,501)	(68)
	37,435	3,676
PPE in progress	3,182	292,761
	936,814	1,080,320

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Fixtures and fittings	Motor vehicles	Office equipment	Signage	Other equipment	PPE in progress	Total
	$	$	$	$	$	$	$
Balance at 1 January 2019	916	715,644	18,156	49,167	3,676	292,761	1,080,320
Additions	19,553	1,190,948	23,489	151,725	42,620	-	1,428,335
Disposals	-	(1,135,246)	-	-	(4,121)	-	(1,139,367)
Transfers in/(out)	-	-	-	-	-	(289,579)	(289,579)
Depreciation expense	(2,731)	(102,822)	(14,295)	(18,308)	(4,739)	-	(142,895)
Balance at 31 December 2019	17,738	668,524	27,350	182,584	37,436	3,182	936,814

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2019

Note 11. Right-of-use assets

	2019	2018
	$	$
Land and buildings - right-of-use	224,401	–
Less: Accumulated depreciation	(67,320)	–
	157,081	–

The company leases a building for its office under a 3 year agreement with options to extend. The possibility of the company electing to utilise the extension option has been deemed low.

Note 12. Intangibles (software)

	2019	2018
	$	$
Intangible assets - at cost	369,278	–
Less: Accumulated amortisation	(61,808)	–
	307,470	–

Note 13. Trade and other payables

	2019	2018
	$	$
Trade payables	31,537,377	12,477,922
GST payable	265,074	389,077
Other payables	461,864	818,109
	32,264,315	13,685,108

See note 21 for information relating to related party payables.

Note 14. Lease liabilities

	2019	2018
	$	$
Lease liability	105,868	–

The lease liability relates to the rent of the office premise of the company. This lease is reflected on the balance sheet as a right-of-use asset and a lease liability separated into both current and non-current components.

Note 15. Provisions - current

	2019	2018
	$	$
Fringe benefits tax	105,811	38,000
Other provisions	194,963	54,585
Provision for landing cost	194,293	63,717
Campaign bonus	391,133	–
	886,200	156,302

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Fringe Benefits Tax	Other	Component Standard Cost	Campaign Bonus
2019	$	$	$	$
Carrying amount at the start of the year	38,000	54,585	63,717	–
Additional provisions recognised	144,000	188,320	596,400	557,614
Amounts used	(76,189)	(47,942)	(465,824)	(166,481)
Carrying amount at the end of the year	105,811	194,963	194,293	391,133

Note 16. Non-current lease liabilities

	2019	2018
	$	$
Lease liability	84,364	–

The lease liability relates to the rent of the office premise of the company. This lease is reflected on the balance sheet as a right-of-use asset and a lease liability separated into both current and non-current components.

Note 17. Provisions - non-current

	2019	2018
	$	$
Roadside assist	641,867	76,125
Other provisions	88,531	–
	730,398	76,125

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Roadside Assist	Other
2019	$	$
Carrying amount at the start of the year	76,125	–
Additional provisions recognised	586,950	88,531
Amounts used	(21,208)	–
Carrying amount at the end of the year	641,867	88,531

Note 18. Issued capital

	2019 Shares	2018 Shares	2019 $	2018 $
2019				
Ordinary shares - fully paid	5,000,000	3,625,000	5,000,000	3,625,000

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2019

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

In July 2019, the directors approved the issue of 1,375,000 ordinary shares at an exercise price of $1 per share (2018: 3,625,000). These shares were issued to SsangYong Motor Company as part the capital infusion from the parent.

Note 19. Accumulated losses

	2019 $	2018 $
Accumulated losses at the beginning of the financial year	(3,025,615)	–
Loss after income tax expense for the year	(6,378,225)	(3,025,615)
Accumulated losses at the end of the financial year	(9,403,840)	(3,025,615)

Note 20. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2019 $	2018 $
Aggregate compensation	403,292	228,649

Note 21. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 20.

Transactions with related parties

The following transactions occurred with related parties:

	2019 $	2018 $
Purchase of goods from controlling entity		
Purchase of vehicles and parts	45,252,889	12,211,956
Other transactions:		
Reimbursement of wages paid by parent on behalf of the company	–	45,409

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2019 $	2018 $
Current payables:		
Trade payables to controlling entity	31,189,691	12,211,956

The controlling entity, SsangYong Motor Company, have provided a letter of support to the company confirming that amounts payable will not be called upon at least until the end of 18 months after the date of signing the financial report.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 22. Events after the reporting period

No matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Myong Soo Kang

Director

17 February 2020

Melbourne

THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AT 31 MARCH 2020

To the Shareholder of the MAHINDRA Europe S.r.l.

Report on the financial information prepared for consolidation purposes

Opinion

We carried out the audit of the financial statements of MAHINDRA Europe S.r.l. (the Company), consisting of the balance sheet as of March 31, 2020, the income statement, the cash flow statement for the year ended on that date and the explanatory notes.

In our opinion, the Financial Statements, closed on March 31, 2020, provide a true and correct representation of the Company's balance sheet and financial position, of the economic result and of the cash flows for the year ended on that date in compliance with the rules Italian regulations governing the drafting criteria.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (ISA Italia). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial information section of our report. We are independent from the Company in accordance with the rules and principles relating to ethics and independence applicable in the Italian law to the audit of the balance.

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

Responsibility of management and Statutory audit for the financial information

The Entity's Board of Directors is responsible for the preparation of the financial statements which provide a true and correct representation in accordance with the Italian rules governing the criteria of drafting and, within the terms established by law, for that part of the internal control which they consider necessary to allow the preparation of a financial statement that does not contain significant errors due to fraud or unintended behavior or events.

The Board of Directors is responsible for evaluating the Company's ability to continue to operate as a functioning entity and, in preparing the financial statements, for the appropriateness of the use of the going concern assumption, as well as for adequate information on the matter. The Board of Directors use the assumption of business continuity in preparing the financial statements unless they have assessed that the conditions exist for the liquidation of the Company or for the interruption of the business or have no realistic alternatives to these choices.

The board of statutory auditors is responsible for supervising, within the terms established by law, the process of preparing the Company's financial reporting.

Auditors' Responsibility for the financial information

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

As part of an audit in accordance with the International standards (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Judgment - art. 14, paragraph 2, letter e), of Legislative Decree 39/2010

The Board of Directors of MAHINDRA Europe S.r.l. are responsible for preparing the management report of MAHINDRA Europe S.r.l. as of March 31, 2020, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures indicated in the revision principle (SA Italia) n ° 720B in order to express a judgment on the consistency of the management report with the financial statements of MAHINDRA Europe S.r.l. as of March 31, 2020 and its compliance with the law, as well as to issue one statement on any significant errors.

In our opinion, the management report is consistent with the financial statements of MAHINDRA Europe S.r.l. as of March 31, 2020 and is prepared in accordance with the law.

With reference to the declaration referred to in article 14, paragraph 2, letter e), of Legislative Decree 39/2010, issued on the basis of the knowledge and understanding of the company and its context acquired during the auditing activity, we have nothing to report.

RB Audit Italia

Roberto MALLARDO
Audit Partner

Rome June, 8 2020

Financial statement as on 31/03/2020

Balance Sheet	3/31/2020 Euro	3/31/2020 INR/Lakhs	3/31/2019 Euro	3/31/2019 INR/Lakhs
Assets				
A) Accounts receivable from shareholders in respect of unpaid share capital	**0**	**0.00**	0	0.00
B) Fixed assets				
I. Intangible assets				
3) Industrial patents & intellectual property rights	**33,484**	**27.84**	27,416	22.79
7) Others	**7,128**	**5.93**	8,210	6.82
Total I	**40,612**	**33.76**	35,626	29.62
II. Tangible assets				
2) Plant & Machinery	**43,441**	**36.11**	48,621	40.42
3) Industrial & commercial equipment	**27,056**	**22.49**	39,278	32.65
4) Other Assets	**476,055**	**395.74**	284,342	236.37
Total II	**546,552**	**454.35**	372,241	309.44
III. Financial assets				
1) Equity investments in other companies	**262**	**0.22**	262	0.22
2) Receivables				
d) Other companies due beyond 12 months	**130**	**0.11**	130	0.11
Total III	**392**	**0.33**	392	0.33
Total fixed assets	**587,556**	**488.44**	408,259	339.39
C) Current assets				
I. Stock				
4) Finished goods	**11,997,644**	**9,973.64**	4,552,665	3,784.63
5) Advance	**0**	**0.00**	0	0.00
Total I	**11,997,644**	**9,973.64**	4,552,665	3,784.63
II. Accounts receivable				
1) Trade within 12 months	**6,794,696**	**5,648.43**	4,931,242	4,099.34
4) Parent Company within 12 months	**1,100,864**	**915.15**	1,280,744	1,064.68
4-bis) Tax receivables within 12 months	**87,236**	**72.52**	104,339	86.74
4-ter) Deferred Tax assets within 12 months	**245,644**	**204.20**	277,077	230.33
5) Others				
due within 12 months	**7,969**	**6.62**	17,657	14.68
due beyond 12 months	**44,440**	**36.94**	44,440	36.94
Total II	**8,280,849**	**6,884**	6,655,499	5,533
III. Financial assets other than fixed assets				
IV. Liquid assets				
1) Bank & Post office deposit	**446,403**	**371.09**	493,262	410.05
2) Bank cheque	**0**	**0.00**	0	0.00
3) Cash on hand	**6,253**	**5.20**	7,689	6.39
Total IV	**452,656**	**376.29**	500,951	416.44
Total current assets	**20,731,149**	**17,233.80**	11,709,115	9,733.79
D) Accrued income and prepaid expenses				
Total accrued income and prepaid expenses	**144,390**	**120.03**	144,097	119.79
Total assets	**21,463,095**	**17,842.27**	12,261,471	10,192.96

	3/31/2020		3/31/2019	
	Euro	**INR/Lakhs**	Euro	INR/Lakhs
Liabilities				
A) Shareholders' equity				
I. Share capital	**1,421,151**	**1,181.40**	1,421,151	1,181.40
II. Share premium reserve				
III. Revaluation reserve				
IV. Legal reserve	**43,945**	**36.53**	43,945	36.53
V. Reserve for Treasury shares				
VI. Reserves provided for by the articles on association				
VII. Other reserves				
Extraordinary reserve	**596,922**	**496.22**	596,922	496.22
Advance for share capital				
Rounding off reserve	**0**		0	
Reserve for social initiatives		**0.00**		0.00
VIII. Retained earnings (loss) carry forwards	**(692,721)**	**(575.86)**	(378,963)	(315.03)
IX. Profit (loss) for the year	**(43,031)**	**(35.77)**	(313,758)	(260.83)
Total shareholders' equity	**1,326,266**	**1,102.52**	1,369,297	1,138.30
B) Provisions for liabilities and charges				
I. Retirement benefits & similar obligations				
II. Taxes, including deferred				
III. Other	**27,863**	**23.16**	27,863	23.16
Total provision for liabilities & charges	**27,863**	**23.16**	27,863	23.16
C) Employees' leaving indemnity				
Total employees' leaving indemnity	**155,870**	**129.57**	145,430	120.90
D) Debt and Payables				
4) Banks within 12 months	**3,991,643**	**3,318.25**	3,444,320	2,863.26
7) Trade within 12 months	**2,205,815**	**1,833.69**	1,998,772	1,661.58
11) Parent Company within 12 months	**13,448,821**	**11,180.00**	4,900,618	4,073.88
12) Tax payables within 12 months	**15,239**	**12.67**	94,776	78.79
13) Social security within 12 months	**49,297**	**40.98**	54,526	45.33
14) Other within 12 months	**229,466**	**190.76**	219,650	182.60
Total Debt & payables	**19,940,281**	**16,576.36**	10,712,662	8,905.44
E) Accrued liabilities and deferred income				
Total accrued liabilities and deferred income	**12,815**	**10.65**	6,219	5.17
Total shareholders' equity and liabilities	**21,463,095**	**17,842.27**	12,261,471	10,192.96

Profit and loss account

	3/31/2020 Euro	3/31/2020 INR/Lakhs	3/31/2019 Euro	3/31/2019 INR/Lakhs
A) Revenues				
1) From sales and services	**15,993,773**	**13,295.62**	18,306,132	15,217.89
2) Changes in stocks of work in process, semi-finished and finished products				
3) Work in progress on order				
4) Capitalised internal work in progress				
5) Other revenues and income				
a) Other revenues and income	**1,430,379**	**1,189.07**	2,082,166	1,730.90
b) Contribution on trading account				
Total revenues	**17,424,152**	**14,484.70**	20,388,298	16,948.79
B) Expenses				
6) Raw materials, subsidiary materials, consumables and goods	**(19,553,287)**	**(16,254.65)**	(13,402,917)	(11,141.84)
7) Services	**(4,046,538)**	**(3,363.89)**	(5,190,782)	(4,315.10)
8) Rent/lease	**(113,379)**	**(94.25)**	(133,347)	(110.85)
9) Personnel costs				
a) salaries and wages	**(597,513)**	**(496.71)**	(632,786)	(526.04)
b) social contributions	**(186,891)**	**(155.36)**	(198,113)	(164.69)
c) employees' leaving indemnity	**(41,233)**	**(34.28)**	(47,077)	(39.14)
d) accruals for pension and similar costs				
e) other costs	**(1,452)**	**(1.21)**	(1,073)	(0.89)
Total 9)	**(827,089)**	**(687.56)**	(879,049)	(730.75)
10) Depreciation and value adjustments				
a) depreciation of intangible assets	**(24,673)**	**(20.51)**	(16,288)	(13.54)
b) depreciation of tangible assets	**(141,613)**	**(117.72)**	(89,840)	(74.68)
c) other value adjustments				
d) write down of accounts receivable recorded among current assets and liquid assets		**0.00**		0.00
Total 10)	**(166,286)**	**(138.23)**	(106,128)	(88.22)
11) Changes in raw materials, subsidiary materials, consumables and goods	**7,444,979**	**6,189.01**	(788,042)	(655.10)
12) Accruals to provisions for liabilities and charges	**0**	**0.00**	(7,038)	(5.85)
13) Other accruals	**0**	**0.00**		
14) Other operating costs	**(81,720)**	**(67.93)**	(104,269)	(86.68)
Total expenses	**(17,343,320)**	**(14,417.50)**	(20,611,572)	(17,134.40)
Difference between revenues and expenses(A–B)	**80,832**	**67.20**	(223,274)	(185.61)
C) Financial income and expense				
15) Income from shareholdings:				
– in controlled undertakings				
– in affiliated undertakings				
– other income		**0.00**		0.00
Total 15)	**0**	**0.00**	0	0.00
16) Other financial income:				
a) from accounts receivable recorded among fixed assets				
a1) controlled undertakings				
a2) from affiliated undertakings				
a3) from controlling companies				
a4) other financial income				
b) from securities recorded among fixed assets				

Profit and loss account (Cont.)

	3/31/2020 Euro	3/31/2020 INR/Lakhs	3/31/2019 Euro	3/31/2019 INR/Lakhs
c) from securities recorded among current assets				
d) other income:				
d1) from controlled undertakings				
d2) from affiliated undertakings				
d3) from controlling companies				
d4) other income	**39**	**0.03**	50	0.04
Total d)	**39**	**0.03**	50	0.04
Total 16)	**39**	**0.03**	50	0.04
17) Interest and other financial costs:				
a) from controlled undertakings				
b) from affiliated undertakings				
c) from controlling companies				
d) others financial costs	**(67,408)**	**(56.04)**	(89,468)	(74.37)
Total 17)	**(67,408)**	**(56.04)**	(89,468)	(74.37)
17-bis) Current and deferred exchange gains and losses	**(1,699)**	**(1.41)**	(579)	(0.48)
Total financial income and expense	**(69,068)**	**(57.42)**	(89,997)	(74.81)
D) Value adjustments of financial assets				
18) Write-ups:				
a) of shareholdings				
b) of financial fixed assets				
c) of securities recorded among current assets				
19) Write downs:				
a) of shareholdings				
b) of financial fixed assets		**0.00**		0.00
c) of securities recorded among current assets				
Total value adjustments to financial assets	**0**	**0.00**	0	0.00
E) Extraordinary income and costs				
20) Income:				
– capital gains on disposals of assets				
– other extraordinary income	**0**	**0.00**	0	0.00
Total 20)	**0**	**0.00**	0	0.00
21) Expenses:				
– losses on disposals of assets	**0**	**0.00**	0	0.00
– taxes of previous years		**0.00**	0	0.00
– other extraordinary costs	**0**	**0.00**	0	0.00
Total 21)	**0**	**0.00**	0	0.00
Total extraordinary income and costs	**0**	**0.00**	0	0.00
Result before taxes (A–B±C±D±E)	**11,764**	**9.78**	(313,271)	(260.42)
20) Taxes on the income for the year				
a) Current business year taxes	**(20,362)**	**(16.93)**	(5,455)	(4.53)
b) Taxes on last business year	**(3,000)**	**(2.49)**	3,000	2.49
c) Deferred tax liabilities and (assets)	**(31,433)**	**(26.13)**	1,968	1.64
23) Profit (loss) of the year	**(43,031)**	**(33.28)**	(313,758)	(263.32)

"EURO amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 83.13 = Euro 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2020".

A lakh is a unit in the Indian numering system equal to one hundred thousand (100.000).

This Financial Statement is in agreement with results of accountant records.

For The Board of Directors:

Pravin Shah

Chairman

Mumbai, 11th May 2020

Notes to the financial statements at 31/03/2020

Indian Rupees at the exchange rate of INR 83.13 = Eur 1
A lakh is a unit in the Indian numeric system equivalent to one hundred thousand (100.000).

Introduction

Dear Quotaholder,

The financial statements for the fiscal year ended 31/03/2020 show a loss of INR/ Lakhs (35.77) Eur (43.031), after amortizations amounting to INR/Lakhs 138.23 Eur 166.286.

Area of Business

Your company carries out its activities in the sector of the distribution of motor vehicles and spare parts, as official importer of Mahindra vehicles on the European markets like Italy, Spain, Slovakia, Hungary & other Eastern Europe countries.

Major events occurred during the company's fiscal year

The Company obtained from the Ministry of Transport the necessary approval extensions with the corresponding exemptions for its whole range of vehicles, in line with the applicable legal requirements.

The company launched the new models KUV100 Nxt and XUV500, in November 2019, the Goa Pik up plus in September 2019 and supported a huge marketing investment with relevant effect on the operating result.

The Company requested and obtained the renewal of the credit lines with Intesa Sanpaolo and Bank of America Merrill Lynch. They are used to finance vehicles and spare parts import, as well as short term financial needs.

Such credit lines are regulated by standard market conditions and grant the Company appropriate financial means to manage its activities.

The Company renewed the agreement with Fiditalia to offer its customers retail financing options to support vehicle sales.

During March 2020, the company temporarily closed its commercial activity in order to comply with the decrees issued by the Italian Government on the health emergency COVID-19.

Layout criteria

The criteria adopted for the preparation of the financial statements at 31/03/2020 take into account the changes introduced into domestic legislation by legislative decree 139/2015, transposing EU Directive 2013/34. Legislative decree 139/2015 amended the domestic accounting principles issued by the Italian Accounting Body (*Organismo Italiano di Contabilità* – OIC).

It was not feasible to calculate the cumulative past effects of the change in accounting principle and the determination of the past effects was too burdensome and therefore the new accounting principle OIC 15 and OIC 19 was not applied.

The financial statements have been drawn up in accordance with arts. 2423 of the Italian Civil Code, as appears from these Notes, which have been prepared pursuant to art. 2427 of the Italian Civil Code and are an integral part of the financial statements within the meaning and for the purposes of art. 2423.

Financial statement figures are expressed in whole Eur and INR/Lakhs by rounding off the relevant amounts to the nearest whole number. Any rounding-off differences were recorded under the item "INR/Lakhs Rounding-off reserve" included among the Shareholders' equity. Pursuant to article 2423(6) of the civil code, the notes were drawn up in thousands of Eur and INR/Lakhs/(in whole Eur and INR/Lakhs).

The balance sheet and P&L account items contained in these notes are set out in the order adopted in the respective section of the financial statements.

Valuation criteria

(article 2427(1)(1) of the Civil Code, OIC 12)

Financial statements items have been measured on a prudential, accruals and going-concern basis.

The prudential basis of accounting has resulted in the valuation of the single components of each asset or liability to avoid offsets between losses that should have been reported and profits that should not have been recognised as they have not been realised.

Under the accruals basis of accounting, the effect of transactions and other events has been reflected on the accounts and attributed to the fiscal year to which the transactions and events refer, and not to that in which the relevant changes to cash in hand and at bank (collections and payments) have taken place.

Pursuant to the principle of materiality, the recording, valuation, presentation and reporting obligations have not been complied with where conformance there to would have been immaterial for the purposes of a true and fair view of the position. The criteria identified for the purposes of the implementation of the principle of materiality had be not applied because there were no cases.

The consistent application of accounting principles ensures the comparability of the company's financial statements drawn up in different fiscal years.

Financial statement items have been recorded and presented having regard to the substance of the underlying transaction or contract.

Exceptions

(article 2423 (5) of the Civil Code)

No exceptional cases have occurred which have made it necessary to adopt the derogations pursuant to article 2423(5) of the civil code.

Fixed assets

Intangible assets

These have been recorded at their historical purchase cost net of the relevant yearly amortisation charged to the individual items.

The costs relating to industrial patent rights and intellectual property rights, licenses, concessions and trademarks whose effects regard several different years are depreciated over a period of 5 business years, while the costs for the approval of vehicles are amortized over a period of 3 business years.

Software licenses were recorded in the assets and are amortized over a period of 2 business years.

Improvements to third party assets are amortized with rates depending upon the duration of the contract.

In the event that, regardless of the depreciation booked, a permanent loss of value occurs, the asset is written down accordingly. If in the following years the reasons for the write-down cease to exist, the original value, adjusted by depreciation, is restored.

Tangible assets

These have been recorded at their purchase cost and are adjusted by the relevant accumulated depreciation.

The book value includes any ancillary costs and the costs incurred for the use of the asset, less any trade discounts and any significant cash discounts.

The depreciation charged to profit and loss account has been calculated on the basis of the remaining useful life of the assets, taking into account their use, destination and economic-technical life, which we believe are well reflected by the following rates, unchanged compared to the previous fiscal year and halved in the year in which the asset has entered operation:

PLANTS AND MACHINERY

- Specific plants 15%
- Generic plants 10%
- Alarm systems 30%
- Telephone systems 20%

INDUSTRIAL AND COMMERCIAL EQUIPMENT

- Miscellaneous equipment 15%
- Presses 15%

OTHER GOODS

- Electronic machines 20%
- Motor vehicles 20%
- Office furniture and machinery 12%
- Cars 25%
- Fixed equipment 10%

In the event that, regardless of the depreciation booked, a permanent loss of value occurs, the fixed assets are written down accordingly. If in the following years the reasons for the write-down cease to exist, the original value, adjusted by depreciation, is restored.

Finance lease transactions

Finance lease transactions are shown in the financial statements using the net asset method, by charging the lease payments to the profit and loss account on an accruals basis. The additional information required by the law on the representation of finance lease agreements under the financial method is contained in a specific section of the notes.

Accounts receivable

The amortised cost method was not applied since its effects are immaterial for the purpose of giving a true and fair view. Therefore, accounts receivable have been recorded at their presumed realisable value, without prejudice for the possibility to apply time discounting. The adjustment of the nominal value of receivables to the assumed realizable value is obtained through a reserve for bad debts, taking into consideration the general and industrial economic conditions and country risk.

Accounts receivable recorded in the financial statements before the fiscal year starting 1 January 2016 have been recorded at their presumed realisable value since, as provided by accounting principle OIC 15, it was decided not to apply the amortised cost method and time discounting.

The nominal value of the accounts receivable was adjusted to the presumed realisable value by a bad debt reserve, having regard also to any indicators of permanent impairment.

Accounts receivable originally due within one year and subsequently transformed into long-term receivables were recorded in the balance sheet among financial assets.

Accounts receivable are written off when the contractual rights to receive the relevant cash flows have been extinguished or when the risks in connection with the payment of the receivables have been transferred.

Accounts payable

The amortised cost method was not applied since its effects are immaterial for the purpose of giving a true and fair view. Therefore, accounts payable have been recorded at their nominal value, without prejudice for the possibility to apply time discounting.

Accounts payable recorded in the financial statements before the fiscal year starting 1 January 2016 have been recorded at their nominal value since, as provided by accounting principle OIC 19, it was decided not to apply the amortised cost method and time discounting.

Accrued income/liabilities – pre payments / deferred income

These have been determined on an accruals basis.
With regard to accrued income / liabilities and prepayments/deferred income of a duration exceeding one year, we checked the conditions for their original entry and adopted any necessary changes.

Inventory

Raw materials, auxiliary materials and finished products have been recorded at the lower of purchase or manufacturing cost and realisable value as inferred from market trend, applying the weighted average cost method for spare parts and the specific cost method for vehicles.

Production cost includes the direct and indirect costs incurred during production, which are necessary for stocks to be in the current place and conditions.

On 31/03/2020 the company has not goods-in-process and work-in-progress goods.

The value thus obtained is then adjusted by the “provision for stock obsolescence” in order to take into account those goods which are expected to be realised at a value lower than cost.

Any stocks which were written down but in respect of which in subsequent years the reasons for the write-down to their realisation value ceased to exist, were restored to their original value.

Securities

The company does not hold any securities.

Shareholdings

The company does not hold any shareholdings in subsidiary and affiliated.

The shareholdings included among current assets, which do not represent a long-term investment, have been valued at the lower of purchase cost and realisable value as inferred from market trend.

Treasury shares

The company does not hold any treasury shares.

Derivative financial instruments

The company does not hold any derivative financial instruments.

Provisions for contingent liabilities and charges

These provisions are set aside for the coverage of losses or liabilities that are certain or likely to arise, but whose amount or date of occurrence could not be determined at the year-end.

The provisions have been measured on a prudential and accruals basis and no generic funds without economic justification were created.

Any potential liabilities were carried to the financial statements and recorded in the relevant provisions as they were considered likely to arise and their amount could be reasonably estimated.

Provision for employees’ leaving indemnity

This consists of the amounts actually accrued in favour of the employees pursuant to the law and the current collective bargaining agreements, taking into account any elements of remuneration paid on a continuous basis.

The provision includes the total payments accrued for employees at the year-end net of any advances paid, and assuming termination of their employment relationship at such date.

The provision does not include any amounts accrued starting from 1 January 2007 that have been paid into complementary pension schemes pursuant to legislative decree no. 252 dated 5 December 2005 (or transferred to the special-purpose fund managed by the Italian social security authority - INPS).

Income taxes

The provision for taxes has been set aside on an accruals basis and includes the following:

- accruals in respect of the taxes paid or to be paid for the year, determined at the current rates and in accordance with the rules in force;
- the amount of deferred tax assets or liabilities in respect of temporary differences which arose or were written off in the year;
- any adjustments to the balance of deferred taxes to account for changes in the tax rates occurred/for the introduction of the new tax during the year.

Deferred IRES assets and liabilities are calculated on the temporary differences between the assets and liabilities determined in accordance with civil code principles and the corresponding tax values, solely with regard to the company.

Current IRAP and any deferred IRAP assets and liabilities are determined solely with regard to the company.

Recognition of income

Proceeds from sales are recognised at the time of the transfer of ownership which usually coincides with the delivery or forwarding of the goods;

Financial income and income from the provision of services is recognised on an accruals basis.

Revenue and proceeds, costs and charges related to transactions in foreign currency are determined at the exchange rate in force at the date when the relevant transaction takes place.

Only the accrued portion of the income and costs related to buy/sell-back transactions, including the difference between the spot price and the forward price, is recognised.

Adjustment criteria

The company not applied the adjustment criteria.

Criteria for the translation of accounts in foreign currency

Accounts payable and receivable denominated in foreign currency and recorded at the exchange rates in force on the date of the transaction, are retranslated at the exchange rates ruling at the year-end as determined by Bank of Italy.

In particular, assets and liabilities which constitute assets and liabilities in foreign currency are recorded at the spot exchange rate ruling at the year-end and the relevant exchange gains and losses have been taken to the Profit and Loss Account under item 17bis “Exchange gains and losses”.

Any net gain deriving from the adjustment of the items in foreign currency to the year-end exchange rates is included in the result for the year and, at the time of the financial statements approval and appropriation of the operating result to the legal reserve, the part which is not offset against the loss for the year, if any, is apportioned to a reserve which is not distributable until the gain is realised.

Non-current assets and liabilities in foreign currency are recorded at the exchange rate ruling at the time of purchase.

No significant effects of the changes to the exchange rates occurred between the year-end and the financial statements preparation date. (article 2427(1)(6-bis) of the Civil Code).

Commitments, guarantees and potential liabilities

Commitments, which are not recorded in the balance sheet, consist of obligations assumed by the company vis-à-vis third parties and arising from legal arrangements with mandatory effects but not yet implemented by either party. Commitments include both commitments in respect of which both the relevant execution and amount is known (for instance, on buy/sell-back transactions) and commitments which are definitely going to be executed but whose amount is unknown (for example, agreement with a price adjustment clause). The amount of the commitments is their nominal value as inferred from the relevant documentation.

The company didn't provide guarantees include personal guarantees and collaterals.

I. Intangible assets

EUR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
40.612	35.626	4.986

INR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
33.76	29.62	4.14

Analysis of changes in intangible assets

(article 2427(1)(2) of the Civil Code)

EUR

	Start-up and expansion costs	**Development costs**	**Industrial patent rights**	**Concessions, licenses, trademarks**	**Goodwill**	**Work-in-progress and advances**	**Other intangible assets**	**Total intangible assets**
Opening balance								
Purchase value			27.416				8.210	35.626
Balance at			27.416				8.210	35.626
increases for the year			29.660					29.660
Amortisation charge for the year			23.592				1.082	24.673
Other changes								
Total changes								
Closing balance			6.068				(1.082)	4.986
Purchase value			33.484				7.128	40.612
Balance at			33.484				7.128	40.612

INR

	Start-up and expansion costs	**Development costs**	**Industrial patent rights**	**Concessions, licenses, trademarks**	**Goodwill**	**Work-in-progress and advances**	**Other intangible assets**	**Total intangible assets**
Opening balance								
Purchase value			22.79				6.82	29.62
Balance at			22.79				6.82	29.62
decreases for the year			24.66					24.66
Amortisation charge for the year			19.61				0.90	20.51
Other changes								
Total changes								
Closing balance			5.04				(0.90)	4.14
Purchase value			27.84				5.93	33.76
Balance at			27.84				5.93	33.76

Increases refer to the acquisition of long-term vehicle approvals and to the new server operating system.

Reclassifications

(article 2427(1)(2) of the civil code)

No reclassification has been made from the prior year's financial statements presentation.

Write-downs and reversals of write-downs made during the year

(article 2427(1)(2) and (3-bis) of the Civil Code)

No write-down and reversals of write-downs has been made during the year.

Composition of start-up and expansion costs and development costs

(Article 2427(1)(3) of the civil code)

No Start-up and expansion costs and Development costs has been made.

Contributions toward investments

During the year ended 31/03/2020 the company received capital grants for the acquisition of software licenses; the indirect method was chosen to account for these contributions.

The disbursement of contributions did not entail restrictions and restrictions on the free use of intangible assets.

II. Tangible assets

EUR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
546.553	372.241	174.312

INR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
454.35	309.44	144.91

EUR

	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Work in progress and advances	Total tangible assets
Opening balance					
Purchase value	120.937	169.471	496.341		786.749
Accumulated depreciation	72.316	130.193	211.999		414.508
Balance at	48.621	39.278	284.342		372.241
Changes during the year					
Increases for the year	2.868		413.353		416.221
decreases for the year			100.296		100.296
Amortisation charge for the year	8.048	12.222	121.343		141.316
Total changes	(5.180)	(12.222)	191.714		174.312
Closing balance					
Purchase value	121.937	169.472	780.177		1.071.586
Accumulated depreciation	78.496	142.416	304.121		525.033
Balance at	43.441	27.056	476.056		546.553

INR

	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Work in progress and advances	Total tangible assets
Opening balance					
Purchase value	100.53	140.88	412.61	–	654.02
Write-ups					
Accumulated depreciation	60.12	108.23	176.23	–	344.58
Balance at	40.42	32.65	236.37	–	309.44
Changes during the year					
Increases for the year	2.38	–	343.62	–	346.00
decreases for the year	–	–	83.38	–	83.38
Amortisation charge for the year	6.69	10.16	100.87	–	117.72
Total changes	(4.31)	(10.16)	159.37	–	144.91
Closing balance					
Purchase value	101.37	140.88	648.56	–	890.81
Accumulated depreciation	65.25	118.39	252.82	–	436.46
Write-downs					
Balance at	36.11	22.49	395.75	–	454.35

No review of the useful life of capital assets has been made during the financial year.

Increases and decreses refers to the purchase and sale of company vehicles.

Write-downs and reversals of write-downs made during the year

(article 2427(1)(2) and (3-*bis*) of the Civil Code)

No tangible fixed assets were subject to previous revaluations or devaluations.

Total revaluations of tangible assets at the year-end

(Article 2427(1)(2) of the civil code)

No monetary revaluations has been made.

Contributions toward investments

The company during the year ended 31/03/2020 has not applied for contributions toward investments.

Finance lease transactions

The company has in place 1 main finance lease agreements. We set out below the information regarding the main agreements pursuant to article 2427 (1)(22) of the civil code:

- lease agreement no. 00928065/001 dated 09/06/2009;
- term of the agreement 216 months;
- asset industrial building;
- cost of the asset in INR/Lakhs 1,411.80 Eur 1.698.300
- initial higher lease payment (maxicanone) of INR/Lakhs 211.77 Eur 254,745 made on 11/06/2009;

Description	EUR Amount
Aggregate amount of finance leased assets at the year-end	1.137.861
Amount of depreciation that would have been charged in the year	50.949
Value adjustments and write-ups that would have been recognised in the year	(101.758)
Net present value of outstanding finance lease payments at the year-end	793.180
Financial costs accrued for the year based on the effective interest rate	34.976

Description	INR Amount
Aggregate amount of finance leased assets at the year-end	945.90
Amount of depreciation that would have been charged in the year	42.35
Value adjustments and write-ups that would have been recognised in the year	(84.59)
Net present value of outstanding finance lease payments at the year-end	659.37
Financial costs accrued for the year based on the effective interest rate	29.08

III. Financial assets

EUR

Balance at 31/03/2020	Balance at 31/03/2020	Difference
392	392	0

INR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
0.33	0.33	

Changing in Shareholdings

EUR

	Controlled undertakings	Affiliated undertakings	Controlling companies	Undertakings under control by the controlling companies	Other companies	Total shareholdings	Other securities	Derivative financial instruments
Opening balance								
Purchase value				262		262		
Balance at				262		262		
Closing balance								
Purchase value				262		262		
Balance at				262		262		

INR

	Controlled undertakings	Affiliated undertakings	Controlling companies	Undertakings under control by the controlling companies	Other companies	Total shareholdings	Other securities	Derivative financial instruments
Opening balance								
Purchase value					0.22	0.22		
Balance at					0.22	0.22		
Closing balance								
Purchase value					0.22	0.22		
Balance at					0.22	0.22		

Shareholdings

The shareholdings recorded among financial fixed assets constitute a long-term strategic investment for the company.

The shareholdings in Other companies are recorded at the purchase or subscription cost.

The shareholdings recorded at purchase cost have not been written down as a result of a permanent value impairment and no cases occurred in which the original value of a written-down shareholding was restored.

The company don't has shareholdings in controlled or affiliated companies.

No destination of shareholding under fixed assets was changed.

No restrictions are put by any investing company on shareholdings recorded under fixed assets, nor pre-emptive or preferential rights exist thereupon.

No significant transaction was carried out with companies belonging to CONAI, CONOU and Ecotyre Groups.

Derivative financial instruments

EUR

Balance at 31/03/2020	Balance at 31/03/2019	Difference

INR

Balance at 31/03/2020	Balance at 31/03/2019	Difference

No financial instruments such as forward contracts in foreign currency, swap, future, or other options tied to derivative contracts intended for being maintained beyond the following financial year.

Accounts receivable

EUR

	Controlled undertakings	Affiliated undertakings	Controlling companies	Undertakings under control by the controlling companies controllanti	Other companies	Total accounts receivable
Opening balance					130	130
Changes during the year					130	130
Closing balance					130	130
Due within one year						
Due after more than one year					130	130

INR

	Controlled undertakings	Affiliated undertakings	Controlling companies	Undertakings under control by the controlling companies controllanti	Other companies	Total accounts receivable
Opening balance					0.11	0.11
Changes during the year						
Closing balance					0.11	0.11
Due within one year						
Due after more than one year					0.11	0.11

The item credits to other companies has been entered, for an amount equal to INR/Lakhs 0.11 EUR 130, refer to the caution deposits made to Italian suppliers of Electricity, Water & Gas, whose details are given below.

EUR

Description	**31/03/2019**	**increases**	**Write-ups**	**reclassifications**	**decreases**	**Write-dows**	**31/03/2019**
Other companies	130						**130**
Total	130						**130**

INR

Description	**31/03/2019**	**increases**	**Write-ups**	**reclassifications**	**decreases**	**Write-dows**	**31/03/2019**
Other companies	0.11						**0.11**
Total	**0.11**						**0.11**

The company has not signed a centralized group Treasury contract to optimise the use of financial resources (cash pooling contract).

Breakdown of the accounts receivable by geographical area

The following table shows a breakdown of the accounts receivable at 31/03/2020 by geographical area (article 2427(1)(6) of the Civil Code).

EUR

Accounts receivable by geographical area	**From controlled undertakings**	**From affiliated undertakings**	**From controlling companies**	**From undertakings under control by the controlling company**	**From other companies**	**Total**
Italia					130	**130**
Total					130	**130**

INR

Accounts receivable by geographical area	**From controlled undertakings**	**From affiliated undertakings**	**From controlling companies**	**From undertakings under control by the controlling company**	**From other companies**	**Total**
Italia					0.11	**0.11**
Total					0.11	**0.11**

Other securities

EUR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
262	262	

INR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
0.22	0.22	

The following changes occurred in the year: increasing to participate in the consortium for the recovery of waste oils.

Analysis of the value of financial fixed assets

EUR

Description	**accounting value**	**Fair value**
Investments in other companies	262	
Credits to other	130	

INR

Description	**accounting value**	**Fair value**
Investments in other companies	0.22	
Credits to other	0.11	

Detail of the value of immobilized investments in other companies

EUR

Description	**accounting value**	**Fair value**
CONAI	12	
Ecotyre	50	
Conou	200	
Total	262	

INR

Description	**accounting value**	**Fair value**
CONAI	0.01	
Ecotyre	0.04	
Conou	0.17	
Total	0.22	

Detail of the value of the loans immobilized towards others

EUR

Description	**accounting value**	**Fair value**
ACEA (Acqua)	104	
Fratelli De Carolis	26	
Total	130	

INR

Description	**accounting value**	**Fair value**
ACEA (Acqua)	0.09	
Fratelli De Carolis	0.02	
Total	0.11	

The financial statements do not include financial fixed assets whose amount is higher than their fair value.

C) Current assets

I. Inventory

EUR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
11.997.644	4.552.665	7.444.979

INR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
9,973.64	3,784.63	6,189.01

Accounting policies have been applied consistently with the prior year as explained in the introduction to these notes.

The adopted assessment does not significantly differ from the one using the current cost approach.

The value of inventories is composed of:

EUR

Description	**Amount at 31/03/2020**	**N. vehicles**
Vehicles in stock	**9.994.954**	1372
Vehicles km 0	**96.585**	7
Vehicles in transit	**0**	0
Spare parts and accessories	**1.640.948**	N/A
Equipment and advertising	**265.174**	N/A
Total	**11.997.644**	

INR

Description	**Amount at 31/03/2020**	**N. vehicles**
Vehicles in stock	**8,308.81**	1372
Vehicles km 0	**80.29**	7
Vehicles in transit	**–**	0
Spare parts and accessories	**1,364.10**	N/A
Equipment and advertising	**220.44**	N/A
Total	**9,973.64**	

The increase in vehicles in stock is due to the supply of the KUV100 model, while vehicles at Km. 0 are related to the XUV5oo W10 model.

The item vehicles in stock refers to cars in storage at the Ariccia headquarters, at the depository company located in Spain and at the depository company located in Livorno.

There are no commitments contractually undertaken for works and services still to be performed at year end

The Company has not used its stock obsolescence provision, which was amounting to INR/Lakhs 0 at 31/03/2020.

Any contractual undertakings in respect of works and services to be carried out at the year-end.

EUR

Description	**Opening balance**	**Changes during the year**	**Closing balance**
Finished products and goods	4.552.665	7.444.979	**11.997.644**
Total	4.552.665	7.444.979	**11.997.644**

INR

Description	**Opening balance**	**Changes during the year**	**Closing balance**
Finished products and goods	3,784.63	6,189.01	**9,973.64**
Total	3,784.63	6,189.01	**9,973.64**

II. Accounts Receivable

EUR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
8.280.849	6.655.499	1.625.350

INR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
6,883.87	5,532.72	1,351.15

Changes and expiration of receivables entered in the circulating assets

EUR

Description	Opening balance	Changes during the year	Closing balance	Due within one year	Due after more than one year	Due after more than five years
From customers	4.931.242	1.863.454	6.794.696	6.794.696		
From controlling companies	1.277.816	(176.952)	1.100.864	1.100.864		
From undertakings under control by the controlling companies	2.928	(2.928)				
Tax credits	104.339	(17.103)	87.236	87.236		
Deferred tax assets	277.077	(31.433)	245.644			
Other accounts receivable	62.097	(9.688)	52.409	7.969	44.440	
Total	6.655.499	1.625.350	8.280.849	7.990.765	44.440	

INR

Description	Opening balance	Changes during the year	Closing balance	Due within one year	Due after more than one year	Due after more than five years
From customers	4,099.34	1,549.09	5,648.43	5,648.43	–	–
From controlling companies	1,062.25	(147.10)	915.15	915.15	–	–
From undertakings under control by the controlling companies	2.43	(2.43)				
Tax credits	86.74	(14.22)	72.52	72.52	–	–
Deferred tax assets	230.33	(26.13)	204.20	–	–	–
Other accounts receivable	51.62	(8.05)	43.57	6.62	36.94	–
Total	5,532.72	1,351.15	6,883.87	6,642.72	36.94	–

The company took advantage of the possibility not to follow the amortised cost method and not to time discount accounts receivable.

Therefore, accounts receivable have been recognised at their presumed realisable value.

The item “Credits towards the Controlling company” includes the credit for repairs and services rendered on behalf or to the benefit of the parent company, as well as the costs for advertising campaigns.

The item “Other accounts receivable” at 31/03/2020, for an amount of INR/Lakhs 43.57 Eur 52,409 consists of the following :

Description	EUR Amount
Receivables from insurance for TFR	44.440
Receivables from insurance companies	846
Receivables from INAIL	6.997
Receivables from others	125
Total	52.409

Description	INR Amount
Receivables from insurance for TFR	36.94
Receivables from insurance companies	0.70
Receivables from INAIL	5.82
Receivables from employees	0.10
OTHERS	43.57

The deferred tax assets of INR/Lakhs 204.20 Eur 245.644 are in connection with tax loss carryovers in an amount of INR/Lakhs 850.85 Eur 1.023.517. For a description of the reasons which make it possible to recognise the potential tax benefit in connection with the losses, please refer to the relevant paragraph of these notes.

Break-down of the accounts receivable by geographical area

The following table shows a break-down of the accounts receivable at 31/03/2020 by geographical area (article 2427(1)(6) of the Civil Code):

EUR

Accounts receivable by geographical area	From customers	From controlling companies	From undertakings under control by the controlling companies	From controlling companies	Advances on tax payments
ITALY	6.615.228				
INDIA				1.100.864	
SPAIN	101.296				
MACEDONIA	31.023				
SERBIA	29.539				
FRANCIA	14.355				
AUSTRIA	3.255				
Total	**6.794.696**			**1.100.864**	

INR

Accounts receivable by geographical area	From customers	From controlling companies	From undertakings under control by the controlling companies	From controlling companies	Advances on tax payments
ITALY	5,499.24				
INDIA	-			915.15	
SPAIN	84.21				
MACEDONIA	25.79				
SERBIA	24.56				
FRANCE	11.93				
AUSTRIA	2.71				
Total	**5,648.43**			**915.15**	

The nominal value of the accounts receivable has been adjusted by a bad debts reserve that during the year changed as follows:

EUR

Description	Bad debt reserve pursuant to article 2426 of the civil code	Bad debt reserve pursuant to art. 106 of the Italian income tax code	Total
Balance at 31/03/2019	81.719	98.844	180.563
Amount used in the year	29.896		29.896
Balance at 31/03/2020	51.823	**98.844**	**150.667**

INR

Description	Bad debt reserve pursuant to article 2426 of the civil code	Bad debt reserve pursuant to art. 106 of the Italian income tax code	Total
Balance at 31/03/2019	67.93	82.17	150.10
Amount used in the year	24.85		24.85
Balance at 31/03/2020	43.08	**82.17**	**125.25**

No account receivable with significant amount, not transferred with recourse and not accounts receivable put up as collateral of own accounts payable or commitments.

IV. Cash-in-hand, cash-at-bank and cash equivalents

EUR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
452.656	500.951	(48.295)

INR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
376.29	416.44	40.15

EUR

Description	Opening balance	Changes during the year	Closing balance
Bank and postal deposits	493.262	(46.859)	**446.403**
Cash and cash equivalents	7.689	(1.436)	**6.253**
Rounding off	500.951	(48.295)	**452.656**

INR

Description	Opening balance	Changes during the year	Closing balance
Bank and postal deposits	410.05	(38.95)	**371.09**
Cash and cash equivalents	6.39	(1.19)	**5.20**
Rounding off	416.44	(40.15)	**376.29**

The balance reflects the cash-in-hand, cash-at-bank and cash equivalents at the year-end.

D) Accrued income/prepayments

EUR

Saldo al 31/03/2020	Saldo al 31/03/2019	Variazioni
144.390	144.097	293

INR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
120.03	119.79	0.24

They constitute the adjustment to costs and income pertaining to more than one fiscal year, incurred and earned before actual payment or collection and calculated on an accrual basis.

The criteria adopted for the recognition and translation of items in foreign currency have been reported in the first part of these notes.

At 31/03/2020, there were no accrued income/prepayments of a duration exceeding five years.

EUR

	Accrued income	Prepayments	Total
Opening balance		144.097	**144.097**
Changes during the year		293	**293**
Closing balance		144.390	**144.390**

INR

	Accrued income	Prepayments	Total
Opening balance		119.79	**119.79**
Changes during the year		0.24	**0.24**
Closing balance		120.03	**120.03**

This item can be broken down as follows (article 2427(1)(7) of the Civil Code):

EUR

Description	Amount
Insurance and road tax	**30.288**
Maxi rate for lease	**101.427**
multifunction copier rental	**311**
Software maintanance	**8.841**
Maintenance expenses	**3.130**
telephone expenses	**393**
	144.390

Description	INR Amount
Insurance and road tax	**25.18**
Maxi rate for lease	**84.32**
multifunction copier rental	**0.26**
Software maintanance	**7.35**
Maintenance expenses	**2.60**
telephone expenses	**0.33**
	120.03

Liabilities

A) Shareholder equity

(article 2427(1)(4),(7) and (7-bis) of the Civil Code)

EUR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
1.326.266	1.369.297	(43.031)

INR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
1,102.52	1,138.30	(35.77)

EUR

		Allocation of the profit for the previous fiscal year		Other changes				
	Opening balance	Allocation of dividends	Other allocations	Increases	Decreases	Reclassifications	Profit for the fiscal year	Closing balance
Share capital	1.421.151							1.421.151
Legal reserve	43.945							43.945
Extraordinary reserve	321.813					29.465		351.278
Others …	275.109					(29.465)		245.644
Total various other reserves	596.922							596.922
Retained earnings (losses carried forward)	(378.963)			(313.758)				(692.721)
Profit (Loss) for the year	(313.758)			(43.031)	(313.758)		(43.031)	(43.031)
Negative reserve for Treasury Shares								
Total	1.369.297			(356.789)	(313.758)		(43.031)	1.326.266

INR

		Allocation of the profit for the previous fiscal year		Other changes				
	Opening balance	Allocation of dividends	Other allocations	Increases	Decreases	Reclassifications	Profit for the fiscal year	Closing balance
Share capital	1,181.40							1,181.40
Legal reserve	36.53							36.53
Extraordinary reserve	267.52					24.49		292.02
Others …	228.70					(24.49)		204.20
Total various other reserves	496.22							496.22
Retained earnings (losses carried forward)	(315.03)			(260.83)				(575.86)
Profit (Loss) for the year	(260.83)			(35.77)	(260.83)		(35.77)	(35.77)
Negative reserve for Treasury Shares								
Total	1,138.30			(296.60)	(260.83)		(35.77)	1,102.52

Detail of other reserves

Description	**EUR Amount**
Reserve for DTA (not dividend distribution)	**245.644**
Total	**245.644**

Description	**INR Amount**
Reserve for DTA (not dividend distribution)	**204.20**
Total	**204.20**

Use of shareholders' equity

The items of the shareholders' equity are broken down as follows according to their origin, possible use, distributability and use made in the three prior years (article 2427(1)(7-*bis*) of the Civil Code)

EUR

Nature/description	Amount	Origin/nature	Possible use (*)	Available amount (**)	Amount used for cover losses	Amount used for other reasons
Share capital	1.421.151	Subscription of Company Quote	B			
Share premium reserve			A,B,C,D			
Revaluation surplus			A,B			
Legal reserve	43.945	Profit	A,B			
Reserves provided for by the articles of association			A,B,C,D			
Other reserves	–					
Extraordinary reserve	351.278	Profit	A,B,C,D	351.278		
Various other reserves	245.644					
Total various other reserves	596.922			351.278		
Retained earnings (losses carried forward)	(692.721)					
Total	**1.369.297**			**351.278**		
Non-distributable share						
Residual distributable share				351.278		

INR

Nature/description	Amount	Origin/nature	Possible use (*)	Available amount (**)	Amount used for cover losses	Amount used for other reasons
Share capital	1,181.40	Subscription of Company Quote	B			
Share premium reserve			A,B,C,D			
Revaluation surplus			A,B			
Legal reserve	36.53	Profits	A,B			
Reserves provided for by the articles of association			A,B,C,D			
Other reserves						
Extraordinary reserve	292.02	Profits	A,B,C,D	292.02		
Various other reserves	204.20					
Total various other reserves	496.22			292.02		
Retained earnings (losses carried forward)	(575.86)					
Total	**1,138.30**			**292.02**		
Non-distributable share						
Residual distributable share				292.02		

(*) A: for capital increase; B: for loss coverage; C: for distribution to shareholders; D: for other obligations imposed by the articles of association

(**) After deduction of the negative reserve for treasury shares, if any, and of tax loss carryovers.

Use of shareholders' equity various other reserves

EUR

Nature/description	Amount	Origin/nature	Possible use (*)	Available amount (**)	Amount used for cover losses	Amount used for other reasons
Reserve for DTA (not dividend distribution)	245.644	Profits	B			
			A,B,C,D			
			A,B,C,D			
Total	**245.644**					

INR

Nature/description	Amount	Origin/nature	Possible use (*)	Available amount (**)	Amount used for cover losses	Amount used for other reasons
Reserve for DTA (not dividend distribution)	204.20	Profits	B			
			A,B,C,D			
			A,B,C,D			
Total	**204.20**					

(*) A: for capital increase; B: for loss coverage; C: for distribution to shareholders; D: for other obligations imposed by the articles of association

Information on the creation and use of shareholders' equity

As provided by article 2427(1)(4) of the civil code, we set out below the information on the creation and use of shareholders' equity items:

EUR

	Share capital	Legal reserve	Reserve	Result for the year	Total
At the beginning of the prior year	1.421.151	43.945	596.922	(378.963)	1.683.055
– other appropriations				(313.758)	(313.758)
increases			(378.963)		(378.963)
reclassification				378.963	378.963

EUR

	Share capital	Legal reserve	Reserve	Result for the year	Total
Result of the prior year				(313.758)	
At the prior year-end	1.421.151	43.945	217.959	(313.758)	1.369.297
Appropriation of the result for the year					
– other appropriations					
increases			(313.758)	(43.031)	(356.789)
decreases				(313.758)	(313.758)
– Reclassifications					
Current year's result				(43.031)	
At the current year-end	1.421.151	43.945	(95.799)	(43.031)	1.326.266

INR

	Share capital	Legal reserve	Reserve	Result for the year	Total
At the beginning of the prior year	1,181.40	36.53	496.22	(315.03)	1,399.12
– other appropriations				(260.83)	(260.83)
– Increases			(315.03)		(315.03)
– Reclassifications				315.03	315.03
Result of the prior year				(260.83)	
At the prior year-end	1,181.40	36.53	181.19	(260.83)	1,138.30
Appropriation of the result for the year					
– dividends					
– other appropriations					
Other changes					
– Increases			(260.83)	(35.77)	(296.60)
– Decreases				(260.83)	(260.83)
– Reclassifications					
Current year's result				(35.77)	
At the current year-end	1,181.40	36.53	(79.64)	(35.77)	1,102.52

The share capital amounts to Euro 1.421.151 - INR/Lakhs 1,181.40 and is made up of quotas with a nominal value of 1 Euro, held by and fully available to the sole shareholder as no burdens exist on them. At year-end the shares subscribed are paid in as the total amount of the share capital was fully paid-up.

Reserves or other funds which in the event of distribution are not included in the company's taxable income, regardless of the period in which they were created.

Reserves	EUR Amount
Reserve for losses cover on 31/03/2014	**11.074**
Total	**11.074**

Reserves	INR Amount
Reserve for losses cover on 31/03/2014	**9.21**
Total	**9.21**

B) Provision for contingent liabilities and charges
(article 2427(1)(4) of the Civil Code)

EUR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
27.863	27.863	

INR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
23.16	23.16	0

EUR

	Provision for pension and similar benefits	Provision for taxes, including deferred taxes	Derivative financial instruments	Other provisions companies	Total
Value at the beginning of the year				27.863	27.863
Changes in the year:					
Increases as a result of changes in the fair value					
Decreases as a result of changes in the fair value					
Total changes					
Value at the end of the year				27.863	27.863

INR

	Provision for pension and similar benefits	Provision for taxes, including deferred taxes	Derivative financial instruments	Other provisions companies	Total
Value at the beginning of the year				23.16	23.16
Changes in the year:					
Increases as a result of changes in the fair value					
Decreases as a result of changes in the fair value					
Total changes					
Value at the end of the year				23.16	23.16

The increases are in connection with the accrual for the year, while decreases consist of amounts used in the year.

The item "Other provisions" at 31/03/2020, of INR/Lakhs 23.16 Eur 27,863 is composed as follows: (article 2427(1)(7) of the civil code).

EUR

Description	**As at 31/03/2020**
Fund for guarantees	**27.863**
Fund for tax assessment	**0**
	27.863

INR

Description	**As at 31/03/2020**
Fund for guarantees	**23.16**
Fund for tax assessment	**0**
	23.16

The accrual to these provisions was justified by the fact that (i) the other provisions were made to the Warranty fund, because it has been considered not adequate to cover contract discrepancies between what has been acknowledged by the Company and what has been received by the Parent company.

During the year, the value of the provision for warranty not changed and is deemed to be enough.

C) Indemnity for Employees leaving the Company
(article 2427(1)(4) of the Civil Code)

EUR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
155.870	145.430	10.440

INR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
129.57	120.90	8.68

The difference can be described as follows.

EUR

	Indemnity for Employees leaving company
Value at the beginning of the year	**145.450**
Changes in the year:	**–**
Increases as a result of changes in the fair value	**10.440**
Total changes	**10.440**
Value at the end of the year	**155.870**

INR

	Indemnity for Employees leaving company
Value at the beginning of the year	**120.90**
Changes in the year:	**8.68**
Increases as a result of changes in the fair value	**–**
Total changes	**8.68**
Value at the end of the year	**129.57**

The provision consists of the amounts payable at 31/03/2020 to the employees on the company's payroll at that date, net of any advances paid.

This consists of the amounts actually accrued in favour of the employees pursuant to the law and the current collective bargaining agreements, taking into account any elements of remuneration paid on a continuous basis.

The provision includes the total amounts accrued at 31 December 2006 for employees at the year-end, net of any advances paid, and assuming termination of their employment relationship at such date.

The provision does not include any amounts accrued starting from 1 January 2007 that have been paid into complementary pension schemes pursuant to legislative decree no. 252 dated 5 December 2005 (or transferred to the special-purpose fund managed by the Italian social security authority - INPS).

In the year after 31/03/2020 employees are not expected to receive a estimated employees' leaving indemnity as a result of incentivised dismissals and corporate reorganisation plans.

D) Accounts payable
(article 2427(1)(4) of the Civil Code)

EUR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
19.940.282	10.712.662	9.227.620

INR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
16,576.36	8,905.44	7,670.92

The balance can be broken down by due date as follows (article 2427(1)(6) of the Civil Code):

EUR

	Value at the beginning of the year	**Changes in the year**	**Value at the end of the year**	**Falling due within one year**	**Falling due after more than one year**	**Due after more than five years**
Accounts payable to banks	3.444.320	547.324	3.991.644	3.991.644		
Accounts payable to suppliers	1.998.772	207.043	2.205.815	2.205.815		
Accounts payable to controlling companies	4.900.618	8.548.203	13.448.821	13.448.821		
Taxes payable	94.776	(79.537)	15.239	15.239		
Accounts payable to social security institutions	54.526	(5.229)	49.297	49.297		
Other accounts payable	219.650	9.816	229.466	229.466		
Total	**10.712.662**	**9.227.620**	**19.940.282**	**19.940.282**		

INR

	Value at the beginning of the year	**Changes in the year**	**Value at the end of the year**	**Falling due within one year**	**Falling due after more than one year**	**Due after more than five years**
Accounts payable to banks	2,863.26	454.99	3,318.25	3,318.25		
Accounts payable to suppliers	1,661.58	172.11	1,833.69	1,833.69		
Accounts payable to controlling companies	4,073.88	7,106.12	11,180.00	11,180.00		
Taxes payable	78.79	(66.12)	12.67	12.67		
Accounts payable to social security institutions	45.33	(4.35)	40.98	40.98		
Other accounts payable	182.60	8.16	190.76	190.76		
Total	**8,905.44**	**7,670.92**	**16,576.36**	**16,576.36**		

The balance of the accounts payable to banks at 31/03/2020, in an amount of INR/Lakhs 3,318.25

Eur 3.991.644 including bank loans, corresponds to the full payable including principal amount, interest and ancillary charges which have come to maturity and can be collected.

The item "Advances" includes any advances from customers on goods and services not yet supplied or rendered; this item includes advance payments, as earnest money or otherwise, received in connection with the sale of tangible, intangible and financial fixed assets.

Accounts payable from suppliers are recognised at their nominal value of net of trade discounts; cash discounts are recorded upon payment. The nominal value of these payables has been adjusted in case of returns or allowances (invoice adjustments) by the corresponding amount agreed with the other party.

The company took advantage of the possibility not to follow the amortised cost method and/or not to time discount accounts payable since 2016.

The company adopted the following accounting policies: no time discounting of accounts payable due within one year; no time discounting of accounts payable if the effective interest rate does not significantly differ from market rate; no adoption of the amortised cost method for accounts payable due within one year, no adoption of the amortised cost method if transaction costs, commission fees and any other difference between initial value and value on expiry are of negligible amount.

With regard to the accounts payable to controlled companies and undertakings under control by the controlling companies, we note that they refer to vehicles' and spare parts' supplies under normal market conditions.

The item "Tax liabilities" only includes the actual taxes payable, while any likely tax liabilities or tax liabilities whose amount or date of occurrence is doubtful or deferred tax liabilities, are recorded in item B.2 of the liabilities section of the balance sheet (Provision for taxes).

The accounts payable falling due within one year not include accounts payable backed by covenants.

No significant changes occurred in the amount of Tax liabilities.

In the tax payables item are registered IRAP tax debt €3.441 INR/Lakhs 2.86 net of advances paid during the year for €16.921 INR/Lakhs 14.07

Breakdown of the accounts payable by geographical area

The following table shows a breakdown of the accounts payable at 31/03/2020 by geographical area (article 2427(1)(6) of the Civil Code).

EUR

	Accounts payable to banks	Accounts payable to suppliers	Accounts payable to controlling companies	Taxes payable	Accounts payable to social security institutions	Other accounts payable	Rounding off
Italy	3.976.959	2.076.057					
India	14.685						
Spain		97.442					
Macedonia		17.364					
Serbia		7.832					
Slovakia		5.621					
Bosnia		1.499					
Austria							
Greece							
Others							
Total	3.991.644	2.205.815					

INR

	Accounts payable to banks	Accounts payable to suppliers	Accounts payable to controlling companies	Taxes payable	Accounts payable to social security institutions	Other accounts payable	Rounding off
Italy	3,306.05	1,725.83					
India	12.21						
Spain		81.00					
Macedonia		14.43					
Serbia		6.51					
Slovakia		4.67					
Bosnia		1.25					
Austria							
Greece							
Others							
Total	3,318.25	1,833.69					

Accounts payable secured by collaterals on corporate assets

The accounts payable are not secured by collaterals on corporate assets (article 2427(1)(6) of the Civil Code):

EUR

	Accounts payable secured by collaterals on corporate assets					
	Accounts payable secured by a mortgage	Accounts payable upon pledge	Accounts payable secured by a special lien	Total accounts payable secured by collaterals on corporate assets	Accounts payable not secured by collaterals on corporate assets	Total
Accounts payable to banks					3.991.644	3.991.644
Accounts payable to suppliers					2.205.815	2.205.815
Accounts payable to controlling companies					13.448.821	13.448.821
Taxes payable					15.239	15.239
Accounts payable to social security institutions					49.297	49.297
Other accounts payable					229.466	229.466
Total					**19.940.282**	**19.940.282**

INR

	Accounts payable secured by collaterals on corporate assets					
	Accounts payable secured by a mortgage	Accounts payable upon pledge	Accounts payable secured by a special lien	Total accounts payable secured by collaterals on corporate assets	Accounts payable not secured by collaterals on corporate assets	Total
Accounts payable to banks					3,318.25	3,318.25
Accounts payable to suppliers					1,833.69	1,833.69
Accounts payable to controlling companies					11,180.00	11,180.00
Taxes payable					12.67	12.67
Accounts payable to social security institutions					40.98	40.98
Other accounts payable					190.76	190.76
Total					**16,576.36**	**16,576.36**

Debt restructuring operations

The company did not do any debt restructuring.

E) Accrued liabilities/Deferred income

EUR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
12.815	6.219	6.596

INR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
10.65	5.17	5.48

EUR

	Accrued liabilities	Deferred income	Total
Opening balance	**6.219**		6.219
Changes during the year	**(71)**	6.667	6.596
Closing balance	**6.148**	6.667	12.815

INR

	Accrued liabilities	Deferred income	Total
Opening balance	**5.17**	–	5.17
Changes during the year	**(0.06)**	5.54	5.48
Closing balance	**5.11**	5.54	10.65

This item can be broken down as follows (article 2427(1)(7) of the Civil Code):

EUR

Description	Value
IMU	**3.882**
TARI	**2.666**
	6.667

INR

Description	Value
IMU	**3.23**
TARI	**1.88**
	5.54

They constitute the adjustment to costs and income calculated on an annual basis.

The criteria adopted for the recognition and translation of items in foreign currency have been reported in the first part of these notes.

At 31/03/2020, there were no accrued liabilities/deferred income of a duration exceeding five years.

Profit and loss account

A) Revenue

EUR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
17.424.152	20.388.298	(2.964.146)

INR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
14,484.70	16,948.79	(2,464.09)

EUR

Description	Balance at 31/03/20	Balance at 31/03/2019	Difference
From sales and services	**15.993.773**	18.306.132	(2.312.359)
Other revenues and proceeds	**1.430.379**	2.082.166	(651.787)
	17.424.152	20.388.298	(2.964.146)

INR

Description	Balance at 31/03/20	Balance at 31/03/2019	Difference
From sales and services	**13,295.62**	15,217.89	(1,922.26)
Other revenues and proceeds	**1,180.76**	1,730.90	(541.83)
	14,484.70	16,948.79	(2,464.09)

The reason for the changes is explained in the Directors' report.

Services rendered refer to reimbursements for Warranties issued on the European market and for trade incentives or marketing expenses.

Revenue by activity
(Article 2427(1)(10) of the civil code)

EUR

Activity	31/03/2020
Sale of goods	**13.953.084**
Sale of products	**1.364.024**
Sale of accessories	**442.515**
Service supplies	**234.150**
Total	**15.993.773**

INR

Activity	31/03/2020
Sale of goods	**11,599.20**
Sale of products	**1,133.91**
Sale of accessories	**367.86**
Service supplies	**194.65**
Total	**13,295.62**

Revenue by geographical area
(Article 2427(1)(10) of the civil code)

EUR

Area	31/03/2020
Italy	**14.528.639**
Spain	**993.238**
Bulgaria	**140.938**
Hungary	**65.068**
Macedonia	**57.866**
South Africa	**26.794**
Bosnia	**24.611**
Albania	**23.543**
Slovakia	**21.982**
Ccroazia	**16.468**
Others	**94.627**
Total	**15.993.773**

INR

Area	31/03/2020
	12,077.66
Italy	**825.68**
Spain	**117.16**
Bulgaria	**54.09**
Hungary	**48.10**
Macedonia	**22.27**
South Africa	**20.46**
Bosnia	**19.57**
Albania	**18.27**
Slovakia	**13.69**
Ccroazia	**78.66**
Others	**13,295.62**
Total	**12,077.66**

The company has not entered revenue of an exceptional amount or incidence.

B) Expenses

EUR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
17.343.320	20.611.572	(3.268.252)

INR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
14,417.50	17,134.40	(2,716.90)

EUR

Description	Balance at 31/03/20	Balance at 31/03/19	Difference
Raw materials, subsidiary materials and goods	**19.553.287**	13.402.917	6.150.370
Services	**4.046.538**	5.190.782	(1.144.244)
Rent/lease	**113.379**	133.347	(19.968)
Salaries and wages	**597.513**	632.786	(35.273)
Social security contributions	**186.891**	198.113	(11.222)
Employees' leaving indemnity	**41.233**	47.077	(5.844)
Other personnel costs	**1.452**	1.073	379
Amortisation of intangible assets	**24.673**	16.288	8.385
Depreciation of tangible assets	**141.613**	89.840	51.773
Changes to stocks of raw materials	**(7.444.979)**	788.042	(8.233.021)
Accruals to provisions for contingent liabilities and charges		7.038	(7.038)
Miscellaneous running costs	**81.720**	104.269	(22.549)
Total	**17.343.320**	20.611.572	(3.268.252)

INR

Description	Balance at 31/03/20	Balance at 31/03/19	Difference
Raw materials, subsidiary materials and goods	**16,254.65**	11,141.84	5,112.80
Services	**3,363.89**	4,315.10	(951.21)
Rent/lease	**94.25**	110.85	(16.60)
Salaries and wages	**496.71**	526.04	(29.32)
Social security contributions	**155.36**	164.69	(9.33)
Employees' leaving indemnity	**34.28**	39.14	(4.86)
Other personnel costs	**1.21**	0.89	0.32
Amortisation of intangible assets	**20.51**	13.54	6.97
Depreciation of tangible assets	**117.72**	74.68	43.04
Changes to stocks of raw materials	**(6,189.01)**	655.10	(6,844.11)
Accruals to provisions for contingent liabilities and charges	**–**	5.85	(5.85)
Miscellaneous running costs	**67.93**	86.68	(18.74)
Total	**14,417.50**	17,134.40	(2,716.90)

Costs of raw materials, subsidiary materials, consumables and goods and costs of services

They are closely related to the information provided in the Directors' report and to point A (Revenue) of the Profit and loss account.

Personnel costs

This item includes all employee costs, including bonuses, promotions, cost-of-living increases, untaken holidays and the provisions made pursuant to the law and the national collective bargaining agreements.

Depreciation of tangible assets

Depreciation has been calculated on the basis of the useful life of the assets and their contribution to the production process.

Other write-downs of fixed assets

The item is not reflected in the present financial statements.

Write-downs of accounts receivable included among current assets and of liquid assets

The item is not reflected in the present financial statements.

Accruals to provisions for contingent liabilities and charges

The item is not reflected in the present financial statements.

Other accruals

The item is not reflected in the present financial statements.

Miscellaneous running costs

They refer to taxes other than income tax, subscriptions and other charges.

The company has not entered expenses for exceptional amount or incidence.

C) Financial income and costs

EUR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
(69.068)	(89.997)	20.929

INR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
(57.42)	(74.81)	17.40

Financial income

EUR

Description	Balance at 31/03/2020	Balance at 31/03/2019	Difference
Other income	**39**	50	(11)
(Interest and other financial costs)	**(67.048)**	(89.468)	22.060
Exchange gains and losses	**(1.699)**	(579)	(1.120)
Total	**(69.068)**	**(89.997)**	**20.929**

INR

Description	Balance at 31/03/2020	Balance at 31/03/2019	Difference
Other income	**0.03**	0.04	(0.01)
(Interest and other financial costs)	**(56.04)**	(74.37)	18.34
Exchange gains and losses	**(1.41)**	(0.48)	(0.93)
Total	**(57.42)**	**(74.81)**	**17.40**

Other financial income

EUR

Description	Controlling companies	Controlled undertakings	Affiliated undertakings	Undertakings under control by controlling companies	Other companies	Total
Bank and postal interest					67.281	67.281
Other proceeds					281	281
					67.408	**67.408**

INR

Description	Controlling companies	Controlled undertakings	Affiliated undertakings	Undertakings under control by controlling companies	Other companies	Total
Bank and postal interest					55.93	55.93
Other proceeds					0.11	0.11
					56.04	**56.04**

Interest and other financial costs

(article 2427(1)(12) of the Civil Code)

EUR

Description	Controlling companies	Controlled undertakings	Affiliated undertakings	Undertakings under control by controlling companies	Other companies	Total
Bank interest					39	39
Other proceeds						
					39	**39**

INR

Description	Controlling companies	Controlled undertakings	Affiliated undertakings	Undertakings under control by controlling companies	Other companies	Total
Bank interest					0.03	0.03
Other proceeds					–	–
					0.03	**0.03**

Other financial income

EUR

Description	Other	total
Bank interest		

INR

Description	Other	total
Bank interest		

Exchange gains and losses

The total amount of exchange gains on the income statement of INR/Lakhs 0.00 Eur 121 refers to exchange differences between forward contracts and spot contracts on the date on which the contract was concluded. There are no gains on unrealized exchange rates at the end of the year.

Taxes on the income of the period

EUR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
54.795	487	54.308

INR

Balance at 31/03/2020	Balance at 31/03/2019	Difference
45.55	0.40	45.15

EUR

Taxes	**Balance at 31/03/20**	**Balance at 31/03/19**	**Difference**
Current taxes:	**20.362**	5.455	14.907
IRAP	**20.362**	5.455	14.907
taxes for previous years	**3.000**	(3.000)	6.000
Deferred tax liabilities/ (assets)	**31.433**	(1.968)	33.401
IRES	**31.433**	(1.968)	33.401
IRAP			
	54.795	**487**	**54.308**

INR

Taxes	**Balance at 31/03/20**	**Balance at 31/03/19**	**Difference**
Current taxes:	**16.93**	4.53	12.39
IRAP	**16.93**	4.53	12.39
taxes for previous years	**2.49**	(2.49)	4.99
Deferred tax liabilities/ (assets)	**26.13**	(1.64)	27.77
IRES	**26.13**	(1.64)	27.77
IRAP	**–**	–	–
	45.55	**0.40**	**45.15**

Taxes pertaining to the financial year have been entered.

The IRES liability is recorded under Accounts payable to the parent company, less any payments on account made, withholdings suffered and, in general, tax credits.

We set out below the reconciliation between the theoretical tax liability per the financial statements and the tax liability:

Reconciliation between the theoretical tax liability per the financial statements and the tax liability (IRES)

EUR

Description	**Value**	**Tax**
Pre-tax result	11.764	
Theoretical tax liability (%)	24	2.823
Temporary differences taxable in future years:		
Non deductible share of credit write-off		
Business expenses	8.271	
imu	7.764	
deductible interest		
total	**16.035**	
Reversal of temporary differences of prior years		
Leasing auto		
Business expenses	(6.204)	
Imu	(7.764)	
other	(3.469)	
total	**(17.437)**	
Differences which will not be reversed in future years		
Capital gain	(3.759)	
Reversal of bad debs	(29.896)	
Iper depreciation	(21.867)	
ACE	(32.742)	
losses from previous years 80%	(130.969)	
Irap	(9.686)	
Indemnity for employees leaving	(2.974)	
Other	(16.035)	
Not deductible expenses	237.566	
total	**(10.362)**	

Description	Value	INR Tax
Pre-tax result	9.78	
Theoretical tax liability (%)	24	2.35
Temporary differences taxable in future years:		
Non deductible share of credit write-off		
Business expenses	6.88	
imu	6.45	
deductible interest		
total	**13.33**	
Reversal of temporary differences of prior years		
Leasing auto		
Business expenses	(5.16)	
Imu	(6.45)	
other	(2.88)	
total	**(14.50)**	
Differences which will not be reversed in future years		
Capital gain	(3.12)	
Reversal of bad debs	(24.85)	
Iper depreciation	(18.18)	
ACE	(27.22)	
losses from previous years 80%	(108.87)	
Irap	(8.05)	
Indemnity for employees leaving	(2.47)	
Other	(13.33)	
Not deductible expenses	197.49	
total	(8.61)	

Determination of the IRAP taxable amount

		EUR
Description	**Value**	**Tax**
Difference between revenue and expenses	907.921	
Costs not relevant for IRAP	101.792	
Revenue not relevant for IRAP	(587.273)	
	422.440	
Theoretical tax liability (%)	4,82	20.362
Temporary difference deductible in future years:		
Irap taxable amount	422.440	
Current IRAP for the year		20.362

		INR
Description	**Value**	**Tax**
Difference between revenue and expenses	754.75	
Costs not relevant for IRAP	84.62	
Revenue not relevant for IRAP	(488.20)	
	351.17	
Theoretical tax liability (%)	4,82	16.93
Temporary difference deductible in future years:		
Irap taxable amount	351.17	
Current IRAP for the year		16.93

Pursuant to article 2427(1)(14) of the civil code, we set out below the required information on deferred tax assets and liabilities:

Deferred tax assets and liabilities

Deferred tax assets have been recorded since in the years in which the underlying deductible temporary differences are going to be reversed there is reasonable certainty that taxable income not lower than the amount of the differences to be reversed is going to be realized.

The main temporary differences that have given rise to deferred tax assets and liabilities and their effects are shown in the following table.

Recording of deferred tax assets and liabilities and relevant effects:

EUR

	31/03/2020 Amount of temporary differences IRES	31/03/2020 Tax effect IRES	31/03/2020 Amount of temporary differences IRAP	31/03/2020 Tax effect IRAP	31/03/2019 Amount of temporary differences IRES	31/03/2019 Tax effecte IRES	31/03/19 Amount of temporary differences IRAP	31/03/19 Tax effect IRAP
Garantee fund					(5.675)	(5.167)	(5.675)	(1.343)
Business losses	(130.969)	(31.433)			35.327	8.476		
Total	**(130.969)**	**(31.433)**			**29.652**	**3.311**	**(5.675)**	**(1.343)**
Net deferred tax liabilities (assets)		**31.433**				**(3.311)**		**1.343**
Tax losses	Amount	Tax effect	Amount	Tax effect	Amount	Tax effect	Amount	Tax effect
– for the year	(130.970)				35.327			
– carried over from prior years	1.154.487				1.119.160			
TOTAL	**1.023.517**				1.154.487			
Losses carried forward	1.023.517				1.154.487			
Tax rate	**24**	**245.644**			**24**	**277.077**		
	31/03/2020	31/03/2020	31/03/2020	31/03/2020	31/03/2019	31/03/2019	31/03/2019	31/03/2019

	IRES	IRAP
A. Temporary differences		
Total deductible Temporary differences	(130.969)	
net temporary differences	130.969	
B Tax effect		
Deferred tax fund (anticipated) at start of exercise	(3.311)	1.343
Deferred tax (early) of the year	34.744	(1.343)
Deferred tax fund (advance) at the end of the year	31.433	

INR

	31/03/2020 Amount of temporary differences IRES	31/03/2020 Tax effect IRES	31/03/2020 Amount of temporary differences IRAP	31/03/2020 Tax effect IRAP	31/03/2019 Amount of temporary differences IRES	31/03/2019 Tax effecte IRES	31/03/19 Amount of temporary differences IRAP	31/03/19 Tax effect IRAP
Garantee fund					(4.72)	(4.30)	(4.72)	(1.12)
Business losses	(108.87)	(26.13)	–	–	29.37	7.05		
Total	**(108.87)**	**(26.13)**	**–**	**–**	**24.65**	**2.75**	**(4.72)**	**(1.12)**
Net deferred tax liabilities (assets)		26.13	–	–	–	(2.75)	–	1.12
Tax losses	Amount	Tax effect	Amount	Tax effect	Amount	Tax effect	Amount	Tax effect
– for the year	(108.88)	–	–	–	29.37			
– carried over from prior years	959.73	–	–	–	930.36			
TOTAL	**850.85**	–	–	–	959.73			
Losses carried forward	850.85	–	–	–	959.73			
Tax rate	**24**	**204.20**			**24**	**230.33**		
	31/03/2020	31/03/2020	31/03/2020	31/03/2020	31/03/2019	31/03/2019	31/03/2019	31/03/2019

	IRES	IRAP
A. Temporary differences		
Total deductible Temporary differences	(108.87)	
net temporary differences	108.87	
B Tax effect		
Deferred tax fund (anticipated) at start of exercise	(2.75)	1.12
Deferred tax (early) of the year	28.88	(1.12)
Deferred tax fund (advance) at the end of the year	26.13	

Detail of deductible temporary differences

EUR

Description	Amount at the end of the previous year	Variation that occurred in the year	Amount at the end of the year	rate IRES	Tax effect IRES	rate IRAP	Tax effecte IRAP
Garantee fund	(5.675)	5.675					
Business lossese	35.327	(166.296)	(130.969)	24	(31.433)		

INR

Description	Amount at the end of the previous year	Variation that occurred in the year	Amount at the end of the year	rate IRES	Tax effect IRES	rate IRAP	Tax effecte IRAP
Garantee fund	(4.72)	4.72					
Business lossese	29.37	(138.24)	(108.87)	24	(26.13)		

Tax loss Information

EUR

	Current			Previous		
	Amount	Tax rate	Early taxes detected	Amount	Tax rate	Early taxes detected
Tax losses						
Of the year	(130.970)			35.327		
of previous exercises	1.154.487			1.119.160		
Total tax losses	1.023.517			1.154.487		
tax losses carried forward recoverable with reasonable certainty	1.023.517	24	245.644	1.154.487	24	277.077

INR

	Current			Previous		
	Amount	Tax rate	Early taxes detected	Amount	Tax rate	Early taxes detected
Tax losses						
Of the year	(108.88)			29.37		
of previous exercises	959.73			930.36		
Total tax losses	850.85			959.73		
tax losses carried forward recoverable with reasonable certainty	850.85	24	204.20	959.73	24	230.33

Pre-paid taxes were not recognized for provisions for warranties, due to the elimination of the temporary reabsorbable differences in subsequent years.

Deferred tax assets in an amount of INR/Lakhs 26.13 Eur 31.433 in connection with tax losses for the year or loss carryovers of prior years have been recorded since the conditions required by the accounting principles for the recognition of the future benefit were met, with particular regard to the reasonable certainty that in future the company will generate sufficient taxable income to offset the losses.

On the basis of the information available also taking into account the contents of the budget for the next financial year being approved, the directors consider the assumption of going concern to be appropriate.

Employee information

(article 2427(1)(15) of the Civil Code)

Compared to the previous year the personnel broken down by category has changed as shown below:

Staff	31/03/2020	31/03/2019	Change
Executives	**1**	1	0
Middle Manager	**2**	2	0
Employees	**8**	8	0
Labourers	**4**	4	0
Others	**1**	–	1
	16	**15**	**1**

The national collective bargaining agreement for companies in the commercial sector applies.

The increase is due to the acquisition of an administrative employee with a supply contract in March 2020.

Industrial relations are good and there are no litigations with employees still working or dismissed.

	Executives	Quadri	Employees	Labourers	Others	Total
Average	1	2	8	4	1	**16**

Remunerations, advances, and credits granted to directors and statutory auditors, as well as commitments assumed on their behalf

		EUR
	Directors	Auditors
Remunerations		14.768
Advances		
Credits		
Commitments assumed on their behalf as a result of any type of guarantee provided		

		INR
	Directors	Auditors
Remunerations		12.28
Advances		
Credits		
Commitments assumed on their behalf as a result of any type of guarantee provided		

Information concerning the Auditor's fees

(article 2427(1)(16-bis) of the civil code)

As required by law, we set out below the amount of fees charged for services rendered by the audit company firm and by entities that are members of its network:

	EUR
Description	Fee
Audit of annual accounts	10.111
Total fees due to the auditor or audit company	10.111

	INR
Description	Fee
Audit of annual accounts	8.41
Total fees due to the auditor or audit company	8.41

The members of the Board of Directors renounced the remuneration due for the position held in the Mahindra group companies.

Information on significant events which occurred after the end of the financial year

Among the events that occurred after the end of the financial year, it is necessary to point out that the entire national, European and now global territory is suffering a major health and economic crisis due to the pandemic of the so-called Coronavirus.

Substantial information on what has now been identified as the SARS-CoV-2 virus emerged in early 2020.

The coronavirus pandemic (Covid-19) continues to spread worldwide at the time of publication of the financial statements for the year ended 31/03/2020.

However, starting from the second half of April 2020 the numbers of the pandemic are decreasing, and on 4 May the so-called Phase 2, which provides for the reopening of almost all industrial and many commercial activities, including those in the automotive sector, officially started in Italy.

This pandemic is unprecedented and represents a significant challenge for the global economy and has therefore created significant uncertainty about the future global economic outlook; it will certainly have a negative impact on the numbers in our first quarter of 2020, but the final impact on the year-end result cannot be forecast at the moment.

As of the date of this report, the Company has adopted measures to ensure the safety of its employees in compliance with local regulations and the implementation of smart-working where possible. The Company has also adopted measures to ensure that employees are as productive as possible while fulfilling their duties to customers and other business partners, despite the fact that the Company has made use of the Wage Subsidy Fund for the months of April and May 2020.

In March 2020, the Italian Government ordered the closure of non-core commercial activities, which included the marketing of vehicles. The company closed its commercial activities following the closure of its commercial network on 16 March 2020.

This resulted in the non-delivery of approximately 90 vehicles and spare parts with the consequent loss of income on these financial statements of approximately Euro 900,000, an increase in assets by approximately Euro 600,000 and a loss of cash flow amounting to approximately Euro 1,000,000.

In light of the information provided in these notes and in the Directors' Report, the Board of Directors believes that the events relating to Covid-19 will not affect the Company's ability to continue as a going concern over the next 12 months.

Information on the company which prepares the consolidated financial statements for the larger/smaller set of companies which the company is a member of in a capacity as controlled undertaking

As required by law, we set out below the information pursuant to article 2427(1)(22-quinquies and sexies) of the civil code.

Description	Larger set	Smaller set
Company name	Mahindra & Mahindra Ltd	
Registered office	India	
Tax code		
Place of filing of a copy of the consolidated financial statements	India	

Group

Your company belongs to the Mahindra Group and is subject to the management and the coordination of MAHINDRA & MAHINDRA Ltd pursuant to article 2497-bis of the Italian Civil Code. It is controlled by Mahindra Overseas Investment Company (Mauritius) Limited, which is totally controlled by Mahindra & Mahindra Ltd.

The Company does not own shares of parent companies, neither directly nor through third parties or trust companies.

The table below shows essential data from the last financial statements approved by Mahindra & Mahindra Ltd. Values are expressed in thousand INR/LAKS. Please note that Mahindra & Mahindra Ltd prepares yearly consolidated Financial Statements.

Description	Latest available financial statements	EUR Financial statements prior to the latest available ones
BALANCE SHEET		
ASSETS		
A) Accounts receivable from shareholders in respect of unpaid share capital		
B) Fixed assets	4.445.591	3.986.380
C) Current assets	2.320.114	2.122.452
Total assets	6.765.705	6.108.832
LIABILITIES:		
A) Shareholders' equity:		
Share capital	76.494	76.652
Reserves	3.698.240	3.266.327
Profit (loss) for the year	617.343	561.197
	4.392.077	3.904.176
B) Provisions for liabilities and charges		
C) Employees' leaving indemnity		
D) Accounts payable	2.373.628	2.204.656
E) Accrued liabilities and deferred income		
Total liabilities	6.765.705	6.108.832
PROFIT AND LOSS ACCOUNT		
A) Revenue	7.100.274	6.503.652
B) Expenses	6.269.840	5.758.875
C) Financial income and costs	(14.558)	(14.455)
D) Value adjustments to financial assets	(3.817)	55.863
Taxes on income for the year	196.302	224.988
Profit (loss) for the year	615.757	561.197

Description	Latest available financial statements	INR Financial statements prior to the latest available ones
BALANCE SHEET		
ASSETS		
A) Accounts receivable from shareholders in respect of unpaid share capital		
B) Fixed assets	3,695.62	3,313.88
C) Current assets	1,928.71	1,764.39
Total assets	5,624.33	5,078.27
LIABILITIES:		
A) Shareholders' equity:		
Share capital	63.59	63.72
Reserves	3,074.35	2,715.30
Profit (loss) for the year	513.20	466.52
	3,651.13	3,245.54
B) Provisions for liabilities and charges		
C) Employees' leaving indemnity		
D) Accounts payable	1,973.20	1,832.73
E) Accrued liabilities and deferred income		
Total liabilities	5,624.33	5,078.27
PROFIT AND LOSS ACCOUNT		
A) Revenue	5,902.46	5,406.49
B) Expenses	5,212.12	4,787.35
C) Financial income and costs	(12.10)	(12.02)
D) Value adjustments to financial assets	(3.17)	46.44
Taxes on income for the year	163.19	187.03
Profit (loss) for the year	511.88	466.52

Appropriation of the profit for the year

We hereby suggest that the general meeting appropriate the loss for the year as follows:

		EUR
Forward the loss for the year at 31/03/2020	EUR	(43.031)
5% to the legal reserve		
To the extraordinary reserve		
To dividends		

		INR
Forward the loss for the year at 31/03/2020	INR/Lakhs	(35.77)
5% to the legal reserve		
To the extraordinary reserve		
To dividends		

Final considerations

These financial statements, composed of the balance sheet, profit and loss account and notes, are a true and fair view of the company's state of affairs and economic result for the year and are in accordance with the underlying accounting records.

We invite the QuotaHolder to approve the financial statements in their current form and all the single items, to forward the loss of the financial year as on 31/03/2020, for Eur (43.031), INR/Lakhs (35.77) to the next year.

The Chairman of the Board of Directors
Pravin Kumar Shah

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements to the shareholder of Mahindra and Mahindra South Africa Proprietary Limited

Opinion

We have audited the annual financial statements of Mahindra and Mahindra South Africa Proprietary Limited (the company) set out on pages herein, which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Mahindra and Mahindra South Africa Proprietary Limited as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Mahindra and Mahindra South Africa Proprietary Limited annual financial statements for the year ended 31 March 2020", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the annual financial statements and our auditor's report thereon.

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

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the Annual Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the annual financial information of the entity or business activities to express an opinion on the annual financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

NC Kyriacou
SizweNtsalubaGobodo Grant Thornton Inc.
Director
Registered Auditor

20 May 2020
Building 4, Summit Place
221 Garstfontein Road
Menlyn
0181

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note(s)	2020 R	2019 R
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	**45,272,364**	22,381,728
Right-of-use assets	**5**	**8,214,229**	–
Investment in subsidiary	6	**3,014,200**	3,014,200
Deferred tax	8	**18,923,193**	18,164,167
		75,423,986	43,560,095
Current Assets			
Inventories	10	**373,276,160**	278,470,944
Trade and other receivables	9	**81,066,717**	143,599,313
Cash and cash equivalents	11	**47,341,883**	11,477,131
Current tax receivable		**4,039,522**	2,861,611
		505,724,282	436,408,999
Total Assets		**581,148,268**	479,969,094
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**52,000,000**	52,000,000
Reserves	13	**(17,447,284)**	(10,272,499)
Retained income		**19,733,039**	45,078,631
		54,285,755	86,806,132
Liabilities			
Non-Current Liabilities			
Lease liabilities	14	**6,205,671**	–
Contract liabilities	15	**68,019,362**	54,673,056
Provisions	18	**33,327,014**	30,715,998
		107,552,047	85,389,054
Current Liabilities			
Lease liabilities	14	**2,396,394**	–
Contract liabilities	15	**38,628,344**	32,164,314
Financial liabilities	16	**30,242,900**	30,000,000
Trade and other payables	17	**301,573,768**	90,797,619
Provisions	18	**21,726,623**	22,663,404
Bank overdraft	11	**24,742,437**	132,148,571
		419,310,466	307,773,908
Total Liabilities		**526,862,513**	393,162,962
Total Equity and Liabilities		**581,148,268**	479,969,094

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note(s)	2020 R	2019 R
Revenue	19	**1,645,355,389**	1,313,240,977
Cost of sales	20	**(1,476,473,283)**	(1,208,094,458)
Gross profit		**168,882,106**	105,146,519
Other operating income		**5,521,152**	11,712,910
Other operating gains (losses)		**(1,798,862)**	9,536,391
Other operating expenses		**(181,791,752)**	(147,914,710)
Operating (loss) profit	21	**(9,187,356)**	(21,518,890)
Investment income	22	**3,607,914**	2,284,171
Finance costs	23	**(13,535,598)**	(13,463,708)
(Loss) profit before taxation		**(19,115,040)**	(32,698,427)
Taxation	24	**(6,230,552)**	(13,230,859)
(Loss) profit for the year		**(25,345,592)**	(45,929,286)
Other comprehensive income:			
Exchange differences on translating foreign operations		**(7,174,785)**	(16,868,254)
Other comprehensive income for the year net of taxation		**(7,174,785)**	(16,868,254)
Total comprehensive (loss) income for the year		**(32,520,377)**	(62,797,540)

STATEMENT OF CHANGES IN EQUITY

	Share capital	Foreign currency translation reserve	Retained income	Total equity
	R	R	R	R
Balance at 01 April 2018	**52,000,000**	**6,595,755**	**104,007,917**	**162,603,672**
Loss for the year	–	–	(45,929,286)	(45,929,286)
Other comprehensive income	–	(16,868,254)	–	(16,868,254)
Total comprehensive Loss for the year	–	**(16,868,254)**	**(45,929,286)**	**(62,797,540)**
Dividends	–	–	(13,000,000)	(13,000,000)
Total contributions by and distributions to owners of company recognised directly in equity	–	–	**(13,000,000)**	**(13,000,000)**
Balance at 01 April 2019	**52,000,000**	**(10,272,499)**	**45,078,631**	**86,806,132**
Loss for the year	–	–	(25,345,592)	(25,345,592)
Other comprehensive income	–	(7,174,785)	–	(7,174,785)
Total comprehensive Loss for the year	–	**(7,174,785)**	**(25,345,592)**	**(32,520,377)**
Balance at 31 March 2020	**52,000,000**	**(17,447,284)**	**19,733,039**	**54,285,755**
Note(s)	12	13		

STATEMENT OF CASH FLOWS

	Note(s)	2020 R	2019 R
Cash flows from operating activities			
Cash generated from/(used in) operations	25	**198,005,024**	(81,228,564)
Interest income		**3,607,914**	2,284,171
Finance costs		**(13,292,697)**	(13,463,708)
Tax paid	26	**(8,167,489)**	(10,959,040)
Net cash from operating activities		**180,152,752**	(103,367,141)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	**(48,742,553)**	(21,783,818)
Sale of property, plant and equipment	4	**13,538,480**	5,687,270
Net cash from investing activities		**(35,204,073)**	(16,096,548)
Cash flows from financing activities			
Proceeds from financial liabilities		**–**	30,000,000
Lease liabilities paid		**(1,677,793)**	–
Dividends paid		**–**	(13,000,000)
Net cash from financing activities		**(1,677,793)**	17,000,000
Total cash movement for the year		**143,270,886**	(102,463,689)
Cash at the beginning of the year		**(120,671,440)**	(18,207,751)
Total cash at end of the year	11	**22,599,446**	(120,671,440)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act of South Africa, as amended.

These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in South African Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Lease classification

The company is party to leasing arrangements, both as a lessee and as a lessor. The treatment of leasing transactions in the annual financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

Key sources of estimation uncertainty

Contract liabilities

The fair value of contract liabilities from service plans is management's best estimate of the company's future income and cost based on the estimated service cost that would occur for the selected models over a period of three to five years adjusted for inflation and possible price increases in parts and labour used in the service of the selected model.

Provision for warranties

Warranty provisions are management's best estimate of the company's liability (after the expected reimbursement from the manufacturer) on vehicles under two, three or five year warranties based on the current year warranty claims occurred. The cost per day calculated on those claims is used to estimate the future cost for the remaining warranty days under consideration.

The warranty provision has been discounted to present value and the incremental amount pertaining to the current financial year has been adjusted in cost of sales.

Fair value estimation

The company measures financial instruments at fair value at each reporting date. The fair values of financial instruments measured at amortised cost are disclosed should it be determined that the carrying value of these instruments do not reasonably approximate their value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability; or

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. At fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in the highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. At fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in the highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities; or
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

1.3 Property, plant and equipment

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Contd.)

the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Computer equipment	Straight line	4 years
Computer software	Straight line	5 years
Furniture and fixtures	Straight line	3 years
Leasehold improvements	Straight line	3 years
Motor vehicles	Straight line	4 years
Motor vehicles - Held for rental	Straight line	4 years
Office equipment	Straight line	6 years
Plant and machinery	Straight line	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 30 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income.

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Contd.)

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note and the financial instruments and risk management note.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Classification

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs.

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 30 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note.

Derecognition

Refer to the “derecognition” section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets

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

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Contd.)

1.5 Tax

Current tax assets and liabilities

Current is based on taxable profit for the year.

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

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

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Details of leasing arrangements where the company is a lessee are presented in the Lease liability note.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Contd.)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

Item	Depreciation method	Average useful life
Buildings and infrastructure	Straight line	Over the lease term

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Company as lessor

Leases for which the company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits form the use of the underlying asset are diminished. Operating lease income is included in other operating income.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

1.7 Leases (Comparatives under IAS 17)

The following accounting policy applies to the comparative disclosures of leases. The company has adopted IFRS 16 in the current year, but has not restated the comparatives. These accounting policies are prepared on the basis of IAS 17. Refer to the note on changes in accounting policies for details of the impact of the adoption of IFRS 16 on these financial statements.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

Inventories includes a “right to returned goods asset” which represents the company right to recover products from customers where customers exercise their right of return under the company returns policy. The company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. A corresponding adjustment is recognised against cost of sales.

1.9 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Contd.)

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.12 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

1.13 Revenue from contracts with customers

Revenue comprises consideration received or receivable on contracts entered into with customers for the sale of goods and services in the ordinary course of the entities' activities. The performance obligation is identified as the distinct goods and services as agreed in the contract(s). Revenue is shown net of trade discounts, volume rebates and value added tax and is recognised when the entity satisfies its' performance obligations as set out in the contracts entered into with its customers. Revenue is recognised at the amount of the transaction price that is allocated to each performance obligation and this is determined at the amount as depicted in the contract for the exchange of the goods and services. Where a contract has multiple performance obligations, the transaction price is allocated to the performance obligations in the contract by reference to their relative standalone selling prices.

The principles of IFRS 15 are applied using the following five-step model:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue streams

- Sale of spares
- Sales of vehicles
- Sale of service plan
- Sale of agricultural produce
- Sale of construction equipment
- Commission income

Revenue is recognised when an entity satisfies a performance obligation as control is passed, either over time or at a point in time. The above revenue is recognised at a point in time, except for Service plans which is recognised over time. Service Plan is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

Contract liabilities relates to Service Plan Revenue and is reflected under Liabilities in the Statement of Financial Position.

Amounts not yet invoiced, for which revenue has been recognised are reflected under trade and other receivables.

Costs incurred on assembly of vehicles which do not yet meet the revenue recognition criteria are capitalised to inventories as work-in-progress and are expensed when the five principles of IFRS 15 are met.

Interest is recognised, in profit or loss, using the effective interest rate method.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Contd.)

1.14 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.15 Borrowing costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.17 Levies

IFRIC 21 addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. The company has inventory stored in a bonded warehouse where duties, levies and taxes are due once the inventory leaves the bonded warehouse, or 24 months, whichever are earlier. IFRIC 21 is applied retrospectively.

Notes to the Annual Financial Statements

2. Changes in accounting policy

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 16 Leases

In the current year, the company has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 01 April 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the company's financial statements is described below.

The company has applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical expedient allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by IAS 17 and IFRIC 4 as containing leases.

Leases where company is lessee

Leases previously classified as operating leases

The company undertook the following at the date of initial application for leases which were previously recognised as operating leases:

- recognised a lease liability, measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate at the date of initial application.
- recognised right-of-use assets measured on a lease by lease basis, at an amount equal to the lease liability adjusted for accruals or prepayments relating to that lease prior to the date of initial application.

The company applied IAS 36 to consider if these right-of-use assets are impaired as at the date of initial application.

As an exception to the above, no adjustments were made on initial application of IFRS 16 for leases previously classified as operating leases:

- for which the underlying asset is of low value. From the date of initial application, these leases are accounted for in accordance with paragraph 6 of IFRS 16 by recognising the lease payments on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consume

The company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis:

- when a portfolio of leases contained reasonably similar characteristics, the company applied a single discount rate to that portfolio;
- leases which were expiring within 12 months of 01 April 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consumed;
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application.

Leases where company is lessor

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in the leased assets. These additional disclosures have been made by the company.

Impact on financial statements

On transition to IFRS 16, the company recognised right-of-use assets as per note 5 and lease liabilities as per note 14.

When measuring lease liabilities, the company discounted lease payments using its incremental borrowing rate of 10.25%.

NOTES TO FINANCIAL STATEMENTS (Contd.)

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 01 January 2019.

The company has adopted the standard for the first time in the 2020 annual financial statements.

The adoption of this standard has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

3.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Definition of a business - Amendments to IFRS 3	01 January 2020	Unlikely there will be a material impact
• Presentation of Financial Statements: Disclosure initiative	01 January 2020	Unlikely there will be a material impact
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	01 January 2020	Unlikely there will be a material impact

NOTES TO FINANCIAL STATEMENTS (Contd.)

4. Property, plant and equipment

	2020			2019		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Computer equipment	**2,324,318**	**(1,589,889)**	**734,429**	1,648,359	(1,346,776)	301,583
Computer software	**2,689,791**	**(2,324,495)**	**365,296**	2,275,863	(2,211,800)	64,063
Furniture and fixtures	**4,154,564**	**(2,774,457)**	**1,380,107**	3,332,783	(2,501,722)	831,061
Leasehold improvements	**1,024,690**	**(281,502)**	**743,188**	372,391	(372,382)	9
Motor vehicles	**18,853,970**	**(6,314,943)**	**12,539,027**	10,454,110	(3,087,722)	7,366,388
Motor vehicles Held for rental	**34,088,241**	**(5,536,863)**	**28,551,378**	12,748,096	(1,062,341)	11,685,755
Office equipment	**855,842**	**(448,712)**	**407,130**	1,263,108	(1,014,032)	249,076
Plant and machinery	**4,952,059**	**(4,400,250)**	**551,809**	5,955,524	(4,071,731)	1,883,793
Total	**68,943,475**	**(23,671,111)**	**45,272,364**	38,050,234	(15,668,506)	22,381,728

Reconciliation of property, plant and equipment – 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Computer equipment	**301,583**	**700,128**	**(13,988)**	**(253,294)**	**734,429**
Computer software	**64,063**	**420,462**	**(3,812)**	**(115,417)**	**365,296**
Furniture and fixtures	**831,061**	**1,555,239**	**(8,416)**	**(997,777)**	**1,380,107**
Leasehold improvements	**9**	**1,024,690**	**–**	**(281,511)**	**743,188**
Motor vehicles	**7,366,388**	**11,602,792**	**(2,305,425)**	**(4,124,728)**	**12,539,027**
Motor vehicles-Held for rental	**11,685,755**	**33,195,874**	**(8,644,805)**	**(7,685,446)**	**28,551,378**
Office equipment	**249,076**	**243,368**	**–**	**(85,314)**	**407,130**
Plant and machinery	**1,883,793**	**–**	**(330,005)**	**(1,001,979)**	**551,809**
	22,381,728	**48,742,553**	**(11,306,451)**	**(14,545,466)**	**45,272,364**

Reconciliation of property, plant and equipment – 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Computer equipment	229,701	213,634	–	(141,752)	301,583
Computer software	159,150	100,055	–	(195,142)	64,063
Furniture and fixtures	916,231	539,181	–	(624,351)	831,061
Leasehold improvements	9	9	–	(9)	9
Motor vehicles	8,554,862	6,757,914	(4,792,775)	(3,153,613)	7,366,388
Motor vehicles-Held for rental	–	12,748,096	–	(1,062,341)	11,685,755
Office equipment	339,666	9,267	–	(99,857)	249,076
Plant and machinery	1,720,119	1,415,662	–	(1,251,988)	1,883,793
	11,919,738	21,783,818	(4,792,775)	(6,529,053)	22,381,728

Property, plant and equipment encumbered as security

The property, plant and equipment have been encumbered as security per note 31.

5. Right-of-use assets

The company leases various buildings as the need arises. Lease contracts are typically made for fixed periods between 3 years to 5 years. Lease contracts are negotiated on an individual basis and contain a wide range of different terms and conditions.

The company does not have the option to purchase any of the leased property on completion of the lease term.

The lease contracts do not impose any covenants.

Details pertaining to leasing arrangements, where the company is lessee are presented below:

	2020			2019		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Gross carrying amount	Accumulated depreciation	Net carrying amount
Buildings and infrastructure	10,522,727	(2,308,498)	8,214,229	–	–	–

Reconciliation of right-of-use assets - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings and infrastructure		**10,522,727**		**(2,308,498)**	**8,214,229**

Details of the lease liabilities are provided in note 14 Lease liabilities.

6. Investment in subsidiary

Name of company	% holding 2020	% Holding 2019	Carrying Amount 2020	Carrying Amount 2019
199,999 shares held in Mahindra West Africa Limited	99.99%	99.99%	3,014,200	3,014,200

Fair value of investment in subsidiary

The carrying amount of the investment in subsidiary is considered by management to approximate its fair values and is deemed as Level 3, as defined by IFRS 13 Fair Value Measurements.

There were no transfers between Levels 1, 2 and 3 during the financial year.

7. Retirement benefits

Defined contribution plan

It is the policy of the company to provide retirement benefits to all its employees. A defined contribution provident fund which is subject to the Pensions Fund Act exists for this purpose. The scheme is funded by company and employee contributions only, which are charged to the income statement as they are incurred. The total company contributions to such scheme in 2020 was R1 207 270 (2019: R860 179).

The company is under no obligation to cover any unfunded benefits.

8. Deferred tax

Deferred tax asset

	2020	2019
	R	R
Deferred revenue less Section 24C allowance	**1,439,970**	1,823,585
Lease liabilities	**2,028,294**	–
Prepaid expenses	**43,828**	–
Property, plant and equipment	**1,148,952**	663,854
Provisions	**16,194,764**	15,676,728
Right-of-use assets	**(1,932,615)**	–
Total deferred tax asset	**18,923,193**	**18,164,167**

NOTES TO FINANCIAL STATEMENTS (Contd.)

Reconciliation of deferred tax asset

	2020 R	2019 R
At beginning of year	**18,164,167**	20,540,501
Taxable / (deductible) temporary difference on interest on deferred revenue	**(383,615)**	(2,253,016)
Taxable / (deductible) temporary difference on lease liabilities	**2,028,294**	–
Taxable / (deductible) temporary difference on prepaid expenses	**43,828**	–
Taxable / (deductible) temporary difference on property, plant and equipment	**485,098**	211,771
Taxable / (deductible) temporary difference on provisions	**518,036**	(335,089)
Taxable / (deductible) temporary difference on right-of-use assets	**(1,932,615)**	–
	18,923,193	**18,164,167**

9. Trade and other receivables

	2020 R	2019 R
Financial instruments:		
Trade receivables	**42,771,350**	94,172,177
Deposits	**1,233,675**	2,948,860
Non-financial instruments:		
Prepayments	**5,850,585**	29,833,550
VAT	**31,211,107**	16,644,726
Total trade and other receivables	**81,066,717**	143,599,313

Financial instrument and non-financial instrument components of trade and other receivables

	2020 R	2019 R
At amortised cost	**44,005,025**	97,121,037
Non-financial instruments	**37,061,692**	46,478,276
	81,066,717	143,599,313

Trade and other receivables pledged as security

Trade and other receivables were pledged as security for overdraft facilities of the company. Refer to note 31 for full details on the facilities granted to the company.

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk the company deals with reputed banks and customers and also demands bank guarantees or purchase credit insurance where applicable.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The average credit period on trade receivables is 15 days (2019: 35 days). No interest is charged on outstanding trade receivables.

The Company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix has been applied to appropriate groupings of receivables based on shared credit risk characteristics. An additional provision of R13,835,086 has been added during the year relating to the Agricultural Produce Business. There is no material expected credit losses on application of the provision matrix for the Automotive and related businesses.

Furthermore, the company writes off a receivable where there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Receivables written off may still be subject to enforcement activities under the company recovery procedure, considering legal advice where appropriate. In the current year there has been sufficient information that the receivables for the Agricultural produce business are in severe financial difficulty and there is no realistic prospect of recovery. The amount that has been written-off for the Agricultural Produce Receivables amounts to R57,031,286 in the current period.

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

	2020 R	2019 R
Opening balance in accordance with IFRS 9	**43,196,200**	22,041,960
Provision raised on new trade receivables	**13,835,086**	21,154,240
Amounts written off as uncollectable	**(57,031,286)**	–
Closing balance	–	43,196,200

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

All amounts are short term. The carrying amount of the trade and other receivables is considered by management to approximate their fair values and is deemed as Level 3, as defined by IFRS 13 Fair Value Measurements.

There were no transfers between Levels 1, 2 and 3 during the financial year.

10. Inventories

	2020 R	2019 R
Agricultural produce	**6,236,979**	7,614,579
Goods in transit	**23,432,934**	75,685,467
Motor vehicles	**291,449,441**	165,344,823
Spares	**46,466,465**	38,411,187
Work in progress	**17,159,419**	4,951,668
	384,745,238	292,007,724
Provision for write down of inventories to net realisable value - motor vehicles and spares	**(11,469,078)**	(13,536,780)
	373,276,160	**278,470,944**

Inventory pledged as security

Inventories were pledged as security for overdraft facilities of the company. Refer to note 31 for full details on the facilities granted to the company.

11. Cash and cash equivalents

Cash and cash equivalents consist of:

	2019 R	2018 R
Cash on hand	**166,732**	59,661
Bank balances	**47,175,151**	11,417,470
Bank overdraft	**(24,742,437)**	(132,148,571)
	22,599,446	(120,671,440)
Current assets	**47,341,883**	11,477,131
Current liabilities	**(24,742,437)**	(132,148,571)
	22,599,446	(120,671,440)

NOTES TO FINANCIAL STATEMENTS (Contd.)

12. Share capital

	2020	2019
	R	R
Authorised		
70,000,000 Ordinary shares with no par value	**70,000,000**	70,000,000
Reconciliation of number of shares issued:		
Reported as at 01 April 2019	**52,000,000**	52,000,000
Issued		
52,000,000 Ordinary shares with no par value	**52,000,000**	52,000,000

13. Foreign currency translation reserve

The Kenya Branch operations in Shilling has been translated to ZAR based on the exchange rate. The foreign currency reserve is a result of the foreign currency translation.xchange rate. The foreign currency reserve is a result of the foreign currency translation.

	2020	2019
	R	R
Kenya Branch operations	**(17,447,284)**	(10,272,499)

14. Lease liabilities

	2020	2019
	R	R
The maturity analysis of lease liabilities is as follows:		
- within one year	**2,396,394**	–
- in second to fifth year inclusive	**6,205,671**	–
	8,602,065	–
Non-current liabilities	**6,205,671**	–
Current liabilities	**2,396,394**	–
	8,602,065	–

The lease liability relates to the right-of-use assets disclosed under note 5.

The company leases various buildings as the need arises under operating leases.

Lease contracts are typically made for fixed periods between 3 years and 5 years.

Interest is based on the incremental borrowing rate of 10.25%.

	2020	2019
	R	R
Analysis of movement in lease liabilities		
Balance on 01 April 2019	–	–
New leases	**10,522,727**	–
Capital repayments	**(1,920,662)**	–
- Lease payments	**(2,612,712)**	–
- Interest charges	**692,050**	–
Balance on 31 March 2020	**8,602,065**	–

15. Contract liabilities

	2020	2019
	R	R
Summary of contract liabilities		
Service plan	**106,647,706**	86,837,370
Reconciliation of contract liabilities		
Opening balance	**86,837,370**	72,796,445
Raised in current year	**58,311,914**	41,714,854
Revenue in current year	**(38,501,578)**	(27,673,929)
	106,647,706	86,837,370
Split between non-current and current portions		
Non-current liabilities	**68,019,362**	54,673,056
Current liabilities	**38,628,344**	32,164,314
	106,647,706	**86,837,370**

Nature: Certain vehicles are sold with a service plan. This service plan then covers certain services for a predetermined number of years and kilometres travelled. The income from these service plans is deferred and recognised as these services are performed.

Assumptions: The fair value of contract liabilities from service plans is management's best estimate of the company's future income and cost based on the estimated service cost that would occur for the selected models over a period of three to five years adjusted for inflation and possible price increases in parts and labour used in the service of the selected model.

16. Financial liabilities

	2020	2019
	R	R
Amortised cost		
ICICI Bank	**30,242,900**	30,000,000
Interest repayable monthly calculated at JIBAR plus 2.15% (2019: 1.5%) and 0.44% (2019: 0.75%) handling fees, repayable on a quarterly basis from date of withdrawal		
Split between non current and current portions.		
Current liabilities	**30,242,900**	30,000,000

17. Trade and other payables

	2020	2019
	R	R
Financial instruments:		
Accrued expense	**23,682,089**	7,597,100
Accrued leave pay	**1,557,601**	1,549,529
Other payables	**1,189,843**	5,525,824
Provision for vehicle buy back	**35,366,928**	13,425,900
Sundry payables	**327,700**	331,983
Trade payables	**239,449,607**	62,367,283
	301,573,768	90,797,619

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

All amounts are short term. The carrying amount of the trade and other payables is considered by management to approximate their fair values and is deemed as Level 3, as defined by IFRS 13 Fair Value Measurements.

There were no transfers between Levels 1, 2 and 3 during the financial year.

NOTES TO FINANCIAL STATEMENTS (Contd.)

18. Provisions

Reconciliation of provisions – 2020

	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Provision for warranty claims	**53,379,402**	**43,931,548**	**(41,963,347)**	**(293,966)**	**55,053,637**

Reconciliation of provisions – 2019

	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Provision for warranty claims	54,408,338	42,487,161	(41,368,727)	(2,147,370)	53,379,402

	2020	2019
	R	R
Non-current liabilities	**33,327,014**	30,715,998
Current liabilities	**21,726,623**	22,663,404
	55,053,637	53,379,402

Warranty Provision

Nature: This provision is raised due to the fact that certain vehicles, Gensets and Tractors sold are sold under a warranty, thus this provision estimates cost that would occur in the future for repairs under warranties.

Assumptions: Warranty provisions are managements best estimate of the company's liability (after the expected reimbursement from the manufacturer) on vehicles under two or three year warranties based on three years actual historical sales and warranty claims occurred. The warranty period for Gensets and Tractors being a twelve month period from date of sale.

Further, the warranty provision has been discounted to present value and the incremental amount pertaining to the current financial year has been adjusted in cost of sales.

19. Revenue

	2020	2019
	R	R
Revenue from contracts with customers		
Sale of goods	**1,632,027,742**	1,305,903,236
Commissions received	**13,327,647**	7,337,741
	1,645,355,389	1,313,240,977

Disaggregation of revenue from contracts with customers

The amount included in revenue arising from exchanges of goods or services included in revenue are as follows:

	2020	2019
Sale of spares	**182,194,463**	145,138,038
Sale of vehicles	**1,397,539,217**	1,067,772,331
Sale of service plan	**38,501,578**	27,673,929
Sale of agricultural produce	**12,629,272**	62,708,218
Sale of construction equipment	**269,640**	2,610,720
Commissions income	**13,327,647**	7,337,741
Sale of farm equipment	**893,572**	–
	1,645,355,389	1,313,240,977

Timing of revenue recognition:

	2020	2019
At a point in time	**1,606,853,811**	1 285,567,048
Over time	**38,501,578**	27,673,929
	1,645,355,389	1,313,240,977

Transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the reporting date

The transaction price which has been allocated to performance obligations which are unsatisfied or partially unsatisfied at the reporting date are presented below, together with the expected timing of satisfying the performance obligations:

2020

	1 year	2 years	3-5 years
Transaction price allocated to:			
Service plan	**38,625,837**	**31,420,942**	**36,600,928**

2019

	1 year	2 years	3-5 years
Transaction price allocated to:			
Service plan	32,164,314	25,593,046	29,080,009

20. Cost of sales

	2020	2019
	R	R
Sale of goods	**1,482,365,522**	1,209,236,105
Write down of inventories to net realisable value	**(5,892,239)**	(1,141,647)
	1,476,473,283	1,208,094,458

21. Operating profit (loss)

Operating (loss) profit for the year is stated after charging (crediting) the following, amongst others:

Auditors' remuneration – external

	2020	2019
	R	R
Audit fees	**552,000**	500,000
Adjustment for previous year	**20,000**	5,012
Tax, secretarial and other services	**117,859**	33,860
	689,859	538,872

Leases

Short term leases

	2020	2019
	R	R
Premises	**1,368,274**	1,798,229

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

	2020	2019
	R	R
Depreciation, amortization and impairment	**16,853,964**	6,529,053
Employee costs	**51,550,991**	40,953,822
(Profit) Loss on exchange differences	**4,030,891**	(8,641,896)
Profit on sale of property, plant and equipment	**(2,232,029)**	(894,495)
Movement in credit loss allowance	**13,835,086**	21,154,240

NOTES TO FINANCIAL STATEMENTS (Contd.)

22. Investment income

	2020 R	2019 R
Interest income		
From investments in financial assets:		
Bank	**3,607,914**	2,284,171

23. Finance costs

	2020 R	2019 R
Bank and other	**6,992,620**	10,661,840
Vehicle purchase credit	**5,850,928**	2,801,868
Lease liabilities	**692,050**	–
Total finance costs	**13,535,598**	13,463,708

24. Taxation

Major components of the tax expense

	2020 R	2019 R
Current		
Local income tax –current period	**6,989,578**	10,854,525
Deferred		
Deferred tax – current period	**(759,026)**	2,376,334
	6,230,552	13,230,859

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2020 R	2019 R
Accounting loss	**(19,115,040)**	(32,698,427)
Tax at the applicable tax rate of 28% (2019: 28%)	**(5,352,211)**	(9,155,560)
Tax effect of adjustments on taxable income		
Non-taxable/deductible items	**6,623,804**	6,942,662
Non-taxable/deductible operations - Kenya	**5,116,349**	15,509,983
Non taxable/deductible operations - Egypt	**(157,390)**	(66,226)
	6,230,552	13,230,859

25. Cash generated from/(used in) operations

	2020 R	2019 R
Loss before taxation	**(19,115,040)**	(32,698,427)
Adjustments for:		
Depreciation and amortisation	**16,853,964**	6,529,053
Profit on sale of assets	**(2,232,029)**	(894,495)
Interest income	**(3,607,914)**	(2,284,171)
Finance costs	**13,292,697**	13,463,708
Movements in provisions	**1,674,235**	(1,028,936)
Foreign currency translation reserve	**(7,174,758)**	(16,868,254)
Changes in working capital:		
Inventories	**(94,805,213)**	(126,774,486)
Trade and other receivables	**62,532,596**	54,099,754
Trade and other payables	**210,776,150**	11,186,765
Contract liabilities	**19,810,336**	14,040,925
	198,005,024	(81,228,564)

26. Tax paid

	2020 R	2019 R
Balance at beginning of the year	**2,861,611**	2,757,096
Current tax for the year recognised in profit or loss	**(6,989,578)**	(10,854,525)
Balance at end of the year	**(4,039,522)**	(2,861,611)
	(8,167,489)	(10,959,040)

27. Commitments

Short term leases

	2020 R	2019 R
Minimum lease payments due		
– within one year	**516,837**	2,298,581
– in second to fifth year inclusive	–	3,392,341
	516,837	5,690,922

Operating lease payments represents rentals payable by the company for short term leases of its premises (residential and office properties). Short term leases are leases with a lease term of 12 months or less. No contingent rent is payable.

Operating leases – as lessor (income)

	2020 R	2019 R
Minimum lease payments due		
– first year	**499,762**	–

Certain of the company's vehicles are held to generate rental income under operating leases. Under these lease agreements vehicles are sold to the lessee at the initial lease date. After a period of 12 months the company will repurchase these vehicles at a discounted price. The difference between the sales price and repurchase price is recognised as lease income on a straight line basis over the period of the lease. Rental of vehicles are expected to generate rental yields of 5% on a ongoing basis. Lease agreements are non-cancelable and have terms of 1 year. There are no contingent rents receivable.

28. Related parties

Relationships

Holding company	Mahindra & Mahindra Limited
Subsidiaries	Mahindra West Africa Limited
Fellow Subsidiaries	SsangYong Motor Company
	Bristlecone
Members of key management	1) Dr. Pawan Goenka
	2) Arvind Mathew
	3) Rajesh Gupta
	4) Avinash Bapat

Related party balances

	2020 R	2019 R
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Mahindra & Mahindra Limited (Payable)	**(211,425,440)**	(38,464,943)
Mahindra & Mahindra Limited (Receivable)	**16,423,478**	5,274,852
Mahindra West Africa Limited (2020: USD Nil; 2019: USD 105 000)	–	1,525,681
SsangYong Motor Company (Receivable)	**484,373**	401,166
	(194,517,589)	(31,263,244)
Amounts included in goods-in-transit		
Mahindra & Mahindra Limited	**23,432,934**	75,685,467

Related party transactions

	2020 R	2019 R
Purchases from (sales to) related parties		
Mahindra & Mahindra Limited	**980,246,445**	810,320,246
SsangYong Motor Company	**356,585**	911,232
	980,603,030	811,231,478
Compensation to directors and other key management		
Short-term employee benefits	**3,602,026**	4,305,677

NOTES TO FINANCIAL STATEMENTS (Contd.)

29. Directors' emoluments

Executive

2020	**Director 1**	**Director 2**	**Director 3**	**Director 4**
Salary	**–**	**–**	**1,072,165**	**740,168**
Performance Pay	**–**	**–**	**230,482**	**180,696**
Benefits	**–**	**–**	**347,296**	**436,696**
	–	**–**	**1,649,943**	**1,357,560**

2019	**Director 1**	**Director 2**	**Director 3**	**Director 4**
Basic Salary	–	–	1,057,514	688,014
Performance Pay	–	–	47,320	177,951
Benefits	–	–	1,404,638	460,258
	–	–	2,509,472	1,326,223

30. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2020	**Note(s)**	**Amortised cost**	**Total**	**Fair value**
Trade and other receivables	**9**	**44,005,025**	**44,005,025**	**44,005,025**
Cash and cash equivalents	**11**	**47,341,883**	**47,341,883**	**47,341,883**
		91,346,908	**91,346,908**	**91,346,908**

2019	**Note(s)**	**Amortised cost**	**Total**	**Fair value**
Trade and other receivables	9	97,121,037	97,121,037	97,121,037
Cash and cash equivalents	11	11,477,131	11,477,131	11,477,131
		108,598,168	108,598,168	108,598,168

Categories of financial liabilities

2020	**Note(s)**	**Amortised cost**	**Leases**	**Total**	**Fair value**
Trade and other payables	**17**	**301,573,768**	**–**	**301,573,768**	**422,358,009**
Lease liabilities	**14**	**–**	**8,602,065**	**8,602,065**	**8,602,065**
Other financial liabilities	**16**	**30,242,900**	**–**	**30,242,900**	**30,242,900**
Bank overdraft	**11**	**24,742,437**	**–**	**24,742,437**	**24,742,437**
		356,559,105	**8,602,065**	**365,161,170**	**485,945,411**

2019	**Note(s)**	**Amortised cost**	**Total**	**Fair value**
Trade and other payables	17	90,797,619	90,797,619	90,797,619
Other financial liabilities	16	30,000,000	30,000,000	30,000,000
Bank overdraft	11	132,148,571	132,148,571	132,148,571
		252,946,190	252,946,190	252,946,190

Capital risk management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders

  by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

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

Financial risk management

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.

The maximum exposure to credit risk is presented in note 9.

Liquidity risk

The company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day- to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Short-term liquidity needs for a 120-day or less are identified monthly.

Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The company has contractual maturities which are summarised below:

At 31 March 2020	**Current**	**Within 6 months**
Trade and other payables	**301,573,760**	**300,405,559**

At 31 March 2019	**Current**	**Within 6 months**
Trade and other payables	90,910,486	89,360,957

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the reporting date.

Foreign currency risk

Most of the company's transactions are carried out in Rands. Exposure to currency exchange rates arise from the operations in Kenya, as well as the company's overseas purchases and sea freight, which are primarily denominated in US Dollars. To mitigate the company's exposure to foreign currency risk, non Rand cash flows are monitored and forward exchange contracts are entered into in accordance with our risk management policies. Forward exchange contracts are generally entered into when the rate is more favourable than the budgeted rate.

Foreign currency denominated financial assets and liabilities, translated in Rands at the closing rate, are as follows:

NOTES TO FINANCIAL STATEMENTS (Contd.)

Foreign currency exposure at the end of the reporting period

	2020 R	2019 R
Assets		
Mahindra and Mahindra Limited (2020: USD 761 475; 2019: USD 465 304)	**13,660,635**	6,761,007
Bank balance (2020: USD 44 390, EGP 280 000; 2019: USD 49 942)	**1,113,597**	725,675
SsangYong Motor Company (2020: USD 27 591; 2019: USD 27 317)	**494,976**	401,166
Mahindra West Africa Limited (2020: USD Nil; 2019: USD 105 000).	–	1,525,682
Mahindra Europe (2020: USD 13 924; 2019: USD Nil)	**249,796**	–
	15,519,004	9,413,530
Liabilities		
Bank balance (2020: KES 145 487 684: 2019: KES Nil)	**24,742,383**	–
Bidvest Panalpina (2020: USD 106 450; 2019: USD Nil)	**1,909,681**	–
Mahindra and Mahindra Limited (2020: USD 1 787 636; 2019: INR 2 284 178, USD 1 561 629)	**32,069,661**	23,169,703
Savino Del Bene (2020: USD 1 890; 2019: USD Nil)	**33,913**	–
	58,755,638	23,169,703

Foreign currency sensitivity

The following table illustrates the sensitivity of the net result for the year and equity in regards to the company's financial assets and financial liabilities and the US Dollar Rand exchange rate.

It assumes a +12.54% and 4.89% change of the Rand / US Dollar exchange rate for the year ended 31 March 2020 (2019: +7.3% and 12.2%). This has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the company's foreign currency financial instruments held at balance sheet date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the Rand had strengthened against the US Dollar by 12.54% (2019: 7.3%) then this would have had the following impact:

	2020 R	2019 R
Net results for the year	**5,421,447**	1,005,608

If the Rand had weakened against the US Dollar by 4.89% (2019: 12.2%) then this would have had the following impact:

	2020 R	2019 R
Net results for the year	**(2,115,619)**	**(1,673,953)**

Exposure to foreign exchange rates vary during the year depending on the volumes of overseas transactions. Nonetheless, the analysis above is considered to be representative of the company's exposure to currency risk.

Interest rate risk

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1% and 1% (2019: +0.5% and 0.5%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the company's financial instruments held at each balance sheet date. All other variables are held constant.

	2020 +1%	2020 1%	2019 +0,5%	2019 0,5%
Net results for the year	**1,173,542**	**(1,173,542)**	656,766	(656,766)

31. Banking facilities

The company avails credit facilities from ICICI Bank which has sanctioned a ZAR facility of R 30 million (2019: R 30 million with ICICI Bank) for working capital borrowings. At the year end, the company has utilised its entire facility from ICICI Bank. (2019: 30 million).

In order to facilitate working capital for Kenya branch, the company also avails credit facilities from ICICI Bank (DFS branch) which has sanctioned a facility of USD 5 million (2019: USD 5 million) towards working capital financing in the form of short term loans. The company's branch has utilised USD Nil (2019: USD 5 Million) of its facility with the bank.

Further, the company also avails credit facilities from Barclays Bank in Kenya which has sanctioned amounts of KES 242 500 000 for overdraft and USD 2 000 000 for short term loans and USD 500 000 for Letters of Credit. At the end of the year the company has utilised KES 145 487 684 (2019: KES 242 500 000) towards Overdraft, USD Nil (2019: USD 1 217 614) towards short term loans and USD Nil (2019: USD 423 875) towards Letters of Credit facilities.

The above facilities have been secured as follows:

- General notarial bond on all present and future moveable assets of the Company including stocks, whether in company's showroom, warehouse or in transit but excluding book debts.
- An unrestricted cessation of all present and future book debts due or to become due.

32. Events after the reporting period

In early January 2020, a human infection originating in China was traced to a novel strain of coronavirus. The virus has subsequently spread through-out the world, including South Africa and as a result caused unprecedented disruptions in the global economy as efforts to contain the spread of the virus have intensified.

On March 11, 2020, the World Health Organization officially declared this coronavirus outbreak (also referred to as COVID-19) a pandemic. On 15 March 2020, the pandemic was declared a national disaster in South Africa by the President. A national Lockdown was declared on 23 March 2020 which commenced on 26 March 2020. On 23 April, the President of South Africa announced that from 1 May 2020, a gradual and phased easing of the lockdown restrictions would begin, lowering the national alert to Level 4.

Due to the Lockdown, our business had to close offices from 26 March 2020 together with our business partners including dealer network. This also included port closures which affected the receipt of our inventory and it also included closure of our distributors. However, as of financial closure our business is holding enough inventory to be able to cater to immediate supply and also continuous supply for three months. We are interacting closely with our parent company in India. Our supply line from India has opened from May 2020 and vehicles which were stuck due to the lockdown will be shipped.

As of the date of Financial Statement release the country is at a national level 4 in terms of the ease of restrictions. For our business this has meant that the supply of parts and vehicles can commence to essential services workers needs. Our dealers are allowed to service vehicles and sell vehicles to industries allowed to do business at level 4. There is therefore a start to operations to us and our business partners which is gradual and limited.

It is evident that our Business has been and will continue to be affected by this pandemic.

The extent to which the coronavirus pandemic may impact our operating results, financial condition, and cash flows will depend on how the South African Economy and auto industry comes back in near future, which to some extent is uncertain and cannot be accurately predicted at this moment in time. Various measures have been taken by the South African Government in terms of a reduction in the Repo and Prime lending rate. The South African Government has announced various schemes in support of COVID-19 and to kickstart the economy. With farming and mining starting we expect the economic cycle to make a good beginning. As we move to lower levels of restriction, travelling will increase supporting our business, immediately to our spare parts business. We are aware however that there will be a decrease in revenue and therefore to be able to meet obligations we are taking measures to be more agile, flexible and manage costs and cash flow. We are getting support from our parent company in this regard.

Our Business has in the past two years shown handsome growth while the auto industry has not been growing. We feel we have a good product portfolio covering the bakkie and personal vehicles segment. With the right product positioning and with competitive pricing that will help us to operate in the available market in the automotive industry. We have plans to manage this trend to continue in present conditions when the economy is operational at the appropriate level alert. The company has adequate reserves and it is therefore reasonable to assume that our business will continue as a Going Concern as it will be able to settle debts as and when they become due and payable.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mahindra North America Technical Center, Inc.

We have audited the accompanying balance sheets of Mahindra North America Technical Center, Inc. ('the Company') as of March 31, 2020 and March 31, 2019, and the related statements of loss, stockholder's equity and cash flows for the years ended on March 31, 2020 and March 31, 2019. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as of March 31, 2020 and March 31, 2019, and the results of its operations and cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States.

Other matter

The presentation of financial information in Indian rupees in the financial statements is not a required part of the basic financial statements. We have verified the arithmetic accuracy of the presentation based upon exchange rate provided by the Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

Atlanta, Georgia
May 11, 2020

BALANCE SHEETS

	USD		INR	
	As at March 31,		As at March 31,	
	2020	2019	**2020**	2019
ASSETS				
Current assets				
Cash and cash equivalents	**599,719**	505,755	**45,182,829**	38,103,582
Accounts receivable	**–**	1,090,000	**–**	82,120,600
Accounts receivable, related parties	**2,233,271**	24,164	**168,254,637**	1,820,545
Short term loan, related party	**7,462,012**	8,172,696	**562,187,984**	615,730,917
Inventories	**20,487,480**	22,888,628	**1,543,526,743**	1,724,429,234
Prepaid expenses and other current assets	**250,713**	256,497	**18,888,717**	19,324,484
Total current assets	**31,033,195**	**32,937,740**	**2,338,040,910**	**2,481,529,362**
Property, plant and equipment, net	**5,018,762**	5,386,051	**378,113,604**	405,785,082
Intangible assets, net	**145,880**	**174,649**	**10,990,599**	**13,158,056**
Deferred tax asset, net	**7,619,577**	6,218,934	**574,058,931**	468,534,488
Operating leases right-of-use assets, net	**6,349,083**	–	**478,339,913**	–
Other assets	**119,553**	**119,053**	**9,007,123**	8,969,453
Total assets	**50,286,050**	**44,836,427**	**3,788,551,080**	**3,377,976,441**
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities				
Trade payables	**8,162,384**	15,341,814	**614,954,007**	1,155,852,345
Line of credit	**29,500,000**	16,500,000	**2,222,530,000**	1,243,110,000
Operating lease liability	**1,335,958**	–	**100,651,152**	–
Accrued expenses	**1,297,840**	2,962,945	**97,779,266**	223,228,200
Intercompany payables	**2,612,952**	2,808,050	**196,859,804**	211,558,516
Total current liabilities	**42,909,134**	**37,612,809**	**3,232,774,229**	**2,833,749,061**
Operating lease liability – non-current	**4,992,439**	–	**376,130,354**	–
Total liabilities	**47,901,573**	**37,612,809**	**3,608,904,583**	**2,833,749,061**
Stockholder's equity				
Common stock, $ 0.10 par value 100,000 shares authorized 1,000 shares issued and outstanding	**100**	100	**7,534**	7,534
Common stock, $ 25 par value 1,000,000 shares authorized 971,000 shares issued and outstanding	**24,275,000**	24,275,000	**1,828,878,500**	1,828,878,500
Additional paid in capital	**9,900**	9,900	**745,866**	745,866
Accumulated deficit	**(21,900,523)**	(17,061,382)	**(1,649,985,403)**	(1,285,404,520)
Total stockholder's equity	**2,384,477**	**7,223,618**	**179,646,497**	**544,227,380**
Total liabilities and stockholder's equity	**50,286,050**	**44,836,427**	**3,788,551,080**	**3,377,976,441**

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF LOSS

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2020	2019	**2020**	2019
Operating revenues	**47,362,538**	50,504,809	**3,568,293,613**	3,805,032,310
Cost of sales	**44,569,741**	44,771,035	**3,357,884,362**	3,373,049,777
Gross profit	**2,792,797**	5,733,774	**210,409,251**	431,982,533
Selling, general and administrative expense	**7,294,935**	4,436,753	**549,600,328**	334,264,971
Depreciation & amortization	**1,127,663**	1,019,819	**84,958,131**	76,833,164
Interest expense, net	**609,983**	503,663	**45,956,119**	37,945,970
Total costs and expenses	**9,032,581**	5,960,235	**680,514,578**	449,044,105
Operating loss	**(6,239,784)**	(226,461)	**(470,105,327)**	(17,061,572)
Michigan economic business grant	**–**	531,250	**–**	40,024,375
Gain on sale of fixed assets	**–**	166,322	**–**	12,530,699
(Loss) income before income taxes	**(6,239,784)**	471,111	**(470,105,327)**	35,493,502
Income tax (benefit) expense	**(1,400,643)**	1,627,963	**(105,524,444)**	122,650,732
Net loss	**(4,839,141)**	(1,156,852)	**(364,580,883)**	(87,157,230)

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF STOCKHOLDER'S EQUITY

(All amounts are stated in USD, except number of shares)

	Common stock						
	Authorized		Issued & outstanding		Additional paid in capital	Accumulated deficit	Total stockholder's equity
Particulars	**Shares**	**Value ($)**	**Shares**	**Value ($)**			
Balance as on April 1, 2018	1,100,000	25,010,000	972,000	24,275,100	9,900	(15,904,530)	8,380,470
Net loss for the year	–	–	–	–	–	(1,156,852)	(1,156,852)
Balance as at March 31, 2019	**1,100,000**	**25,010,000**	**972,000**	**24,275,100**	**9,900**	**(17,061,382)**	**7,223,618**
Balance as on April 1, 2019	1,100,000	25,010,000	972,000	24,275,100	9,900	(17,061,382)	7,223,618
Net loss for the year	–	–	–	–	–	(4,839,141)	(4,839,141)
Balance as at March 31, 2020	**1,100,000**	**25,010,000**	**972,000**	**24,275,100**	**9,900**	**(21,900,523)**	**2,384,477**

(All amounts are stated in INR, except number of shares)

	Common stock						
	Authorized		Issued & outstanding		Additional paid in capital	Accumulated deficit	Total stockholder's equity
Particulars	**Shares**	**Value (INR)**	**Shares**	**Value (INR)**			
Balance as on April 1, 2018	1,100,000	1,884,253,400	972,000	1,828,886,034	745,866	(1,198,247,290)	631,384,610
Net loss for the year	–	–	–	–	–	(87,157,230)	(87,157,230)
Balance as at March 31, 2019	**1,100,000**	**1,884,253,400**	**972,000**	**1,828,886,034**	**745,866**	**(1,285,404,520)**	**544,227,380**
Balance as on April 1, 2019	1,100,000	1,884,253,400	972,000	1,828,886,034	745,866	(1,285,404,520)	544,227,380
Net loss for the year	–	–	–	–	–	(364,580,883)	(364,580,883)
Balance as at March 31, 2020	**1,100,000**	**1,884,253,400**	**972,000**	**1,828,886,034**	**745,866**	**(1,649,985,403)**	**179,646,497**

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CASH FLOWS

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2020	2019	**2020**	2019
Cash flow from operating activities				
Net loss	**(4,839,141)**	(1,156,852)	**(364,580,883)**	(87,157,230)
Adjustments to reconcile net loss to net cash used in operating activities				
Gain on sale of fixed assets	**–**	(166,322)	**–**	(12,530,699)
Depreciation & amortization	**1,127,663**	1,019,819	**84,958,131**	76,833,164
Deferred tax (benefit) expense	**(1,400,643)**	1,627,963	**(105,524,444)**	122,650,732
Changes in assets and liabilities	**–**	–	**–**	–
Accounts receivable	**1,090,000**	1,090,000	**82,120,600**	82,120,600
Accounts receivable, related parties	**945,621**	1,536,229	**71,243,086**	115,739,493
Decrease (increase) in inventories	**2,401,149**	(10,791,668)	**180,902,490**	(813,044,267)
Decrease (increase) in prepaid expenses and other current assets	**5,784**	(236,522)	**435,766**	(17,819,567)
(Increase) decrease in other assets	**(21,186)**	450,000	**(1,596,153)**	33,903,000
(Decrease) increase in accounts payable	**(7,179,431)**	8,788,559	**(540,898,332)**	662,130,035
Intercompany payables	**(3,349,826)**	(2,780,042)	**(252,375,891)**	(209,448,364)
Accrued expenses	**(1,665,105)**	(1,492,241)	**(125,450,012)**	(112,425,438)
Net cash used in operating activities	**(12,885,115)**	(2,111,077)	**(970,765,642)**	(159,048,541)
Cash flow from investing activities				
Purchase of property, equipment and intangibles	**(731,605)**	(1,367,794)	**(55,118,046)**	(103,049,600)
Proceeds from sale of fixed assets	**–**	1,007,383	**–**	75,896,235
Net cash used in investing activities	**(731,605)**	(360,411)	**(55,118,046)**	(27,153,365)
Cash flow from financing activities				
Line of credit received	**13,000,000**	8,600,000	**979,420,002**	647,924,000
Loan repaid (provided) to related party, net	**710,684**	(5,704,556)	**53,542,933**	(429,781,249)
Net cash provided by financing activities	**13,710,684**	2,895,444	**1,032,962,935**	218,142,751
Net increase in cash and cash equivalents	**93,964**	423,956	**7,079,247**	31,940,845
Cash and cash equivalents at the beginning of the year	**505,755**	81,799	**38,103,582**	6,162,737
Cash and cash equivalents at the end of the year	**599,719**	505,755	**45,182,829**	38,103,582
Supplemental cash flow information				
Income taxes paid	**–**	–	**–**	–
Interest paid	**609,983**	503,663	**45,956,119**	37,945,970

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS

NOTE A – ORGANIZATION AND NATURE OF OPERATIONS

Mahindra North American Technical Center, Inc. (hereinafter referred to as the "Company") was incorporated in the state of Delaware on December 18, 2013 and is a wholly owned subsidiary of Mahindra Automotive North America, Inc. ("MANA"). The Company engineers, designs, develops, assembles, and delivers parts and vehicles to the global automotive market, both for on and off-road use, as an Original Equipment Manufacturer ("OEM") headquartered in Auburn Hills, MI.

Ownership of the Company changed on April 30, 2017 when 100% of its stock was acquired by MANA from Mahindra USA, Inc. ("MUSA").

In Michigan, when engaged in automotive manufacturing activities, the Company does business as ("d/b/a") Mahindra Automotive North America Manufacturing ("MANAM"). MANAM produces ROXOR, an off-road side- by-side vehicle. MANAM shipped 3,041 vehicles during the fiscal year ended March 31, 2020.

The Company performed to a contract by the United States Postal Service ("USPS") issued under Solicitation Number 3D-16-A-007 for the development of Next Generation Delivery Vehicle ("NGDV") prototypes. Testing of the prototype vehicles was completed in March 2019. As part of its performance on the USPS NGDV prototype development contract, the Company utilized the engineering services provided by the US branch of Mahindra Vehicle Manufacturers Limited ("MVML"). The successful performance on the NGDV prototypes contract entitles the Company through its parent MANA to bid on the final production contract when it is issued by the USPS.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are detailed below:

1. *Basis of preparation*

   a. The accompanying financial statements are prepared on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States ("US GAAP") to reflect the financial position, results of operation and cash flows of the Company.

   b. The financial statements are for the fiscal years ended March 31, 2020 and March 31, 2019.

   c. Financial information in this report is shown in U.S. dollars ("USD") and in Indian rupees ("INR"). For the fiscal years ended March 31, 2020 and March 31, 2019, dollar amounts are translated for convenience into Indian rupees at an exchange rate of 75.34 INR per dollar on March 31, 2020. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amounts.

   d. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior year to conform to the classifications used in the current year. These changes had no impact on previously reported net loss or stockholder's equity.

   e. The management has prepared future projections supported by business plans and business developmental activities to be undertaken. The Company depends on the continued support from its parent company to meet is liquidity contingency.

2. *Use of estimates*

   The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affects the amounts reported in the financial statements. Significant items subject to such estimates and assumptions include the useful lives of plant, property and equipment and other contingencies. Management believes that the estimates used in the preparation of the financial statements are reasonable. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the financial statements.

3. *Cash and cash equivalents*

   The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate per bank of USD 250,000 (INR 18,835,000). The Company believes it is not exposed to any significant risk on cash and cash equivalents.

4. *Inventories*

   Raw materials, work in progress and finished goods inventories are stated at the lower of cost and net realizable value, with cost being determined on a weighted average basis. The measurement of inventories includes the direct cost of materials and labor as well as indirect costs (variable and fixed). A provision is made for obsolete and slow-moving raw materials, finished goods, spare parts and other supplies based on their expected future use and realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs for sale and distribution.

   The Company makes adjustments to its inventory reserve based on the identification of specific situations and increases its inventory reserves accordingly. As further changes in future economic or industry conditions occur, the Company will revise the estimates that were used to calculate its inventory reserves. The Company during the year did not identify any specific situation for which inventory reserve is required.

   If actual conditions are less favorable than those the Company has projected, the Company will increase its reserves for lower of cost or market ("LCM"), excess and obsolete inventory, accordingly. Any increase in the Company's reserves will adversely impact its results of operations. The establishment of a reserve for LCM, excess and obsolete inventory establishes a new cost basis in the inventory. Such reserves are not reduced until the product is sold. No reserve has been established for LCM in the current year.

5. *Income taxes*

   Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due, plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled, respectively.

   The Company has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax provisions. Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state taxing authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties from federal and state taxing authorities were recorded in the accompanying financial statements.

6. *Revenue recognition*

   <u>*Sale of manufactured goods*</u>

   The Company recognizes revenues from sale of manufactured ROXOR off-road side by side vehicles and their related accessories.

   Revenue is recognized when control of the vehicles, parts or accessories have been transferred and the Company's performance obligation to the customer have been satisfied. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transfer of goods. The timing of when the Company transfers the goods to the customer may differ from the timing of the customer's payment.

   When the Company gives the customer the right to return eligible goods, the Company estimates the expected returns based on an analysis of historical experiences.

   The Company has determined that the customer is its affiliate company for the sale of vehicles and service parts. Transfer of control, and therefore revenue recognition, generally corresponds to the date when the vehicles or service parts are made available to the customer, or when the vehicles or service parts are released to the carrier responsible for transporting them to the customer. This is also the point at which invoices are issued, with payment terms for vehicles and for service parts. For component part sales, revenue recognition is consistent with that of service parts.

Revenue from contracts with customers

Effective April 1, 2019, the Company has adopted Financial Accounting Standards Board ("FASB") issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), with a date of initial application of April 1, 2019 using the modified retrospective method and determined that the existing revenue recognition practices are in compliance with ASC 606. Accordingly, there was no cumulative effect adjustment to the balance of accumulated surplus in the balance sheet as of April 01, 2019, as the adoption did not result in a change to the timing of revenue recognition.

Erstwhile revenue recognition policy as per ASC 605

<u>Sale of manufactured goods</u>

The Company recognizes revenues from sale of manufactured ROXOR off-road side by side vehicles and their related accessories. Sales are recognized as revenue upon sale as these sales are considered to be final and no right of return or price protection exists.

Revenue from sale of goods is recognized specifically when all the following conditions are met:

a. There is a persuasive evidence that an arrangement exists.

b. Delivery has occurred, or services have been rendered.

c. The sales price is fixed or determinable.

d. Collectability is reasonably assured.

<u>Milestone payment</u>

Revenues from contracts are recognized when milestones are achieved. Anticipated losses on contracts are recorded when determinable. The Company received the final milestone payment from the USPS NGDV prototype development contract in April 2019.

7. *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost of items of property, plant and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method except for production tools. Upon retirement or disposal of assets, the cost and accumulated depreciation will be eliminated from the accounts and the resulting gain or loss will be credited or charged to operations.

The estimated useful life used to determine depreciation is:

Particulars	**Useful life**
Computers	3 years
Furniture	7 years
Leasehold improvements	15 years
Machinery & equipment	5 years
Tooling	5 years

The cost of property, plant and equipment not ready for use before such date are disclosed under capital work- in-progress.

The Company expenses all capital expenses below $5,000. Expenditures for maintenance and repairs are charged to expense. Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value of the asset may not be recoverable.

8. *Intangible assets*

Intangible assets are comprised of computer software which has been recognized at cost and amortized over a period of 3 years or its estimated useful life. Subsequent expenditure is capitalized only when it increases the future economic benefit from the specific assets to which it relates.

9. *Government incentives*

The Company receives incentives from the Michigan Economic Development Corporation in the form of business development grants. These grants are recognized at their fair values in the statement of income where there is a reasonable assurance that all grant conditions have been complied with and the grant will be received.

10. *Fair value measurements and financial instruments*

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

Some of Company's financial instruments, including cash and cash equivalents, accounts receivable and accounts payable are not measured at fair value on a recurring basis but are recorded at amounts that approximate fair value due to their liquid or short-term nature.

11. *Leases*

Accounting Standard Update ("ASU") 2016-02, Leases. On April 1, 2019, the Company early adopted Accounting Standards Codification 842 and all the related amendments ("new lease standard") using the modified retrospective method. The comparative information has not been restated and continues to be reported under the lease accounting standard in effect of those periods. The Company does not expect the adoption of the new lease standard to have a material impact to net income on an ongoing basis. The new lease standard requires all leases to be reported on the balance sheet as operating lease right-of-use assets and lease obligations. The Company elected the practical expedients permitted under the transition guidance of the new standard that retained the lease classification and initial direct costs for any leases that existed prior to adoption of the standard.

Right-of-use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date for leases exceeding 12 months. Minimum lease payments include only the fixed lease component of the agreement, as well as any variable rate payments that depend on an index, initially measured using the index at the lease commencement date. Lease terms may include options to renew when it is reasonably certain that the Company will exercise that option.

The Company estimates its incremental borrowing rate for each lease based on the respective weighted average term of the agreements. This estimation considers the market rates of the Company's outstanding collateralized borrowings and interpolations of rates outside of the terms of the outstanding borrowings, including comparisons to comparable borrowings of similarly rated companies with longer term borrowings.

Operating lease expense is recognized on a straight-line basis over the lease term and is included in cost of revenue or general and administrative expense. Amortization expense for finance leases is recognized on a straight-line basis over the lease term and is included in cost of revenue. Interest expense for finance leases is recognized using the effective interest method. Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term.

As a result of the Company's adoption of ASC 842, the Company recognized operating lease right-of-use of assets and lease liabilities amounting to $7,620,345 (INR 574,116,792) and $7,600,061 (INR 572,588,596), respectively.

Operating leases as per old standard - ASC 840

The Company leases certain facilities and equipment. Lease rent expenses on operating leases are charged to statement of income over the lease term. Certain of the Company's leases contain renewal options, rent escalation clauses, and/or landlord incentives. Renewal terms generally reflect market rates at the time of renewal. Rent expense for non-cancellable operating leases with scheduled rent increases and/or landlord incentives is recognized on a straight-line basis over the lease term, including any applicable rent holidays, beginning with the lease commencement date, or the date the Company takes control of the leased space, whichever is sooner. The excess of straight-line rent expense over scheduled payment amounts and landlord incentives is recorded as a deferred rent liability. The Company followed the accounting policy to account for leases in accordance with ASC 840 for the year ended March 31, 2019.

12. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

The Company is engaged in litigation with FCA US, LLC both at the International Trade Commission and at the United States District Court, Eastern District of Michigan. Both matters are ongoing. At this time no liability has been incurred and the amount of any future loss or award associated with these matters cannot reasonably be estimated. It is management's belief that it is more likely than not that Company's position will prevail in these matters. A final determination is expected from the International Trade Commission on June 1, 2020. A trial date for the United States District Court, Eastern District of Michigan matter was previously set but adjourned due to the Covid-19 pandemic. The trial date is scheduled for June 8, 2020.

NOTE C – CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Company comprise of:

	USD		**INR**	
	As at March 31,		**As at March 31,**	
Particulars	**2020**	2019	**2020**	2019
Bank balances	**599,719**	505,755	**45,182,829**	38,103,582
Total	**599,719**	505,755	**45,182,829**	38,103,582

Bank balances on operating and checking accounts with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of USD 250,000 (INR: 18,835,000) (March 31, 2019: USD 250,000 (INR: 18,835,000)) per financial institution per depositor.

NOTE D – ACCOUNTS RECEIVABLE

Accounts receivable comprise the following:

	USD		**INR**	
	As at March 31,		**As at March 31,**	
Particulars	**2020**	2019	**2020**	2019
Accounts receivable	**–**	1,090,000	**–**	82,120,600
Total	**–**	1,090,000	**–**	82,120,600

NOTE E – INVENTORIES

Inventories comprise of:

	USD		**INR**	
	As at March 31,		**As at March 31,**	
Particulars	**2020**	2019	**2020**	2019
Raw materials	**15,253,926**	16,028,582	**1,149,230,785**	1,207,593,368
Material in transit	**429,330**	2,352,370	**32,345,722**	177,227,556
Work-in-process	**417,183**	362,755	**31,430,567**	27,329,962
Finished goods	**4,537,626**	4,287,699	**341,864,743**	323,035,243
Less: provision for damaged goods and obsolescence	**(150,585)**	(142,778)	**(11,345,074)**	(10,756,895)
Total	**20,487,480**	22,888,628	**1,543,526,743**	1,724,429,234

NOTE F – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets comprise of:

	USD		**INR**	
	As at March 31,		**As at March 31,**	
Particulars	**2020**	2019	**2020**	2019
Prepaid software license fee	**18,314**	15,487	**1,379,777**	1,166,791
Prepaid insurance	**77,576**	95,129	**5,844,576**	7,167,019
Michigan new jobs tax credit	**31,500**	14,767	**2,373,210**	1,112,470
Prepaid others	**123,323**	131,114	**9,291,154**	9,878,204
Total	**250,713**	256,497	**18,888,717**	19,324,484

NOTE G – PROPERTY, PLANT AND EQUIPMENT, NET

	USD		**INR**	
	As at March 31,		**As at March 31,**	
Particulars	**2020**	2019	**2020**	2019
Leasehold improvements	**2,189,821**	2,189,821	**164,981,114**	164,981,114
Machinery & equipment	**2,795,668**	2,712,693	**210,625,627**	204,374,291
Furniture	**4,723**	4,723	**355,831**	355,831
Computers	**56,139**	49,194	**4,229,512**	3,706,276
Tooling	**1,542,912**	712,501	**116,243,065**	53,679,825
	6,589,263	5,668,932	**496,435,149**	427,097,337
Less: Accumulated depreciation	**(2,120,513)**	(1,081,799)	(159,759,449)	(81,502,737)
	4,468,750	4,587,133	**336,675,700**	345,594,600
Capital work in progress	**550,012**	798,918	**41,437,904**	60,190,482
Property, plant and equipment, net	**5,018,762**	5,386,051	**378,113,604**	405,785,082

Depreciation expense for the year is USD 1,038,714 (INR 78,256,713) (March 31, 2019: USD 751,198 (INR: 56,595,257)).

NOTE H – INTANGIBLE ASSETS, NET

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	2019	**2020**	2019
Software	**303,716**	243,536	**22,881,963**	18,348,003
Less: Accumulated amortization	**(157,836)**	(68,887)	**(11,891,364)**	(5,189,947)
Total	**145,880**	174,649	**10,990,599**	13,158,056

Amortization expense for the year is USD 88,949 (INR: 6,701,418) (March 31, 2019: USD 68,887 (INR: 5,189,947)).

The estimate of annual amortization expense for the following years for the intangible assets is as follows:

March 31,	**USD**	INR
2021	88,949	6,701,418
2022	56,931	4,289,181
2023	–	–
Total	**145,880**	**10,990,599**

NOTE I – ACCRUED EXPENSES

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	2019	**2020**	2019
Accrued vacation	**217,688**	442,603	**16,400,614**	33,345,709
Accrued payable	**504,450**	2,088,644	**38,005,263**	**157,358,439**
Accrued merit pay	**430,130**	275,475	**32,405,994**	**20,754,287**
Accrued payroll	**79,700**	105,286	**6,004,598**	**7,932,247**
Others	**35,890**	35,000	**2,703,953**	**2,636,900**
Withholding payroll taxes	**29,982**	15,937	**2,258,844**	1,200,618
Total	**1,297,840**	2,962,945	**97,779,266**	223,228,200

NOTE J – LINE OF CREDIT

In June 2017, the Company obtained a line of credit with JP Morgan Bank with a maximum permissible limit of USD 10,000,000 (INR: 691,900,000). The line of credit was subsequently increased to USD 29,500,000 (INR: 2,222,530,000). As at March 31, 2020 the Company has made withdrawals to the tune of USD 29,500,000 (INR: 2,222,530,000) (March 31, 2019: USD 16,500,000 (INR 1,243,110,000).

Interest on the line of credit is payable at LIBOR plus 1.75% per annum, calculated at monthly intervals. The weighted average rate of interest for the years ended March 31, 2020 and March 31, 2019 was 3.67% and 3.71% per annum, respectively. As of March 31, 2020, and March 31, 2019, the applicable rate of interest on the outstanding line of credit was 3.00% and 4.31% per annum, respectively.

Total interest expense on the line of credit for the year is USD 1,027,725 (INR: 77,428,801) (March 31, 2019: USD 494,581 (INR 37,261,733).

NOTE K – RELATED PARTY LOAN

The Company during the fiscal year 2018, issued a loan to its related party, Mahindra Automotive North America, Inc. at an interest rate of 5.00% per annum. The loan amount receivable at March 31, 2020 is USD 7,442,675 (INR: 560,731,059) (March 31, 2019: USD 8,172,696 (INR: 615,730,917). Interest is calculated based on a 365-day annual term and payable along with the principal. The loan is repayable on demand. Interest receivables as at March 31, 2020 was USD 19,337 (INR 1,456,850) (March 31, 2019: USD Nil (INR Nil).

Interest income for the year ended March 31, 2020 was USD 417,742 (INR: 31,472,682) (March 31, 2019: USD 62,562 (INR: 4,713,421).

The Company during the fiscal year ended March 31, 2019, also obtained a loan from Mahindra Automotive North America, Inc. at an interest rate of 5.00% for short-term funding purpose. The loan amounting to USD 9,025,000 (INR 679,943,500) was repaid during the fiscal year ended March 31, 2019.

Interest expense for the year ended March 31, 2020 and March 31, 2019 amounted to USD Nil (INR Nil) and USD 71,644 (INR 5,397,659), respectively.

NOTE L – LEASES

The Company has entered various facility and equipment operating leases with varying terms. In most circumstances, management expects that in the normal course of business, leases will be renewed or replaced by other leases.

General description of the leases

The Company has entered into noncancelable operating lease agreements related to facility, office equipment, machinery and equipment and vehicles with varying terms.

Non-lease components: Leases that contain non-lease components are accounted for as a single component and recorded on the balance sheet for certain asset classes including equipment. Non-lease components include, but are not limited to, common area maintenance and service arrangements.

Package of practical expedients: The Company will not reassess whether any expired or existing contracts are leases or contain leases, the lease classification for any expired or existing leases or any initial direct costs for any expired or existing leases as of the transition date.

Additional transition method: The Company adopted the standard using a modified retrospective approach, applying the standard's transition provisions at the beginning of the period of adoption and maintain previous disclosure requirements for comparative periods.

The Company used the following policies and/or assumptions in evaluating the lease population:

Lease determination: The Company considers a contract to be or to contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

Discount rate: When the lease contracts do not provide a readily determinable implicit rate, the Company uses the estimated incremental borrowing rate based on information available at the inception of the lease. The discount rate is determined by asset class.

Variable payments: The Company includes payments that are based on an index or rate within the calculation of right of use leased assets and lease liabilities, initially measured at the lease commencement date. There are variable payments in the nature of origination fees for office equipment, machinery and equipment and therefore are not treated as a part of lease payments.

Purchase options: Certain leases include options to purchase the office equipment. The depreciable life of assets are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Renewal options: Most leases include one or more options to renew, with renewal terms that can extend the lease term from one or more years. The exercise of lease renewal options is at the Company's sole discretion.

Residual value guarantees, restrictions, or covenants: The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Short-term leases: Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term and expense the associated operating lease costs to administrative expenses on the statements of income.

The table below presents the classification of leasing assets and liabilities as reported on the balance sheet as of March 31, 2020.

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	2019	**2020**	2019
Assets				
Operating lease right-of-use assets	**6,349,083**	–	**478,339,913**	**–**
Total lease assets	**6,349,083**	–	**478,339,913**	**–**

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	2019	**2020**	2019
Liabilities				
Current				
Operating lease liabilities	**1,335,958**	–	**100,651,152**	–
Long term				
Operating lease liabilities	**4,992,439**	–	**376,130,354**	–
Total lease liabilities	**6,328,397**	–	**476,781,506**	–

The table below presents the classification of lease related expenses as reported in the statements of income.

	USD		INR	
	For the year ended March 31,		For the year ended March 31,	
Particulars	**2020**	2019	**2020**	2019
Operating lease expense*	**1,834,027**	–	**138,175,594**	–
Total lease expense	**1,834,027**	–	**138,175,594**	–

* Operating lease expense are included in administrative expenses in the statements of income. Operating lease expense include short-term leases, variable lease costs and leases which did not meet the capitalization requirement of the Company.

Future minimum lease payments as of March 31, 2020, for operating leases having an initial or remaining non- cancelable lease term in excess of one year are as follows:

	Amount	
Year ended March 31,	**USD**	**INR**
2021, 2022 and 2023	3,093,355	233,053,366
2024 and 2025	2,842,167	214,128,862
2026 onwards	1,041,966	78,501,794
Total minimum lease payments	6,977,488	525,684,022
Less: Interest	(649,091)	(48,902,516)
Present value of lease payments	6,328,397	476,781,506

The following table presents the weighted-average remaining lease term and discount rates as of March 31, 2020.

Weighted-average remaining lease term (years)	
Operating leases	4.4
Weighted-average discount rate	–
Operating leases	4.35%

The following table presents supplemental information for operating leases for the year ended March 31, 2020.

	Amount	
Supplemental information	**USD**	**INR**
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows used in operating leases	1,570,184	118,297,639

Disclosure related to year prior to adoption of the new lease standard

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelleable lease terms in excess of one year as of March 31, 2019.

	Amount	
Year ended March 31	**USD**	**INR**
2020	1,791,014	134,934,995
2021	1,779,940	134,100,680
2022	1,712,521	129,021,332
2023 and onwards	4,608,062	347,171,391

Total rental expense for operating leases for the year ended March 31, 2019 amounted to USD 1,738,015 (INR:130,942,050).

NOTE M – REVENUE FROM CONTRACT WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

The following table presents revenue disaggregated by product line:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	2019	**2020**	2019
Vehicle sales	**44,349,230**	48,544,699	**3,341,270,988**	3,657,357,623
Parts and accessory sales	**3,013,308**	1,960,110	**227,022,625**	147,674,687
Total revenue by product line	**47,362,538**	50,504,809	**3,568,293,613**	3,805,032,310

The following table presents revenue disaggregated by timing of recognition:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	2019	**2020**	2019
Products and services transferred at a point in time	**47,362,538**	50,504,809	**3,568,293,613**	3,805,032,310
Products transferred over time	**–**	–	**–**	–
Total revenue by timing of revenue recognition	**47,362,538**	50,504,809	**3,568,293,613**	3,805,032,310

The following table presents revenue disaggregated by geography based on Company's locations:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	2019	**2020**	2019
United States	**47,362,538**	50,504,809	**3,568,293,613**	3,805,032,310

Contract balances

The Company's contracts with customers are comprised of purchase orders along with standard terms and conditions. These contracts with customers typically consist of sale of products which represent performance obligations that are satisfied upon transfer of control of the product to the customer at a point in time. The Company adopted the new revenue recognition standard using the modified retrospective transition approach and determined that the existing revenue recognition practices are in compliance with ASC 606. Accordingly, there was no cumulative effect adjustment to the balance of accumulated surplus in the balance sheet for the year ended March 31, 2020, as the adoption did not result in a change to the timing of revenue recognition.

The following table provides information about contract assets and liability balances as of March 31, 2020 and 2019:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	2019	**2020**	2019
Accounts receivable (Refer Note C)	**1,507,306**	3,254,569	**113,560,434**	245,199,228

NOTE N – INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company is subject to federal taxation and in the State of Michigan. The provision for income tax (benefit) expense is as follows:

	USD		INR	
	Year ended March 31,		Year ended March 31,	
Particulars	**2020**	2019	**2020**	2019
Current tax benefit	–	–	–	–
Deferred tax expense (benefit)	**(1,400,643)**	1,627,963	**(105,524,444)**	**122,650,732**
Income tax expense (benefit)	**(1,400,643)**	1,627,963	**(105,524,444)**	**122,650,732**

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that create such differences is as follows:

	USD		INR	
	Year ended March 31,		Year ended March 31,	
Particulars	**2020**	2019	**2020**	2019
Deferred tax asset (liability)				
Net operating loss	**7,326,694**	4,014,799	**551,993,126**	302,474,957
Research and development credit	**491,884**	614,842	**37,058,541**	46,322,196
State net operating loss	**497,983**	2,295,723	**37,518,039**	172,959,771
Inventory	**60,908**	119,877	**4,588,809**	9,031,533
Accrued expenses	**142,638**	221,583	**10,746,346**	16,694,063
Prepaid expenses	**(48,269)**	(61,485)	**(3,636,586)**	(4,632,279)
Property and equipment	**(852,261)**	(986,405)	**(64,209,344)**	(74,315,753)
Foreign tax credit	**1,206,071**	1,206,071	**90,865,389**	90,865,389
Valuation allowance	**(1,206,071)**	(1,206,071)	**(90,865,389)**	(90,865,389)
Total	**7,619,577**	6,218,934	**574,058,931**	468,534,488

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of projections for future taxable income for which the deferred tax assets are deductible, the management believes there exists reasonable certainty regarding the realization of deferred tax assets on the net operating losses and research & development credit.

The Company has federal net operating losses ("NOLs") carryforwards of USD 34,116,554 (INR: 2,570,341,178) as at March 31, 2020 (March 31, 2019: USD 28,521,191 (INR: 2,148,786,530)). Out of the total NOLs of USD 34,116,554 (INR: 2,570,341,178), if unutilized, NOLs of USD 29,355,508 (INR: 2,211,643,973) will begin to expire from the year 2035, whereas the remaining NOLs will be carried forward indefinitely.

The Company has state net operating losses carryforwards of USD 10,505,962 (INR: 791,519,177) as at March 31, 2020 (March 31, 2019: USD 9,262,318 (INR: 697,823,038)), which if unutilized will begin to expire from the year 2026.

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination.

The tax years 2016, 2017, 2018 and 2019 remains subject to examination by the taxing authorities.

NOTE O – RELATED PARTY TRANSACTIONS

Name of related party and nature of relationship:

No.	Name of the party	Nature of relationship
1	Mahindra & Mahindra Limited	Ultimate parent company
2	Mahindra Automotive North America, Inc.	Parent company
3	Mahindra Vehicle Manufacturers Limited – US Branch	Affiliate company
4	Mahindra Vehicle Sales and Service, Inc	Affiliate company
5	Mahindra Tractor Assembly, Inc.	Affiliate company

Summary of transactions and balances with related parties are as follows:

	USD		INR	
	For the year ended March 31		For the year ended March 31	
Particulars	**2020**	2019	**2020**	2019
Transactions during the year				
Mahindra Vehicle Manufacturers Limited – US branch				
Services received	**770,761**	–	**58,069,134**	–
Sale of service	**216,858**	–	**16,338,082**	–
Mahindra Tractor Assembly, Inc.				
Purchases	**870,852**	–	**65,609,990**	–
Purchase returns	**870,852**	–	**65,609,990**	–
Mahindra Vehicle Sales and Services, Inc.				
Reimbursement of expenses	**–**	–	**–**	–
Sale of vehicles	**44,349,230**	47,454,699	**3,341,270,018**	3,575,237,023
Mahindra Automotive North America, Inc.				
Corporate cost allocation	**5,685,944**	3,418,365	**428,379,018**	257,539,417
Corporate cost allocation payment	**–**	3,965,605	**–**	298,768,681
Loan provided	**42,189,979**	10,397,696	**3,178,592,987**	783,362,417
Loan payment received	**42,920,000**	4,695,000	**3,233,592,800**	353,721,300
Interest income	**417,742**	62,562	**31,472,682**	4,713,421
Interest payment received	**398,405**	80,702	**30,015,815**	6,080,089
Loan obtained	**–**	9,025,000	**–**	679,943,500
Loan payment	**–**	9,025,000	**–**	679,943,500
Interest expense	**–**	71,644	**–**	5,397,659
Interest expense payment	**–**	71,644	**–**	5,397,659
Mahindra and Mahindra, Limited				
Purchase of raw materials	**15,484,253**	21,572,092	**1,166,583,621**	1,625,241,392

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	2019	**2020**	2019
Balances at the end of the year				
Mahindra Automotive North America, Inc.	**6,510**	24,164	**490,463**	1,820,516
Mahindra Vehicle Sales and Service, Inc.	**1,247,621**	–	**93,995,766**	–
Mahindra Vehicles Manufacturers Limited	**108,288**	–	**8,158,418**	–
Mahindra Tractor Assembly, Inc.	**870,852**	–	**65,609,990**	–
	2,233,271	24,164	**168,254,637**	1,820,516
Intercompany payables				
Mahindra Vehicle Sales and Service, Inc.	**–**	2,808,050	**–**	211,558,487
Mahindra Automotive North America, Inc.	**2,421,010**	–	**182,398,894**	–
Mahindra Vehicles Manufacturers Limited	**191,942**	–	**14,460,910**	–
	2,612,952	2,808,050	**196,859,804**	211,558,487
Short term loan receivable, related party				
Mahindra North American Technical Center, Inc.				
Loan balance	**7,442,675**	8,172,696	**560,731,134**	615,730,917
Interest receivable	19,337	–	**1,456,850**	–
	7,462,012	8,172,696	**562,187,984**	615,730,917
Mahindra and Mahindra, Limited				
Accounts payable	**3,846,366**	9,779,124	**289,785,198**	736,759,175
Accrued payable expenses	**429,330**	2,352,370	**32,345,697**	177,227,585

NOTE P – EMPLOYEE BENEFIT PLANS

The Company has voluntary 401(k) retirement plans. The Company may make annual contributions to the plans equal to a uniform percentage of participant compensation. The cost of the Company's contributions charged to expense related to 401(k) contributions was USD 72,069 (INR 5,429,678) and USD 55,208 (INR 4,159,371) for the years ended March 31, 2020 and March 31, 2019, respectively.

NOTE Q – COMMON STOCK

Common stock

The authorized share capital of the Company as of March 31, 2020 and March 31, 2019 was 100,000 shares of $ 25 each. As at March 31, 2020 and March 31, 2019, total shares issued and outstanding was 1,000 shares.

The authorized share capital of the Company as of March 31, 2020 and March 31, 2019 was 1,000,000 shares of $ 25 each. As at March 31, 2020 and March 31, 2019, total shares issued and outstanding was 971,000 shares.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holder of common stock shall be entitled to receive all the remaining assets of the Company.

NOTE R – RISK AND UNCERTANITIES

The Company's future results of operations involve several risks and uncertainties.

Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

NOTE S – SUBSEQUENT EVENTS

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets.

The Company has evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were issued. Management is currently evaluating the impact of this COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Mahindra Automotive North America, Inc.

We have audited the accompanying balance sheets of Mahindra Automotive North America, Inc. ("the Company") as of March 31, 2020 and March 31, 2019, the related statements of loss, stockholder's equity and cash flows for the years ended March 31, 2020 and March 31, 2019 and the related notes to the separate parent company financial statements.

Management's responsibility for the separate parent company financial statements

Management is responsible for the preparation and fair presentation of these separate parent company financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of separate parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these separate parent company financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate parent company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the separate parent company financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the separate parent company financial statements.

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

Basis of qualified opinion

As discussed in Note C. 1(a) to the separate parent company financial statements, the Company reports investment in its wholly owned subsidiary, Mahindra North American Technical Center, Inc. and Mahindra Vehicle Sales and Service, Inc., on cost basis. Accounting principles generally accepted in the United States of America require that all majority owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of this subsidiary had been consolidated with those of the Company, total assets would have decreased by USD 27,897,626 (INR: 2,101,807,143) and USD 5,702,816 (INR:429,650,157) as on March 31, 2020 and March 31, 2019, respectively; total liabilities would have increased by USD 49,135,126 (INR: 3,701,840,393) and USD 33,622,264 (INR 2,533,101,370) as on March 31, 2020 and March 31, 2019, respectively; stockholder's equity would have decreased by USD 77,032,752 (INR:5,803,647,536) and USD 39,325,080 (INR: 2,962,751,527) as on March 31, 2020 and March 31, 2019, respectively and net loss would have increased by USD 37,707,672 (INR: 2,840,896,008) and USD 19,472,557 (INR: 1,467,062,435) for each of the years then ended.

Opinion

In our opinion, except for the effects of not consolidating the wholly owned subsidiary as discussed in the Basis of qualified opinion paragraph, the separate parent company financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2020 and March 31, 2019 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matter

The presentation of financial information in Indian rupees in the separate parent company financial statements is not a required part of the basic separate parent company financial statements. We have verified the arithmetic accuracy of the presentation based upon exchange rate provided by the Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

KNAV P.A.
Atlanta, Georgia
May 11, 2020

Separate Parent Company Financial Statements

BALANCE SHEET

	USD		INR	
	As at March 31,		As at March 31,	
	2020	2019	2020	2019
ASSETS				
Current assets				
Cash and cash equivalents	1,089,365	76,505	82,072,759	5,763,887
Accounts receivable, related party	3,250,463	251,685	244,889,882	18,961,948
Due from related parties	–	–	–	–
Prepaid expenses and other current assets	321,230	72,647	24,201,468	5,473,225
Total current assets	**4,661,058**	**400,837**	**351,164,109**	**30,199,060**
Property and equipment, net	8,354,940	8,339,327	629,461,180	628,284,896
Deferred tax assets, net	3,594,208	1,985,144	270,787,631	149,560,749
Investment in subsidiaries	85,621,021	55,241,043	6,450,687,722	4,161,860,180
Investment	750,000	–	56,505,000	–
Operating lease right-of-use asset	1,195,949	–	90,102,798	–
Other assets	50,082	50,000	3,773,178	3,767,000
Total assets	**104,227,258**	**66,016,351**	**7,852,481,618**	**4,973,671,885**
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities				
Accounts payable	784,680	855,230	59,117,791	64,433,028
Short term borrowing, related parties	17,867,734	18,136,558	1,346,155,080	1,366,408,280
Intercompany payable, others	2,064,702	6,028,987	155,554,649	454,223,881
Operating lease liability	110,225	–	8,304,352	–
Accrued expenses	1,455,001	1,203,985	109,619,775	90,708,230
Total current liabilities	**22,282,342**	**26,224,760**	**1,678,751,647**	**1,975,773,419**
Other liabilities				
Operating lease liability – non-current	1,201,444	–	90,516,791	–
Total liabilities	**23,483,786**	**26,224,760**	**1,769,268,438**	**1,975,773,419**
Stockholder's equity				
Common stock, $ 25 par value 4,500,000 shares authorized 3,750,000 shares issued and outstanding	93,750,000	44,000,000	7,063,125,000	3,314,960,000
Accumulated deficit	(13,006,528)	(4,208,409)	(979,911,820)	(317,061,534)
Total stockholder's equity	**80,743,472**	**39,791,591**	**6,083,213,180**	**2,997,898,466**
Total liabilities and stockholder's equity	**104,227,258**	**66,016,351**	**7,852,481,618**	**4,973,671,885**

(The accompanying notes are an integral part of these separate parent company financial statements)

Separate Parent Company Financial Statements

STATEMENTS OF (LOSS) INCOME

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2020	2019	2020	2019
Operating revenues	16,307,686	12,117,493	1,228,621,063	912,931,923
Cost of revenue	9,106,477	7,416,462	686,081,977	558,756,247
Gross profit	**7,201,209**	**4,701,031**	**542,539,086**	**354,175,676**
Selling, general and administrative expenses	16,947,773	10,622,239	1,276,845,218	800,279,486
Depreciation expense	228,729	134,713	17,232,443	10,149,277
Interest expense, net	418,610	278,768	31,538,076	21,002,393
Total costs and expenses	**17,595,112**	**11,035,720**	**1,325,615,737**	**831,431,156**
Operating loss	**(10,393,903)**	**(6,334,689)**	**(783,076,651)**	**(477,255,480)**
Loss on sale of fixed assets	13,280	–	1,000,515	–
Loss before income taxes	**(10,407,183)**	**(6,334,689)**	**(784,077,166)**	**(477,255,480)**
Income tax benefit	(1,609,064)	(1,970,691)	(121,226,882)	(148,471,860)
Net loss	**(8,798,119)**	**(4,363,998)**	**(662,850,284)**	**(328,783,620)**

(The accompanying notes are an integral part of these separate parent company financial statements)

Statements of stockholder's equity

(All amounts are stated in United States Dollars, except number of shares)

Particulars	Common stock Authorized Shares	Value ($)	Issued & outstanding Shares	Value ($)	Accumulated surplus (deficit)	Total stockholder's equity
Balance as at April 01, 2018	1,080,000	27,000,000	1,056,000	26,400,000	155,589	26,555,589
Common stock issued during the year	970,000	24,250,000	704,000	17,600,000	–	17,600,000
Net income	–	–	–	–	(4,363,998)	(4,363,998)
Balance as at March 31, 2019	**2,050,000**	**51,250,000**	**1,760,000**	**44,000,000**	**(4,208,409)**	**39,791,591**
Balance as at April 01, 2019	2,050,000	51,250,000	1,760,000	44,000,000	(4,208,409)	39,791,591
Common stock issued during the year	2,450,000	61,250,000	1,990,000	49,750,000	–	49,750,000
Net loss	–	–	–	–	(8,798,119)	(8,798,119)
Balance as at March 31, 2020	**4,500,000**	**112,500,000**	**3,750,000**	**93,750,000**	**(13,006,528)**	**80,743,472**

(All amounts are stated in Indian Rupees, except number of shares)

Particulars	Common stock Authorized Shares	Value (INR)	Issued & outstanding Shares	Value (INR)	Accumulated earnings (deficit)	Total stockholder's equity
Balance as at April 01, 2018	1,080,000	2,034,180,000	1,056,000	1,988,976,000	11,722,075	2,000,698,084
Common stock issued during the year	970,000	1,826,995,000	704,000	1,325,984,000	–	1,325,984,000
Net income	–	–	–	–	(328,783,620)	(328,783,620)
Balance as at March 31, 2019	**2,050,000**	**3,861,175,000**	**1,760,000**	**3,314,960,000**	**(317,061,545)**	**2,997,898,464**
Balance as at April 01, 2019	2,050,000	3,861,175,000	1,760,000	3,314,960,000	(317,061,545)	2,997,898,464
Common stock issued during the year	2,450,000	4,614,575,000	1,990,000	3,748,165,000	–	3,748,165,000
Net loss	–	–	–	–	(662,850,284)	(662,850,284)
Balance as at March 31, 2020	**4,500,000**	**8,475,750,000**	**3,750,000**	**7,063,125,000**	**(979,911,829)**	**6,083,213,180**

(The accompanying notes are an integral part of these separate parent company financial statements)

STATEMENTS OF CASH FLOWS

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2020	2019	2020	2019
Net loss	(8,798,119)	(4,363,998)	(662,850,284)	(328,783,620)
Adjustments to reconcile net (loss) income to net cash from (used in) operating activities				
Loss on the disposal of fixed assets	13,280	–	1,000,515	–
Depreciation & amortization expense	228,729	134,713	17,232,443	10,149,277
Deferred tax benefit	(1,609,064)	(1,970,691)	(121,226,882)	(148,471,860)
Changes in assets and liabilities				
(Increase) decrease in accounts receivable, related party	(2,998,778)	96,668	(225,927,935)	7,282,967
Due from related parties	–	1,208,235	–	91,028,425
(Increase) decrease in prepaid expenses and other current assets	(248,583)	81,465	(18,728,243)	6,137,573
Operating lease right of use assets	(109,695)	–	(8,264,421)	–
Other assets	(82)	(50,000)	(6,178)	(3,767,000)
(Decrease) increase in accounts payable	(70,550)	684,062	(5,315,237)	51,537,231
(Decrease) increase in intercompany payable, other	(3,964,285)	6,574,708	(298,669,233)	495,338,548
Operating lease liability	35,875	–	2,702,823	–
Accrued expenses and other current liabilities	901,754	774,826	67,938,134	58,375,355
Net cash provided from (used in) operating activities	**(16,619,518)**	**3,169,988**	**(1,252,114,498)**	**238,826,896**
Cash flow from investing activities				
Purchase of property & equipment	(290,622)	(8,474,039)	(21,895,450)	(638,434,098)
Investment in Vasuki	(750,000)	–	(56,505,000)	–
Investment in subsidiary	–	(29,256,043)	–	(2,204,150,280)
Proceeds from sale of vehicle	33,000	–	2,486,220	–
Net cash used in investing activities	**(1,007,622)**	**(37,730,082)**	**(75,914,230)**	**(2,842,584,378)**
Cash flows from financing activities				
Issuance of common stock	49,750,000	17,600,000	3,748,165,000	1,325,984,000
Proceeds from loan from related party	42,189,979	29,817,696	3,178,593,018	2,246,465,217
Repayment of loan from related party	(42,920,000)	(14,695,000)	(3,233,592,800)	(1,107,121,300)
Loan advanced to related party	(30,629,979)	(25,737,608)	(2,307,662,618)	(1,939,071,387)
Proceeds from repayment of loan to related party	250,000	27,637,608	18,835,000	2,082,217,387
Net cash provided from financing activities	**18,640,000**	**34,622,696**	**1,404,337,600**	**2,608,473,917**
Net increase in cash and cash equivalents	1,012,860	62,602	76,308,872	4,716,435
Cash and cash equivalents at beginning of the year	76,505	13,903	5,763,887	1,047,452
Cash and cash equivalents at the end of the year	**1,089,365**	**76,505**	**82,072,759**	**5,763,887**
Supplemental cash flow information				
Income taxes paid	–	–	–	–
Interest paid	398,405	163,522	30,015,833	12,319,747

(The accompanying notes are an integral part of these separate parent company financial statements)

NOTES TO SEPARATE PARENT COMPANY FINANCIAL STATEMENTS

NOTE A - ORGANIZATION AND NATURE OF OPERATIONS

Mahindra Automotive North America, Inc. (hereinafter referred to as the "Company") was incorporated in the state of Delaware on March 27, 2017 and is a wholly owned subsidiary of Mahindra Overseas Investment Company Mauritius, Limited ("MOICML"). Both, the Company and MOICML are consolidated subsidiaries of Mahindra and Mahindra Limited ("M&M"). The Company engineers, designs, develops, assembles and delivers parts and vehicles to the global automotive market for off-road use, as an Original Equipment Manufacturer ("OEM") headquartered in Auburn Hills, MI.

The Company owns 100% of two separate business units; Mahindra Vehicle Sales and Service, Inc. ("MVSS") which is engaged in the sales of off-road recreational vehicles and Mahindra North American Technical Centre, Inc. ("MNATC") which is involved in the manufacture of off-road vehicles as well as the development of prototype on road vehicles. The Company's vehicle brand, ROXOR, is an off-road side-by-side vehicle.

NOTE B - SUBSIDIARIES OPERATIONS

On April 30, 2017, the Company acquired all the stock of MNATC from Mahindra USA, Inc., another wholly owned subsidiary of M&M. MNATC has been engaged, in September 2016 with performance to a contract with the United States Postal Service ("USPS") issued under Solicitation Number 3D-16-A-007 for the development of Next Generation Delivery Vehicle ("NGDV") prototypes. Testing of the prototype vehicles is now completed. The Company has been invited to submit a cost estimate to supply 180,000 of its vehicles to the USPS. As part of its performance on the USPS NGDV prototype development contract, the Company utilized the engineering services provided by the US Company of Mahindra Vehicle Manufacturers, Limited ("MVML").

On January 15, 2018, MNATC began producing ROXOR vehicles from its facility in Auburn Hills, MI. In Michigan, when engaged in automotive manufacturing activities, MNATC does business as "d/b/a" Mahindra Automotive North America Manufacturing ("MANAM").

MVSS was formed on May 13, 2017 to function as the sales and distribution business unit for ROXOR. MVSS purchases the ROXORs manufactured by MANAM and wholesales them to MVSS's 392 dealerships.

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NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are detailed below:

1. Basis of preparation

a. The accompanying separate parent company financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States ('US GAAP') to reflect the financial position, results of operations and cash flows of the Company. The Company reports its investments in its wholly owned subsidiary, MNATC and MVSS, on cost basis. Accounting principles generally accepted in the United States require that wholly owned and majority owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of this subsidiary had been consolidated with those of the Company, total assets would have decreased by USD 27,897,626 (INR: 2,101,807,143) and USD 5,702,816 (INR:429,650,157) as on March 31, 2020 and March 31, 2019, respectively; total liabilities would have increased by USD 49,135,126 (INR: 3,701,840,393) and USD 33,622,264 (INR 2,533,101,370) as on March 31, 2020 and March 31, 2019, respectively; stockholder's equity would have decreased by USD 77,032,752 (INR:5,803,647,536) and USD 39,325,080 (INR: 2,962,751,527) as on March 31, 2020 and March 31, 2019, respectively and net loss would have increased by USD 37,707,672 (INR: 2,840,896,008) and USD 19,472,557 (INR: 1,467,062,435) for each of the years then ended.

b. The separate parent company financial statements are for the years ended March 31, 2020 and March 31, 2019.

c. Financial information in the separate parent company financial statements is shown in U.S. dollars ("USD") and in Indian rupees ("INR"). For the fiscal years ended March 31, 2020 and March 31, 2019, dollar amounts are translated for convenience into Indian rupees at an exchange rate of 75.34 INR per dollar on March 31, 2020. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amounts.

d. Certain reclassifications, regroupings and reworking have been made in the separate parent company financial statements of prior year to conform to the classifications used in the current year. These changes had no impact on previously reported separate parent company net loss or stockholder's equity.

2. Use of estimates

The preparation of separate parent company financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the separate parent company financial statements. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, the carrying amount of property and equipment and other contingencies. Management believes that the estimates used in the preparation of the separate parent company financial statements are reasonable. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the separate parent company financial statements.

3. Revenue recognition

Revenue of the Company comprise of fees for services rendered to its ultimate parent company and its subsidiaries. These fees have been accrued as the related services have been performed.

Interest for loan to its wholly owned subsidiary is presented with interest expense in the statements of loss. Interest is recognized on time proportion basis considering the amount outstanding and the applicable rate.

Revenue is recognized upon transfer of control of services promised to customers in an amount that reflects the consideration the Company expects to receive in exchange for these products or services.

Effective April 1, 2019, the Company has adopted Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606), with a date of initial application of April 1, 2019 using the modified retrospective method.

4. Cash and cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate per bank of USD 250,000 (INR 18,835,000). The Company believes it is not exposed to any significant risk on cash and cash equivalents.

5. Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Cost of items of property and equipment comprises cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

The Company depreciates property and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to statement of loss.

The estimated useful life used to determine depreciation is:

Buildings	40 years

Expenditures for maintenance and repairs are charged to statement of loss. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value of the asset may not be recoverable.

The cost of property and equipment not ready for use before such date are disclosed under capital work-in-progress

6. Income taxes

Income taxes are provided for the tax effects of transactions reported in the separate parent company financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled, respectively.

The Company has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax provisions. Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state taxing authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties from federal and state taxing authorities were recorded in the accompanying separate parent company financial statements.

7. Investments

Investments refer to investment in a Vasuki 2019 fund which are carried at cost.

8. Leases

Accounting Standard Update ("ASU") 2016-02, Leases. On April 1, 2019, the Company early adopted Accounting Standards Codification 842 and all the related amendments ("new lease standard") using the modified retrospective method. The comparative information has not been restated and continues to be reported under the lease accounting standard in effect of those periods. The Company does not expect the adoption of the new lease standard to have a material impact to net income on an ongoing basis. The new lease standard requires all leases to be reported on the balance sheet as operating lease right-of-use assets and lease obligations. The Company elected the practical expedients permitted under the transition guidance of the new standard that retained the lease classification and initial direct costs for any leases that existed prior to adoption of the standard.

The Company's leases are classified as operating leases, which are included in operating lease right-of-use assets and operating lease liabilities in the Company's balance sheet.

Right-of-use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date for leases exceeding 12 months. Minimum lease payments include only the fixed lease component of the agreement, as well as any variable rate payments that depend on an index, initially measured using the index at the lease commencement date. Lease terms may include options to renew when it is reasonably certain that the Company will exercise that option.

The Company estimates its incremental borrowing rate for each lease based on the respective weighted average term of the agreements. This estimation considers the market rates of the Company's outstanding collateralized borrowings and interpolations of rates outside of the terms of the outstanding borrowings, including comparisons to comparable borrowings of similarly rated companies with longer term borrowings.

Operating lease expense is recognized on a straight-line basis over the lease term and is included in selling, general and administrative expense. Amortization expense for finance leases is recognized on a straight-line basis over the lease term and is included in cost of revenue. Interest expense for finance leases is recognized using the effective interest method. Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term.

As a result of the Company's adoption of ASC 842, the Company recognized operating lease right-of-use of assets and lease liabilities amounting to $1,305,644 (INR 98,357,248) and $1,347,544 (INR: 101,523,965), respectively.

Operating leases as per ASC 840

The Company leases certain facilities and equipment. Lease rent expenses on operating leases are charged to expense over the lease term. Certain of the Company's leases contain renewal options, rent escalation clauses, and/or landlord incentives. Renewal terms generally reflect market rates at the time of renewal. Rent expense for non-cancelable operating leases with scheduled rent increases and/or landlord incentives is recognized on a straight-line basis over the lease term, including any applicable rent holidays, beginning with the lease commencement date, or the date the Company takes control of the leased space, whichever is sooner. The excess of straight-line rent expense over scheduled payment amounts and landlord incentives is recorded as a deferred rent liability. The Company followed the accounting policy to account for leases for the year ended March 31, 2019.

9. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the separate parent company financial statements.

The Company is engaged in litigation with FCA US, LLC both at the International Trade Commission and at the United States District Court, Eastern District of Michigan. Both matters are ongoing. At this time no liability has been incurred and the amount of any future loss or award associated with these matters cannot reasonably be estimated. It is management's belief that it is more likely than not that Company's position will prevail in these matters.

10. Fair value measurements and financial instruments

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

Some of Company's financial instruments, including cash and cash equivalents, accounts receivable and accounts payable are not measured at fair value on a recurring basis but are recorded at amounts that approximate fair value due to their liquid or short-term nature.

NOTE D - CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Company comprise:

	USD		**INR**	
	As at March 31,		**As at March 31,**	
Particulars	**2020**	**2019**	**2020**	**2019**
Bank balances	1,089,365	76,505	82,072,759	5,763,887
Total	**1,089,365**	**76,505**	**82,072,759**	**5,763,887**

Bank balances on operating and checking accounts with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of USD 250,000 (INR: 18,835,000) (March 31, 2019: USD 250,000 (INR: 18,835,000)) per financial institution per depositor.

NOTE E - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets comprise the following:

Particulars	USD As at March 31, 2020	2019	INR As at March 31, 2020	2019
Prepaid insurance	289,320	47,503	21,797,369	3,578,951
Others	31,910	25,144	2,404,099	1,894,274
Total	**321,230**	**72,647**	**24,201,468**	**5,473,225**

NOTE F - INVESTMENT IN SUBSIDIARIES

Investments comprise the following:

Particulars	USD As at March 31, 2020	2019	INR As at March 31, 2020	2019
Investment in MNATC, Inc.	24,285,000	24,285,000	1,829,631,900	1,829,631,900
Investment in MVSS, Inc.	61,336,021	30,956,043	4,621,055,822	2,332,228,280
Total	**85,621,021**	**55,241,043**	**6,450,687,722**	**4,161,860,180**

NOTE G – PROPERTY AND EQUIPMENT, NET

Property and equipment comprise the following:

Particulars	USD As at March 31, 2020	2019	INR As at March 31, 2020	2019
Land	1,350,000	1,350,000	101,709,000	101,709,000
Building	7,005,050	7,005,050	527,760,467	527,760,466
Furniture	62,275	–	4,691,799	–
Leasehold improvements	201,914	–	15,212,201	–
	8,619,239	8,355,050	649,373,467	629,469,466
Less: Accumulated depreciation	(358,299)	(134,713)	(26,994,247)	(10,149,277)
	8,260,940	8,220,337	622,379,220	619,320,189
Capital work in progress	94,000	118,990	7,081,960	8,964,707
Property and equipment, net	**8,354,940**	**8,339,327**	**629,461,180**	**628,284,896**

Depreciation expense for the year is USD 228,729 (INR: 17,232,443) (March 31, 2019: 134,713 (INR: 10,149,277)).

NOTE H - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities comprise the following:

Particulars	USD As at March 31, 2020	2019	INR As at March 31, 2020	2019
Accrued vacation	525,554	431,746	39,595,238	32,527,744
Accrued merit pay	136,964	366,256	10,318,868	27,593,728
Accrued payroll	204,100	133,300	15,376,894	10,042,822
Accrued federal and state income taxes	110,114	110,114	8,295,989	8,295,989
Accrued accounts payable	349,636	39,888	26,341,576	3,005,162
Withholding payroll taxes	39,534	15,933	2,978,492	1,200,392
Others	89,099	106,748	6,712,718	8,042,393
Total	**1,455,001**	**1,203,985**	**109,619,775**	**90,708,230**

NOTE I - LEASES

General description of the lease

The Company has entered into noncancelable operating lease agreements related to facility, office equipment, machinery and equipment and vehicles with varying terms.

Non-lease components: Leases that contain non-lease components are accounted for as a single component and recorded on the balance sheet for certain asset classes including equipment. Non-lease components include, but are not limited to, common area maintenance and service arrangements.

Package of practical expedients: The Company will not reassess whether any expired or existing contracts are leases or contain leases, the lease classification for any expired or existing leases or any initial direct costs for any expired or existing leases as of the transition date.

Additional transition method: The Company adopted the standard using a modified retrospective approach, applying the standard's transition provisions at the beginning of the period of adoption and maintain previous disclosure requirements for comparative periods.

The Company used the following policies and/or assumptions in evaluating the lease population:

Lease determination: The Company considers a contract to be or to contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

Discount rate: When the lease contracts do not provide a readily determinable implicit rate, the Company uses the estimated incremental borrowing rate based on information available at the inception of the lease. The discount rate is determined by asset class.

Variable payments: The Company includes payments that are based on an index or rate within the calculation of right of use leased assets and lease liabilities, initially measured at the lease commencement date. There are variable payments in the nature of origination fees for office equipment, machinery and equipment and therefore are not treated as a part of lease payments.

Purchase options: Certain leases include options to purchase the office equipment. The depreciable life of assets are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Renewal options: Most leases include one or more options to renew, with renewal terms that can extend the lease term from one or more years. The exercise of lease renewal options is at the Company's sole discretion.

Residual value guarantees, restrictions, or covenants: The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Short-term leases: Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term and expense the associated operating lease costs to administrative expenses on the statements of income.

The table below presents the classification of leasing assets and liabilities as reported on the balance sheet as of March 31, 2020.

Particulars	USD As at March 31, 2020	2019	INR As at March 31, 2020	2019
Assets				
Operating lease right-of-use assets	1,195,949	–	90,102,798	–
Total lease assets	**1,195,949**	–	**90,102,798**	–
Liabilities				
Current				
Operating lease liabilities	110,225	–	8,304,352	–
Long term				
Operating lease liabilities	1,201,444	–	90,516,791	–
Total lease liabilities	**1,311,669**	–	**98,821,143**	–

The table below presents the classification of lease related expenses as reported in the statements of income.

Particulars	USD As at March 31, 2020	USD As at March 31, 2019	INR As at March 31, 2020	INR As at March 31, 2019
Operating lease expense*	232,988	–	17,553,316	–
Total lease expense	**232,988**	**–**	**17,553,316**	**–**

*Operating lease expense are included in administrative expenses in the statements of income. Operating lease expense include short-term leases, variable lease costs and leases which did not meet the capitalization requirement of the Company.

Future minimum lease payments as of March 31, 2020, for operating leases having an initial or remaining non-cancelable lease term in excess of one year are as follows.

Year ended March 31	Amount (USD)	Amount (INR)
2021, 2022 and 2023	332,219	25,029,379
2024 and 2025	349,037	26,296,448
2026 onwards	900,965	67,878,703
Total minimum lease payments	**1,582,221**	**119,204,530**
Less: Interest	(270,552)	(20,383,387)
Present value of lease payments	**1,311,669**	**98,821,143**

The following table presents the weighted-average remaining lease term and discount rates as of March 31, 2020.

Weighted-average remaining lease term (years)	
Operating leases	8.8
Weighted-average discount rate	
Operating leases	4.31%

The following table presents supplemental information for operating leases for the year ended March 31, 2020.

Supplemental information	Amount (USD)	Amount (INR)
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows used in operating leases	93,781	7,065,452

Disclosure related to year prior to adoption of the new lease standard

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelleable lease terms in excess of one year as of March 31, 2019.

Year ended March 31	Amount (USD)	Amount (INR)
2020	106,981	8,059,949
2021	164,059	12,360,205
2022	168,160	12,669,174
2023 and onwards	1,250,002	94,175,151

Total rental expense for operating leases for the year ended March 31, 2019 amounted to USD 52,800 (INR:3,977,952).

NOTE J - INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company is subject to taxation in the United States and the State of Michigan. The income tax (benefit) expense is as follows:

	USD Year ended March 31, 2020	USD Year ended March 31, 2019	INR Year ended March 31, 2020	INR Year ended March 31, 2019
Deferred tax benefit	(1,609,064)	(1,970,691)	(121,226,882)	(148,471,860)
Income tax (benefit) expense	**(1,609,064)**	**(1,970,691)**	**(121,226,882)**	**(148,471,860)**

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that create such differences is as follows:

	USD Year ended March 31, 2020	USD Year ended March 31, 2019	INR Year ended March 31, 2020	INR Year ended March 31, 2019
Deferred tax asset (liability)				
Net operating loss	3,145,756	1,060,529	237,001,259	79,900,255
Research and development credit	–	351,468	–	26,479,599
State net operating loss	146,294	239,376	11,021,803	18,034,587
Interest expense limitation	245,914	145,138	18,527,182	10,934,697
Accrued expenses	115,717	111,131	8,718,167	8,372,610
Accrued merit pay	30,158	94,275	2,272,051	7,102,679
Fixed asset	(46,840)	1,926	(3,528,959)	145,105
Operating right-of-use assets	25,479	–	1,919,607	–
Prepaid expenses	(68,270)	(18,699)	(5,143,479)	(1,408,783)
Total deferred tax assets	**3,594,208**	**1,985,144**	**270,787,615**	**149,560,750**

The tax years 2016, 2017, 2018 and 2019 remains subject to examination by the taxing authorities.

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of projections for future taxable income for which the deferred tax assets are deductible, the management believes there exists reasonable certainty regarding the realization of deferred tax assets on the accrued expenses, net operating losses and research & development credit. The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination.

The company has federal net operating losses (“NOLs”) carryforwards of USD 14,979,791 (INR: 1,128,577,454) as at March 31, 2020 (March 31, 2019: USD 4,611,176 (INR: 347,406,000), which if unutilized, will be carried forward indefinitely.

The Company has state net operating losses carryforwards of and USD 3,086,375 (INR: 232,527,493) as at March 31, 2020 (March 31, 2019: USD 911,804 (INR: 68,695,313)), which if unutilized will begin to expire from the year 2028.

NOTE K - RELATED PARTY LOAN

Loan transaction with Mahindra North American Technical Center, Inc.

The Company in 2018, obtained a loan from its subsidiary, Mahindra North American Technical Centre, Inc. at an interest rate of 5.00% per annum. The loan amount payable at March 31, 2020 was USD 7,442,675 (INR: 560,731,106) (March 31, 2019: USD 8,172,696 (INR: 615,730,992).

Interest is calculated based on a 365-day annual term and payable along with the principal. The loan is repayable on demand. Interest payable as at March 31, 2020 was USD 19,337 (INR: 1,456,850) (March 31, 2019: USD Nil (INR Nil).

Interest expense for the year ended March 31, 2020 and March 31, 2019 amounted to USD 417,742 (INR: 31,472,682) and USD 62,562 (INR: 4,713,397), respectively.

The Company during the fiscal year ended March 31, 2019, also provided an additional loan to Mahindra North American Technical Center, Inc. at an interest rate of 5.00% as a short-term funding. Entire loan amounting to USD 9,025,000 (INR 624,439,750) was repaid during the fiscal year ended March 31, 2019.

Interest income for the year ended March 31, 2020 and March 31, 2019 amounted to USD Nil (INR Nil) and USD 71,644 (INR 5,397,659), respectively.

Loan transaction with Mahindra Vehicle Sales and Services, Inc.

During the current year the Company provided a loan of USD 30,629,979 (INR:2,307,662,618) at an interest rate of 5.00% per annum. Loan balance to the tune of USD 250,000 (INR: 18,835,000) and entire interest was repaid in the current year. Remaining loan balance amounting to USD 30,379,979 (INR: 2,288,827,618) was converted into an investment. The loan amount receivable as at March 31, 2020 was USD Nil (INR: Nil). Interest was calculated based on a 365-day annual term and payable along with the principal.

The Company in 2018, provided a loan of USD 1,900,000 (INR: 143,146,000) to its subsidiary, Mahindra Vehicle Sales and Services, Inc. at an interest rate of 5.00% per annum. During the year ended March 31, 2019, the Company provided an additional loan amounting to USD 16,712,608 (INR: 1,259,127,887). Entire loan amount along with interest was repaid in same year. The loan amount receivable as at March 31, 2019 was USD Nil (INR: Nil). Interest was calculated based on a 365-day annual term and payable along with the principal.

Interest income for the year ended March 31, 2020 and March 31, 2019 amounted to USD 451,993 (INR: 34,053,153) and USD 276,011 (INR: 20,794,669), respectively.

Loan transaction with Mahindra Overseas Investment Company Mauritius Limited

The Company during the fiscal year ended March 31, 2019, obtained multiple loans from its parent company, Mahindra Overseas Investment Company Mauritius Limited with interest rates ranging from 4.51% - 4.87% per annum. The loan amount payable at March 31, 2020 was USD 9,400,000 (INR:708,196,000) (March 31, 2019: USD 9,400,000 (INR: 708,196,000)).

Interest is calculated based on a 365-day annual term and payable along with the principal. The loan is repayable on demand. Interest payable as at March 31, 2020 was USD 1,005,722 (INR 75,771,094) (March 31, 2019: USD: 563,861 (INR: 42,481,312)).

Interest expense for the year ended March 31, 2020 was USD 441,861 (INR 33,289,782) (March 31, 2019: USD: 563,861 (INR: 42,481,312)).

NOTE - L RELATED PARTY TRANSACTIONS

Name of related party and nature of relationship:

No.	Name of the party	Nature of relationship
1	Mahindra & Mahindra Limited	Ultimate parent company
2	Mahindra Overseas Investment Company Mauritius Limited	Parent company
3	Mahindra Vehicles Manufactures Limited – US Company	Affiliate company
4	Mahindra North American Technical Center, Inc.	Wholly owned subsidiary
5	Mahindra Vehicle Sales and Services, Inc.	Wholly owned subsidiary
6	Mahindra Tractors Assembly Inc	Affiliate company

Summary of transactions and balances with related parties are as follows:

	USD		INR	
	For the year ended March 31,		For the year ended March 31,	
	2020	2019	2020	2019
<u>Transactions during the year</u>				
Mahindra Overseas Investment Company Mauritius Limited				
Subscription of common stock	49,750,000	17,600,000	3,748,165,000	1,325,984,000
Mahindra & Mahindra Limited				
Management service fee	1,338,196	880,220	100,819,687	66,315,775
Mahindra Vehicles Manufacturers Limited – US Company				
Management service fee allocation*	8,293,398	6,834,408	624,824,605	514,904,299
Sale of service	6,747,802	7,366,475	508,379,403	554,990,227
Mahindra North American Technical Centre, Inc.				
Management service fee allocation*	5,685,944	3,418,365	428,379,021	257,539,619
Investment	–	–	–	–
Loan obtained	42,189,979	10,397,696	3,178,592,987	783,362,417
Loan repaid	42,920,000	4,695,000	3,233,592,800	353,721,300
Interest expense	417,742	62,562	31,472,682	4,713,421
Interest paid	398,405	–	30,015,833	–
Loan provided	–	9,025,000	–	679,943,500
Loan repaid	–	9,025,000	–	679,943,500
Interest income	–	71,644	–	5,397,659
Interest income received	–	71,644	–	5,397,659
Mahindra Vehicle Sales and Services, Inc.				
Management service fee allocation*	1,019,883	984,500	76,837,985	74,172,230
Investment**	30,379,979	29,256,043	2,288,827,618	2,204,150,280
Loan given	30,629,979	16,712,608	2,307,662,618	1,259,127,887

	USD		INR	
	For the year ended March 31,		For the year ended March 31,	
	2020	2019	2020	2019
Loan repaid	250,000	18,612,608	18,835,000	1,402,273,887
Interest income	451,993	276,011	34,053,153	20,794,669
Interest income received	451,993	293,425	34,053,153	22,106,640
Mahindra Tractors Assembly Inc.				
Purchase of bikes	1,600,000	–	120,544,000	–
Balances at the end of the year				
Accounts receivable, related parties				
Mahindra & Mahindra, Limited	421,488	251,685	31,754,906	18,961,948
Due from related parties				
Mahindra North American Technical Center, Inc.	2,414,500	–	181,908,430	–
Mahindra Vehicle Sales and Services, Inc.	159,724	–	12,033,606	–
Mahindra Mahindra Tractors Assembly Inc.	254,751	–	19,192,940	–
	3,250,463	**251,685**	**244,889,882**	**18,961,948**
Short-term borrowings, related parties				
Mahindra North American Technical Center, Inc.				
– Loan payable	7,442,675	8,172,697	560,731,135	615,730,992
– Interest payable	19,337	–	1,456,850	–
	7,462,012	**8,172,697**	**562,187,985**	**615,730,992**
Mahindra Overseas Investment Company Mauritius Limited				
– Loan payable	9,400,000	9,400,000	708,196,000	708,196,000
– Interest payable	1,005,722	563,861	75,771,095	42,481,288
	10,405,722	**9,963,861**	**783,967,095**	**750,677,288**
	17,867,734	**18,136,558**	**1,346,155,080**	**1,366,408,280**
Intercompany payable, others				
Mahindra North American Technical Center, Inc.	–	24,164	–	1,820,516
Mahindra Vehicles Manufacturers Limited	2,064,702	6,004,823	155,554,649	452,403,365
	2,064,702	**6,028,987**	**417,145,611**	**454,223,881**

* The Company allocates cost to its wholly owned subsidiaries and affiliate company.

** Remaining loan balance has been converted into investment.

NOTE M - COMMITMENTS AND CONTINGENCIES

Long term purchase commitment

On September 24, 2019, the Company signed a Vendor Subscription Agreement ("VSA") with Icon International Inc.("ICON"), a subsidiary of Omnicom Media Group, for purchase of certain media advertising for 5 years in an amount not less than USD 2,263,022 (INR: 170,496,077) each year. In addition, the Company signed an indemnity bond amounting to USD 1,600,000 (INR: 120,544,000) with Atlantic Specialty Insurance Company which binds Mahindra Automotive North America, its subsidiaries to purchase media advertising through ICON. If the Company fails to place the minimum amount of advertising spend on the contract anniversary each year it will be assessed a penalty of 15% of the shortfall. ICON provides composition and consultation services at no charge for media placements. ICON's placement services include broadcast, digital, and print media advertising which will be billed to the Company at a competitive market rate. During the term of the agreement the Company agrees to provide ICON with the right of first refusal on any media being placed.

NOTE N - SHAREHOLDER'S EQUITY

Common stock

The authorized share capital of the Company as of March 31, 2020 is 4,500,000 shares of $ 25 each. As at March 31, 2020, total shares issued and outstanding were 3,750,000.

The authorized share capital of the Company as of March 31, 2019 was 2,050,000 shares of $ 25 each. As at March 31, 2019, total shares issued and outstanding were 1,760,000.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him/her in the records of the company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all the remaining assets of the Company.

NOTE O - CONCENTRATIONS

The Company's future results of operations involve several risks and uncertainties.

Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

NOTE P - REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue disaggregated by product line:

	USD		INR	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Service	16,307,686	12,117,493	1,228,621,063	912,931,923
Total revenue by product line	**16,307,686**	**12,117,493**	**1,228,621,063**	**912,931,923**

Revenue disaggregated by timing of recognition:

	USD		INR	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Products and services transferred at a point in time	–	–	–	–
Products transferred over time	16,307,686	12,117,493	1,228,621,063	912,931,923
Total revenue by timing of recognition	**16,307,686**	**12,117,493**	**1,228,621,063**	**912,931,923**

Revenue disaggregated by geography based on Company's locations:

	USD		INR	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
United States	14,402,273	11,237,273	1,085,067,248	846,616,148
India	1,905,413	880,220	143,553,815	66,315,775
Total revenue by geography	**16,307,686**	**12,117,493**	**1,228,621,063**	**912,931,923**

<u>Contract assets</u>

The Company's contracts with customers with dealer agreements and purchase orders. These contracts with customers typically consist of sale of products which represent performance obligations that are satisfied upon transfer of control of the product to the customer at a point in time. The Company adopted the new revenue recognition standard using the modified retrospective transition approach and determined that the existing revenue recognition practices are in compliance with ASC 606. Accordingly, there was no cumulative effect adjustment to the balance of accumulated surplus in the balance sheet for the year ended March 31, 2020, as the adoption did not result in a change to the timing of revenue recognition.

The following table provides information about contract assets as at March 31, 2020 and March 31, 2019:

	USD		INR	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Accounts receivable	3,250,463	251,685	244,889,882	18,961,948

NOTE Q - EMPLOYEE BENEFIT PLANS

The Company has voluntary 401(k) retirement plans. The Company may make annual contributions to the plans equal to a uniform percentage of participant compensation. The cost of the Company's contributions charged to expense related to 401(k) contributions was USD 72,085 (INR: 5,430,884) (March 31, 2019: USD 75,443 (INR: 5,683,876)).

NOTE R - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 11, 2020 which is the date the separate parent company financial statements were issued. In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets.

The Company has evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were issued. Management is currently evaluating the impact of this COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Mahindra Vehicle Sales and Services, Inc.

We have audited the accompanying balance sheets of Mahindra Vehicle Sales and Services, Inc. ("the Company") as of March 31, 2020 and March 31, 2019, the related statements of loss, stockholder's equity and cash flows for the years ended March 31, 2020 and March 31, 2019 and the related notes to the financial statements. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as of March 31, 2020 and March 31, 2019 and the results of its operations and cash flows for the years ended March 31, 2020 and March 31, 2019, in accordance with the accounting principles generally accepted in the United States.

Other matter

The presentation of financial information in Indian rupees in the financial statements is not a required part of the basic financial statements. We have verified the arithmetic accuracy of the presentation based upon exchange rate provided by the Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

Atlanta, Georgia

May 11, 2020

BALANCE SHEETS

	USD		INR	
	As at March 31,		As at March 31,	
	2020	2019	2020	2019
ASSETS				
Current assets				
Cash and cash equivalents	**228,932**	90,108	**17,247,737**	6,788,737
Accounts receivable	**1,507,306**	3,254,569	**113,560,434**	245,199,228
Accounts receivable, related party	**–**	2,808,050	**–**	211,558,487
Inventory	**546,089**	1,232,697	**41,142,345**	92,871,392
Prepaid expenses and other current assets	**293,045**	114,157	**22,078,009**	8,600,588
Total current assets	**2,575,372**	7,499,581	**194,028,525**	565,018,432
Property and equipment, net	**226,222**	223,777	**17,043,565**	16,859,359
Intangible assets, net	**260,128**	650,319	**19,598,044**	48,995,033
Deferred tax assets, net	**15,061,620**	7,381,957	**1,134,742,451**	556,156,640
Operating lease right-of-use assets	**661,582**	–	**49,843,588**	–
Other assets	**119,049**	19,049	**8,969,152**	1,435,152
Total assets	**18,903,973**	15,774,683	**1,424,225,325**	1,188,464,616
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities				
Accounts payable	**2,506,953**	3,658,190	**188,873,839**	275,608,033
Operating lease liability	**454,539**	–	**34,244,968**	–
Accrued expenses and other current liabilities	**7,154,794**	3,466,289	**539,042,180**	261,150,213
Intercompany payables	**2,431,777**	–	**183,210,079**	–
Total current liabilities	**12,548,063**	7,124,479	**945,371,066**	536,758,246
Operating lease liability, non-current	**194,260**	–	**14,635,548**	–
Total liabilities	**12,742,323**	7,124,479	**960,006,614**	536,758,246
Stockholder's equity				
Common stock, $ 25 par value 3,000,000 shares authorized, 2,453,441 shares issued and outstanding (March 31, 2019: Common stock, $ 25 par value 1,300,000 shares authorized, 1,238,242 shares issued and outstanding)	**61,336,021**	30,956,043	**4,621,055,822**	2,332,228,280
Accumulated deficit	**(55,174,371)**	(22,305,839)	**(4,156,837,111)**	(1,680,521,910)
Total stockholder's equity	**6,161,650**	8,650,204	**464,218,711**	651,706,370
Total liabilities and stockholder's equity	**18,903,973**	15,774,683	**1,424,225,325**	1,188,464,616

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF LOSS

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2020	2019	2020	2019
Operating revenues, net of rebates and discounts	**38,572,831**	48,710,576	**2,906,077,088**	3,669,854,796
Cost of revenue	**48,247,284**	50,838,195	**3,634,950,377**	3,830,149,611
Gross (loss)	**(9,674,453)**	(2,127,619)	**(728,873,289)**	(160,294,815)
Selling, general and administrative expenses	**28,904,768**	20,552,998	**2,177,685,221**	1,548,462,869
Depreciation and amortization	**448,477**	445,854	**33,788,257**	33,590,640
Interest expense	**1,520,497**	956,628	**114,554,244**	72,072,354
Total costs and expenses	**30,873,742**	21,955,480	**2,326,027,722**	1,654,125,863
Operating loss	**(40,548,195)**	(24,083,099)	**(3,054,901,011)**	(1,814,420,678)
Gain on sale of fixed assets	**–**	13,430	**–**	1,011,816
Loss before income taxes	**(40,548,195)**	(24,069,669)	**(3,054,901,011)**	(1,813,408,862)
Income tax benefit	**(7,679,663)**	(5,731,719)	**(578,585,810)**	(431,827,709)
Net loss	**(32,868,532)**	(18,337,950)	**(2,476,315,201)**	(1,381,581,153)

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF STOCKHOLDER'S EQUITY

(All amounts are stated in United States Dollars, except number of shares)

	Common stock					
	Authorized		Issued & outstanding			
Particulars	**Shares**	**Value ($)**	**Shares**	**Value ($)**	**Accumulated deficit**	**Total stockholder's equity**
Balance as of April 1, 2018	200,000	5,000,000	68,000	1,700,000	(3,967,889)	(2,267,889)
Increase in authorized common stock	1,100,000	27,500,000	–	–	–	–
Common stock issued during the year	–	–	1,170,242	29,256,043	–	29,256,043
Net loss for the year	–	–	–	–	(18,337,950)	(18,337,950)
Balance as of March 31, 2019	**1,300,000**	**32,500,000**	**1,238,242**	**30,956,043**	**(22,305,839)**	**8,650,204**
Balance as of April 1, 2019	1,300,000	32,500,000	1,238,242	30,956,043	(22,305,839)	8,650,204
Increase in authorized common stock	1,700,000	42,500,000	–	–	–	–
Conversion of loan into common stock	–	–	1,215,199	30,379,978	–	30,379,978
Net loss for the year	–	–	–	–	(32,868,532)	(32,868,532)
Balance as of March 31, 2020	**3,000,000**	**75,000,000**	**2,453,441**	**61,336,021**	**(55,174,371)**	**6,161,650**

(All amounts are stated in Indian Rupees, except number of shares)

	Common stock					
	Authorized		Issued & outstanding			
Particulars	**Shares**	**Value (INR)**	**Shares**	**Value (INR)**	**Accumulated deficit**	**Total stockholder's equity**
Balance as of April 1, 2018	200,000	376,700,000	68,000	128,078,000	(298,940,757)	(170,862,757)
Increase in authorized common stock	1,100,000	2,071,850,000	–	–	–	–
Common stock issued during the period	–	–	1,170,242	2,204,150,280	–	2,204,150,280
Net loss for the year	–	–	–	–	(1,381,581,153)	(1,381,581,153)
Balance as of March 31, 2019	**1,300,000**	**2,448,550,000**	**1,238,242**	**2,332,228,280**	**(1,680,521,910)**	**651,706,370**
Balance as of April 1, 2019	**1,300,000**	**2,448,550,000**	**1,238,242**	**2,332,228,280**	**(1,680,521,910)**	**651,706,370**
Increase in authorized common stock	1,700,000	3,201,950,000	–	–	–	–
Conversion of loan into common stock	–	–	1,215,199	2,288,827,542	–	2,288,827,542
Net loss for the year	–	–	–	–	(2,476,315,201)	(2,476,315,201)
Balance as of March 31, 2020	**3,000,000**	**5,650,500,000**	**2,453,441**	**4,621,055,822**	**(4,156,837,111)**	**464,218,711**

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CASH FLOWS

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2020	2019	2020	2019
Cash flow from operating activities				
Net loss	**(32,868,532)**	(18,337,950)	**(2,476,315,201)**	(1,381,581,153)
Adjustments to reconcile net loss to net cash used in operating activities				
Gain on the disposal of fixed assets	**–**	(13,430)	**–**	(1,011,816)
Depreciation and amortization	**448,477**	445,854	**33,788,257**	33,590,640
Deferred tax benefit	**(7,679,663)**	(5,731,719)	**(578,585,810)**	(431,827,709)
Changes in assets and liabilities				
Decrease (increase) in accounts receivable	**1,747,263**	(2,441,023)	**131,638,794**	(183,906,673)
Decrease (increase) in accounts receivable, related party	**2,808,050**	(2,808,050)	**211,558,487**	(211,558,487)
Decrease(increase) in inventory	**686,608**	(1,232,697)	**51,729,047**	(92,871,392)
(Increase) decrease in prepaid expenses	**(178,888)**	47,867	**(13,477,421)**	3,606,300
Other assets	**(100,000)**	(5,517)	**(7,534,000)**	(415,651)
(Decrease) increase in accounts payable	**(1,151,237)**	3,269,709	**(86,734,194)**	246,339,876
Increase (decrease) in intercompany payables	**2,431,777**	(3,219,901)	**183,210,079**	(242,587,341)
Operating lease right-of-use assets	**(488,429)**	–	**(36,798,243)**	–
Operating lease liability	**475,884**	–	**35,853,101**	–
Accrued expenses	**3,688,266**	2,679,331	**277,873,959**	201,860,796
Net cash used in operating activities	**(30,180,424)**	(27,347,526)	**(2,273,793,145)**	(2,060,362,610)
Cash flow from investing activities				
Purchase of property, equipment and intangibles	**(60,730)**	(40,477)	**(4,575,398)**	(3,049,537)
Proceeds from sales of fixed assets	**–**	52,714	**–**	3,971,473
Net cash (used in) provided by investing activities	**(60,730)**	12,237	**(4,575,398)**	921,936
Cash flows from financing activities				
Short term borrowing, net - related party	**30,379,978**	(1,900,000)	**2,288,827,543**	(143,146,000)
Issuance of common stock	**–**	29,256,043	**–**	2,204,150,280
Net cash provided by financing activities	**30,379,978**	27,356,043	**2,288,827,543**	2,061,004,280
Net increase in cash and cash equivalents	**138,824**	20,754	**10,459,000**	1,563,606
Cash and cash equivalents at the beginning	**90,108**	69,354	**6,788,737**	5,225,131
Cash and cash equivalents at the end	**228,932**	90,108	**17,247,737**	6,788,737
Supplemental cash flow information				
Income taxes paid	**–**	–	**–**	–
Interest paid	**1,520,497**	956,628	**114,554,244**	72,072,354

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS

NOTE A - ORGANIZATION AND NATURE OF OPERATIONS

Mahindra Vehicle Sales and Services, Inc. (hereinafter referred to as the "Company") was incorporated in the state of Delaware on April 19, 2017 and is a wholly owned subsidiary of Mahindra Automotive North America, Inc. ("MANA"). The Company delivers parts and vehicles to the global automotive market for off-road use.

The Company sells and distributes parts and vehicles to distributors and dealers (collectively "dealerships"), the majority of which are independently owned. As at March 31, 2020, the Company has contractual relationships in North America with approximately 396 dealerships. The only vehicle sold by the Company to dealerships is the ROXOR, an off-road side-by-side vehicle manufactured by Mahindra North American Technical Center, Inc. d/b/a Mahindra Automotive North America Manufacturing ("MANAM"). The Company shipped 3,003 vehicles during the fiscal year ended March 31, 2020.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are detailed below:

1. *Basis of preparation*
   a. The accompanying financial statements are prepared on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States ("US GAAP") to reflect the financial position, results of operation and cash flows of the Company.
   b. The financial statements are for the fiscal years ended March 31, 2020 and March 31, 2019.
   c. Financial information in this report is shown in U.S. dollars ("USD") and in Indian rupees ("INR"). For the fiscal year ended March 31, 2020 and March 31, 2019, dollar amounts are translated for convenience into Indian rupees at an exchange rate of 75.34 INR per dollar on March 31, 2020. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amounts.
   d. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior year to conform to the classifications used in the current year. These changes had no impact on previously reported net loss or statement of stockholder's equity.
   e. The management has prepared future projections supported by business plans and business developmental activities to be undertaken. The Company depends on the continued support from its parent company to meet is liquidity contingency.

2. *Use of estimates*

   The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, warranties, volume incentives, rebates, and co- operative advertising programs and other contingencies. Management believes that the estimates used in the preparation of the financial statements are reasonable. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the financial statements.

3. *Operating leases*

   Accounting Standard Update ("ASU") 2016-02, Leases. On April 1, 2019, the Company early adopted Accounting Standards Codification ("ASC") 842 and all the related amendments ("new lease standard") using the modified retrospective method. The comparative information has not been restated and continues to be reported under the lease accounting standard in effect of those periods. The Company does not expect the adoption of the new lease standard to have a material impact to net income on an ongoing basis. The new lease standard requires all leases to be reported on the balance sheet as operating lease right-of-use assets and lease obligations. The Company elected the practical expedients permitted under the transition guidance of the new standard that retained the lease classification and initial direct costs for any leases that existed prior to adoption of the standard.

   The Company's leases are classified as operating leases, which are included in operating lease right-of-use assets and operating lease liabilities in the Company's balance sheet.

   Right-of-use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date for leases exceeding 12 months. Minimum lease payments include only the fixed lease component of the agreement, as well as any variable rate payments that depend on an index, initially measured using the index at the lease commencement date. Lease terms may include options to renew when it is reasonably certain that the Company will exercise that option.

   The Company estimates its incremental borrowing rate for each lease based on the respective weighted average term of the agreements. This estimation considers the market rates of the Company's outstanding collateralized borrowings and interpolations of rates outside of the terms of the outstanding borrowings, including comparisons to comparable borrowings of similarly rated companies with longer term borrowings.

   Operating lease expense is recognized on a straight-line basis over the lease term and is included in cost of revenue or general and administrative expense. Amortization expense for finance leases is recognized on a straight-line basis over the lease term and is included in cost of revenue. Interest expense for finance leases is recognized using the effective interest method. Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term.

   As a result of the Company's adoption of ASC 842, the Company recognized operating lease right-of-use of assets and lease liabilities amounting to USD 1,150,011 (INR 86,641,829) and USD 1,124,683 (INR 84,733,617), respectively.

   Operating leases as per old standard - ASC 840

   The Company leases certain facilities and equipment. Lease rent expenses on operating leases are charged to statement of income over the lease term. Certain of the Company's leases contain renewal options, rent escalation clauses, and/or landlord incentives. Renewal terms generally reflect market rates at the time of renewal. Rent expense for non- cancelable operating leases with scheduled rent increases and/or landlord incentives is recognized on a straight-line basis over the lease term, including any applicable rent holidays, beginning with the lease commencement date, or the date the Company takes control of the leased space, whichever is sooner. The excess of straight-line rent expense over scheduled payment amounts and landlord incentives is recorded as a deferred rent liability. The Company followed the accounting policy to account for leases in accordance with ASC 840 for the year ended March 31, 2019.

4. *Revenue recognition*

   <u>*Sale of manufactured goods*</u>

   The Company recognizes revenues from sale of manufactured ROXOR off-road side by side vehicles and their related accessories.

   Revenue is recognized when control of the vehicles, parts or accessories have been transferred and the Company's performance obligation to the customers have been satisfied. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transfer of goods. The timing of when the Company transfers the goods to the customer may differ from the timing of the customer's payment.

   When the Company gives the customers the right to return eligible goods, the Company estimates the expected returns based on an analysis of historical experiences.

   The Company has determined that the customers from the sale of vehicles and service parts are generally dealers and distributors. Transfer of control, and therefore revenue recognition, generally corresponds to the date when the vehicles or service parts are made available to the customer, or when the vehicles or service parts are released to the carrier responsible for transporting them to the customer. This is also the point at which invoices are issued, with payment terms for vehicles and for service parts vary with the dealers. For component part sales, revenue recognition is consistent with that of service parts.

   The Company sponsors certain sales incentive programs and accrues liabilities for estimated sales promotion expenses when products are sold to the dealerships to the extent that it is probable. The cost of incentives, if any, is estimated at the inception of a contract at the expected amount that will ultimately be paid. Sales promotion incentive programs include volume incentives, cash discounts, retail financing programs, and co-operative advertising programs. Sales promotions and incentives are recognized as a reduction to sales at the time of sale to the dealership. If the estimate of the incentive changes following the sale to the customer, the change in estimate is recognized as an adjustment to revenue in the period of the change.

   Revenue from contracts with customers

   Effective April 1, 2019, the Company has adopted Financial Accounting Standards Board ("FASB") issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), with a date of initial application of April 1,

NOTES TO THE FINANCIAL STATEMENTS

2019 using the modified retrospective method and determined that the existing revenue recognition practices are in compliance with ASC 606. Accordingly, there was no cumulative effect adjustment to the balance of accumulated surplus in the balance sheet as of April 01, 2019, as the adoption did not result in a change to the timing of revenue recognition.

Erstwhile revenue recognition policy as per ASC 605

Sale of manufactured goods

The Company recognizes revenues from sale of manufactured ROXOR off-road side by side vehicles and their related accessories. Sales are recognized as revenue upon sale as these sales are considered to be final and no right of return or price protection exists.

Revenue from sale of goods is recognized specifically when all the following conditions are met:

a. There is a persuasive evidence that an arrangement exists.
b. Delivery has occurred, or services have been rendered.
c. The sales price is fixed or determinable.
d. Collectability is reasonably assured.

The Company sponsors certain sales incentive programs and accrues liabilities for estimated sales promotion expenses when products are sold to the dealerships to the extent that it is probable. Sales promotion incentive programs include volume incentives, cash discounts, retail financing programs, and co-operative advertising programs. Sales promotions and incentives are recognized as a reduction to sales at the time of sale to the dealership.

5. *Product warranty*

The Company provides a limited warranty for ROXOR for a period of two years or 12,000 miles whichever is lesser. The warranty reserve is established at the time of sale to the distributorship based on management's best estimate using historical rates and trends. These amounts are recorded as a liability in the balance sheet until they are ultimately paid. Accrued warranty liability was USD 1,184,095 (INR: 89,209,717) at March 31, 2020 (March 31, 2019: USD 391,391 (INR: 29,487,372)).

6. *Product liability*

The Company is subject to product liability claims in the normal course of business. Adequate insurance coverage is carried for catastrophic product liability claims. The Company self-insures product liability claims up to the purchased catastrophic insurance coverage. The estimated costs resulting from uninsured losses are charged to operating expenses when it is probable a loss has been incurred and the amount of the loss is reasonably determinable.

7. *Cash and cash equivalents*

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate per bank of USD 250,000 (INR: 18,835,000)). The Company believes it is not exposed to any significant risk on cash and cash equivalents.

8. *Inventories*

Inventory comprises of demonstration vehicles placed at dealer locations and with sales representative. Inventories are stated at the lower of cost and market value. Cost is the purchase price of the vehicle and attributable direct costs. Inventories are reviewed on a periodic basis for identification and write-down based on physical condition of the vehicle and considering the historical sales experience.

9. *Property and equipment*

Property and equipment are stated at cost less accumulated depreciation. Cost of items of property and equipment comprises cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

The Company depreciates property and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to operations.

The estimated useful life used to determine depreciation is:

Leasehold improvements	7 years or the lease period
Equipment	5 years
Furniture & fixtures	5 - 7 years
Computers	3 years
Vehicles	5 years

Expenditures for maintenance and repairs are charged to expense. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value of the asset may not be recoverable.

10. *Intangible assets*

Intangible assets are comprised of computer software which has been recognized at cost and amortized over a period of 3 years or its estimated useful life. Subsequent expenditure is capitalized only when it increases the future economic benefit from the specific assets to which it relates.

11. *Income taxes*

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled, respectively.

The Company has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax provisions. Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state taxing authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties from federal and state taxing authorities were recorded in the accompanying financial statements.

12. *Fair value measurements and financial instruments*

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

Some of Company's financial instruments, including cash and cash equivalents, accounts receivable and accounts payable are not measured at fair value on a recurring basis but are recorded at amounts that approximate fair value due to their liquid or short-term nature.

13. *Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

The Company is engaged in litigation with FCA US, LLC both at the International Trade Commission and at the United States District Court, Eastern District of Michigan. Both matters are ongoing. At this time no liability has been incurred and the amount of any future loss or award associated with these matters cannot be estimated reasonably. A final determination is expected from the International Trade Commission on June 1, 2020. A trial date for the United States District Court, Eastern District of Michigan matter was previously set but adjourned due to the Covid-19 pandemic. The trial date is scheduled for June 8, 2020.

NOTES TO THE FINANCIAL STATEMENTS

NOTE C - CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Company comprise:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	**2019**	**2020**	**2019**
Bank balances	**228,932**	90,108	**17,247,737**	6,788,737
Total	**228,932**	90,108	**17,247,737**	6,788,737

Bank balances on operating and checking accounts with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of USD 250,000 (INR: 18,835,000) (March 31, 2019: USD 250,000 (INR: 18,835,000)) per financial institution per depositor.

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable comprise the following:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	**2019**	**2020**	**2019**
Accounts receivable	**441,863**	421,999	**33,289,958**	31,793,405
Dealer financing receivable	**1,065,443**	2,832,570	**80,270,476**	213,405,823
Total	**1,507,306**	3,254,569	**113,560,434**	245,199,228

Interest expense on dealer financing receivable for the year ended March 31, 2020 was USD 821,814 (INR: 61,915,467) and the year ended March 31, 2019 was USD 680,617 (INR: 51,277,685).

NOTE E - INVENTORIES

Inventories comprise of:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	**2019**	**2020**	**2019**
Demo vehicles	**546,089**	1,232,697	**41,142,345**	92,871,392
Total	**546,089**	1,232,697	**41,142,345**	92,871,392

NOTE F - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses comprise the following:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	**2019**	**2020**	**2019**
Prepaid software license fee	**130,117**	78,670	**9,803,013**	5,926,998
Prepaid insurance	**47,199**	34,487	**3,555,973**	2,598,251
Prepaid others	**–**	1,000	**–**	75,339
Others	**115,729**	–	**8,719,023**	–
Total	**293,045**	114,157	**22,078,009**	8,600,588

NOTE G - PROPERTY AND EQUIPMENT, NET

Property and equipment comprise the following:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	**2019**	**2020**	**2019**
Leasehold improvements	**11,291**	11,291	**850,664**	850,664
Machinery & equipment	**45,559**	45,559	**3,432,415**	3,432,415
Furniture	**26,668**	26,668	**2,009,167**	2,009,167
Computers	**16,362**	16,362	**1,232,713**	1,232,713
Vehicles	**245,885**	185,155	**18,524,976**	13,949,578
	345,765	285,035	**26,049,935**	21,474,537
Less: Accumulated depreciation	**(119,543)**	(61,258)	**(9,006,370)**	(4,615,178)
Property and equipment, net	**226,222**	223,777	**17,043,565**	16,859,359

Depreciation expense for the year is USD 58,285 (INR: 4,391,192) (March 31, 2019: USD 55,061 (INR: 4,148,296)).

NOTE H - INTANGIBLE ASSETS, NET

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	**2019**	**2020**	**2019**
Software	**1,170,574**	1,170,574	**88,191,045**	88,191,045
Less: Accumulated amortization	**(910,446)**	(520,255)	**(68,593,001)**	(39,196,012)
Intangible assets, net	**260,128**	650,319	**19,598,044**	48,995,033

Amortization expense for the year is USD 390,192 (INR: 29,397,065) (March 31, 2019: USD 390,793 (INR: 29,442,344)).

The estimate of annual amortization expense for the following years for the intangible assets is as follows:

March 31,	**USD**	**INR**
2021	260,128	19,598,044
Total	**260,128**	**19,598,044**

NOTE I -ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities comprise the following:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	**2019**	**2020**	**2019**
Accrued vacation	**486,631**	264,434	**36,662,780**	19,922,458
Accrued accounts payable	**1,191,250**	706,641	**89,748,775**	53,238,333
Accrued merit pay	**945,772**	233,491	**71,254,462**	17,591,212
Accrued payroll	**148,600**	76,200	**11,195,524**	5,740,908
Accrued sales taxes	**536,443**	351,491	**40,415,616**	26,481,332
Rebate liability	**2,399,206**	487,048	**180,756,180**	36,694,196
Accrued warranty	**1,184,095**	391,391	**89,209,717**	29,487,398

NOTES TO THE FINANCIAL STATEMENTS

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	2020	2019	2020	2019
Co-op liability	**208,271**	818,982	**15,691,137**	61,702,104
Dealer sales-person incentive liability	–	16,200	–	1,220,508
Customer advances	–	97,110	–	7,316,267
Withholding payroll taxes	**46,126**	15,301	**3,475,133**	1,152,777
Others	**8,400**	8,000	**632,856**	602,720
Total	**7,154,794**	3,466,289	**539,042,180**	261,150,213

NOTE J - SHORT TERM BORROWING – RELATED PARTY

The Company during the year ended March 31, 2020, obtained loan amounting to USD 30,629,979 (INR: 2,307,662,618) from MANA at an interest rate of 5.00% per annum. Loan amount of USD 250,000 (INR: 18,835,000) was repaid and balance outstanding of USD 30,379,979 (INR: 2,288,827,618) was converted to equity.

During the year ended March 31, 2019, the Company obtained loan amounting to USD 16,712,608 (INR: 1,259,127,887) from MANA at an interest rate of 5.00% per annum. Entire loan amount was repaid during the year ended March 31, 2019.

The loan amount payable at March 31, 2020 and March 31, 2019 was USD Nil (INR: Nil) and USD Nil (INR: Nil). Interest was calculated based on a 365-day annual term and payable along with the principal.

Interest expense for the year is USD 451,993 (INR: 34,053,153) (March 31, 2019: USD 276,011 (INR:20,794,669)).

NOTE K - LEASES

General description of the lease

The Company has entered into noncancelable operating lease agreements related to facility, office equipment, machinery and equipment and vehicles with varying terms.

Non-lease components: Leases that contain non-lease components are accounted for as a single component and recorded on the balance sheet for certain asset classes including equipment. Non-lease components include, but are not limited to, common area maintenance and service arrangements.

Package of practical expedients: The Company will not reassess whether any expired or existing contracts are leases or contain leases, the lease classification for any expired or existing leases or any initial direct costs for any expired or existing leases as of the transition date.

Additional transition method: The Company adopted the standard using a modified retrospective approach, applying the standard's transition provisions at the beginning of the period of adoption and maintain previous disclosure requirements for comparative periods.

The Company used the following policies and/or assumptions in evaluating the lease population:

Lease determination: The Company considers a contract to be or to contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

Discount rate: When the lease contracts do not provide a readily determinable implicit rate, the Company uses the estimated incremental borrowing rate based on information available at the inception of the lease. The discount rate is determined by asset class.

Variable payments: The Company includes payments that are based on an index or rate within the calculation of right of use leased assets and lease liabilities, initially measured at the lease commencement date. There are variable payments in the nature of origination fees for office equipment, machinery and equipment and therefore are not treated as a part of lease payments.

Purchase options: Certain leases include options to purchase the office equipment. The depreciable life of assets are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Renewal options: Most leases include one or more options to renew, with renewal terms that can extend the lease term from one or more years. The exercise of lease renewal options is at the Company's sole discretion.

Residual value guarantees, restrictions, or covenants: The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Short-term leases: Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term and expense the associated operating lease costs to administrative expenses on the statements of income.

The table below presents the classification of leasing assets and liabilities as reported on the balance sheet as of March 31, 2020.

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	2020	2019	2020	2019
Assets				
Operating lease right-of-use assets	**661,582**	–	**49,843,588**	–
Total lease assets	**661,582**	–	**49,843,588**	–
Liabilities				
Current				
Operating lease liabilities	**454,539**	–	**34,244,968**	–
Long term				–
Operating lease liabilities	**194,260**	–	**14,635,548**	–
Total lease liabilities	**648,799**	–	**48,880,516**	–

The table below presents the classification of lease related expenses as reported in the statements of income.

	USD		INR	
	For the year ended March 31,		For the year ended March 31,	
Particulars	2020	2019	2020	2019
Operating lease expense*	**646,318**	–	**48,693,598**	–
Total lease expense	**646,318**	–	**48,693,598**	–

*Operating lease expense are included in administrative expenses in the statements of income. Operating lease expense include short-term leases, variable lease costs and leases which did not meet the capitalization requirement of the Company.

Future minimum lease payments as of March 31, 2020, for operating leases having an initial or remaining non-cancelable lease term in excess of one year are as follows.

Year ended March 31	Amount (USD)	Amount (INR)
2021, 2022 and 2023	625,866	47,152,744
2024 and 2025	45,255	3,409,512
2026 onwards	–	–
Total minimum lease payments	**671,121**	**50,562,256**
Less: Interest	(22,322)	(1,681,740)
Present value of lease payments	**648,799**	**48,880,516**

NOTES TO THE FINANCIAL STATEMENTS

The following table presents the weighted-average remaining lease term and discount rates as of March 31, 2020.

Weighted-average remaining lease term (years)	
Operating leases	1.3
Weighted-average discount rate	
Operating leases	4.28%

The following table presents supplemental information for operating leases for the year ended March 31, 2020.

Supplemental information	Amount (USD)	Amount (INR)
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows used in operating leases	513,832	38,712,103

Disclosure related to year prior to adoption of the new lease standard

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelleable lease terms in excess of one year as of March 31, 2019.

Year ended March 31	Amount (USD)	Amount (INR)
2020	536,703	40,435,204
2021	479,744	36,143,913
2022	154,185	11,616,298
2023 and onwards	45,255	3,409,512

Total rental expense for operating leases for the year ended March 31, 2019 amounted to USD 430,992 (INR:32,470,937)

NOTE L - REVENUE FROM CONTRACT WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

The following table presents revenue disaggregated by product line:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	**2019**	**2020**	**2019**
Vehicle sales	**34,153,645**	**46,364,501**	**2,573,135,614**	**3,493,101,505**
Parts and accessory sales	4,419,186	2,346,075	**332,941,474**	176,753,291
Total revenue by product line	**38,572,831**	48,710,576	**2,906,077,088**	3,669,854,796

The following table presents revenue disaggregated by timing of recognition:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	**2019**	**2020**	**2019**
Products and services transferred at a point in time	**38,572,831**	48,710,576	**2,906,077,088**	3,669,854,796
Products transferred over time	–	–	–	–
Total revenue by timing of revenue recognition	**38,572,831**	48,710,576	**2,906,077,088**	3,669,854,796

The following table presents revenue disaggregated by geography based on Company's locations:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	**2019**	**2020**	**2019**
United States	**37,058,249**	46,010,164	**2,791,968,480**	3,466,405,756
Canada	**1,295,846**	2,700,412	**97,629,038**	203,449,040
Brazil	**218,736**	–	**16,479,570**	–
Total revenue by geography	**38,572,831**	48,710,576	**2,906,077,088**	3,669,854,796

Contract balance

The Company's contracts with customers are comprised of dealer agreements and purchase orders. These contracts with customers typically consist of sale of products which represent performance obligations that are satisfied upon transfer of control of the product to the customer at a point in time. The Company adopted the new revenue recognition standard using the modified retrospective transition approach and determined that the existing revenue recognition practices are in compliance with ASC 606. Accordingly, there was no cumulative effect adjustment to the balance of accumulated surplus in the balance sheet for the year ended March 31, 2020, as the adoption did not result in a change to the timing of revenue recognition.

The following table provides information about contract assets and liability balances as of March 31, 2020 and 2019:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2020**	**2019**	**2020**	**2019**
Accounts receivable (Refer Note C)	**1,507,306**	3,254,569	**113,560,434**	245,199,228

NOTE M - INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company is subject to taxation in the United States and the State of Michigan.

NOTES TO THE FINANCIAL STATEMENTS

The provision for income tax benefit for the current period is as follows:

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2020	2019	2020	2019
Current tax benefit	–	–	–	–
Deferred tax benefit	(7,679,663)	(5,731,719)	**(578,585,810)**	(431,827,709)
Income tax benefit	**(7,679,663)**	(5,731,719)	**(578,585,810)**	(431,827,709)

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that create such differences is as follows:

	USD		INR	
	As at March 31,		As at March 31,	
	2020	2019	2020	2019
Deferred tax asset (liability)				
Net operating loss	**14,112,245**	7,151,670	**1,063,216,538**	538,806,818
Interest expense limitation	**491,101**	246,236	**36,999,549**	18,551,420
Accrued merit pay	**208,242**	60,101	**15,688,952**	4,528,009
Accrued warranty	**260,716**	81,439	**19,642,343**	6,135,614
Accrued expenses	**107,147**	68,065	**8,072,455**	5,128,017
Contributions	**7,833**	8,195	**590,138**	617,411
Lease assets	**(2,814)**	–	**(212,007)**	–
Inventory capitalization	**105**	–	**7,911**	–
Prepaid expenses	**(38,776)**	(29,384)	**(2,921,384)**	(2,213,791)
Property and equipment	**(84,179)**	(204,365)	**(6,342,044)**	(15,396,858)
Total	**15,061,620**	7,381,957	**1,134,742,451**	556,156,640

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of projections for future taxable income for which the deferred tax assets are deductible, the management believes there exists reasonable certainty regarding the realization of deferred tax assets on the accrued expenses and net operating losses.

The company has federal net operation losses ("NOLs") carry forwards of USD 66,964,131 (INR: 5,045,077,630) as at March 31, 2020 (March 31, 2019: USD 28,738,274 (INR: 2,165,141,563). Out of the total NOLs of USD 66,964,131 (INR: 5,045,077,630), if unutilized, NOLs of USD 6,721,616 (INR: 506,406,549) will begin to expire from the year 2037, whereas the remaining NOLs will be carried forward indefinitely.

The Company has state net operating losses carry forwards of USD 14,131,255 (INR: 1,064,648,752) as at March 31, 2020 (March 31, 2019: USD 5,875,758 (INR: 442,679,608)), which if unutilized will begin to expire from the year 2027.

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination.

The tax years 2016, 2017, 2018 and 2019 remains subject to examination by the taxing authorities.

NOTE N - RELATED PARTY TRANSACTIONS

Name of related party and nature of relationship:

No.	Name of the party	Nature of relationship
1	Mahindra & Mahindra Limited	Ultimate parent company
2	Mahindra Automotive North America, Inc.	Parent company
3	Mahindra Vehicles Manufactures Limited – US Branch	Affiliate company
4	Mahindra North American Technical Center, Inc.	Affiliate company
5	Mahindra Finance USA LLC	Affiliate company

Summary of transactions and balances with related parties are as follows:

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2020	2019	2020	2019
Transactions during the year				
Mahindra Automotive North America, Inc.				
Capital contribution received	–	29,256,043	–	2,204,150,280
Loan conversion to equity	**30,379,978**	–	**2,288,827,543**	–
Corporate cost allocation	**1,019,883**	984,500	**76,837,985**	74,172,230
Loan obtained	**30,629,979**	16,712,608	**2,307,662,618**	1,259,127,887
Loan repaid	**250,000**	18,612,608	**18,835,000**	1,402,273,887
Interest expense	**451,993**	276,011	**34,053,153**	20,794,669
Interest expense payment	**451,993**	293,425	**34,053,153**	22,106,640
Mahindra Vehicles Manufacturers Limited – US Branch				
Engineering services received	**3,373,632**	–	**254,169,435**	–
Mahindra North American Technical Center, Inc.				
ROXOR vehicle purchases	**44,349,230**	47,454,699	**3,341,270,988**	3,575,237,023
Mahindra Finance USA LLC				
Dealer financing interest expense	**821,814**	680,617	**61,915,467**	51,277,685

	USD		INR	
	Amount as at March 31,		Amount as at March 31,	
	2020	2019	2020	2019
Balances at the end of the year				
Accounts receivable, related parties				
Mahindra North American Technical Center, Inc.	–	2,808,050	–	211,558,487
	–	2,808,050	–	211,558,487

NOTES TO THE FINANCIAL STATEMENTS

	USD		INR	
	Amount as at March 31,		Amount as at March 31,	
	2020	2019	2020	2019
Intercompany payables				
Mahindra North American Technical Center, Inc.	**1,247,621**	–	**93,995,765**	–
Mahindra Automotive North America, Inc.				
– Intercompany payable	**159,725**	–	**12,033,682**	–
– Loan payable	–	–	–	–
– Interest payable	–	–	–	–
Mahindra Vehicles Manufacturers Limited	**1,024,431**	–	**77,180,632**	–
	2,431,777	–	**183,210,079**	–
Mahindra Finance USA LLC				
Dealer financing receivable (classified under accounts receivable)	**1,065,443**	2,832,570	**80,270,476**	213,405,823
Interest payable (classified under accounts payable)	**70,074**	30,511	**5,279,375**	2,298,699

NOTE O - RISK AND UNCERTANITIES

The Company's future results of operations involve several risks and uncertainties.

Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

NOTE P - ADVERTISING AND MARKETING EXPENSE

Advertising costs are presented as part of selling, general and administrative expenses in the statement of loss. Advertising costs are expensed as incurred. The amount of advertising and marketing cost incurred by the Company for the year ended March 31, 2020 and March 31, 2019 is USD 13,683,291 (INR: 1,030,899,123) and USD 11,467,442 (INR: 863,957,061), respectively.

NOTE Q - COMMON STOCK

Common stock

The authorized share capital of the Company as of March 31, 2020 was 3,000,000 shares of $ 25 each. As at March 31, 2020, total shares issued and outstanding was 2,453,441.

The authorized share capital of the Company as of March 31, 2019 was 1,300,000 shares of $ 25 each. As at March 31, 2019, total shares issued and outstanding was 1,238,242.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holder of common stock shall be entitled to receive all the remaining assets of the Company.

NOTE R - EMPLOYEE BENEFIT PLANS

The Company has voluntary 401(k) retirement plans covering substantially all employees. The Company may make annual contributions to the plans equal to a uniform percentage of participant compensation. The cost of the Company's contributions charged to expense related to 401(k) contributions was USD 109,711 (INR: 8,265,627) and USD 57,350 (INR: 4,320,749) for the year ended March 31, 2020 and year ended March 31, 2019, respectively.

NOTE S - SUBSEQUENT EVENTS

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets.

The Company has evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were issued. Management is currently evaluating the impact of this COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

INDEPENDENT AUDITOR'S REPORT

To the Automobili Pininfarina GmbH, München

Audit Opinion

We have audited the consolidated financial statements of Automobili Pininfarina GmbH, München, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2019, the consolidated statement of profit and loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 April 2019 to 31 March 2020, and notes to the consolidated financial statements, including the presentation of the recognition and measurement policies.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Group as at 31 March 2020 and of its financial performance for the financial year from 1 April 2019 to 31 March 2020 in compliance with German Legally Required Accounting Principles.

Pursuant to section 322 paragraph 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements.

Responsibilities of the Executive Director for the Consolidated Financial Statements

The executive director is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law and that the consolidated financial statements, in compliance with German Legally Required Accounting Principles, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive director is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive director is responsible for assessing the Group's ability to continue as a going concern. He also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, he is responsible for financial reporting based on the going concern basis of accounting provided no actual or legal circumstances conflict therewith.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive director and related disclosures.
- Conclude on the appropriateness of the executive director use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated

financial statements or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

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

Munich, 27 April 2020

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Stephan Mauermeier	Andrea Stoiber-Harant
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

ASSETS

	EUR	2020/03/31 EUR	2019/03/31 EUR
A. Fixed Assets			
I. Intangible fixed assets			
1. Self-created industrial property rights and similar rights and values	**72,621,475.96**		21,169,754.12
2. Purchased concessions, industrial and similar rights and assets and licences in such rights and assets	**401,500.00**		36,383.00
3. Prepayments on intangible assets	**0.00**		76,805.00
		73,022,975.96	21,282,942.12
II. Tangible fixed assets			
1. Other equipment, operating and office equipment	**509,184.41**		54,981.02
2. Prepayments and assets under construction	**4,504,456.34**		0.00
		5,013,640.75	54,981.02
B. Current Assets			
I. Receivables and other assets			
1. Trade receivables	**297.50**		0.00
2. Other assets	**1,473,944.63**		665,670.51
		1,474,242.13	665,670.51
II. Cash and cash equivalents funds		**5,426,981.91**	9,450,559.43
C. Prepaid Expenses		**364,991.41**	94,795.07
D. Deferred tax assets		**28,863,741.94**	7,594,889.39
		114,166,574.10	39,143,837.54

LIABILITIES

	EUR	2020/03/31 EUR	2019/03/31 EUR
A. Equity			
I. Subscribed capital	**64,666,625.00**		6,000,000.00
II. Capital reserves	**20,525,000.00**		20,525,000.00
III. Equity difference from currency translation	**(1,503.97)**		0.00
IV. Accumulated losses brought forward	**(12,995,382.08)**		0.00
V. Net loss for the financial year	**(15,605,558.03)**		(12,995,382.08)
		56,589,180.93	13,529,617.92
B. Deposit made for the implementation of the agreed capital contribution		**10,000,000.00**	4,000,000.00
C. Provisions			
1. Provisions for taxes	**174,525.17**		0.00
2. Other provisions	**4,241,481.30**		3,614,300.26
		4,416,006.47	3,614,300.26
D. Liabilities			
1. Trade payables	**16,126,817.18**		6,685,535.97
2. Other liabilities	**3,597,345.31**		4,333,656.97
		19,724,162.49	11,019,192.94
E. Deferred income		**2,125.60**	0.00
F. Deferred tax liabilities		**23,435,098.61**	6,980,726.42
		114,166,574.10	39,143,837.54

CONSOLIDATED INCOME STATEMENT FROM APRIL 01, 2019 TO MARCH 31, 2020

			Financial year	Previous year
		EUR	EUR	EUR
1.	Sales		**93,363.02**	4,846.67
2.	Other own work capitalised		**4,405,848.00**	1,247,391.91
3.	Other operating income		**311,559.55**	158,794.95
4.	Cost of materials			
	a) Cost of raw materials, consumables and of purchased merchandise	**223.21**		0.00
	b) Cost of purchased services	**(9,994.00)**		0.00
			(9,770.79)	0.00
5.	Personnel expenses			
	a) Wages and salaries	**(9,288,203.52)**		(3,398,670.10)
	b) Social security, post employment and other employee benefit costs	**(1,273,616.83)**	**(10,561,820.35)**	(425,891.03)
6.	Depreciation on tangible and intangible assets		**(352,091.08)**	(71,958.64)
7.	Other operating expenses		**(14,167,627.15)**	(11,103,823.37)
8.	Other interest and similar income		**51,738.07**	0.00
9.	Interest and similar expenses		**(6,972.11)**	(20,235.44)
10.	Taxes on income		**4,630,418.82**	614,162.97
11.	**Net loss after income tax**		**(15,605,354.03)**	(12,995,382.08)
12.	Other taxes		**(204.00)**	0.00
13.	**Net loss for the financial year**		**(15,605,558.03)**	(12,995,382.08)

CONSOLIDATED CASH FLOW STATEMENT FROM APRIL 01, 2019 TO MARCH 31, 2020

	Financial Year EUR	Previous Year EUR
Net loss for the period	**(15,605,558.03)**	(12,995,382.08)
+ Depreciation, amortisation and write-downs of fixed assets	**352,091.08**	71,958.64
+/– Increase/Decrease in provisions	**1,511,456.83**	1,314,300.26
– Other non-cash income	**(21,446,445.15)**	(8,815,744.80)
+ Other non-cash expenses	**16,547,270.32**	6,983,020.38
+/– Interest income	**(51,738.07)**	0.00
+/– Increase/Decrease in other assets	**(1,079,642.70)**	(742,015.96)
+/– Increase/Decrease in trade payables other liabilities	**697,018.20**	5,357,787.60
Cash flows from operating activities	**(19,075,547.52)**	(8,826,075.96)
- Purchase of intangible fixed assets	**(46,044,325.04)**	(12,133,014.71)
- Purchase of tangible fixed assets	**(3,621,438.81)**	(114,475.16)
- Purchase of long-term financial assets	**0.00**	(874.74)
Cash flows from investing activities	**(49,665,763.85)**	(12,248,364.61)
+ Cash receipts from issue of capital and funding	**64,666,625.00**	30,525,000.00
+/– Interest received/paid	**51,738.07**	0.00
Cash flows from financing activities	**64,718,363.07**	30,525,000.00
Net change in cash fund (total cash flows)	**(4,022,948.30)**	9,450,559.43
+/– Cash funds at beginning of period	**9,450,559.43**	0.00
+/– Changes due to currency translation	**(629.22)**	0.00
Cash funds at end of period	**5,426,981.91**	9,450,559.43

CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY FOR FINANCIAL YEAR 2019/2020

	Subscribed capital	Capital reserves sec. 272 para 2 no. 4 HGB	Retained earnings	Cumulatived other consolidated income	Total equity
02/05/2018	**25,000.00**	**0.00**	**0.00**	**0.00**	**25,000.00**
Capital increase	5,975,000.00	0.00	0.00	0.00	5,975,000.00
Addition in capital reserves	0.00	20,525,000.00	0.00	0.00	20,525,000.00
Currency translation	0.00	0.00	0.00	0.00	0.00
Loss of financial year	0.00	0.00	(12,995,382.08)	0.00	(12,995,382.08)
03/31/2019	**6,000,000.00**	**20,525,000.00**	**(12,995,382.08)**	**0.00**	**13,529,617.92**
04/01/2019	**6,000,000.00**	**20,525,000.00**	**(12,995,382.08)**	**0.00**	**13,529,617.92**
Capital increase	58,666,625.00	0.00	0.00	0.00	58,666,625.00
Currency translation	0.00	0.00	0.00	(1,503.97)	(1,503.97)
Loss of financial year	0.00	0.00	(15,605,558.03)	0.00	(15,605,558.03)
03/31/2020	**64,666,625.00**	**20,525,000.00**	**(28,600,940.11)**	**(1,503.97)**	**56,589,180.93**

NOTES AS AT MARCH 31, 2020

Automobili Pininfarina GmbH, Munich

General information about the consolidated annual financial statement

The parent company was founded by shareholder contract dated February 5th, 2018.

The consolidated annual financial statements have been prepared in accordance with the provisions of the German Commercial Code (HGB) and the german provisions for companies with limited liability (GmbHG).

In accordance with the size categories stated in § 267 HGB, the company is a small company as defined by § 267 para. 1 HGB.

The group consolidated financial statements are prepared for the first time. On a voluntary basis we added figures for the comparative period as additional information.

Information identifying the company according to the registry court

Company name according to registry court:	Automobili Pininfarina GmbH
Registered company address according to registry court:	Munich
Registry entry:	Handelsregister
Registry court:	Munich
Registry court number:	HRB239596
Executive director:	Michael Perschke (until 25th March 2020) Per Svantesson (since 25th March 2020**)**

The consolidated financial statements include consolidation of audited financial statements of a wholly owned subsidiary – Automobili Pininfarina Americas Inc., registered in the state of Delaware in USA. The subscribed capital is 23,837.57 EUR/26,000 USD. The net loss of the financial year is 18,526.31 EUR.

Disclosures on accounting policies

Accounting policies

Assets and liabilities denominated in foreign currencies are translated at the mean spot exchange rate on the balance sheet date in accordance with § 256a HGB.

Purchased intangible assets were recognised at cost and are amortised.

Internally generated intangible assets were recognised at their development cost in accordance with § 255 para. 2 HGB. After completion, from start of sales, these are amortised over their expected useful life. The expected useful life is defined as the time period over which the relevant developed car will be distributed (straight-line depreciation). The option to capitalize costs acc. to section 255 par. 2 sent. 3 HGB was not exercised.

The companies are not involved in any basic research. Thus separation of research and development is not needed. Sometimes feasibility studies are performed prior to developing a car which would not be capitalized. After passing the stage of feasibility the development costs are recognized in balance sheet if following criteria are met:

- It is highly probable that the planned intangible asset will arise
- Criteria for recognition as an asset are met
- Development costs can be reliably attributed to this intangible asset
- No prohibition in acc. with section 248 para. 2 sent. 2 HGB

The group starts to capitalize development costs once those criteria are given.

Tangible assets were recognized at cost and are depreciated.

Depreciation and amortization is charged using the straight-line method on the basis of the expected useful life of the assets.

Low-value assets with acquisition costs up to EUR 800 are fully depreciated in the year of acquisition, whereby the disposal is also assumed in the year of acquisition.

Financial assets were recognized at acquisition costs.

If the value of fixed assets determined according to the above principles is higher than the value to be attached to them on the balance sheet date, this is taken into account by unscheduled depreciation.

Receivables and other assets were measured at their nominal value, reflecting all identifiable risks.

The right to choose an asset for deferred tax income in accordance with § 274 par. 1 sent. 2 HGB was exercised.

The deferred tax assets and liabilities are shown in the balance sheet. The valuation is made with the individual tax rate at the time of the reduction of the differences.

The other provisions consider all identifiable risks and are recognized at the settlement amount required by reasonable commercial judgment.

Liabilities are recognized at their settlement amount.

Subsidiaries which underlying currency is not Euro are converted by following currency rates as available from German federal bank:

1)	Balance Sheet:	Year-end exchange rate
2)	Profit & Loss Statement:	Average year exchange rate
3)	Equity:	Historical exchange rate

Balance sheet disclosures

Internally generated intangible assets

The schedule of movement of fixed assets is attached to notes.

Internally generated intangible assets

Expenditures incurred for internally generated intangible fixed assets were capitalized. The total amount of research and development costs at the end of the financial year was 72,621,475.96 EUR (previous year: 21,169,754.12 EUR).

As an activated Customer App is not useful in existing form, unscheduled depreciation of EUR 50,472.00 occurred in the business year.

Other liabilities - advanced payments

Refundable deposits received from clients are recognized as other liabilities, as those prepayments do not relate to a binding order. The total amount of advanced payments in the financial year was 3,138,177.83 EUR (previous year: 4,053,245.43 EUR).

Disclosure on remaining maturity comments

The amount of the liabilities with a remaining term of up to one year is 19,724,162.49 EUR (previous year: 11,019,192.94 EUR). The trade receivables and other assets are also terminating within one year is 1,474,242.13 EUR (previous year: 665,670.51 EUR).

Deferred taxes

Deferred taxes are attributable to the following differences:

German deferred taxes are measured using a tax rate of 32.975 %. Those deferred tax assets at the end of the financial year amounted to 28,863,741.94 EUR (previous year: 7,386,343.94 EUR) and result from loss carry forwards. Deferred tax liabilities at the end of the financial year amounted to 23,422,156.42 EUR (previous year: 6,980,726.42 EUR) and result from capitalized development costs.

Italian deferred taxes are measured using a tax rate of 24.00 % that relates to the branch in Italy. Deferred tax liabilities at the end of the financial year amounted to 12,942.19 EUR (previous year deferred tax asset: 208,545.45 EUR).

The increase in deferred tax liabilities relates to the increase in internally generated intangibles assets that have been capitalized in this year.

Income statement disclosures

Explanation of income and expenses of exceptional magnitude or importance

In accordance with § 285 no. 31 HGB the individual income and expenses of extraordinary magnitude or exceptional importance are reported as follows:

– Advertising costs in the amount of 1,565,560.73 EUR (previous year: 1,098,010.67 EUR), which were claimed by various service provider

– Event costs in the amount of 4,632,367.98 EUR (previous year: 2,343,137.35 EUR)

– Purchased services in the amount of 2,656,546.24 (previous year: 4,247,305.48 EUR)

– Other own work capitalized is reported in the amount of 4,405,848.00 EUR (previous year: 1,247,391.91 EUR).

The income from currency translation is reported in the income statement under "Other operating income" in the amount of 52,509.46 EUR (previous year: 103,837.30 EUR). Expenses from currency translation are reported under the item "Other operating expenses" in the amount of 84,586.22 EUR (previous year: 132,651.23 EUR).

Within other income 3,990.16 EUR and within other expenses 90,678.29 EUR related to another period.

Other disclosures

Average number of employees during the financial year

The average number of employees according to § 267 para. 5 HGB during the financial year in the company was 68,75 (previous year: 19). The staff can be shown as follows:

	2020	2019
Design & Engineering (Product Development)	35,75	9,00
Other functions	33,00	10,00
Total	68,75	19,00

Other financial obligations

Other financial obligations according to § 285 no. 3a HGB are made up of leasing contracts in the amount of 82,041.07 EUR and rent payments due to long term contracts in the amount of 394,644.00 EUR.

Fee for auditors

The auditor's fee for the fiscal year 2019/2020 amounted to 28,500.00 EUR and relates to audit services only.

Membership of group

Automobili Pininfarina GmbH is included in the consolidated financial statements of Mahindra & Mahindra Limited, based in Mumbai, India. Mahindra & Mahindra Limited prepares consolidated financial statements for the largest consolidated group. Automobili Pininfarina GmbH prepares consolidated financial statements for the smallest consolidated group.

Subsequent events

The recently occurred Coronavirus (SARS-CoV-2) resulted in a Pandemic and thus not only the groups locations but also the client market are hit by this crisis. Up to now the company is only partly effected by switching to short term work for a minor part of staff. Beyond a short term effect, if any, on the overall performance of Automobili Pininfarina GmbH group and its projections can hardly be quantified.

Signature of management

Munich, 27th April 2020 Per Svantesson

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Automobili Pininfarina Americas Inc.

We have audited the accompanying balance sheet of Automobili Pininfarina Americas Inc. ('the Company') which comprise the balance sheet as at March 31, 2020 and the related statement of loss, stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as of March 31, 2020 and the results of its operations and the cash flow for the year then ended, in accordance with the accounting principles generally accepted in the United States.

KNAV P.A

Atlanta, Georgia

April 13, 2020

BALANCE SHEET

	USD as at March 31, 2020
ASSETS	
Current assets	
Cash and cash equivalents	**22,620**
Total current assets	**22,620**
Total assets	**22,620**
LIABILITIES AND STOCKHOLDER'S EQUITY	
Current liabilities	
Other current liabilities	**17,360**
Total current liabilities	**17,360**
Total liabilities	**17,360**
Stockholder's equity	
Common stock (Authorized, 2,000 common shares of $25 par value; issued and outstanding 1,040 common shares of $ 25 par value)	**26,000**
Accumulated deficit	**(20,740)**
Total stockholder's equity	**5,260**
Total liabilities and stockholder's equity	**22,620**

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF LOSS

	USD Year ended March 31, 2020
Cost and expenses	
Selling, general and administrative expenses	**20,740**
Total costs and expenses	**20,740**
Loss before tax	**20,740**
Income tax expense	**–**
Net loss	**20,740**

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF CASH FLOWS

	USD Year ended March 31, 2020
Cash flow from operating activities	
Net loss	**(20,740)**
Changes in operating assets and liabilities	
Other current liabilities	**17,360**
Net cash used in operating activities	**(3,380)**
Cash flows from financing activities	
Issuance of common stock	**26,000**
Net cash provided by financing activities	**26,000**
Net increase in cash and cash equivalents	**22,620**
Cash and cash equivalents at the beginning of the year	**–**
Cash and cash equivalents at the end of the year	**22,620**
Supplemental cash flow information	
Interest paid	**–**
Income taxes paid	**–**

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF STOCKHOLDER'S EQUITY

Particulars	Common stock					
	Authorized		Issued & outstanding		Accumulated deficit	Total stock-holder's equity
	Shares	Value in US$	Shares	Value in US$		
Balance as at April 1, 2019 *(Refer Note F)*	40	1,000	–	–	–	–
Common stock authorized	1,960	49,000	–	–	–	–
Issuance of common stock			1,040	26,000	–	26,000
Net loss	–	–	–	–	(20,740)	(20,740)
Balance as at March 31, 2020	**2,000**	**50,000**	**1,040**	**26,000**	**(20,740)**	**5,260**

(The accompanying notes are an integral part of these financial statements)

Notes to Financial Statements

NOTE A – NATURE OF OPERATIONS

Automobili Pininfarina Americas Inc. (hereinafter referred to as "APA" or "the Company") was converted to a Delaware corporation on January 23, 2019 through the conversion of a Delaware Limited Liability Company, under the name of Harkey Acquisition, LLC". The Company is a wholly owned subsidiary of Automobili Pininfarina GmbH (hereinafter referred to as "the Parent Company").

The Parent Company acquired 100% membership interest of Harkey Acquisition, LLC (hereinafter referred to as "the LLC") on January 15, 2019 from Oakland Standard Co., LLC ("Seller"). No capital contribution was made by the Seller in the LLC. Post acquisition, a plan of conversion to a Corporation was adopted and the LLC was converted and renamed as "Automobili Pininfarina Americas Inc.".

The Company is engaged directly or indirectly in designing, developing, manufacturing, selling, distributing, servicing and promoting automobiles globally (including electric vehicles) and spare parts as well as all activites in connection thereto. The Company is in start-up phase and is yet to start revenue generating activities.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are detailed below:

1. *Basis of preparation*

   a) The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States ('US GAAP') to reflect the financial position, results of operations and cash flows of the Company.

   b) The financial statements are for the year April 01, 2019 to March 31, 2020. All amounts are stated in US Dollars, unless specified otherwise. The LLC and the Company did not conduct any business operations between September 25, 2017, the date the LLC was first formed and March 31, 2019. The Company opened a banking account on June 17, 2019. These are the first year financial statements of the Company.

2. *Use of estimates*

   The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management's estimates for realization of deferred tax assets and accruals at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision in accounting estimates are recognized prospectively in the current and future periods.

3. *Cash and cash equivalents*

   Cash equivalents consist of highly liquid investments with a maturity of three months or less on the date of purchase. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to $ 250,000 for each insured bank for each account per depositor.

4. *Revenue recognition*

   The Company is currently in a start-up phase and is expected to start business operations once the Company obtains a sales license.

5. *Leases*

   Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements may provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

6. *Income taxes*

   In accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

   The Company has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2015-17 Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes. The guidance requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as non-current on the statement of financial position. The guidance however does not change the existing guidance that prohibits offsetting deferred tax liabilities from one jurisdiction against deferred tax assets of another jurisdiction.

Notes to Financial Statements

7. *Fair value measurements and financial instruments*

   Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, which are directly related to the amount of subjectivity, associated with the inputs to the valuation of these assets or liabilities are as follows:

   Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

   Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

   Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

   This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

   The Company's financial instruments consist of cash and cash equivalents and other current liabilities. The estimated fair value of cash and cash equivalents and other current liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments is held for trading purposes.

8. *Commitments and contingencies*

   Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

9. *Recently issued and adopted accounting standards*

   In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments. The new guidance applies to all entities that are required to present a statement of cash flows under Topic 230 and addresses specific cash flow items to provide clarification and reduce the diversity in presentation of these items. The guidance is effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted. The ASU 2016-15 is effective for the Company beginning April 1, 2019.

10. *Recently issued accounting standard not yet adopted*

    In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820) Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement, which modifies the disclosure requirements on fair value measurements. The updated guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted for any removed or modified disclosures. The Company is currently assessing the impact of the adoption of this guidance on its financial statements and disclosures.

    In February 2016, the FASB issued ASU No. 2016-02, Leases. Under the new guidance, lessees are required to recognize a right-of-use asset and a lease liability on the balance sheet for all leases, other than those that meet the definition of a short-term lease. This update will establish a lease asset and lease liability by lessees for those leases classified as operating under current GAAP. Leases will be classified as either operating or finance under the new guidance. Operating leases will result in straight-line expense in the income statement, similar to current operating leases, and finance leases will result in more expense being recognized in the earlier years of the lease term, similar to current capital leases. This ASU is effective for the Company beginning January 1, 2021. The Company is currently evaluating the impact of this standard on its financial statements.

NOTE C – COMMITMENTS AND CONTINGENCIES

Premises

The Company has entered into a sub-lease arrangement with Issimi Inc. (hereinafter referred to as "Sub-lessor"). The lease arrangement consist of approximately 600 square feet of warehouse space and 210 square feet of office space for a period of 2 years commencing from October 1, 2019. The Company shall in addition to the lease rentals of $ 2,025 per month, share all the common area operating expenses with the Sub-lessor, such expenses will be determined based on Sub-lessor's estimate of common area operating expense. Under the said arrangement, the Company is required to pay security deposit equivalent to lease rent of 1 month amounting to $ 2,025. The lease rentals for the year ended March 31, 2020 amounted to $ 12,150. The common area operating expenses for the year ended March 31, 2020 amounted to $ 1,725.

Details of future commitments on operating leases are as follows:

Particulars	**Amount US$**
March 31, 2021	24,300
March 31, 2022	12,150

NOTE D - OTHER CURRENT LIABILITIES

Other current liabilities include the following:

	As at March 31, 2020
Accrued rent	13,875
Professional fees	3,000
Bank service fees	485
Total	**17,360**

Notes to Financial Statements

NOTE E – INCOME TAXES

The Company had no operations during the year hence no current or deferred taxes have been provided in the financial statements. Federal and state net operating losses generated during the year, would result in deferred tax assets, which have not been recognized, as they have been considered to be fully provided through a valuation allowance.

Accounting for uncertain tax position

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at March 31, 2020.

NOTE F – COMMON STOCK

Common stock authorized, issued and outstanding

The authorized share capital of the Company consists of 2,000 common shares of par value $ 25 each. At March 31, 2020 the Company had issued 1,040 common shares of par value $ 25 each. On January 23, 2019, the Parent Company subscribed to 40 common shares of the Company. The subscription amount of $ 1,000 towards these common shares was paid by the Parent Company on August 28, 2019 on issuance of the share certificate. On September 30, 2019, the Parent Company subscribed and paid $ 25,000 for the issuance of 1,000 common shares of the Company.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

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

NOTE G – FAIR VALUE MEASUREMENT

Financial assets and liabilities held by the Company are not measured at fair value on a recurring basis but are recorded at amounts that approximate fair value due to their liquid or short-term nature.

NOTE H – SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2020 through April 13, 2020, the date the financial statements are issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

BOARD OF DIRECTORS, PROFESSIONAL ADVISERS, ETC.

BOARD OF DIRECTORS:

DIRECTORS:

Mr. Mathew, Arvind	(Indian)
Mr. Gupta, Rajesh	(Indian)
Mr. Bapat, Avinash	(Indian)

OFFICE ADDRESS:

3rd Floor
68A Coscharis Plaza
Adeola Odeku Street
Victoria Island, Lagos.

COMPANY SECRETARY:

PINOVN Nominees Limited
20 Kwame Nkrumah Crescent
Asokoro
Abuja, Nigeria.

INDEPENDENT AUDITORS:

Grant Thornton Nigeria
(Chartered Accountants)
2A Ogalade Close, Off Ologun Agbaje Street
Off Adeola Odeku Street
Victoria Island,
Lagos, Nigeria

BANKER:

Sterling Bank

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mahindra West Africa Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahindra West Africa Limited** (the Company), which comprise the statement of financial position as at **31 March 2020** the statement of profit or loss, statement of financial position, statement of changes in equity and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at **31 March 2020**, and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs), the Financial Reporting Council of Nigeria Act No. 6, 2011 and the provision of the Companies and Allied Matters Act, CAP C20 LFN, 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for Audit of the Financial Statements.

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

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

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

ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv) Conclude on the appropriateness of management's use of the going concern of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transaction and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

The Companies and Allied Matters Act, CAP C20, LFN 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) In our opinion, proper books of account have been kept by the company; and

iii) The Company's Statement of Financial Position and Statement of Profit or Loss are in agreement with e books of account.

Uchenna Okigbo, FCA

FRC/2016/ICAN/00000015653
FOR: GRANT THORNTON
(CHARTERED ACCOUNTANTS)

LAGOS, NIGERIA.

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 ₦	2019 ₦
Revenue	6	**264,493,223**	273,997,869
Other Income	7	**5,156,303**	4,787,377
		269,649,526	278,785,246
Less Expenses:			
Administrative Expenses	8	**(242,710,355)**	(243,104,375)
Other Expenses	9	**(11,062,344)**	(15,852,715)
Operating Profit		**15,876,827**	19,828,156
Finance Cost	11	**(3,420,767)**	(5,050,412)
Profit Before Taxation		**12,456,060**	14,777,744
Taxation	13.2	**(5,777,707)**	(3,794,711)
Profit After Taxation		**6,678,353**	10,983,033
Earnings Per Share (Naira)			
Earnings per share (Naira)		**0.17**	0.28

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

		2020	2019
ASSETS	**Notes**	**₦**	₦
NON CURRENT ASSETS			
Property, Plant & Equipment	14	**26,395,421**	47,211,676
		26,395,421	47,211,676
CURRENT ASSETS			
Receivables and Prepayments	15	**50,741,206**	104,406,052
Cash and Cash Equivalent	16	**39,320,228**	16,435,177
		90,061,434	120,841,229
TOTAL ASSETS		**116,456,855**	168,052,905
EQUITY AND LIABILITIES			
Equity Attributable to Owners			
Share Capital	18	**39,220,000**	39,220,000
Deposit for Equity Issue	17	**21,254,000**	21,254,000
Retained Earnings		**17,703,202**	11,024,849
		78,177,202	71,498,849
NON CURRENT LIABILITIES			
Deferred Tax Liabilities	13.3	**321,306**	321,306
		321,306	321,306
CURRENT LIABILITIES			
Trade and Other Payables	19	**21,055,667**	76,797,456
Short Term Borrowings	20	**7,055,275**	15,365,597
Tax Payable	13.1	**9,847,404**	4,069,697
		37,958,346	96,232,750
TOTAL EQUITY AND LIABILITIES		**116,456,855**	168,052,905

These financial statements were approved by the Board of Directors on 26 May 2020 and signed on its behalf by:

Arvind Mathew	**Avinash Bapat**	**Rajesh Gupta**
Director	Chief Finance Officer	Director

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Equity Share	Retained earnings	Deposit for Equity Issue	Total
	₦	₦	₦	₦
Year Ended 31 March 2019				
Balance at 1 April 2018	39,220,000	41,816	21,254,000	60,515,816
Profit for the year	–	10,983,033	–	10,983,033
Balance as at 31 March 2019	**39,220,000**	**11,024,849**	**21,254,000**	**71,498,849**
Year Ended 31 March 2020				
Balance at 1 April 2019	39,220,000	11,024,849	21,254,000	71,498,849
Profit for the year	–	6,678,353	–	6,678,353
Balance as at 31 March 2020	**39,220,000**	**17,703,202**	**21,254,000**	**78,177,202**

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	₦	₦
Cash Flows from Operating Activities		
Profit Before Tax	**12,456,060**	14,777,744
Adjustments:		
Depreciation	**21,666,256**	20,629,838
Operating Profit Before Working Capital Changes	**34,122,316**	35,407,582
Working Capital Changes:		
Decrease/(Increase) Receivable and Prepayment	**53,664,846**	(23,136,478)
(Decrease) in Trade Payables	**(55,741,789)**	(3,306,327)
	(2,076,943)	(26,442,805)
Tax Paid	**–**	–
Net Cash Flow from Operating Activities	**32,045,373**	8,964,777
Cash flow from Investing Activities:		
Purchase of Property, Plant and Equipment	**(850,000)**	(20,451,090)
Net Cash flow from Investing Activities	**(850,000)**	(20,451,090)
Cash Flow from Financing Activities:		
Short Term Borrowings	**(8,310,322)**	7,860,761
Net Cash Flow from Financing Activities	**(8,310,322)**	7,860,761
Net Cash Flow for the year	**22,885,051**	(3,625,552)
Cash and Cash Equivalents at 1 April	**16,435,177**	20,060,729
Cash and Cash Equivalents at 31 March	**39,320,228**	16,435,177
Cash and Cash Equivalent Consist of :		
Bank	**39,320,228**	16,435,177

The notes on pages herein form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Nature of Operation

The principal activity of the company is to develop business, assemble, buy, sell, distribute two, three or four wheeled vehicles, trucks, buses and any other vehicles of every kind and description, engines, generators, tractors (including implements), and construction equipments.

2 General Information, statement of compliance with IFRS and going concern assumption

The company was incorporated in Nigeria under the Companies and Allied Matters Act 2004 as a Private Limited Liability Company on 20 May 2016. It commenced full operation in May 2016. Its Authorized Share Capital was 200,000 ordinary shares of N196.10 each. The company is substantially owned by Mahindra & Mahindra South Africa. The company deals in business development of automobile and farm equipments.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the provisions of Financial Reporting Council Act, No 6, 2011 and the requirements of the Companies and Allied Matters Act, CAP C20 LFN, 2004. Where the provisions of IFRS are in conflict with provisions of Financial Reporting Council Act, No 6, 2011 and the requirements of the Companies and Allied Matters Act, CAP C20, 2004.

The financial statements for the year ended 31 March 2020 (including comparatives) were approved and authorised for issue by the board of directors of Mahindra West Africa Limited on **May 26 2020**.

3 New or Revised Standards or Interpretations

3.1 Standards, amendments and interpretations to existing standards adopted as at 1 January 2019

The Company adopted the following standards and amendments that are effective for the first time in 01 January 2019:

- IFRIC 23 Uncertainty over Income Tax Treatments
- IFRS 9 Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Annual Improvements to IFRS 2015–2017 Cycle
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made. However,they do not affect these financials statements.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company.

At the date of authorisation of these financial statements, certain new IFRS standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the company. Management anticipates that all of the relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement.

Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the company's financial statements.

3.2.1 IFRS 17, 'Insurance Contracts', Issued: May 2018 (Effective 1 January 2021)

IFRS 17, "Insurance Contracts" In May 2018, the IASB issued IFRS 17 "Insurance Contracts," which replaces an interim standard IFRS 4 "Insurance Contract" and related interpretations. The standard sets out the requirements that a company should apply in reporting information about insurance contracts.

The standard provides update of information about the obligations, risk and performance of insurance contracts, increases transparency in financial information reported by insurance companies, which will give investors and analysts more confidence in understanding the insurance industry, and introduces a consistent accounting for all insurance contracts based on a current measurement model. IFRS 17 requires that a company update the measurement of insurance obligations at each reporting date, using current estimates of the amount, timing and uncertainty of cash flows and of discount rate.

3.2.2 The amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the amendments) to align the definition of 'material' across the standards and to clarify certain aspects of the definition. Issued: October 2018 (Effective 1 January 2020

In October 2018, the International Accounting Standards Board (IASB or the Board) issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the amendments) to align the definition of 'material' across the standards and to clarify certain aspects of the definition.

New definition of material

The new definition states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

4 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in the financial statements.

4.1 Basis of preparation

The Company's financial statements have been prepared on an accrual basis and under the historical cost convention. Monetary amounts are expressed in Nigerian currency Naira (₦)

4.1.1 Functional and Presentation currency

These Financial Statements are presented in Nigeria Naira which is the company's functional currency.

4.2 Revenue

Revenue in the current year represents total expenses plus a mark up of 11% on the expenses excluding exchange loss and interest on bank loan, generated for Mahindra & Mahindra Ltd. (India) from its businesses in West African Countries.

To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Company often enters into transactions involving services provided to customers on-bejalf of Mahindra India. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised services to the customers.

The company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

4.3 Administrative expenses

Administrative expenses are recognized in profit or loss upon utilization of the service or at the date of their origin.

4.4 Employee Benefits

4.4.1 Pension fund obligations

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity - Pension Fund Administrators (PFA) and has no legal or constructive obligations to pay further contributions. Obligations for contribution plans are recognized as personnel expenses in profit or loss in the periods during which related expenses are rendered. Contributions to a defined contribution plan that are due for more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value.

4.4.2 Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after service is rendered) such as paid vacation, leave pay, sick leave and bonuses are recognized in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognized as an expense as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur. The expected cost of bonus payments is recognized as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Provisions for leave pay and bonuses are recognized as a liability in the financial statements.

4.5 Taxation

4.5.1 Tax Expense

The tax expense represents the sum of the current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

4.5.2 Current Tax

The current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year, and any adjustment to tax payable in respect of the previous years.

4.5.3 Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which it can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.5.4 Tax Exposure

In determining the amount of current and deferred tax, the company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that caused the company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

4.6 Cash and Cash Equivalents

Cash and Cash Equivalents comprise of notes and coins on hand, demand deposits and other short term, highly liquid financial assets with original maturities of three months or less that are convertible to a known amount of cash which are subject to insignificant risk of changes in value, all of which are available for use by the company unless otherwise stated. In the statement of financial position, company overdrafts are included in current liabilities.

4.7 Trade Receivables

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the company does not intend to sell immediately or in the near term.

4.8 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

4.9 Property, Plant and Equipment

4.9.1 IT equipment and other equipment

4.9.1.1 Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of material and direct labour;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- When the company has an obligation to remove the asset or restore the site, an estimate of the cost of dismantling and removing the items and restoring the site on which they are located; and
- Capitalized borrowing cost.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in profit or loss.

When parts of an item of property have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in profit or loss.

4.9.1.2 Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the company. On-going repairs and maintenance are expensed as incurred.

4.9.1.3 Depreciation

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the assets are completed and ready for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line basis over their estimated useful lives. Depreciation is recognized in profit or loss. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives.

The estimated useful life for the current and comparative years of significant items of property, plant and equipment are as follows:

- Motor Vehicles 4 years
- Furniture and Fittings 2–4 years
- Household equipment 4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.10 Share Capital

4.10.1 Ordinary Shares

Ordinary shares are classified as equity and (share capital) are recorded at the proceeds received net of incremental external costs directly attributable to the issue.

4.11 Financial Instruments

4.11.1 Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

4.11.2 Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

4.11.3.Subsequent measurement of financial assets

4.11.3.1 Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of its contractual cash flows principal and interest on the principal amount outstanding

4.11.3.2 Financial assets at amortised cost

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

4.11.3.3 Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

4.11.3.4 Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Financial assets classified as available for sale (AFS) under IAS 39 (comparative periods) AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets (FVTPL or held to maturity and loans and receivables).

Within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset was disposed of or was determined to be impaired, the cumulative gain or loss recognised in other comprehensive income was reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends were recognised in profit or loss within finance income.

4.11.4 impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cashflows of the instrument.

In applying this forward-looking approach, a distinction is made between:

Stage 1: Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk

Stage 2: Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

4.11.5 Previous financial asset impairment under IAS 39

In the prior year, the impairment of trade receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default. Receivables that were not considered to be individually impaired were reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rates for each identified group.

4.11.6 Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

4.11.7 Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). reported in profit or loss are included within finance costs or finance income.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

4.12 Provisions

Provisions are liabilities of uncertain timing or amount, and are recognized when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are measured at the director's estimate of the expenditure required to settle that obligation at the end of each reporting period, and are discounted (at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability) to present value where the effect is material.

Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect of any item included in the same class of obligations may be small.

4.13 Foreign Currency Transactions and Balances

Foreign Currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. The functional currency is the currency of the primary economic environment in which the entity operates, which is the Nigerian Naira.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items of historical cost in a foreign currency are not retranslated.

4.14 Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgments in applying the accounting policies of the entity that have the most significant effect on the financial statements.

4.14.1 Capitalization of internally developed software

Distinguishing the research and development phases of a new customized software project and determining whether the recognition requirements for the capitalization of development costs are met requires judgment. After capitalization, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalized costs may be impaired.

4.14.2 Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

4.14.3 Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

4.14.4 Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

5. Financial Risk Management

5.1 Introduction

The company uses its financial skills to provide competitive product pricing and delivery to a broad range of customers.

Risk Management is essential to help ensure business sustainability thereby providing customers and the shareholders with a long-term value proposition.

Key elements of risk management are:

- Strong corporate governance including relevant and reliable management information and internal control processes;
- Ensuring significant and relevant skills and services are available consistently to the company;
- Influencing the business and environment by being active participants in the relevant regulatory and business forums; and
- Keeping abreast of technology and consumer trends and investing capital and resources where required.

The overall company focus within an appropriate risk framework is to give value to the customers through effective and efficient execution of transactions.

The board of directors acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

5.2 Significant Risks

The company has exposure to Significant Risks which are categorized as follows:

- Regulatory (capital adequacy, legal, accounting and taxation);
- Business environment (reputation and strategic);
- Operational (people, information technology and internal control processes);
- Market (equity prices, interest rate and currency); and
- Liquidity

Detailed Discussion of Significant Risks

5.2.1. Regulatory Risk

Regulatory risk is the risk arising from a change in regulations in any legal, taxation and accounting pronouncements or specific industry that pertain to the business of the Company. In order to manage this risk, the Company is an active participant in the IT industry and engages in discussions with policy makers and regulators.

5.2.1.1 Legal Risk

Legal risk is the risk that the company will be exposed to contractual obligations which have not been provided for.

The company has a policy of ensuring all contractual obligations are documented and appropriately evidenced to agreements with the relevant parties to the contract.

All significant contracted claims are reviewed by independent legal resources and amounts are provided for if there is consensus as to any possible exposure. At 31 March 2020, the directors are not aware of any significant obligation not provided for.

5.2.1.2 Taxation Risk

Taxation risk is the risk of suffering a loss, financial or otherwise, as a result of an incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing products.

Taxation risk occurs in the following key areas:

- Transactional risk;
- Operational risk;
- Compliance risk; and
- Financial accounting risk.

5.2.1.2.1 Transactional Risk

The risk which concerns specific transactions entered into by the company, including restructuring projects and reorganizations.

5.2.1.2.2 Operational Risk

The underlying risks of applying tax laws, regulations and decisions to the day-to-day business operations of the company.

5.2.1.2.3 Compliance Risk

The risk associated with meeting the company's statutory obligations.

5.2.1.2.4 Financial Accounting Risk

The risk relates to the inadequacy of proper internal controls over financial reporting, including tax provisioning.

In managing the company's taxation risk, the company tax policy is as follows:

The company will fulfill its responsibilities under tax law in each of the jurisdictions in which it operates, whether in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the company may have in relation to company taxes, personal taxes, capital gains taxes, indirect taxes and tax administration.

Compliance with this policy is aimed at ensuring that:

- All taxes due by the company are correctly identified, calculated, paid and accounted for in accordance with the relevant tax legislation;
- The company continually reviews its existing operations and planned operations in this context; and
- The company ensures that, where clients participate in company products, these clients are either aware of the probably tax consequences, or are advised to consult with independent professionals to assess these consequences, or both.

The identification and management of tax risk is the primary objective of the company tax function, and this objective is achieved through the application of a formulated tax risk approach, which measures the fulfillment of tax responsibilities against the specific requirements of each category of tax to which the company is exposed, in the context of the various types of activities the company conducts.

5.2.1.3 Accounting Risk

Accounting Risk is the risk that the company fails to explain the current events of the business in the financial statements.

Accounting risk can arise from the failure of management to:

- Maintain proper books and records, accounting system and to have proper accounting policies;
- Establish proper internal accounting controls;
- Prepare periodic financial statements that reflect an accurate financial position; and be transparent and fully disclose all important and relevant matters.

Measures to control accounting risk are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Proposed accounting changes are researched by accounting resources, and if required external resources, to identify and advise on any material impact on the company.

Financial statements are prepared in a transparent manner that fully discloses all important and relevant matters as well as accurately reflecting the financial position, results and cash flows of the company.

5.2.2 Business Environment

5.2.2.1 Reputational Risk

Reputational risk is the risk of loss caused by a decline in the reputation of the company or any of its specific business units from the perspective of its stakeholders, shareholders, customers, staff, business partners or the general public.

Reputational risk can both cause and result from losses in all risk categories such as market or credit risk.

5.2.2.2 Strategic Risk

Strategic Risk is the risk of an unexpected negative change in the company value, arising from the adverse effect of executive decisions on both business strategies and their implementation.

This risk is a function of the compatibility between strategic goals, the business strategies developed to achieve those goals and the resources deployed to achieve those goals. Strategic risk also includes the ability of management to effectively analyze and react to external factors, which could impact the future direction of the relevant business units.

Company risk identifies and assesses both those risks qualitatively as part of a quarterly evaluation. On the basis of this evaluation, company risk creates an overview of local and global risks which also includes reputational risks, analyses the risk profile of the company and regularly informs directors and management.

5.2.3 Operational Risk

Operational Risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are augmented by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning. The internal control systems and procedures are also subjected to regular internal audit reviews.

5.2.4 Market Risk

Market risk includes asset liability matching risk, currency risk, interest rate risk and equity price risk.

The company is exposed to market risk through its financial assets and financial liabilities. The most important components of this risk are interest rate risk and market price risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

5.2.4.1 Interest Rate and Market Price Risk

These risks have very different impacts on the various categories of business used in the company's Assets and Liabilities Management framework. Interest rate and market price risk have been discussed together since they interact on certain types of liabilities.

5.2.4.2 Interest Rate Risk

Interest rate risk is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in market interest rates.

5.2.4.3 Equity Price Risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

5.2.4.4 Foreign Currency Risk

In respect of other monetary assets and liabilities held in currencies other than the Naira, the company ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates, where necessary, to address short-term balances.

5.2.4.4.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a loss to the other party by failing to discharge an obligation.

Key areas where the company is exposed to credit risk are:

* Certain classes of financial assets such as bonds, term deposits, cash and cash equivalent; and
* Certain accounts within trade and other receivables.

5.2.4.4.2 Financial Assets

Various debt instruments are entered into by the company in order to invest surplus shareholders funds. The company is exposed to the issuer's credit standing on these instruments.

The following policy and procedure is in place to mitigate the company's exposure to this credit risk:

* Exposure to outside financial institutions concerning financial instrument is monitored in accordance with parameters which have been approved by the company's audit committee and the company's board.

5.2.4.4.3 Other Receivables

Investment sale debtors are protected by the security of the underlying investment not being transferred to the purchaser prior to payment.

5.2.5 Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Company Treasury maintains flexibility in funding by keeping committed credit lines available.

5.2.5.1 Sensitivities

Management applies a number of sensitivity tests to the earnings of the company to better understand the exposure to and importance of each of the main drivers of profitability.

IFRS 7 requires management to report on the changes in the net income after tax following "reasonable possible" changes in each of the factors to which the company is exposed. Management has set the upside and downside movements for each factor at a level which represents the amount by which management believes that factor could reasonably change over the year following the valuation date. These opinions have been informed by an analysis of historical one year changes in those factors. The upper and lower limits have been set at the 75th and 25th percentiles of observed changes as these bound and interval which may be expected to contain 50% of the changes in the coming year. Management believes this represents in some sense what is "reasonably possible", though it is important to note that this opinion is based on past experience and the tested range is not sensitive to all the relevant information in the market at the reporting date.

Management has considered the impact of upside and downside movements in foreign exchange rates. In relation to these sensitivities:

* The earnings are sensitive to changes in both the shape and level of the yield curve. Management has not considered changes in the shape of the yield curve due to several constraints although this may be reviewed in the following year.
* The foreign exchange movements have been considered together in the same sensitivity. Observed historic negative correlations between factors would tend to dampen the effects presented. These correlations are not very large and they have not been adjusted for. This treatment has resulted in the presentation of a slightly more extreme view of what could reasonably occur over the following year.

Future rates of expense inflation, catastrophes and tax assumptions were considered but no sensitivities are presented as it is unlikely, in management's opinion that, these assumptions will change over the following year.

It should be noted that each impact on profit after tax is shown individually for each sensitivity being changed, keeping all other assumptions constant. In practice this is unlikely to occur, as changes in some of the variables may be correlated.

		2020	2019
		₦	₦
6	**Revenue**		
	Commission income	**264,493,223**	273,997,869
		264,493,223	273,997,869

Revenue in the current year represents total expenses plus a mark up of 11% on the expenses excluding exchange loss and interest on bank loan, generated for Mahindra & Mahindra Ltd. (India) from its businesses in West African Countries.

		2020	2019
7	**Other Income**		
	Exchange gain	**5,156,303**	4,787,377
		5,156,303	4,787,377

Exchange gain represent gain arising from foreign exchange difference, reimbursable income represents actual personnel costs of MWAL employees that are deputed by Mahindra & Mahindra Ltd. (India), including but not limited to daily allowance, rent, benefits etc.

		2020	2019
8	**Administrative Expenses**		
	Audit fees	**3,503,852**	3,136,000
	Professional fees	**20,125,660**	13,602,630
	Travelling expenses	**11,749,694**	40,254,246
	Depreciation	**21,666,256**	20,629,838
	Personnel cost	**122,486,775**	116,157,055
	Rent	**26,720,833**	27,758,882
	Communication expenses	**5,208,062**	4,988,352
	Exchange loss	**21,043,965**	10,757,853
	Office expenses	**10,205,258**	5,819,519
		242,710,355	243,104,375

Office expenses comprise of registration and document charges, power fuel utilities, sundry expenses, electricity expenses, postages and courier expenses, printing and stationery.

		2020	2019
9	**Other Expenses**		
	Insurance	**1,915,200**	2,059,276
	Advertising	**200,000**	6,066,000
	Repairs and Maintenance	**2,046,802**	415,889

	2020	2019
	₦	₦
Hospitality expenses	**4,630,761**	4,895,844
Bank charges	**852,787**	1,149,838
NSITF	**1,416,794**	1,265,868
	11,062,344	15,852,715
Classified by Nature		
Personnel cost	**122,486,775**	116,157,055
Professional fees	**20,125,660**	13,602,630
Depreciation	**21,666,256**	20,629,838
Other administrative expenses	**78,431,664**	92,714,852
	242,710,355	243,104,375

		2020	2019
10	**Depreciation Expenses**	**21,666,256**	20,629,838

Depreciation expenses represents a portion of the cost of plant and equipment that is matched in consideration to the useful life of the assets during the year.

11 Finance Cost

	2020	2019
Interest expenses	**3,420,767**	5,050,412
	3,420,767	5,050,412

The finance cost relates to charges and interest on bank overdraft granted by Sterling Bank Plc.

12 Personnel Expenses

	2020	2019
Staff salaries and wages	**94,182,808**	92,315,844
Personnel allowance	**28,303,967**	23,841,211
	122,486,775	116,157,055

Personnel expenses represent employee expenses incurred during the year.

13 Income Tax

13.1 Current tax (Statement of Financial Position)

	2020	2019
Balance as at 01 April	**4,069,697**	274,986
Over provision from prior year	**–**	–
Charge for the year	**5,777,707**	3,794,711
Payment for the year	**–**	–
Tax liability	**9,847,404**	4,069,697

13.2 Income Tax Expense

	2020	2019
Company income tax	**5,777,707**	3,794,711
Over provision for prior year	**–**	–
Deferred tax expense	**–**	–
Charged to income statement	**5,777,707**	3,794,711

13.3 Deferred Tax Liability

	2020	2019
Balance as at 1 April	**321,306**	321,306
Charge for the year	**–**	–
Deferred tax charged for the year	**321,306**	321,306

14 Property, Plant & Equipment

	Household equipment	Motor vehicle	Furniture and fittings	Total
	₦	₦	₦	₦
Cost				
As at 1 April 2019	14,738,752	60,380,000	11,900,220	87,018,972
Additions during the year	–	–	850,000	850,000
As at 31 March 2020	**14,738,752**	**60,380,000**	**12,750,220**	**87,868,972**
Depreciation				
As at 1 April 2019	9,514,357	23,650,840	6,642,099	39,807,296
Charge for the year	3,684,888	15,094,996	2,886,371	21,666,255
As at 31 March 2020	**13,199,245**	**38,745,836**	**9,528,470**	**61,473,551**
Carrying Amount				
As at 31 March 2020	1,539,507	21,634,164	3,221,750	26,395,421
As at 31 March 2019	**5,224,395**	**36,729,160**	**5,258,121**	**47,211,676**

	2020	2019
	₦	₦
15 Receivable and Prepayments		
15.1 Receivable		
Trade receivable	**43,641,206**	80,572,719
	43,641,206	80,572,719
15.2 Prepayment		
Rent	**7,100,000**	23,833,333
	7,100,000	23,833,333
	50,741,206	104,406,052

All amount are short-term. The net carrying amount of trade receivables is considered to be at transaction price.

16 Cash and Cash Equipment

Cash and cash equivalents consist of:

	2020	2019
Cash in hand	**276,157**	309,584
Cash at bank	**39,044,071**	16,125,593
	39,320,228	16,435,177

These comprise of balances in foreign currencies with Sterling Bank that are translated at the year end, using the interbank rate as at 31 March 2020.

	2020	2019
	₦	₦
17 Deposit for Equity Issue		
Mahindra and Mahindra South Africa	**21,254,000**	21,254,000

This represents an extra amount on capital importation paid by the equity owners over and above the nominal value in anticipation of increase in share capital.

18 Share Capital

Authorized

	2020	2019
200,000 Ordinary shares of ₦196.10 each	**39,220,000**	39,220,000

	2020	2019
	₦	₦
Issued and fully Paid		
200,000 Ordinary shares of ₦196.10 each	**39,220,000**	39,220,000

The share capital of Mahindra West Africa Limited consists of issued and fully paid ordinary shares with a nominal value of N196.10 each.

19 Trade and Other Payables

Trade and other payables consist of the following:		
Trade payables	**2,218,444**	33,997,960
Other payables	**6,675,823**	–
Accruals	**12,161,400**	42,799,496
	21,055,667	76,797,456

The carrying amount of trade and other payables are considered to be at their fair values.

20 Short Term Borrowings

Short term borrowings from Sterling Bank consist of the following:		
Loan	**7,055,275**	15,365,597
	7,055,275	15,365,597

This represent a short term loan obtained from Sterling bank for the purpose of vehicle acquisition.

21 Employees

The number of persons employed by the company during the year were 6 (2018: 4)

	2020	2019
	₦	₦

22 Substantial Interest in Shares

Mahindra and Mahindra South Africa	**199,999**	199,999
Mr. Nikhil Madgavkar	**1**	1
	200,000	200,000

23 Related Party Disclosure

The below are related party balance as at the year end		
Mahindra South Africa	**33,069,324**	37,488,150
Tech Mahindra Nigeria Limited	**–**	–
	33,069,324	37,488,150
Intercompany Receivable		
Mahindra Mahindra India	**80,572,719**	77,082,074
	80,572,719	77,082,074

Related party transactions comprise of transactions that occurred between the company and related company's stated above. The nature of the transactions involves marketing of Mahindra Mahindra India product to the public.

24 Authorization of Financial Statements

The financial statements for the period ended 31 March 2020 were approved by the board of directors on **26 May 2020.**

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 MARCH 2020

	2020		2019	
	₦	%	₦	%
Revenue	**264,493,223**		273,997,869	
Bought in Goods and Services	**(110,241,072)**		(121,177,531)	
Value Added	**154,252,151**	**100**	152,820,338	100
Applied as follows:				
To Pay Employees:				
Salaries, Wages and Other Benefits	**122,486,775**	**79**	116,157,055	76
To Pay Providers of Funds				
Interest Paid	**3,420,767**	**2**	5,050,412	3
Assets Replacement Provision:				
Depreciation	**21,666,256**	**14**	20,629,838	13
To Provide for the Future:				
Retained Profit	**6,678,353**	**4**	10,983,033	7
	154,252,151	**100**	152,820,338	100

Value added represents the wealth created through the efforts of the company, its management and employees. The statement shows the distribution of the generated wealth amongst company employees, the government, providers of capital and amount retained for future creation of wealth.

TWO - YEAR FINANCIAL SUMMARY AS AT 31 MARCH 2019

	2020	2019	2018
	₦	₦	₦
ASSETS			
Non Current Assets	**26,395,421**	47,211,676	47,390,424
Current Assets	**90,061,434**	120,841,229	101,330,303
	116,456,855	168,052,905	148,720,727
EQUITY AND LIABILITIES			
Equity Attributable to Owners			
Share Capital	**39,220,000**	39,220,000	39,220,000
Deposit For Shares	**21,254,000**	21,254,000	21,254,000
Retained Earnings	**17,703,202**	11,024,849	41,814
	78,177,202	71,498,849	60,515,814
LIABILITIES			
Non Current Liabilities	**321,306**	321,306	321,306
Current Liabilities	**37,958,346**	96,232,750	87,883,605
TOTAL EQUITY AND LIABILITIES	**116,456,854**	168,052,905	148,720,727
STATEMENT OF PROFIT OR LOSS			
Revenue	**264,493,223**	273,997,869	173,099,868
Profit/(Loss) Before Taxation	**12,456,060**	14,777,744	(734,544)
Taxation	**(5,777,707)**	(3,794,711)	23,615
Profit/(Loss) for the year	**6,678,353**	10,983,033	(710,929)
LOSS PER SHARE (KOBO)			
Basic	**0.17**	0.28	(0.02)

NOTE

The calculation of Earning Per Share (EPS) and Shareholders Fund Per Share for each of the years are based on the Ordinary Share Capital in issue on each date.

INDEPENDENT AUDITOR'S REPORT

To

The Members of

GROMAX AGRI EQUIPMENT LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **Gromax Agri Equipment Limited** ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The company does not have any pending litigations which will impact its financial positions.

      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B.K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Ravi Kapoor
Partner
Membership No. 040404
UDIN: 20040404AAAAED7589

Mumbai, May 8, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **Gromax Agri Equipment Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B.K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Ravi Kapoor
Partner
Membership No. 040404
UDIN: 20040404AAAAED7589

Mumbai, May 8, 2020

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

Annexure to the Auditor's Report referred to in our report of even date:

i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, plant and equipment.

b) The property, plant and equipment were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

c) According to the information and explanations given by the management and the records examined by us, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noted on such physical verification.

iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other related parties covered in the register maintained under section 189 of the Act.

iv. According to the information and explanations given to us, the Company has not granted any loans, made investments nor provided guarantees nor securities during the year and hence reporting under clause (iv) of the CARO 2016 is not applicable.

v. In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

vii. i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2020 for a period of more than 6 months from the date they become payable.

ii) The dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute, are as follows

Name of the statue	Nature of the dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1962	Income Tax	66.73	AY 2014-15	CIT-Appeals

viii. The Company does not have any loans / dues towards any financial institution, bank or Government. The Company has not raised any money through debentures during the year.

ix. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

xi. According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

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

xv. According to the information and explanations given to us, the Company has not entered into non- cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B.K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Ravi Kapoor
Partner
Membership No. 040404
UDIN: 20040404AAAAED7589

Mumbai, May 8, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

All amounts are in Rupees Lakhs unless otherwise stated

	Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
I.	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	3	**1,940.55**	1,586.99
	(b) Capital Work-in-Progress		**–**	330.48
	(c) Other Intangible Assets	4	**–**	0.01
	(d) Financial Assets:			
	(i) Investment	5	**–**	–
	(ii) Loans	7	**106.70**	71.22
	(e) Non-Current Tax Assets (Net)	9	**104.44**	29.51
	(f) Other Non-current Assets	10	**1.29**	25.10
	SUB-TOTAL		**2,152.98**	2,043.31
	CURRENT ASSETS			
	(a) Inventories	11	**2,547.63**	2,557.25
	(b) Financial Assets:			
	(i) Trade Receivables	6	**3,977.64**	4,268.19
	(ii) Cash and Cash Equivalents	12a	**1.30**	184.21
	(iii) Other Bank Balances	12b	**353.90**	659.19
	(v) Loans	7	**56.10**	127.31
	(vi) Other Financial Assets	8	**5.12**	3.58
	(c) Current Tax Assets (Net)	9	**–**	–
	(d) Other Current Assets	10	**1,694.06**	1,357.39
	SUB-TOTAL		**8,635.75**	9,157.12
	TOTAL ASSETS		**10,788.73**	11,200.43
II	**EQUITY AND LIABILITIES**			
	EQUITY			
	(a) Equity Share Capital	13	**5,430.20**	5,430.20
	(b) Other Equity	14	**(3,047.89)**	(2,830.13)
	SUB-TOTAL		**2,382.31**	2,600.07
	LIABILITIES			
1)	**NON-CURRENT LIABILITIES**			
	(a) Provisions	17	**191.09**	202.94
	(b) Financial Liabilities			
	(i) Borrowings	19	**1.63**	–
	(ii) Other Financial Liabilities	16	**213.35**	198.60
	(c) Non-Current Tax Liabilities (Net)	9	**–**	–
	SUB-TOTAL		**406.07**	401.54
2)	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	19	**1,217.36**	882.30
	(ii) Trade Payables	15		
	– Total outstanding dues of micro and small enterprises		**47.90**	9.33
	– Total outstanding dues of creditors other than micro and small enterprises (including acceptances)		**4,580.14**	5,011.87
	(iii) Other Financial Liabilities	16	**1,971.25**	2,084.94
	(b) Provisions	17	**142.62**	172.12
	(c) Current Tax Liabilities	9	**–**	–
	(d) Other Current Liabilities	18	**41.08**	38.26
	SUB-TOTAL		**8,000.35**	8,198.82
	TOTAL LIABILITIES		**10,788.73**	11,200.43

See accompanying notes to the financial statements 1&2

In terms of our report attached
For **B.K. Khare & Co.**
Chartered Accountants
Firm Regn. no : 105102W

CA. Ravi Kapoor
Partner
Membership No.: 040404
Place : Mumbai
Date : 8th May 2020

For and on behalf of the Board of Directors

Director
Director
Manish Arora Manager
Avdhesh Rathi Chief Financial Officer
Sumeet Maheshwari Company Secretary

Place : Mumbai
Date : 8th May 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rupees Lakhs unless otherwise stated

	Particulars	Note No.	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
I.	**Revenue from operations**	20	**13,694.15**	14,619.06
II.	**Other Income**	21	**280.00**	155.11
III.	**Total Revenue (I + II)**		**13,974.15**	14,774.17
IV.	**EXPENSES**			
	(a) Cost of materials consumed	22(a)	**9,805.61**	11,108.45
	(b) Purchases of Stock-in-trade		**268.79**	256.48
	(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	22(b)	**(282.28)**	(550.44)
	(d) Employee benefit expense	23	**1,346.30**	1,222.74
	(e) Finance costs	24	**142.83**	68.32
	(f) Depreciation and amortisation expense	3&4	**210.13**	134.88
	(g) Other expenses	25	**2,702.14**	2,419.29
	Total Expenses (V)		**14,193.52**	14,659.72
	Profit/(loss) before exceptional items and tax (I - IV)		**(219.37)**	114.45
	Exceptional Items		**–**	–
V.	**Profit/(loss) before tax**		**(219.37)**	114.45
VI.	**Tax Expense**			
	(1) Current tax under MAT	9	**–**	38.22
	(2) Deferred tax	9	**–**	–
	Less: MAT Credit entitlement		**–**	(38.22)
	Total tax expense		**–**	(0.00)
VII.	**Profit/(loss) after tax (V - VI)**		**(219.37)**	114.45
IX.	**Other comprehensive income**			
	a. Will not be reclassified subsequently to profit or loss			
	Acturial Gain/(Loss) of as per Acturial valuation		**1.61**	24.43
	b. Will be reclassified subsequently to profit or loss when specific conditions are met		**–**	–
X.	**Total comprehensive income for the period (IX + VIII)**		**(217.76)**	138.88
XI.	**Earnings per equity share**			
	(1) Basic	27	**(0.40)**	0.21
	(2) Diluted	27	**(0.40)**	0.21
	See accompanying notes to the financial statements	1&2		

In terms of our report attached
For **B.K. Khare & Co.**
Chartered Accountants
Firm Regn. no : 105102W

CA. Ravi Kapoor
Partner
Membership No.: 040404
Place : Mumbai
Date : 8th May 2020

For and on behalf of the Board of Directors

	Director
	Director
Manish Arora	Manager
Avdhesh Rathi	Chief Financial Officer
Sumeet Maheshwari	Company Secretary

Place : Mumbai
Date : 8th May 2020

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rupees Lakhs unless otherwise stated

	Particulars	Note No.	Year Ended on 31st March 2020	Year Ended on 31st March 2019
I.	**Cash flows from operating activities**			
	Profit before tax for the year		**(217.76)**	138.88
	Finance costs recognised in profit or loss	24	**139.90**	61.87
	Gain on disposal of property, plant and equipment	21	**3.80**	(26.87)
	Depreciation and amortisation of non-current assets	3&4	**210.13**	134.88
	Provision for Doubtful debts and advances	25	**677.00**	193.09
	Write Back of Credit Balances	21	**(199.73)**	(10.78)
	GL Balance Write-Off	21	**(1.84)**	(5.52)
	Provisions written back	21	**(1.05)**	(4.35)
			610.45	481.20
	Movements in working capital:			
	Increase in trade and other receivables		**(665.12)**	(2,214.06)
	(Increase)/decrease in inventories		**9.62**	(771.22)
	(Decrease)/increase in other liabilities		**(347.39)**	1,747.44
	Cash generated from operations		**(392.44)**	(756.63)
	Income taxes paid	9	**(74.94)**	25.53
	Net cash generated by operating activities		**(467.38)**	(731.10)
II.	**Cash flows from investing activities**			
	Payments for property, plant and equipment	3&4	**(237.00)**	(496.54)
	Proceeds from disposal of property, plant and equipment	3&4	**(0.01)**	28.68
	Net cash (used in)/generated by investing activities		**(237.01)**	(467.86)
III.	**Cash flows from financing activities**			
	Proceeds from Equity Issue	13	**–**	–
	Proceeding from borrowings	19	**335.06**	627.16
	Repayment of borrowings	19	**–**	–
	Repayment of Lease Liability		**(21.46)**	–
	Interest paid	16	**(97.40)**	(19.37)
	Net cash used in financing activities		**216.20**	607.79
IV.	**Net increase in cash and cash equivalents**		**(488.19)**	(591.17)
	Cash and cash equivalents at the beginning of the year	12a	**843.39**	1,434.56
	Effects of exchange rate changes on the balance of cash held in foreign currencies		**–**	–
V.	**Cash and cash equivalents at the end of the year**		**355.20**	843.39

See accompanying notes to the financial statements **1&2**

Note:
The Cash and Cash Equivalents consist of cash on hand, cheques on hand and bank balances.

In terms of our report attached
For **B.K. Khare & Co.**
Chartered Accountants
Firm Regn. no : 105102W

CA. Ravi Kapoor
Partner
Membership No.: 040404
Place : Mumbai
Date : 8th May 2020

For and on behalf of the Board of Directors

Director
Director
Manish Arora Manager
Avdhesh Rathi Chief Financial Officer
Sumeet Maheshwari Company Secretary

Place : Mumbai
Date : 8th May 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rupees Lakhs unless otherwise stated

Note No. 1&2: Accounting Policies

1. Corporate Information

Gujarat Tractor Corporation Limited (GTCL) a Public Limited Company domiciled in India and incorporated on 31st March, 1978 under the provisions of the Companies Act, 1956 (CIN : U34100GJ1978PLC003127) and a Government of Gujarat Undertaking. As a part of Disinvestment by Government of Gujarat, the Mahindra & Mahindra Ltd. acquired 60% stake in Equity Shares of the Company in 1999-2000. The name of the Company changed to Mahindra Gujarat Tractor Limited (MGTL / the Company) in the year 2000. The name of company further changed to Gromax Agri Equipment Limited w.e.f. from 24.08.2017.

Currently Mahindra Group hold 60% and Government of Gujarat hold 40% Equity in the Company. The Company is mainly engaged in the Manufacture and Sale of Tractors under the brand name "Shaktimaan"", ""Hindustan"", ""Farm Plus"", "Trakstar" and spares of the same. The Company carries out its business activities in India and Nepal. The Factory and Registered Office of the Company is located at Vishwamitri, Vadodara, Gujarat and Sales & Distribution Offices and Yards in major States of India.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements have been prepared taking into consideration all material aspects with Indian Accounting Standards (Ind-AS) notified under section 133 of the Companies Act, 2013 (the "Act") [Companies (Indian Accounting Standards) Rules, 2015,as amended] and the other relevant provisions of the Act.

2.2 Basis of preparation and presentation

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

Historical cost is generally based on the value paid for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

The financial statements have been prepared on historical convention except Defined benefit plans.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

2.3 Revenue recognition

The Company has applied Ind AS 115 – 'Revenue from Contracts with customers' ("hereinafter referred to as Ind AS 115"), using modified retrospective approach for the purpose of transition. The application of Ind AS 115 did not have any material impact on the financial results of the Company.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Upon satisfaction of performance obligation which is at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Depending on the terms of the contract, which differs from contract to contract, the goods are sold on a reasonable credit term. The Revenue is excluding taxes and after deducting various Dealer Incentives and Discounts.

2.3.1. Sale of goods

1) Timing of recognition- Sales are recongnized when control parameters as laid down in IND AS 115 are satisfied. Control means customer has accepted the product, legal title has been transferred, transfer of significant risk and rewards, right to receive the payment and transfer of physical possession. Sales are recognised at a point in time based on the revenue recognition standard.

2) Measurement of revenue:-

A) Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product.

B) Any change resulting in increase or decrease in estimated revenue or cost are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by Management.

C) Transaction price is the amount of consideration expected to be entitled to in exchange for transferring of goods and services excluding the amount collected from third party.

D) Revenue from sales is based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases

2.3.2 Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

2.3.3 Dividend and interest income

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

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

2.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.5 Employee benefits

2.5.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item ‘Employee benefits expense’. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.5.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.5.3 Contributions from employees or third parties to defined benefit plans

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Company reduces service cost by attributing the contributions to periods of service using the attribution method required by Ind AS 19.70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Company reduces service cost in the period in which the related service is rendered / reduces service cost by attributing contributions to the employees’ periods of service in accordance with Ind AS 19.70.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 Current tax

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

2.6.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

2.6.3 Current and deferred tax for the year

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

2.6.4 Minimum Alternate Tax

Minimum Alternate tax is recognised only when and to the extent there is convincing evidence that Company will pay normal Income-Tax during the specified period. The carrying amount of MAT Credit asset is reviewed at each Balance Sheet date.

2.7 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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

Assets held under lease are depreciated over the lease term of the ROU (Right of use).

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

On transition to Ind AS, the company has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment which will be depreciated over its remaining useful life.

2.7.1 Useful lives of tangible assets

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as prescribed in Part C of Schedule II of the Companies Act, 2013

Particulars	Life (Years)
Building - Non Factory	60
Building - Factory	30
Plant & Machineries, Jig& Fixtures and Pattern & Moulds	15
Furniture & Fixtures, Electrical Installation	10
Motor Vehicles- Cars & Tractors	8
Computer-Servers and Network	6
Office Equipments	5
Computer-Enduse devices (Desktop, Laptop, Printer etc.)	3
Assets Value < Rs.5000	1

2.8 Intangible assets

2.8.1 Intangible assets acquired separately

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

Under IND AS First time adoption Exemptions company has adopted historical cost as carrying amount for various tangible assets

2.8.2 Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.8.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Particulars	Life (Years)
Development Expenditure	5
Softwares	3

2.9 Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost of raw material and traded goods comprises of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of Inventories also include all other cost incurred in bringing the inventories to their present location and condition. Cost of purchase inventory are determined after deducting rebates and discounts.

2.11 Provisions

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

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

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

Provisions are not recongnized for future operationg losses.

2.11.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.11.2 Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Company's obligation.

2.11.3 Contingent liabilities acquired in a business combination

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

2.12 Financial instruments

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

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

2.12.1 Cash and cash equivalents:-

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

2.13 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.13.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

2.13.2 Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.13.3 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.13.4 Impairment of financial assets

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

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

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.14 Financial Liabilities

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

2.14.1 Classification of financial liabilities

The company classifies all financial liabilities as subsequently measured at ammortised cost.

2.14.2 Initial recignition of financial liabilities

Financial liabilities are carried at ammortised cost using the effective interest method.

2.14.3 Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification (Refer Note 29)

2.15 Leases

The Company has applied IND AS 116 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

2.15.1 Initial Recognition:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

2.15.2 Company as a lessee:

Leases, other than short term lease and low value assets, of property, plant and equipment are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.16 EPS

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all years presented for any share splits and bonus shares issues including for changes effected prior to the authorization for issue of the financial statements by the Board of Directors.

2.17 Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company."

2.18 Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

2.19 Current v/s Non-Current classification:-

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

a) Expected to be realized or intended to be sold or consumed in normal operating cycle

b) Held primarily for the purpose of trading

c) Expected to be realized within twelve months after the reporting period, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

a) It is expected to be settled in normal operating cycle

b) It is held primarily for the purpose of trading

c) It is due to be settled within twelve months after the reporting period, or

d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

The Company has identified twelve months as its operating cycle for the purpose of current and non-current classification of assets and liabilities

2.20 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2.1 to 2.18, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Detailed information about each of these estimates and judgements included in relevant notes together with information about the basis of calculation of each different line item in the financial statements.

Areas involving judgements and estimations:

1) Provision for warranty and service coupon

2) Provision for ECL

3) Provision for Employee Benefits

Statement of changes in Equity for the year ended 31st March 2020

All amounts are in Rupees Lakhs unless otherwise stated

A. Equity share capital

Particulars	**Amount**
As at 1st April, 2018	**5,430.20**
Changes in equity share capital during the year	–
As at 31st March, 2019	**5,430.20**
Changes in equity share capital during the year	–
As at 31st March, 2020	**5,430.20**

Note:

During the FY 2016-17, Company has raised fund through right issue of equity shares 3,90,00,000 of Rs.10 each to existing equity shareholders in their shareholding ratio.

Utilisation of proceeds from right equity issue :

Particulars	**FY 2016-17**	**FY 2017-18**	**FY 2018-19**	**FY 2019-20**
Capex (on the basis of actual outflow)	615.96	545.17	385.33	274.38
Repayment of shareholders' loan	1,749.00	–	–	–
Total	**2,364.96**	**545.17**	**385.33**	**274.38**

Balance amount Rs 330.16 Lakhs invested in fixed deposit refer note no. 12 (b)

B. Other Equity

	Reserves and Surplus		
Particulars	**Capital Reserve**	**Retained Earnings**	**Total**
As at 1st April, 2018	**217.13**	**(3,186.13)**	**(2,969.00)**
Profit/(Loss) for the period	–	114.45	**114.45**
Other Comprehensive Income/ (Loss)	–	24.43	**24.43**
Total Comprehensive Income for the year	–	138.88	**138.88**
Any other changes	–	–	**–**
As at 31st March, 2019	**217.13**	**(3,047.26)**	**(2,830.13)**
Profit/(Loss) for the period	–	(219.37)	**(219.37)**
Other Comprehensive Income/ (Loss)	–	1.61	**1.61**
Total Comprehensive Income for the year	–	(217.76)	**(217.76)**
Any other changes	–	–	**–**
As at 31st March, 2020	**217.13**	**(3,265.02)**	**(3,047.89)**

Note No. 3 - Property, Plant and Equipment

Particulars	As at 31st March, 2020	As at 31st March, 2019
a. Property, plant and equipment owned	**1,916.05**	1,586.99
b. Right of use assets	**24.50**	–
	1,940.55	1,586.99

a. Property, plant and equipment owned

	Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Total
I.	**Gross Carrying Amount**							
	Balance as at 1st April 2019	1.03	497.19	1,676.05	72.17	81.24	130.11	2,457.79
	Additions	-	12.66	505.41	1.84	-	-	519.91
	Disposals	-	(1.18)	(49.03)	(4.02)	(0.74)	(4.82)	(59.79)
	Balance as at 31st March 2020	**1.03**	**508.67**	**2,132.43**	**69.99**	**80.50**	**125.29**	**2,917.91**
II.	**Accumulated depreciation and impairment**							
	Balance as at 1st April 2019	–	99.36	660.63	44.04	25.81	40.97	870.81
	Depreciation expense for the year		16.58	141.00	8.51	7.50	13.46	187.05
	Eliminated on disposal of assets	–	(0.67)	(46.36)	(3.79)	(0.59)	(4.59)	(56.00)
	Balance as at 31st March 2020	**–**	**115.27**	**755.27**	**48.76**	**32.72**	**49.84**	**1,001.86**
III.	**Net carrying amount (I-II)**	**1.03**	**393.40**	**1,377.16**	**21.23**	**47.78**	**75.45**	**1,916.05**

	Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Total
I.	**Gross Carrying Amount**							
	Balance as at 1st April, 2018	1.03	465.00	1,629.90	71.68	80.37	79.85	**2,327.83**
	Additions	–	32.19	69.83	3.78	1.06	59.20	**166.06**
	Disposals	–	–	(23.68)	(3.29)	(0.19)	(8.94)	**(36.10)**
	Balance as at 31st March, 2019	**1.03**	**497.19**	**1,676.06**	**72.17**	**81.24**	**130.11**	**2,457.80**
II.	**Accumulated depreciation and impairment**							
	Balance as at 1st April, 2018	–	85.96	587.69	37.71	18.49	40.42	**770.27**
	Depreciation expense for the year	–	13.40	95.43	9.46	7.49	9.04	**134.82**
	Eliminated on disposal of assets	–	–	(22.49)	(3.13)	(0.18)	(8.50)	**(34.28)**
	Balance as at 31st March, 2019	**–**	**99.36**	**660.63**	**44.04**	**25.81**	**40.97**	**870.81**
III.	**Net carrying amount (I-II)**	**1.03**	**397.83**	**1,015.42**	**28.13**	**55.44**	**89.15**	**1,586.99**

b. Right of use assets

		Buildings-Leasehold	Total
I.	**Gross Carrying Amount**		
	Recognised on initial application of Ind AS 116 as at 1 April 2019	**47.57**	47.57
	Additions	**–**	–
	Deletions	**–**	–
Balance as at 31 March 2020		**47.57**	47.57
II.	**Accumulated depreciation and impairment**		
	Recognised on initial application of Ind AS 116 as at 1 April 2019	**23.07**	23.07
	Additions	**–**	–
	Deletions	**–**	–
Balance as at 31 March 2020		**23.07**	23.07
III.	**Net carrying amount (I-II)**	**24.50**	24.50

Note:

Property, plant and equipment comprise of owned and leased assets that do not meet the definition of Investment property.

Impairment losses not recognised in the year:

During the year ended on 31 March 2020, there were no impairment indicators. So impairment loss not recognised.

Depreciation Method and Useful Life

The depreciation methods used and the useful lives or the depreciation rates used mentioned in Note on Accounting Policies

Tangible Asset given to Co-op Society on Hire Purchase

Certain fixed assets were transferred to various Industrial Co-operative Societies on hire purchase basis, had been reduced from the Gross Block of Fixed Assets of the Company in the year of actual transactions in past, but they still remain the property of this Company till the last installment is paid.

Secured Loans repayable on demand from Bank

Cash Credit facilities from Banks are secured by hypothecation of entire current assets, present and future, and first charge over movable machinery.

The leases that the Company has entered with lessors towards properties used as sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

Note No. 4 - Other Intangible Assets

	Description of Assets	Development Expenditure	Computer Software	Total
I.	**Gross Carrying Amount**			
	Balance as at 1st April, 2019	55.51	47.87	103.38
	Additions from separate acquisitions	–	–	–
	Eliminated from Books of Accounts (Refer Note)	(55.51)	–	(55.51)
	Balance as at 31st March, 2020	**0.00**	**47.87**	**47.87**
II.	**Accumulated depreciation and impairment**			
	Balance as at 1st April, 2019	55.51	47.86	103.37
	Amortisation expense for the year	–	0.01	0.01
	Eliminated from Books of Accounts (Refer Note)	(55.51)	–	(55.51)
	Balance as at 31st March, 2020	**0.00**	**47.87**	**47.87**
III.	**Net carrying amount (I-II)**	**–**	**(0.00)**	**–**

	Description of Assets	Development Expenditure	Computer Software	Total
	Intangible Assets			
I.	**Cost**			
	Balance as at 1st April, 2018	55.51	47.87	103.38
	Additions from separate acquisitions	–	–	–
	Balance as at 31st March, 2019	55.51	47.87	103.38
II.	**Accumulated depreciation and impairment**			
	Balance as at 1st April, 2018	55.51	47.80	103.31
	Amortisation expense for the year	–	0.06	0.06
	Balance as at 31st March, 2019	55.51	47.86	103.37
III.	**Net carrying amount (I-II)**	–	0.01	0.01

Note:
The asset is already amortised fully over the years . Now it is eliminated from the Intangible assets as time period is over.

Note No. 5 - Investments Í(Non-Current)

Particular	As at 31st March, 2020 QTY	As at 31st March, 2020 Amount Rs.	As at 31st March, 2019 QTY	As at 31st March, 2019 Amount Rs.
Investments Carried at:				
Designated as Fair Value Through Profit and Loss				
I. Unquoted Investments (all fully paid)				
Other Non-Current Investments	**–**	**4.45**	–	4.45
Total Unquoted Investments	**–**	**4.45**	–	4.45
TOTAL INVESTMENTS CARRIED AT FAIR VALUE	**–**	**4.45**	–	4.45
TOTAL INVESTMENTS	**–**	**4.45**	–	4.45
Total Impairment value for investment carried at FVTPL	**–**	**(4.45)**	–	(4.45)
TOTAL INVESTMENTS CARRYING VALUE	**–**	**–**	–	–

Note:
Details of Investments in the Shares of Industrial Co-Operative Societies within Gromax Premises

Sr.	Name of Industrial Co-Operative Societies	% of Holding of Company	No. of shares held by Company	As at 31st March, 2020	As at 31st March, 2019
1	Pragati Ind. Co-Op.Soc. Ltd.	41.61%	228	1.14	1.14
2	Sarvoday Ind. Co-Op.Soc. Ltd.	40.00%	140	0.70	0.70
3	Parishram Ind. Co-Op.Soc. Ltd.	37.93%	154	0.77	0.77
4	Adarsh Ind. Co-Op.Soc. Ltd.	36.84%	140	0.70	0.70
5	Akshay Ind. Co-Op.Soc. Ltd.	40.04%	227	1.14	1.14
	TOTAL			**4.45**	4.45

Note No. 6 - Trade receivables

Particulars		As at 31st March, 2020	As at 31st March, 2019
Trade receivables			
1.	Secured, considered good	**652.52**	568.92
2.	Unsecured, considered good	**3,325.12**	3,699.27
3.	Which have significant increase in Credit Risk	**71.32**	70.07
4.	Credit impaired	**821.00**	490.00
	Less: Allowance for expected credit loss	**(892.32)**	(560.07)
	Less: ECL Provision	**–**	–
TOTAL		**3,977.64**	4,268.19

Note:

The Company has Bank Guarantees as security as on 31 March 2020: INR 490.40 Lakhs, (31 March 2019: INR. 382.02 Lakhs), where appropriate, as a means of mitigating the risk of financial loss from defaults. Other than these company also have Security Deposits of various dealers as necessary amount classified under note no.16

Note No. 7 - Loans

Particulars		As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current	As at 31st March, 2019 Current	As at 31st March, 2019 Non-Current
a)	**Security Deposits**				
	Utility Deposits and others	**4.47**	**106.70**	40.05	71.22
Total (a)		**4.47**	**106.70**	40.05	71.22
b)	**Other Loans**				
	Other Advances	**37.45**	**–**	77.46	–
	Advances to Employees	**14.18**	**–**	9.80	–
Total (b)		**51.63**	**–**	87.26	–
Grand total		**56.10**	**106.70**	127.31	71.22

Note No. 8 - Other Financial assets - Current

Particulars	As at 31st March, 2020	As at 31st March, 2019
Interest accrued on Deposits	**3.12**	3.58
Other Receivables	**2.00**	–
Total	**5.12**	3.58

Note No. 9 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance Payment Of Income Tax	**478.74**	403.81
Provisions For Income Tax	**(374.30)**	(374.30)
Total	**104.44**	29.51

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current Tax:		
In respect of current year	**–**	–
In respect of prior years	**–**	–
Total income tax expense on continuing operations	**–**	–

For the financial year 2019-20 there is loss as per income tax so advance tax as well tax deducted source as per books of Rs 4.76 lakhs will due for refund from Income Tax.

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Profit before tax from continuing operations	**(217.76)**	138.88
Income tax expense calculated at 26%	**(56.62)**	36.11
Effect of expenses that is non-deductible in determining taxable profit	**12.28**	4.73
Effect of Expenses on which deffered tax asset is not created	**68.40**	29.77
Effect of current year losses for which no deferred tax asset is recognised	**(24.06)**	(70.61)
Income tax expense recognised In profit or loss from continuing operations	**0.00**	0.00

The tax rate used for the 31 March 2020 and 31 March 2019 reconciliations above is the corporate tax rate of 26% payable by company on taxable profits under Indian Income Tax Laws.

(c) Amounts on which deferred tax asset has not been created:

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

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred Tax Asset		
Gratuity & Leave Encashment	**35.27**	54.72
Provision for Doubtful Debts and Advances	**242.92**	148.00
Brought Forward Tax Loss FY 2016-17	**27.09**	31.64
Current Tax Loss FY 2017-18	**13.33**	13.34
	318.62	247.70
Deferred Tax Liability		
Depriciation	**(202.88)**	(178.60)
Bonus	**(2.88)**	(1.30)
	(205.76)	(179.90)
Total DTA/(DTL)	**112.85**	67.80

Note No. 10 - Other assets

Particulars	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current	As at 31st March, 2019 Current	As at 31st March, 2019 Non-Current
1 Capital advances				
(i) For Capital work in progress	**–**	**1.29**	–	25.10
2 Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**1,680.12**	**–**	1,349.07	–
(ii) Prepaid Expenses	**13.94**	**–**	8.32	–
Total	**1,694.06**	**1.29**	1,357.39	25.10

Note:

Details of Balances with Government Authorities (other than Income Tax) by Category.

Particulars		As at 31st March, 2020	As at 31st March, 2019
1	Balances with VAT/GST Authorities	**1,680.12**	1,349.07
	Total	**1,680.12**	1,349.07

Note No. 11 - Inventories

	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Raw materials	**989.56**	1,282.21
2	Work-in-progress	**40.93**	105.76
3	Finished and semi-finished goods	**1,453.16**	1,058.49
4	Stores and spares	**–**	–
5	Loose Tools	**29.60**	28.84
6	Stock in trade	**34.38**	81.95
	Total Inventories (at lower of cost and net realisable value)	**2,547.63**	2,557.25

Note:

The inventory of Finished and semi-finished goods includes o Finished and semi-finished goods Goods in Transit of Rs. 168.96 Lakhs

The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs.10196.36 (31 March 2019: Rs.11437.38)

The carrying amount of inventories pledged as security for Cash Credit Facility from the Bank is Rs.2547.63 as on 31 March 2020 (31 March 2019: Rs.2557.25).

Mode of valuation of inventories is at lower of cost and net realisable value.

Note No. 12a - Cash and cash equivalents

	Particulars	As at 31st March, 2020	As at 31st March, 2019
	Cash and cash equivalents		
1	Balances with banks	**0.39**	0.39
2	Cheques, drafts on hand	**–**	182.94
3	Cash on hand	**0.91**	0.88
4	Cash Credit Account	**–**	–
	Total Cash and cash equivalent	**1.30**	184.21

Note No. 12b - Other Bank Balances

	Particulars	As at 31st March, 2020	As at 31st March, 2019
	Other Bank Balances		
1	Balances with Banks:		
	(i) On Margin Accounts	**352.47**	582.77
	(ii) Fixed Deposits with maturity greater than 3 months	**1.43**	76.42
	Total Other Bank balances	**353.90**	659.19

Note:

Margin Money Deposits are against the company's Cash Credit Limit, Letter of Credit and Bank Guarantee issued

Cash and cash equivalents include cash in hand and in banks.

Note No. 13 - Equity Share Capital

Particulars	**As at 31st March, 2020**		As at 31st March, 2019	
	No. of shares	**Amount**	No. of shares	Amount
Authorised:				
Equity Shares of Rs. 10 each	**5,50,00,000**	**5,500.00**	5,50,00,000	5,500.00
8.5% Cumulative Redeemable Preference Shares of Rs. 10 each	**–**	**–**	–	–
Issued, Subscribed and Fully Paid:				
Equity Shares of Rs. 10 each	**5,43,01,979**	**5,430.20**	5,43,01,979	5,430.20
8.5% Cumulative Redeemable Preference Shares of Rs. 10 each	**–**	**–**	–	–
Total	**5,43,01,979**	**5,430.20**	5,43,01,979	5,430.20

Note:

(i) Issued and Subscribed Capital includes - Equity Share Capital

a. 15,00,000 Equity Shares of Rs.10 each issued to Government of Gujarat in FY 1979-80 as fully paid up, without receiving payment in cash, being the consideration for transfer of the undertaking of Hindustan Tractors Limited to the Company.

b. 9,00,000 Equity Shares of Rs.10 each issued to Government of Gujarat in FY 1981-82 consequent upon conversion of loan of Rs.90,00,000 into Equity Share Capital.

c. 11,979 Equity Shares of Rs.10 each issued to Government of Gujarat in FY 1981-1982 as fully paid up, being the reimbursement of preliminary expenses incurred by them on the formation of the Company.

d. 20,90,000 Equity Shares of Rs.10 each issued to Government of Gujarat in FY 1985-86 consequent upon conversion of loan of Rs.2,09,00,000 into Equity Share Capital.

e. 1,08,00,000 Equity Shares of Rs.10 each issued to Government of Gujarat in FY 1992-93 consequent upon conversion of loan of Rs.10,80,00,000 into Equity Share Capital.

f. Out of 1,53,01,979 Equity Shares, as stated above held by the Government of Gujarat, 91,81,188 Equity Shares were divested by sale to Mahindra Group. The holding by Mahindra Group is as follows 16,83,218 Equity Shares are held by Mahindra & Mahindra Limited, the holding Company, including 7 Equity Shares jointly with its nominees & 74,97,970 Equity shares are held by Mahindra Holdings Limited.

g. During the financial year FY 2016-17, Company has raised fund through right issue of equity shares 3,90,00,000 of Rs.10 each to existing equity shareholders in their shareholding ratio.

(ii) Preference Share Capital

a. As per IND AS preference share capital is excluded from Share Capital of the company and disclosed as Other Financial Liability as "Unpaid Matured Preference Shares".

(iii) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars		Opening Balance	Fresh Issue	Closing Balance
(a) Equity Shares of Rs. 10 each				
Year Ended 31st March 2020				
	No. of Shares	5,43,01,979	–	5,43,01,979
	Amount	5,430.20	–	5,430.20
Year Ended 31st March 2019				
	No. of Shares	5,43,01,979	–	5,43,01,979
	Amount	5,430.20	–	5,430.20

(iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares
As at 31st March 2020	
Mahindra Holdings Limited, the Holding Company	**2,66,07,970**
Mahindra & Mahindra Ltd, the Ultimate Holding Company	**59,73,218**
As at 31st March 2019	
Mahindra Holdings Limited, the Holding Company	2,66,07,970
Mahindra & Mahindra Ltd, the Ultimate Holding Company	59,73,218

(v) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	As at 31st March 2020 Number of shares held	As at 31st March 2020 % holding in that class of shares	As at 31st March 2019 Number of shares held	As at 31st March 2019 % holding in that class of shares
Equity Shares of Rs.10 each				
Mahindra Holdings Limited, the Holding Company	**2,66,07,970**	**49%**	2,66,07,970	49%
Mahindra & Mahindra Ltd, the Ultimate Holding Company	**59,73,218**	**11%**	59,73,218	11%
Government of Gujarat	**2,17,20,791**	**40%**	2,17,20,791	40%

Note No. 14 - Other Equity

Particulars	As at 31st March, 2020	As at 31st March, 2019
Capital Reserve	217.13	217.13
Retained Earnings	(3,265.02)	(3,047.26)
Total	**(3,047.89)**	(2,830.13)

Movement in Reserves

Particulars	As at 31st March, 2020	As at 31st March, 2019
(I) Capital Reserve		
Balance as at the beginning of the year	**217.13**	217.13
Add/Less: Additions/Utilised during the year	**–**	–
Balance as at the end of the year	**217.13**	217.13
(II) Retained Earnings		
Balance as at the beginning of the year	**(3,047.26)**	(3,186.13)
Add :		
Profit/(Loss) for the period	**(219.37)**	114.45
Other Comprehensive Income/(Loss)	**1.61**	24.43
Balance as at the end of the year	**(3,265.02)**	(3,047.26)

Note No. 15 - Trade Payables

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade payable - Micro and small enterprises	**47.90**	9.33
Trade payable - Other than micro and small enterprises	**4,580.14**	5,011.87
Total trade payables	**4,628.04**	5,021.20

Note:

1. Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.
2. There are some Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than the stipulated period. The information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. The disclosures required to be made as per Micro, Small, and Medium Enterprise Development Act 2006 are as follows:

	Particulars	31st March, 2020	31st March, 2019
I.	Dues remaining unpaid		
	Principal	**–**	–
	Interest	**–**	–
II.	Interest paid in terms of Section 16 of the Act (actual)	**–**	–
III.	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**0.94**	2.22
IV.	Amount of interest accrued and remaining unpaid	**0.94**	2.22
V.	Amount of interest due and payable on previous year's outstanding amount	–	–

VI. There are no small scale industrial undertaking(s) to whom the Company owes any sum exceeding Rs. 1,00,000/- together with interest which is outstanding for more than 45 days.

Note No. 16 - Other Financial Liabilities

	Particulars		As at 31st March, 2020	As at 31st March, 2019
	Other Financial Liabilities Measured at Amortised Cost			
A	**Non Current**			
1	Trade and Security Deposits		**213.35**	198.60
			213.35	198.60
B	**Current**			
1	Unpaid dividends (Preference dividend, considered as interest)		**843.95**	801.45
2	Trade and Security Deposits		**189.18**	299.77
3	Unpaid matured preference shares		**500.00**	500.00
4	Other liabilities			
	a)	Payables on purchase of fixed assets	**4.31**	69.30
	b)	Contract Liabilities	**226.60**	249.04
	c)	Dealers Incentives	**–**	–
	d)	Expenses accruals	**151.87**	140.51
	e)	Lease Liability	**24.48**	–
	f)	Others	**30.86**	24.87
	Total other financial liabilities		**1,971.25**	**2,084.94**

Note:

5,000,000 8.5% Cumulative Redeemable Preference Shares of Rs.10 each issued solely to Government of Gujarat (GOG) as fully paid up on 23rd May, 2000 consequent upon conversion of loan of Rs.50,000,000.

These shares were redeemable at par at the end of fours years from the date of allotment i.e. 22nd May, 2004. and the terms of the issue of the shares can be varied with the express consent of the Company and the holders of the shares at any time during the period the shares are outstanding.

The Preference Shares issued have right to receive dividend from year to year as decided by terms of Issue i.e. 8.5% per annum from the date of allotment.

The Preference share holders will not be entitled to any of the rights and privileges available to the members of the company including right to receive notice of or to attend and vote at general meeting or to receive annual reports of the company. If, however any resolution affecting the rights attached to the share is placed before the member of the Company , such resolution will first be placed before the Preference shareholders for their consideration.

Considering book losses the Board of Directors had not declared dividend on preference share since allotment. Thus no provision was made for 8.5% dividend, amounting to Rs.631.46 lakhs on preference shares for the period from 23rd May, 2000 (being the date of allotment) to the year ended 31st March, 2015 and additional tax thereon as per the accounting treatment under IGAAP.

Under IND AS, accrued Dividend on Preference Shares is defined as Other Current Financial Liabilities under Unpaid Dividends and are currently excluding taxes.

Note No. 17 - Provisions

Particulars	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current	As at 31st March, 2019 Current	As at 31st March, 2019 Non-Current
1. Provision for employee benefits				
a) Employee Benefits	**40.66**	**191.09**	50.38	202.94
2. Other Provisions				
a) Provision for Warranty	**55.92**	–	38.43	–
b) Provision for Service Coupon	**46.04**	–	83.31	–
Total Provisions	**142.62**	**191.09**	172.12	202.94

Note:

Movement of Warranty Provision- For FY 20

Provision for Warranties	**Balance at the beginning of the year**	**Provision made during the period**	**Provision used during the period**	**Provision written back during the period**	**Balance at the end of the period**
FY 2019-20	**38.43**	**41.71**	**24.22**	**0**	**55.92**
FY 2018-19	23.52	33.85	18.94	0	38.43

Provision for warranty has been recognised for expected warranty claims on products sold during the last two financial years. It is expected that the majority of this expenditure will be incurred in the next financial year.

Movement of Service Coupon Provision- For FY 20

Provision for Service Coupon	**Balance at the beginning of the year**	**Provision made during the period**	**Provision used during the period**	**Provision written back during the period**	**Balance at the end of the period**
FY 2019-20	**83.31**	**47.19**	**21.02**	**63.44**	**46.04**
FY 2018-19	53.03	60.22	11.22	18.72	83.31

Note No. 18- Other Liabilities (Current)

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
1. Other Current Liabilities		
a) Statutory dues other than Income Taxes	**27.87**	33.75
b) Interest Payable	**13.21**	4.51
Total Other Liabilities	**41.08**	38.26

Note No. 19 - Borrowings

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
A. Non Current Borrowing		
1. Unsecured Borrowings		
a. Lease Liabilities	**1.63**	–
Total Non-Current Borrowings	**1.63**	–
B. Current Borrowing		
1. Secured Borrowings		
a. Loans repayable on demand		
– From Banks	**1,217.36**	882.30
Total Current Borrowings	**1,217.36**	882.30

Note:

<u>Secured Loans repayable on demand from Bank</u>

Cash Credit facilities from Banks are secured by hypothecation of entire current assets, present and future, and first charge over movable machinery and cash collateral of Rs.305 Lakhs in the form of TDR/STDR.

Note No. 20 – Revenue from Operations

	Particulars	**Year Ended on 31st March, 2020**	Year Ended on 31st March, 2019
1	Revenue from sale of products (including excise duty)	**13,683.64**	14,591.52
2	Other operating revenue	**10.51**	27.54
Total Revenue from Operations		**13,694.15**	14,619.06

Note:
Breakup of Revenue into contracts entered in previous year and in current year as IND AS 115

	Particulars	**Year Ended on 31st March, 2020**	Year Ended on 31st March, 2019
1	Revenue from PO/ contract / agreement entered into previous year	–	–
2	Revenue from New PO/ contract / agreement entered into current year	13,694.15	14,619.06
Total		**13,694.15**	14,619.06

Note No. 21 – Other Income

Particulars		**Year Ended on 31st March, 2020**	Year Ended on 31st March, 2019
(a)	Interest Income		
	1. Bank Deposits	**32.98**	63.93
	2. Others	**4.71**	2.12
(b)	Royalties income	**43.49**	41.54

	Particulars	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
(c)	Profit on sale of capital assets (net of loss on assets sold)	**(3.80)**	26.87
(d)	Write Back of Balances	**199.73**	10.78
(e)	Bad Debts Recovery	–	–
(f)	GL Balance Wirte-Off	**1.84**	5.52
(g)	Stale Cheque writeback	**1.05**	4.35
	Total Other Income	**280.00**	155.11

Note No. 22(a) - Cost of materials consumed

Particulars	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
Opening stock	**1,282.21**	1,061.87
Add: Purchases	**9,512.97**	11,328.79
	10,795.18	12,390.66
Less: Closing stock	**989.57**	1,282.21
Cost of materials consumed	**9,805.61**	11,108.45

Note No. 22(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
Inventories at the end of the year:		
Finished goods	**1,453.16**	1,058.49
Work-in-progress	**40.93**	105.76
Stock-in-trade	**34.38**	81.94
	1,528.47	1,246.19
Inventories at the beginning of the year:		
Finished goods	**1,058.49**	509.01
Work-in-progress	**105.76**	130.33
Stock-in-trade	**81.94**	56.41
	1,246.19	695.75
Net (increase)/decrease	**(282.28)**	(550.44)

Note No. 23 – Employee Benefits Expense

	Particulars	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
1	Salaries and wages, including bonus	**1,183.82**	1,070.06
2	Contribution to provident and other funds	**81.43**	68.96
3	Staff welfare expenses	**81.05**	83.72
	Total Employee Benefit Expense	**1,346.30**	1,222.74

Note:

Analysis of Contribution to provident and other funds by Category

	Particulars	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
1	Contribution to Provident Fund	**71.36**	56.53
2	Contribution to Group Insurance	**10.07**	12.43
	Total	**81.43**	68.96

Analysis of Staff welfare expenses by Category

	Particulars	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
1	Contribution to ESI	**6.58**	9.82
2	Contribution to Labour Welfare Fund	**0.02**	0.02
3	Gratuity Provisions	**24.17**	2.63
4	Other Welfare Expenses	**48.67**	46.82
5	Defined Benefit Obligation Recognised as Other Comprehensive Income	**1.61**	24.43
	Total	**81.05**	83.72

Note No. 24 – Finance Cost

	Particulars	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
1	Interest expense	**97.40**	19.37
2	Dividend on redeemable preference shares	**42.50**	42.50
3	Other borrowing cost	**2.93**	6.45
	Total finance costs	**142.83**	68.32

Note:

Analysis of Interest Expenses by Category

	Particulars	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
	Interest Expenses		
(a)	On Secured Borrowing-Loan from Banks	**85.14**	14.15
(b)	On Others (Incl. Interest unwinding on Lease Liability)	**12.26**	5.22
	Total	**97.40**	19.37

Analysis of Other Borrowing Cost by Category

	Particulars	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
	Other borrowing cost		
(a)	Bank Charges	**2.93**	6.45
	Total	**2.93**	6.45

Note No. 25 - Other Expenses

	Particulars	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
1	Stores consumed	**24.37**	22.29
2	Tools consumed	**2.47**	5.25
3	Power and fuel	**66.98**	75.44
4	Rent including lease rentals	**6.66**	31.28
5	Rates and taxes	**36.72**	50.77
6	Insurance	**19.35**	17.29
7	Repairs and maintenance		
	– Buildings	**3.46**	6.87
	– Machinery	**30.22**	38.86
	– Others	**13.78**	5.66
8	Postage, Telephone and Communication	**12.58**	15.82

	Particulars	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
9	Legal and Professional Charges	**378.43**	387.90
10	Freight outward	**522.05**	605.23
11	Sales promotion expense	**59.35**	171.04
12	Travelling & Conveyance Expenses	**381.65**	361.46
13	Subcontracting, Hire & Service Charges	**248.09**	207.97
14	Provision for doubtful trade and other receivables, loans and advances	**677.00**	193.09
15	Auditors' remuneration	**2.75**	2.75
16	Miscellaneous expenses	**174.52**	186.47
17	Provision for warranty	**41.71**	33.85
18	Bad Debt Written off	**311.94**	–
	Less:-Provision for Doubtful Debt written back	**(311.94)**	–
19	Bad Advances Written off	**–**	–
	Less:-Provision for Doubtful Advances written back		
Total Other Expenses		**2,702.14**	**2,419.29**

Note:

Details of Payment to Statutory Auditor for Various purpose

	Particulars	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
1	Provision for Statutory Audit Fees	**2.75**	2.75
Total		**2.75**	2.75

Note No. 26 - Disclosures under Ind AS 105

Particulars	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
Cash flows from Continued operations		
Net cash inflows/outflows from operating activities	**(467.38)**	(731.10)
Net cash inflows/outflows from investing activities	**(237.01)**	(467.86)
Net cash inflows/outflows from financing activities	**216.19**	607.79
Net Cash inflows	**(488.20)**	(591.17)

Note No. 27 - Earnings per Share

Particulars	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
Basic Earnings per share		
From continuing operations	**(0.40)**	0.21
Total basic earnings per share	**(0.40)**	0.21
Diluted Earnings per share		
From continuing operations	**(0.40)**	0.21
Total diluted earnings per share	**(0.40)**	0.21

Basic earnings per share

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

Particulars	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
Profit/(loss) for the year attributable to owners of the Company	**(219.37)**	114.45
Less: Preference dividend and tax thereon		
Profits used in the calculation of basic earnings per share	**(219.37)**	114.45
Weighted average number of equity shares	**543.02**	543.02
Nominal value of Shares	**10.00**	10.00
Earnings per share from continuing operations – Basic	**(0.40)**	0.21

Diluted earnings per share

Particulars	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
Profit / (loss) for the year used in the calculation of basic earnings per share	**(219.37)**	114.45
Add: Interest expense and exchange fluctuation on convertible securities	**–**	–
Profits used in the calculation of diluted earnings per share	**(219.37)**	114.45

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Particulars	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
Weighted average number of equity shares used in the calculation of Basic EPS	**543.02**	543.02
Add:		
ESOPs	**–**	–
Convertible bonds	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**543.02**	543.02

Note:

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all years presented for any share splits and bonus shares issues including for changes effected prior to the authorization for issue of the financial statements by the Board of Directors.

Note No. 28 - Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio is as follows:

	As at 31st March, 2020	As at 31st March, 2019
Debt (A)	**2,561.31**	2,183.74
Equity (B)	**2,382.31**	2,600.08
Debt Ratio (A/B)	**1.08**	0.84

Categories of financial assets and financial liabilities

As at 31st March 2020

Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	**–**	**–**	**–**	**–**
Loans	**106.70**	**–**	**–**	**106.70**
Current Assets				
Trade Receivables	**3,977.64**	**–**	**–**	**3,977.64**
Other Bank Balances	**355.21**	**–**	**–**	**355.21**
Loans	**56.10**	**–**	**–**	**56.10**
Other Financial Assets	**5.12**	**–**	**–**	**5.12**
Non-current Liabilities				
Borrowings	**1.63**	**–**	**–**	**1.63**
Other Financial Liabilities	**213.35**	**–**	**–**	**213.35**
Current Liabilities				
Borrowings	**1,217.36**	**–**	**–**	**1,217.36**
Trade Payables	**4,628.04**	**–**	**–**	**4,628.04**
Other Financial Liabilities	**1,971.25**	**–**	**–**	**1,971.25**

As at 31st March 2019

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	–	–	–	–
Loans	71.22	–	–	71.22
Current Assets				
Trade Receivables	4,268.19	–	–	4,268.19
Other Bank Balances	843.40	–	–	843.40
Loans	127.31	–	–	127.31
Other Financial Assets	3.58	–	–	3.58
Non-current Liabilities				
Borrowings	–	–	–	–
Other Financial Liabilities	198.60	–	–	198.60
Current Liabilities				
Borrowings	882.30	–	–	882.30
Trade Payables	5,021.20	–	–	5,021.20
Other Financial Liabilities	2,084.90	–	–	2,084.90

Financial Risk Management Framework

The Company's activities expose it to credit risk. In order to manage the aforementioned risk, the Company operates a risk management policy and a program that performs close monitoring of and responding to risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel (As on 31 March 2019: INR 490.40 Lakhs, 31 March 2019: INR 382.02 Lakhs), where appropriate, as a means of mitigating the risk of financial loss from defaults.Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee periodically.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. In case of Exports to Nepal credit guarantee insurance cover is purchased.

In addition, the Company is exposed to credit risk in relation to financial gurantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on. As at 31 march 2019, an amount of INR 181.54 Lakhs (31 March 2019: INR 109.16 Lakhs) has been recognised as contigent.

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

The financial instruments of the company mainly consist of trade receivables carried at ammortised cost after providing for expected credit loss based on historical credit loss experience and adjusted for forward looking information. None of the assets are marked to active market thereby relieving the company from market uncertainities arising out of COVID-19.

In calculating expected credit loss, the Company has also considered other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

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

The loss allowance provision is determined as follows:

	As at 31st March 2020		
	Less than 6 months past due	**More than 6 months past due**	**Total**
Expected loss rate	**–**	**0.45**	**0.18**
Gross carrying amount (Unsecured)	**2,884.13**	**1,985.83**	**4,869.96**
Loss allowance provision	–	**892.32**	**892.32**

	As at 31st March 2019		
	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	–	0.39	0.12
Gross carrying amount (Unsecured)	3,409.38	1,418.88	4,828.26
Loss allowance provision	–	560.07	560.07

Reconciliation of loss allowance provision for Trade Receivables

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance as at beginning of the year	**560.07**	369.86
As per ECL in Opening Provisions	**–**	–
Impairment losses recognised in the year based on lifetime expected credit losses		
– On receivables originated in the year	**644.20**	190.21
Amounts written off during the year as uncollectible	**(311.94)**	–
Balance at end of the year	**892.32**	560.07

The loss allowance provision has changed during the period due to amounts written off as uncollectible.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

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

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
As at 31st March, 2020				
Non-interest bearing	**6,472.70**	–	–	–
Fixed interest rate instruments	**1,343.95**	–	–	–
Total	**7,816.65**	–	–	–
As at 31st March, 2019				
Non-interest bearing	6,686.95	–	–	–
Fixed interest rate instruments	1,301.45	–	–	–
Total	7,988.40	–	–	–

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Secured Cash Credit facility		
– Expiring within one year	**2,100.00**	500.00
Secured Letter of Credit facility		
– Expiring within one year	**50.00**	50.00
Secured Bank Guarantee facility		
– Expiring within one year	**50.00**	50.00
Working Capital Facilities with Bank	**2,200.00**	600.00
Commercial Card Facility		
Continuing Agreement till Termination	**–**	500.00
Credit Card Facility	**–**	500.00

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
As at 31st March, 2020				
Non-interest bearing	**4,500.77**	–	–	–
Total	**4,500.77**	–	–	–
As at 31st March, 2019				
Non-interest bearing	5,313.70	–	–	–
Total	5,313.70	–	–	–

Note No. 29 – Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value:

Particulars	As at 31st March, 2020 Carrying Amount	As at 31st March, 2020 Fair Value	As at 31st March, 2019 Carrying Amount	As at 31st March, 2019 Fair Value
Financial assets				
Financial assets carried at Amortised Cost:				
1) Trade and other receivables	**3,977.64**	**3,977.64**	4,268.19	4,268.19
2) Loans	**162.81**	**162.81**	198.54	198.54
3) Deposits and similar assets	**1,700.48**	**1,700.48**	1,386.08	1,386.08
Financial liabilities				
Financial liabilities held at amortised cost:				
1) Bank loans	**1,217.36**	**1,217.36**	882.30	882.30
2) Loans from Related Party	**1.63**	**1.63**	–	–

Note No. 30 - Segment information

Revenue from Major Geographic Location

Particulars	Year Ended on 31st March, 2020	Year Ended on 31st March, 2019
Revenue from India		
Revenue from External Customers	**13,190.74**	13,855.15
Revenue from Related Parties	**215.11**	23.72
	13,405.85	13,878.87
Outside India		
Nepal	**288.30**	740.19
Total revenue as per profit or loss	**13,694.15**	14,619.06

Revenue from major products and services

The following is an analysis of the company's revenue from continuing operations from its major products and services:

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Manufactured Goods	**13,339.26**	14,384.96
Traded Goods	**354.89**	234.10
Total	**13,694.15**	14,619.06

Extent of the reliance on its major customers

There is no Dealer whose revenue is more then 10% as against the total turnover of the company for the Financial Year 2019-20

Note No. 31 - Employee benefits

(a) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

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

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

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

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

Particulars	Valuation as at 31-Mar-20	31-Mar-19
Discount rate	**6.88%**	7.66%
Expected rate of salary increase	**5.00%**	5.00%
Average Longevity	**38**	38

Defined benefit plans – as per actuarial valuation on 31st March, 2019

Particulars	Unfunded Plan Gratuity 2020	2019
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost:		
Current Service Cost	**14.60**	13.14
Net interest expense	**11.18**	13.92
Components of defined benefit costs recognised in profit or loss	**25.78**	27.06
Remeasurement on the net defined benefit liability:		
Actuarial gains and loss arising from changes in Demographic Assumptions	**–**	–
Actuarial gains and loss arising from changes in financial assumptions	**7.97**	0.83
Actuarial gains and loss arising from experience adjustments	**(9.58)**	(25.26)
Components of defined benefit costs recognised in other comprehensive income	**(1.61)**	(24.43)
Total	**24.17**	**2.63**
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March 2019		
1. Present value of defined benefit obligation as at 31st March 2019	**153.31**	162.82
2. Fair value of plan assets as at 31st March 2019	**–**	–
3. Surplus/(Deficit)	**153.31**	162.82
4. Current portion of the above	**24.81**	30.93
5. Non current portion of the above	**128.50**	131.89
II. Change in the obligation during the year ended 31st March 2019		
1. Present value of defined benefit obligation at the beginning of the year	**162.82**	199.12
2. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**14.60**	13.14
– Interest Expense (Income)	**11.18**	13.92
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	–
ii. Financial Assumptions	**7.97**	0.83
iii. Experience Adjustments	**(9.58)**	(25.26)
4. Benefit payments	**(33.68)**	(38.93)
5. Present value of defined benefit obligation at the end of the year	**153.31**	162.82
V. Actuarial assumptions		
1. Discount rate	**6.88%**	7.66%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	**2020**	**1.00%**	**(6.60)%**	**7.70%**
	2019	1.00%	(5.50)%	6.40%
Salary growth rate	**2020**	**1.00%**	**8.30%**	**(7.20)%**
	2019	1.00%	7.10%	(6.30)%
Withdrawal Rate	**2020**	**1.00%**	**0.90%**	**(1.00)%**
	2019	1.00%	1.10%	(1.30)%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

Particulars	2020	2019
Within 1 year	**24.81**	30.93
1 – 2 year	**15.41**	23.50
2 – 3 year	**23.07**	14.73
3 – 4 year	**15.69**	21.79
4 – 5 year	**15.73**	21.62
5 – 10 years	**45.15**	53.45

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

The weighted average duration of the defined benefit obligation as at 31 March 2020 is 12.76 years (2019: 11.72 years)

Experience Adjustments :

	Gratuity				
	Period Ended				
Particulars	**2020**	2019	2018	2017	2016
1. Defined Benefit Obligation	**153.31**	162.82	199.11	227.53	237.49
2. Fair value of plan assets	**–**	–	–	–	–
3. Surplus/(Deficit)	**153.31**	162.82	199.11	227.53	237.49
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**(1.61)**	(24.44)	(2.60)	11.86	(5.79)
5. Experience adjustment on plan assets [Gain/(Loss)]	**–**	–	–	–	–

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

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

Note No. 32 - Related Party Transactions

Analysis of Related Parties:

Sr.	Name of Company	Relationship	Parent
1	Mahindra & Mahindra	Ultimate Holding Company	–
2	Mahindra Holdings Limited	Holding Company	Mahindra & Mahindra
3	Mahindra Logistics Limited	Fellow Subsidiary Company	Mahindra & Mahindra
4	Mahindra CIE Automotive Limited.	Associates Company of Parent Company	Mahindra & Mahindra
5	Mahindra Integrated Business Solution Limited	Fellow Subsidiary Company	Mahindra & Mahindra
6	Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary Company	Mahindra & Mahindra
7	Government of Gujarat	Significant Influence over Company	–

Details of transaction between the Company and its related parties are disclosed below:

Nature of transactions with Related Parties	For the year ended	Parent Company	Entities having significant influence over Company	Other related parties
Sale of goods	**31-Mar-20**	**(317.73)**	**–**	
	31-Mar-19	(94.58)	–	–
Purchase of Tractors	**31-Mar-20**	**–**	**–**	**–**
	31-Mar-19	–	–	–
Receiving of services	**31-Mar-20**	**356.05**	**–**	**–**
	31-Mar-19	355.81	–	–
Royalty	**31-Mar-20**	**12.49**	**–**	**–**
	31-Mar-19	16.44	–	–
Purchase of Other Components	**31-Mar-20**	**3,950.17**	**–**	**509.66**
	31-Mar-19	4,862.42	–	705.33
Purchase of Assets	**31-Mar-20**	**–**	**–**	**–**
	31-Mar-19	52.56	–	–
Expenses Reimbursed (Receipt)	**31-Mar-20**	**(0.19)**	**–**	**–**
	31-Mar-19	(0.18)	–	–
Expenses Reimbursed (Payment)	**31-Mar-20**	**65.18**	**–**	**123.99**
	31-Mar-19	65.32	–	96.39

Nature of transactions with Related Parties	Balance as on	Parent Company	Entities having significant influence over Company	Other related parties
Trade payables	**31-Mar-20**	**3,507.75**	**–**	**122.83**
	31-Mar-19	3,843.41	–	116.74
Loans & advances taken	**31-Mar-20**	**–**	**–**	**–**
	31-Mar-19	–	–	–

Note:

Related Party Transactions are made on arm's length basis

Note No. 33 - IND AS 115

1 Movement of Contract Assets

Sr. No.	Particulars	As at 31st March, 2019
	Opening Balance	–
i)	Additions during the year	–
ii)	*Reclassification Adjustments:*	–
	– Reclass of opening balances of contract assets to trade receivables	–
	– Reclass of contract assets (out of additions during the year) to trade receivables	–
iii)	Cumulative catch up adjustment recognised during the year	–
iv)	Adjustments due to contract modification	–
v)	Impairment losses of contract asset	–
vi)	Addition on account of merger/acquisition of subsidiary	–
vii)	Deletion on account of demerger/sale of subsidiary	–
viii)	Currency Translation Adjustments	–
	Closing Balance	–

2 Movement of Contract Liabilities

Sr. No.	Particulars	As at 31st March, 2019
i)	Opening Balance	**249.04**
ii)	Addition during the year	**224.34**
iii)	*Reclassification Adjustments: -*	
	– Reclass of opening balances of contract liabilities to revenue	**(246.78)**
	– Reclass of contract liabilities (out of additions during the year) to revenue	
iv)	Cumulative catch up adjustment recognised during the year	
v)	Adjustments due to contract modification	
vi)	Addition on account of merger / acquisition of subsidiary	
vii)	Deletion on account of demerger / sale of subsidiary	
viii)	Currency Translation adjustments	
	Closing Balance	**226.60**

Note No. 34 - Effect of COVID-19 on Financial Statements

From December 2019, COVID - 19, has spread globally, including India. This event has significantly affected economic activity globally and in India and as a result could / would impact the operations and financial results of the Company. The Company has performed an initial assessment of the likely impact this would have on the operations of the Company and its financial performance in the coming year. For FY 20 financial reporting, the Company has used the principles of prudence in applying judgments, estimates and assumptions in significant areas like inventory valuation, estimating the remaining useful life of the tangible and intangible assets, cost to complete provision for long term contracts, evaluating the long term contracts for any onerous elements, recoverability of receivables including unbilled receivables, provision for receivables under ECL model, provision for warranties, recoverability of contract assets and contract costs, projection used to test goodwill and investments for impairment, evaluation of financial implications of probable cancellations of any long term commitments, impact of cancellation or modifications to the terms of the revenue contracts, cancellation or deferment of revenue contracts, penalties due to non-fulfilment of service legal obligations, fair valuation of financial assets and liabilities etc.

The Company has considered internal and external information upto the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

The Company has also evaluated the cash flows for FY 21 and based on the present estimate of the management, the Company does not foresee any impact on its ability to meet the statutory dues and creditors payment on due dates and honouring its loan repayment and forward contract contractual commitments. There has been no downgrade in ratings of the existing borrowing facilities of the Company. The Company also has undrawn sanctioned limits and this could be availed to meet the obligations. Accordingly based on the projected cash flows for the next twelve months, the management is of the view that the use of going concern assumption in preparing these financial statements is appropriate.

Note No. 35 - Contingent liabilities and commitments

Contingent liabilities (to the extent not provided for)

	Particulars	As at 31st March, 2020	As at 31st March, 2019
	Contingent liabilities		
1	Guarantees (Bank Guarantee)	**113.50**	7.50
2	Bills Discounted but not Matured	**68.04**	101.66
3	Claims against the company not acknowledged as debt	**42.25**	33.87
4	Outstanding Demand of Income Tax Against Company		
(i)	AY 2014-15	**66.73**	66.73
	Note: Already filed with CIT Appeals for further assessment being aggrieved with the disallowance of right bad debts claimed in the resp. year.		
(ii)	TDS mismatch as per Traces	**10.17**	11.13
5	The Company is anticipating to enter into an agreement / MoU for Settlement with various non Hire Purchase Industrial Co-Operative Societies and Ancillaries within Company's Premises, therefore may require to pay Compensation to Co-Operative Societies or its members. Amount of such Compensation is not yet quantified.		
6	The Company has entered into an agreement/MoU with Private Sector Banks and NBFCs for retail funding for providing loan to customer who buy company's Tractors. The said MOU also contains a clause on loss sharing in case of default in repayment by customer or loss incurred in case of repossession of asset and its resale. Anticipated loss from these agreements/ MoUs are not quantified as of now. Company is obtaining undertaking from its dealers to ensure no default in terms of these agreements.		

Commitments

	Particulars	As at 31st March, 2020	As at 31st March, 2019
	Commitments		
1	Estimated amount of contracts remaining to be executed for capital expenditure	**20.55**	33.06

Note No. 36 - Previous Year Figures Regrouped

Previous year's figures have been regrouped / reclassified where necessary.

In terms of our report attached
For **B.K. Khare & Co.**
Chartered Accountants
Firm Regn. no : 105102W

CA. Ravi Kapoor
Partner
Membership No.: 040404
Place : Mumbai
Date : 8th May 2020

For and on behalf of the Board of Directors

	Director
	Director
Manish Arora	Manager
Avdhesh Rathi	Chief Financial Officer
Sumeet Maheshwari	Company Secretary

Place : Mumbai
Date : 8th May 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AUTO DIGITECH PRIVATE LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **Auto Digitech Private Limited** ("the Company"), which comprise the balance sheet as at 31st March, 2020, and the statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its financial performance including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Material Uncertainty related to Going Concern

We draw attention to Note 26 in the financial statements which indicates that the Company has accumulated losses Rs. 588.16 lakhs and its net worth has been fully eroded. The Company has incurred a net loss during the current and previous years and Company's current liabilities exceeds its current assets as at the Balance sheet date. These conditions along with other matters set forth in Note 26 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said note.

Our opinion is not modified in respect of this matter.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report. Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations;
      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Ravi Kapoor
Partner
Membership No. 040404
UDIN: 20040404AAAAEE7298

Mumbai, April 24, 2020

ANNEXURE A TO THE AUDITOR'S REPORT

Referred to in paragraph 1 of our report of even date on the financial statements of **Auto Digitech Private Limited** for the year ended 31st March, 2020

Annexure to the Auditor's Report referred to in our report of even date:

I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) These fixed assets were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.

(c) The Company has no immovable properties and hence Clause 3(i)(c) is not applicable to the Company.

II. The Company is in the business of providing services through internet and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said order are not applicable to the Company.

III. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.

IV. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 and 186. According to the information and explanations given to us and to the best of our knowledge, the provisions of section 185 and 186 have been complied with in respect of the investments made by the Company.

V. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits to which directives of the Reserve Bank of India or the provisions of Sections 73-76 of the Act apply. According to the information and explanations given to us and to the best of our knowledge and belief, no order has been passed by the Company Law Board or the National Company Law Tribunal or the RBI or any other court or tribunal which is to be complied with by the Company.

VI. On facts, clause 3(vi) relating to maintenance of cost records is not applicable to the Company.

VII. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, Goods & Service tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us no undisputed amounts payable in respect of such statutory dues are in arrears, as on 31st March, 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no amounts of the nature referred to clause 7(a) which have been deposited with the authority on account of any dispute.

VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed any money from financial institution or bank or debenture holders as at the Balance Sheet date and accordingly, the provisions of para 3(viii) of the Order are not applicable to the Company.

IX. According to the information and explanations given to us and to the best of our knowledge and belief, the Company has neither raised any moneys by way of initial public offer or further public offer during the year nor have taken any term loans and accordingly, the provisions of para 3(ix) of the Order are not applicable to the Company.

X. On the basis of our examination of the relevant records of the Company, carried out in accordance with generally accepted auditing practices and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

XI. The Company has not paid/ provided managerial remuneration hence clause (xi) is not applicable to company.

XII. According to the information and explanations given to us, the Company is not a Nidhi Company and hence, the provisions of para 3(xii) of the Order are not applicable to the Company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

XV. According to the information and explanations given to us and to the best of our knowledge and belief, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of para 3(xv) of the Order are not applicable to the Company.

XVI. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Ravi Kapoor
Partner
Membership No. 040404
UDIN: 20040404AAAAEE7298

Mumbai, April 24, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

All amounts are in INR unless otherwise stated

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
I ASSETS			
1 Non current assets			
(a) Property, plant and equipment	4	**209,721**	706,021
(b) Other intangible assets	5	**1,392,451**	12,768,724
(c) Intangible assets under development	5	**11,045,087**	6,845,665
(d) Financial assets			
(i) Loans	6	**10,000**	10,000
(e) Income tax assets (net)		**590,263**	585,652
(f) Other non current assets	7	**16,022,240**	12,723,769
Total non current assets		**29,269,762**	33,639,831
2 Current assets			
(a) Financial assets			
(i) Trade receivables	8	**–**	311,020
(ii) Cash and cash equivalents	9	**17,958**	111,270
(b) Other current assets	7	**66,417**	58,107
Total current assets		**84,375**	480,397
Total assets (1+2)		**29,354,137**	34,120,228
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	10	**100,000**	100,000
(b) Other equity	11	**(58,816,087)**	(25,881,464)
Total equity		**(58,716,087)**	(25,781,464)
2 Liabilities			
(i) Non current liabilities			
(a) Financial Liabilities			
(i) Other financial liabilities	12	**34,126,552**	31,209,334
Total non current liabilities		**34,126,552**	31,209,334
(ii) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	**16,000,000**	12,500,000
(ii) Trade payables	14		
- Due to micro and small enterprises		**–**	–
- Due to other than micro and small enterprises		**34,225,852**	14,163,978
(b) Other current liabilities	15	**3,717,820**	2,028,380
Total current liabilities		**53,943,672**	28,692,358
Total liabilities (i + ii)		**88,070,224**	59,901,692
Total equity and liabilities (1+2)		**29,354,137**	**34,120,228**

See accompanying notes to the financial statements

In terms of our report attached
For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404

Place: Mumbai
Date: 24th April, 2020

For and on behalf of the Board of Directors

YVS Vijay Kumar
Chairman
DIN No: 03588223

Srinath Ramamurthy
Director
DIN No: 07063293

Place: Mumbai
Date: 24th April, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in INR unless otherwise stated

	Particulars	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
I	Revenue from operations	16	2,230,431	5,232,700
II	Other income	17	22,345	1,020,751
III	**Total revenue (I + II)**		2,252,776	6,253,451
IV	**EXPENSES**			
	(a) Employee benefit expense	18	–	9,318,859
	(b) Finance costs	19	4,333,160	3,080,147
	(c) Depreciation and amortisation expense	4 & 5	11,872,275	12,685,402
	(d) Other expenses	20	23,181,386	18,094,768
			39,386,821	43,179,176
	Less: Cost of internally generated software capitalised		4,199,422	6,845,665
	Total expenses (IV)		35,187,399	36,333,511
V	**Loss before tax (III - IV)**		(32,934,623)	(30,080,060)
VI	**Tax expense**		–	–
VII	**Loss after tax (V - VI)**		(32,934,623)	(30,080,060)
VIII	**Other comprehensive income**		–	–
	Total other comprehensive income for the period (VIII)		–	–
IX	**Total comprehensive income for the period**		(32,934,623)	(30,080,060)
X	**Earnings per equity share:**			
	Basic and Diluted	21	(3,293.46)	(3,008.01)

See accompanying notes to the financial statements

In terms of our report attached

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404

Place: Mumbai
Date: 24th April, 2020

For and on behalf of the Board of Directors

YVS Vijay Kumar
Chairman
DIN No: 03588223

Srinath Ramamurthy
Director
DIN No: 07063293

Place: Mumbai
Date: 24th April, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in INR unless otherwise stated

Particulars		Year ended 31st March, 2020		Year ended 31st March, 2019
A. Cash flow from operating activities:				
Loss before tax			**(32,934,623)**	(30,080,060)
Adjustments for:				
Depreciation and amortisation expense		**11,872,275**		12,685,402
Interest on inter corporate deposit		**1,415,942**		406,253
Interest on convertible/redeemable instruments		**2,917,218**		2,673,894
Interest income		**(22,345)**		
			16,183,090	15,765,549
Operating loss before working capital changes			**(16,751,533)**	(14,314,511)
(Increase) in other non current assets		**(3,298,471)**		(2,367,918)
Decrease/(Increase) in trade receivables		**311,020**		(198,672)
(Increase)/Decrease in other current assets, loans and advances and other financial assets		**(8,310)**		112,080
Increase/(Decrease) in trade payables		**15,862,452**		(118,814)
Increase in other current liabilities and provisions		**1,689,440**		1,050,972
(Decrease) in other non current liabilities and provisions		**–**		(1,379,875)
			14,556,131	(2,902,227)
Cash used in operations			**(2,195,402)**	(17,216,738)
Income tax paid			**(4,611)**	(577,745)
Net cash used in operating activities	**(A)**		**(2,200,013)**	(17,794,483)
B. Cash flow from investing activities:				
Purchase of fixed assets		**–**		(443,791)
Sale of fixed assets		**298**		–
Net cash used in investing activities	**(B)**		**298**	(443,791)
C. Cash flow from financing activities:				
Interest on inter corporate deposit paid		**(1,415,942)**		(406,253)
Interest received		**22,345**		–
Inter corporate deposit received		**3,500,000**	**2,106,403**	12,500,000
Net cash from financing activities	**(C)**		**2,106,403**	12,093,747
D. Net (Decrease)/Increase in cash and cash equivalents	**(A+B+C)**		**(93,312)**	(6,144,527)
Cash and cash equivalents at the beginning of the year			**111,270**	6,255,797
Cash and cash equivalents at the end of the year			**17,958**	111,270
Net (Decrease)/Increase as disclosed above			**(93,312)**	(6,144,527)

In terms of our report attached

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404

Place: Mumbai
Date: 24th April, 2020

For and on behalf of the Board of Directors

YVS Vijay Kumar
Chairman
DIN No: 03588223

Srinath Ramamurthy
Director
DIN No: 07063293

Place: Mumbai
Date: 24th April, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in INR unless otherwise stated

a. Equity Share Capital

Particulars	Amount
As at 31st March, 2018	100,000
Changes in equity share capital during the year	–
As at 31st March, 2019	100,000
Changes in equity share capital during the year	–
As at 31st March, 2020	**100,000**

b. Other Equity

Particulars	Reserves & surplus	Equity component of compound financial instruments	Items of other comprehensive income	Total
	Retained earnings		Remeasurements of the defined benefit liabilities/ (assets)	
As at 31st March, 2018	**(102,457,964)**	**106,460,910**	**195,650**	**4,198,596**
Loss for the year	(27,406,166)	(2,673,894)	–	(30,080,060)
Total comprehensive income	**(27,406,166)**	**(2,673,894)**	**–**	**(30,080,060)**
As at 31st March, 2019	**(129,864,130)**	**103,787,016**	**195,650**	**(25,881,464)**
Loss for the year	(30,017,405)	(2,917,218)	–	(32,934,623)
Total comprehensive income	**(30,017,405)**	**(2,917,218)**	**–**	**(32,934,623)**
As at 31st March, 2020	**(159,881,535)**	**100,869,798**	**195,650**	**(58,816,087)**

See accompanying notes to the financial statements

In terms of our report attached

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404

Place: Mumbai
Date: 24th April, 2020

For and on behalf of the Board of Directors

YVS Vijay Kumar
Chairman
DIN No: 03588223

Srinath Ramamurthy
Director
DIN No: 07063293

Place: Mumbai
Date: 24th April, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in INR unless otherwise stated

Significant Accounting Policies

1) Corporate Information

Mahindra Punjab Tractors Private Limited was incorporated in the financial year 2009-10 under the Companies Act, 1956.

With effect from 22nd January, 2016, the name of the Company was changed from ‘Mahindra Punjab Tractors Private Limited’ to ‘Auto Digitech Private Limited’.

The Company is 100% subsidiary of Mahindra First Choice Services Limited (MFCSL), which is a subsidiary of Mahindra Holdings Limited. Auto Digitech Private Limited has developed B2B model “DearO”. DearO provides easy and convenient solutions to the invoicing and Inventory maintenance.

2) Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015. The date of transition to Ind AS is 1st April, 2015.

a) **Basis of accounting and preparation of financial statements**

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

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

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

b) **Property, plant and equipment:**

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

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

Estimated useful lives of the assets are given below

Category of assets	Life
Plant and Machinery	
– Machinery	10 Years
– Electrical equipments and tools	06 Years
– Mobile handsets	02 Years
– Barcode system & equipment	05 Years
Furniture and fittings - movable in nature	06 Years
Vehicles	06 Years and 8 months
Office Equipments	05 Years
Leasehold Premises	Over the period of lease
Computers	03 Years

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

c) **Intangible assets:**

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

Useful lives of intangible assets
Software are amortised over a period of three years on Straight line method.

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

Intangible assets under development
Expenditure on research and development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

d) **Internally developed software costs:**

The Company has incurred costs for development of software internally. Costs are capitalized to the extent that the capitalized costs do not exceed the realizable value of such costs, until the product is available for general release to customers. Upon completion of the development of software, the capitalization ceases and the resulting intangible asset is amortized based on straight-line basis.

The estimated useful life of the internally developed software is 3 years.

e) **Impairment of tangible and intangible assets other than goodwill:**

The carrying amounts of tangible and intangible assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. Impairment loss is provided to the extent the carrying amounts of assets exceed their recoverable amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset. Recoverable amount is the higher of an asset’s net selling price and its value in use. Value in use is the

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present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

f) **Cash flow statements**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity upto three months from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows from operating activities are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

g) **Inventories:**

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi, freight and other levies. Cost is arrived at on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

h) **Revenue recognition:**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods:

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

(i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

(ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the Company ; and

(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income from services:

Income from services is recognised when services are rendered and related costs are incurred.

i) **Dividend and interest income:**

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

j) **Employee Benefits:**

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences and post employment medical benefits.

1. **Short term employee benefits:**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

a. in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

b. in case of non-accumulating compensated absences, when the absences occur.

2. **Long term benefits**

I. Defined contribution plan

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees

i. **Provident and family pension fund**

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

ii. **Superannuation**

The eligible employees of the Company are entitled to receive post-employment benefits in respect of superannuation fund in which the Company makes yearly contribution at a specified percentage of the employees' eligible salary (currently 15% of employees' eligible salary). The contributions are made to the Life Insurance Corporation of India. Superannuation is classified as Defined Contribution Plan as the Company has no further obligations beyond making the contribution. The Company's contribution to Defined Contribution Plans are charged to the Statement of Profit and Loss as incurred.

II. Defined benefit plan

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme

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assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

i. **Gratuity**

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation. Actuarial gains and losses are recognised in the Statement of Profit and Loss.

ii. **Compensated absences**

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

k) **Taxation:**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961 and other applicable tax laws. The Companies current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

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

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

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

l) **Provisions and contingencies:**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes. Contingent assets are not recognised in the financial statements.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

m) **Leases:**

The Company as lessee

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

n) **Financial instruments**

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

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

o) **Financial assets**

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

Financial assets are subsequently measured at fair value.

A financial asset is held for trading if:

(i) it has been acquired principally for the purpose of selling it in the near term; or

(ii) on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short term profit taking; or

(iii) it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables,

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trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

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

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets

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

p) **Financial liabilities and equity instruments**

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities subsequently measured at amortised cost

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

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

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

q) **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Useful lives of property, plant and equipment

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

Sr. No	Category of assets	Life
(i)	Plant and Machinery	
	- Machinery	10 Years
	- Electrical equipments and tools	6 Years
	- Mobile handsets	2 Years
	- Barcode system & equipment	5 Years
(ii)	Furniture and fittings - movable in nature	6 Years
(iii)	Vehicles	6 Years and 8 months

3) **Recent accounting pronouncements**

Recent Indian Accounting Standards (Ind AS)

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

Note No. 4 - Property, plant and equipment

Particulars	As at 31st March, 2020	As at 31st March, 2019
Carrying amount of:		
Office equipment	**890**	1,066
Computers	**208,831**	704,955
	209,721	706,021

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Description of assets	Office equipment	Computers	Total
I. Gross Block			
As at 31st March, 2018	**10,748**	**1,357,288**	**1,368,036**
Additions during the year	–	241,532	**241,532**
Disposals during the year	–	–	–
As at 31st March, 2019	**10,748**	**1,598,820**	**1,609,568**
Additions during the year	–	–	–
Disposals during the year	–	2,941	**2,941**
As at 31st March, 2020	**10,748**	**1,595,879**	**1,606,627**
II. Accumulated depreciation			
As at 31st March, 2018	**4,138**	**403,707**	**407,845**
Depreciation / amortisation expense for the year	5,544	490,158	**495,702**
Eliminated on disposal of assets	–	–	–
As at 31st March, 2019	**9,682**	**893,865**	**903,547**
Depreciation / amortisation expense for the year	176	495,826	**496,002**
Eliminated on disposal of assets	–	2,643	**2,643**
As at 31st March, 2020	**9,858**	**1,387,048**	**1,396,906**
III. Net block			
As at 31st March, 2018	**6,610**	**953,581**	**960,191**
Additions during the year	–	241,532	**241,532**
Disposals during the year	–	–	–
Depreciation / amortisation expense for the year	5,544	490,158	**495,702**
As at 31st March, 2019	**1,066**	**704,955**	**706,021**
Additions during the year	–	–	–
Disposals during the year	–	298	**298**
Depreciation / amortisation expense for the year	176	495,826	**496,002**
As at 31st March, 2020	**890**	**208,831**	**209,721**

Note No. 5 - Other intangible assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
Carrying amount of:		
Computer software	**1,392,451**	12,768,724
Intangible assets under development	**11,045,087**	6,845,665
	12,437,538	19,614,389

Description of assets	Computer software	Total
I. Gross block		
As at 31st March, 2018	**36,484,825**	**36,484,825**
Additions during the year	202,259	202,259
Disposals during the year	–	–
As at 31st March, 2019	**36,687,084**	**36,687,084**
Additions during the year	–	–
Disposals during the year	–	–
As at 31st March, 2020	**36,687,084**	**36,687,084**
II. Accumulated amortisation		
As at 31st March, 2018	**11,728,660**	**11,728,660**
Amortisation expense for the year	12,189,700	12,189,700
Eliminated on disposal of assets	–	–
As at 31st March, 2019	**23,918,360**	**23,918,360**
Amortisation expense for the year	11,376,273	11,376,273
Eliminated on disposal of assets	–	–
As at 31st March, 2020	**35,294,633**	**35,294,633**
III. Net block		
As at 31st March, 2018	**24,756,165**	**24,756,165**
Additions during the year	202,259	202,259
Disposals during the year	–	–
Amortisation expense for the year	12,189,700	12,189,700
As at 31st March, 2019	**12,768,724**	**12,768,724**
Additions during the year	–	–
Disposals during the year	–	–
Amortisation expense for the year	11,376,273	11,376,273
As at 31st March, 2020	**1,392,451**	**1,392,451**

Note No. 6 - Loans

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non Current		
Security Deposits		
- Unsecured, considered good		
- for others	**10,000**	10,000
Total non current	**10,000**	10,000
Current	**–**	–
TOTAL	**10,000**	10,000

Refer note no. 22(B)(2) for disclosures related to liquidity risk and related financial instrument disclosures.

Note No. 7 - Other assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non Current		
Advances other than capital advances		
(i) Balances with government authorities (other than income taxes)		
- GST receivable	**16,022,240**	12,723,769
Total non current	**16,022,240**	12,723,769
Current		
Advances other than capital advances		
(i) Advances to suppliers and service providers	**45,348**	58,107
Other advances	**21,069**	–
Total current	**66,417**	58,107
TOTAL	**16,088,657**	12,781,876

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Note No. 8 - Trade receivables

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non Current	–	–
Current		
Trade receivables		
Unsecured, considered good	–	311,020
Doubtful	–	–
Less: Allowance for credit losses	–	–
Total current	–	311,020
TOTAL	–	311,020

Refer note no. 22(B)(1) for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note No. 9 - Cash and cash equivalents

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents		
Balances with banks		
- in current accounts	17,958	111,270
Total cash and cash equivalent	17,958	111,270

Note No. 10 - Equity share capital

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of Rs 10/- each	13,000	130,000	13,000	130,000
	13,000	130,000	13,000	130,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs 10/- each	10,000	100,000	10,000	100,000
	10,000	100,000	10,000	100,000
Total	10,000	100,000	10,000	100,000

Note No. 10.1 - Preference share capital

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Preference shares of Rs 10/- each	12,000	120,000	12,000	120,000
Total	12,000	120,000	12,000	120,000

Note:

8,485 number of 0.01% Optionally Convertible Redeemable Preference Shares of Rs 10 each issued to Mahindra Holdings Limited as fully paid up at a premium of Rs 15,900 per share aggregating to Rs 134,996,350.

Note No. 10.2 - Equity share capital
Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars		Opening Balance	Fresh Issue	Closing Balance
Equity shares with voting rights as at:				
Year ended 31st March, 2020				
	No. of Shares	10,000	–	10,000
	Amount	100,000	–	100,000
Year ended 31st March, 2019				
	No. of Shares	10,000	–	10,000
	Amount	100,000	–	100,000

Entire equity shares are held by Mahindra First Choice Services Limited, the holding Company.

Note No. 11 - Other equity

Particulars	As at 31st March, 2020	As at 31st March, 2019
a) Equity component of compound financial instruments	100,869,798	103,787,016
b) Retained earnings	(159,685,885)	(129,668,480)
Balance at the end of year	(58,816,087)	(25,881,464)

a) Equity component of compound financial instruments

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance as at the beginning of the year	103,787,016	106,460,910
Liability component for the year	(2,917,218)	(2,673,894)
Balance at the end of year	100,869,798	103,787,016

Note:

8,485 number of 0.01% Optionally Convertible Redeemable Preference Shares of Rs 10 each issued to Mahindra Holdings Limited as fully paid up at a premium of Rs 15,900 per share aggregating to Rs 134,996,350.

b) Retained earnings

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance as at the beginning of the year	(129,668,480)	(102,262,314)
Loss attributable to owners of the Company	(30,017,405)	(27,406,166)
Balance at the end of year	(159,685,885)	(129,668,480)

Note No. 12 - Other financial liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non Current		
0.01% Optionally convertible redeemable preference shares - Liability component	34,126,552	31,209,334
Total non current	34,126,552	31,209,334
Current	–	–
Total	34,126,552	31,209,334

Note:
8,485 number of 0.01% Optionally Convertible Redeemable Preference Shares of Rs 10 each issued to Mahindra Holdings Limited as fully paid up at a premium of Rs 15,900 per share aggregating to Rs 134,996,350.

Refer note no. 22(B)(2) for disclosures related to liquidity risk and related financial instrument disclosures.

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Note No. 13 - Borrowings

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non current	–	–
Current		
Unsecured		
Loan from related parties	16,000,000	12,500,000
Total current	16,000,000	12,500,000
Total	16,000,000	12,500,000

Inter corporate deposit of Rs 16,000,000 (Previous year Rs 12,500,000) taken from Mahindra First Choice Services Limited, the Holding Company.

Refer note no. 22(B)(2) for disclosures related to liquidity risk and related financial instrument disclosures.

Note No. 14 - Trade payables

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non Current	–	–
Current		
Trade payable - Micro and small enterprises	–	–
Trade payable - other than micro and small enterprises	34,225,852	14,163,978
Total current	34,225,852	14,163,978
Total	34,225,852	14,163,978

Trade payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. Company's credit risk management processes are explained in Note 22(B)(1).

Note No. 15 - Other liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non current	–	–
Current		
Advances received from customers	3,607,123	1,071,349
Statutory dues:		
– Taxes payable (other than income taxes)	110,697	957,031
Total current	3,717,820	2,028,380
Total	3,717,820	2,028,380

Note No. 16 - Revenue from operations

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Revenue from rendering of services	2,230,431	5,232,700
Total	2,230,431	5,232,700

Note No. 17 - Other Income

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest IncomeInterest income earned on financial assets that are not designated as at fair value through profit or loss:		
– On income tax refund	22,345	–
Miscellaneous write back	–	1,020,751
Total	22,345	1,020,751

Note No. 18 - Employee benefits expense

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Salaries and wages (including bonus)	–	7,650,146
Contribution to provident and other funds	–	579,444
Share based payment	–	1,069,977
Staff welfare expenses	–	19,292
Total	–	9,318,859

Note No. 19 - Finance costs

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest on inter corporate deposit	1,415,942	406,253
Interest on convertible / redeemable instruments	2,917,218	2,673,894
Total	4,333,160	3,080,147

Note No. 20 - Other Expenses

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Lease rent	–	1,611,000
Hire and service charges	13,059	462,247
Repairs and maintenance	–	62,947
Insurance	44,943	168,165
Communication expenses	–	66,532
Travelling and conveyance	–	41,789
Marketing, promotional and related expenses	152,982	813,143
Legal and professional charges	22,864,417	14,638,603
Audit Fees	100,000	100,000
Bad debts written off	–	14,184
Miscellaneous expenses	5,985	116,158
Total	23,181,386	18,094,768

Note No. 21 - Earnings per share

Basic earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Loss for the year attributable to owners of the company	(32,934,623)	(30,080,060)
Loss for the year used in the calculation of basic earnings per share	(32,934,623)	(30,080,060)
Weighted average number of equity shares	10,000	10,000
Earnings per share - Basic and Diluted	(3,293.46)	(3,008.01)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in INR unless otherwise stated

Note No. 22 - Financial instruments

A) Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

Particulars	As at 31st March, 2020	As at 31st March, 2019
Equity	**(58,716,087)**	(25,781,464)
Total	**(58,716,087)**	(25,781,464)

Categories of financial instruments

Particulars	As at 31st March, 2020	As at 31st March, 2019
Financial assets		
Measured at amortised cost		
Non current		
Security Deposit	**10,000**	10,000
Current		
Trade receivables	**–**	311,020
Cash and cash equivalents	**17,958**	111,270
Financial liabilities		
Measured at amortised cost		
Non current		
0.01% Optionally convertible redeemable preference shares - Liability component	**34,126,552**	31,209,334
Current		
Borrowings	**16,000,000**	12,500,000
Trade payables	**34,225,852**	14,163,978

B) Financial risk management framework

The Company's activities expose it to a variety of financial risks, credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factor.

1) Credit risk

Credit risk arises when customers defaults on its contractual obligations to pay resulting in financial loss to the Company.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on individual receivable specific provision where applicable.

The loss allowance provision is determined as follows:

	As at 31st March 2020			
Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	–	–	–	–
Gross carrying amount	–	–	–	–
Loss allowance provision	–	–	–	–

	As at 31st March 2019			
Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	–	0.0%	–	0.0%
Gross carrying amount	–	311,020	–	311,020
Loss allowance provision	–	–	–	–

Reconciliation of loss allowance provision for trade receivables

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance as at beginning of the year	**–**	19,787
Impairment losses recognised in the year based on lifetime expected credit losses		
– On receivables originated in the year	**–**	–
Amounts written off during the year as uncollectible	**–**	19,787
Balance at end of the year	**–**	–

During the period, the company has written off Rs NIL (Previous year - Rs 14,184) of trade receivable which were not provided as doubtful debt earlier (refer note no 20). These trade receivables are not subject to enforcement activity.

2) Liquidity risk

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

(ii) Maturity of financial liabilities

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

Particulars	Less than 1 Year	1 Year to 3 Years	3 Years to 5 Years	5 years and above
Non derivative financial liabilities				
31st March, 2020				
Non interest bearing				
Other financial liabilities				
– 0.01% Optionally convertible redeemable preference shares - Liability component	**–**	**–**	**–**	**34,126,552**
– Trade payables	**34,225,852**	**–**	**–**	**–**
Fixed interest rate instrument				
Borrowings	**16,000,000**	**–**	**–**	**–**
Total	**50,225,852**	**–**	**–**	**34,126,552**
31st March, 2019				
Non interest bearing				
Other financial liabilities				
Borrowings	12,500,000	–	–	–
– 0.01% Optionally convertible redeemable preference shares - Liability component	–	–	–	31,209,334
Trade payables	14,163,978	–	–	–
Total	26,663,978	–	–	31,209,334

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in INR unless otherwise stated

(iii) Maturity of financial assets

The following table shows the Company's remaining contractual maturity for its non derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non derivative financial assets				
31st March, 2020				
Non interest bearing				
– Security Deposit	**–**	**10,000**	**–**	**–**
– Trade receivables	**–**	**–**	**–**	**–**
Total	**–**	**10,000**	**–**	**–**
31st March, 2019				
Non interest bearing				
– Security Deposit	–	10,000	–	–
Trade receivables	311,020	–	–	–
Total	**311,020**	**10,000**	–	–

Note No. 23 - Related party transactions

A) **Name of the related party and nature of relationship where control exists:**

Name of the related parties	Relationship
Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Holdings Limited	Intermediate Holding Company
Mahindra First Choice Services Limited	Holding Company

B) **List of other related parties with whom transaction have taken place during the year and relationship:**

Name of the related parties	Relationship
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company
Mahindra Retail Private Limited	Fellow Subsidiary Company
Mr. Tarun Gupta (Whole Time Director and CEO)	Key Managerial Personnel (upto 30th April, 2018)

Details of transaction between the Company and its related parties are as under:

Name of the related parties	Nature of transaction	Year ended 31st March, 2020	Year ended 31st March, 2019
Mahindra & Mahindra Limited	Professional charges	**357,457**	436,443
Mahindra First Choice Services Limited	Intercorporate deposit taken*	**16,000,000**	12,500,000
Mahindra First Choice Services Limited	Intercorporate deposit re-paid*	**12,500,000**	–
Mahindra First Choice Services Limited	Intercorporate deposit interest	**1,415,942**	521,199
Mahindra First Choice Services Limited	Shared common expenses	**21,898,600**	14,322,888
Mahindra First Choice Services Limited	Service income	**4,452,000**	5,640,000
Mahindra Integrated Business Solutions Private Limited	Professional charges	**–**	113,000
Mahindra Retail Private Limited	Purchase of gift coupons	**–**	15,300
Mr.Tarun Gupta	Reimbursement of expenses**	**–**	350,913

Details of balances between the Company and its related parties are as under:

Name of the related parties	Nature of balances	As at 31st March, 2020	As at 31st March, 2019
Mahindra & Mahindra Limited	Trade Payables	**196,582**	62,430
Mahindra First Choice Services Limited	Trade Payables	**33,540,929**	13,165,747
Mahindra First Choice Services Limited	Intercorporate deposit payable	**16,000,000**	12,500,000

Note:

* a) Inter corporate deposit roll over on respective due dates, roll over inter corporate deposit value is Rs.12,500,000/-during the year.

** b) Reimbursement of expenses disclosed above paid to Mahindra First Choice Services Limited for managerial remuneration of Rs. Nil (Previous year Rs.3,50,913)

c) Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Note No. 24 - Current tax and Deferred tax

(i) Amounts on which deferred tax asset has not been created:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deductible temporary differences (will never expire)	**31,564,051**	27,081,187
Unused tax losses (revenue in nature)	**129,872,126**	108,809,778
Total	**161,436,177**	135,890,965

The unrecognised tax losses carried forward expire as follows:

Expiry Year	As at 31st March, 2020	As at 31st March, 2019
Financial year 2023-24	**618**	618
Financial year 2024-25	**47,440,194**	47,440,194
Financial year 2025-26	**43,506,805**	43,506,805
Financial year 2026-27	**17,862,161**	17,862,161
Financial year 2027-28	**21,062,348**	–
Total	**129,872,126**	108,809,778

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in INR unless otherwise stated

(ii) The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars		As at 31st March, 2020	As at 31st March, 2019
Loss before tax from continuing operations		**(32,934,623)**	(30,080,060)
Income tax expense calculated at rate in %		**25.17%**	31.20%
	(A)	**(8,288,986)**	(9,384,979)
Effect of expenses that is non-deductible in determining taxable profit		**1,859,767**	1,793,329
Effect of unused tax losses for which no deferred tax asset is recognised		**(6,429,219)**	(7,591,650)
	(B)	**(8,288,986)**	(9,384,979)
Income tax expense recognised in profit or loss (A-B)		**–**	–

Note No. 25 - Additional disclosures

(i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
i. Principal amount remaining unpaid to any supplier as at the end of the accounting year	**–**	–
ii. Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**–**	–
iii. The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	**–**	160.00
iv. The amount of interest due and payable for the year	**–**	–
v. The amount of interest accrued and remaining unpaid at the end of the accounting year	**–**	–
vi. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	**–**	–

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

(ii) Covid 19

The Company has accounted significant accounting estimates which have been disclosed in the financial statements.

These includes valuation of inventory, fair valuation of financial and non-financial assets and liabilities, testing of impairment of assets, going concern assessment etc. requiring significant management judgement in estimating the same. Considering the continuing COVID-19 pandemic where the results in upcoming period may significantly vary and may affect the recoverability of assets and settlement of liabilities.

The Company, based internal & external sources of information including market research, economic forecast and other information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2020 as at the date of approval of these financial statements.

Note No. 26 - Going concern

The accumulated losses of the Company stands at Rs 58,816,087 and its paid-up equity and optionally convertible redeemable preference share capital by Rs 134,996,350. The Company has developed and launched a user friendly B2B Garage Management software, 'DearO'. This software is being implemented at Franchises of MFCSL. The company has also implemented DearO at some external corporate workshops on a pilot basis. The Company is also developing Supply solution software which is under development. As a result, the Company expects to grow further in the coming years in terms of volume and revenue. Further, the company is in discussion with several agencies for funding. Accordingly, the financial statements of the Company have been prepared on a going concern basis.

Note No. 27 - Fair value measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	As at 31st March, 2020 Carrying amount	Fair value	As at 31st March, 2019 Carrying amount	Fair value
Financial assets				
Financial assets carried at amortised cost				
Non current assets				
Security deposit	**10,000**	**10,000**	10,000.00	10,000.00
Current assets				
Trade receivables	**–**	**–**	311,020	311,020
Cash and cash equivalents	**17,958**	**17,958**	111,270	111,270
Financial liabilities				
Non current liabilities				
Other financial liabilities	**34,126,552**	**34,126,552**	31,209,334	31,209,334
Current liabilities				
Borrowings	**16,000,000**	**16,000,000**	12,500,000	12,500,000
Trade payables	**34,225,852**	**34,225,852**	14,163,978	14,163,978

	Level 1	Level 2	Level 3	Total
Financial assets				
Non current assets				
Security deposit	–	10,000	–	10,000
Current assets				
Trade receivables	–	–	–	–
Cash & cash equivalents	–	17,958	–	17,958
Financial liabilities	–	34,126,552	–	34,126,552
Current liabilities				
Borrowings	–	16,000,000	–	16,000,000
Trade payables	–	34,225,852	–	34,225,852

Note No. 28 - Previous year figures

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

For and on behalf of the Board of Directors

YVS Vijay Kumar
Chairman
DIN No: 03588223

Srinath Ramamurthy
Director
DIN No: 07063293

Place: Mumbai
Date: 24th April, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Trringo.com Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Trringo.com Limited("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its losses, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statement.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the company not paid any remuneration to its directors during the year, accordingly, requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act are not applicable.

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The company does not have any pending litigations;

      ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, May 04, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of **Trringo.com Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, May 04, 2020

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date.

Annexure to the Auditor's Report referred to in our report of even date:

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

iii) The company does not have any immovable property as on March 31, 2020.

2) The company does not hold any physical inventories. Accordingly para 3(ii) of the order is not applicable to the company.

3) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under section 189 of Companies Act, 2013 by the Company. Therefore, clauses 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

4) The company has not granted any loans or made any investments, or provided any guarantees or security during the year. Accordingly the provisions of Clause 3(iv) of the Order are not applicable to the company.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act and such accounts and records have been appropriately made and maintained.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March, 2020 for a period of more than 6 months from the date they become payable.

ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The company has not raised moneys by way of initial public offer or further public (including debt instruments) or term loans and hence reporting under para 3(ix) of the Order is not applicable to the Company.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles – in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

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

Padmini Khare Kaicker
Partner
Membership Number 044784

Mumbai, May 04, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

Rupees in Lakhs

	Particulars	Note No.	**As at 31st March, 2020**	As at 31st March, 2019
I	**ASSETS**			
	1 NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	**3**	**78.39**	124.23
	(b) Other Intangible Assets	**4**	**–**	–
	(c) Income tax Assets (Net)	**5**	**8.53**	6.02
	(d) Other Non-current Assets	**6**	**–**	–
	SUB-TOTAL		**86.92**	130.25
	2 CURRENT ASSETS			
	(a) Financial Assets			
	(i) Trade Receivables	**7**	**6.94**	18.48
	(ii) Cash and Cash Equivalents	**8**	**61.64**	101.94
	(iii) Loans	**9**	**8.39**	8.39
	(iv) Other Financial Assets	**10**	**0.28**	3.52
	(b) Other Current Assets	**6**	**175.99**	213.51
	SUB-TOTAL		**253.24**	345.84
	TOTAL ASSETS		**340.16**	476.09
II	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity Share Capital	**11**	**2,746.00**	2,746.00
	(b) Other Equity	**SOCE - B**	**(2,489.73)**	(2,501.28)
	SUB-TOTAL		**256.27**	244.72
	LIABILITIES			
	2 NON-CURRENT LIABILITIES			
	(a) Provisions	**14**	**–**	6.48
	(b) Other Non-current Liabilities	**15**	**32.27**	46.29
	SUB-TOTAL		**32.27**	52.77
	3 CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Trade Payables	**12**		
	- Total outstanding dues of micro and small enterprise		**–**	–
	- Total outstanding dues of creditors other than micro and small enterprise (including acceptances)		**19.15**	30.20
	(ii) Other Financial Liabilities	**13**	**16.81**	28.48
	(b) Provisions	**14**	**–**	0.59
	(c) Other Current Liabilities	**15**	**15.66**	119.33
	SUB-TOTAL		**51.62**	178.60
	TOTAL		**340.16**	476.09

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 044784

For Trringo.com Limited

Nikhil Madgavkar
Chairman

Gadadhar Jalad Baran Roy
Wholetime Director

Subandhu Arya
Director

Gaurav Juwatkar
Company Secretary

Nikhil Pai
Chief Financial Officer

Place: Mumbai
Date: 04th May, 2020

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2020

Rupees in Lakhs

Particulars		Note No.	Period ended 31st March, 2020	Period ended 31st March, 2019
Continuing Operations				
I	Revenue from operations	**16**	**56.22**	165.25
II	Other Income	**17**	**77.86**	27.94
III	**Total Revenue (I + II)**		**134.08**	193.19
IV	**EXPENSES**			
	(a) Purchase - Trading	**18**	**–**	7.79
	(b) Employee benefit expense	**19**	**3.16**	448.56
	(c) Finance Costs	**20**	**–**	–
	(d) Depreciation and amortisation expense	**21**	**35.06**	68.16
	(e) Other expenses	**22**	**84.31**	433.33
	Total Expenses (IV)		**122.52**	957.84
V	**Profit/(loss) before tax (III - IV)**		**11.55**	(764.65)
VI	**Tax Expense**			
	(1) Current tax		**–**	–
	(2) Deferred tax		**–**	–
	Total tax expense		**–**	–
VII	**Profit/(loss) after tax for the period (V - VI)**		**11.55**	(764.65)
VIII	**Other comprehensive income/(Loss):**			
	(A) (i) Items that will not be reclassified to profit and loss:			
	(a) Remeasurement gains on defined benefit obligations		**–**	2.75
IX	**Total comprehensive income for the period**		**11.55**	(761.90)
X	**Earnings per equity share:**	**23**		
	(1) Basic		**0.04**	(3.60)
	(2) Diluted		**0.04**	(3.60)

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 044784

For Trringo.com Limited

Nikhil Madgavkar
Chairman

Subandhu Arya
Director

Nikhil Pai
Chief Financial Officer

Gadadhar Jalad Baran Roy
Wholetime Director

Gaurav Juwatkar
Company Secretary

Place: Mumbai
Date: 04th May, 2020

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31ST MARCH, 2020

Rupees in Lakhs

Particulars		Note No.	Period ended 31st March, 2020	Period ended 31st March, 2019
A	**Cash flows from operating activities**			
	Profit before tax for the year	PL	11.55	(764.65)
	Adjustments for:			
	Investment income recognised in profit or loss		(2.90)	(4.65)
	Loss/(Profit) on Property,Plant and Equipment sold		(0.99)	(0.36)
	Depreciation, amortisation and Impairment expenses	3 & 4	35.06	74.54
			42.73	(695.12)
	Movements in working capital:			
	Increase in trade and other receivables		11.53	7.73
	(Increase)/decrease in other assets		40.77	(1.35)
	Decrease in trade and other payables		(143.36)	(33.87)
	Income taxes paid		(2.51)	(3.82)
	Net cash generated by operating activities		(50.84)	(726.43)
B	**Cash flows from investing activities**			
	Payments for property, plant and equipment		(2.82)	(96.13)
	Payments for intangible assets		–	(50.35)
	Proceeds from tangible assets		10.47	1.21
	Proceeds from intangible assets		–	159.87
	Net cash (used in)/generated by investing activities		7.66	14.60
C	**Cash flows from financing activities**			
	Proceeds from issue of equity instruments of the Company		–	686.00
	Interest Received		2.90	4.65
	Acceptance of ICDs/Short Term Borrowing from M&M		–	–
	Repayments of borrowings		–	–
	Net cash used in financing activities		2.90	690.65
	Net increase in cash and cash equivalents		(40.29)	(21.18)
	Cash and cash equivalents at the beginning of the year		101.94	123.12
	Cash and cash equivalents at the end of the year		61.65	101.94

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 044784

For Trringo.com Limited

Nikhil Madgavkar
Chairman

Subandhu Arya
Director

Nikhil Pai
Chief Financial Officer

Gadadhar Jalad Baran Roy
Wholetime Director

Gaurav Juwatkar
Company Secretary

Place: Mumbai
Date: 04th May, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2020

A. Equity share capital

Particulars	As at 31st March, 2020 No of Shares	As at 31st March, 2020 Rupees in Lakhs	As at 31st March, 2019 No of Shares	As at 31st March, 2019 Rupees in Lakhs
Balance as at the beginning of the year	**2,74,60,000**	**2,746.00**	2,06,00,000	2,060.00
Equity shares issued during the year	–	–	68,60,000	686.00
Balance as at the end of the year	**2,74,60,000**	**2,746.00**	**2,74,60,000**	**2,746.00**

B. Other Equity

Rupees in Lakhs

Particulars	Other Comprehensive Income	Reserves & Surplus	
Particulars	Remeasurements of the defined benefit liabilities/(assets)	Retained Earnings	Total
Balance as at 31st March 2018	–	(1,739.38)	(1,739.38)
Profit/(Loss) for the period	–	(764.65)	(764.65)
Other Comprehensive Income/(Loss)	2.75	–	2.75
Total Comprehensive Income for the year	2.75	(2,504.03)	(2,501.28)
Balance as at 31st March 2019	**2.75**	**(2,504.03)**	**(2,501.28)**
Balance as at 31st March 2019	2.75	(2,504.03)	(2,501.28)
Profit/(Loss) for the period	–	11.55	11.55
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	2.75	(2,492.48)	(2,489.73)
Balance as at 31st March 2020	**2.75**	**(2,492.48)**	**(2,489.73)**

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 044784

For Trringo.com Limited

Nikhil Madgavkar
Chairman

Subandhu Arya
Director

Nikhil Pai
Chief Financial Officer

Gadadhar Jalad Baran Roy
Wholetime Director

Gaurav Juwatkar
Company Secretary

Place: Mumbai
Date: 04th May, 2020

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

1. Corporate Information

Trringo.com Limited is a 100 % subsidiary of Mahindra and Mahindra Limited and incorporated on 23rd May, 2016 under the provisions of the Companies Act, 2013 (CIN:U01409MH2016PLC281449). The Companyis in the business of organized farm equipment rentals through a franchisee based model.

2. Significant accounting policies

(A) Statement of compliance

The financial statements of the Company have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended.

(B) Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis,presented in Indian rupees and rounded off to nearest lacs.

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(C) Critical accounting judgements and key sources of estimation uncertainty

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

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

(D) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognisedso as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

(E) Intangible assets

Intangible assets acquired separately

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

Derecognition of intangible assets

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

Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

IT Software 3 to 6 years

(F) Impairment of tangible and intangible assets

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(G) Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

(H) Financial instruments

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

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

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash and other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls).

Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities

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

Financial liabilities subsequently measured at amortised cost

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

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

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

(I) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sale of Services

Revenue from the rental services is recognised when the service is delivered and completed, all the following conditions are satisfied:

- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the services rendered;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

(J) Government Grants

The Company directly or indirectly is entitled to incentives from government authorities in respect of custom hiring and service centers. The Company accounts for its entitlement as income on accrual basis.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. When the grants relates to an asset, it is recognized as income in equal amounts over the useful life of the related asset.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(K) Employee benefits

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

(L) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(M) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax:

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

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

Current and deferred tax for the year:

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(N) Leasing

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

The Company as lessee:

The assets held under finance leases are initially recongnised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expense and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policies on borrowing cost. Contingent rentals are recognized as expense in the period in which they are incurred.

Rental expense from the operating lease is generally recognized on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessors expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

(O) Provisions

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

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 3 – Property, Plant and Equipment

Rupees in Lakhs

Description of Assets	Plant & Machinery	Vehicles	Computers & Edp Equipments	Office Equipment	Furniture & Fixtures	Total
I. Gross Carrying Amount						
Balance as at 1st April 2019	149.72	12.23	5.47	0.60	2.36	170.38
Additions during the year	–	–	2.82	–	–	2.82
Disposals during the year	7.79	12.23	8.30	–	0.20	28.52
Balance as at 31st March 2020	**141.93**	**–**	**–**	**0.60**	**2.16**	**144.69**
Balance as at 1st April 2018	116.19	12.23	5.47	0.60	2.36	136.85
Additions during the year	34.94	–	–	–	–	34.94
Disposals during the year	1.41	–	–	–	–	1.41
Balance as at 31st March 2019	149.72	12.23	5.47	0.60	2.36	170.38
II. Accumulated depreciation						
Balance as at 1st April 2019	37.07	5.45	2.67	0.56	0.39	46.15
Depreciation expense for the year	30.55	2.12	2.18	–	0.21	35.06
Eliminated on disposal of assets	2.45	7.57	4.85	–	0.03	14.91
Balance as at 31st March 2020	**65.16**	**–**	**–**	**0.56**	**0.57**	**66.30**
Balance as at 1st April 2018	7.38	3.13	0.94	0.51	0.17	12.13
Depreciation expense for the year	30.26	2.32	1.73	0.05	0.22	34.59
Eliminated on disposal of assets	0.57	–	–	–	–	0.57
Balance as at 31st March 2019	37.07	5.46	2.67	0.56	0.38	46.15
III. Net carrying amount (I-II)						
Balance as at 31st March 2020	**76.77**	**–**	**–**	**0.03**	**1.59**	**78.39**
Balance as at 31st March 2019	112.65	6.78	2.80	0.04	1.97	124.23

Note No. 4 – Other Intangible Assets

Rupees in Lakhs

Description of Assets	Computer Software	Total
I. Intangible Assets		
Cost		
Balance as at 1st April 2019	–	–
Additions during the year	–	–
Disposals during the year	–	–
Balance as at 31st March, 2020	**–**	**–**
Balance as at 1st April 2018	183.33	183.33
Additions during the year	50.35	50.35
Disposals during the year	(233.68)	(233.68)
Balance as at 31st March, 2019	–	–

Rupees in Lakhs

Description of Assets	Computer Software	Total
II. Accumulated amortisation expense		
Balance as at 1st April 2019	–	–
Amortisation expenses for the year	–	–
Eliminated on disposal of assets	–	–
Balance as at 31st March, 2020	**–**	**–**
Balance as at 1st April 2018	40.25	40.25
Amortisation expenses for the year	33.57	33.57
Eliminated on disposal of assets	(73.82)	(73.82)
Balance as at 31st March, 2019	–	–
III. Net carrying amount (I-II)		
Balance as at 31st March, 2020	**–**	**–**
Balance as at 31st March, 2019	–	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 5 – Current Tax and Deferred Tax

Rs in Lakhs

Particulars	Period ended 31st March, 2020	Period ended 31st March, 2019
Income tax Assets (Net)	**8.53**	6.02
TOTAL	**8.53**	6.02

Following deferred tax asset has not been created:

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

Rs in Lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Excess depreciation as per book vs. Income Tax Act	**(3.43)**	(10.48)
Provision for doubtful debts	**5.59**	8.70
Section 43B items	**–**	0.99
Unabsorbed loss and depreciation	**558.92**	571.61
Others	**0.04**	0.61
Total	**561.12**	571.43

Note No. 6 Other assets (Non financials)

Rs in Lakhs

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non-Current	Current	Non-Current
(a) Capital Advances	**–**	**–**	–	1.71
(b) Advances other than capital advances				
(i) Balances with government authorities	**174.94**	**–**	183.10	–
(ii) Other advances				
Advance to suppliers	**0.02**	**–**	0.71	–
Advance to employees	**0.01**	**–**	1.83	–
Prepaid Expenses	**0.95**	**–**	0.67	–
Other current Assets	**0.07**	**–**	27.19	–
TOTAL OTHER ASSETS	**175.99**	**–**	213.50	1.71

Note No. 7 – Trade receivables

Rs in Lakhs

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non-Current	Current	Non-Current
(a) Trade Receivable considered good - Unsecured	**6.94**	**–**	18.48	–
(b) Trade Receivable which have significant increase in Credit Risk	**66.63**	**–**	45.13	–
(c) Trade Receivables credit impaired	**–**	**–**	–	–
Less: Allowance for expected credit loss	**66.63**	**–**	45.13	–
TOTAL TRADE RECEIVABLES	**6.94**	**–**	18.48	–

Note No. 8 – Cash and Cash Equivalent

Rs in Lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Balances with banks	**11.68**	10.63
(b) Fixed Deposits with maturity less than 3 months	**47.97**	90.53
(c) Cash on hand	**1.99**	0.78
TOTAL CASH AND CASH EQUIVALENT	**61.64**	101.94

Note No. 9 – Loans

Rs in Lakhs

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non-Current	Current	Non-Current
Security Deposits				
a) Unsecured, Considered good	**8.39**	**–**	8.39	–
b) Significant increase in credit risk	**–**	**–**	–	–
c) Credit impaired	**–**	**–**	–	–
Less: Allowance for Expected Credit Loss	**–**	**–**	–	–
– Accrued Interest	**–**	**–**	–	–
– Insurance Claim Receivable	**–**	**–**	–	–
– Others	**–**	**–**	–	–
TOTAL LOANS	**8.39**	**–**	8.39	–

Note No. 10 – Other financial assets

Rs in Lakhs

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non-Current	Current	Non-Current
Financial Assets at amortised cost				
– Accrued Interest	**–**	**–**	0.02	–
– Government grants receivable	**0.28**	**–**	3.50	–
TOTAL OTHER FINANCIAL ASSETS	**0.28**	**–**	3.52	–

Note No. 11 – Equity Share Capital

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No of Shares	Rupees in Lakhs	No of Shares	Rupees in Lakhs
Authorised:				
Equity shares of Rs 10 each with voting rights	**2,80,00,000**	**2800.00**	2,80,00,000	2800.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs 10 each with voting rights	**2,74,60,000**	**2746.00**	2,74,60,000	2746.00
Total	**2,74,60,000**	**2746.00**	2,74,60,000	2,746.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Terms/Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of Rs 10/- per share. Each holder of equity shares is entitled to one vote. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

(i) Reconciliation of the number of Ordinary (Equity) Shares and amount outstanding:

Particulars	2020		2019	
	No. of Shares	**Rupees Lakhs**	No. of Shares	Rupees Lakhs
Balance as at the beginning of the year	**2,74,60,000**	**2,746.00**	2,06,00,000	2,060.00
Add: Issue of Shares during the year	**–**	**–**	68,60,000	686.00
Balance as at the end of the year	**2,74,60,000**	**2,746.00**	2,74,60,000	2,746.00

(ii) Details of Ordinary (Equity) Shares held shareholders holding more than 5% of the aggregate shares in the Company:

Name of the Shareholder	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	**% Shareholding**	No. of Shares	% Shareholding
Equity shares with voting rights				
Mahindra and Mahindra Limited	**2,74,60,000**	**100%**	2,74,60,000	100%

Note No. 12 – Trade Payables

Rs in Lakhs

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	**Non-Current**	Current	Non-Current
Trade payable - Micro and small enterprises	**–**	**–**	–	–
Trade payable - Other than micro and small enterprises	**19.15**	**–**	30.20	–
TOTAL TRADE PAYABLES	**19.15**	**–**	30.20	–

Note No. 13 – Other financial liabilities

Rs in Lakhs

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	**Non-Current**	Current	Non-Current
a) Other Financial liabilities				
Capital Creditors	**5.56**	**–**	15.03	–
Others	**11.25**	**–**	13.45	–
TOTAL OTHER FINANCIAL LIABILITIES	**16.81**	**–**	28.48	–

Note No. 14 – Provisions

Rs in Lakhs

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	**Non-Current**	Current	Non-Current
Provision for employee benefits				
Leave Encashment	**–**	**–**	0.58	3.88
Gratuity	**–**	**–**	0.01	2.60
TOTAL PROVISIONS	**–**	**–**	0.59	6.48

Note No. 15 – Other Liabilities (Non financial)

Rs in Lakhs

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	**Non-Current**	Current	Non-Current
a. Advances received from customers	**–**	**–**	–	–
b. Employee related payables	**–**	**–**	78.70	–
c. Statutory dues	**0.45**	**–**	3.16	–
d. Deferred Government Grants	**15.21**	**32.27**	23.78	46.29
e. Other	**0.01**	**–**	13.69	–
TOTAL OTHER LIABILITIES	**15.66**	**32.27**	119.33	46.29

Note No. 16 – Revenue from Operations

Rs in Lakhs

Particulars	**For the Period ended 31st March, 2020**	For the Period ended 31st March, 2019
Revenue from rendering of services	**56.22**	165.25
TOTAL REVENUE FROM OPERATIONS	**56.22**	165.25

Note No. 17 – Other Income

Rs in Lakhs

Particulars	**For the Period ended 31st March, 2020**	For the Period ended 31st March, 2019
Interest Income from Fixed Deposits	**2.72**	4.65
Deferred Government Grants Income	**22.59**	21.29
Interest Income on Income Tax Refund	**0.18**	–
Miscellaneous Income	**52.37**	2.00
TOTAL OTHER INCOME	**77.86**	27.94

Note No. 18 – Purchase Trading

Rs in Lakhs

Particulars	**For the Period ended 31st March, 2020**	For the Period ended 31st March, 2019
(a) Purchase - Trading	**–**	7.79
TOTAL PURCHASE TRADING	**–**	7.79

Note No. 19 – Employee Benefit Expense

Rs in Lakhs

Particulars	**For the Period ended 31st March, 2020**	For the Period ended 31st March, 2019
(a) Salaries and wages, including bonus	**1.28**	429.88
(b) Contribution to provident and other funds	**1.60**	15.85
(c) Staff welfare expenses	**0.28**	2.83
TOTAL EMPLOYEE BENEFIT EXPENSE	**3.16**	448.56

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 20 – Finance Costs

Rs in Lakhs

Particulars	For the Period ended 31st March, 2020	For the Period ended 31st March, 2019
(a) Interest on inter corporate deposits	–	–
TOTAL FINANCE COSTS	–	–

Note No. 21 – Depreciation and amortisation expense

Particulars	For the Period ended 31st March, 2020	For the Period ended 31st March, 2019
Depreciation	35.06	34.59
Amortisation expense	–	33.57
TOTAL DEPRECIATION AND AMORTISATION EXPENSE	35.06	68.16

Note No. 22 – Other Expenses

Rs in Lakhs

Particulars		For the Period ended 31st March, 2020	For the Period ended 31st March, 2019
(a)	Rent expenses	6.57	46.42
(b)	Rates and taxes	0.03	2.17
(c)	Advertisement expenses	0.00	3.98
(d)	Repairs and maintenance - Others	7.55	5.02
(e)	Sales promotion expenses	0.00	13.56
(f)	Travelling and Conveyance Expenses	5.21	35.51
(g)	Hire and Service Charges	8.39	133.36
(h)	Auditors remuneration and out-of-pocket expenses		
	(i) As Auditors	1.50	1.50
	(ii) For Taxation matters	0.50	0.50
	(iii) For Tax Audit	–	0.50
(i)	Legal and other professional costs	11.19	21.20
(j)	Call Center expenses	0.00	30.79
(k)	Provision for doubtful debts	21.49	33.60
(l)	Provision for Impairment of assets	0.00	6.38
(m)	Other expenses	21.89	98.84
TOTAL OTHER EXPENSES		84.31	433.33

Note No. 23 – Earnings per Share

Rs in Lakhs

Particulars	For the Period ended 31st March, 2020	For the Period ended 31st March, 2019
	Rs per Share	Rs per Share
Basic Earnings per share		
From continuing operations	0.04	(3.60)
Diluted Earnings per share		
From continuing operations	0.04	(3.60)

Basic & Diluted earnings per share

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

Rs in Lakhs

	For the Period ended 31st March, 2020	For the Period ended 31st March, 2019
Profit/(loss) for the year attributable to owners of the Company	11.55	(764.65)
Profits used in the calculation of basic earnings per share	11.55	(764.65)
Weighted average number of equity shares	2,75,35,233	2,12,45,178
Earnings per share - Basic & Diluted	0.04	(3.60)

Note No. 24 – Capital commitments

(a) The estimated amounts of contracts remaining to be executed on capital account and not provided for as at 31 March 2020 is Rs 5.56 lakhs (2019 - Rs.15.03 lakhs).

Note No. 25 – Financial Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

The capital structure is monitored on the basis of debt to equity and maturity profile of overall debt portfolio of the Company.

Rs in Lakhs

	31-Mar-20	31-Mar-19
Equity	2,746.00	2,746.00
Debt	–	–
Total Capital	2,746.00	2,746.00

Categories of financial assets and financial liabilities

Rs in Lakhs

As at 31st March, 2020

	Amortised Costs	FVTPL	FVOCI	Total
As at 31st March, 2020				
Current Assets				
Trade Receivables	6.94	–	–	6.94
Loans	8.39	–	–	8.39
Other Financial Assets	0.28	–	–	0.28
Current Liabilities				
Trade Payables	19.15	–	–	19.15
Other Financial Liabilities	16.81	–	–	16.81
As at 31st March, 2019				
Current Assets				
Trade Receivables	18.48	–	–	18.48
Loans	8.39	–	–	8.39
Other Financial Assets	3.52	–	–	3.52
Current Liabilities				
Trade Payables	30.20	–	–	30.20
Other Financial Liabilities	28.48	–	–	28.48

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factor.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

CREDIT RISK

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents, investments carried at amortised cost, deposits with banks and financial institutions as well as credit exposures to customers including outstanding receivables.

Trade Receivables:

The Companys trade receivables include receivables on sale of residential flats. As per the Company's flat handover policy, a flat is handed over to a customer only upon payment of entire amount of consideration. Thus, the Company is not exposed to any credit risk on receivables from sale of residential flats.

Balances with Banks, mutual funds and other financial assets:

For banks and financial institutions, only high rated banks/institutions are accepted. The Company holds cash and cash equivalents with bank and financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

For other financial assets, the Company assesses and manages credit risk based on reasonable and supportive forward looking information. The Company does not have significant credit risk exposure for these items.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years
31 March, 2020			
Current Liabilities			
Trade Payables	**19.15**	**–**	**–**
Other Financial Liabilities	**16.81**	**–**	**–**
Total	**35.96**	**–**	**–**
31 March, 2019			
Current Liabilities			
Trade Payables	30.20	–	–
Other Financial Liabilities	28.48	–	–
Total	58.68	–	–

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years
31 March, 2020			
Current Assets			
Trade Receivables	**6.94**	–	–
Loans	**8.39**	–	–
Other Financial Assets	**0.28**	–	–
Total	**15.61**	–	–
31 March, 2019			
Current Assets			
Trade Receivables	**18.48**	–	–
Loans	**8.39**	–	–
Other Financial Assets	**3.52**	–	–
Total	**30.39**	–	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

Note No. 26 – Fair Value Measurement

Fair Valuation Techniques and Inputs used – recurring Items

Rs in Lakhs

			Fair value hierarchy as at 31st March, 2020			
Financial assets	**Carrying Value**	**Fair value***	**Level 1**	**Level 2**	**Level 3**	**Total**
<u>*Financial assets carried at Amortised Cost*</u>						
– trade and other receivables	**6.94**	**6.94**	**–**	**6.94**	**–**	**6.94**
– deposits and similar assets	**8.39**	**8.39**	**–**	**8.39**	**–**	**8.39**
– Other Financial Assets	**0.28**	**0.28**	**–**	**0.28**	**–**	**0.28**
Total	**15.61**	**15.61**	**–**	**15.61**	**–**	**15.61**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Rs in Lakhs

			Fair value hierarchy as at 31st March, 2020			
Financial assets	**Carrying Value**	**Fair value***	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities						
Financial Instruments not carried at Fair Value						
– trade and other payables	**19.15**	**19.15**	**–**	**19.15**	**–**	**19.15**
– other liabilities	**16.81**	**16.81**	**–**	**16.81**	**–**	**16.81**
Total	**35.96**	**35.96**	**–**	**35.96**	**–**	**35.96**

Rs in Lakhs

			Fair value hierarchy as at 31st March, 2019			
Financial assets	**Carrying Value**	**Fair value***	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets carried at Amortised Cost						
– trade and other receivables	18.48	18.48	–	18.48	–	18.48
– deposits and similar assets	8.39	8.39	–	8.39	–	8.39
– others Financial Assets	3.52	3.52	–	3.52	–	3.52
Total	30.39	30.39	–	30.39	–	30.39
Financial liabilities						
Financial Instruments not carried at Fair Value						
– trade and other payables	30.20	30.20	–	30.20	–	30.20
– other liabilities	28.48	28.48	–	28.48	–	28.48
Total	58.68	58.68	–	58.68	–	58.68

Note No. 27 – Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating to Rs. 1.60 Lakhs (2019 - Rs. 15.85 Lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company has an obligation towards gratuity, a defined retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service. The company accounts for liability of future gratuity benefits based on an independent actuarial valuation obtained using projected unit credit method.

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

	Valuation as at 31-Mar-20	31-Mar-19
Discount rate(s)	**NA**	6.90%
Expected rate(s) of salary increase	**NA**	10.00%
Attrition Rate	**NIL**	NIL

Defined benefit plans as per actuarial valuation are as below

Rs in Lakhs

Particulars	**Unfunded Plans Gratuity 2020**	Unfunded Plans Gratuity 2019
I. Expense recognised in the Statement of Profit and Loss for the Period ended 31st March:		
Service Cost		
Current Service Cost	**–**	3.67
Past service cost and (gains)/losses from settlements	**–**	–
Net interest expense	**–**	–
Components of defined benefit costs recognised in profit or loss	**–**	3.67
Total	**–**	3.67
II. Expense recognised in other comprehensive income for the Period ended 31st March:		
Remeasurement (gains)/losses:		
a. Actuarial (gains)/losses arising from changes in:		
– financial assumptions	**–**	0.20
– demographic assumptions	**–**	1.31
– experience assumptions	**–**	(4.26)
Total amount recognised in other comprehensive income	**–**	(2.75)
III. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of unfunded defined benefit obligation as at 31st March	**–**	2.61
2. Fair value of plan assets as at 31st March	**–**	–
3. Surplus/(Deficit)	**–**	(2.61)
4. Current portion of the above	**–**	0.01
5. Non current portion of the above	**–**	2.60

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Rs in Lakhs

Particulars	Unfunded Plans Gratuity 2020	Unfunded Plans Gratuity 2019
IV. Change in the obligation during the Period ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year		8.40
2. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	–	3.67
– Past Service Cost	–	–
– Interest Expense (Income)		0.61
– Remeasurement gains/losses arising from changes in:		
– financial assumptions		0.20
– demographic assumptions		1.31
– experience assumptions	–	(4.26)
Benefits paid	–	(4.07)
3. Liability assumed/(settled)	–	(3.26)
Present value of defined benefit obligation at the end of the year	–	2.61

Note No. 28 – Related Party Transactions

Name of the Parent Company Mahindra & Mahindra Limited

Name of KMP of the Company Mr Atindriya Bose (Chief Executive Officer)*
Mr.Gadadhar Jalad Roy (Whole Time Director)#
Mr Nikhil Pai (Chief Financial Officer)

*resigned w.e.f. 31st October, 2019
w.e.f. 01st November, 2019

Details of transaction between the Company and its related parties are disclosed below:

Rs in Lakhs

Particulars	For the year ended	Parent Company	Fellow Subsidiaries	Associate of Holding Company
Nature of transactions with Related Parties				
Sale of Assets	31-Mar-20	8.91	–	–
	31-Mar-19	188.64	–	–
Purchase of property and other assets	31-Mar-20	–	–	–
	31-Mar-19	–	–	–
Lease expenses	31-Mar-20	–	–	–
	31-Mar-19	3.59	–	–
Receiving of services	31-Mar-20	12.97	–	–
	31-Mar-19	47.85	49.40	–
Providing of services	31-Mar-20	52.11	–	–
	31-Mar-19	–	1.33	–
Settlement of liabilities by the Company on behalf of related parties	31-Mar-20	–	–	–
	31-Mar-19	–	–	–
Equity contribution by the Company	31-Mar-20	–	–	–
	31-Mar-19	686.00	–	–

Rs in Lakhs

Nature of Balances with Related Parties	Balance as on	Parent Company	Fellow Subsidiaries
Trade receivables	31-Mar-20	–	–
	31-Mar-19	0.93	1.85
Trade payables	31-Mar-20	14.28	–
	31-Mar-19	–	–

Note No. 29 – Micro Small and Medium Enterprises Development Act 2006

The amount due to Micro and Small Enterprises as defined in the " Micro, Small and Medium Enterprises Development, Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to Micro and Small Enterprises as at 31 March 2020 are as under:

Disclosures required under Section22 of the Micro Small and Medium Enterprises Development Act 2006

Rs in Lakhs

Particulars	31-Mar-20	31-Mar-19
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
– Principal amount due to micro and small enterprises	–	–
– Interest due on above	–	–
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	–	–
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	–	–
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	–	–
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	–	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 30 – Segment Reporting

The Company operates in one segment namely renting of organised farm equipments, hence separate segment reporting has not been made under Indian Accounting Standard (Ind- AS 108)-"Operating Segment". The operation of company comprises a single geographical segment, India.

Note No. 31 – Comparitives

The figures for previous year have been regrouped wherever necessary to conform to current year's classification.

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 044784

For Trringo.com Limited

Nikhil Madgavkar
Chairman

Subandhu Arya
Director

Nikhil Pai
Chief Financial Officer

Gadadhar Jalad Baran Roy
Wholetime Director

Gaurav Juwatkar
Company Secretary

Place: Mumbai
Date: 04th May, 2020

INDEPENDENT AUDITOR'S REPORT

To the Stockholder and the Board of Directors,

Mahindra USA, Inc.

We have audited the accompanying separate parent company financial statements of Mahindra USA, Inc. ('the Company); a Texas corporation, which comprise the balance sheet as at March 31, 2020, and the related statements of comprehensive loss, changes in stockholder's(deficit) equity and cash flows for the year then ended and the related notes to the separate parent company financial statements.

Management's responsibility for the separate parent company financial statements

Management is responsible for the preparation and fair presentation of these separate parent company financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of separate parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these separate parent company financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate parent company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the separate parent company financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the separate parent company financial statements.

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

Basis for qualified opinion

As discussed in Note B.1 to the separate parent company financial statements, the Company reports its investment in its wholly owned subsidiary at cost. In our opinion, accounting principles generally accepted in the United States require that all majority-owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of the subsidiary had been consolidated with those of Mahindra USA, Inc., total assets, and liabilities would have increased by $4,892,884 and net loss would have increased by $6,016,021, for the year then ended.

Qualified opinion

In our opinion, except for the effects of not consolidating the wholly-owned subsidiary as discussed in the basis for qualified opinion paragraph, the separate parent company financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Mahindra USA, Inc. as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Other matter

The financial statements of Mahindra USA, Inc. for the year ended March 31, 2019, were audited by another auditor, who expressed a modified opinion on those statements on May 15, 2019. The modified opinion was based on non-consolidation of the Company's wholly owned subsidiary in the financial statements.

Atlanta, Georgia
May 20, 2020

BALANCE SHEETS

(All amounts are stated in United States Dollars, unless otherwise stated)

		As at	
ASSETS	**Note**	**March 31, 2020**	**March 31, 2019**
Current Assets			
Cash and cash equivalents	C	**12,546,519**	30,596,705
Accounts Receivable, net	D	**33,281,900**	30,382,516
Inventories, net	E	**213,274,736**	250,879,686
Account & other receivable from related parties	O	**8,563,450**	10,883,474
Receivable from employees		**35,181**	3,038
Other current assets		**2,488,629**	1,920,831
Total Current Assets		**270,190,415**	324,666,250
Property, plant and equipment, net	F	**11,852,890**	11,262,142
Deferred tax asset	M	**37,365,938**	37,365,938
Investments in wholly-owned subsidiaries		**2,004,330**	2,004,330
Total Assets		**321,413,573**	375,298,660
LIABILITIES AND STOCKHOLDER'S (DEFICIT) EQUITY			
Current liabilities			
Accounts payable	H	**54,907,438**	44,869,193
Accounts and other payable to related parties	O	**78,206,384**	36,610,243
Note payable, current portion	G	**172,041,658**	209,531,001
Other current liabilities	I	**74,830,449**	75,002,281
Total current liabilities		**379,985,929**	366,012,718
Non-current liabilities			
Other liabilities	L	**10,450**	30,315
Total liabilities		**379,996,379**	366,043,032
Commitments & contingencies *(Refer note U)*			
Stockholder's (deficit) equity			
Common stock ($ 0.25 par value, authorized 460,000,000 shares, issued and outstanding 456,000,000 shares)		**114,000,000**	114,000,000
Accumulated other comprehensive loss		**(533,910)**	–
Accumulated deficit		**(172,048,896)**	(104,744,373)
Total stockholder's (deficit) equity		**(58,582,806)**	9,255,627
Total liabilities and stockholder's (deficit) equity		**321,413,573**	375,298,660

(The accompanying notes are an integral part of these separate parent company financial statements)

STATEMENTS OF COMPREHENSIVE LOSS

(All amounts are stated in United States Dollars, unless otherwise stated)

	For the year ended	
	March 31, 2020	March 31, 2019
Operating revenues		
Sale of tractors and parts	**403,051,111**	392,094,683
Less: sales incentives	**(61,046,622)**	(65,978,441)
Total revenue	**342,004,489**	326,116,242
Less: cost of sales (excluding depreciation)	**(305,643,367)**	(318,253,807)
Gross profit	**36,361,122**	7,862,435
Cost and expenses		
Advertising and marketing expenses	**9,734,389**	15,164,766
Other selling, general and administrative expenses	**86,984,708**	92,073,320
Total cost and expenses	**96,719,097**	107,238,086
Operating loss	**(60,357,975)**	(99,375,651)
Finance cost	**(6,583,947)**	(5,145,707)
Other income	**15,470**	77,357
Loss on disposal of assets	**(9,019)**	(14,977)
Net loss before income tax	**(66,935,471)**	(104,458,978)
Income tax expense (benefit)		
Current tax expense	**369,052**	–
Deferred tax benefit	**–**	(25,065,323)
Net loss after income tax	**(67,304,523)**	(79,393,655)
Other comprehensive loss, net of income taxes		
Cash flow hedge reserve, net of tax	**533,910**	–
Total net comprehensive loss	**(67,838,433)**	(79,393,655)

(The accompanying notes are an integral part of these separate parent company financial statements)

STATEMENTS OF STOCKHOLDER'S (DEFICIT) EQUITY
For the years April 01, 2019 to March 31, 2020 and April 01, 2018 to March 31, 2019

(All amounts are stated in United States Dollars, except number of shares)

	Common Stock				Other comprehensive loss	Accumulated surplus (deficit)	Total stockholder's equity (deficit)
	Authorized		Issued and outstanding				
Particulars	**Shares**	**Value US$**	**Shares**	**Value US$**			
Balance as at April 01, 2018	**460,000,000**	**115,000,000**	**56,000,000**	**14,000,000**	–	**9,948,937**	**23,948,937**
Additional issue of shares	–	–	400,000,000	100,000,000	–	–	100,000,000
Dividend paid to parent	–	–	–	–	–	(840,000)	(840,000)
ASC 606 adjustment	–	–	–	–	–	(34,459,655)	(34,459,655)
Net loss for the year	–	–	–	–	–	(79,393,655)	(79,393,655)
Balance as at March 31, 2019	**460,000,000**	**115,000,000**	**456,000,000**	**114,000,000**	**–**	**(104,744,373)**	**9,255,627**
Balance as at April 01, 2019	**460,000,000**	**115,000,000**	**456,000,000**	**114,000,000**	–	**(104,744,373)**	**9,255,627**
Hedging reserve, net of tax position of $0 included in accumulated other comprehensive loss	–	–	–	–	(533,910)	–	(533,910)
Net loss for the year	–	–	–	–	–	(67,304,523)	(67,304,523)
Balance as at March 31, 2020	**460,000,000**	**115,000,000**	**456,000,000**	**114,000,000**	**(533,910)**	**(172,048,896)**	**(58,582,806)**

(The accompanying notes are an integral part of these separate parent company financial statements)

STATEMENTS OF CASH FLOWS

(All amounts are stated in United States Dollars, unless otherwise stated)

	For the year ended	
	March 31, 2020	March 31, 2019
Cash flows from operating activities		
Net loss after income tax	**(67,304,523)**	(79,393,655)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**2,368,801**	1,514,573
Unrealized foreign exchange gain	**(323,168)**	(1,658,664)
Deferred income tax	**–**	(25,065,323)
Changes in net operating assets and liabilities		
Accounts receivable	**607,187**	14,269,180
Inventories	**37,604,952**	(68,665,037)
Other current assets	**(567,798)**	7,330,308
Accounts payable	**49,249,483**	(60,830,498)
Other current liabilities	**(725,606)**	8,018,355
Net cash provided by (used in) operating activities	**20,909,328**	(204,480,761)
Cash flows from investing activities		
Investment in wholly owned subsidiary	**–**	(1,004,330)
Purchase of property, plant and equipment	**(2,404,759)**	(4,590,188)
Net cash used in investing activities	**(2,404,759)**	(5,594,518)
Cash flows from financing activities		
Capital lease obligation	**(554,790)**	(126,294)
Note payable to related party	**(25,000,000)**	25,000,000
Additional issue of share capital	**–**	100,000,000
Dividend paid to the shareholder	**–**	(840,000)
Other notes payable, net	**(12,489,344)**	118,979,878
Net cash (used in) provided by financing activities	**(38,044,134)**	243,013,584
Unrealized gain (loss) on foreign currency cash and cash equivalents	**1,489,379**	(45,510)
Net (decrease) increase in cash and cash equivalents	**(18,050,186)**	32,892,795
Cash and cash equivalents at the beginning of the year	**30,596,705**	(2,296,090)
Cash and cash equivalents at the end of the year	**12,546,519**	30,596,705

(The accompanying notes are an integral part of these separate parent company financial statements)

Supplemental cash flow information		
Income taxes paid	**412,277**	1,443,214
Interest paid	**6,774,314**	4,923,090

NOTES TO SEPARATE PARENT COMPANY FINANCIAL STATEMENTS

NOTE A – NATURE OF OPERATIONS

Mahindra USA, Inc. (the "Company") ("MUSA") was incorporated on June 8, 1994 in the State of Texas and commenced business on March 15, 1995. The Company is owned by Mahindra and Mahindra Ltd. ("M&M"). M&M is a publicly traded corporation, headquartered in Mumbai, India, which, among other activities, manufactures farming equipment and automobiles. The Company sells tractors, parts, attachments and accessories in North America under wholesale distribution agreements.

The Company formed a subsidiary on August 9, 2016, Mahindra Mexico S de. R.L. de. C.V. ("MML"), to assemble and sell tractors, parts, attachments and accessories in Mexico and Latin America. MML commenced commercial operations in July 2018.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are detailed below:

1. Basis of preparation

a. The accompanying separate parent company financial statements (or "financial statements") are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States ('US GAAP'), except for investments in wholly-owned subsidiary. The Company reported its investment in Mahindra Mexico S de. R.L. de. C.V. ("MML") using the cost basis for the reporting requirements of its ultimate parent company and shareholder, Mahindra and Mahindra Ltd.

b. All amounts are stated in United States Dollars (USD), except as otherwise specified.

c. The financial statements are presented for the years ended March 31, 2020 and March 31, 2019.

d. Certain reclassifications, re groupings and reworking have been made in the financial statements of prior periods to conform to the classifications used in the current year. These changes had no impact on previously reported net loss or stockholder's (deficit)/equity.

2. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management's estimates for determination of useful lives for property, plant & equipment, and long-lived assets for impairment,revenue recognition,allowance for incentives and warranties, legal and tax contingencies,provision for doubtful debts and inventory valuation at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates prospectively in the current and future periods.

3. Cash and cash equivalents

The Company's cash and cash equivalents comprises of cash and bank balances. The Company does not have any cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in US bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate of $ 250,000. The Company believes it is not exposed to any significant risk on cash and cash equivalents.

4. Revenue recognition

Adoption of ASC 606

Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 606 – Revenue from Contracts with Customers in May 2014. This standard is mandatory for private entities for accounting period starting from December 31, 2018. However, the Company, to be in agreement with Mahindra & Mahindra's accounting policy early adopted the standard during the year ended March 31, 2019) using modified retrospective method of transition to change its accounting policies.

Revenue from sale of tractors, parts, attachments and accessories is recognized when each of the following criteria is met:

1. The Company and an independent dealer approve a contract with commercial substance.
2. The sales price is determinable, and collectability of the payment are probable based on the terms outlined in the contract
3. Control of the goods has transferred to the dealer, when the ordered goods are invoiced to the dealer after credit approval and when the ordered items are ready for shipment.

Transfer of control, and therefore revenue recognition is recorded at a point in time on the date when the tractors, parts, attachments or accessories are made available to the dealers.

The Company participates in various retail sales incentives with its dealers. The Company records the estimated retail sales incentive programs offered to dealers as a reduction to revenue at the time of sale to the dealer. The estimate is based on historical data, announced incentive programs, field inventory levels, and retail sales volumes.

Product warranties

The Company establishes reserves for product warranties at the time the related sale is recognized. The Company issues product warranties under which the performance of products delivered is generally guaranteed for a certain term. The accrual for product warranties includes the expected costs of warranty obligations imposed by law or contract, as well as the expected costs for policy coverage.

5. Accounts receivable and allowance for doubtful debts

Accounts receivable are stated at the amount invoiced to the dealers. The Company follows the specific identification method for recognizing allowance for doubtful debts. All amounts deemed to be uncollectible are charged against the allowance for doubtful debts in the period that determination is made. The Company charges off uncollectable amounts against the allowance for doubtful debts in the period in which it determines they are uncollectable. Allowance for doubtful debts is included in other selling, general and administrative expenses in the statements of comprehensive loss.

6. Inventories

Inventories are stated at moving average price or net realizable value whichever is lower. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price less applicable selling expenses. The Company writes-down obsolete or otherwise unmarketable inventory to its estimated realizable value.

7. Investment in subsidiary

The Company accounts for its investment in subsidiary using the cost method.

8. Property, plant and equipment, net

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost of items of property, plant and equipment comprise cost of purchase, improvements and other costs necessarily incurred to bring it to the condition and location necessary for its intended use. Depreciation is provided over the useful lives of the related assets using the straight-line method for financial reporting and the modified accelerated cost recovery method for tax purposes. Leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives.

The estimated useful life used to determine depreciation is:

Buildings and building improvements	7-10 Years
Furniture and fixtures	3-7 Years
Office equipment	3-7 Years
Computer and software	3-5 Years
Vehicles	5 Years

Deposits paid towards the acquisition of property, plant and equipment outstanding as of each balance sheet date and the cost of property, plant and equipment not ready for use before such date are disclosed under construction-in-progress.Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is a part of net operating loss.

Development costs related to internally generated software are capitalized once a project has progressed beyond a conceptual, preliminary stage to that of the application development stage. Costs of significant improvements on existing software for internal use, both internally developed and purchased, are also capitalized. Costs related to the preliminary project stage, data conversion and post-implementation/operation stage of an internal use software development project are expensed as incurred.

9. Leases

Operating leases

Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

Capital leases

Capital leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return.

10. Income taxes

In accordance with the provisions of FASB ASC Topic 740 “Income Taxes,” income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

11. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the date of the transaction. Monetary items denominated in foreign currency remaining unsettled at the end of the year are translated at the closing rates as at the last day of the year. Gains or losses, if any, on account of exchange difference either on settlement or translation are recognized in statements of comprehensive loss, except those relating to acquisition of fixed assets which are adjusted to the cost of the respective asset.

12. Fair value measurements and financial instruments

The fair value hierarchy requires the use of observable market data when available. In instances where the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input significant to the fair value measurement in its entirety. The Company’s assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability. The following table sets forth by level within the fair value hierarchy, the Company’s financial assets and liabilities that are accounted for at fair value on a recurring basis at March 31, 2020 and 2019, according to the valuation techniques the Company used to determine their fair values.

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices include in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are support by little or no market activity. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The fair value of the interest rate swaps is the estimated amount that the Company would receive or pay to terminate such agreements, taking into account market interest rates and the remaining time to maturities or using market inputs with mid-market pricing as a practical expedient for bid-ask spread.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company’s financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and related party dues. The estimated fair value of cash, accounts receivable, accounts payable and related party dues approximate their carrying amounts due to the short-term nature of these instruments. The Company has entered into cash flow hedge so as to protect the variability of the cash flow stemming from the floating rate interest payments on facility arrangement. None of these instruments are held for trading purposes.

13. Interest rate swaps

The Company has interest rate swaps with counterparties to reduce its exposure to variability in cash flows relating to interest payments on portion of its notes payable in an aggregate principal amount of $ 25 million. The Company applies hedge accounting and has designated these instruments as cash flow hedges of the risk associated with floating interest rates on designated future monthly interest payments. Management assumes the hedge is highly effective and therefore changes in the value of the hedging instrument are recorded in accumulated other comprehensive loss inthe balancesheets. Any ineffectiveness is recorded in earnings. Amounts in accumulated other comprehensive loss are reclassified into earnings in the same period during which the hedged transactions affect earnings, or upon termination of the hedging relationship.

14. Derivative financial instruments

The Company has taken floating rate borrowings which is linked to 1 months revolving LIBOR. For managing the interest rate risk arising from changes in LIBOR on such borrowings, the Company has entered into interest rate swap (IRS) for the loan liability amounting to $ 25 million. The Company has designated the IRS (hedging instrument) and the floating rate financial liability (hedged item) into a hedging relationship and applies hedge accounting.

Under the terms of the IRS, the Company pays interest at the fixed rate to the swap counterparty in USD and receives the floating interest payments based on LIBOR in USD. As the critical terms of the hedged item and the hedging instrument (notional, interest periods, underlying and fixed rates) are matching and the interest cashflows are off-setting, an economic relationship exists between the two. This ensures that the hedging instrument and hedged item have values that generally move in the opposite direction.

Hedge effectiveness testing is assessed at designation date of the hedging relationship, and on an ongoing basis. The ongoing assessment is performed at a minimum at each reporting date or upon a significant change in circumstances affecting the hedge effectiveness requirements, whichever comes first.

15. Advertising and marketing expenses

The Company subsidizes product advertising carried on by dealers within each dealer’s local market and conducts dealer conferences. The Company also advertises in trade magazines, at trade shows and uses various other means of promotion, including product brochures and digital media to increase brand awareness and sale of products in the market.Expenditures without extended advertising value are expensed in the year accrued. The amount of advertising and marketing costs incurred by the Company for the year ended March 31, 2020 amounts to $ 9,734,389 (March 31, 2019: $ 15,164,766).

16. Shipping and handling cost

The Company generally classifies freight billed to dealers as sales revenue, which is generally included in the list price to the dealer. Shipping and handling activities are fulfillment activities and are not considered to be a separate performance obligation.

17. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

18. Liquidity

As on March 31, 2020, the Company has negative net worth of $ 58,582,806. The Company believes that cash flow from operations and the current credit line from the banks will be sufficient to meet the Company's current anticipated cash needs for at least the next twelve months, including working capital needs and various contractual obligations. The Company has initiated actions to reduce inventory substantially and bring down its working capital requirement by generating additional cash flow to support obligations over the next twelve months.

NOTE C – CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	As at	
	March 31, 2020	March 31, 2019
Balances with banks	**12,545,874**	30,596,705
Cash in hand	**645**	–
Total	**12,546,519**	30,596,705

NOTE D – ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, include the following:

	As at	
	March 31, 2020	March 31, 2019
Accounts receivable	**35,665,724**	34,744,199
Less: allowance for doubtful debts	**(2,383,824)**	(4,361,683)
Accounts receivable, net of allowances	**33,281,900**	30,382,516

Accounts receivable as at March 31, 2020 and March 31, 2019 are stated net of provision for doubtful debt and other allowances. The Company follows the specific identification method for recognizing allowance for doubtful debts. Accordingly, the Company maintains an allowance for doubtful debts on accounts receivable, based on present and prospective financial condition of the dealerand ageing of accounts receivable after considering historical experience and the current economic environment.

NOTE E – INVENTORIES, NET

Major classes of inventory include the following:

	As at	
	March 31, 2020	March 31, 2019
Tractors	**123,665,402**	157,051,812
Parts, accessories, and others	**89,609,334**	93,827,874
Total	**213,274,736**	250,879,686

NOTE F – PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, and intangiblesinclude the following:

	As at	
	March 31, 2020	March 31, 2019
Building and building improvements	**4,937,549**	4,462,044
Vehicles	**28,132**	28,132
Furniture and fixtures	**1,752,497**	1,602,111
Office equipment	**1,103,598**	1,142,028
Computers and software	**8,911,579**	3,607,828
Less: accumulated depreciation and amortization	**(6,163,472)**	(3,824,082)
Property, plant and equipment, and intangible assets	**10,569,883**	7,018,061
Construction-in-progress	**1,283,007**	4,244,081
Property, plant and equipment, and intangible assets net	**11,852,890**	11,262,142

Depreciationexpense for the year ended March 31, 2020 is $ 2,368,801 and for the year ended March 31, 2019 is $ 1,514,573.

During the year ended March 31, 2020 and March 31, 2019, construction-in-progress of $ 5,929,642 and $ 3,140,794, respectively, was completed and capitalized to computer and software, building and building improvements and the other property, plant and equipment.

NOTE G – NOTES PAYABLE

As at March 31, 2020 the total loan outstanding amounts to $ 172,041,658 from Bank of America N.A. and J. P. Morgan Chase Bank N.A. The Company has fund based and non-fund-based facilities from the Bank of America N.A. and J P Morgan Chase Bank N.A. The average interest rate during the year on these loans was 3.92%. The maturity dates for all the loans are in April 2020. Neither of the facilities from Bank of America N.A. or JP Morgan Chase Bank N.A. carry any restrictive covenants. The Company has a line of credit of $ 110,000,000 from Bank of America N.A and $ 65,000,000 from JP Morgan Chase Bank N.A.

Bank of America N.A. has issued an irrevocable standby letter of credit for $ 20,000,000 on behalf of the Company as a credit enhancement to De Lage Landen Financial Services, Inc., a related organization that offers financing to the Company's dealers in USA, Canada and also to dealers of related entities in Mexico and Brazil.

Additionally, the Company has repaid the borrowing of $ 25,000,000 from Mahindra Overseas Investment Company (Mauritius) Limited (a related entity) during the year.

	As at	
	March 31, 2020	March 31, 2019
Current portion		
Notes payable	**172,041,658**	209,531,001
Total	**172,041,658**	209,531,001

NOTE H – ACCOUNTS PAYABLE

	As at	
	March 31, 2020	March 31, 2019
Trade payables	**54,907,438**	44,869,193
Total	**54,907,438**	44,869,193

NOTE I – OTHER CURRENT LIABILITIES

Other current liabilities comprise of:

	As at	
	March 31, 2020	March 31, 2019
Accrued payables	**74,409,375**	74,983,719
Current obligations under capital leases	**421,074**	18,562
Total	**74,830,449**	75,002,280

Expenses accrued for the years ending March 31, 2020 and March 31, 2019 include advertising, marketing program costs, retail rate buy-downs, cash discounts, state franchise taxes, payroll and payroll taxes, employee bonuses, salesmen and customer bonuses, legal fees, property taxes, insurance deductibles and warranty reserves. The Company participates in various retail incentives with its dealers and has accrued for the costs of these programs in effect as of the date of these separate parent company financial statements.

NOTE J – DERIVATIVE FINANCIAL INSTRUMENTS

The following tables summarize the gross fair values of the financial instruments as of March 31, 2020 and March 31, 2019:

	As at	
	March 31, 2020	March 31, 2019
Derivatives designated as hedging instruments		
Interest rate swap	**533,910**	–
Total derivatives designated as hedging instruments	**533,910**	–
Total derivatives not designated as hedging instruments	**–**	–
Total derivative fair value	**533,910**	–

The fair value of the derivative instruments and their location in the financial statements of the Company is summarized in the table below:

	As at	
	March 31, 2020	March 31, 2019
Other current liabilities	**533,910**	–
Total	**533,910**	–

Gain (loss) recognition

There was no gain recognized with respect to fair value of derivative instruments not designated as hedges and ineffectiveness of designated derivative recognized in other income, net.

The following table summarizes the impact on accumulated other comprehensive income and earnings of derivative instruments designated as cash flow hedges and the amount of gain recognised in other comprehensive income for the year ended March 31, 2020 and March 31, 2019.

	Before-tax amount	**Tax (expense) or benefit**	**Net of tax Amount**
Opening balance as of March 31, 2019	–	–	–
Net losses reclassified into statement of income on completion of hedged transactions	–	–	–
Loss on cash flow hedging derivatives, net	533,910	–	533,910
Closing balance as of March 31, 2020	**533,910**	**–**	**533,910**

NOTE K – FAIR VALUE MEASUREMENT

The following table presents liabilities as of March 31, 2020 and March 31, 2019 that are measured and recognized at fair value on a recurring basis:

	Quoted price in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant other unobservable inputs (Level 3)**
Balance as on March 31, 2019	–	–	–
Interest rate swap	–	533,910	–
Balance as of March 31, 2020	**–**	**533,910**	**–**

The fair value of the interest rate swaps is the estimated amount that the Company would receive or pay to terminate such agreements, taking into account market interest rates and the remaining time to maturities or using market inputs with mid-market pricing as a practical expedient for bid-ask spread.

NOTE L – LEASES

The Company entered into a lease covering a 98-month period for an office and warehouse on August 30, 2017. Total rent expense for all operating leases for the years ended March 31, 2020 and March 31, 2019 were $ 3,607,857 and $ 3,657,875, respectively.

The Company entered into a master lease agreement for their vehicle fleet.

Future minimum lease payments under the non-cancelable operating leases with initial or remaining terms of one year or more are as follows:

Year ending Mar 31,	**Equipment and others**
2021	3,739,438
2022	3,424,234
2023	2,852,738
2024	2,919,770
2025	3,007,373
Thereafter	1,791,075
Total	**17,734,628**

Future minimum lease payments under the finance lease with initial or remaining terms of one year or more are as follows:

Year ending March 31,	**Others**
2021	442,823
2022	10,659
Total	**453,482**
Less: imputed interest	(21,958)
Total capital lease obligation	**431,524**

Long term capital lease obligation is calculated as:

	As at	
	March 31, 2020	March 31, 2019
Total capital lease obligation	**431,524**	48,877
Less: Current portion	**(421,074)**	(18,562)
Long term capital lease obligation	**10,450**	30,315

NOTE M – INCOME TAXES

The Company files state tax returns and federal tax returns at the standalone level. The components of the provision for income tax expense/(benefit) are as follows:

	For the year ended	
	March 31, 2020	March 31, 2019
Current income tax expense	**369,052**	–
Deferred income tax benefit	**–**	(25,065,323)
Total	**369,052**	(25,065,323)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

As of March 31, 2019, the Company had net deferred tax assets of $ 37,365,938. This was mainly attributable to two components, deferred tax on accrued dealer incentive of $ 11,486,552 and on net operating losses ("NOLs") of $ 25,065,323. Other components refer to deferred taxes on various expenses, including slow moving inventory, warranty reserves and allowance for uncollectible accounts receivable. Above stated deferred assets of $ 37,365,938 were entirely recognized.

As of March 31, 2020, the Company has net deferred tax assets of $ 55,108,252. This is mainly attributable to two components, deferred tax on accrued dealer incentive of $ 11,285,453 and on net operating losses $ 36,535,064. Other components refer to deferred taxes on various expenses, including slow moving inventory, warranty reserves, allowance for uncollectible accounts receivable and other comprehensive loss related items such as cash flow hedge reserve. Out of total deferred tax assets, the company has recognized deferred tax assets of $ 37,365,938 and created valuation allowance on the remaining balance of $ 17,742,313.

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

Based on the evaluation of positive and negative evidences, the Company has determined that the entire amount of deferred tax assets may not be realizable in near future and accordingly created a valuation allowance of $ 17,742,313 as of March 31, 2020.

The Company has federal NOLs of $ 147,777,687 and $ 96,596,241 as at March 31,2020 and March 31,2019, respectively. These NOLs generated will be carried forward indefinitely and are also available for carryback to five preceding years.

Accounting for uncertain tax position

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at March 31, 2020 and March 31, 2019.

The Company is currently under federal examination for the tax year 2016. Additionally, the tax years of 2017 and 2018 shall also remain subject to examination by the taxing authorities.Refer note U for contingencies pertaining to franchise tax assessments.

NOTE N – EMPLOYEE BENEFIT PLANS

The Company adopted a 401(k)-retirement plan effective April 1, 1998. All of the Company's employees who are at least 18 years of age are eligible at the beginning of the following month upon completion of 6 months of employment after their hire date to participate in a 401(k) profit sharing plan (the "Plan"). In most cases, qualified rollovers are accepted before an employee reaches eligibility. In 2019, eligible employees may make contributions up to the maximum limit of $ 19,000 for participants under the age of 50 and $ 25,000 for participants 50 and older. The Plan provides for matching contributions by the Company in an amount equal to the employee contributions for the first 3% of eligible contributions and 50% for the percentages 4 and 5 for a maximum of 4% employer matching. Employee contributions and employer matching contributions are invested in mutual funds. The total expense for employee retirement contribution plans for the year ended March 31, 2020 was $ 838,241(March 31, 2019 –$ 663,492).The amounts have been included in other selling, general and administrative expenses.

NOTE O – RELATED PARTY TRANSACTIONS

The Company had transactions relating to loans, advances, issue of shares and investments with following related parties:

A. Parent Company

1. Mahindra and Mahindra Ltd.

B. Fellow Subsidiaries

1. Mahindra Integrated Business Solution Limited
2. Bristlecone India Limited
3. Bristlecone Inc.
4. Mahindra and Mahindra Financial Services Ltd
5. Mahindra Automotive Australia Pty Ltd.
6. Hisarlar Makina Sanayi Ve Ticaret A.S
7. Mahindra Vehicle Manufacturers Limited
8. Mahindra do Brasil Industrial Ltd.
9. Mahindra Overseas Investment Company Mauritius Limited
10. Mitsubishi Mahindra Agricultural Machinery Co., Ltd

C. Associates

1. Mahindra Finance USA, LLC

D. Subsidiary of the Company

1. Mahindra Mexico S de RL de CV

The Company purchases tractors and parts from related parties, including M&M and Mitsubishi Mahindra Agricultural Machinery Co. Ltd., on an open account, which is paid when due. Accounts payable are net of amounts the Company has paid for warranty claims and legal fees.

The Company has the following payables.

	As at	
	March 31, 2020	March 31, 2019
Mahindra and Mahindra Ltd., Farm Equipment Sector	**27,561,741**	23,807,056
Mahindra and Mahindra Ltd., Head Office	**580,896**	187,975
Mahindra Integrated Business Solution Limited	**3,761**	–
Bristlecone India Limited	**94,158**	159,021
Bristlecone Inc.	**651,671**	598,000
Total	**78,206,384**	36,610,243

In addition, the Company conducts business and records transactions with related parties for goods and services. As a result, the Company has the following receivables.

	As at	
	March 31, 2020	March 31, 2019
Mahindra and Mahindra Ltd., Farm Equipment Sector	**3,945,189**	5,153,765
Mahindra Mexico S de RL de CV	**3,360,199**	5,237,713
Mitsubishi Mahindra Agricultural Machinery Co., Ltd	**285,429**	–
Mahindra and Mahindra Financial Services Ltd.	**214,203**	140,360
Mahindra and Mahindra Ltd., Auto Sector	**43,277**	57,676
Mahindra Automotive Australia Pty Ltd.	**373,621**	274,386
Hisarlar Makina Sanayi Ve Ticaret A.S	**11,275**	–
Mahindra Vehicle Manufacturers Limited	**308,528**	–
Mahindra do Brasil Industrial Ltd.	**21,729**	19,574
Total	**8,563,450**	10,883,474

	As at	
	March 31, 2020	March 31, 2019
Mahindra Overseas Investment Company Mauritius Limited	**–**	25,000,000
Note payable	**–**	25,000,000

The Company entered into transactions with its related parties in the normal course of business and all transactions were at an arms' length. The Company's purchases of tractors and parts from M&M Ltd. and Mitsubishi Mahindra Agricultural Machinery Co. Ltd. for the years ended March 31, 2020 and March 31, 2019 were $ 111,336,054 and $ 140,761,608, respectively. The dealers of Mahindra USA Inc avail financing facility from Mahindra Finance USA LLC.

NOTE P – FINANCIAL INSTRUMENTS AND CONCENTEATION OF CREDIT RISK

Financial instruments that potentially subject the Company to significant credit risk consist principally of cash and accounts receivable. Risks associated with cash are mitigated by banking with financial institutions that management believes to be of high credit quality. The Company performs ongoing credit evaluations of its dealers and maintains reserves for potential credit losses. To date, such losses have been within management's expectations.

NOTE Q – RISK AND UNCERTAINTIES

The Company's future results of operations involve several risks and uncertainties.

Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

The extent of the impact of coronavirus (COVID 19) outbreak on operations of the Company will depend on future developments, including the duration and spread of the outbreak, related advisories and restrictions, government actions, the impact on financial markets and the overall economy, all of which are highly uncertain and cannot be predicted.

NOTE R – ASSEMBLY AND SERVICE AGREEMENT

The Company has entered into agreements with dealerships in Chattanooga, Bloomsburg, Lyons, Olivehurst and Adstock, Quebec. (collectively the "Assemblers" for the final assembly of tractors imported from various manufacturers overseas, including M&M. These agreements stipulate that assemblers are to assemble the tractors in accordance with procedures provided by the Company so that the tractors are ready for sale to dealers. The assemblers store inventory owned by the Company in a secure location.

The assemblers are paid based on a piecemeal basis at various rates depending on the respective model and related accessories. These rates are reviewed and negotiated at regular intervals.

The Company has closed its assembly facility in Lyons, Kansas during the fiscal year ended March 31, 2020. Additionally, the Company intends to close its assembly facility in Chattanooga,Tennessee in fiscal year 2021. The Company does not expect a material cost relating to the closure.

NOTE S – STOCKHOLDER'S EQUITY

Authorized common stock

The authorized common stock is 460,000,000 shares with a par value of $ 0.25 as at March 31, 2020.

Common stock issued

Common stock issued and outstanding as at March 31, 2020 was 456,000,000 shares at $ 0.25par value each. (March 31, 2019 – 456,000,000 shares of $ 0.25par value each.)

The Company issued 400,000,000 shares at $ 0.25 par value during the year ended March 31, 2019 to Mahindra and Mahindra Limited.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

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

NOTE T – SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 20, 2020 which is the date the financial statements were issued. There are no material effects of the same on the financial statements as on March 31, 2020.

NOTE U – COMMITMENTS AND CONTINGENT LIABILITIES

The State of Texas conducted an audit of the Company's franchise tax returns for the years of 2008 through 2011. The results of the audit were issued in April 2013, and additional taxes were assessed. The Company requested judicial review of the findings noted by the State of Texas, and the State prevailed. The Company disagrees with the results of the audit and intends to vigorously challenge the amounts assessed. The Company has paid $ 654,060, which is inclusive of the penalty and interest under protest. This amount is recorded as an asset with an appropriate accrual for future tax liability in case of unfavorable verdict.

The Company is involved in various proceedings which are considered ordinary litigation incident to its business. In management's opinion, none of the current litigation will have a materially adverse effect on the Company's financial position.

As of March 31, 2020, the Company did not have any capital commitment outstanding.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Mahindra México, S. de R. L. de C. V
(A 99% wholly owned Subsidiary of Mahindra USA Inc.)

Opinion

1. We have audited the financial statements of **Mahindra México, S. de R. L. de C. V.,** (the Company), which comprise the statements of financial position as of March 31, 2020, and 2019 the statements of income, statements of changes in Stockholders' equity and the related statements of cash flows for the years then ended as well the notes to the financial statements, including a summary of significant accounting policies.

2. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mahindra Mexico, S. de R. L. de C. V as of March 31, 2020, and 2019, and its financial performance and its cash flows for the years then ended in accordance with Mexican Financial Reporting Standards (MFRS).

Basis for Opinion

3. We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Mexico and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

4. As mention Note 2 g) These financial statements are issued for legal and statutory purposes only seems they are stated in the recording currency of the Company, which is the Mexican Peso and have not been translated to its functional currency which is the USD in accordance with MFRS B-15 "Conversion of Foreign Currency's".

5. As mention Note 3 g) as of March 31, 2020 and 2019, the principal purchases was made by the Company with their related parties, which demonstrates a dependence on the supply of the products that Company commercialize, our opinion has not been modified in relation to this situation.

6. Management is responsible for the preparation and fair presentation of the financial statements in accordance with MFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

8. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements.

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

WITT RGA Consultores, S.C.

C.P.C. Eduardo Garcia Zamarripa
Partner

Mexico City,
April 30, 2020.

STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2020, AND 2019

	Note	2020	(In Mexican pesos) 2019
Assets			
Current assets			
Cash and cash equivalents		**$ 20,742,487**	$ 2,902,962
Trade receivables, net	(5)	**14,482,601**	66,397,102
Other current Assets		**614,287**	
Inventory	(6)	**61,132,897**	112,947,239
Recoverable Value Added Tax		**5,230,442**	6,360,129
Due from related parties		**–**	241,501
Total current assets		**102,202,714**	188,848,933
Non-current assets			
Furniture and equipment	(7)	**208,156**	346,347
Other long-term assets		**1,074,002**	1,134,335
Tax in favor		**11,556,612**	5,239,737
Deferred income asset tax	(12)	**–**	9,820,437
		12,838,770	16,540,856
Total Assets		**$ 115,041,484**	$ 205,389,789
Liabilities			
Current liabilities			
Suppliers	(8)	**$ 7,213,206**	$ 8,550,802
Bank loans	(9)	**64,776,986**	62,678,340
Due to related parties	(10)	**173,841,122**	142,846,299
Other payables		**48,734,501**	29,390,003
Total liabilities		**$ 294,565,815**	$ 243,465,444
Stockholders' deficit			
Common stock	(14)	**$ 38,732,800**	$ 38,732,800
Accumulated deficit		**(76,808,455)**	(15,541,661)
Net loss for the year		**(141,448,676)**	(61,266,794)
Total Stockholders' equity		**(179,524,331)**	(38,075,655)
Total liabilities and Stockholders' deficit		**$ 115,041,484**	$ 205,389,789

See notes to the financial statements.

STATEMENT OF INCOME FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

	Note	2020	(In Mexican pesos) 2019
Net sales		**$ 96,298,211**	$ 95,645,944
Cost of sales		**(110,264,875)**	(80,985,996)
Gross profit		**(13,966,664)**	14,659,948
Expenses:			
Administrative expenses		**(16,137,844)**	(19,079,676)
Selling expenses		**(61,457,122)**	(56,473,370)
		(77,594,966)	(75,553,046)
Integral result financing			
Foreign exchange gain, net		**(40,066,609)**	(8,342,947)
Other income		**–**	16,293
		(40,066,609)	(8,326,654)
Loss before income taxes		**(131,628,239)**	(69,219,752)
Income Tax	(12)	**(9,820,437)**	7,952,958
Net loss of the year		**$ (141,448,676)**	$ (61,266,794)

See notes to the financial statements.

STATEMENT OF CHANGES IN STOCKHOLDERS' FOR THE YEAR ENDED MARCH 31, 2020 AND 2019

(In Mexican pesos)

	Common stock	Accumulated losses	Stockholder´s total
Balances as of March 31, 2018	$ 10,000	$ (15,541,661)	$ (15,531,661)
Common stock increase	20,215,000	–	20,215,000
Common stock increase	18,507,800	–	18,507,800
Loss of the year	–	(61,266,794)	(61,266,794)
Balances as of March 31, 2019	**38,732,800**	**(76,808,455)**	**(38,075,655)**
Loss of the year	**–**	**(141,448,676)**	**(141,448,676)**
Balances as of March 31, 2020	**$ 38,732,800**	**$ (218,257,131)**	**$ (179,524,331)**

See notes to the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR THEN ENDED MARCH 31, 2020 AND 2019

	2020	2019
		(In Mexican pesos $)
Loss before income taxes	**$ (131,628,240)**	$ (69,219,752)
Items to reconcile to cash flow in operating activities		
Depreciation	**177,601**	148,848
Amortization	**60,334**	60,334
Total	**(131,390,305)**	(69,010,570)
(Increase) decrease in:		
Income taxes Deferred income asset tax	**–**	7,952,958
Accounts Receivable	**51,914,501**	7,561,772
Inventory	**51,814,342**	2,849,643
Recoverable VAT	**1,129,688**	(3,845,105)
Due from related parties	**241,501**	(125,648)
Taxes in favor	**(6,316,875)**	(5,239,737)
Other current Assets	**(614,287)**	–
Increase (decrease) in:		
Suppliers	**(1,337,595)**	19,817,405
Due to Related Parties	**30,994,823**	(22,985,923)
Other payables	**19,344,498**	24,165,415
Deferred income asset tax	**–**	(7,952,958)
Net cash used in operating activities	**15,780,291**	(46,812,748)
Investment activities		
Machinery and equipment, net	**(39,412)**	(24,933)
Other long-term assets	**–**	(322,347)
Net cash flows from investment activities	**(39,314)**	(347,280)
Excess cash to apply in financing activities	**15,740,879**	(47,160,028)
FINANCING ACTIVITIES:		
Bank loans and interests	**93,935,945**	28,218,340
Bank loans and interests paid	**(91,837,299)**	–
Common stock	**–**	20,200,000
	2,098,646	48,418,340
Increase in cash and cash equivalents	**17,839,525**	1,258,312
Cash at the beginning of the period	**2,902,962**	1,644,650
Cash at the end of the period	**$ 20,742,487**	$ 2,902,962

See notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THEN ENDED AT MARCH 31, 2020 AND 2019

NOTE 1.- ACTIVITY OF THE COMPANY

Mahindra Mexico, S. de R. L. de C. V., (the Company) was incorporated on August 8, 2016 in accordance with Mexican law by public deed number 128,847 in México City, the Company's activities, among others: purchase and sale of all types of tractors, distribution, sale tools for transverse vehicles, as well as accessories and components.

Mahindra Mexico, S. de R. L. de C. V., is a 99% wholly owned subsidiary of Mahindra USA Inc. a company incorporated in the United States of America (USA).

NOTE 2.- BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a) The Authorization - On April 30, 2020, C.P. Juan Eduardo Mendez Enguilo, Accounting Manager, approved the issuance of the accompanying financial statements and related notes thereto. In accordance with the General Corporations Law and the bylaws of the Company the stockholders´ are empowered to modify the financial statements after issuance. The accompanying financial statements will be submitted to the next Stockholders' Meeting for approval. a) The Company prepares its financial statements in accordance with Mexican Financial Reporting Standards (MFRS) which are mandatory for all for-profitable entities. These financial reporting standards are issued by the Mexican Council of Financial Information Standards, A.C. (CINIF for its acronym in Spanish).

b) Monetary unit of the financial statements – financial statements and notes as of 31 March 2020 and 2019 and for the years then ended, include balances and transactions in Mexican pesos of different purchasing power.

c) The accumulated inflation of the three previous years at March 31, 2020, has been less than 26%, so in accordance with the Mexican Financial Reporting Standards, corresponds to a non-inflationary economic environment in both years and consequently, the effects of inflation are not recognized in the financial statements.

d) Use of estimates and judgments.- The preparation of financial statements requires Management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

e) Statement of comprehensive income presentation

The Company presents comprehensive income in a single statement of net income entitled "Statement of Income" given that the Company did not generate Other Comprehensive Income (OCI) during the current year or the preceding year, which is presented for comparative purposes.

f) Statement of cash flows. The Company prepares this financial statement using the indirect method, the operating activities cash flows are determined based on utility or loss before tax income; This amount increased or decreased by the effects of the items associated with investment activities, financing activities and changes that have occurred in the period related to the working capital.

g) Functional and reporting currency. The aforementioned financial statements are presented in Mexican pesos reporting currency, which is the same as the local currency but different from the functional currency and were not remeasured or translated into the functional currency because, such financial statements are issued only for legal and tax purposes.

NOTE 3 .- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed the Company in the preparation of these pre-operating stage financial statements, are in accordance with NIF, and are as follows:

a) Cash and cash equivalents -

Cash in banking accounts in Mexican pesos are expressed at their nominal value. The amounts of cash equivalents denominated in foreign currency are expressed at the current exchange rate.

b) Financial risk management -

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Financial risk management policies

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Accounts receivable, other accounts receivable and accounts receivable with related parties. The Company's exposure to credit risk maybe significant, however the credit policies do not permit ensure the costumers can pay.

Company has a credit policy this apply for each customer this establishing purchase limits, which represent the maximum open amount that does not require special approval. The Company has established criteria based on customer collection expectations to determine the creation of reserves for uncollectible accounts. Personnel from the Corporate Offices take part in the determination of the reservation.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing its liquidity consists of ensuring, insofar as possible, that it will have sufficient liquidity to settle its liabilities at the date of maturity, both in normal situations and in extraordinary conditions, without incurring unacceptable losses or jeopardize the reputation of the Company. The principal liabilities are with related parties. The corporative administration reviews the behavior of the operation in Mexico and determine if it should support liquidity.

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates will can affect the Company's income. Prices are determined by Corporate Administration and special discounts too. The corporative administration reviews the behavior of the operation in Mexico and determine if it should support liquidity.

Currency risk

The exchange rate risk arises when the Company carries out operations and maintains monetary assets and liabilities in currencies other than its functional currency. Corporate Administration periodically evaluate the effects and take action if its necessary.

Interest rate risk

Fluctuations in interest rates mainly impact the loans contracted by the Company, as well as long term Accounts Receivable. Management does not have a formal policy to determine how much of the Company's exposure should be at a fixed or variable rate. The principal issue is the interest rate associate with related with related parties' loans, "thin capitalization".

c) Accounts receivable and revenue recognition -

Sale of tractors and spare parts. The Company recognizes enforceable rights derived from the sale and transfer of the risks and benefits of products, which regularly happens to the delivery or shipment them to customers or related parties.

Revenue and receivables are recorded net of estimates for returns and doubtful accounts, respectively.

The Company have a politics to establish an estimate for credit losses in order to cover the balances of the accounts that are considered of doubtful collection taking into account the historical experience and the specific identification of the balances.

The Management in the main offices has evaluated the need to recognize and register a reservation on the discounts that are granted to the costumers when selling tractors used for the demonstration or those that are returned by the clients.

d) Inventories and cost of sales -

Inventories are stated at lower of cost and net realizable value. Cost is comprised of acquisition cost, import duties, transport, handling and storage cost. Cost of inventories (tractors) are determinate by using the identified cost method.

The Company have a politics to establish an estimate for obsolete inventory or damaged inventory. The basis for determine the estimate consider physical condition of the tractors and considering the historical sales experience.

e) Furniture equipment and depreciation -

Depreciation and amortization are calculated by the straight-line method based on estimated the useful lives of the assets, estimated by the Company:

	%
Equipment	10
Office equipment	10
Computer equipment	30

f) Lease -

The classification of leases as financial or operating depends on the substance of the transaction rather than the form of the contract.

Accounting policy that applied until December 31, 2018

Leases under which the Company assumes substantially all risks and rewards of ownership are classified as capitalizable leases. At the time of initial recognition, the leased asset is determined considering the amount that is lower between its fair value and the present value of the minimum payments of the lease. After initial recognition, the amount of the asset is modified in accordance with the accounting policy applicable to it.

Accounting policy that applies from January 1, 2019

The Company considers a lease to be operational when it does not transfer substantially all the risks and benefits inherent in the ownership of the underlying asset (asset subject to a lease, whose right of use has been granted by a lessor to a tenant).

Short-term leases and low-value asset leases

The Company has decided not to recognize right-of-use assets and lease liabilities for low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense during the lease term.

g) Business concentration -

As of March 31, 2020 and 2019, the principal purchases was made by the Company with their related parties, which demonstrates a dependence on the supply of the products that Company commercialize, our opinion has not been modified in relation to this situation.

h) Accruals -

Are determined and recorded when the Company has a present obligation as a result of a past event, which is likely to result in the outflow of economic resources and which can reasonably be estimated.

i) Income Taxes -

Income Tax (ISR for its acronym in Spanish) is recorded in results in the year incurred. The deferred income tax is recognized under the asset and liability method.

Deferred tax is calculated by applying the corresponding rate to the temporary differences resulting from comparing the accounting and tax values of assets and liabilities, and if applicable, benefits from tax loss carryforwards and certain tax credits are included.

The deferred tax assets is recorded only when there is a high probability of recovery.

j) Prepaid expenses -

Mainly includes advances for the purchase of services that are received after the date of the statement of financial position and in the ordinary course of operations.

k) Foreign currency transactions -

Foreign currency transactions are recorded at the exchange rate at the date on which they are carried out. Foreign currency denominated assets and liabilities are stated in local currency at the current exchange rate at the closing date.

Foreign exchange differences resulting from exchange rate fluctuations between the dates on which transactions are carried out and the dates on which they are liquidated or valued at the balance sheet date are charged as income of the year.

NOTE 4.- FOREIGN CURRENCY POSITION

As of March 31, 2020, the exchange rate was $ 23.5122 Mexican pesos per USD dollar.

The figures shown below are expressed in US dollar (USD), as the foreign currency of predominant use for the company:

	2020	2019
Liabilities		
Due to Related parties	**USD 3,945,447**	USD 6,922,390
Suppliers	**170,681**	277,931
Monetary positions, Net	**USD 4,116,128**	USD 7,200,321

The figures for significant transactions are summarized below in foreign currency:

	2020	2019
Tractor purchases	**USD 2,421,954**	USD 7,200,321

NOTE 5.- TRADE RECEIVABLES

As of March 31, 2020, and 2019 is as follows:

	2020	2019
Brises Machinery S. de R.L. de C.V.	**$ 16,670,662**	$ 17,654,007
Maquinaria y Suministros Agrícolas S.A.	**9,985,567**	8,859,322
Plantas Exoticas Palmeto S. de R.L.	**1,417,768**	5,183,081
Industrial Agrícola De Monterrey, S.A.	**1,089,083**	5,695,228
Others	**17,625,404**	29,005,464
	46,788,484	66,397,102
Allowance for doubtful accounts	**(32,305,883)**	–
	$ 14,482,601	$ 66,397,102

NOTE 6.- INVENTORY

As of March 31, 2020 and 2019 is as follows:

	2020	2019
Tractors Mahindra	**$ 75,209,271**	$ 125,715,678
Other	**(16,821,755)**	(12,768,439)
*Advance of suppliers	**2,745,381**	–
	$ 61,132,897	$ 112,947,239

As of March 31, 2019 and the issuance date of these financial statement management booked a reserve considering the physical condition of the tractors an the demand.

NOTE 7.- FURNITURE AND EQUIPMENT

As of March 31, 2020, and 2019 is as follows:

	2020	2019
Office equipment	**$ 134,038**	$ 134,038
Computer equipment	**482,580**	443,170
Others	**24,933**	24,933
	641,551	602,141
Accumulated depreciation	**(433,395)**	(255,794)
	$ 208,156	$ 346,347

NOTE 8.- SUPPLIERS

As of March 31, 2020 and 2019 is as follows:

National Suppliers	2020	2019
Tecnología y Manufactura, S.A de C.V.	**$ 517,808**	$ 1,367,845
Randolph Manufactuing S de R.L..	**745,637**	606,122
Others suppliers	**1,936,684**	1,207,180
	3,200,129	3,181,147
Suppliers in foreign currency		
Meridian IQ Logistics S.A. de R.L. de C.V.	**3,228,697**	1,692,978
Erkunt Tractor IND INC	**–**	1,596,807
Other suppliers in foreign currency	**784,380**	2,079,870
	4,013,077	5,369,655
	$ 7,213,206	$ 8,550,802

The main suppliers correspond to service providers.

NOTE 9.- BANK LOANS

As of March 31, 2020, 2019 is as follows:

	2020	2019
Banco Nacional de México (Citibanamex)		
Promissory note, conclude on Jun 24, 2020. The agreed annual interest rate was 10.92%	**$ 25,021,490**	$ –
Promissory note, conclude on October 16, 2020. The agreed annual interest rate was 10.92%	**38,721,154**	–
Interest accrual	**1,034,342**	–
Promissory note, conclude on May 20, 2019. The agreed annual interest rate was 10.74%	**–**	25,951,340
Promissory note, conclude on September 23, 2019. The agreed annual interest rate was 10.62%	**–**	36,727,000
	$ 64,776,986	$ 62,678,340

NOTE 10.- DUE TO RELATED PARTIES

As of March 31, 2020, 2019 the Company hade balances payable with related parties. The following is information is on the balances payable as of March 31, 2020, 2019:

I) Due to related parties:

	2020	2019
Mahindra loan	**$ 13,760,479**	$ 11,307,059
Mahindra U.S.A.	**79,005,671**	91,017,587
Mahindra And Mahindra Ltd	**81,074,972**	40,521,653
	$ 173,841,122	$ 142,846,299

II) Loans whit related parties (short term):

A) For the period April 2019 to March 2020:

	Initial loan	Payments	Final balance	Currency
Mahindra loan U.S. dollars	585,248	–	585,248	USD
* Mahindra loan (complement)	13,175,231	–	13,175,231	
			$ 13,760,479	
Mahindra U.S.A. Inc dollars	3,360,199	–	3,360,199	USD
Mahindra U.S.A. Inc (complement)	75,635,471	–	75,635,471	
			$ 79,005,671	

Regarding the liability from Mahindra Mexico to Mahindra USA, this balance will not incur interest until the moment Mahindra Mexico generates profitability. At such time interest will be incurred based on the existing market rates.

III) The principal operations carried out with its related parties in the period April 2019 to March 2020, were as follows:

	2020
Mahindra U.S.A. Inc	
Other expenses	**$ 2,131,315**
Inventory purchase	**11,814,226**
Mahindra And Mahindra Ltd	
Other income	**$ 3,600**
Inventory purchase	**43,350,198**
Merchandise in transit	**6,116,516**
Mahindra Australia	
Inventory purchase	**$ 459,391**

For the period April 2018 to March 2019

	loan	Payments	Final balance	Currency
Mahindra loan U.S. dollars	1,280,998.89	–	1,280,999	USD
Mahindra loan (complement)	24,362,353.62	2,144,068	22,218,285	
			$ 23,499,284	$
Mahindra U.S.A. Inc dollars	2,565,935	–	2,565,935	USD
Mahindra U.S.A. Inc (complement)	50,113,192	5,608,324	44,504,868	
			$ 47,070,803	$

	Purchases	Payments	Final balance	Currency
Mahindra And Mahindra Ltd dollars	6,701,321	1,032,290	5,669,031	USD
Mahindra And Mahindra Ltd (complement)	128,869,126	27,937,924	100,931,203	
			$ 106,600,234	$

In order to facilitate the Company operations, has established a "Reimbursement agreement" with Mahindra USA Inc. (MUSA). Reimbursement agreement was agreed to facilitate the operations of the Company, on occasions which arise and which may be difficult to predict, it may be necessary or expeditious for MUSA to make financial expenditures on behalf of the Company.

On presentation by MUSA of a claim in this regard, presented with appropriate supporting documents, the Company have to pay such claim within 90 days of receipt of such claim. This transaction will not cause interest. Contracts between related parties are controlled from the Company's Corporate. Quotas between related parties are negotiated at the corporate level.

NOTE 11.- BENEFITS TO EMPLOYEES

The administrative and operational personnel services required by the Company are provided by a third party, consequently, it has no contingencies of labor order, social security contributions, or profit sharing to workers.

NOTE 12.- INCOME TAXES

Among the accounting and tax criteria there are items that cause that the real rate of income tax for the year is affected in relation to the rate that tax provisions are setting (30% 2019 and 2018).

The main differences between tax and accounting results are mainly due to different treatment of the effects of inflation for accounting and tax purposes, to the difference between the tax and book depreciation purposes.

Reconciliation of the legal Income Tax rate and the effective income tax rate is shown below:

Expense (benefit):

	2020	2019
Deferred income tax – (expense) benefit	**$ (9,820,437)**	$ 7,952,958

Deferred Income Tax:

As of March 31, 2020 and 2019 is as follows:

	2020	2019
Payable sales commissions	**$ 16,805,002**	$ 10,943,550
Extended Warranty	**7,406,670**	2,625,200
Carryforward Tax Loss (NOL)		14,652,411
Bad Debts	**32,305,883**	12,964,439
Liabilities	**244,263**	189,210
Passive temporary provisions	**23,135,779**	1,514,156
	79,897,597	42,888,966
	30%	30%
Deferred Income Tax (assets)	**23,969,279**	12,866,690
Deferred reservation of Income Tax (ISR)	**(23,969,279)**	(3,046,253)
Deferred income tax (assets) net	**–**	9,820,437
Deferred tax at the beginning of the period	**9,820,437**	1,867,479
Deferred income tax (expense) benefit	**$ (9,820,437)**	$ 7,952,958

The deferred tax assets is recorded only when there is a high probability of recovery.

	2020	2019
Gross Loss	**$ (141,448,676)**	$ (69,219,752)
Annual adjustment for inflation	**6,986,699**	4,070,192
Accumulating interest	**25,482,874**	–
Accounting sale cost	**98,521,970**	80,985,996
Accounting depreciation	**237,936**	–
Expenses that do not meet requirements	**63,549,514**	44,582,145
Accrued interest	**45,801,763**	–
Exchange loss	**–**	5,928,202
Cost of tax sale	**(98,521,970)**	(80,985,996)
Deductible accrued interest	**(45,801,763)**	–
Investment deduction	**–**	(13,198)
Fiscal depreciation	**(371,216)**	–
Accounting interest	**(25,482,874)**	–
Other non-tax accounting deduction	**19,700,986**	–
Taxable income	**(51,344,757)**	(14,652,411)
Amortization of fiscal losses	**–**	–
Fiscal result for the year	**$ (51,344,757)**	$ (14,652,411)

Tax loss carryforwards:

As of December 31, 2019, the company has losses for tax purposes for an amount of $ 23,135,779, which may be amortized as follows (Information of Annual Tax Return):

Year the loss was generated	**Historical amount**	**Maximum term for amortization**
2017	$ 1,909,475	2027
2018	2,387,197	2028
2019	18,839,107	2029
	$ 23,135,779	

NOTE 13. - COMMITMENTS AND CONTINGENT LIABILITIES

I. The Company entered into an operating lease agreement for the property located at Autopista Aguascalientes -Zacatecas Kilometer 7, Colonia Constitucion, of the city of Aguascalientes, which has an measurements / distribution:

a) 2,391.16 m2 corresponding an industrial building type property, and
b) 265.12 m2 Offices next to the industrial warehouse
c) 7,774.92 m2; courtyard for maneuver and storage.

The contract was made with RANDOLPH MANUFACTURING, S. DE R.L. MY. DE C.V. for a compulsory term of 3 years, counted as of February 1, 2017. The initial amount of the agreed rent amounted to $ 13,360.

II. The Company has entered into a contract for the provision of administrative and personnel services (Outsourcing) with Tecnologia y Manufactura, SA de CV. The contract started on August 21, 2017, does not indicate the date of completion. The amount of the payment depends on the assigned personnel to the Company plus the agreed commissions.

III. In accordance with the Income Tax Law, companies that carry out transactions with related parties are subject to fiscal limitations and obligations, in terms of determining agreed prices, since they must be comparable to those that would be used with or between independent parties. in comparable operations.

IV. In accordance with the current tax legislation, the authorities are able to review up to five fiscal years prior to the last income tax return filed.

NOTE 14.- COMMON STOCK

At March 31, 2020 and 2019 the subscribed and paid-in capital stock is composed of a fixed minimum portion of $10,000 (figure nominal), and is represented by 2 social parts. The variable capital is represented by one social part of $ 38,722,800.

	Membership Interests		Value of contribution		
Members	Series "B-1"	Series "B-2"	Series "B-1"	Series "B-2"	Votes
Mahindra USA, Inc.	1	1	$ 9,900	$ 38,722,800	38,732,700
Other	1	–	100	–	100
	2	1	$ 10,000	$ 38,722,800	38,732,800

In accordance with the shareholders resolution dated March 23, 2018 it was agreed to increase the social capital for an amount of $ 18,507,800 and $20,215,000 increase which is presented as part of shareholders equity.

NOTE 15.- GOING CONCERN

During the year ended at March 31 2020, the Company suffered a net loss of $141,448,676. Furthermore, the Company has lost two of the third parts of the total of its capital stock and, in accordance with Mexican law this may be cause for its dissolution, at the legal request of any interested party with outstanding credits.

The Company has the full support of Mahindra U.S.A. Inc. to ensure the Company´s financial business continuity, at the time that there is no notice of any legal interest of any third party to ask for the Company´s dissolution.

Therefore, Mahindra Mexico, S. de R. L. de C. V. financial statements do not have to include any adjustments that might from the outcome of this uncertainty, because Mahindra U.S.A. Inc. will continue to support the company in Mexico financially. Also, Mahindra U.S.A. Inc. consider increase the investment in the equity during the year that will end on March 2021.

Actions to support Mexican operations:

a) Principal Actions – Twelve Months:

- Capital Infusion to pay all existing obligations and provide operating cash flow.
- Discount policy & oversight to ensure discounts are in line with current approved promotions.
- Retail financing subsidy reduced from 14% to 7%.
- Marketing cost reduction.
- Interest cost reduction through working capital reduction.
- Credit policy placed in which no tractor is to dispatch without receipt of payment.
- Enforce further policies to ensure internal controls.

b) Principal Actions – More than Twelve Months:

- Market review and adjustment to ensure products are in line with customer needs.
- Pricing review based on market trends and cost analysis.

NOTE 16.- SUBSEQUENT EVENTS

Due to the novel Coronavirus outbreak, there has been significant effects in the world's economy. In Mexico, particularly, the exchange rate of the US dollar against the Mexican peso raised to a 28.6% increase from December 31, 2019 to March 31, 2020. Giving the difficulty predicting when the exchange rate becomes more stable, the Company's monetary position denominated in US dollars could impact significantly its financial costs as of the date of release of these financial statements and during the next few months.

NOTE 17.- NEW ACCOUNTING PRONOUNCEMENTS FOR THE YEAR ENDED MARCH 31, 2019:

Improvements to the NIF 2019:

a) With entry into force from January 1, 2019, the following changes are made to the Improvements to the NIF:

Improvements to the NIF that generate accounting changes

- NIF B-9, Financial information at intermediate dates.

Improvements to the NIF that do not generate accounting changes

- NIF A-6, Recognition and valuation.
- NIF B-6, Statement of financial position.
- NIF B-2, Statement of Cash Flows.
- NIF C-1, Cash and cash equivalents.
- NIF C-6, Property, plant and equipment.
- NIF D-5, Leases.

b) NIF with entry into force from January 1, 2019 have the following NIF:

- NIF D-5, Leases.

NOTE 18.- NEW ACCOUNTING PRONOUNCEMENTS FOR SUBSEQUENT YEARS

The CINIF has issued the following NIFs that could have an impact on the Company's financial statements as of January 1, 2020 and subsequent:

Improvements to the NIF 2020:

a) With entry into force from January 1, 2020, the following changes are made to the Improvements to the NIF:

Improvements to the NIF that generate accounting changes

- NIF D-4, Income taxes.
- NIF D-5, Leases.

Improvements to the NIF that do not generate accounting changes

- NIF B-1, accounting changes and correction of errors.
- NIF C-3, Accounts receivable.
- NIF D-5, Leases.

b) NIF with entry into force from January 1, 2021 has the following NIF:

- NIF C-22, Cryptocurrencies.

At the date of issuance of these financial statements, the Entity is in the process of determining the effects of these new standards on its financial information.

The company considers that these provisions will not have material effects in the presentation of its financial statements and disclosures in the explanatory notes.

These notes are an integral part of the financial statements.

INDEPENDENT AUDITORS' REPORT

Dear Directors of
Mahindra do Brasil Industrial Ltda.
Dois Irmãos – RS – Brazil

Opinion

We have audited the individual financial statements of **Mahindra do Brasil Industrial Ltda.**, which comprise the balance sheet as of March 31, 2020 and the related income statements, statements of changes in stockholders' equity and cash flows for the year then ended, as well as the summary of significant accounting practices and other explanatory notes.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Mahindra do Brasil Industrial Ltda.** on March 31, 2020, the performance of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section entitled "Auditor's Responsibilities for the Audit of Financial Statements." We are independent of the Company, in accordance with the relevant ethical principles set forth in the Professional Code of Ethics of the Accountant and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate our opinion.

Another subjects

Pryor year audit

The financial statements of Mahindra do Brasil Industrial Ltda. for the year ended March 31, 2019, were examined by us and our report was issued on April 15, 2019 containing an emphasis paragraph about realization of deferred tax credits.

Management and governance responsibilities of the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and for the internal controls that it has determined to be necessary to enable the preparation of financial statements free of material misstatement, whether caused by fraud or error.

In preparing the financial statements, management is responsible for evaluating the Company's ability to continue operating, disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the financial statements, unless Management intends to liquidate the Company or cease its operations, or has no realistic alternative to avoid closing the operations.

Those responsible for the governance of the Company are those responsible for supervising the process of preparing the financial statements.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable security is a high level of security, but not a guarantee that the audit conducted in accordance with Brazilian and international auditing standards will always detect any relevant material misstatements. Distortions may be due to fraud or error and are considered relevant when, individually or jointly, they can influence, from a reasonable perspective, the economic decisions of the users taken based on the referred financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Besides that:

- We identify and evaluate the risks of material misstatement in the financial statements, whether caused by fraud or error, we plan and perform audit procedures in response to such risks, and we obtain audit evidence appropriate and sufficient to substantiate our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that of error, since fraud may involve circumvention of internal controls, collusion, falsification, omission or false intentional representations.
- We obtain an understanding of the internal controls relevant to the audit to plan audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management.
- We conclude on the adequacy of the management's use of the accounting basis for operational continuity and, based on the audit evidence obtained, whether there is a material uncertainty regarding events or conditions that may raise significant doubt regarding the capacity for operational continuity of the Company. If we conclude that there is material uncertainty, we should draw attention in our audit report to the respective disclosures in the financial statements or include any change in our opinion if the disclosures are inadequate. Our findings are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to no longer be in operational continuity.
- We evaluate the overall presentation, structure and content of financial statements, including disclosures, and whether the financial statements represent the related transactions and events in a manner consistent with the appropriate presentation objective.

We communicate with those responsible for governance regarding, inter alia, the planned scope, timing of the audit and significant audit findings, including any significant weaknesses in the internal controls we have identified during our work.

Porto alegre, RS, April 15, 2020.

Carlos Alberto dos Santos
Accountant – CRCRS No. 69.366
Baker Tilly Brasil RS Auditores Independentes S/S
CRCRS No. 006706/O
CVM 12.360

BALANCE SHEET

FISCAL YEAR FINISHED ON MARCH 31ST, 2020 AND 2019

IN THOUSANDS OF BRAZILIAN REAIS, UNLESS OTHERWISE INDICATED

Assets	**03/31/2020**	03/31/2019
Current assets		
Cash and cash equivalents (Note 4)	**1.146**	691
Accounts receivables (Note 5)	**12.663**	7.528
Advances (Note 6)	**353**	918
Taxes to recover (Note 8)	**5.038**	3.367
Inventories (Note 7)	**16.132**	8.362
Others credits (Note 9)	**1.224**	3.176
Goods held for sale	**968**	1.022
	37.524	25.064
Non-current assets		
Long-term achievable		
Financial investment	**240**	165
Deferred taxes (Note 12)	**–**	4.966
	240	5.131
Fixed assets (Note 10)	**1.915**	2.019
Intangible (Note 11)	**72**	6.143
Total Non-current assets	**2.227**	13.293
Total assets	**39.751**	38.357

The explanatory notes are part of these financial statements.

BALANCE SHEET

FISCAL YEAR FINISHED IN MARCH 31ST, 2020 AND 2019

IN THOUSANDS OF BRAZILIAN REAIS, UNLESS OTHERWISE INDICATED

Liabilities	03/31/2020	03/31/2019
Current liabilities		
Suppliers (Note 13)	**29.000**	14.852
Loans and financing (Note 14)	**39.838**	19.310
Taxes payable and installments (Note 15)	**899**	477
Payroll and vacations payable	**878**	1.595
Customers' advances	**198**	1.288
Other provisions	**1.805**	330
Other payables	**1.380**	41
	73.998	37.893
Non-current liabilities		
Tax installments	**458**	458
Warranty provisions	**2.018**	800
Long term provisions	**510**	1.328
	2.986	2.586
Total liabilities	**76.984**	40.479
Equity		
Stockholders' capital (Note 16)	**24.038**	24.038
Deemed cost (Note 16)	**(2.618)**	(2.619)
Cumulative losses	**(58.653)**	(23.541)
	(37.233)	(2.122)
Total liabilities and equity	**39.751**	38.357

The explanatory notes are part of these financial statements.

INCOME STATEMENT

FISCAL YEAR FINISHED IN MARCH 31ST, 2020 AND 2019

IN THOUSANDS OF BRAZILIAN REAIS, UNLESS OTHERWISE INDICATED

	03/31/2020	03/31/2019
Revenues (Note 17)	**48.893**	28.803
Cost of sales (Note 18)	**(48.284)**	(28.041)
Gross margin	**609**	762
Sales expenses (Note 19)	**(11.005)**	(10.393)
Administrative and tax expenses (Note 20)	**(5.569)**	(4.932)
Other operational revenues and expenses	**9.295**	172
Operating loss	**(25.260)**	(14.391)
Net financial result		
Financial expenses (Note 21)	**(5.439)**	(4.731)
Financial incomes (Note 21)	**553**	1.081
	(4.886)	(3.650)
Losses before taxes	**(30.146)**	(18.041)
Income tax and Social contribution		
Deferred taxes (Note 22)	**4.966**	4.035
	(4.966)	4.035
Net Income	**(35.112)**	(14.006)
Number of shares at the end of the year	**24.038**	24.038
Result by share in R$	**(1,46)**	(0,58)

The explanatory notes are part of these financial statements.

STATEMENT OF OWNERS' EQUITY

FISCAL YEAR FINISHED IN MARCH 31ST, 2020 AND 2019

IN THOUSANDS OF BRAZILIAN REAIS, UNLESS OTHERWISE INDICATED

	Owners' capital	Valuation adjustments	Cumulative losses	Total
Balance in March 31, 2018	24.038	(2.739)	(9.535)	11.764
Valuation adjustment	–	120	–	120
Net income	–	–	(14.006)	(14.006)
Balance in March 31, 2019	**24.038**	**(2.619)**	**(23.541)**	**2.122**
Valuation adjustment	**–**	**1**	**–**	**1**
Net income	**–**	**–**	**(35.112)**	**(35.112)**
Balance in March 31, 2020	**24.038**	**(2.618)**	**(58.653)**	**(37.233)**

The explanatory notes are part of these financial statements.

STATEMENT OF CASH FLOW

FISCAL YEAR FINISHED IN MARCH 31ST, 2020 AND 2019

IN THOUSANDS OF BRAZILIAN REAIS, UNLESS OTHERWISE INDICATED

Indirect Method	03/31/2020	03/31/2019
Cash flow from operating activities		
Net income	**(35.112)**	(14.006)
Adjustments to reconcile net income to cash and cash equivalents generated by operational activities:		
Valuation Adjustments	**23**	(120)
Deferred Taxes on Assets	**4.966**	(1.646)
Depreciation e amortization	**1.165**	240
Write-off of goodwill	**6.085**	–
	(22.919)	(15.292)
Variations on assets and liabilities		
(Increase) reduction at Accounts receivables	**(5.135)**	(744)
(Increase) reduction at Inventories	**(7.770)**	(275)
(Increase) reduction at Advances	**565**	(131)
(Increase) reduction at Taxes to recover	**(1.671)**	345
(Increase) reduction at Other credits	**(202)**	(263)
(Increase) reduction at Goods held for sale	**2.208**	(1.022)
Increase (reduction) at Suppliers	**14.148**	9.809
Increase (reduction) at Taxes payable and installments	**422**	256
Increase (reduction) at Payroll and vacations payable	**(717)**	540
Increase (reduction) at Customers' advances	**(1.090)**	992
Increase (reduction) at Other provisions	**1.875**	2.013
Increase (reduction) at Other payables	**1.339**	(268)
Cash flow generated by operating activities	**3.972**	11.252
Cash flow from investing activities		
Acquisition of fixed and intangible assets	**(1.051)**	(1.916)
Cash flow used in investing activities	**(1.051)**	(1.916)
Cash flow from financing activities		
Loans and funding	**20.528**	6.660
Long Term Applications	**75**	(15)
Cash flow arising from financing activities	**20.453**	6.645
Net increase in cash and cash equivalents	**455**	689
Cash and cash equivalents in April 1st	**691**	2
Cash and cash equivalents in March 31st	**1.146**	691

The explanatory notes are part of these financial statements.

EXPLANATORY NOTES FOR MARCH 2020 FINANCIAL STATEMENTS

IN THOUSANDS OF BRAZILIAN REAIS OF BRAZIL, UNLESS OTHERWISE INDICATED

1. Operational Context

Mahindra do Brasil Industrial Ltda is a Brazilian company headquartered in Dois Irmãos, RS, at 10 de Setembro street, 1097, Downtown. The company was incorporated in 2016.

The company's main activity is the manufacture of agricultural tractors, parts and accessories as well as trade of new and used automobiles, vans and utilities; Retail trade of new cars, vans and utilities; Retail trade of parts and accessories used for motor vehicles; Wholesale of machinery, apparatus and equipment for agricultural use; parts and pieces; Maintenance and repair services of motor vehicles; Installation of industrial machinery; Manufacture of other appliances, not specified or included elsewhere in this chapter; Wholesale trade of new parts and accessories for motor vehicles; Other holding companies, except holding companies; Other service activities rendered mainly to companies not specified above; Motor vehicle or motor vehicle headlamp and hopper services.

The company presented a loss in the amount of R$ 35,112 in the year ended March 31, 2020. This amount, although high, is still a reflection of the acquisition of the representative of Mahindra in Brazil, in 2016. From that, was necessary to adjust the balance sheets to local legislation and other important adjustments, so that we can start the next fiscal year in a transparent manner and without any influence of previous results, resulting from that business model. The parent company, through a strategic meeting, defined the investment plan in Mahindra Brasil for the coming years, including the launch of new products, in addition to financial capitalization in the amount of approximately R $ 36,937 thousand (USD 6,250 thousand) until May 2020. These actions show synergy and complete and unrestricted confidence in the agricultural segment, in addition to the maintenance and longevity of business in the country.

Potential effects of Covid-19 on the financial statements

The Company is evaluating the potential impacts on its future business, which may arise from the arrival of the "Covid-19" pandemic in Brazil. However, so far, it has not identified any event that could significantly impact its operational activities, as it has adopted the determinations of the Ministry of Health regarding the reduction of exposure of its employees.

2. Summary of major accounting policies

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in all years presented, unless otherwise stated.

These financial statements were approved by the board of directors on March 31, 2019.

2.1 Basis for preparation

The preparation of financial statements requires the use of certain critical accounting estimates and also the exercise of judgment by management in the process of applying the Company's accounting policies. Those areas that require a higher level of judgment and are more complex, as well as the areas in which assumptions and estimates are significant for the financial statements, are disclosed in Note 2.15.

(a) Financial Statements

The financial statements were prepared in accordance with accounting practices adopted in Brazil, including pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (CFC) in accordance with Laws 6.404/1976 and 11.638/2007.

2.2 Exchange of foreign currency

Functional currency and presentation currency

The items included in the Company's financial statements are measured using the currency of the principal economic environment in which the Company operates ("the functional currency"). The financial statements are prepared in Reais (R$) and presented in Rupees (INR), which is the Company's functional currency.

Foreign Currency transactions

Transactions in foreign currency are translated to the Brazilian Real by the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate calculated on that date. Exchange rate gain or loss on monetary items is the difference between the amortized cost of the functional currency at the beginning of the period, adjusted for interest and actual payments during the period, and the amortized cost in foreign currency at the exchange rate at the end of the reporting period. Foreign currency differences resulting from the conversion are recognized in profit or loss.

2.3 Calculation of Results

The results of operations are determined in accordance with the accrual basis.

2.4 Cash and Cash equivalents

They are comprised of financial resources held in cash, banks account movement and financial investments. Short-term investments are valued at cost, plus income earned through the balance sheet date. These financial instruments are used for trading and are recorded at realizable values (Note 4).

2.5 Financial Assets and Liabilities

Classification and measurement

The Company classifies its financial assets under the following categories: loans and receivables are measured at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets in the initial recognition.

Loans and receivables

Included in this category are receivables that are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with a maturity of more than 12 months after the balance sheet date (these are classified in noncurrent assets). The Company's receivables comprise trade accounts receivable, other accounts receivable and cash and cash equivalents, other than short-term investments. Receivables are recorded at amortized cost using the effective interest rate method.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or losses are financial assets held for active and frequent trading. Assets in this category are classified in current assets. Gains or losses arising from changes in the fair value of financial assets measured at fair value through profit or loss are presented in the statement of operations under "Financial income" in the period in which they occur. They refer primarily to short-term financial investments.

2.6 Non-derivative financial liabilities

The Company recognizes debt securities issued and subordinated liabilities initially on the date they are originated. All other financial liabilities are initially recognized on the trade date on which the Company becomes a party to the contractual provisions of the instrument. The Company lowers a financial liability when it has its contractual obligations withdrawn, cancelled or expired.

Financial assets and liabilities are offset and the net amount is presented in the balance sheet only when the Company has the legal right to offset the amounts and intends to settle on a net basis or to

EXPLANATORY NOTES FOR MARCH 2020 FINANCIAL STATEMENTS

IN THOUSANDS OF BRAZILIAN REAIS OF BRAZIL, UNLESS OTHERWISE INDICATED

realize the asset and pay the liability simultaneously. The Company has the following non-derivative financial liabilities: loans with related parties, suppliers, loans and other accounts payable.

These financial liabilities are initially recognized at fair value plus any attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

2.7 Inventory

The cost of inventories is based on the weighted average principle and includes expenses incurred in the acquisition of inventories, production and processing costs and other costs incurred in bringing them to their existing locations and conditions.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

2.8 Fixed Assets

(a) Classification and measurement

The Company opted to revalue the fixed assets at deemed cost on October 31, 2016. The effects of attributed cost decreased fixed assets and offset against shareholders' equity, net of tax effects (Note 10).

After the transition of CPCs (Accounting Board), fixed asset items are measured at historical cost of acquisition or construction, less accumulated depreciation and accumulated impairment losses.

Cost includes expenses that are directly attributable to the acquisition of an asset. Purchased software that is an integral part of the functionality of an equipment is capitalized as part of that equipment.

Gains and losses on the sale of an item of fixed assets are determined by comparing the proceeds from the sale with the book value of fixed asset and are recognized net of other income in the statement of income.

(b) Subsequent Cost

The replacement cost of a component of fixed asset is recognized in the carrying amount of the item if it is probable that the economic benefits incorporated into the component will flow to the Company and that its cost can be measured reliably. The carrying amount of the component that has been replaced by another is decreased. The maintenance costs of fixed assets are recognized in the income statement as incurred.

(c) Depreciation

Depreciation is recognized in the statement of income based on the straight-line method with respect to the estimated useful lives of each part of an item of fixed assets, since this method is the one that most closely reflects the consumption pattern of future economic benefits incorporated in the asset.

2.9 Impairment

The Company analyzes the existence of evidence that the carrying amount of an asset will not be recovered. If evidence is identified, the Company estimates the recoverable amount of the asset. The recoverable value of an asset is the greater of: (a) its fair value less costs that would be incurred to sell it, and (b) its value in use. The value in use is equivalent to the discounted cash flows (before taxes) derived from the continuous use of the asset until the end of its useful life.

When the carrying amount of the asset exceeds its recoverable amount, the Company recognizes a reduction in the carrying amount of this asset (impairment). For the assets recorded at cost, the impairment is recorded in the income statement for the period. If the recoverable amount of an asset is not determined individually, the recoverable value of the cash-generating unit to which the asset belongs.

2.10 Provisions

A provision is recognized based on a past event and whether the Company has a legal or constructive obligation that can be reliably estimated and it is probable that an economic resource will be required to settle the obligation. Provisions are cleared by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and liabilities specific risks.

Financial liabilities are classified as financial liabilities at fair value through profit or loss, as the case may be. The Company determines the classification of its financial liabilities at the time of its initial recognition. The Company's financial liabilities include accounts payable to suppliers, tax and labor liabilities.

2.11 Paid-in Capital

The shares are all paid up and classified as owners' equity. The mandatory minimum dividends, when existing, as defined in the bylaws are recognized as liabilities.

2.12 Operational Revenues

Operating income from the sale of goods in the ordinary course of business is measured at the fair value of the consideration received or receivable. Operating income is recognized when there is convincing evidence that: (i) the most significant risks and benefits inherent in the ownership of the assets have been transferred to the buyer, which in the case of the Company is at the time the products are delivered to their customers; (ii) it is probable that the financial economic benefits will flow to the Company; (iii) that the associated costs and possible return of goods can be estimated reliably, (iv) that there is no continuous involvement with the goods sold, (v) and that the value Of operating revenue can be measured reliably. If discounts are likely to be granted and the amount can be measured reliably, then the discount is recognized as a reduction in operating revenue as sales are recognized.

2.13 Financial incomes and expenses

Financial income basically comprises interest income, discounts, income from financial investments, gains from exchange variation.

Financial expenses include interest expenses, financial expenses and loans and financing, as well as the respective exchange rate variations.

2.14 Income Tax and Social Contribution

Current and deferred income tax and social contribution are calculated based on the rates of 15%, plus an additional 10% on taxable income in excess of R$ 240 thousand for income tax and 9% on taxable income for social contribution. Their calculation considers the offsetting of tax losses and negative basis of social contribution, limited to 30% of the actual profit.

2.15 Critical accounting estimates and judgments

Accounting estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events, which are considered reasonable for the circumstances.

Based on assumptions, the Company makes estimates regarding the future. By definition, the resulting accounting estimates will rarely equal their actual results. Estimates and assumptions that present a significant risk, with a probability of causing a material adjustment in the carrying amounts of assets and liabilities for the next fiscal year, are contemplated below:

2.16 New Rules

Effective January 1, 2019, CPC 06 (R2) - Leasing Operations (Correlation with IFRS 16) takes effect. Assets and liabilities arising from leasing initially are measured based on present value and recorded as assets of use rights and liabilities as lease obligations. Leased assets are depreciated by the linear method, considering the term of the lease or the useful life of the asset, being the choice for the shortest period. The Company's management evaluated this standard and concluded that it does not significantly affect the balances recorded by the company.

3. Financial Risk Management

(a) Overview

The Company is exposed to the following risks arising from the use of financial instruments:

- Credit risks
- Liquidity risks
- Market risks
- Currency risk
- Operational risks

We present information on the Company's exposure to each of the risks mentioned above, the Company's objectives, policies and processes for the measurement and risk management, and the Company's capital management. Additional quantitative disclosures are included throughout these financial statements.

(b) Risk management Structure

Management has overall responsibility for the establishment and supervision of the Company's risk management structure. Risk management policies are established to identify and analyze the risks faced by the Company, to define appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are frequently reviewed to reflect changes in market conditions and in the Company's activities. The Company, through its standards and training and management procedures, has the objective of developing a disciplined and constructive control environment in which all employees understand their roles and obligations.

(c) Credit Risks

Credit risk is the risk of financial loss of the Company if a customer or counterparty in a financial instrument fails to comply with its contractual obligations, which arise mainly from customer receivables and investment securities.

Customers' receivables and other receivables

The Company's exposure to credit risk is mainly influenced by the individual characteristics of each client. However, management also considers the demographics of the customer base, including the credit risk of the region where clients operate, as these factors may have an influence on credit risk.

Management has established a credit policy in which all new customers have their credit capacity individually analyzed before the terms and conditions of payment and delivery of the Company are offered. The analysis includes external evaluations, when available, including prior analysis of the banking register made by the financial institutions themselves. Purchasing limits are set for each customer, guaranteed by financial institutions, which represent the maximum outstanding amount without requiring prior approval, these limits are periodically revised. Customers who fail to meet the established credit limit may only operate with the Company on an advance payment basis. Once the transaction is approved by the financial institution, the sale is carried out and the risk becomes entirely the financial institution.

In the monitoring of Customers' credit risk, they are grouped according to their credit characteristics, including geographic location, maturity and previous financial difficulties.

(d) Liquidity Risks

Liquidity risks is the Company's risk of finding difficulties to comply with its obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The Company's approach to liquidity management is to ensure as much as possible that it always has sufficient liquidity to meet its obligations under normal and stressful conditions without causing unacceptable losses or risks of damaging the Company's reputation.

Based on the calculation of the Liquidity indexes, the current liquidity ratio corresponds to 0,68 as of March 31, 2019, a result that shows that there would be no remaining "cash and banks" available for a possible liquidation of the short term bonds, if necessary.

(e) Market Risks

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and stock prices, may impact on the Company's earnings or the value of its holdings in financial instruments. The purpose of market risk management is to manage and control exposures to market risks, within acceptable parameters, while optimizing return.

The Company complies with financial obligations to manage market risks. All these operations are conducted within the guidelines established by the Administration.

(f) Currency Risks

The Company is subject to currency risk in purchases and loans and financing denominated in a currency other than its functional currency, the Real (R$). The currency in which these transactions are primarily denominated is the US dollar.

With respect to other monetary assets and liabilities denominated in foreign currency, the Company guarantees that its net exposure is maintained at an acceptable level to treat short-term instabilities.

(g) Operational Risks

Operational risks are the risks of direct or indirect losses arising from a variety of causes associated with Company processes, personnel, technology and infrastructure and external factors, except for credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of business behavior. Operating risks arise from all operations of the Company.

The Company's objective is to manage operational risks to avoid the occurrence of financial losses and damages to its reputation, as well as to seek cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The main responsibility for the development and implementation of controls to address operational risks is assigned to top management. The responsibility is supported by the development of the Company's general standards for the management of operational risks in the following areas:

- Requirements for adequate segregation of duties, including independent clearance of operations;
- Requirements for the reconciliation and monitoring of operations;
- Compliance with regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to deal with identified risks;
- Requirements to report operational losses and corrective actions proposed;
- Development of contingency plans;
- Professional training and development;
- Ethical and commercial standards;
- Risk mitigation, including insurance when effective.

(h) Capital Management

The Management has been monitoring the loss generated by the operation in order to mitigate its causes and generate returns on capital, which the Company defines as results of operating activities divided by total owners' equity.

EXPLANATORY NOTES FOR MARCH 2020 FINANCIAL STATEMENTS

IN THOUSANDS OF BRAZILIAN REAIS OF BRAZIL, UNLESS OTHERWISE INDICATED

Owners provide advances for future capital increase when necessary and / or contributions to maintain cash flow and sustain investments, whichever is more profitable for the Company.

4. Cash and Cash Equivalents

	03/31/2020	03/31/2019
Cash	**5**	2
Checking account	**83**	74
Financial investments	**1.058**	615
	1.146	691

The Company makes financial investments in large financial institutions with the purpose of generating financial income while not using the resources. The investments in reais are made in CDBs issued by the bank and Buyback operations, the Buyback is an application in debentures of the bank leasing with daily liquidity and guarantee of repurchase by the bank.

5. Accounts receivables

	03/31/2020	03/31/2019
Brazilian customers	**14.008**	8.331
(-) Bad debt reserve	**(1.345)**	(803)
	12.663	7.528

The company sells its products directly to the dealers through its commercial department. In this year, it was accrued as bad debts 100% of the bills expired for more than 180 days.

6. Advances

	03/31/2020	03/31/2019
Advances for suppliers (national)	**353**	834
Advances for travels	**–**	67
Advances for 13 wages	**–**	17
	353	918

7. Inventories

	03/31/2020	03/31/2019
Raw Materials	**6.336**	2.988
Inventory in transit	**8.252**	2.753
Finished products	**1.982**	88
Goods for Resale	**9**	9
Stock Tractors Demo	**272**	–
Third Party's Stocks	**667**	–
Third party's products	**283**	750
Third party's good	**866**	1.774
(-) Provision for Inventory Loss - Others	**(2.535)**	–
	16.132	8.362

8. Taxes to Recover

	03/31/2020	03/31/2019
ICMS to recover	**432**	378
PIS to recover	**766**	491
COFINS to recover	**3.586**	2.290
Other taxes	**254**	208
	5.038	3.367

9. Other Credits

	03/31/2020	03/31/2019
Receivable Accounts	**298**	1.312
Amount to be appropriate	**359**	509
Advance Salaries	**18**	–
Import advance payment	**453**	927
Advance payment to broker	**96**	428
	1.224	3.176

10. Fixed Assets

		03/31/2019	03/31/2020		
	Rate a.a.	**Net**	**Cost**	**Accumulated Amortization**	**Net**
Machines and equipment	10%	576	944	**(221)**	**723**
Vehicles	20%.	–	12	**–**	**12**
Furniture and Fixtures	10%	547	729	**(242)**	**487**
Computers - Hardware	20%	190	256	**(101)**	**155**
Facilities	10%.	203	263	**(84)**	**179**
Improvements in Third Party's Goods		12	398	**(1)**	**397**
Machines and equipment – surplus valuation adjustment		510	672	**(230)**	**442**
(-) Vehicles – loss valuation adjustment		7	13	**(9)**	**4**
(-) Furniture and fixtures – loss valuation adjustment		(485)	(639)	**219**	**(420)**
(-) Computers – hardware – loss valuation adjustment		(13)	(24)	**17**	**(7)**
(-) Facilities – loss valuation adjustment		(186)	(245)	**84**	**(161)**
Development/prototype		551	32	**–**	**32**
Fixed assets in third party power		72	**–**	**–**	**–**
Tractors used in exhibitions / fairs		35	72	**–**	**72**
		2.019	2.483	**(568)**	**1.915**

EXPLANATORY NOTES FOR MARCH 2020 FINANCIAL STATEMENTS

IN THOUSANDS OF BRAZILIAN REAIS OF BRAZIL, UNLESS OTHERWISE INDICATED

11. Intangible

		03/31/2019	03/31/2020		
	Rate a.a	Net	Cost	Accumulated Amortization	Net
Computers - software and licenses	20%	71	137	**(51)**	**86**
Goodwill - Gain on the acquisition of assets		6.072	–	**(14)**	**(14)**
		6.143	137	**(65)**	**72**

12. Deferred Taxes

The Company recorded deferred taxes on the operating loss, which are recorded in the appropriate asset and liability accounts. To calculate these values, 15% and 9% aliquots were used for IRPJ and CSLL, respectively.

Deferred tax assets:

	03/31/2020	03/31/2019
IRPJ Deferred – Year's Result	**–**	3.104
CSLL Deferred – Year's Result	**–**	1.862
	–	4.966

13. Suppliers

The company has overseas suppliers of supplies that are related parties: Mahindra USA and Mahindra Mumbai.

	03/31/2020	03/31/2019
Raw materials	**1.142**	13.650
Third party services	**264**	252
Fairs	**340**	736
Food and fuel voucher	**15**	–
Shipping	**170**	97
Fixed assets	**–**	12
Maintenance	**4**	6
Fairs	**26.933**	–
Others	**132**	99
	29.000	14.852

14. Loans and financing

	03/31/2020	03/31/2019
Discounted Bills	**7.043**	2.673
Citibank S.A	**32.793**	16.566
Bank Daycoval	**2**	71
	39.838	19.310

15. Payable Taxes and installments

	03/31/2020	03/31/2019
IRRF	**47**	49
CSRF	**27**	5
ICMS ST	**36**	17
Others	**42**	31
RFB simplified installment	**804**	454
(-) Interest simplified installment	**(57)**	(79)
	899	477

16. Owners' Equity

a) Owners' Capital

On March 31st, 2019, paid-in capital was represented by 24,037,600 social shares, with a nominal value of BRL1.00 equal INR17,78, distributed among the owners as follows:

	03/31/2020	03/31/2019
Mahindra & Mahindra Ltd.	**23.974**	23.974
Mahindra Overseas Investment Company (Mauritius)	**64**	64
	24.038	24.038

b) Valuation Adjustments

The reserve for equity valuation adjustments includes adjustments for the adoption of the attributed cost of assets at the transition date.

c) Dividends

The Company's Bylaws determine the distribution of dividends in the proportion that the shareholders holding the majority of the capital stock approve. The Company had no dividends payable in the year, as it presented accounting losses.

17. Revenues

	03/31/2020	03/31/2019
Product Sales	**56.264**	33.466
Other Revenues	**32**	35
(-) Taxes on sales	**(6.532)**	(3.963)
(-) Returns and rebates	**(870)**	(735)
Net Revenues	**48.894**	28.803

18. Cost of Sales

	03/31/2020	03/31/2019
Direct costs - tractors	**8**	27.405
Costs of sold products	**46.973**	160
Cost of sold goods	**1.063**	476
Cost of inventory adjustment	**240**	–
	48.284	28.041

19. Sales Expenses

	03/31/2020	03/31/2019
Payroll, benefits and social charges	**3.258**	2.845
Third–party services	**1.885**	467
Advertising and publicity	**1.064**	1.420
Vehicle expenses	**(95)**	–
Trips and stays	**1.033**	782

EXPLANATORY NOTES FOR MARCH 2020 FINANCIAL STATEMENTS

IN THOUSANDS OF BRAZILIAN REAIS OF BRAZIL, UNLESS OTHERWISE INDICATED

	03/31/2020	03/31/2019
Fairs, congresses and symposia	**1.932**	1.959
Promotions and events	**25**	3
Extended warranty	**1.217**	785
Other sales expenses	**658**	643
Indenization provision	**28**	1.489
	11.005	10.393

20. Administrative Expenses

	03/31/2020	03/31/2019
Payroll, benefits and social charges	**2.326**	2.208
Third-party services	**657**	451
Communications and electricity	**242**	94
Trips and stays	**373**	444
Rents and condominiums	**(37)**	237
Depreciation and amortization	**1.155**	292
Maintenance and conservation	**6**	2
Vehicle expenses	**2**	9
Insurances	**7**	9
Fairs, congresses and symposia	**–**	101
Office supplies	**27**	29
Tax expenses	**140**	164
Imports expenses	**449**	291
Projects expenses	**146**	292
Others	**76**	309
	5.569	4.932

21. Financial Incomes and Expenses

	03/31/2020	03/31/2019
Financial Expenses		
Foreign exchange variation losses	**300**	821
Paid Interests	**2.306**	408
IOF	**421**	149
Others	**2.412**	3.353
	5.439	4.731
Financial income		
Foreign exchange variation gains	**148**	653
Others	**405**	428
	553	1.081

22. Deferred income tax and social contribution

	03/31/2020	03/31/2019
Deferred income tax – year's result	**(3.104)**	(2.522)
Deferred social contribution – year's result	**(1.862)**	(1.513)
	4.966	4.035

23. Insurance

The management of the company adopts the policy of contracting insurance for your the headquarters, whose coverage is considered sufficient by Management and insurance agents to deal with the occurrence of claims, and management is responsible for defining the risk assumptions adopted.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Hisarlar Makina Sanayi ve Ticaret A.Ş.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Hisarlar Makina Sanayi ve Ticaret A. Ş. ("the Company") and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without our opinion, as described in Note 2.3 to the consolidated financial statements, we draw attention to the fact that the Group has completed the period ended 31 December 2019 with a net loss of TL 57.089.186 (31 December 2018: TL 66.111.399), accumulated losses has reached TL 250.919.518 (31 December 2018: TL 185.479.652), short-term liabilities has exceeded current assets by TL 89.740.060 (31 December 2018: TL 143.857.707). Together with the effect of the accumulated losses and period loss, total capital and restricted profit reserves is unsecured in accordance with Article 376 of Turkish Commercial Law. The actions taken by the management in 2019, regarding the aforementioned fact and the plans for the future periods are explained in detail in Note 2.3.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a

going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Ankara, 9 March 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

Amounts are expressed in Turkish Lira (TL)

	Notes	**Current Period 31 December 2019**	Prior Period 31 December 2018
ASSETS			
Current Assets		**89.121.479**	104.287.413
Cash and Cash Equivalent	27	**2.070.344**	615.264
Trade Receivables	5	**28.823.211**	51.076.084
Trade receivables from related parties	4	**2.562.957**	2.416.344
Trade receivables from third parties		**26.260.254**	48.659.740
Other Receivables	6	**3.243.791**	3.461.133
Other receivables from third parties		**3.243.791**	3.461.133
Inventory	7	**43.415.241**	37.554.127
Prepaid Expenses	8	**3.666.775**	5.557.377
Assets Related to Current Tax	22	**236.923**	161.021
Other Current Assets	14	**7.665.194**	5.862.407
Non-Current Assets		**105.710.611**	97.194.204
Other Receivables	6	**61.216**	396.914
Other receivables from third parties		**61.216**	396.914
Investment Property	11	**1.643.000**	1.643.000
Property, Plant and Equipment	9	**91.564.869**	86.553.389
Intangible Assets	10	**5.785.424**	4.413.892
Prepaid Expenses	8	**17.700**	–
Deferred Tax Assets	22	**6.638.402**	4.187.009
TOTAL ASSETS		**194.832.090**	201.481.617

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

Amounts are expressed in Turkish Lira (TL)

	Notes	Current Period 31 December 2019	Prior Period 31 December 2018
LIABILITIES			
Current Liabilities		**178.861.539**	248.145.120
Financial Borrowings	23	**132.279.439**	193.752.574
Obligations Under Financial Leases	23	**673.924**	2.262.652
Trade Payables	5	**31.298.774**	37.484.968
Trade payables to related parties	4	**329.403**	–
Trade payables to third parties		**30.969.371**	37.484.968
Payables Related to Employee Benefits	13	**4.946.929**	5.099.837
Deferred Income	8	**5.270.637**	5.412.286
Short-term Provisions		**2.400.966**	2.945.048
Short-term provisions for employee benefits	13	**1.426.678**	2.088.707
Other short-term provisions	15	**974.288**	856.341
Other Current Liabilities	14	**1.990.870**	1.187.755
Non-Current Liabilities		**8.813.847**	7.782.723
Obligations Under Financial Leases	23	**–**	666.569
Long-term Provisions	13	**8.813.847**	7.116.154
Long-term provisions for employee benefits		**8.813.847**	7.116.154
EQUITY		**7.156.704**	(54.446.226)
Paid-in Capital	16	**283.240.345**	163.240.345
Accumulated Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss		**29.335.131**	31.314.548
Properties Revaluation Reserves		**31.651.523**	32.323.056
Accumulated Gain/Loss on Remeasurement of Defined Benefit Plans		**(2.316.392)**	(1.008.508)
Restricted Profit Reserves	16	**2.589.932**	2.589.932
Accumulated Losses		**(250.919.518)**	(185.479.652)
Net Loss for the Period		**(57.089.186)**	(66.111.399)
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**194.832.090**	201.481.617

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE 1 JANUARY - 31 DECEMBER 2019 PERIOD

Amounts are expressed in Turkish Lira (TL)

	Notes	**Current Period 1 January- 31 December 2019**	Prior Period 1 January 31 December 2018
Revenue	17	**197.133.387**	177.726.620
Cost of Sales (-)	17	**(186.927.168)**	(169.936.915)
Gross Profit/Loss		**10.206.219**	7.789.705
General Administrative Expenses (-)	18	**(24.756.876)**	(15.118.021)
Marketing Expenses (-)	18	**(16.858.023)**	(17.637.280)
Research and Development Expenses (-)	18	**(5.710.421)**	(5.149.753)
Other Income From Operating Activities	19	**7.628.408**	9.835.137
Other Loss From Operating Activities (-)	19	**(4.281.132)**	(11.290.845)
Operating Loss		**(33.771.825)**	(31.571.057)
Investment Revenue	20	**1.267.613**	1.757.650
Expenses from Investing Activities (-)	20	**–**	(122.370)
OPERATING LOSS BEFORE FINANCE EXPENSE		**(32.504.212)**	(29.935.777)
Finance Income/Expenses (-) - net	21	**(26.709.395)**	(39.255.448)
LOSS BEFORE TAX		**(59.213.607)**	(69.191.225)
Tax Income/(Expense)	22	**2.124.421**	3.079.826
Current Tax Expense (-)	22	**–**	–
Deferred Tax Income/(Expense)	22	**2.124.421**	3.079.826
LOSS FOR THE PERIOD		**(57.089.186)**	(66.111.399)
Loss from the period attributable to:			
Non- controlling interest		**–**	–
Owners of the Company		**(57.089.186)**	(66.111.399)
		(57.089.186)	(66.111.399)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE 1 JANUARY - 31 DECEMBER 2019 PERIOD

Amounts are expressed in Turkish Lira (TL)

	Notes	**Current Period 1 January- 31 December 2019**	Prior Period 1 January 31 December 2018
LOSS FOR THE PERIOD		**(57.089.186)**	(66.111.399)
OTHER COMPREHENSIVE INCOME			
Items that will not be Reclassified Subsequently to Profit / (Loss)		**(1.307.884)**	(612.023)
Gain / (Loss) on remeasurement of defined benefit plans	13	**(1.634.856)**	(765.029)
Deferred tax expenses (-) / income	22	**326.972**	153.006
OTHER COMPREHENSIVE INCOME/(LOSS)		**(1.307.884)**	(612.023)
TOTAL COMPREHENSIVE LOSS		**(58.397.070)**	(66.723.422)
Total Comprehensive (Loss)/Income for the Period Attributable to:			
Non-controlling interest		**–**	–
Owners of Company		**(58.397.070)**	(66.723.422)
		(58.397.070)	(66.723.422)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1 JANUARY - 31 DECEMBER 2019 PERIOD

Amounts are expressed in Turkish Lira (TL)

				Accumulated Other Comprehensive Income or Expense that will not be Reclassified to Profit or Loss		Retained Earnings		
	Share capital	Capital advances	Legal reserves	Properties revaluation reserve (*)	Actuarial gain / loss	Accumulated losses	Net loss for the year	Total
Balance at 1 January 2018	**93.240.345**	**68.844.283**	**2.589.932**	**32.323.056**	**(396.485)**	**(97.046.757)**	**(88.432.895)**	**11.121.479**
Increase in capital	1.155.717	–	–	–	–	–	–	1.155.717
Transfers	68.844.283	(68.844.283)	–	–	–	(88.432.895)	88.432.895	–
Change in consolidation structure (Note: 2.6)	–	–	–	–	–	–	–	–
Total comprehensive loss	–	–	–	–	(612.023)	–	(66.111.399)	(66.723.422)
Balance at 31 December 2018	**163.240.345**	**–**	**2.589.932**	**32.323.056**	**(1.008.508)**	**(185.479.652)**	**(66.111.399)**	**(54.446.226)**
Increase in capital	120.000.000	–	–	–	–	–	–	120.000.000
Transfers	–	–	–	–	–	(66.111.399)	66.111.399	–
Total comprehensive loss	–	–	–	–	(1.307.884)	–	(57.089.186)	(58.397.070)
Transfer of fixed asset revaluation reserve upon disposal in equity instruments	–	–	–	(671.533)	–	671.533	–	–
Balance at 31 December 2019	**283.240.345**	**–**	**2.589.932**	**31.651.523**	**(2.316.392)**	**(250.919.518)**	**(57.089.186)**	**7.156.704**

(*) As explained in Note 22, in accordance with law numbered 7061, an additonal deferred tax charge is recognized over the properties revaluation reserve in 2017.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 1 JANUARY - 31 DECEMBER 2019 PERIOD

Amounts are expressed in Turkish Lira (TL)

	Notes	Current Period 1 January- 31 December 2019	Prior Period 1 January 31 December 2018
Cash flows from operating activities			
Loss for the period		**(57.089.186)**	(66.111.399)
– Adjustments related to tax expense/income	22	**(2.124.421)**	(3.079.826)
– Adjustments related to interest expense	21	**25.100.349**	38.440.307
– Adjustments related to interest income	20	**(992.670)**	(780.328)
– Adjustments related to expected credit losses	5	**526.206**	235.548
– Adjustments related to provision for doubtful trade receivables	5	**3.318.142**	2.625.099
– Adjustments related to (gain) on sale or disposal of property, plant and equipment and intangible assets	20	**(274.943)**	(854.952)
– Adjustments related to depreciation and amortization of property, plant and equipment and intangible assets	9,10	**10.460.748**	13.268.551
– Adjustments related to provision for employment termination benefits	13	**4.675.184**	3.727.983
– Adjustments related to provisions for legal claims	15	**117.947**	613.809
– Adjustments related to impairment on inventories	7	**260.713**	(3.610.224)
– Adjustment related to change in unused vacation provision	13	**112.340**	407.770
– Adjustments related to discount expense	19	**(1.094.982)**	416.903
– Unrealized foreign exchange differences related to borrowings -net		**1.140.783**	608.335
Movements in working capital		**(15.863.790)**	(14.092.424)
Adjustments for (increase)/decrease in trade receivables		**18.255.698**	(20.133.324)
Adjustments for (increase)/decrease in inventories		**(6.121.827)**	(11.988.372)
Adjustments for (increase)/decrease in other receivables and other assets		**(1.249.746)**	65.518.385
Adjustments for increase/(decrease) in trade payables		**(4.938.385)**	17.875.013
Adjustments for increase/(decrease) in other payables and expense accruals		**2.381.460**	3.910.231
		(7.536.590)	41.089.509
Income taxes paid	22	**(75.902)**	(114.564)
Employment termination benefits paid	13	**(5.386.716)**	(3.724.834)
Net cash generated by/(used in) operating activities		**(12.999.208)**	37.250.111
Cash flow from investing activities			
Payments for purchase of property, plant and equipment	9	**(18.451.853)**	(15.418.676)
Proceeds from sale of property, plant and equipment and intangible assets	9,10,20	**1.883.036**	2.048.924
Interest received	20	**992.670**	780.328
Net cash used in investing activities		**(15.576.147)**	(12.589.424)
Cash flow from financing activities			
Increase in capital		**120.000.000**	1.155.717
Proceeds from borrowings		**949.735.945**	1.218.139.164
Repayments of borrowings		**(1.015.140.339)**	(1.204.946.236)
Repayments of leasing payables		**(2.255.297)**	(3.034.527)
Interest paid		**(22.309.874)**	(37.551.343)
Net cash (used in)/generated by financing acitivities		**30.030.435**	(26.237.225)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**1.455.080**	(1.576.538)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	27	**615.264**	2.191.802
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	27	**2.070.344**	615.264

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Amounts are expressed in Turkish Lira (TL)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Hisarlar Makina Sanayi ve Ticaret A.Ş. (the “Company” or “Hisarlar Makina”) is the parent company. The address of Hisarlar Makina’s registered office is: Eskişehir - Bursa Yolu 20. km. 26550 M. Çukurhisar, Eskişehir, Turkey.

The Company was established in 1973. Following the production of the tractor safety cab in Turkey in 1974, the first serial production has started in 1977. Hisarlar Makina started its first export activities of safety cabs to Netherlands in 1985 and to Austria in 1987. Hisarlar Makina realizes export sales over Hisarlar Pazarlama. In 2006, shareholders established Hisarlar Kabin in order to carry out production of tractor safety cabs and agricultural machines within the newly established company. After this demerge, Hisarlar Makina started to specialize in the production of welded components. As of 2 January 2012, Hisarlar Makina has been remerged with Hisarlar Kabin. Hisarlar Makina’s customers include manufacturers operating mainly in agriculture, construction, textile and automotive sectors. Additionally, Hisarlar Makina provides engineering support, design, prototyping, serial production, painting and final assembly to its customers.

As of 18 December 2012 the Company and its shareholders signed a loan agreement with European Bank for Reconstruction and Development (“EBRD”) and Nakina Finance S.A.R.L. (“Nakina”) (together the “Investors”). Depending upon this loan agreement, the shareholders of the Company has transferred 15.7% of their shares in the Company to EBRD and Nakina. According to the shareholders agreement signed between the parties, Investors have put option in order to transfer back the shares in the period starting from 1 January 2020 to 31 May 2020 when the repayments of the loans are finalized and the annual financial statements for the year ending 31 December 2019 are delivered to the Investors. The Group was experiencing liquidity problems due to the delays on its collections. Accordingly, as of 31 August 2016, the Group was unable to pay its cheques. Subsequently, some banks have recalled their loans commencing September 8th, 2016. Together with the recall of the loans, notification has been sent to all suppliers and customer in accordance with Article 89/1 of the Execution and Bankruptcy Law. Some suppliers have started to apply legal follow-up. Following all these developments, the Group was involved in the strategic partnership process and signed a Letter of Interest. During 2017, the Group has completed strategic partnership agreement with Mahindra Overseas Investment (“Mahindra”). Following the completion of this agreement, all borrowings including EBRD and Nakina loans that were subject to covenants are paid on 30 March 2017. Also Mahindra became new ultimate controlling party for the Group with 75% shares.

The Company has acquired 90% of the shares of Hisarlar Pazarlama İthalat ve İhracat A.Ş. (“Hisarlar Pazarlama”) from the shareholders of the Company on 14 August 2012. Hisarlar Pazarlama was under common control by the Company since the beginning of its operations until March 2017. In March 2017, the Company has acquired remaining 10% of Hisarlar Pazarlama shares. In addition, Hisarlar Kabin has been merged with Hisarlar Makina on 2 January 2012 as stated above.

Hisarlar Pazarlama started its operations in 2003 and operates in the import and export, marketing and market research activities of the products of Hisarlar Makina. Hisarlar Pazarlama mainly makes exports of different vehicles, machines and components to Europe and other continents of the world. Hisarlar Pazarlama’s customers include firms producing agricultural machines, construction machines, material handling equipments, special purpose vehicles, textile machines, medical equipment and automotives manufacturers. The address of the Hisarlar Pazarlama’s registered office is: Eskişehir - Bursa Yolu 20. km. 26550 M.Çukurhisar, Eskişehir, Turkey.

As of 31 December 2019, the Group employed 575 people (31 December 2018: 750).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The consolidated financial statements have been prepared on the historical cost basis except for the fair measurement of certain non-current assets.

In order to determine the historical cost, the fair values paid for assets are considered.

2.2 Statement of Compliance

The consolidated financial statements have been prepared in accordance International Financial Reporting Standards (“IFRS”).

2.3 Going Concern Assumptions and Management Plans

The consolidated financial statements of the Group are prepared on a going concern basis, which presumes the realization of assets and settlement of liabilities in the normal course of operations and in the foreseeable future. As of 31 December 2019, the Group’s short-term liabilities exceeds its current assets by TL 89.740.060 (31 December 2018: TL 143.857.707) based on the accompanying consolidated financial statements. In addition, the Group has completed the period ended 31 December 2019 with a net loss of TL 57.089.186 (31 December 2018: TL 66.111.399), total accumulated losses has reached TL 250.919.518 (31 December 2018: TL 185.479.652). Together with the effect of the accumulated losses and period loss, total of capital and restricted profit reserves is unsecured in accordance with Article 376 of Turkish Commercial Law. As of 31 December 2016, the Group had experienced liquidity problems due to the negative impact of the increase in foreign exchange rates on its loans and the negative operating income due to the maturity increases in sales transactions. Meanwhile, some loans of the Group were subject to certain covenants due to the contracts. According to these covenants, Group shall achive some performance criterion and shall satisfy spesific qualitative and quantitative criterion. As of 31 December 2016, the Group was in breach regarding certain loan covenants and no waiver letter had been provided regarding these breaches. Some creditors also had recalled their loans since the Group could not fulfill its payment obligations. The Group was involved in the strategic partnership process and signed a Letter of Interest. During 2017, the Group has completed strategic partnership agreement with Mahindra Overseas Investment (“Mahindra”). Following the completion of this agreement, all borrowings including EBRD and Nakina loans that were subject to covenants are closed on 30 March 2017. Mahindra became new ultimate controlling party for the Group with 75,1% ownership. Also, in 2018, the Group’s paid-in capital has increased by TL 70,000,000 (2017: TL 63,732,770) and Mahindra’s ownership hs incrased to 77,18%. Meanwhile there was an increase in paid-in capital of the Group amounting to TL 120.000.000 during 2019 (2018: TL 70.000.000) and Mahindra’s ownership has increased to 86,8%. The revenues of the Group has increased from TL 177.726.620 in 2018 to TL 197.133.387 in 2019. The group has increasing orders from customers in Metal Fabircation and Agriculture Machinery. As a results of these developments, the Group Management believes that the financial indicators of the Group will be positive and it can continue for the forseeable future.The Group foresees an increase of 70% in exports and 20% in the domestic market with new countries and projects added to its portfolio in the 2020 sales budget.

2.4 Functional Currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira, which is the functional, and presentation currency of the Company and the reporting currency for the consolidated financial statements.

2.5 Comparative Information and Restatement of Prior Period Consolidated Financial Statements

Consolidated financial statements of the Group have been prepared comparatively with prior period in order to give information about financial position and performance trends. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes. The Group do not have any material reclassifications and corrections in current year.

2.6 Basis of Consolidation

As of 31 December 2019 and 31 December 2018, details of the Company's subsidiary are as follows:

	Group's proportion of ownership and voting power held (%)			
Subsidiary	**2019**	**2018**	**Place of incorporation and operation**	**Principle activity**
Hisarlar Pazarlama	100	100	Eskişehir	Trading

The accompanying consolidated financial statements include the financial statements of the Company and entity controlled by the Company (its subsidiary). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with those used by other members of the Group.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.7 Changes in the Accounting Policies

The signficant changes that were made on accounting policies applied retrospectively and the financial statements of preceding period are restated. No changes has been observed at the accounting policies of the Group in the current year.

2.8 Changes in Accounting Estimates and Errors

If changes in accounting estimates are related to only one period, the changes are applied prospectively in the current period in which changes are made. If changes in accounting estimates are related to future periods, the changes are applied prospectively both in the current period in which changes are made and also in future periods. No changes has been observed at the accounting estimates of the Group in the current year.

The accounting misstatements which are identified are applied retrospectively and consolidated financial statements of preceding period are restated. No material misstatement has been observed in order to restate the financial statements of the Group in the current year.

2.9 New and Amended International Financial Reporting Standards

a) Amendments to IFRSs that are mandatorily effective from 2019 year

IFRS 16	*Leases*
IFRS Interpretation 23	*Uncertainty over Income Tax Treatments*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
Amendments to IAS 19 Employee Benefits	*Plan Amendment, Curtailment or Settlement*
Annual Improvements to IFRS	*Amendments to IFRS 3 Business Combinations,*
Standards 2015–2017 Cycle	*IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs*

IFRS 16 *Leases*

General impact of application of IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 supersedes the current lease guidance including IAS 17 Leases and the related Interpretations for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Group is 1 January 2019 retrospectively taking into account the cumulative effect in the financial statements.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

Impact of the new definition of a lease

The Group made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRS Interpretation 4 continue to apply to those leases entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

– The right to obtain substantially all of the economic benefits from the use of an identified asset; and

– The right to direct the use of that asset.

The Group applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract).

Impact on Lessee Accounting

Operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

On initial application of IFRS 16, for all leases (except as noted below), the Group has:

a) Recognised right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;

b) Recognised depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;

c) Separated the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

As at 1 January 2019, implication of IFRS 16 has no significant impact on the financial statements of the Company.

Finance leases

The main differences between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. TFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17.

Impact on Lessor Accounting

Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts.

IFRS Interpretation 23 *Uncertainty over Income Tax Treatments*

This interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*

This amendment clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Amendments to IAS 19 *Plan Amendment, Curtailment or Settlement*

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).

Annual Improvements to IFRS Standards 2015–2017 Cycle

Annual Improvements to IFRS Standards 2015–2017 Cycle include amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangements in when a party that participates in, but does not have joint control of, IAS 12 Income Taxes; income tax consequences of dividends in profit or loss, and IAS 23 Borrowing Costs in capitalized borrowing costs.

These standards, amendments and improvements have no impact on the financial position and performance of the Company.

b) New and revised International Financial Reporting Standards in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

IFRS 17	*Insurance Contracts*
Amendments to IFRS 3	*Definition of a Business*
Amendments to IAS 1 and IAS 8	*Definition of Material*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.

Amendments to IFRS 3 *Definition of a Business*

The definition of "business" is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of "business" in IFRS 3 Business Combinations standard has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

Amendments to IAS 1 and IAS 8 *Definition of Material*

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform*

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

2.10 Summary of Significant Accounting Policies

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements

a) A person or a close member of that person's family is related to a reporting entity if that person:

  (i) has control or joint control over the reporting entity;

  (ii) has significant influence over the reporting entity; or

  (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

  (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Revenue

The core principle of revenue recognition is that the Group should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Accordingly, Revenue is recognized when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

The Group evaluates the agricultural machinery, welded components and cabins that it has committed in each contract with the customers and determines each commitment to transfer the said products or services as a separate performance obligation. For each performance obligation, it is determined at the beginning of the contract that the performance of the performance obligation will be satisfied in time or at a point of time. If the Group transfers the control of a goods or service over time and thus fulfills the performance obligations related to the related sales over time, it measures the progress of the satisfaction of the performance obligations in full and takes the proceeds to the financial statements.

The Group, as it satisfies the performance obligation by transferring a committed product or service to its customer, records the transaction price corresponding to this performance obligation as revenue in consolidated financial statements. The goods or services are transferred when the goods or services are checked (or passed) by the customers. The Group evaluates the transfer of control of the goods or services sold to the customer,

- ownership of the Group's right to collect goods or services,
- the ownership of the property of the customer,
- transfer of the ownership of the goods or services,
- the ownership of significant risks and rewards arising from the ownership of the property of the customer,
- takes into account the customer's acceptance of goods or services.

Rent Income

Rental income is recognized in the financial statements on a monthly basis.

Dividend and interest income

Dividend income from equity investments is recognized when the shareholders' right to receive dividends is established (as long as the Company can obtain economic benefits and the revenue can be measured reliably).

Interest income from financial assets is recognized when it is probable that the Company will obtain economic benefits and that the revenue can be measured reliably. Interest income is accrued in the relevant period at the effective interest rate that reduces the estimated cash inflows from the financial asset to the carrying amount of the asset during the expected life of the remaining principal amount.

Inventories

Inventories are stated at the lower of cost or net realizable value. The cost of inventories is determined on a weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Property, plant and equipment

Land, buildings, plant, machinery and equipment are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value at the date of revaluation is the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. Fair value determination is based on the market and cost approaches using quoted market prices for similar items when available and in some cases, using replacement cost when appropriate.

Any revaluation increase arising on the revaluation of such land, buildings and plant, machinery and equipment is credited in equity to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land, buildings and plant, machinery and equipment is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings and plant, machinery and equipment is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the related revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognized.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated. Motor vehicles, furniture and fixtures, and leasehold improvements are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leasing

The Group has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policies applicable from 1 January 2019

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The Group did not make any such adjustments during the periods presented.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group also rents equipment to retailers necessary for the presentation and customer fitting and testing of footwear and equipment manufactured by the Group.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Leasing Policy Applied Until 31 December 2018

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

The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

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

Intangible assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3-5 years).

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Impairment of tangible and intangible assets other than goodwill

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

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Financial assets

At initial recognition, Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset. When the Group uses settlement date accounting for an asset that is subsequently measured at amortised cost, the asset is recognised initially at its fair value on the trade date.

The Group reclassifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

a) the Group's business model for managing the financial assets and

b) the contractual cash flow characteristics of the financial asset.

When, and only when, the Group changes its business model for managing financial assets, it reclassifies all affected financial assets. The Group applies the reclassification prospectively from the reclassification date. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest revenue of financial assets measured at amortised cost is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss.

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

IAS 39 and IFRS 9 comparison based on the classification for financial assets and liabilities are given in Note 2.9

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. If the financial asset is reclassified out of the fair value through other comprehensive income measurement category, the Group accounts for the cumulative gain or loss that was previously recognised in other comprehensive income in consolidated financial statements. Interest calculated using the effective interest method is recognised in profit or loss.

At initial recognition, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

Financial assets measured at fair value through profit or loss

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

Impairment

The Group recognises a loss allowance for *expected credit* losses on financial assets that are measured at amortized cost or fair value through other comprehensive income.

The Group applies the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income. However, the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

At each reporting date, the Group measures the loss allowance for a financial instrument at an amount equal to the *lifetime expected credit losses* if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses except for purchased or originated credit impaired financial assets. For purchased or originated credit-impaired financial assets, the Group only recognises the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance at the reporting date.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and other receivables that do not contain a significant financing component, which is referred as simplified approach.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date. For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks with foreign exchange forward contracts.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Financial liabilities

At initial recognition, the Group measures a financial liability at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for:

(a) financial liabilities at fair value through profit or loss: Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

(b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. In subsequent periods, the Group recognises any income on the transferred asset and any expense incurred on the financial liability.

(c) contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration is subsequently be measured at fair value with changes recognised in profit or loss.

The Group does not reclassify any financial liability.

Foreign currency transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses arising on settlement and translation of foreign currency items are included in the consolidated statement of comprehensive income.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

Events after the reporting period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

Provisions, Contingent Assets and Liabilities

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

The Group's investment properties are valued by external, independent valuation companies on a periodic basis. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction and discounted cash flows expected to be received. In arriving at an estimate of cash flows, the Group considers its occupancy rate, lease commitment factors and the economic life of the investment property.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, Plant and Equipment" up to the date of change in use.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. No assets held under operating lease have been classified as investment properties.

Taxation and deferred income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the comprehensive income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

Employment benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) “Employee Benefits” (“IAS 19”).

The retirement benefit obligation recognized in the consolidated financial statements represents the present value of the defined benefit obligation. Calculated whole actuarial gains and loses are recognized in other comprehensive income.

Statement of cash flows

Current period statement of cash flows is categorized and reported as operating, investing and financing.

Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognised in equity in the period in which they are approved and declared.

2.11 Critical accounting judgments and key sources of estimation uncertainty

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below:

Useful lives of property, plant and equipment and intangible assets

The Group reviews the estimated useful lives of its property, plant and equipment and intangible assets at the end of each reporting period. The Group takes into consideration the intended use of the property, plant and equipment and intangible assets, the advancement in technology related to the particular type of property, plant and equipment as well as other factors that may require management to extend or shorten the useful lives and the assets’ related depreciation.

The Group considers the useful lives of property, plant and equipment and intangible assets as described in Note 9 and 10.

Determination of fair values of property, plant and equipment

The fair values of property, plant and equipment are based on valuations, performed by independent valuers, who hold recognized and relevant professional qualifications. The valuations are based primarily on comparable fair market value of lands and, estimating costs to rebuild the building in the new economic conditions.

Calculation for loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Judgements in determining the timing of satisfaction of performance obligations

Management takes into account the detailed conditions stated in IFRS 15, in particular the control of goods and services, to the customer regarding the fulfillment of the performance obligations and the recording of the allocated transaction costs as revenue.

Internally-generated intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized only if the technical feasibility and the intention to complete the intangible asset, the ability to use or sell the intangible asset are demonstrated, how the intangible asset will generate probable future economic benefits is determined, adequate technical, financial and other resources to complete the development and to use or sell the intangible asset is available and the expenditure attributable to the intangible asset during its development can be reliably measured. Other development expenditures that do not meet these criteria are recognized as expense when incurred. The Group Management considers that the internally-generated intangible assets will generate economic benefits and management is confident that the carrying amount of the assets will be recovered in full.

Deferred taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. If based on the weight of all available evidence, it is the Group’s belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets is not recognized.

3. INTERESTS IN OTHER ENTITIES

Subsidiaries

Details of the Group's material subsidiaries as of 31 December 2019 and 2018 are as follows:

Name of subsidiary	Operation	Place of incorporation and operation	Proportion of ownership interest and (%) 31 December 2019	31 December 2018
Hisarlar Pazarlama	Trade	Eskişehir	**100**	100

The summarised financial information below represents amounts before intragroup eliminations.

	2019 Hisarlar Pazarlama	2018 Hisarlar Pazarlama
Current assets	**19.437.023**	22.092.503
Non current assets	**93.466**	32.971
Current liabilities	**(4.302.612)**	(6.071.437)
Equity attributable to owners of the Company	**(15.227.877)**	(16.054.037)
Revenue	**123.083.218**	92.262.343
Expenses	**(123.909.378)**	(92.789.130)
Profit / loss for the year	**(826.160)**	(526.787)

4. RELATED PARTY TRANSACTIONS

The non-trade receivables from related parties arise mainly from financial needs of the related parties and are due in 60 days. The receivables are unsecured in nature and bear no interest.

The trade payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest and are payable under normal terms.

The non-trade payables to related parties arise mainly from financial needs of the Group and are due in 120 days. The payables are unsecured in nature and bear no interest.

	31 December 2019		31 December 2018	
	Receivables	**Payables**	Receivables	Payables
	Short Term		Short Term	
Balances with related parties	**Trade**	**Trade**	Trade	Trade
Other companies managed by the main partner				
Mahindra USA	**–**	**(216.571)**	914.663	–
Mahindra & Mahindra	**–**	**(65.498)**	386.614	–
Erkunt Traktör Sanayii A.Ş.	**589.084**	**–**	1.115.067	–
Mahindra Mitsubishi	**1.973.873**	**–**	–	–
Other	**–**	**(47.334)**	–	–
	2.562.957	**(329.403)**	2.416.344	–

Compensation of key management personnel during the period as follows:

	1 January-31 December 2019	1 January-31 December 2018
Salaries and other short term benefits	**1.102.098**	942.662
	1.102.098	942.662

1 January - 31 December 2019			
Transactions with related parties	**Purchases**	**Sales**	**Other expense**
Mahindra USA	**65.408**	**847.117**	**–**
Mahindra & Mahindra	**385.671**	**4.383.459**	**–**
Mahindra&Mahindra LTD. AFS	**–**	**775.466**	**–**
Mahindra Mitsubishi	**–**	**3.172.146**	**–**
Erkunt Traktör Sanayii A.Ş.	**94.758**	**1.874.064**	**–**
	545.837	**11.052.252**	**–**

1 January - 31 December 2018			
Transactions with related parties	Purchases	Sales	Other expense
Mahindra USA	–	1.043.537	168.732
Mahindra & Mahindra	–	3.014.895	80.667
Mahindra&Mahindra LTD. AFS	–	100.910	–
Erkunt Traktör Sanayii A.Ş.	1.787.391	4.624.550	–
	1.787.391	8.783.892	249.399

5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

As at the balance sheet date, trade receivables of the Group are summarized below:

	31 December 2019	31 December 2018
Current trade receivables		
Trade receivables	**31.688.754**	38.990.269
Notes receivable	**12.178.576**	23.675.514
Trade receivables from related parties (Note 4)	**2.562.957**	2.416.344
Expected credit losses (-)	**(526.206)**	(235.548)
Allowance for doubtful receivables (-)	**(17.080.870)**	(13.770.495)
	28.823.211	51.076.084

The average credit period is 122 days (31 December 2018: 139 days). No interest is charged for the overdue trade receivables. No collateral is received for trade receivables.

As of 31 December 2019, trade receivables of TL (17.080.870) (31 December 2018: TL 13.770.495) were considered as impaired and a provision was provided for these trade receivables.

Movement in the allowance for doubtful receivables are as follows:

	1 January-31 December 2019	1 January-31 December 2018
Balance at beginning of the year, 1 January	**13.770.495**	11.546.746
Period charge (Note: 18)	**3.318.142**	2.625.099
Collections	**(7.767)**	(401.350)
Closing balance, 31 December	**17.080.870**	13.770.495

Explanations on nature and level of risks of trade receivables are disclosed in Note 24.

b) Trade Payables:

As of balance sheet date, the details of the Group's trade payables are as follows:

<u>Short term trade payables</u>	**31 December 2019**	31 December 2018
Trade payables	**28.626.620**	36.372.201
Notes payables	**–**	24.247
Trade payables to related parties (Note: 4)	**329.403**	–
Expense accruals	**2.342.751**	1.088.520
	31.298.774	37.484.968

The average credit period on purchases of goods and services is 77 days and no interest is charged by vendors on the outstanding balance (31 December 2018: 96 days).

6. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables:

Other Current Receivables	**31 December 2019**	31 December 2018
Deposits and guarantees given	**540.975**	718.045
Due from personnel	**73.064**	104.246
Other current receivables	**2.629.752**	2.638.842
	3.243.791	3.461.133

Other Non-current Receivables	**31 December 2019**	31 December 2018
Deposits and guarantees given	**61.216**	396.914
	61.216	396.914

7. INVENTORIES

	31 December 2019	31 December 2018
Raw materials	**20.296.011**	16.423.469
Work in process	**7.101.089**	8.757.748
Finished goods	**11.521.842**	9.792.608
Trade goods	**7.169.513**	5.710.407
Other inventory	**731.814**	14.210
Impairment on inventories (-)	**(3.405.028)**	(3.144.315)
	43.415.241	37.554.127

8. PREPAID EXPENSES AND DEFERRED INCOME

a) Prepaid expenses:

Short Term Prepaid Expenses	**31 December 2019**	31 December 2018
Advances given for purchasing of inventories	**3.345.180**	5.533.685
Prepaid expenses	**315.536**	5.441
Advances given for business purposes	**6.059**	18.251
	3.666.775	5.557.377

Long Term Prepaid Expenses	**31 December 2019**	31 December 2018
Prepaid expenses	**17.700**	–
	17.700	–

b) Deferred Income:

Short Term Deferred Income	**31 December 2019**	31 December 2018
Order advances received	**5.270.637**	5.412.286
	5.270.637	5.412.286

9. PROPERTY, PLANT AND EQUIPMENT

	Land	**Buildings**	**Plant, Machinery and Equipment (*)**	**Motor Vehicles**	**Furniture and Fixture**	**Leasehold Improvements**	**Construction in Progress ("CIP")**	**Total**
<u>**Cost Value**</u>								
Opening balance as of 1 January 2019	**15.693.167**	**43.091.505**	**76.638.250**	**1.421.550**	**9.838.725**	**259.454**	**8.328.783**	**155.271.434**
Additions	**–**	**1.214.864**	**6.685.667**	**407.950**	**1.942.350**	**–**	**8.201.022**	**18.451.853**
Disposals	**–**	**–**	**(975.711)**	**–**	**(17.703)**	**–**	**(1.602.880)**	**(2.596.294)**
Transfers from CIP	**–**	**–**	**–**	**–**	**–**	**–**	**(2.999.548)**	**(2.999.548)**
Closing balance as of 31 December 2019	**15.693.167**	**44.306.369**	**82.348.206**	**1.829.500**	**11.763.372**	**259.454**	**11.927.377**	**168.127.445**
<u>**Accumulated Depreciation**</u>								
Opening balance as of 1 January 2019	**–**	**(6.670.253)**	**(56.150.808)**	**(970.309)**	**(4.734.668)**	**(192.007)**	**–**	**(68.718.045)**
Charge for the year	**–**	**(1.169.263)**	**(6.193.102)**	**(149.771)**	**(1.308.858)**	**(17.569)**	**–**	**(8.838.563)**
Disposals	**–**	**–**	**978.463**	**–**	**15.569**	**–**	**–**	**994.032**
Closing balance as of 31 December 2019	**–**	**(7.839.516)**	**(61.365.447)**	**(1.120.080)**	**(6.027.957)**	**(209.576)**	**–**	**(76.562.576)**
Carrying value as of 31 December 2019	**15.693.167**	**36.466.853**	**20.982.759**	**709.420**	**5.735.415**	**49.878**	**11.927.377**	**91.564.869**

(*) Cost of machinery acquired through finance lease agreements amount to TL 26.736.059. No machinery acquisition through finance lease agreements exists in 2019.

	Land	Buildings	Plant, Machinery and Equipment (*)	Motor Vehicles	Furniture and Fixture	Leasehold Improvements	Construction in Progress ("CIP")	Total
Cost Value								
Opening balance as of 1 January 2018	14.994.000	43.091.505	72.439.828	1.423.399	6.889.372	259.454	3.291.903	142.389.461
Additions	699.167	–	5.183.789	117.984	2.966.725	–	6.451.011	15.418.676
Disposals	–	–	(985.367)	(119.833)	(17.372)	–	(325.750)	(1.448.322)
Transfers from CIP	–	–	–	–	–	–	(1.088.381)	(1.088.381)
Closing balance as of 31 December 2018	15.693.167	43.091.505	76.638.250	1.421.550	9.838.725	259.454	8.328.783	155.271.434
Accumulated Depreciation								
Opening balance as of 1 January 2018	–	(5.517.572)	(46.524.105)	(950.949)	(3.972.999)	(174.439)	–	(57.140.064)
Charge for the year	–	(1.152.681)	(10.049.240)	(139.193)	(778.906)	(17.568)	–	(12.137.588)
Disposals	–	–	422.537	119.833	17.237	–	–	559.607
Closing balance as of 31 December 2018	–	(6.670.253)	(56.150.808)	(970.309)	(4.734.668)	(192.007)	–	(68.718.045)
Carrying value as of 31 December 2018	15.693.167	36.421.252	20.487.442	451.241	5.104.057	67.447	8.328.783	86.553.389

(*) Cost of machinery acquired through finance lease agreements amount to TL 26.736.059. No machinery acquisition through finance lease agreements exists in 2018.

The following useful lives are used in the calculation of depreciation:

	Useful life
Buildings	50 years
Plant, machinery and equipment	5-12 years
Motor vehicles	5 years
Furniture and fixtures	3-10 years
Leasehold improvements	12-15 years

Depreciation expense of TL 6.427.711 has been charged to cost of sales (31 December 2018: TL 11.531.240), TL 330.995 to research and development expenses (31 December 2018: TL 140.142), TL 110.718 to selling and marketing expenses (31 December 2018: TL 115.404) and TL 1.969.139 to general administrative expenses (31 December 2018: TL 350.802).

An independent valuation on the Group's land, buildings and machinery was done by Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş., independent valuers not connected with the Group, on 8 December 2016. Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş. is one of the accredited independent valuers by the Capital Markets Board of Turkey. Fair values of the Group's land were estimated based on valuation techniques which conform to International Valuation Standards in main principles which take into account comparable fair market value of land that share similar characteristics to the Group's assets. For the determination of fair value of buildings, cost method has been applied. Cost method includes estimating the costs to rebuild the building in the new economic conditions. Physical condition, maintenance, performance, position in the sector and storage capacity factors which may effect the fair value are considered, detailed market research is performed and current economic conditions for the country is considered for property, plant and equipment. The fair value hierarchy level of these lands and buildings are level 2.

If land, buildings and plant,machinery and equipment were stated on the historical cost basis, the amounts would be as follows:

	31 December 2019	31 December 2018
Cost	**124.505.988**	115.791.818
Accumulated depreciation	**(56.717.351)**	(50.431.714)
Net book value	**67.788.637**	65.360.104

10. INTANGIBLE ASSETS

	Capitalized development costs	**Rights**	**Total**
Cost Value			
Opening balance as of 1 January 2019	**6.507.231**	**1.178.548**	**7.685.779**
Additions	**–**	**–**	**–**
Disposals	**(6.997)**	**–**	**(6.997)**
Transfers from constructions in progress	**2.999.548**	**–**	**2.999.548**
Closing balance as of 31 December 2019	**9.499.782**	**1.178.548**	**10.678.330**
Accumulated Amortization			
Opening balance as of 1 January 2019	**(2.429.103)**	**(842.784)**	**(3.271.887)**
Charge for the year	**(1.513.816)**	**(108.369)**	**(1.622.185)**
Disposals	**1.166**	**–**	**1.166**
Closing balance as of 31 December 2019	**(3.941.753)**	**(951.153)**	**(4.892.906)**
Carrying value as of 31 December 2019	**5.558.029**	**227.395**	**5.785.424**

	Capitalized development costs	**Rights**	**Total**
Cost Value			
Opening balance as of 1 January 2018	5.729.492	1.178.548	6.908.040
Additions	–	–	–
Disposals	(310.642)	–	(310.642)

	Capitalized development costs	Rights	Total
Transfers from constructions in progress	1.088.381	–	1.088.381
Closing balance as of 31 December 2018	6.507.231	1.178.548	7.685.779
Accumulated Amortization			
Opening balance as of 1 January 2018	(1.411.895)	(734.414)	(2.146.309)
Charge for the year	(1.022.593)	(108.370)	(1.130.963)
Disposals	5.385	–	5.385
Closing balance as of 31 December 2018	(2.429.103)	(842.784)	(3.271.887)
Carrying value as of 31 December 2018	4.078.128	335.764	4.413.892

The following useful lives are used in the calculation of depreciation:

	Useful life
Capitalised development costs	5 years
Other intangible assets	3-5 years

Amortization expense of TL 1.179.708 has been charged to cost of sales (31 December 2018: TL 1.074.464), TL 60.749 to research and development expenses (31 December 2018: TL 13.058), TL 20.321 to selling and marketing expenses (31 December 2018: TL 10.753) and TL 361.407 to administrative expenses (31 December 2018: TL 32.688).

11. INVESTMENT PROPERTY

	1 January-31 December 2019	1 January-31 December 2018
Opening value	**1.643.000**	1.643.000
Closing value	**1.643.000**	1.643.000

Investment properties of the Group are composed of several lands located in Eskişehir.

The fair value of the Group's investment property has been arrived at on the basis of a valuation carried out by Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş., independent valuers not connected with the Group, on 8 December 2016. Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş. is one of the accredited independent valuers by the Capital Markets Board of Turkey. The valuation, which conforms to International Valuation Standards in main principles, was arrived at by reference to market evidence of transaction prices for similar properties. The fair value hierarchy level of these assets are level 2.

12. COMMITMENTS AND CONTINGENCIES

Guarantees, Pledges and Mortgages ("GPM") position of the Company as of 31 December 2019 and 31 December 2018 are as follows:

31 December 2019	**TL equivalent**
A. Total Amount of GPM given on behalf of the legal entity	
– *Letters of guarantee*	**9.711.216**
– *Mortgages*	**–**
Total	**9.711.216**

31 December 2018	TL equivalent
A. Total Amount of GPM given on behalf of the legal entity	
– *Letters of guarantee*	5.588.731
– *Mortgages*	–
Total	5.588.731

13. EMPLOYEE BENEFITS

Payables related to employee benefits

	31 December 2019	31 December 2018
Due to personnel	**3.036.109**	2.410.453
Social security premiums payable	**1.910.820**	2.689.384
	4.946.929	5.099.837

Short-term provisions for employee benefits

	31 December 2019	31 December 2018
Provision for unused vacation	**1.426.678**	1.314.338
Defined benefit obligations	**–**	774.369
	1.426.678	2.088.707

Long-term provisions for employee benefits

	31 December 2019	31 December 2018
Defined benefit obligations	**8.813.847**	7.116.154
	8.813.847	7.116.154

Defined Benefit Obligations

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 6.379,86 (2018: TL 5.434,42) for each period of service at 31 December 2019.

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. IAS 19 *Employee Benefits* stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2019, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of an annual inflation rate of 8% and a discount rate of 12,5%, resulting in a real discount rate of approximately 4,17% (31 December 2018: discount rate of approximately 5,45%). Estimated amount of retirement pay not paid due to voluntary leaves and retained in the Company is also taken into consideration. The rate of voluntary leaves and retained in the Company is taken between %7,73 for 0-15 years employee and %0 for more than 16 years employees. Ceiling for retirement pay is revised semi-annually. Ceiling amount of TL 6.730,15 (1 January 2019: 6.017,60) which is in effect since 1 January 2020 is used in the calculation of Group's provision for retirement pay liability.

Movement of provisions for employee benefits

	1 January-31 December 2019	1 January-31 December 2018
Provision at 1 January	**7.890.523**	7.122.345
Service cost	**4.244.793**	3.393.601
Interest cost	**430.391**	334.382

	1 January- 31 December 2019	1 January- 31 December 2018
Termination benefits paid	**(5.386.716)**	(3.724.834)
Actuarial gain / (loss)	**1.634.856**	765.029
Provision at 31 December	**8.813.847**	7.890.523

14. OTHER ASSETS AND LIABILITIES

a) Other Assets:

Other Current Assets	31 December 2019	31 December 2018
VAT carried forward	**7.502.548**	5.862.407
Other	**162.646**	–
	7.665.194	5.862.407

b) Other Liabilities:

Other Current Liabilities	31 December 2019	31 December 2018
Taxes and dues payable	**1.860.051**	1.108.987
Other current liabilities	**130.819**	78.768
	1.990.870	1.187.755

15. PROVISIONS

Provisions	31 December 2019	31 December 2018
Provision for employee litigation	**974.288**	856.341
	974.288	856.341

16. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

As of 31 December 2019 and 31 December 2018 the share capital held is as follows:

Shareholders	%	31 December 2019	%	31 December 2018
Mahindra Overseas Investment	**86,8**	**247.020.025**	77,18	127.020.025
European Bank For Reconstruction and Development	**11,14**	**31.698.250**	19,26	31.698.250
Zafer Türker	**2,06**	**5.856.725**	3,56	5.856.725
Nominal capital	**100**	**284.575.000**	100	164.575.000
Inflation Adjustment		**(1.334.655)**		(1.334.655)
Adjustment capital		**283.240.345**		163.240.345

The total number of ordinary shares authorized is 5.691.500.000 (2018: 3.291.500.000 shares) with a par value of TL 0,05 per share (2018: TL 0,05 per share).

Restricted profit reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

	31 December 2019	31 December 2018
Legal reserves	**2.589.932**	2.589.932
	2.589.932	2.589.932

17. REVENUE AND COST OF SALES

a) Sales	1 January- 31 December 2019	1 January- 31 December 2018
Domestic Sales	**73.374.380**	85.424.813
Export Sales	**123.740.498**	92.286.316
Other income	**18.509**	15.491
	197.133.387	177.726.620

The Group derives its revenue from recognition of performance obligation through transfer of goods at a point in time.

b) Cost of Sales	1 January- 31 December 2019	1 January- 31 December 2018
Raw materials used	**(90.376.848)**	(97.944.991)
Employee benefits expenses	**(35.024.308)**	(22.914.491)
Production overheads	**(20.557.019)**	(18.526.316)
Depreciation and amortization expenses	**(7.607.419)**	(12.605.704)
Change in work-in-progress inventories	**(1.656.659)**	3.086.199
Change in finished goods inventories	**1.735.084**	2.954.957
	(153.487.169)	(145.950.346)
Cost of merchandises sold	**(33.439.999)**	(23.986.569)
	(186.927.168)	(169.936.915)

18. GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	1 January- 31 December 2019	1 January- 31 December 2018
General administrative expenses (-)	**(24.756.876)**	(15.118.021)
Marketing, selling and distribution expenses (-)	**(16.858.023)**	(17.637.280)
Research and development expenses (-)	**(5.710.421)**	(5.149.753)
	(47.325.320)	(37.905.054)

a) Details of General Administrative Expenses	1 January- 31 December 2019	1 January- 31 December 2018
Expense from doubtful receivable provision (Note: 5)	**(3.318.142)**	(2.625.099)
Employee benefit expenses	**(12.060.641)**	(7.019.693)
Depreciation and amortization expenses	**(2.330.546)**	(383.490)
Rent expenses	**(876.748)**	(575.241)
Transportation expenses	**(149.526)**	(133.375)
Consulting expenses	**(960.719)**	(1.170.352)
Cleaning expenses	**(125.305)**	(112.628)
Maintanence expenses	**(367.067)**	(69.112)
Communication expenses	**(121.289)**	(108.366)
Travel expenses	**(400.247)**	(201.935)
Taxes, dues and payables	**(392.392)**	(246.151)
Outsourcing expenses	**(1.010.231)**	(982.190)
Other administrative expenses	**(2.526.076)**	(876.580)
Provision for employee litigation	**(117.947)**	(613.809)
	(24.756.876)	(15.118.021)

b) Details of Marketing Expenses	1 January- 31 December 2019	1 January- 31 December 2018
Employee benefit expenses	**(6.755.089)**	(5.378.143)
Depreciation and amortization expenses	**(131.039)**	(126.157)
Rent expenses	**(564.228)**	(476.303)
Consulting expenses	**(11.439)**	(8.670)
Advertisement expenses	**(592.203)**	(590.538)
Insurance expenses	**(143.013)**	(131.096)
Travel expenses	**(3.074.015)**	(3.544.956)
Custom and tax expenses	**(405.412)**	(299.439)
Maintanence expenses	**(1.064.612)**	(983.426)
Outsourcing expenses	**(192.284)**	(283.258)
Dealership expenses	**(2.270.949)**	(4.132.053)
Other marketing and sales expenses	**(1.653.740)**	(1.683.241)
	(16.858.023)	(17.637.280)

c) Research and Development Expenses	1 January- 31 December 2019	1 January- 31 December 2018
Employee benefit expenses	**(3.355.986)**	(3.504.462)
Depreciation and amortization expenses	**(391.744)**	(153.200)
Rent expenses	**(99.577)**	(80.487)
Transportation expenses	**(31.826)**	(44.403)
Consulting expenses	**(7.058)**	(5.652)
Travel expenses	**(273.807)**	(196.133)
Maintanence expenses	**(645.189)**	(436.134)
Outsourcing expenses	**(352.789)**	(173.633)
Other research and development expenses	**(552.445)**	(555.649)
	(5.710.421)	(5.149.753)

19. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2019 and 2018 are as follows:

Income/Profit from Other Operations	1 January- 31 December 2019	1 January- 31 December 2018
Discount income	**1.094.982**	–
Unrealized warranty provisions	**1.335.983**	2.024.354
Premium and incentive income	**4.151.700**	3.824.245
Maturity difference income	**992.065**	2.027.707
Other income	**53.678**	1.958.831
	7.628.408	9.835.137

Expense/Loss from Other Operations	1 January- 31 December 2019	1 January- 31 December 2018
Net foreign exchange losses from operations	**(7.717)**	(5.600.146)
Discount expense	**–**	(416.903)
Provision expenses	**(1.374.939)**	(2.312.492)
Closed projects expenses	**(1.715.829)**	–
Maturity difference expense	**(417.550)**	(598.130)
Expected credit loss (Note: 5)	**(290.658)**	(235.548)
Other expenses	**(474.439)**	(2.127.626)
	(4.281.132)	(11.290.845)

20. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

a) Investment Revenue

	1 January- 31 December 2019	1 January- 31 December 2018
Gain on disposal of property, plant and equipment	**274.943**	977.322
Interest income from bank deposits	**992.670**	780.328
	1.267.613	1.757.650

b) Expenses from Investing Activities

	1 January- 31 December 2019	1 January- 31 December 2018
Loss on disposal of property, plant and equipment	**–**	(122.370)
	–	(122.370)

21. FINANCE INCOME/EXPENSES -NET

	1 January- 31 December 2019	1 January- 31 December 2018
Interest on bank overdrafts and loans	**(24.786.501)**	(37.822.982)
Interest on obligations under finance leases	**(313.848)**	(617.325)
Net foreign exchange gains / (losses) on borrowings	**(1.140.783)**	(608.335)
Other interest expenses	**(468.263)**	(206.806)
	(26.709.395)	(39.255.448)

22. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Assets related with current taxes:	31 December 2019	31 December 2018
Prepaid taxes and funds	**236.923**	161.021
	236.923	161.021

Income tax recognized in profit or loss:

Tax expense/income comprises:	1 January- 31 December 2019	1 January- 31 December 2018
Current tax expense/(income)	**–**	–
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	**(2.124.421)**	(3.079.826)
Total tax expense/(income)	**(2.124.421)**	(3.079.826)

Income tax recognised directly in equity

	1 January- 31 December 2019	1 January- 31 December 2018
Deferred tax		
Arising on income and expense taken directly to equity:		
– Actuarial gains and losses	**(326.972)**	(153.006)
Total deferred tax recognised directly in equity	**(326.972)**	(153.006)

Corporate Tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and deducting exempt income, non-taxable income and other incentives (previous years losses, if any, and investment incentives utilized, if preferred).

The effective tax rate in 2019 is 22% (2018: 22%).

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2019 is 22% (2018: 22%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated December 5, 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

Income Witholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 22 July 2006, this rate has been changed to 15% upon the Council of Minister's' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

Deferred tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

Tax rate used in the calculation of deferred tax assets and liabilities was %22 over temporary timing differences expected to be reversed in 2018, 2019 and 2020, and %20 over temporary timing differences expected to be reversed in 2021 and the following years (2018: 20%).

Deferred tax (assets)/liabilities:	**31 December 2019**	31 December 2018
Restatement and depreciation/ amortization differences of property, plant and equipment and other intangible assets	**(3.297.583)**	(778.225)
Provision for employment termination benefits	**(1.762.769)**	(1.578.105)
Provisions for legal cases	**(194.858)**	(171.268)
Provision for doubtful receivables	**(574.796)**	(811.030)
Unused vacation liabilities	**(285.336)**	(262.868)
Discount of notes receivable/ payable (net)	**(100.425)**	(370.043)
Accruals for loans	**(24.019)**	(22.315)
Other	**(398.616)**	(193.155)
	(6.638.402)	(4.187.009)

Movement of deferred tax (assets) / liabilities for year ended 31 December 2019 and 31 December 2018 are as follows:

Movement of deferred tax (asset)/ liabilities:	**1 January- 31 December 2019**	1 January- 31 December 2018
Opening balance as of 1 January	**(4.187.009)**	(954.177)
Charged to income	**(2.124.421)**	(3.079.826)
Charged to equity	**(326.972)**	(153.006)
Closing balance at 31 December	**(6.638.402)**	(4.187.009)

Current period tax reconciliation is as follows:

Tax Reconciliation:	**1 January- 31 December 2019**	1 January- 31 December 2018
Profit/(loss) for the period	**(59.213.607)**	(69.191.225)
Tax at the domestic income tax rate of 22% (2018:22%)	**(13.026.994)**	(15.222.070)
Tax effects of:		
– expenses that are not deductible	**2.091.194**	1.007.476
– unrecognized deferred tax assets over tax losses	**12.530.340**	14.314.234
– other	**(471.896)**	(228.271)
– non taxable adjustments	**(3.247.065)**	(2.951.195)
	(2.124.421)	(3.079.826)

Expiration schedule of carry forward tax losses is as follows:

	31 December 2019	31 December 2018
Expiring in 2020	**–**	4.385.057
Expiring in 2021	**32.781.718**	32.781.718
Expiring in 2022	**29.145.507**	29.145.507
Expiring in 2023	**65.064.698**	65.064.698
Expiring in 2024	**56.956.091**	–
	183.948.014	131.376.980

23. FINANCIAL INSTRUMENTS

Financial Liabilities

The detail of borrowings of the Group as of 31 December 2019 and 31 December 2018 is as follows:

Financial Liabilities	**31 December 2019**	31 December 2018
a) Bank Borrowings	**132.279.439**	193.752.574
b) Obligations Under Finance Leases	**673.924**	2.929.221
	132.953.363	196.681.795

a) Bank Borrowings:

The detail of borrowings is as follows:

Currency Type	Weighted Average Effective Interest Rate	**31 December 2019**	
		Current	**Non-current**
TL	13,09%	**132.279.439**	**–**
		132.279.439	**–**

Currency Type	Weighted Average Effective Interest Rate	31 December 2018	
		Current	Non-current
TL	25,26%	189.048.956	–
EUR	0,65%	4.703.618	–
		193.752.574	–

The redemption schedule of the borrowings as of 31 December 2019 and 31 December 2018 is as follows:

The borrowings are repayable as follows:

	31 December 2019	31 December 2018
To be paid within 1 year	**132.279.439**	193.752.574
	132.279.439	193.752.574

As of 31 December 2019 and 31 December 2018, the movement of bank borrowings is as follows:

			Non-Cash Changes			
	1 January 2019	**Net Cash Flow**	**Change in Interest Accrual**	**Foreign exchange differences**	**Debt conversion into captial**	**31 December 2019**
Bank Borrowings	**193.752.574**	**(65.404.394)**	**2.790.476**	**1.140.783**	**–**	**132.279.439**
	193.752.574	**(65.404.394)**	**2.790.476**	**1.140.783**	**–**	**132.279.439**

			Non-Cash Changes			
	1 January 2018	Net Cash Flow	Change in Interest Accrual	Foreign exchange differences	Debt conversion into captial	31 December 2018
Bank Borrowings	179.062.347	13.192.928	888.964	608.335	–	193.752.574
	179.062.347	13.192.928	888.964	608.335	–	193.752.574

b) Obligations Under Finance Leases:

	Minimum lease payments		**Present value of minimum lease payments**	
	31 December 2019	31 December 2018	**31 December 2019**	31 December 2018
<u>Finance Lease Payables</u>				
Amounts payable under finance leases	**696.421**	3.225.585	**673.924**	2.929.221
Within one year	**696.421**	2.532.906	**673.924**	2.262.652
In the second to fifth years	**–**	692.679	**–**	666.569
Less : Future finance charges	**(22.497)**	(296.364)	**–**	–
Present value of finance lease obligations	**673.924**	2.929.221	**673.924**	2.929.221
Less: Amounts due to settlement within twelve months (shown under current liabilities)			**(673.924)**	(2.262.652)
Amounts due for settlement after 12 months			**–**	666.569

The interest rates of the finance leases are fixed for all lease periods at the contract date. The weighted average effective contractual interest rate is approximately 6% for TL and 13% for EUR (31 December 2018: 22% for TL and 8% for EUR)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Group controls its capital using the net debt/total capital ratio. This ratio is calculated as net debt divided by the total capital amount. Net debt is calculated as total liability amount less cash and cash equivalents. Total capital is calculated as shareholders' equity plus the net debt amount as presented in the balance sheet.

As of 31 December 2019 and 31 December 2018 net debt / total capital ratio is as follows:

	1 January-31 December 2019	1 January-31 December 2018
Total Debts (Note: 23)	**132.953.363**	196.681.795
Less: Cash and Cash Equivalents (Note: 27)	**(2.070.344)**	(615.264)
Net Debt	**130.883.019**	196.066.531
Total Equity	**7.156.704**	(54.446.226)
Total Capital	**138.039.723**	141.620.305
Total Debt/Total Capital Ratio	**96%**	100%

b) Financial risk factors

The risks of the Group, resulted from operations, include market risk, credit risk and liquidity risk. The Group's risk management program generally seeks to minimize the effects of uncertainty in financial market on financial performance of the Group.

b.1) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments of the Group that will result in concentration of credit risk mainly include cash and cash equivalents and trade receivables. The Group's maximum exposure to credit risk is the same as the amounts recognized in the consolidated financial statements.

The Group has cash and cash equivalents at several financial institutions. The Group manages this risk by continuously evaluating the reliability of these financial institutions.

Credit risk arising from trade receivables is limited due to the large number of customers and the policy of the Group to limit the credit amount of customers. The Group generally prefers to collect cheques to increse the credit limits of its customers except its dealers.

Credit risk of financial instruments	**Receivables**				
	Trade Receivables		**Other Receivables**		
31 December 2019	**Third Party**	**Related Party**	**Third Party**	**Related Party**	**Bank Deposits**
Maximum net credit risk as of the balance date (A+B+C+D) (*)	**26.260.254**	**2.562.957**	**3.305.007**	**–**	**2.044.503**
– The part of maximum risk under guarantee with collateral etc. (**)	**1.500.000**	**–**	**–**	**–**	**–**
A. Net book value of financial assets that are neither past due nor impaired	**22.927.877**	**2.562.957**	**3.305.007**	**–**	**2.044.503**
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	**3.332.377**	**–**	**–**	**–**	**–**
C. Net book value of impaired assets	**–**	**–**	**–**	**–**	**–**
– Overdue (gross carrying amount)	**(17.080.870)**	**–**	**–**	**–**	**–**
– Impairment (-)	**17.080.870**	**–**	**–**	**–**	**–**
– The part of net value under guarantee with collateral etc.	**–**	**–**	**–**	**–**	**–**
D. Off-balance sheet items with credit risk	**–**	**–**	**–**	**–**	**–**

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.
(**) Guarantees consists of guarantee letters, guarantee notes and mortgages obtained from the customers.

Credit risk of financial instruments	**Receivables**				
	Trade Receivables			**Other Receivables**	
31 December 2018	**Third Party**	**Related Party**	**Third Party**	**Related Party**	**Bank Deposits**
Maximum net credit risk as of the balance date (A+B+C+D) (*)	48.659.740	2.416.344	3.858.047	–	605.443
– The part of maximum risk under guarantee with collateral etc. (**)	850.000	–	–	–	–
A. Net book value of financial assets that are neither past due nor impaired	45.934.792	2.416.344	3.858.047	–	605.443
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	2.724.948	–	–	–	–
C. Net book value of impaired assets	–	–	–	–	–
– Overdue (gross carrying amount)	13.770.495	–	–	–	–
– Impairment (-)	(13.770.495)	–	–	–	–
– The part of net value under guarantee with collateral etc.	–	–	–	–	–
D. Off-balance sheet items with credit risk	–	–	–	–	–

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.
(**) Guarantees consists of guarantee letters, guarantee notes and mortgages obtained from the customers.

Explanations on the credit quality of financial assets

Credit quality of financial assets that are past due but not impaired, which is evaluated based on external evaluations and retrospective internal evaluations, is as follows:

Aging of overdue receivables is as follows:

31 December 2019	**Receivables**		
	Trade receivables	**Other receivables**	**Total**
Up to 1 year	**3.288.534**	**–**	**3.288.534**
Past due 1-5 year	**43.843**	**–**	**43.843**
Total past due receivables	**3.332.377**	**–**	**3.332.377**
Secured portion of receivables by gurantees, etc.	**–**	**–**	**–**

31 December 2018	**Receivables**		
	Trade receivables	**Other receivables**	**Total**
Up to 1 year	2.706.059	–	2.706.059
Past due 1-5 year	18.889	–	18.889
Total past due receivables	2.724.948	–	2.724.948
Secured portion of receivables by gurantees, etc.	**–**	**–**	**–**

b.2) Liquidity risk management

Ultimate control for liquidity risk management rests with the Board of Directors, which aims to maintain an appropriate liquidity risk management framework for the Company's short, medium and long-term funding and liquidity management requirements.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

The maturities of the financial liabilities determined with respect to the contracts including the expected interest payments as of 31 December 2019 and 2018 is as follows:

31 December 2019

Contructual maturity analysis	**Net book value**	**Net cash outflows (I+II+III)**	**1-3 months (I)**	**3 months-1 year (II)**	**1-5 years (III)**
Non- derivative					
Financial liabilities					
Bank loans	**132.279.439**	**133.373.726**	**128.207.365**	**5.166.361**	**–**
Obligations under finance leases	**673.924**	**696.421**	**446.742**	**249.679**	**–**
Trade payables	**31.298.774**	**31.450.369**	**29.179.492**	**2.270.877**	**–**
Total liabilities	**164.252.137**	**165.520.516**	**157.833.599**	**7.686.917**	**–**

31 December 2018

Contructual maturity analysis	**Net book value**	**Net cash outflows (I+II+III)**	**1-3 months (I)**	**3 months-1 year (II)**	**1-5 years (III)**
Non- derivative					
Financial liabilities					
Bank loans	193.752.574	202.392.184	186.632.988	15.759.196	–
Obligations under finance leases	2.929.221	3.225.585	319.614	2.213.292	692.679
Trade payables	37.484.968	38.245.794	26.698.877	11.546.917	–
Total liabilities	234.166.763	243.863.563	213.651.479	29.519.405	692.679

b.3.1) Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Foreign currency risk is managed through balancing the liabilities and receivables in foreign currencies.

Market risk exposures of the Group are measured using sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

b.3.2) Foreign currency risk management

Transactions in foreign currencies expose the Group to foreign currency risk. Foreign currency risk is managed by balancing the liabilities and receivables in foreign currencies.

As of 31 December 2019 and 2018 the foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

		31 December 2019	
	USD	**Euro**	**Total TL Equivalent**
Cash and Cash Equivalents	**754**	**153.688**	**1.026.595**
Trade Receivables	**399.680**	**1.904.958**	**15.043.291**
Given Advances	**4.915**	**527.340**	**3.536.322**
Obligation Under Finance Leases	**–**	**(42.616)**	**(283.419)**
Trade Payables	**(1.719.000)**	**(458.498)**	**(13.260.492)**
Net Foreign Currency Position	**(1.313.651)**	**2.084.872**	**6.062.297**

		31 December 2018	
	USD	**Euro**	**Total TL Equivalent**
Cash and Cash Equivalents	1.094	12.240	79.539
Trade Receivables	358.606	3.109.715	20.631.952
Bank Borrowings	–	(780.295)	(4.703.618)
Obligation Under Finance Leases	–	(100.772)	(607.453)
Trade Payables	(2.487.998)	(769.434)	(17.727.258)
Net Foreign Currency Position	(2.128.298)	1.471.454	(2.326.838)

The following table details the Group's sensitivity to a 20% increase and decrease in USD, and EURO. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. A negative number indicates an decrease in profit or loss.

	USD Effect		**EUR Effect**	
	2019	2018	**2019**	2018
Profit or Loss	**(1.560.670)**	(2.239.353)	**2.773.130**	1.773.985

b.3.3) Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The related risks are managed through natural methods which are resulting from the netting of receivables and liabilities dependent to interest rates. The interest rates of financial assets and liabilities are stated in the related notes.

Interest rate sensitivity

The sensitivity analysis of financial instruments is presented below:

Interest Position Table

	31 December 2019	31 December 2018
Financial Instruments with Fixed Interest Rate		
Financial Borrowings	**103.679.439**	107.247.574
Other Financial Liabilities	**673.924**	2.929.221
Financial Instruments with Floating Interest Rate		
Financial Borrowings	**28.600.000**	86.505.000

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's:

Profit for the year ended 31 December 2019 would decrease/increase by TL 139.495 (2018: TL 17.040) This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

25. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

31 December 2019	**Financial assets at amortized cost**	**Financial liabilities at amortized cost**	**Carrying value (*)**	**Note**
Financial assets				
Cash and cash equivalents	**2.070.344**	**–**	**2.070.344**	**27**
Trade receivables	**26.260.254**	**–**	**26.260.254**	**5**
Due from related parties	**2.562.957**	**–**	**2.562.957**	**4**
Other receivables from third parties	**3.305.007**	**–**	**3.305.007**	**6**
Financial liabilities				
Borrowings	**–**	**132.279.439**	**132.279.439**	**23**
Obligations under finance leases	**–**	**673.924**	**673.924**	**23**
Trade payables	**–**	**30.969.371**	**30.969.371**	**5**
Due from related parties	**–**	**329.403**	**329.403**	**4**

31 December 2018	**Financial assets at amortized cost**	**Financial liabilities at amortized cost**	**Carrying value (*)**	**Note**
Financial assets				
Cash and cash equivalents	615.264	–	615.264	27
Trade receivables	48.659.740	–	48.659.740	5
Due from related parties	2.416.344	–	2.416.344	4
Other receivables from third parties	3.858.047	–	3.858.047	6
Financial liabilities				
Borrowings	–	193.752.574	193.752.574	23
Obligations under finance leases	–	2.262.652	2.929.221	23
Trade payables	–	37.484.968	37.484.968	5

(*) Group, considers that the book value of financial instruments reflects their fair values.

26. EVENTS AFTER THE REPORTING PERIOD

None.

27. DISCLOSURES RELATED TO THE STATEMENT OF CASH FLOWS

	31 December 2019	31 December 2018
Cash on hand	**25.841**	9.821
Cash at banks	**2.044.503**	605.443
Demand deposits	**2.044.503**	605.443
	2.070.344	615.264

Explanations about the nature and level of risks related to cash and cash equivalents are provided in Note 24.

STATEMENT OF FINANCIAL POSITION AS ON 31ST DECEMBER 2019

	Notes	Current Period 31 December 2019 TRL	Current Period 31 December 2018 TRL
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	1	**1,031,854**	81,545
Trade receivables	2	**14,242,983**	19,497,352
Inventories	3	**335,472**	1,506,831
Other current assets	4	**4,315,423**	1,011,053
SUBTOTAL		**19,925,731**	22,096,780
TOTAL ASSETS		**19,925,731**	22,096,780

	Notes	Current Period 31 December 2019 TRL	Current Period 31 December 2018 TRL
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables	5	**2,277,675**	4,141,818
Payables related to employee benefits	6	**25,912**	22,255
Other current liabilities	7	**2,022,566**	1,670,665
SUBTOTAL		**4,326,153**	5,834,738

	Current Period 31 December 2019 TRL	Current Period 31 December 2018 TRL
EQUITY		
Equity Attributable to Owners of the Company		
Share capital	**22,700,000**	22,700,000
Profit / (Loss) Reserve	**(7,356,416)**	(6,744,736)
Legal Reserves	**300,000**	300,000
Other Reserves	**6,777**	6,777
SUBTOTAL	**15,650,361**	16,262,042
TOTAL LIABILITIES AND EQUITY	**19,976,514**	22,096,780

For Hisarlar İthalat İhracat Pazarlama Anonim Şirketi

Mr. Giju Kurian
CEO
Date: 9th March, 2020

Mr. Vineet Arora
CFO

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2019

	Notes	**Current Period 1 January- 31 December 2019 TRL**	Current Period 1 January- 31 December 2018 TRL
Revenue	8	**125,889,157**	95,229,175
Other Income	9	**1,084,550**	2,613,478
Cost of Sales (-)	10	**(122,091,403)**	(94,215,537)
Gross Profit		**4,882,303**	3,627,117
General Administrative Expenses (-)	11	**(1,982,824)**	(3,508,886)
Marketing Expenses (-)	12	**(3,447,673)**	(650,184)
OPERATING PROFIT /(LOSS) BEFORE FINANCE EXPENSE		**(548,193)**	(531,954)
Finance Expenses (-)	13	**(63,487)**	(38,810)
PROFIT / (LOSS) BEFORE TAX		**(611,680)**	(570,764)
Tax (Expense)		**–**	–
PROFIT / (LOSS) FOR THE PERIOD		**(611,680)**	(570,764)

For Hisarlar İthalat İhracat Pazarlama Anonim Şirketi

Mr. Giju Kurian
CEO
Date: 9th March 2020

Mr. Vineet Arora
CFO

NOTES FOR THE CALENDAR YEAR 2019

1. **General Declarations**

- The Books of Accounts of Hisarlar İthalat İhracat Pazarlama Anonim Şirketi (Hispa) are not required to be audited as per Turkish Commercial Code as it does not satisfy the minimum criteria set for Independent audit. Consequently, the Books of Accounts are maintained under Turkish Tax Procedure Law (VUK).
- The financial year is identical to the calendar year.
- The income statement has been prepared according to the nature of expense method.
- The functional currency of the company is measured using the currency of the economic environment in which the company operates.

2. **Accounting and Valuation Principles**

2.1 Inventories

Trade Goods are balanced at acquisition cost. Write-downs to the lower market value have been made where necessary.

2.2 Receivables, other assets and liquid funds

Trade Receivables, other assets and liquid funds are balanced at face value.

2.3 Liabilities

Trade payables are shown at their repayment values.

2.4 Currency Translation

All foreign currency balances are restated at the closing forex buy rate as indicated by Türkiye Cumhuriyet Merkez Bankası.

2.5 Revenues

Export revenues are recorded once the goods clear the Turkey Customs.

3. **Parent Company**

Hispa is a wholly owned subsidiary of HİSARLAR MAKİNA SANAYİ VE TİCARET A.Ş.

NOTE 1: CASH AND CASH EQUIVALENTS

	Current Period	Current Period
	31 December 2019	31 December 2018
	TRL	TRL
Cash in hand	**–**	–
Cash at bank	**1,031,854**	81,545
	1,031,854	81,545

NOTE 2: TRADE RECEIVABLES - CURRENT

	Current Period	Current Period
	31 December 2019	31 December 2018
	TRL	TRL
Trade Receivables	**14,242,983**	19,497,352
Notes receivable	**–**	–
Allowance for doubtful receivables (-)	**–**	–
	14,242,983	19,497,352

NOTE 3: INVENTORIES

	Current Period	Current Period
	31 December 2019	31 December 2018
	TRL	TRL
Trade goods	**335,472**	1,506,831
	335,472	1,506,831

NOTE 4: OTHER CURRENT ASSETS

	Current Period	Current Period
	31 December 2019	31 December 2018
	TRL	TRL
VAT deductable	**1,960,561**	888,207
Advance to Suppliers	**2,217,583**	115,773
Prepaid expenses	**31,949**	5,441
Other current receivables	**105,330**	1,632
	4,315,423	1,011,053

NOTE 5: TRADE PAYABLES - CURRENT

	Current Period	Current Period
	31 December 2019	31 December 2018
	TRL	TRL
Trade payables	**2,277,675**	4,141,818
	2,277,675	4,141,818

NOTE 6: PAYABLES RELATED TO EMPLOYEE BENEFITS

	Current Period	Current Period
	31 December 2019	31 December 2018
	TRL	TRL
Due to personnel	**25,912**	22,255
	25,912	22,255

NOTE 7: OTHER CURRENT LIABILITIES

	Current Period	Current Period
	31 December 2019	31 December 2018
	TRL	TRL
Advances from Customers	**1,754,041**	1,618,629
Taxes and dues payable	**48,223**	41,449
Other payables	**220,302**	10,587
	2,022,566	1,670,665

NOTE 8: REVENUES

	Current Period 1 January– 31 December 2019 TRL	Current Period 1 January– 31 December 2018 TRL
Domestic Sales	**–**	96,474
Export Sales	**126,798,988**	95,513,337
Sales returns (-)	**(909,831)**	(380,636)
	125,889,157	95,229,175

NOTE 9: OTHER INCOME

	Current Period 1 January– 31 December 2019 TRL	Current Period 1 January– 31 December 2018 TRL
Foreign exchange Gain	**1,140,083**	2,510,837
Other revenues	**(55,533)**	102,641
	1,084,550	2,613,478

NOTE 10: COST OF SALES

	Current Period 1 January– 31 December 2019 TRL	Current Period 1 January– 31 December 2018 TRL
Cost of merchandises sold	**112,318,860**	86,632,732
Freight Outwards	**9,772,543**	7,582,804
	122,091,403	94,215,536

NOTE 11: GENERAL ADMINISTRATIVE EXPENSES

	Current Period 1 January– 31 December 2019 TRL	Current Period 1 January– 31 December 2018 TRL
Personnel expenses	**212,291**	56,241
Legal & Consultancy Fees	**40,000**	30,000
Warranty Expenses	**891,857**	487,804
Foreign exchange loss	**–**	–
Other Expenses	**838,675**	2,934,842
	1,982,824	3,508,886

NOTE 12: MARKETING EXPENSES

	Current Period 1 January– 31 December 2019 TRL	Current Period 1 January– 31 December 2018 TRL
Personnel Expenses	**1,548,510**	339,149
Consultancy	**–**	–
Other marketing and sales expenses	**1,899,163**	311,035
	3,447,673	650,184

NOTE 13: FINANCE EXPENSES

	Current Period 1 January– 31 December 2019 TRL	Current Period 1 January– 31 December 2018 TRL
Bank Commission expenses	**63,487**	38,810
Bank Financing expenses	**–**	–
	63,487	38,810

INDEPENDENT AUDITORS REPORT ON FINANCIAL STATEMENTS

To the board of directors of Erkunt Traktör Sanayi Anonim Şirketi

Opinion

We have audited the financial statements of Erkunt Traktör Sanayii A.Ş., which comprise the statement of financial position as at December 31, 2019, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31,2019 , and of its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Code of Ethics for Independent Auditors issued by Public Oversight, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Issues	How the Issues Dealt with in the Audit
Trade Receivables The Company's trade receivables from non-related parties are an important part of total assets. The Company management takes into account the collaterals received from customers, past collection performances, maturity analysis, disputes or claims regarding receivables when assessing the recoverability of trade receivables. As a result of these evaluations, the determination of doubtful receivables and the provisions for these receivables and the determination of the receivable values that have been reduced (reducing deferred financial expenses) as of the date of the financial statements are realized by the assumptions and estimations of the management. For these reasons, Trade Receivables are defined as one of the significant audit subjects by us. Accounting principles and amounts related to trade receivables in financial statements are **Note 2.08 Summary of Significant Accounting Policies, 2.03 Changes on Accounting Policies and Footnote 10 Trade Receivables and Payables.** Are explained in detail.	When designing audit procedures to address this key issue of auditing, the accounting policies applied by the Company's management regarding Trade Receivables are considered to comply with TAS and related legislation. Company within the framework of this evaluation; – The existence and accuracy of the trade receivable balances from non-related parties with the direct validation letters were tested. – Aggregate aging study was analyzed analytically and the collection turnover rate was determined, compared with the previous period and the provision for doubtful receivables was tested. – The collection risk is analyzed by analyzing the overdue receivables. – Exchange rate differences of foreign currency indexed receivables have been recalculated. – Guarantee letters received from customers have been tested. – It has been investigated whether there is a legal dispute regarding the receivables and the provision of doubtful receivable has been evaluated by taking a written declaration about the proceedings from the Company lawyers.

Revenue Periodicity	The following audit procedures have been applied to register the revenue during our audit:
Revenue is recognized when significant risks and returns are transferred to the buyer. Due to the nature of the operations of the Company, there are products that have been completed, delivered to the customer and the delivery price has not been realized although the sales price has been collected. As of the reporting date, the products in this case are located in the Company's inventory areas. The ownership rights and risks of these non-transferable products can be transferred to the customer. According to the above-mentioned explanations, the principle of the periodicity of sales is determined as the key audit subject whether the revenue of the products in this situation is recorded in the correct period. The Company's accounting policies and amounts related to revenue are disclosed in **Note 2.08.17** and **Note 28**.	– The design and implementation of controls related to the revenue process were evaluated. The Company's sales and delivery procedures were analyzed. – The provisions regarding the commercial and shipping conditions in the contracts with the customers were examined and the timing of the revenue to be included in the financial statements for different shipping arrangements was evaluated. – The financial verification procedures focused on the evaluation of the situations where the income was invoiced but not earned. – Revenue is analyzed by increasing rates and the accuracy of Revenue items has been checked by increasing sample revenue verification tests.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

In an independent audit, the responsibilities of us independent auditors are:

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We have informed those charged with governance that we have complied with the ethical provisions regarding independence. We have also communicated to all those charged with governance all relations and other matters that may be considered to have an effect on independence and, if any, relevant measures.

Among the issues that are reported to those charged with governance, we specify the most important issues in the independent audit of the financial statements of the current period, namely the key audit topics. We may decide not report relevant matter if the legislation does not allow the disclosure of the matter to the public or if there are exceptional circumstances where it is reasonably expected to have negative outcomes on public interest.

Report on Other Legal and Regulatory Requirements

1) In accordance with the fourth paragraph of Article 402 of the Turkish Commercial Code, no material issue has been found regarding the bookkeeping schedule of the Company for the period 1 January – 31 December 2019, which does not conform to the financial statements of the Company and the Articles of Association.

2) In accordance with the fourth paragraph of Article 402 of the Turkish Commercial Code, the Board of Directors has made the required explanations within the scope of the audit and issued the requested documents.

The responsible auditor Metin ETKİN is responsible for carrying out this independent audit.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.

An Independent Member of BAKER TILLY INTERNATIONAL

Metin ETKİN
Responsible Auditor
İstanbul,
February 5, 2020

STATEMENT OF FINANCIAL POSİTION FOR THE 01.01.2019-31.12.2019 PERIOD

(All amounts are expressed in Turkish Lira)

	Notes	**Independently Audited Current Period 31.12.2019**	Independently Audited Previous Period 31.12.2018
ASSETS			
Current Assets		**179,360,811**	150,665,091
Cash and Cash Equivalents	**6**	**9,484,462**	2,376,083
Financial Investments	**7**	**–**	–
Trade Receivables	**10**	**67,724,556**	58,921,318
Trade Receivables from Non-Related Parties	***10,38***	***67,724,556***	58,921,318
Trade Receivables from Related Parties	***10,38***	**–**	–
Other Receivables	**11**	**7,557,358**	9,571,183
Other receivables from non-related parties	***11,38***	***7,557,358***	9,571,183
Other Receivables from Related Parties	***11,38***	**–**	–
Derivative Financial Assets	**12**	**515,820**	–
Inventories	**13**	**50,437,804**	44,622,448
Biological Assets	**14**	**–**	–
Prepayments	**15**	**10,595,435**	5,306,112
Current Tax Assets	**26**	**1,263**	8,920
Other Current Assets	**27**	**33,044,113**	29,859,027
Total		**179,360,811**	150,665,091
Fixed Assets Classified for Sales	**35**	**–**	–
Non-Current Assets		**139,717,097**	114,713,002
Trade Receivables	**10**	**–**	–
Trade Receivables from Non-Related Parties	***10,38***	**–**	–
Trade Receivables from Related Parties	***10,38***	**–**	–
Other Receivables	***11***	**–**	–
Other receivables from non-related parties	***11,38***	**–**	–
Other Receivables from Related Parties	**11,38**	**–**	–
Financial Investments	***7***	**–**	–
Investments Accounted for Using Equity Method	***16***	***60,058,086***	52,843,419
Biological Assets	**14**	**–**	–
Investment Property	**17**	**–**	–
Property, Plant and Equipment	**18**	**36,383,254**	34,525,741
Intangible Assets and Goodwill	**19**	**27,674,313**	21,312,459
Right of Use Asset	**20**	**2,264,172**	–
Prepayments	**15**	**–**	–
Deferred Tax Assets	**36**	**13,337,272**	6,031,383
Other Non-Current Assets	**27**	**–**	–
TOTAL ASSETS		**319,077,908**	265,378,093

The accompanying notes are an integral part of these statements.

STATEMENT OF FINANCIAL POSİTION FOR THE 01.01.2019-31.12.2019 PERIOD

(All amounts are expressed in Turkish Lira)

	Notes	**Independently Audited Current Period 31.12.2019**	Independently Audited Previous Period 31.12.2018
LIABILITIES			
Current Liabilities		**206,475,166**	116,056,767
Current Borrowings	**8**	**111,778,818**	64,008,667
Short-Term Installments of Long-Term Financial Debts	**8**	**–**	–
Other Financial Liabilities	**9**	**–**	–
Current Trade Payables	**10**	**53,414,180**	34,021,165
Trade Payables to Non-Related Parties	***10,38***	***45,637,992***	25,727,324
Trade Payables to Related Parties	***10,38***	***7,776,188***	8,293,841
Employee Benefit Obligation	**21**	**2,405,541**	959,560
Other Payables	**11**	**4,943,702**	2,166,782
Other Payables to Non-Related Parties	***11,38***	***4,936,622***	2,166,782
Other Payables to Related Parties	***11,38***	**7,080**	–
Derivative Financial Liabilities	**12**	**–**	–
Government Grants	**22**	**–**	–
Deferred Income	**15**	**9,139,866**	1,166,432
Current Tax Liabilities	**36**	**–**	–
Short-Term Provisions	**23**	**16,240,621**	11,794,207
Current Provisions For Employee Benefits		***2,260,253***	1,211,324
Guarantee Provision		***12,670,163***	9,193,400
Litigation Provision		***1,310,205***	1,389,483
Other Short-Term Liabilities	**27**	***8,552,438***	1,939,954
Total		**206,475,166**	116,056,767
Liabilities of Assets Held for Sale	**35**	**–**	–
Non- Current Liabilities		**3,777,245**	1,559,572
Long-Term Financial Debts	**8**	**2,016,724**	–
Other Financial Liabilities	9	**–**	–
Current Trade Payables	**10**	**–**	–
Other Payables	**11**	**–**	–
Deferred Income	**15**	**–**	–
Non-Current Provisions	**23,25**	**1,760,521**	1,559,572
Long-Term Provisions for Employee Benefits		***1,760,521***	1,559,572
Payables for Current Period Tax	**26**	**–**	–
Deferred Tax Liability	**36**	**–**	–
Other Long-Term Liabilities	**27**	**–**	–
EQUITY		**108,825,497**	147,761,754
Parent Company Shareholders' Equity	**28**	**108,825,497**	147,761,754
Issued Capital		**200,000,000**	190,000,000
Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss		**13,849,208**	18,138,427
Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss		**–**	–
Restricted Reserves From Profit		**3,442,629**	3,442,629
Prior Years Profits or (Losses)		**(63,819,302)**	(25,875,581)
Current Period Net Profit or (Loss)		**(44,647,038)**	(37,943,721)
Non-Controlling Interests		**–**	–
TOTAL LIABILITIES		**319,077,908**	265,378,093

The accompanying notes are an integral part of these statements.

STATEMENT OF PROFIT OR LOSS FOR THE 01.01.2019-31.12.2019 PERIOD

(All amounts are expressed in Turkish Lira)

	Notes	**Independently Audited Current Period 01.01.2019 31.12.2019**	Independently Audited Previous Period 01.01.2018 31.12.2018
Revenue	**29**	**281,997,857**	271,226,540
Cost of Sales (-)	**29**	**(257,982,770)**	(223,394,518)
Gross Profit/(Loss) from Commercial Activities		**24,015,087**	47,832,022
Revenue from Finance Sector Activities		**–**	–
Cost of Finance Sector Activities		**–**	–
Gross Profit/(Loss) from Financial Sector Activities		**–**	–
GROSS PROFIT (LOSS)		**24,015,087**	47,832,022
Marketing Expenses (-)	***30***	**(42,296,032)**	(37,389,742)
Administrative Expenses (-)	***30***	**(13,299,420)**	(10,939,613)
Research and Development Expense (-)	**30**	**(5,565,715)**	(5,190,212)
Other Income from Operating Activities	**32**	**22,303,192**	42,393,418
Other Expenses from Operating Activities (-)	**32**	**(34,452,665)**	(58,193,611)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**(49,295,553)**	(21,487,738)
Share of Profit (loss) from Investments Accounted for Using Equity Method	**16**	**9,078,472**	13,771,036
Investment Activity Income	**33**	**12,568**	–
Investment Activity Expense (-)	**33**	**(8,847)**	–
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		**(40,213,360)**	(7,716,702)
Finance Income	**34**	**645,988**	7,538,179
Finance Costs (-)	**34**	**(14,550,339)**	(43,872,559)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		**(44,647,038)**	(37,943,721)
Tax İncome (Expense)		**9,470,673**	6,107,361
– Current Period Tax Income (Expense)		**–**	–
– Deferred Tax Income (Expense)	**36**	**9,470,673**	6,107,361
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**(44,647,038)**	(37,943,721)
<u>DISCONTINUED OPERATIONS</u>			
Period Profit/Loss From Discontinued Operations			
PROFIT/(LOSS)		**(44,647,038)**	(37,943,721)
Period Profit/Loss Distribution			
Non-Controlling Shares			
Parent Company Shares		**(44,647,038)**	(37,943,721)
Earnings Per Share			
Earnings Per Share from Continuing Operations	**37**	**(223)**	(200)

The accompanying notes are an integral part of these statements.

OTHER COMPREHENSIVE INCOME FOR THE 01.01.2019-31.12.2019 PERIOD

(All amounts are expressed in Turkish Lira)

	Notes	**Independently Audited Current Period 01.01.2019 31.12.2019**	Independently Audited Previous Period 01.01.2018 31.12.2018
PROFIT/(LOSS)	**37**	**(44,647,038)**	(37,943,721)
OTHER COMPREHENSIVE INCOME			
Not to be re-classified in Profit or Loss		**(4,289,219)**	(882,952)
Defined Benefit Plans Re-Measurement Gains/(Losses)	**25**	**(260,630)**	(51,902)
Shares will not be classified in profit/ loss from other Comprehensive Income of Investments valuated by equity method Profit	**16**	**(1,863,805)**	(293,361)
Other		**–**	1,668,841
Taxes related to the other Comprehensive Income that will not be re-classification in the Profit or Loss		**(2,164,784)**	(2,206,530)
– *Period Tax Income/Expense*			
– *Deferred Tax Income/Expense*	***36***	***(2,164,784)***	(2,206,530)
Re-classified in Profit or Loss		**–**	–
OTHER COMPREHENSIVE INCOME (EXPENSE)		**(4,289,219)**	(882,952)
TOTAL COMPREHENSIVE INCOME		**(48,936,257)**	(38,826,673)
Total Comprehensive Income Distribution:		**(48,936,257)**	(38,826,673)
Non-Controlling Shares			
Parent Company Shares		**(48,936,257)**	(38,826,673)

The accompanying notes are an integral part of these statements.

STATEMENT OF CHANGES IN EQUITY FOR THE 01.01.2019-31.12.2019 PERIOD

(All amounts are expressed in Turkish Lira)

			Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss		Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss		Accumulated Profits		
Independently Audited Previous Period	Notes	Issued Capital	Gains (losses) on revaluation of Intangible Assets	Gains (losses) on remeasurements of defined benefit plans	Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	Restricted Reserves From Profit	Prior Years Profits or (Losses)	Current Period Net Profit or (Loss)	Equity
01.01.2018 (Beginning of the Period)	Not.28	30,000,000	20,500,262	(643,714)	(835,169)	3,442,629	20,308,072	(45,031,890)	27,740,190
Revisions to the Change in Accounting Policy		–	–	–	–	–	(1,151,763)	–	(1,151,763)
TFRS 15 (Not 2.3)		–	–	–	–	–	–	–	–
TFRS 9 (Not 2.3)		–	–	–	–	–	(1,151,763)	–	(1,151,763)
01.01.2018 (Beginning of the Period)	Not.28	30,000,000	20,500,262	(643,714)	(835,169)	3,442,629	19,156,309	(45,031,890)	26,588,427
Transfers		–	–	–	–	–	(45,031,890)	45,031,890	–
Issue of Equity		160,000,000	–	–	–	–	–	–	160,000,000
Total Comprehensive Income		–	(548,069)	(41,522)	(293,361)	–	–	(37,943,721)	(38,826,673)
– Net Profit for the Period		–	–	–	–	–	–	(37,943,721)	(37,943,721)
– Other Comprehensive Income		–	(548,069)	(41,522)	(293,361)	–	–	–	(882,952)
31.12.2018 (Period Ended)		190,000,000	19,952,193	(685,236)	(1,128,530)	3,442,629	(25,875,581)	(37,943,721)	147,761,754
Independently Audited									
Current Period	Notes								
01.01.2019 (Beginning of the Period)	Not.28	190,000,000	19,952,193	(685,236)	(1,128,530)	3,442,629	(25,875,581)	(37,943,721)	147,761,754
Transfers		–	–	–	–	–	(37,943,721)	37,943,721	–
Issue of Equity		10,000,000	–	–	–	–	–	–	10,000,000
Total Comprehensive Income		–	(2,216,910)	(208,504)	(1,863,805)	–	–	(44,647,038)	(48,936,257)
– Net Profit for the Period		–	–	–	–	–	–	(44,647,038)	(44,647,038)
– Other Comprehensive Income		–	(2,216,910)	(208,504)	(1,863,805)	–	–	–	(4,289,219)
31.12.2019 (Period Ended)		200,000,000	17,735,283	(893,740)	(2,992,335)	3,442,629	(63,819,302)	(44,647,038)	108,825,497

The accompanying notes are an integral part of these statements.

CASH FLOW FOR THE 01.01.2019-31.12.2019 PERIOD

(All amounts are expressed in Turkish Lira)

	Notes	**Independently Audited Current Period 01.01.2019 31.12.2019**	Independently Audited Previous Period 01.01.2018 31.12.2018
A) CASH FLOWS FROM OPERATING ACTIVITIES			
PERIOD PROFIT/(LOSS)		**(44,647,038)**	(37,943,721)
Adjustments Related to the Consolidation of Net Profit (Loss) for the Period		**2,366,795**	23,737,663
Adjustments Related to Depreciation and Amortization	**17-19**	**7,565,891**	3,932,661
Adjustments Related to Provisions		**6,028,154**	(597,369)
Adjustments Related to Benefits Provided to Employees (Cancellation)	***25***	**1,680,621**	813,453
Adjustments Regarding Warranty Provisions (Cancellation)	***23***	**3,476,763**	(2,115,863)
Adjustments Regarding Litigation and Criminal Provisions (Cancellation)		**870,770**	705,041
Adjustments for Provision (Reversal of Provision) of Receivables	**10**	**(5,782,108)**	2,237,682
(Income) Expense Caused by Changes in Share of Associates	**16**	**(9,078,472)**	(13,771,036)
Adjustments for Interest (Income) Expenses		**13,619,823**	38,043,086
Adjustments for Interest Income	***34***	**(645,988)**	(7,538,179)
Adjustments for Interest Expense	***34***	**14,550,339**	43,872,559
Deferred Financial Expense from Credit Purchases	***17***	**1,172,400**	797,063
Unearned Financial Income from Credit Sales	***10***	**(1,456,928)**	911,643
Adjustments for Fair Value Losses (Gains) of Derivative Financial Instruments		**(515,820)**	–
Adjustments for Tax (Income) Expenses		**(9,470,673)**	(6,107,361)
Changes in Working Capital		**21,474,083**	24,413,678
Decrease (Increase) in Trade Accounts Receivables from Unrelated Parties	**10**	**(1,564,202)**	73,101,931
Decrease (Increase) in Other Unrelated Party Receivables Related with Operations	**11**	**–**	(3,930,381)
Adjustments for increase (decrease) in trade accounts payable	**10**	**18,220,616**	(51,596,166)
Increase (Decrease) in Trade Accounts Payables to Unrelated Parties		**19,123,036**	(51,984,266)
Increase (Decrease) in Trade Accounts Payables to Related Parties		**(902,420)**	388,100
Adjustments for increase (decrease) in other operating payables	***11,2***	**4,790,745**	(3,123,444)
Adjustments for (Reversal of) Related with Employee Benefits Obligations	***21***	**1,445,981**	(1,027,970)
Adjustments for Decrease (Increase) in Prepaid Expenses		**(5,289,323)**	(3,679,479)
Decrease (Increase) in Other Assets Related with Operations		**(3,185,085)**	(865,597)
Increase (Decrease) in Deferred Income		**7,973,434**	437,286
Adjustments for decrease (increase) in inventories	**13**	**(5,815,356)**	17,730,030
Other Adjustments for Other Increase (Decrease) in Working Capital		**6,765,001**	(2,632,532)
Cash Flows From (Used in) Operations		**(18,938,433)**	10,207,620
Tax Returns (Payments)	**36**	**7,656**	133,574
Interest Paid (Net)		**(13,904,352)**	(36,334,380)
Rent Payment		**(1,771,614)**	–
Employee Termination Benefit Paid	**25**	**(1,641,421)**	(335,387)
Cash from operating activities		**(36,248,163)**	(26,328,574)

CASH FLOW FOR THE 01.01.2019-31.12.2019 PERIOD (CONTD...)

(All amounts are expressed in Turkish Lira)

	Notes	**Independently Audited Current Period 01.01.2019 31.12.2019**	Independently Audited Previous Period 01.01.2018 31.12.2018
B) CASH FLOWS FROM INVESTING ACTIVITIES		**(14,166,159)**	(18,370,493)
Cash Outflows from Purchase of Tangible Fixed Assets	**18,19**	**(5,659,894)**	(8,230,328)
Cash Outflows from Purchase of Intangible Fixed Assets		**(8,619,510)**	(11,373,316)
Cash Inflows from Sale of Tangible Fixed Assets	**18,19**	**113,245**	160,161
Cash Inflows from Sale of Intangible Fixed Assets	**18,19**	**–**	1,072,990
C) CASH FLOWS FROM FINANCING ACTIVITIES		**57,522,701**	41,220,306
Cash inflows from loans	**8**	**49,786,873**	(118,779,694)
Cash Outflows On Debt Payments Arising From Lease Agreements		**(2,264,172)**	–
Issue of Equity		**10,000,000**	160,000,000
Net increase/decrease in cash and cash equivalents before foreign currency translation differences		**7,108,379**	(3,478,760)
D) EFFECT ON FOREIGN CURRENCY DECREASES ON CASH AND CASH EQUIVALENTS			
Net increase/(decrease) in cash and cash equivalents		**7,108,379**	(3,478,760)
E) CASH AND CASH EQUIVALENTS AT THE PERIOD BEGINING	**6**	**2,376,083**	5,854,843
CASH AND CASH EQUIVALENTS AT PERIOD END	**6**	**9,484,462**	2,376,083

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD OF JANUARY 01 - DECEMBER 31, 2019
(The currency is expressed in Turkish Lira ("TL") unless otherwise stated.)

1 The Company's Organization and Field of Activity

Erkunt Traktör Sanayii A.Ş. was established September,12,2003; and located at Organized Industrial Zone Batıhun St. No: 2-4 Sincan/Ankara.

The main activity of the company is the production, sales, maintenance and repair of agricultural machinery, engines and transfer units, machinery and equipment.

The capital structure of the Company is stated below.

	31.12.2019		31.12.2018	
Shareholders	**Share Amount**	**Share Ratio (%)**	Share Amount	Share Ratio (%)
Mahindra Overseas Investment Company	**200,000,000**	**100.00**	190,000,000	100.00
Total	**200,000,000**	**100.00**	190,000,000	100.00

The company does not have a branch.

The number of averagely employees as of; December 31,2019: 327 (December 31,2018: 350 employees)

As of November 30, 2017 Erkunt Traktör Sanayii A.Ş.'s shares are transferred to Mahindra Overseas Investment Company.

The financial statements for the period January 01 - December 31, 2019 were signed by chairman of the Board of Directors Rajesh Ganesh Jejurikar,vice chairman of the Board of Directors Nikhil Sohoni, member of the Board of Directors Harish Prakash Gopal Wakankar, member of the Board of Directors Hemant Sikka on February 05, 2020. The General Assembly has the authority to change financial statements.

2. Summary of Significant Accounting Policies

2.01 Basic Presentation Principles

The Company's headquarters and subsidiaries in Turkey maintain and prepare their accounting records and legal financial statements in Turkish Lira in accordance with the terms of the Uniform Chart of Accounts issued by the Turkish Commercial Code ("TCC") and the Ministry of Finance of the Republic of Turkey ("Ministry of Finance").

Declaration of Conformity to Turkish Accounting Standards.

The accompanying financial statements have been prepared in accordance with the Turkish Accounting Standards ("TAS/TFRS") issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA") and their annexes and interpretations thereof.

The financial statements have been presented in accordance with the TAS Taxonomy of 2019 approved by the Board of Directors, dated 15 April 2019.

2. Summary of Significant Accounting Policies

2.01 Basic Presentation Principles

The Company's financial statements are presented in the functional currency of the primary economic environment in which it operates.

The Company's financial performance and results of operations are expressed in Turkish Lira, which is the functional currency of the Company and the presentation currency of the financial statements.

2.02 Correcting the financial statement in the high inflation periods

Before the Turkish code of commerce no: 6102 and the legislative decree no: 660 and the related legislation, with a decision taken by the capital markets board ("SPK") in 17.March.2005, for the companies which have activities in Turkey and which issue financial statement according to the SPK accounting standards, because it was announced that it is not required to apply the inflation accounting such that it is in effect as from 01.01.2005, as from that date, the application of issuance and presentation of the financial statements according to the Turkish accounting standard 29 "Financial reporting in the high inflationist economies" was terminated.

2.03 Changes in Accounting Policies

In case of changes and errors in the accounting policies and accounting estimates, material changes and detected material accounting errors are applied retroactively and the financial statements for the previous period are reissued. If the changes in the accounting policies affect the previous periods, such policy is also retroactively applied in the financial statements as if it is always used. There is not any change in the Company's accounting policies.

2.04 Comperative Information and Adjustment of the Previous Financial Statements

Company applied TFRS 16 "Leases Standard" fort he first time as of 1 January 2019. For leases previously classified as operating leases under TAS 17, the financial statements reflect a right of use asset over an amount equal to the lease obligation adjusted for the amount of all lease payments prepaid or accrued as of January 1, 2019.
Statement of financial status of the application of TFRS 16 as of December 31, 2019 and effects of profit or loss for the period ended on the same date are presented below. The implementation of the standard has no significant impact on the other comprehensive income statement and cash flow statement.

	31.12.2019	**Correction Effects**	**31.12.2019 (Excluding Correction Effects)**
ASSETS			
Current Assets	**179,360,811**	**–**	179,360,811
Non-Current Assets	137,399,907	2,317,190	139,717,098
Investments Accounted for Using Equity Method	60,058,086	–	60,058,086
Property, Plant and Equipment	36,383,254	–	36,383,254
Intangible Assets and Goodwill	27,674,313	–	27,674,313
Right of Use Assets	–	2,264,172	2,264,172
Deferred Tax Asset	13,284,255	53,018	13,337,272
TOTAL ASSETS	**316,760,718**	**2,317,190**	**319,077,908**

	31.12.2019	**Correction Effects**	**31.12.2019 (Excluding Correction Effects)**
LIABILITIES			
Current Liabilities	**205,986,728**	**488,438**	**206,475,166**
Short-term borrowings from non-related parties	111,290,380	488,438	**111,778,818**
Trade Payables	53,414,180	–	**53,414,180**
Employee Benefit Obligations	2,405,541	–	2,405,541
Other Payables	4,943,702	–	4,943,702
Deferred Incomes	9,139,866	–	9,139,866

	31.12.2019	Correction Effects	31.12.2019 (Excluding Correction Effects)
Current Provisions	16,240,621	–	16,240,621
Other Current Liabilities	8,552,438	–	8,552,438
Non-Current Liabilities	1,760,521	2,016,724	3,777,245
Long-term Borrowings from Non-related Parties	–	2,016,724	2,016,724
Non-Current Provisions	1,760,521	–	1,760,521
EQUITY	109,013,469	(187,972)	108,825,497
Issued Capital	200,000,000	–	200,000,000
Other Accumulated Comprehensive Income that will not be Reclassified in Profit or Loss	13,849,208	–	13,849,208
Restricted Reserves Appropriated From Profits	3,442,629		3,442,629
Prior Years' Profits or Losses	(63,819,302)	–	(63,819,302)
Current Period Net Profit or Loss	(44,459,066)	(187,972)	(44,647,038)
TOTAL LIABILITIES	**316,760,718**	**2,317,190**	**319,077,908**

	31.12.2019	Correction Effects	31.12.2019 (Excluding Correction Effects)
Revenue	281,997,857	–	281,997,857
Cost of Sales (-)	(258,385,342)	402,572	(257,982,770)
GROSS PROFIT	**23,612,515**	**402,572**	**24,015,087**
Administrative Expenses (-)	(12,393,020)	(906,400)	(13,299,420)
Marketing Expenses (-)	(42,914,158)	618,126	(42,296,032)
Research and Development Expenses (-)	(5,698,865)	133,150	(5,565,715)
Other Income from Operating Activities	22,303,192	–	22,303,192
Other Expenses from Operating Activities (-)	(34,288,260)	(164,405)	(34,452,666)
PROFIT FROM OPERATING ACTIVITIES	**(49,378,596)**	**83,043**	**(49,295,553)**
Shares in profit/loss of investments valued by equity method	9,078,472	–	9,078,472
Investment Activity Income	12,568	–	12,568
Investment Activity Expense (-)	(8,847)	–	(8,847)
PROFIT BEFORE FINANCING INCOME (EXPENSE)	**(40,296,403)**	**83,043**	**(40,213,360)**
Finance Income	645,988	–	645,988
Finance Costs (-)	(14,226,306)	(324,033)	(14,550,339)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX	**(53,876,721)**	**(240,990)**	**(54,117,711)**
Continued Ativities Tax Income/(Expense)	**9,417,655**	**53,018**	**9,470,673**
Current Period Tax Expense (-)	–	–	–
Deferred Tax Income (Expense)	9,417,655	53,018	9,470,673
PROFIT (LOSS) FROM CONTINUINING OPERATIONS	**(44,459,066)**	**(187,972)**	**(44,647,038)**
DISCONTINUED OPERATIONS	**–**	**–**	**–**
CURRENT PROFIT/ (LOSS)	**(44,459,066)**	**(187,972)**	**(44,647,038)**
Period Profit/Loss Distribution	**(44,459,066)**	**(187,972)**	**(44,647,038)**

The company has reflected a right of use asset over an amount equal to its lease obligation adjusted for the amount of all lease payments previously prepaid or accrued as of January 1, 2019 in the financial statements for leases previously classified as operating leases under TAS 17. In this context, the application of the TFRS 16 Leases standard has no impact on the company's prior years profits as of January 1, 2019.

2.05 *Changes in the Accounting Estimates*

Accounting estimates are made based on reliable information and reasonable estimate methods. However, in case of any change in the conditions under which the estimate is made, obtaining new information or occurrence of additional developments, estimates are reviewed. If effect of the change in the accounting estimate is related to one period only, it is reflected to the financial statements to be considered in calculation of the profit or loss for the period in the current period or both in the period of the change and the following periods on a retrospective basis if it is also related to the following periods.

Nature and amount of a change in the accounting estimate, which change has an effect on the result of operations for the current period or expected to affect the following periods, are disclosed in the notes to the financial statements except for any cases where it is not possible to estimate such effect for the following periods. There is no change in the accounting estimates in the current period.

2.06 *Significant Accounting Evaluations, Estimates and Assumptions*

In the preparation of the financial statements, the Company Management is required to make assumptions and estimates that will affect the reported amounts of assets and liabilities, the probable liabilities and commitments as of the balance sheet date and the income and expenses in the reporting period. Actual results may differ from estimates. Estimates are regularly reviewed, necessary corrections are made and reflected in the profit or loss table in the period in which they are realized.

The interpretations that could have a significant effect on the amounts reflected in the financial statements and the assumptions made by taking into account the actual sources of the existing or future estimates are as follows:

a) The retirement pay liability is determined using actuarial assumptions (discount rates, future salary increases and employee turnover rates). These assumptions are reviewed at each balance sheet date and revised if necessary. **(Note:25)**

b) The Company depreciated its tangible assets by using the straight-line depreciation method in accordance with the useful life. Expected useful life residual value and amortization method are reviewed every year for possible effects of changes in estimates and are accounted for on a prospective basis if there is a change in estimates. **(Note:2.08.04-2.08.05)**

c) Provisions for bad debt reflect the amounts which the Company's management believes to recover future losses for any receivables which are outstanding as of the date of balance sheet with a risk of non-collection in the framework of the current economic conditions. When impairment of receivables is evaluated, past performances of debtors, their credibility on the market and performances between the date of balance sheet and date of approval of the financial statements and renegotiated conditions are also considered. The information regarding the relevant provisions as of the date of balance sheet is given in **Note: 10**.

d) In the case of impairment of inventories, the physical characteristics of the inventories and how much they have come from the past are assessed, the utility of the inventories is determined based on the opinion of the technical staff and provisions are made for the items that are estimated to be unavailable. For calculating the net realizable value of inventories, average selling prices are used.

e) The Company has made deferred tax calculation in accordance with TAS and TFRS and reflected to the financial statements.

f) Company management, In accordance with the best estimates in the light of legal advisors and expert opinion regarding cases described in detail at Note: 23, has made provision in the financial statements.

g) The Group signs additional maintenance and warranty contracts with customers following the end of the warranty period. The supplementary maintenance and warranty contract income or loss is recorded according to the accrual rate by means of the proportion of the employee who has passed since the beginning of the contract during the life of the contract, to the total duration of the contract. The part of the maintenance contract income that is not accrued is accounted for in short/long term deferred income in the balance sheet.

2.07 Netting/Offsetting

The financial assets and liabilities are shown at their net values in the balance sheet if there is a legal right of netting, they are paid on a net basis or may be collected or acquisition of the asset and satisfaction of the liability may occur concurrently.

2.08 Summary of Important Accounting Policies

Summary of the important accounting policies applied during preparation of the financial statements is as follows:

2.08.01 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in hand, short-term cash and cash equivalents, which are not held for investment or other purposes, are readily convertible into cash within a short period of time and have high liquidity and are unlikely to change in value. (Note 6). It is included in fixed assets if it has cash or similar assets used for payment of debts or for other reasons within twelve months after the balance sheet date.

2.08.02 Trade Receivables

Trade receivables originated by the Company by way of providing goods or services directly to a debtor are carried at amortized cost using the effective yield method and if the provision for doubtful receivables is deducted. Short-term trade receivables with no stated interest rate are measured at the invoice amount if the interest accrual effect is insignificant.

Notes and tem checks classified as trade receivables are carried at amortized cost using the effective interest rate at the balance sheet date.

The provision for doubtful receivables is reflected in the records as expense. Provision is the amount that is estimated by the Company management and considered to cover the possible damages that may arise from the economic condition or the risk it carries for the account.

2.08.03 Inventories

Inventories are reflected in the financial statements at the lower of acquisition cost or net realizable value. Costs included in inventories are material, labor and general production costs. Cost is calculated by weighted average method.

Net realizable value is the estimated cost of completion of an ordinary business activity and the estimated cost of sales Total required to realize the sale.

2.08.04 Property, Plant and Equipment

Property, plant and equipment are carried at cost, restated for the effects of inflation as of December 31, 2004 and items purchased at January 1, 2005 less any accumulated depreciation for the items purchased before January 1, 2005 Property, plant and equipment are depreciated on a straight-line basis over their useful lives.

The depreciation rates determined by considering the useful lives of the tangible assets are as follows:

Type	Useful Life (Year)
Buildings	10-50 years
Land improvements	10-25 years
Machinery, Plant and Equipment	3-24 years
Vehicles	3-14 years
Fixtures	2-50 years
Other Tangible Fixed Assets	2-20 years

The expected useful life residual value and amortization method is reviewed every year for the possible effects of the changes emerged in the predictions and if there is a change in the forecasts, it is recognized prospectively.

The profits and losses occurring because of selling of fixed assets are determined by comparing the net book value and sales price and included in the operations profit.

2.08.05 Intangible Assets and Goodwill

The tangible assets, excluding the ones included in the financial statement with the realistic value, are indicated over the costs values corrected according to the effects of the inflation as of December 31st, 2004 for the items purchased before the January 1st, 2905 and by deducing the accumulated amortization from the purchasing cost value for the items purchased after the January 1st, 2005. The fixed assets are subjected to amortization according to the useful life principle with the direct amortization method.

Expected useful life and amortization method are reviewed annually and the changes in estimates are accounted for on a prospective basis to determine the possible effects of changes in estimates.

Depreciation rates determined by considering useful lives of intangible assets are below:

	Useful Life (Year)
Rights	3-15 years
Research and Development Expenditure	5-15 years
Leasehold Improvements	2-10 years
Other Intengible Assets	3-7 years

2.08.06 Borrowing Costs

When the assets which it takes a substantial amount of time to make ready for usage and selling are in question, the borrowing costs which can be directly correlated with purchasing, making or production are had to be included in the cost of the asset until the related asset is made ready for usage or selling. The financial investment income, obtained by using the part of the credit, related with the credit, not spent yet in the financial investments for a temporary period is offset from the borrowing costs suitable for capitalization. All of the other borrowing costs are recorded in the income statement in the period when they occur. The company does not have any financing costs capitalized during the period.

2.08.07 Impairment of Assets

The assets which have infinite life are not subjected to amortization. The impairment test is applied for these assets. For the assets subjected to amortization, in case that situations or events take place where it is not possible to recover the book value, test of impairment of assets is applied. In case that the book value of the asset exceeds the recoverable value, the provision for impairment is made and recorded. The recoverable amount is the bigger one of the realistic value obtained after deducing the costs of sale and the value in usage. In order to evaluate the value lowness, the assets are grouped in the lowest level where there are cash flows which can be defined separately. The assets which are not financial, which are subjected to the impairment are reviewed for the possible cancellation of the impairment of assets in every reporting date.

2.08.08 Effect of Changes in the Exchange Rates

Foreign currency transactions realized during the year are translated into Turkish Lira at the date of the transactions. Assets and liabilities denominated in foreign currencies are translated into Turkish Lira at the rates prevailing at the balance sheet date. Foreign exchange gains/losses arising from the translation and collection of foreign currency transactions are included in the income statement.

The Company's financial statements are presented in the currency of the primary economic environment in which it operates. The financial performance and operating results of the Company are expressed in TL, which is the functional currency. Transactions in foreign currencies during the preparation of the Company's financial statements are recorded based on the exchange rates at the transaction date. Monetary assets and liabilities indexed at the balance sheet are translated into Turkish Lira at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated into Turkish Lira based on the exchange rates at the date when the fair value was determined. Non-monetary items in foreign currency measured in terms of historical cost are not retranslated. Exchange differences are recognized as profit or loss in the period in which they incur.

2.08.09 Taxes Calculated on the Corporate Profit

Income tax expense/revenue is represented by sum of the current tax expense/revenue and deferred tax expense (or revenue).

Current tax

Current year's tax liability is calculated on the taxable portion of the profit for the period. Taxable profit does not include income or expense items taxable or deductible in the other years and items which are not taxable or deductible, so it differs from the profit stated in the income statement. The company's current tax liability was calculated by the tax rate legalized or substantially legalized as of the date of balance sheet.

Deferred tax

Deferred tax liability or asset are defined by calculating tax effects of temporary differences between amounts of the assets and liabilities indicated in the financial statements and their amounts considered in calculation of the legal tax base according to the balance sheet method by considering the legalized tax rates.

Deferred tax liabilities are calculated for all taxable temporary differences but deferred tax assets represented by deductible temporary differences are calculated provided that it is highly probable to benefit from such differences by gaining taxable profit in the future. No deferred tax liability or asset is calculated for temporary timing differences caused by inclusion of assets or liabilities, other than goodwill or business mergers, in the financial statements for the first time and which do not affect both trade and financial profit or loss.

Deferred tax liabilities are calculated for all of taxable temporary differences which are associated with investments in the affiliates and subsidiaries and shares in business partnerships except for any cases where the Company may control elimination of the temporary differences and there is a low possibility for elimination of such different in the near future. Deferred tax assets arising from the taxable temporary differences associated with such investments and shares are calculated provided that it is highly probable to benefit from these differences by gaining sufficient taxable profit in the near future and it is possible to eliminate such differences in the future.

Book value of deferred tax asset is reviewed as of each date of balance sheet. Book value of deferred tax asset is reduced to the extent that it is not possible to gain financial profit at a level to allow for acquisition of the benefit to be provided by all or part of it.

Deferred tax assets and liabilities are calculated on the tax rates (tax adjustments) expected to be effective in the period when the asset are realized or the liabilities are satisfied and legalized or substantially legalized as of the date of balance sheet. During calculation of deferred tax assets and liabilities, tax results of the methods estimated by the Company for recovering book values of the assets as of the date of balance sheet or satisfaction of its liabilities are considered.

Deferred tax assets and liabilities ate set off if there is a legal right to set off the current tax assets against the current tax liabilities or such assets and liabilities are associated with the income tax collected by the same tax authority or the Company intends to pay them by setting off the current tax assets against the current tax liabilities.

Current and deferred tax for the period

Except for those associated with the items directly recognized as a receivable or debt in the equity (in this case, deferred tax for the relevant items is also recognized in the equity directly) or arising from the first recognition of business mergers, the current tax and deferred tax for the period are recognized as an income or expense in the income statement. In business mergers, tax effect is considered in calculation of goodwill or calculation of the portion of the share acquired by the purchaser at the fair value of the definable assets, liabilities and contingent payables of the purchased affiliate in excess of the purchasing cost.

The taxes in the financial statements include the change in the current period taxes and deferred taxes. The Company calculates current and deferred tax on the results of the period.

Netting tax assets and liabilities

The amounts of corporate tax payable are defined as net amounts as they are associated with the pre-paid corporate tax amounts.

2.08.10 Trade payables

The finance income included in the liabilities is calculated by considering the effective interest rate of the related debt and the effective interest rate, and the amounts are shown in the financial statements in the financial statements.

2.08.11 Leasing transactions

I) *Financial leasing transactions*

Financial leases are described which the lessor retains all the risks and benefits pertaining to the goods. Financial leases are taken into the accounts according to lower current market value or minimum lease payments. The liability arising from a financial leasing transaction is separated into interest payable and principal debt in order to determine a fixed interest rate on the remaining balance. The costs and expenses incurred at the initial acquisition of the fixed asset subject to financial leasing are added to the cost.

II) *Operational leasing transactions*

Rental contracts in which the lessor holds all risks and benefits of the property are called operational leases.

Company as leaseholder:

Operational leasing payments are charged to the record as expense according to the normal method during the lease term. As of December 31,2019 the operating lease expense is TL 1.518.596 (31.12.2018: TL 533.409)

Company as leasor:

Operational leasing collection are charged to the record as income according to the normal method during the lease term. As of December 31, 2019, the Company has no operational leasing income (31 December 2018: None).

2.08.12 *Retirement and Provision for Severance Pay*

As required by the labor law valid in Turkey, the retirement and indemnity provisions are allocated as they incur in the financial statements attached. According to the UMS 19 "Benefits provided to the employees", which was updated, the payments of the type in question are characterized as described retirement benefit plans.

In the attached financial statements, the seniority indemnity liability is reflected to the financial statements as the amount found by discounting with the suitable interest rate, purified of the inflation rate, in order to calculate the value of the retirement indemnity to be paid in the future years in the date of the balance sheet.

2.08.13 *Investments in Affiliates*

Investments in Affiliates are accounted for by the equity method of accounting. These are entities over which the Group generally has between 20% and 50% of voting rights or has significant influence, but does not have control on these affiliates' operations. Unrealized gains that result from intercompany transactions between the Group and its Associates are eliminated on consolidation, whereas unrealized losses are eliminated unless they do not address any impairment. Equity accounting is discontinued when the carrying amount of the investment in an Associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the Associates. Such Associates are accounted at fair value if the fair value can be determined objectively; otherwise, they are accounted at cost.

According to equity method of accounting, subsidiaries are recorded initially at acquisition cost, and subsequently the amount of the parent's interest in the associate's shareholders' equity is reflected to financial statements by either adding the increase in the amount to the investment amount or subtracting the losses from the investment amount.

2.08.14 *Financial instruments*

2.08.14,01 *Financial assets*

The financial investments are recognized over the amount remained after deducing the expenditures which can be directly correlated with the purchasing transaction from the realistic value, except the financial assets, the realistic value difference of which is reflected to the profit or loss and which are put into the records over the realistic value. The investments are put into the records or removed from the records in the date of the transaction which depends on a contract which carry the delivery condition of the investment instrument according to the period determined by the related market. The financial assets are classified as the "financial assets, the realistic value difference of which is reflected to the profit or loss", the "financial assets held until maturity", the "financial assets, ready for selling", and the "credits and receivables.

<u>Effective interest method</u>

The effective interest method is the method of valuing the financial asset with the amortized cost and distributing the related interest income to the period with which it is related. The efficient interest rate is the ratio which reduces the predicted cash total to be collected in the expected life of the financial instrument or, if it is suitable, during a shorter time period to the net present day value of the related financial asset.

The revenues related with the financial assets classified outside than the financial assets, the realistic value difference of which is reflected to the profit or loss are calculated by using the efficient interest method.

a) The financial assets, the realistic value difference of which is reflected to the profit or loss

The financial assets, the realistic value difference of which is reflected to the profit or loss are the financial assets, which are held for trading. When a financial asset is acquired for disposing of in the short term, it is classified in the category in question. The financial assets mentioned, which form the derivative products, which are not determined as an efficient hedging instrument are classified as the financial assets, the realistic value difference of which is reflected to the profit or loss. The assets included in this category are classified as current assets.

b) The financial assets held until maturity

The borrowing instruments, with constant maturity, which the Company has the means and intent to hold until maturity, having a constant or determinable payment plan are classified as the financial assets to be held until maturity. The investments to be held until maturity are put into the records by deducing the value lowness amount from the amortized cost amount according to the efficient interest method and the related revenues are calculated by using efficient interest rate.

c) The financial assets ready for sale

The financial assets ready for sale consist of the financial assets which are not financial assets to be held until maturity or with trading purpose. The financial assets ready for sale are valued with realistic value provided that they can be reliably measured after put into the records. The securities, the realistic value of which can't be measured reliably and which don't have an active market, are indicated with cost value. The profits or losses, related with the financial assets ready for sale, are included in the income statement of the related period. The changes taken place in the fair value such assets are indicated in the equity accounts. In case that the related asset is disposed of or there is impairment, the amount in the equity accounts is transferred to the income statement as profit/loss. Provision for Impairment which is arisen from the investments for the financial instruments based on equity which are classified as financial asset ready for sale and which is recognized in the income statement may not be cancelled in the income statement in the subsequent periods. Except the financial instruments based on equity, which is classified as ready for sale, if the impairment loss decreases in the next period and the decrease can be correlated with an event which occurs after the recognition of the impairment loss, the impairment loss, recognized beforehand, may be cancelled in the income statement. The

Company doesn't have a financial asset ready for sale.

d) Credits and receivables

Trade, other receivables and credits, which have constant and determinable payments, not transacted in the market, are classified in this category. The credits and receivables are indicated by deducing impairment amount over the cost discounted by using the effective interest method.

Impairment of financial assets

The financial assets or financial asset companies, other than the financial assets, the realistic value difference of which is reflected to the profit or loss, are subjected to evaluation on whether there are indicators or not that they subjected to impairment in every date of balance sheet. In case that one or more than one incident occurs after the first recognition of the financial asset and there are an objective indicator that the related financial asset is subjected to impairment as a negative result of the incident in questions on the future cash flows of the financial asset or asset group, which can be predicted reliably, the impairment loss occurs.

The impairment amount for the credits and receivables is the difference between the present day value of the predicted cash flows expected in the future calculated by discounting over the effective interest rate of the financial asset and its book value.

Except the commercial receivables which the book value is decreased through using a reserve account, for all financial assets, the impairment is directly deduced from the recorded value of the related financial asset. In case that the commercial receivable can't be collected, the amount in question is discarded by deducing from the reserve account. The changes in the reserve account are recognized in the income statement.

Except the financial instruments based on equity, ready for sale, if the impairment loss decreases in the next period and if the decrease can be correlated with an incident taking place after the recognition of the impairment loss, the impairment loss, recognized beforehand is cancelled in the income statement such that it doesn't exceed the amortized cost amount which it would reach if the impairment of the investment never recognized in the date when the impairment is to be cancelled.

The increase occurred after the impairment of the realistic value of the financial instruments based on equity, ready for sale is recognized directly in the equities.

Cash and cash equivalents

Cash and cash equivalent items are the cash, current account and the other short term investments, with the maturities of three months or less than three months as from the purchasing date, which can be converted into cash immediately and which do not have impairment risk substantially and high liquidity.

2.08.14,02 *Financial Liabilities*

The financial obligations and equity instruments of the Company are classified based on the arrangements based on contract, the description principle of an instrument depending on a financial obligation and equity. The contract representing the right on the assets, remained after deducing all liabilities of the Company is a financial instrument based on equity. The accounting policies which can be applied for certain financial obligations and financial instruments based on equity are stated below.

The financial liabilities are classified as the financial liabilities the realistic value difference of which is reflected to the profit or loss or the other financial liabilities.

a) The financial liabilities the realistic value difference of which is reflected to the profit or loss

The financial liabilities the realistic value difference of which is reflected to the profit or loss are recorded with the realistic value and revalued with the realistic value in the date of the balance sheet in every reporting period. The change in the realistic value is recognized in the income statement. The net gains or losses recognized in the income statement also cover the amount of the interest paid for the financial liability in question.

b) The other financial liabilities

The other financial liabilities are recognized with the realistic value, purified of the transaction costs at the start. The other financial liabilities are recognized over the cost amount which is amortized by using the efficient interest method together with the interest cost calculated over the efficient interest rate in the subsequent periods.

The efficient interest method is the method of calculating the amortized costs of the financial liability and distributing the related interest expenditure to the period with which it is related. The efficient interest rate is the ratio which reduces the predicted cash total to be paid in the expected life of the financial instrument or, if it is suitable, during a shorter time period to the net present day value of the related financial liability.

***2.08.15* Provisions, Contingent liabilities and assets**

If the Company has a liability arising from the past events, sources involving economic benefit may be disposed from the Company for satisfaction of such liability and amount of such liability may be estimated reliably, the relevant liability is included in the financial statements as a provision. Contingent liabilities are always subject to assessment for finding if the possibility of disposing the sources involving economic benefit from the Company is possible. If the possibility of disposing the sources involving economic benefit from the Company occurs for the items processed as a contingent liability in the future, such contingent liability is included in the financial statements for the period of the change in the possibility as a provision except for the circumstances of failure in reliable estimate.

The Company indicates such liability in the notes if the contingent liabilities become possible but it is not possible to reliably estimate amount of the sources involving economic benefit. Any asset which arises from the past events and shall be confirmed by finding if one or more unclear event(s) existence of which is not fully under the control of the Company is considered as a contingent asset. The contingent assets are disclosed in the notes in case of a high possibility of the Company's acquisition of the sources involving economic benefit.

Where it is expected that all or part of the economic benefits used to pay the amount of provision are covered by the third parties, is recognized as an asset if this amount shall be repaid finally and the amount is calculated reliably.

2.08.16 Related Parties

For the purpose of these financial statements, partners, senior level directors and members of the board of directors, their families and the companies controlled by them or their affiliates, subsidiaries and partnerships are considered and stated as related parties. The transactions entered into with the related parties because of the ordinary activities were performed with the prices compatible with the market conditions. The detailed description performed with the related parties is given in the **Note.38**.

2.08.17 Recording incomes

Revenues

Revenue is recognized when it is probable that an economic result will be obtained from the operations of the Company and the amount of revenue can be measured reliably. Revenues, deductions, value added tax and sales taxes are clearly shown after deduction. The following criteria must be met in order for income to be generated.

İncome derived from the sale of goods is recognized when the following conditions are satisfied:

- The revenue amount can be measured reliably,
- It is possible that the economic benefits related with the transaction will be obtained by the enterprise,
- The level of completion of the transaction can be measured reliably as of the end of the reporting period, and;
- The costs incurred and required for completing the transaction can be measured reliably.

2.08.18 Cash Flow Statement

Cash and cash equivalents are the cash money, current account and the other short termed investments, the maturity of 3 months or less than 3 months as from the purchasing date, which can be converted into cash immediately and don't have a substantial amount of value change risk, with a high liquidity.

In the cash flow statement, the cash flows related with the period are classified and reported based on the operation, investment and financial activities.

The cash flows arisen from the operational activities indicates the cash flows arisen from the main activities of the Company. The cash flows related with the investment activities indicate the cash flows which the Company uses and obtains in the investment activities (asset investments and financial investments). The cash flows related with the finance activities indicate the resources which the Company uses in the finance activities and the repayment of these resources.

2.08.19 Profit/loss per share

Profit per share is determined by dividing the net profit to the weighted average number of the shares existing in the related period.

The companies in Turkey can increase their capitals through "bonus share" they distributed from the previous year profits to the shareholders. When the profit per share is calculated, this bonus share issuance is considered as issued shares.

Therefore the weighted number of share average used for the profit per share is obtained by retrospectively applying the bonus issuance of the shares.

2.08.20 Events after balance sheet date

It refers the events emerging on behalf of or on the detriment to the Company between the date of the balance sheet and the date of authorization for publishing the balance sheet. In case that there are new evidences that the events in question exist as of the date of balance sheet or the related events emerge after the date of the balance sheet, the Company describes the issues in question in the **Note.41**.

The Company, in case that events requiring correction emerge after the date of the balance sheet, corrects the amounts put into the financial statements according to this new situation.

2.09 Going Concern

The Company prepares its financial statements on the basis of going concern.

2.10 New and Revised Turkish Financial Reporting Standards

New standards and interpretations

i) Standards, amendments and interpretations effective as at 31 December 2019

Amendment to IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2019. This amendment confirm two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

Amendment to IAS 28, 'Investments in associates and joint venture'; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

IFRIC 23, 'Uncertainty over income tax treatments'; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

Annual improvements 2015-2017; effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.

IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.

IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

- Use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement and
- Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

ii) Standards, amendments and interpretations that are issued but not effective as at 31 December 2019:

Amendments to IAS 1 and IAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

- Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting
- Clarify the explanation of the definition of material and
- Incorporate some of the guidance in IAS 1 about immaterial information.

Amendments to IFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform; effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

IFRS 17, 'Insurance contracts'; effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The Company does not expected material impact of new standards and interpretations on Company's accounting policies.

3. Business Mergers

None.

4. Shares in Other Businesses

The Company's Shares in Other Businesses as the end of the period are as follows:

	31.12.2019	31.12.2018
Erkunt Sanayi A.Ş.	**%35**	%35

5. Reporting per Department

None.

6. Cash and Cash Equivalents

The Company's Cash and Cash Equivalents as the end of the period re as follows:

	31.12.2019	31.12.2018
Cash	**17,299**	22,569
Banks	**9,463,620**	2,315,687
– *Demand Deposit*	**9,463,620**	2,315,687
Other Liquid Assets	**3,543**	37,827
Total	**9,484,462**	2,376,083

The Company has 4,929,145 TL blocked on Cash and Cash Equivalents as of 31.12.2019 (31.12.2018: 2,269,326 TL).

As per the application of TFRS 9, 393 TL has been associated with current period profit/loss, which is the default for deposits in the Bank (31.12.2018: 180 TL).

7. Financial Investments

None.

8. Financial Liabilities

The Company's Current and Non-Current Financial Liabilities at the end of periods are explained below:

Current Financial Liabilities

Account Name	31.12.2019	31.12.2018
Loans	**110,977,335**	63,886,983
Credit Cards	**313,045**	121,684
Short-Term Installments of Long-Term Loans	**–**	–
Short Term Financial Leasing Payables	**–**	–
Liabilities From Operating Lease (*)	**488,438**	–
Total	**111,778,818**	64,008,667

Non-Current Financial Liabilities

Account Name	31,12,2019	31,12,2018
Loans	–	–
Financial Leasing Payables	–	–
Liabilities From Operating Lease (*)	**2,016,724**	–
Total	**2,016,724**	–
Total Financial Liabilities	**113,795,542**	64,008,667

(*) Short-term and long-term debts consisting of operating leases assessed under TFRS 16.

a) The effective interest rates of financial liabilities on the basis of currency unit are as follows;

31.12.2019

Type	Amount of Foreign Currency	TL Amount	Effective Interest Rate
TL Loans	**–**	**94,374,043**	**%0**
EUR Loans	**2,500,000**	**16,603,292**	**%0.14**
Total	**2,500,000**	**110,977,335**	

31.12.2018

Type	Amount of Foreign Currency	TL Amount	Effective Interest Rate
TL Loans	-	64,008,667	%25.14-%28.41
Total	-	64,008,667	

9. Other Financial Liabilities

The Company has no Other Financial Liability as ends of periods.

10. Trade Receivables and Payables

The Company's Short Term Trade Receivables at the ends of the period are disclosed below:

Account Name	31.12.2019	31.12.2018
Trade Receivables	**42,021,148**	29,106,103
Notes Receivables	**26,622,649**	32,191,384
Rediscount of Notes Receivables (-)	**(919,241)**	(2,376,169)
Doubtful Trade Receivables	**16,336,244**	10,554,136
Provision for Doubtful Trade Receivables (-)	**(16,336,244)**	(10,554,136)
Total	**67,724,556**	58,921,318

The average collection time of trade receivables as of December 31, 2019 is 34 days (December 31, 2018: 65 days)

The company has no collateral obtained from the related parties.

Provisions for doubtful trade receivables are as follows:

Account Name	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Begining of Period	**10,554,136**	8,316,454
TFRS 9 Correction	**194,674**	1,941,791
İncrease during the period	**6,106,650**	295,891
Provisions no longer required	**(519,216)**	–
Period Ended	**16,336,244**	10,554,136

Due to the application of TFRS 9, 194,672 TL of trade receivables is associated with current period's profit/loss for non-payment risk.

The Company has no Long Term Trade Receivables as at the end of periods.

The Company's Short Term Trade Payables at the ends of the period are disclosed below:

Account Name	31.12.2019	31.12.2018
Supplier	**46,498,951**	27,375,915
Rediscount of Note Payable	**(860,959)**	(1,648,591)
Trade Payables to Related Parties	**7,776,188**	8,293,841
Total	**53,414,180**	34,021,165

As of December 31,2019, the average maturity of trade payables is 58 days (31.12.2018: 94 days)

The Company has no Long Term Trade Payables as at the end of periods.

The company has no collateral given to the suppliers and related parties.

11. Other Receivables and Payables

Short Term Other Receivables of the Company as of the period ends are as follows:

Account Name	31.12.2019	31.12.2018
Deposits and Guarantees Given	**21,816**	7,200
Receivables from Tax Office	**7,535,542**	9,563,983
Total	**7,557,358**	9,571,183

The Company does not have Long Term Other Receivables as of the end of periods.

Short Term Other Payables of the Company as of period ends are explained below.

Account Name	31.12.2019	31.12.2018
Other Payables*	**4,936,622**	2,166,782
Other Payables to Related Parties	**7,080**	–
Total	**4,943,702**	2,166,782

* The balance of other payables TL 4,936,622 (31.12.2018: TL 2,166,782) consist of the credits used on behalf of the customers.

The Company does not have Long Term Other Payables as of the end of periods.

The company has no collateral given for short term and long term payables.

12. Derivative Instruments

Derivative Instruments of the Company as of the end of the period are explained below:

Account Name	31.12.2019	31.12.2018
Assets Related To Derivative Financial Instruments	**515.820**	–
Total	**515,820**	–

13. Inventories

Inventories of the Company as of the end of the period are explained below:

Account Name	31.12.2019	31.12.2018
Raw Materials and Supplies	**21,725,300**	20,295,398
Semi-Finished Goods	**2,497,913**	2,519,153
Finished Goods	**16,229,287**	12,084,572
Merchandise	**252,681**	931,057
Goods in Transit	**9,883,800**	8,867,841
Provision for Impairment of Inventory(-)	**(151,177)**	(75,573)
Total	**50,437,804**	44,622,448

Movement of provision for impairment of inventory is as follows:

	31.12.2019	31.12.2018
Beginning of the Period	**75,573**	65,377
Increase During the Period	**75,604**	10,196
End of the Period	**151,177**	75,573

14. Biological Assets

None.

15. Prepaid Expenses and Deferred Incomes

The Short Term Prepaid Expenses at the periods ended are as follows:

Account Name	31.12.2019	31.12.2018
Prepaid Expenses	**563,223**	1,946,740
Advances Given	**10,032,212**	3,359,372
Total	**10,595,435**	5,306,112

The Company doesn't have Long Term Prepaid Expenses at the periods ended.

The Short Term Deferred Income at the periods ended are as follows:

Account Name	31.12.2019	31.12.2018
Deferred Income	**6,471,502**	–
Advances Received	**2,668,364**	1,166,432
Total	**9,139,866**	1,166,432

The Company doesn't have Long Term Deferred Income at the periods ended.

16. Investments Valued by Equity Method

Investments Valued by Equity Method as of periods ended are explained below;

Affiliate	**Participation rate (%)**	**Provision for Loses**	**31.12.2019 Net Book Value**
Erkunt Sanayii A.Ş.	%35	–	**60,058,086**
Total	–	–	**60,058,086**

Affiliate	Participation rate (%)	Provision for Loses	31.12.2018 Net Book Value
Erkunt Sanayii A.Ş.	%35	–	52,843,419
Total	–	–	52,843,419

The gains/(losses) from associates accounted for using the equity method are explained below.

	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Beginning of the Period	**52,843,419**	39,365,744
Arising from Dividend Distribution	**9,078,472**	13,771,036
Other Accumulated Comprehensive Income that will not be Reclassified in Profit or Loss	**(1,863,805)**	(293,361)
End of Period	**60,058,086**	52,008,250

The financial statement summary of the investment valued by the equity method as of 31.12.2019 and 31.12.2018 as follows:

	31.12.2019	31.12.2018
Current Asset	**113,866,799**	153,799,133
Non-Current Asset	**145,761,850**	121,186,697
Total Asset	**259,628,649**	274,985,830
Current Liability	**53,491,531**	112,733,836
Non-Current Liability	**34,542,588**	11,270,797
Equity	**171,594,530**	150,981,197
Total Liability	**259,628,649**	274,985,830

17. Investment Property

None.

18. Property, Plant and Equipment

The Company's property, plant and equipment at the end of periods are as follows:

31.12.2019

Cost:	**01.01.2019**	**Additions**	**Disposals**	**Transfers**	**31.12.2019**
Land Improvements	**631,608**	**–**	**–**	**–**	**631,608**
Lands	**16,135,000**	**–**	**–**	**–**	**16,135,000**
Buildings	**15,055,860**	**–**	**–**	**–**	**15,055,860**
Plant Machinery and Equipment	**4,454,938**	**124,390**	**(16,800)**	**1,525**	**4,564,053**
Vehicles	**118,799**	**–**	**–**	**–**	**118,799**
Furniture and Fixtures	**3,695,560**	**479,172**	**(40,825)**	**14,200**	**4,148,107**
Other Tangible Fixed Assets	**13,508,774**	**4,962,045**	**(55,620)**	**–**	**18,415,199**
Construction in Progress	**–**	**94,287**	**–**	**–**	**94,287**
Leasehold Improvements	**521,229**	**–**	**–**	**–**	**521,229**
Total	**54,121,768**	**5,659,894**	**(113,245)**	**15,725**	**59,684,142**

Accumulated Depreciation (-):	**01.01.2019**	**Additions**	**Disposals**	**Transfers**	**31.12.2019**
Land Improvements	**(313,659)**	**(58,514)**	**–**	**–**	**(372,173)**
Buildings	**(7,780,118)**	**(522,547)**	**–**	**–**	**(8,302,665)**
Plant Machinery and Equipment	**(2,628,491)**	**(487,116)**	**16,800**	**–**	**(3,098,807)**
Vehicles	**(68,331)**	**(7,679)**	**–**	**–**	**(76,010)**
Furniture and Fixtures	**(2,573,835)**	**(416,828)**	**37,257**	**–**	**(2,953,406)**
Other Tangible Fixed Assets	**(6,007,308)**	**(2,253,092)**	**40,878**	**–**	**(8,219,522)**
Leasehold Improvements	**(224,285)**	**(54,020)**	**–**	**–**	**(278,305)**
Total	**(19,596,027)**	**(3,799,796)**	**94,935**	**–**	**(23,300,888)**
Net Book Value	**34,525,741**				**36,383,254**

31.12.2018

Cost:	01.01.2018	Additions	Disposals	Transfers	31.12.2018
Land Improvements	615,858	15,750	–	–	631,608
Lands	16,135,000	–	–	–	16,135,000
Buildings	15,055,860	–	–	–	15,055,860
Plant Machinery and Equipment	3,801,863	741,271	(88,196)	–	4,454,938
Vehicles	118,799	–	–	–	118,799
Furniture and Fixtures	3,052,318	662,769	(19,527)	–	3,695,560
Other Tangible Fixed Assets	6,750,674	6,810,538	(52,438)	–	13,508,774
Construction in Progress	3,445,181	–	–	(3,445,181)	–
Leasehold Improvements	521,229	–	–	–	521,229
Total	49,496,782	8,230,328	(160,161)	(3,445,181)	54,121,768

Accumulated Depreciation (-):	01.01.2018	Additions	Disposals	Transfers	31.12.2018
Land Improvements	(256,059)	(57,600)	–	–	(313,659)
Buildings	(7,255,860)	(524,258)	–	–	(7,780,118)
Plant Machinery and Equipment	(2,197,833)	(488,771)	58,113	–	(2,628,491)
Vehicles	(60,652)	(7,679)	–	–	(68,331)
Furniture and Fixtures	(2,193,202)	(393,236)	12,603	–	(2,573,835)
Other Tangible Fixed Assets	(4,727,037)	(1,284,308)	4,037	–	(6,007,308)
Leasehold Improvements	(170,265)	(54,020)	–	–	(224,285)
Total	(16,860,908)	(2,809,872)	74,753	–	(19,596,027)
Net Book Value	32,635,874	–	–	–	34,525,741

The comparative method of comparison for land and cost method for buildings were used in TSKB Real Estate Expertise Report dated 29.12.2017 numbered 2017B353.

The insurance security deposits on Property, Plant and Equipment is TL 29,212,418 (31.12.2018: TL 56,792)

Depreciation expenses and amortization amount recorded in the income statement are disclosed in **Note 31**.

There are no restrictions on the tangible assets of the Company.

19. Intangible Assets and Goodwill

Goodwill

None.

Other Intangible Assets

The Company's other intangible assets at the end of periods are as follows:

31.12.2019

Cost:	01.01.2019	Additions	Transfers	Disposals	31.12.2019
Rights	2,548,730	80,634	–	–	2,629,364
Development Expenditure	29,653,446	8,284,888	(15,725)	–	37,922,609
Other Intangible Asset	1,297,742	253,988	–	–	1,551,730
	33,499,918	8,619,510	(15,725)	–	42,103,703

Accumulated depreciation (-) :	01.01.2019	Additions	Transfers	Disposals	31.12.2019
Rights	(1,921,576)	(255,183)	–	–	(2,176,759)
Development Expenditure	(9,564,794)	(1,704,474)	–	–	(11,269,268)
Other Intangible Asset	(701,089)	(282,274)	–	–	(983,363)
Total	(12,187,459)	(2,241,931)	–	–	(14,429,390)
Net book value	21,312,459	–	–	–	27,674,313

31.12.2018

Cost:	01.01.2018	Additions	Transfers	Disposals	31.12.2018
Rights	2,423,844	124,886	–	–	2,548,730
Development Expenditure	16,654,990	10,626,265	3,445,181	(1,072,990)	29,653,446
Other Intangible Asset	675,577	622,165	–	–	1,297,742
Total	19,754,411	11,373,316	3,445,181	(1,072,990)	33,499,918

Accumulated depreciation (-) :	01.01.2018	Additions	Transfers	Disposals	31.12.2018
Rights	(1,454,841)	(466,735)	–	–	(1,921,576)
Development Expenditure	(9,884,500)	(421,077)	740,783	–	(9,564,794)
Other Intangible Asset	(466,112)	(234,977)	–	–	(701,089)
Total	(11,805,453)	(1,122,789)	740,783	–	(12,187,459)
Net book value	7,948,958	–	–	–	21,312,459

Depreciation expenses and amortization amount recorded in the income statement are shown in Note 31.

20. Right of Use Asset

The company assessed the leased buildings and vehicles under IFRS 16 and demonstrated their impact under "Right-of-use assets." The factory building which the company has rented for 10 years from Ivaz Prefabrik Sanayi A.Ş., the administrative building which it has rented for 10 years from Erkunt Sanayi A.Ş. and vehicles rented from Çelik Motor Tic. A.Ş. for 3 years are evaluated within the scope of IFRS 16.

Net book value of right of use assets as of December 31, 2019 2,264,172 TL dir. Note 2.04 details on the first registration of right-of-use assets under IFRS 16.

21. Employee Benefits Obligations

Short Term Payables within the scope of the Benefits Provided to Employees as of December 31,2019 and December 31,2018 are as follows:

Account Name	**31.12.2019**	31.12.2018
Due to Personnel	**1,306,405**	33,806
Taxes, Fees and Other Deductions payable	**503,959**	395,225
Social Security Premiums Payable	**595,080**	524,255
Public debts deferred and made an installment plan	**97**	6,274
Total	**2,405,541**	959,560

22. Government Incentives and Grants

None.

23. Provisions, Contingent Assets and Liabilities

The Company's short term provisions at the end of periods are as follows:

i) *Provisions*

	31.12.2019	31.12.2018
Provision for Litigation	**2,260,253**	1,389,483
Other (Guarantee Provision)	**12,670,163**	9,193,400
Total	**14,930,416**	10,582,883

The Company's Current Provisions For Employee Benefits at the end of periods are as follows;

	31.12.2019	31.12.2018
Provision of Vacation	**1,310,205**	1,211,324
Provision for Severance Pay	**–**	–
Total	**1,310,205**	1,211,324

Provision for litigation movement are as follows;

	31.12.2019	31.12.2018
Opening	**1,389,483**	684,442
Additional Provision	**1,022,864**	705,041
Non Contingent Provision	**(152,094)**	–
End of period	**2,260,253**	1,389,483

ii) *Commitments, mortgage and guarantees not included in the liability*

The details of mortgages and guarantees not included in the liability are explained below:

		31.12.2019		31.12.2018	
	Currency	**Original Amount**	**TL Equivalent**	Original Amount	TL Equivalent
Received Warranty Letter	**TL**	**46,030,500**	**46,030,500**	53,840,500	53,840,500
Received Colleteral Bill	**TL**	**–**	**–**	11,662,615	11,662,615
Received Encumbrance	**TL**	**2,702,000**	**2,702,000**	2,702,000	2,702,000
Total		**48,732,500**	**48,732,500**	68,205,115	68,205,115
Given Warranty Letter	**TL**	**25,391,039**	**25,391,039**	7,270,664	7,270,664
Total		**25,391,039**	**25,391,039**	7,270,664	7,270,664

The Company's guarantees, pledges and mortgages ("GPM") position as of December 31,2019 and December 31,2018 is as follows:

Guarantees, pledges and mortgages given by the Company	**31.12.2019**	31.12.2018
A. Total of GPM given on behalf of its legal person	**25,391,039**	7,270,664
B. The total amount of GPM given to the Joint ventures	**–**	–
under the scope of full consolidation	**–**	–
C. Total amount of GPM given to guarantee the debts	**–**	–
of other 3 people in order to run ordinary trade activities	**–**	–
D. Total amount of Other GPM 's given	**–**	–
i. Total amount of GPM given on behalf of parent company	**–**	–
ii. Total amount of GPM given on behalf of Other	**–**	–
Group Companies not covered by B and C Articles	**–**	–
iii. The total amount of GPMs given in favor of 3rd persons who do not fall within the scope of Article C	**–**	–
Total	**25,391,039**	7,270,664

iii) *Total insurance amount of assets;*

The total insurance amount of the assets as of 31.12.2019 is TL 29,212,418. (31.12.2018: TL 56,792).

24. Commitments

None.

25. Employee Benefits

Long-Term Provisions for Employee Benefits provided to the employees as of the period ended are as follows:

Provision for Severance Payments:

Account Name	**31.12.2019**	31.12.2018
Provision for Severance Payments	**1,760,521**	1,559,572

In accordance with the provisions of the Labor Law in effect, it is obligatory to pay the legal severance pays entitled by those of employees whose employment contracts are terminated with a right of severance pay. These indemnities are calculated on the wage for 30 days per working year based on the wage on the date of resignation or dismissal. Severance pay payable as of December 31,2019 is subject to the ceiling of TL 6,730.15 (31.12.2018: TL 6,017.60).

The severance pay liability is not subject to any funding legally.

The severance pay liability is calculated according to estimate of present value of future possible liability of the Company due to retirement of the employees. TMS 19 (“Benefits to Employees”) stipulates development of liabilities by using the actuarial valuation methods under the defined benefit plans. Accordingly, the actuarial assumptions used in calculation of total liabilities are stated below:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Therefore, the discount rate applied represents the expected real rate after the correction of future inflation effects. At December 31,2019, the provision in the accompanying financial statements is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. As of December 31,2019, the provision is calculated with a annual inflation rate of 8,5%, interest rate of 11,5%, and real discount rate of %2,76.

The movements of the provision for severance pay during the period are as follows:

	31.12.2019	31.12.2018
Opening Balance	**1,559,572**	1,356,761
Current Service Cost	**238,919**	206,479
Interest Cost	**205,765**	134,204
Loss due to Payment/ Reduction of Benefits/ Dismissal	**1,137,056**	145,613
Actuarial Gain/(Loss)	**260,630**	51,902
Payment	**(1,641,421)**	(335,387)
Closing Balance	**1,760,521**	1,559,572

26. Assets and Liabilities for the Current Period Tax

The Company’s Assets and Liabilities for the Current Period Tax as of the ends of period are as follows:

Account Name	**31.12.2019**	31.12.2018
Prepaid Tax	**1,263**	8,920
Total	**1,263**	8,920

27. Other Assets and Liabilities

The Company’s Other Current Assets as of the ends of period are as follows:

Account Name	**31.12.2019**	31.12.2018
Deferred VAT	**31,097,334**	28,254,216
Other Income Accruals	**–**	200,848
Turquality Accruals	**1,803,233**	1,287,134
Personnel Advances	**37,943**	36,777
Job Advances	**105,603**	80,052
Total	**33,044,113**	29,859,027

The Company does not have other non-current assets as of the end of periods.

The Company’s Other Current Liabilities as of the ends of period are as follows:

Account Name	**31.12.2019**	31.12.2018
Expense Accruals	**8,552,438**	1,939,954
Total	**8,552,438**	1,939,954

The Company’s December 31,2019 expense accruals total contains TL 4,302,896 the Revenue Turnover Premium, TL 657,174 Penalty accruals paid for R & D incentive amounts, TL 2,889,570 Dealer Premium accruals and TL 702,798 Customs Offenses.

The Company does not have other non-current liabilities as of the end of periods.

28. Shareholders’ Equity

i) Non-Controlling Shares

None.

ii) Capital/Mutual Participation Capital Adjustment

The partnership and shareholding rates as of December 31,2019 and December 31,2018 are as follows;

	31.12.2019		31.12.2018	
	Share Amount	**Share Ratio (%)**	Share Amount	Share Ratio (%)
Mahindra Overseas Investment Company	**200,000,000**	**100.00**	190,000,000	100.00
Total	**200,000,000**	**100.00**	190,000,000	100.00

The company does not have a branch.

Details on Paid-in Capital and Shares as of the end of periods are as follows;

	31.12.2019		31.12.2018	
	Share	**TL**	Share	TL
Paid-in Capital	**200,000**	**200,000,000**	190,000	190,000,000
Total	**200,000**	**200,000,000**	190,000	190,000,000

iii) Restricted Reserves from Profit

Restricted reserves from profits consist of legal reserves.

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company’s historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

Account Name	31.12.2019	31.12.2018
Legal Reserves	**3,442,629**	3,442,629
Total	**3,442,629**	3,442,629

iv) Previous Years' Profit/Loses

Profits of previous years consist of extraordinary reserves, lose and profits of other previous years.

Account Name	31.12.2019	31.12.2018
Extraordinary Reserves	**28,977**	28,977
Other Previous Years' Profit/(Loses)	**(63,848,279)**	(25,904,558)
Total	**(63,819,302)**	(25,875,581)

v) Premiums or Discounts Regarding Shares

None.

vi) Accumulated Other Comprehensive Income or Expense that will be reclassified to Profit or Loss

None.

vii) Accumulated Other Comprehensive Income or Expense that will not be reclassified to Profit or Loss

Account Name	31.12.2019	31.12.2018
Gains (losses) on revaluation of Property, Plant and Equipment	**17,735,283**	19,952,193
Gains (losses) on remeasurements of defined benefit plans	**(893,740)**	(685,236)
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	**(2,992,335)**	(1,128,530)
Total	**13,849,208**	18,138,427

The equity items of the Company as of December 31,2019 and December 31, 2018 are as follows:

Account Name	31.12.2019	31.12.2018
Issued Capital	**200,000,000**	190,000,000
Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss	**13,849,208**	18,138,427
– *Gains (losses) on remeasurements of defined benefit plans*	**(893,740)**	(685,236)
– *Gains (losses) on revaluation of Property, Plant and Equipment*	**17,735,283**	19,952,193
– *Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss*	**(2,992,335)**	(1,128,530)
Restricted Reserves From Profit	**3,442,629**	3,442,629
– Legal reserves	**3,442,629**	3,442,629
Prior Years Profits or (Losses)	**(63,819,302)**	(25,875,581)
Current Period Net Profit or (Loss)	**(44,647,038)**	(37,943,721)
Parent Company Shareholders' Equity	**108,825,497**	147,761,754
Non-Controlling Interests	**–**	–
Total Equity	**108,825,497**	147,761,754

29. Revenue and Cost of Sales

The Company's Cost of Sales and Sales as of the end of periods are explained below:

Account Name	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Domestic Sales	**210,444,330**	238,972,628
Overseas sales	**100,119,436**	49,800,534
Other Sales	**6,008,367**	7,453,800
Sales Returns (-)	**(4,551,815)**	(7,901,746)
Sales Discounts (-)	**(30,022,461)**	(17,098,676)
Net Sales	**281,997,857**	271,226,540
Cost of Trade Goods Sold (-)	**(20,286,596)**	(17,451,301)
Inventoriable Cost (-)	**(235,615,517)**	(205,297,219)
Depreciation Expense (-)	**(2,080,657)**	(533,406)
Provision for Severance Payment (-)	**–**	(112,592)
Gross Profit/Loss	**24,015,087**	47,832,022

30. Marketing Sales and Distribution Expenses, General Management Expenses and Research and Development Expenses

The Company's operating expenses as of the end of the period are explained below:

Account Name	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Marketing, Sales and Distribution Expenses (-)	**(42,296,032)**	(37,389,742)
General and administrative expenses (-)	**(13,299,420)**	(10,939,613)
Research and Development Expenses (-)	**(5,565,715)**	(5,190,212)
Total	**(61,161,167)**	(53,519,567)

Marketing, Sales and Distribution Expenses (-)	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Personnel Expenses	**(7,196,172)**	(5,799,418)
Transport Expense	**(2,641,281)**	(3,308,911)
Packaging Expenses	**(133,634)**	(182,042)
Depreciation Expense	**(302,761)**	(213,107)
Communication Expenses	**(59,614)**	(65,197)
Travel Expenses	**(460,368)**	(516,722)
Advertising and Promotion Expenses	**(1,277,885)**	(1,321,728)
Vehicle Expense	**(176,567)**	(162,230)
Exhibition Expense	**(5,461,491)**	(3,600,602)
Consultancy Expense	**(320,332)**	(410,492)
Export Expense	**(323,693)**	(327,707)
Warranty Expense	**(17,484,651)**	(10,755,452)
Deficiency Expense	**(11,599)**	(29,618)
Vehicle Lease Expense	**–**	(367,323)

Marketing, Sales and Distribution Expenses (-)	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Promotion Expense	(735,480)	(1,246,294)
Guarantee Letter Expense	(172,487)	(187,968)
Merchandise Incentives Expense	(3,741,125)	(7,699,313)
Training and Workshop Expense	(82,256)	(60,264)
Insurance Expense	(4,682)	(2,383)
Provision for Severance Payment	–	(38,317)
Retail Dealer Meeting Expense	(553,927)	(365,669)
Building Rental Expense	–	(166,086)
Expenses Not Recognized By Law	(56,131)	–
Other Expense	(1,099,896)	(562,899)
Total	(42,296,032)	(37,389,742)

General and Administrative Expenses (-)	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Personnel expenses	(8,790,135)	(7,321,805)
Tax Duty Fee Expenses	(83,121)	(137,643)
Depreciation Expense	(1,029,707)	(622,788)
Communication Expenses	(95,163)	(101,844)
Travel Expenses	(170,616)	(210,555)
Representation and Hospitality Expenses	(29,106)	(17,701)
Stationery Expense	(32,155)	(39,893)
Vehicle Expense	(114,351)	(560,635)
Consultancy Expense	(1,354,546)	(671,121)
Rental Expense	–	(81,074)
Insurance Expense	(82,646)	(41,121)
Training Expense	(36,926)	(62,754)
Provision for Severance Payment	–	–
Security Expense	(456,257)	(375,577)
Expenses Not Recognized By Law	(6,144)	–
Other Expense	(1,014,058)	(687,731)
Total	(13,299,420)	(10,939,613)

Research and Development Expenses (-)	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Personnel Expenses	(784,904)	(783,137)
Depreciation Expense	(4,152,765)	(2,563,360)
Project Expenses	(216,459)	(1,218,962)
Severance Expense	–	–
Other Expense	(411,587)	(624,753)
Total	(5,565,715)	(5,190,212)

31. Expenses by Nature Depreciation Expense

Account Name	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Cost of sales	(2,080,657)	(533,406)
General and administrative expenses	(1,029,707)	(622,788)
Marketing, Sales and Distribution expenses	(302,761)	(213,107)
Research and Development expenses	(4,152,765)	(2,563,360)
Total	(7,565,890)	(3,932,661)

Hesap Adı	01.01.2019 31.12.2019	01.01.2018 31.12.2018
General and administrative expenses	(8,790,135)	(7,321,805)
Research and Development expenses	(784,904)	(783,137)
Marketing, Sales and Distribution expenses	(7,196,712)	(5,799,418)
Total	(16,771,751)	(13,904,360)

32. Other Income/Expenses from the Main Operations

The Company's Other Incomes/Expenses from the Main Operations as of the ends of the period are explained below:

Account Name	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Rediscount Eliminated from Revenue	3,632,427	12,370,939
Rediscount Interest Income	1,007,656	5,950,936
Support from Tübitak	–	245,516
Cancellation of Previous Period Rediscount of Receivable	2,376,169	1,344,496
Non Contingent (Suspect Receivable)	519,216	–
Non Contingent (Litigation Provision)	152,094	–
Exchange differences	11,632,919	19,658,122
Income and Profits of Prior Period	1,340,282	–
Other Income	1,642,429	2,823,409
Total	22,303,192	42,393,418

Account Name	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Provisions for Doubtful Receivables	(6,301,322)	(295,891)
Litigation Provision	(1,022,864)	(705,041)
Idle Capacity Expenses and Losses	(4,816,406)	(5,451,206)
Prior Period Expense and Losses	(1,388,986)	(3,042,974)
Provision for Impairment of Inventories	(75,604)	(10,196)
Lieu Days Provision	(98,881)	(327,157)
Rediscount Eliminated from Purchases	(4,879,351)	(14,479,697)
Current Period Rediscount Payment	(919,241)	(4,203,734)
Cancellation of Previous Period Rediscount of Payable	(2,180,055)	(2,977,118)
Exchange differences	(11,952,144)	(25,692,153)
Other Expense	(817,811)	(1,008,444)
Total	(34,452,665)	(58,193,611)

32. Incomes/Expenses from Investment Operations

The Company's incomes and expenses from investment operations as of ends of periods are explained below.

Incomes from Investment Operations	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Profit on Sale of Tangible and Intangible Assets	12,568	–
Total	12,568	–

Expenses from Investment Operations (-)	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Loss on Sale of Tangible and Intangible Assets	(8,847)	–
Total	(8,847)	–

34. Financial Income/Expenses

The Company's income and expense from financing activities as of the end of periods are explained below.

Financial Income	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Interest income	8,533	731,645
Derivative Instrument Profit	637,455	6,806,534
Total	645,988	7,538,179

Financial Expense	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Interest Expense	(13,426,606)	(43,819,575)
Derivative Instrument Loss	(1,123,733)	(52,984)
Total	(14,550,339)	(43,872,559)

There are no capitalized capital costs during the period.

35. Fixed Assets Held for Sales and Discontinued Operations

None.

36. Income Taxes

The tax deduction (or income) of the Company consists of current tax expense and deferred tax expense (or income).

Account Name	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Current Period Legal Tax Provision	–	–
Deferred Tax Income/ (Expense)	9,470,673	6,107,361
Total	9,470,673	6,107,361

i) Current Period Legal Provision for Tax

Advance tax in Turkey is calculated and accrued quarterly. Accordingly, a provisional tax of 20% is calculated over the corporate earnings in the course of taxation of the Company's earnings for the year 2016 in the advance tax period.

Under Turkish tax law, losses can be carried forward for a maximum period of 5 years to be deducted from the taxable profit to be generated in future years. However, losses cannot be deducted retrospectively from profits from previous years.

In accordance with Article 20 of the Corporate Tax Law, the Corporate Tax; the taxpayer is subject to the declaration. There is no definitive and conciliatory procedure for tax assessment in Turkey. Companies prepare their tax declarations by 25 April of the year following the account closing period of the relevant year. The tax authorities can review these statements and the underlying accounting records within 5 years.

The current tax provision of the Company is calculated as follows:

Account Name	01.01.2019 31.12.2019	01.01.2018 31.12.2018
Trading Profit/(Loss) in Legal Records	(54,355,135)	(60,346,018)
Additions to Base	1,866,626	1,891,577
According to the provisions of article 11 of KVK Lawfully Unaccepted Expenses	1,064,971	1,364,167
Donations	600	2,220
Special Communication Tax	8,827	9,722
Other	792,228	515,468
Discounts of base (-)	–	–
Research and Development Discount	–	–
Donations	–	–
Financial Profit/(Loss) in Legal Records	(52,488,509)	(58,454,441)
Current Period Legal Tax Provision	–	–

Income Tax Withholding:

In addition to the corporate tax, it is also required to calculate income tax withholding on dividends other than those distributed to the full taxpayer corporations which gained dividend and declared these dividends as a part of the corporate income and branches of foreign companies in Turkey if distributed. Income tax withholding rate was increased from 15% pursuant to the Cabinet Decree No. 2009/14592 published at the Official Gazette dated 12.01.2009.

ii) Deferred Tax

Deferred tax is determined by calculating the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts considered in the statutory tax base, taking into account the tax rates of the tax effects according to the balance sheet method.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liabilities or assets arising from the initial recognition of assets or liabilities other than goodwill or business combinations in respect of temporary timing differences that do not affect both the commercial and financial profit or loss are not recognized.

Deferred tax liabilities are calculated for all taxable temporary differences that are attributable to investments in subsidiaries and associates and joint ventures, except where the Company is able to control the reversal of temporary differences and the probability of such reversal in the near future is low. Deferred income tax assets resulting from taxable temporary differences associated with such investments and shares are calculated on the condition that it is highly probable that future taxable profit will be available against which the deductible income can be utilized and that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and liabilities are calculated over the tax rates (tax regulations) that are enacted or substantively enacted at the balance sheet date that are expected to be valid for the period when the assets are realized or the liabilities are fulfilled. During the calculation of deferred tax assets and liabilities, the tax consequences of the Company's method of recovering its carrying amount or estimating its carrying value as of the balance sheet date are taken into account.

	Accumulated Temporary Differences By Years		Accumulated Deferred Tax Assets/(Liabilities) By Years	
Account Name	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Tangible Fixed Assets	(12,138,525)	(6,250,453)	(2,427,705)	(1,250,091)
Tangible Fixed Assets Reveluation	(22,169,103)	(22,169,103)	(2,216,910)	(2,216,910)
Provisions for Severance Pay	1,760,521	1,559,572	352,104	311,914

	Accumulated Temporary Differences By Years		Accumulated Deferred Tax Assets/(Liabilities) By Years	
Account Name	**31.12.2019**	**31.12.2018**	31.12.2019	31.12.2018
Right of Use Assets	240,990	–	53,018	–
Guarantee Provisions	12,670,163	9,193,400	2,787,436	2,022,548
Provisions for Doubtful Receivables	11,099,282	5,285,078	2,441,842	1,162,717
Rediscount of Payables	(1,007,656)	(2,180,055)	(221,684)	(479,612)
Rediscount of Receivables	919,241	2,376,169	202,233	522,757
Lieu Days Provision	1,310,205	1,211,324	262,041	242,265
Litigation Provision	2,260,253	1,389,483	497,256	305,686
Prior Year's Loss	58,454,443	26,008,628	11,690,889	5,201,726
Derivative Instruments	(515,820)	–	(113,480)	–
Other	151,150	954,071	30,232	208,383
Deferred Tax Asset/ (Liability) Net	53,035,144	17,378,114	13,337,272	6,031,383

	31.12.2019	31.12.2018
Opening Balance	6,031,383	1,805,697
Eliminated in equity	(2,164,784)	(2,206,530)
TFRS 9 Opening Correction	–	324,855
Deferred Tax Income/ (Expense)	9,470,673	6,107,361
Closing Balance	13,337,272	6,031,383

Reconciliation of Tax Payment:	**01.01.2019 31.12.2019**	01.01.2018 31.12.2018
Before Tax Profit/(Loss)	(54,117,711)	(44,051,082)
Ratio of Corporation Tax 20%	11,905,896	9,691,238
Tax Effect:	(2,435,223)	(3,583,877)
– Other	(2,435,223)	(3,583,877)
Reconciliation of Tax Payment	9,470,673	6,107,361

37. Earnings/Loss per Share

The amount of profit per share is calculated by dividing the net profit for the period by the weighted average share of the Company shares during the year. The Company's profit/loss calculation per share is as follows:

Earning Per Share	**01.01.2019 31.12.2019**	01.01.2018 31.12.2018
Net Profit/(Loss) of Company Stakeholders	(44,647,038)	(37,943,721)
Weighted Average Share	200,000	190,000
Earnings Per Share/(Loss)	(223)	(200)

38. Related Party Disclosures

Receivables from Related Parties:

	31.12.2019		31.12.2018	
	Trade Receivables	**Other Receivables**	Trade Receivables	Other Receivables
Erkunt Sanayi A.Ş.	–	–	–	–
Hisarlar Makina San. ve Tic. A.Ş.	–	–	–	–
Total	–	–	–	–

Payables to Related Parties:

	31.12.2019		31.12.2018	
	Trade Payables	**Other Payables**	Trade Payables	Other Payables
Erkunt Sanayi A.Ş.	7,187,104	7,080	7,178,834	–
Hisarlar Makina San. ve Tic. A.Ş.	589,084	–	1,115,007	–
Total	7,776,188	7,080	8,293,841	–

	31.12.2019				31.12.2018			
Sales	**Goods**	**Service**	**Other**	**Total**	Goods	Service	Other	Total
Erkunt San. A.Ş.	279,265	239,736	3,362,863	3,881,864	249,344	214,050	3,002,556	3,465,950
Hisarlar Makina San. ve Tic. A.Ş.	112,169	–	–	112,169	1,787,312	–	–	1,787,312
Total	391,434	239,736	3,362,863	3,994,033	2,036,656	214,050	3,002,556	5,253,262

	31.12.2019				31.12.2018			
Purchase	**Goods**	**Rental**	**Service**	**Total**	Goods	Rental	Service	Total
Erkunt San. A.Ş.	21,961,582	72,000	988,453	23,022,035	18,487,460	60,000	873,110	19,420,570
Hisarlar Makina San. ve Tic. A.Ş.	1,768,605	–	–	1,768,605	4,791,727	–	–	4,791,727
Total	23,730,187	72,000	988,453	24,790,640	23,279,187	60,000	873,110	19,420,567

Benefits and Salaries provided to senior management

Account Name	**01.01.2019 31.12.2019**	01.01.2018 31.12.2018
Per Diem	**–**	–
Salary	**–**	–
Total	**–**	–

39. Nature and Level of Risks Attributable to Financial Instruments

Financial Risk Management Objectives and Policies

The main financial instruments used by the Company are bank loans, financial leases, cash and short term bank deposits. The main purpose of using these tools is to create financing for the Company's operations. The Company also has financial instruments, such as trade receivables and trade payables, which arise directly from operations.

Financial Risk Management Objectives and Policies

The risks arising from the instruments used are foreign currency risk, interest risk, credit risk and liquidity risk. The Company management manages these risks as follows. The Company also monitors the market risk that may arise from the use of financial instruments.

Foreign Currency Risk

Foreign currency risk arises from the fact that the Company has liabilities in USD and EURO.

The Company also has foreign currency risk arising from the transactions it has made. These risks arise from the purchase and sale of goods and services in foreign currencies and the use of foreign currency denominated bank credits. The exposure of the Company to foreign currency risk arises from loans that it has used and from finance lease obligations. To minimize this risk, the company monitors its financial position, cash inflows and outflows with detailed cash flow statements.

The Company's foreign currency position as at December 31,2019 and December 31,2018 is as follows:

Foreign Exchange Position Table

	31.12.2019					31.12.2018				
	TL Equivalent	**USD**	**EUR**	**GBP**	**Other**	TL Equivalent	USD	EUR	GBP	Other
1. Trade receivables	**16,981,120**	**108,483**	**2,409,128**	**40,451**	–	12,835,987	99,990	2,038,431	3,350	–
2a. Monetary Financial Assets	**54,994,043**	**477,283**	**7,824,493**	**15,600**	–	1,214,788	6,103	191,949	3,851	–
2b. Non-Monetary Financial Assets	–	–	–	–	–	–	–	–	–	–
3. Other	–	–	–	–	–	–	–	–	–	–
4. Current assets Total (1 + 2 + 3)	**71,975,163**	**585,766**	**10,233,621**	**56,051**	–	14,050,775	106,092	2,230,380	7,201	–
5. Trade receivables	–	–	–	–	–	–	–	–	–	–
6a. Monetary Financial Assets	–	–	–	–	–	–	–	–	–	–
6b. Non-Monetary Financial Assets	–	–	–	–	–	–	–	–	–	–
7. Other	–	–	–	–	–	–	–	–	–	–
8. Total Fixed Assets (5+6+7)	–	–	–	–	–	–	–	–	–	–
9. Total Assets (4+8)	**71,975,163**	**585,766**	**10,233,621**	**56,051**	–	14,050,775	106,092	2,230,380	7,201	–
10. Trade Payables	**7,763,290**	**1,047,227**	**231,942**	–	–	10,824,572	90,455	1,655,176	55,811	
11. Financial Liabilities	**16,501,802**	–	**2,481,250**	–	–	–	–	–	–	–
12a. Other Monetary Liabilities	–	–	–	–	–	161,593	–	–	24,290	–
12b. Non-monetary Other Liabilities	–	–	–	–	–	–	–	–	–	–
13. Total Short Term Liabilities (10+11+12a+12b)	**24,265,092**	**1,047,227**	**2,713,192**	–	–	10,986,165	90,455	1,655,176	80,101	–
14. Trade Payables	–	–	–	–	–	–	–	–	–	–
15. Financial Liabilities	–	–	–	–	–	–	–	–	–	–
16a. Other Monetary Liabilities	–	–	–	–	–	–	–	–	–	–
16b. Non-monetary Other Liabilities	–	–	–	–	–	–	–	–	–	–
17. Total Long Term Liabilities (14+15+16a+16b)	–	–	–	–	–	10,986,165	90,455	1,655,176	80,101	–
18. Total Liabilities (13+17)	**24,265,092**	**1,047,227**	**2,713,192**	–	–	–	–	–	–	–
19. Derivatives net asset/(liability) position off-balance sheet (19a-19b)	–	–	–	–	–	–	–	–	–	–
19a. Hedged Total Assets Amount	–	–	–	–	–	–	–	–	–	–
19b. Hedged Total liability Amount	–	–	–	–	–	–	–	–	–	–

Foreign Exchange Position Table

	31.12.2019					31.12.2018				
	TL Equivalent	**USD**	**EUR**	**GBP**	**Other**	TL Equivalent	USD	EUR	GBP	Other
20. Net foreign currency asset/(liability) position (9-18+19+19)	**47,710,071**	**(461,461)**	**7,520,429**	**56,051**	–	3,064,611	15,638	575,204	(72,900)	–
21. Monetary Items Net Foreign Currency Assets/(Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	**47,710,071**	**(461,461)**	**7,520,429**	**56,051**	–	3,064,611	15,638	575,204	(72,900)	–
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedging	–	–	–	–	–	–	–	–	–	–
23. Export	**100,158,140**	**749,282**	**13,278,323**	**535,739**	–	51,708,528	292,632	7,474,991	421,193	–
24. Import	**90,167,571**	**1,021,047**	**12,639,158**	**5,705**	–	82,472,528	1,844,685	12,061,742	8,965	–

Foreign Currency Risk

The following tables show the Company's net foreign exchange position in balance sheet with changes in exchange rates.

Exchange Rate Sensitivity Analysis Table

		31.12.2019	
		Profit/loss	
		Appreciation of Foreign currency	**Depreciation of Foreign Currency**
	In case of a 10% change in the value of USD against TL;		
1-	US Dollar Net Asset/Liability	**(274,117)**	**274,117**
2-	The Portion Hedged against USD Dollars (-)	**–**	**–**
3-	**USD Dollars Net Effect (1+2)**	**(274,117)**	**274,117**
	In case of a 10% change in the value of Euro against TL;		
4-	Euro Net Assets/Liabilities	**5,001,536**	**(5,001,536)**
5-	The Portion Hedged against Euro risk (-)	**–**	**–**
6-	**Euro Net Effect (4+5)**	**5,001,536**	**(5,001,536)**
	In case of a 10% change in the value of GBP against TL;		
7-	GBP Net Assets/Liabilities	**43,588**	**(43,588)**
8-	The Portion Hedged against GBP risk (-)	**–**	**–**
9-	**GBP Net Effect (7+8)**	**43,588**	**(43,588)**
TOTAL		**4,771,007**	**(4,771,007)**

Exchange Rate Sensitivity Analysis Table

		31.12.2018	
		Profit/loss	
		Appreciation of Foreign currency	Depreciation of Foreign Currency
	In case of a 10% change in the value of USD against TL;		
1-	US Dollar Net Asset/Liability	8,227	(8,227)
2-	The Portion Hedged against USD Dollars (-)	–	–
3-	**USD Dollars Net Effect (1+2)**	8,227	(8,227)
	In case of a 10% change in the value of Euro against TL;		
4-	Euro Net Assets/Liabilities	346,733	(346,733)
5-	The Portion Hedged against Euro risk (-)		
6-	**Euro Net Effect (4+5)**	346,733	(346,733)
	In case of a 10% change in the value of GBP against TL;		
7-	GBP Net Assets/Liabilities	(48,499)	48,499
8-	The Portion Hedged against GBP risk (-)	–	–
9-	**GBP Net Effect (7+8)**	(48,499)	48,499
TOTAL		306,461	(306,461)

Credit risk

The credit risk is the risk of incurring damages financially by one of the parties, which have mutual relationship, as a result of failing to perform the obligation, related with a financial instrument, by the other party. The company endeavors to manage the credit risk by limiting the transactions made with certain parties and continuously evaluating the credibility of the parties with which she has relationships. The total credit risk of the company is indicated in the financial situation statement.

Credit risk intensification is related with the certain companies having activities in the similar business areas and being in the same geographical region or the changes which may take place economically, politically or in the similar other conditions affecting the obligations of these companies arisen from the contract in the framework of similar economic conditions. The intensification of the credit risk indicates the sensitivity of the performance of the company to the developments affecting a certain sector or geographical region.

The company endeavors to manage the credit risk by avoiding unwanted intensification of her sales and service activities on persons or companies in the sector or region in the area of the new subject of activity. The company also gets warranty from the customers when she considers this as necessary.

	Receivables							
	Trade Receivable		Other Receivable					
Current Period (31.12.2019)	**Related Party**	**Other Party**	**Related**	**Other Party**	**Footnote**	**Deposits In Banks**	**Cash and Cash Equivalents**	**Footnote**
Maximum credit risk exposed as of reporting date (A + B + C + D + E) (1)	–	**67,724,556**	–	**7,557,358**	**10-11**	**9,463,620**	**20,842**	**6**
– The portion secured by the maximum guarantee, etc.	–	**48,732,500**	–	–	**10-11**	–	–	–
A. Net book value of financial assets that are not past due or not depreciated (2)	–	**67,724,556**	–	**7,557,358**	**10-11**	**9,463,620**	**20,842**	**6**
B. Book value of financial assets that are renegotiated, which would otherwise be past due or impaired	–	–	–	–	**10-11**	–	–	–
C. Net book value of assets that have been depreciated but not impaired (3)	–	–	–	–	**10-11**	–	–	–
– The part secured by guarantee etc.	–	–	–	–	**10-11**	–	–	–
D. Net book value of impaired assets	–	–	–	–	**10-11**	–	–	–
– Valley Past (gross book value)	–	**16,336,244**	–	–	**10-11**	–	–	–
– Depreciation (-)	–	**(16,336,244)**	–	–	**10-11**	–	–	–
– The part of the net value secured by guarantee etc.	–	–	–	–	**10-11**	–	–	–
– Vortex Not past (gross book value)	–	–	–	–	**10-11**	–	–	–
– Depreciation (-)	–	–	–	–	**10-11**	–	–	–
– The part of the net value secured by guarantee etc.	–	–	–	–	**10-11**	–	–	–
E. Elements containing risk of off-balance-sheet credit	–	–	–	–	**10-11**	–	–	–

	Receivables							
	Trade Receivable		Other Receivable					
Previous Period (31.12.2018)	Related Party	Other Party	Related	Other Party	Footnote	Deposits In Banks	Cash and Cash Equivalents	Footnote
Maximum credit risk exposed as of reporting date (A + B + C + D + E) (1)	–	58,921,318	–	9,571,183	10-11	2,315,687	60,396	6
– The portion secured by the maximum guarantee, etc.	–	68,205,115	–	–	10-11	–	–	–
A. Net book value of financial assets that are not past due or not depreciated (2)	–	58,921,318	–	9,571,183	10-11	2,315,687	60,396	6
B. Book value of financial assets that are renegotiated, which would otherwise be past due or impaired	–	–	–	–	10-11	–	–	–
C. Net book value of assets that have been depreciated but not impaired (3)	–	–	–	–	10-11	–	–	–
– The part secured by guarantee etc.	–	–	–	–	10-11	–	–	–
D. Net book value of impaired assets	–	–	–	–	10-11	–	–	–
– Valley Past (gross book value)	–	10,554,136	–	–	10-11	–	–	–
– Depreciation (-)	–	(10,554,136)	–	–	10-11	–	–	–
– The part of the net value secured by guarantee etc.	–	–	–	–	10-11	–	–	–
– Vortex Not past (gross book value)	–	–	–	–	10-11	–	–	–
– Depreciation (-)	–	–	–	–	10-11	–	–	–
– The part of the net value secured by guarantee etc.	–	–	–	–	10-11	–	–	–
E. Elements containing risk of off-balance-sheet credit	–	–	–	–	10-11	–	–	–

Liquidity Risk

Liquidity risk is the risk that a Company can not meet its funding needs. Prudent liquidity risk management is to provide adequate cash and cash equivalents, to enable funding with the credit limits granted by reliable lenders and to close open positions. The Company provides funding by balancing cash inflows and outflows through the establishment of credit lines in the business environment.

The table below shows the maturity distribution of the Company's non-derivative financial liabilities.

31.12.2019

	Book Value	**Total of Cash Outflow**	**Less than 3 months**	**Between 3-12 months**	**Between 1-5 years**
Financial Loans	**113,795,542**	**113,915,786**	**42,707,520**	**69,653,414**	**1,554,852**
Trade Payables	**53,414,180**	**54,275,139**	**54,275,139**	–	–
Other Payables	**4,943,702**	**4,943,702**	**4,943,702**	–	–
Total	**172,153,424**	**173,134,627**	**101,926,361**	**69,653,414**	**1,554,852**

31.12.2018

	Book Value	Total of Cash Outflow	Less than 3 months	Between 3-12 months	Between 1-5 years
Financial Loans	64,008,667	64,008,667	–	64,008,667	–
Trade Payables	34,021,165	35,736,902	35,736,902	–	–
Other Payables	2,166,782	2,166,782	2,166,782	–	–
Total	100,196,614	101,912,351	37,903,684	64,008,667	–

Interest Risk

The Company is exposed to an interest rate risk arising from the impact of changes in the interest rates of the underlying assets and liabilities. The risk is managed by natural hedges that balance the assets and liabilities with interest rate sensitivity. The Company carries out studies to ensure that borrowing is done at the most favorable rates to minimize the interest rate risk.

The Company's interest position table as of December 31,2019 and December 31,2018 is as follows:

Fixed Interest Financial Instruments	**31.12.2019**	31.12.2018
Financial Assets	**–**	–
Financial Liabilities	**110,977,335**	63,886,983

Variable Interest Financial Instruments	**31.12.2019**	31.12.2018
Financial Assets	**–**	–
Financial Liabilities	**–**	–

Since the Company does not have any variable rate instruments as of December 31,2019 and December 31, 2018, there is no interest rate risk.

Price Risk

Price risk is due to exchange rate, interest rate and market risk. The Group manages this risk by receiving foreign currency and balancing its liabilities and interest bearing assets and liabilities. Market risk is closely monitored by the Group's management through current market information and appropriate valuation methods.

Capital Management

In capital management, the Group aims to increase its profit by using the balance of debt and equity most efficiently while trying to maintain the continuity of its activities on the one hand. The Group's capital structure consists of debt, cash and cash equivalents and equity, and equity items including profit reserves.

Risks associated with each capital class together with the cost of capital of the Group are assessed by the Group's senior management. During these reviews, senior management evaluates the risks associated with each class of capital together with the cost of capital and submits to the Board of Directors the ones that are subject to the decision of the Board of Directors.

The Group's general strategy is not different from Previous Period.

Fair Value

Fair value is the amount at which an asset is traded between willing parties in a current transaction.

Financial assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates that approximate the market prices at the balance sheet date.

The following methods and assumptions are used in estimating the fair value of each financial instrument when it is possible to determine the fair value.

Financial Assets

Due to their short-term nature and being subject to insignificant credit risk, it is considered that they are close to the fair values of cash and cash equivalents and the carrying values of accrued interest and other financial assets. Trade receivables are considered to approximate their fair values subsequent to the original provision for doubtful receivables.

Financial Liabilities

Due to their short-term nature, trade payables and other monetary liabilities are considered to approximate their carrying values. Bank loans are stated at discounted cost and transaction costs are added to the initial cost of the loans. It is considered that the fair values of the loans are expressed by the values they bear because the interest rates on them are updated considering the changing market conditions. Due to their short-term nature, it is foreseen that the fair value of trade payables is close to the value they bear.

40. Financial instruments (realistic value explanations and descriptions in the framework of the hedging accounting)

Fair Value of Financial Instruments

The fair value of the financial assets and liabilities is determined as follows:

– Level 1: Financial assets and liabilities are valued at quoted prices traded on the active market for the same assets and liabilities.

– Level 2: Financial assets and liabilities are valued at inputs that are used to determine the price of the asset or liability that is observable directly or indirectly in the market, other than the quoted price at the first level.

– Level 3: Financial assets and liabilities are valued at inputs that are not based on observable inputs in the market for the fair value of an asset or liability.

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than a compulsory sale or liquidation, and is best determined by a market price, if any.

The estimated fair values of financial instruments are determined using available market information and appropriate valuation methodologies. However, in the interpretation of market data in the fair value estimation, discretion is used. Consequently, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

41. Events after balance sheet date

None.

42. The other issues which substantially affect the financial statements or are required to be described in terms of making the financial statements clear, interpretable and understandable

None.

43. Restatement of Prior Year Financial Statements

There is no regulation arrangement on financial statements of December 31, 2019 referring International Accounting “Number 8” Accounting Policies, Changes and Errors in Accounting Estimates “(“ IAS 8 “).

INDEPENDENT AUDITORS REPORT

To the Shareholders of Directors
of Erkunt Sanayi Anonim Şirketi

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Erkunt Sanayi A.Ş. (“the Company”), which comprise the statement of financial position as at December 31,2019, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31,2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in (jurisdiction), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Key Audit Issues

Key Audit Issues are the most important issues in the independent audit of the financial statements for the current period according to our professional judgment and profession. As a whole, significant auditing subjects are dealt with within the framework of the independent audit of the financial statements and our opinion on the financial statements and we do not provide a separate opinion on these matters.

<table>
<tr><td>Trade Receivables</td><td></td></tr>
<tr><td>
The Company’s trade receivables from non-related parties are an important part of total assets.

The Company management takes into account the collaterals received from customers, past collection performances, maturity analysis, disputes or claims regarding receivables when assessing the recoverability of trade receivables. As a result of these evaluations, the determination of doubtful receivables and the provisions for these receivables and the determination of the receivable values that have been reduced (reducing deferred financial expenses) as of the date of the financial statements are realized by the assumptions and estimations of the management.

For these reasons, Trade Receivables are defined as one of the significant audit subjects by us.

Accounting principles and amounts related to trade receivables in financial statements are Note 2.09.02 Summary of Significant Accounting Policies, 2.04 Changes on Accounting Policies and Footnote 10 Trade Receivables and Payables. Are explained in detail.
</td><td>
When designing audit procedures to address this key issue of auditing, the accounting policies applied by the Company’s management regarding Trade Receivables are considered to comply with TAS and related legislation.

Company within the framework of this evaluation;

– The existence and accuracy of the trade receivable balances from non-related parties with the direct validation letters were tested.

– Aggregate aging study was analyzed analytically and the collection turnover rate was determined, compared with the previous period and the provision for doubtful receivables was tested.

– The collections made after the reporting period have been tested by selecting samples.

– The collection risk is analyzed by analyzing the overdue receivables.

– Exchange rate differences of foreign currency indexed receivables have been recalculated.

– Guarantee letters received from customers have been tested.

– It has been investigated whether there is a legal dispute regarding the receivables and the provision of doubtful receivable has been evaluated by taking a written declaration about the proceedings from the Company lawyers.

– It has been investigated expected credit loss model and calculations process.
</td></tr>
</table>

Useful lives of Tangible and Intangible assets, Depreciation and Capitalization of Ongoing Investments Principles	
As explained in Note 18, the carrying value of Tangible Fixed Assets is TL 120.717.293 as of December 31, 2019. The Company has to periodically determine whether there is a change in the useful lives of Tangible Fixed Assets and to disclose the estimated useful lives that will determine the future depreciation amounts. It is important for our audit that these transactions contain important judgments and this issue has been determined as the subject of the key audit by us.	The procedures that we apply in relation to the values of tangible fixed assets in the financial statements include the planning of the tests on the accounting process of the depreciation calculations and the evaluation of the effectiveness of the operation. In addition, depreciation amounts were tested by recalculation and the useful lives of capitalized assets were evaluated. The appropriateness of depreciation expense for Tangible Fixed Assets according to IAS 16 has been questioned. Activation principles within the scope of account IAS 16 "Tangible Fixed Assets" related to investments transferred to the Machinery, Plant and Equipment account have been made available to use.

Revenue Periodicity	
Revenue is recognized when significant risks and returns are transferred to the buyer. Due to the nature of the operations of the Company, there are products that have been completed, delivered to the customer and the delivery price has not been realized although the sales price has been collected. As of the reporting date, the products in this case are located in the Company's inventory areas. The ownership rights and risks of these non-transferable products can be transferred to the customer. According to the above-mentioned explanations, the principle of the periodicity of sales is determined as the key audit subject whether the revenue of the products in this situation is recorded in the correct period. The Company's accounting policies and amounts related to revenue are disclosed in **Note 2.09.17 and Note 28.**	The following audit procedures have been applied to register the revenue during our audit: – The design and implementation of controls related to the revenue process were evaluated. The Company's sales and delivery procedures were analyzed. – The provisions regarding the commercial and shipping conditions in the contracts with the customers were examined and the timing of the revenue to be included in the financial statements for different shipping arrangements was evaluated. – The financial verification procedures focused on the evaluation of the situations where the income was invoiced but not earned. – Revenue is analyzed by increasing rates and the accuracy of Revenue items has been checked by increasing sample revenue verification tests.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to

modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Reports on Other Responsibilities Arising from Regulatory Requirements

1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2019 and financial statements are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors of the Company submitted to us the necessary explanations and provided required documents within the context of audit.

The responsible auditor who conducting and finalizing of this independent audit is Metin ETKİN.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.

An Independent Member of BAKER TILLY INTERNATIONAL

Metin ETKİN

Responsible Auditor

Istanbul, March 5, 2020

ERKUNT SANAYİ ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION (ASSETS)
(All amounts are expressed in Turkish Lira)

	Notes	Audited Current Period December 31, 2019	Audited Previous Period December 31, 2018
ASSETS			
Current Assets		**113,866,799**	153,799,133
Cash and Cash Equivalents	6	**8,471,643**	10,436,054
Financial Investments	7	**–**	–
Trade Receivables	10	**48,877,172**	75,583,836
Trade Receivables Due From Unrelated Parties	*10*	**41,552,283**	68,067,434
Trade Receivables Due From Related Parties	*10,37*	**7,324,889**	7,516,402
Other Receivables	11	**170,854**	5,661,505
Other Receivables Due From Unrelated Parties	*11*	**163,774**	5,649,705
Other Receivables Due From Related Parties	*11,37*	**7,080**	11,800
Derivative Financial Assets	12	**1,607**	193,316
Inventories	13	**46,389,292**	51,173,813
Prepayments	15	**2,572,813**	3,490,405
Current Tax Assets	25	**34,357**	1,063,087
Other Current Assets	26	**7,349,061**	6,197,117
Total		**113,866,799**	153,799,133
Non-current Assets or Disposal Groups Classified as Held for Sale	34	**–**	–
Non-Current Assets		**145,761,850**	121,186,697
Trade Receivables	10	**–**	–
Trade Receivables Due From Unrelated Parties	*10*	**–**	–
Trade Receivables Due From Related Parties	*10,37*	**–**	–
Other Receivables	11	**389,650**	141,102
Other Receivables Due From Unrelated Parties	*11*	**389,650**	141,102
Other Receivables Due From Related Parties	*11,37*	**–**	–
Financial Investments	7	**–**	–
Investments Accounted for Using Equity Method	16	**5,420,189**	5,123,775
Investment Property	17	**394,514**	409,965
Property, Plant and Equipment	18	**120,717,293**	115,464,368
Riğht of use Assets	14	**17,389,625**	–
Intangible Assets and Goodwill	19	**293,533**	44,455
Prepayments	15	**–**	3,032
Deferred Tax Asset	35	**1,157,046**	–
Other Non-current Assets	26	**–**	–
TOTAL ASSETS		**259,628,649**	274,985,830

The accompanying notes are an integral part of these statements.

ERKUNT SANAYİ ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION (LIABILITIES AND EQUITY)
(All amounts are expressed in Turkish Lira)

	Notes	**Audited Current Period December 31, 2019**	Audited Previous Period December 31, 2018
LIABILITIES			
Current Liabilities		**53,491,531**	112,733,836
Current Borrowings	8	**8,789,358**	28,655,728
Current Portion of Non-current Borrowings	8	**–**	–
Other Financial Liabilities	9	**–**	–
Trade Payables	10	**33,648,083**	70,069,991
Trade Payables to Unrelated Parties	*10*	**33,447,222**	69,378,987
Trade Payables to Related Parties	*10,37*	**200,861**	691,004
Employee Benefit Obligations	20	**8,046,705**	9,038,217
Other Payables	11	**539,366**	809,553
Other payables to Unrelated parties	*11*	**523,772**	793,959
Other Payables to Related Parties	*11,37*	**15,594**	15,594
Derivative Financial Liabilities	12	**104,461**	95,377
Government Grants	21	**–**	–
Deferred Income	15	**671,960**	2,259,929
Current Tax Liabilities	35	**–**	–
Current Provisions	22	**1,691,598**	1,805,041
Other Short Term Provisions	*22*	**485,142**	311,692
Current Provisions for Employee Benefits	*22,24*	**1,206,456**	1,493,349
Other Current Liabilities	26	**–**	–
Total		**53,491,531**	112,733,836
Liabilities İncluded in Disposal Groups Classified as Held For Sale	34	**–**	–
Non-Current Liabilities		**34,542,588**	11,270,797
Non-Current Borrowings	8	**14,733,193**	–
Other Financial Liabilities	9	**–**	–
Trade Payables	10	**–**	–
Trade Payables to Unrelated Parties	*10*	**–**	–
Trade Payables to Related Parties	*10,37*	**–**	–
Other Payables	11	**–**	–
Other Payables to Unrelated parties	*11*	**–**	–
Other Payables to Related Parties	*11,37*	**–**	–
Deferred Income	15	**–**	–
Non-Current Provisions	22	**19,809,395**	10,867,580
Other Non-current Provisions	*22*	**–**	–
Non-Current Provisions for Employee Benefits	*22.24*	**19,809,395**	10,867,580
Current Tax Liabilities	25	**–**	–
Deferred Tax Liability	35	**–**	403,217
Other Non-Current Liabilities	26	**–**	–

ERKUNT SANAYİ ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION (LIABILITIES AND EQUITY) (contd...)
(All amounts are expressed in Turkish Lira)

	Notes	**Audited Current Period December 31, 2019**	Audited Previous Period December 31, 2018
EQUITY		**171,594,530**	150,981,197
Equity Attributable to Owners of Parent	27	**171,594,530**	150,981,197
Issued Capital		**15,120,000**	15,120,000
Inflation Adjustments on Capital		**9,927,981**	9,927,981
Treasury Shares (-)		**(16,992,180)**	(16,992,180)
Accumulated Revaluation and Remeasurement Gains or Losses That Will Not Be Reclassified in Profit or Loss		**(7,464,443)**	(2,139,284)
Restricted Reserves Appropriated From Profits		**11,099,374**	11,099,374
Prior Years' Profits or Losses		**133,965,306**	94,619,489
Current Period Net Profit Or Loss		**25,938,492**	39,345,817
Non-Controlling Interests	27	**–**	–
TOTAL LIABILITIES		**259,628,649**	274,985,830

The accompanying notes are an integral part of these statements.

ERKUNT SANAYİ ANONİM ŞİRKETİ
PROFIT OR LOSS STATEMENT
(All amounts are expressed in Turkish Lira)

	Notes	**Audited Current Period January 1- December 31, 2019**	Audited Previous Period January 1- December 31, 2018
PROFIT OR LOSS			–
Revenue	28	**440,376,447**	436,655,199
Cost of Sales (-)	28	**(371,294,473)**	(355,567,875)
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		**69,081,974**	81,087,324
Marketing, Sales and Distribution Expenses (-)	29,30	**(13,400,302)**	(11,959,304)
Administrative Expenses (-)	29,30	**(18,698,032)**	(14,669,667)
Research and Development Expenses (-)	29,30	**(1,745,715)**	(1,110,936)
Other Income From Operating Activities	31	**4,832,273**	2,474,795
Other Expenses From Operating Activities (-)	31	**(6,929,047)**	(113,424)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**33,141,151**	55,708,788
Share of Profit (loss) from Investments Accounted for Using Equity Method	16	**296,242**	607,553
Investment Activity Income	32	**84,217**	–
Investment Activity Expenses (-)	32	**–**	–
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		**33,521,610**	56,316,341
Finance Income	33	**27,374,848**	30,562,418
Finance Costs (-)	33	**(29,736,386)**	(39,018,912)
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		**31,160,072**	47,859,847
Tax Income/(Expense)	35	**(5,221,580)**	(8,514,030)
– Current Period Tax Income/(Expense)		**(5,450,553)**	(7,650,507)
– Deferred Tax Income/(Expense)		**228,973**	(863,523)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**25,938,492**	39,345,817
DISCONTINUED OPERATIONS			
Profit/(Loss) From Discontinued Operations		**–**	–
PROFIT/ (LOSS)		**25,938,492**	39,345,817
Period Profit/ Loss Distribution		**25,938,492**	39,345,817
Noncontrolling Interests		**–**	–
Equity Holders Of The Parent		**25,938,492**	39,345,817
Basic Earnings Per Share			
Basic Earnings/(Loss) Per Share From Continuing Operations	36	**0,0172**	0,0260

The accompanying notes are an integral part of these statements.

ERKUNT SANAYİ ANONİM ŞİRKETİ
STATEMENT OF OTHER COMPREHENSIVE INCOME
(All amounts are expressed in Turkish Lira)

	Notes	**Audited Current Period January 1- December 31, 2019**	Audited Previous Period January 1- December 31, 2018
PERIOD PROFIT/(LOSS)	36	**25,938,492**	39,345,817
OTHER COMPREHENSIVE INCOME			
Not to be re-classified in Profit or Loss		**(5,325,159)**	(593,188)
Gains (losses) on remeasurements of defined benefit plans	24	**(6,656,449)**	(696,674)
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	35	**1,331,290**	(35,849)
Taxes relating to components of other comprehensive income that will not be reclassified to profit or (loss)		**1,331,290**	139,335
Current period tax income/(expense)		**–**	–
Deferred tax income/(expense)	*35*	**1,331,290**	139,335
OTHER COMPREHENSIVE INCOME/(EXPENSE)		**(5,325,159)**	(593,188)
TOTAL COMPREHENSIVE INCOME/(EXPENSE)		**20,613,333**	38,752,629
Total Comprehensive Income Distribution:			
Non-controlling Interests		**–**	–
Equity Holders Of The Parent		**20,613,333**	38,752,629

The accompanying notes are an integral part of these statements.

ERKUNT SANAYİ ANONİM ŞİRKETİ
STATEMENT OF CASH FLOWS
(All amounts are expressed in Turkish Lira)

	Notes	Audit Current Period January 1- December 31, 2019	Audit Previous Period January 1- December 31, 2018
A) CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		**43,792,760**	44,319,439
PROFİT/(LOSS)		**25,938,492**	39,345,817
Adjustments to Reconcile Profit/(Loss)		**38,264,699**	33,256,071
Adjustments for Depreciation And Amortisation Expense	17,18,19	**19,574,613**	13,948,509
Adjustments for Provisions		**5,931,717**	3,771,850
Adjustments for (Reversal Of) Provisions Related With Employee Benefits	*22,24*	**5,758,267**	3,732,610
Adjustments for (Reversal Of) Lawsuit and Penalty Provisions	*22*	**173,450**	39,240
Adjustments for (Reversal Of) Other Provisions	*13*	**–**	–
Adjustments for Interest (Income) Expenses		**7,971,245**	8,041,257
Adjustments Related to Unallocated Profits Invested by Equity Method	12	**200,793**	(97,939)
Adjustment for Investments Accounted for Using Equity Method	16	**(296,414)**	(607,553)
Adjustments for Losses (Gains) On Disposal Of Non-Current Assets	32	**(84,217)**	–
Tfrs 9 Accounting Policy Revision Adjustment		**(254,618)**	(314,083)
Adjustments for Tax (Income) Expenses	35	**5,221,580**	8,514,030
Changes İn Working Capital		**(4,225,698)**	(8,287,141)
Decrease (İncrease) İn Trade Accounts Receivable	10	**26,961,282**	(14,046,529)
Decrease (Increase) İn Other Receivables Related With Operations	11	**5,242,103**	(4,119,174)
İncrease (Decrease) İn Trade Accounts Payable	10	**(36,421,908)**	24,662,010
İncrease (Decrease) İn Other Operating Payables	11	**(270,187)**	243,953
Decrease (İncrease) İn İnventories	13	**4,784,521**	(12,687,077)
Increase (Decrease) İn Payables Due To Employee Benefits	20	**(991,512)**	971,936
Decrease (Increase) İn Prepaid Expenses	15	**920,624**	1,073,754
Increase (Decrease) İn Deferred Income	15	**(1,587,969)**	(721,081)
Other Increase (Decrease) İn Working Capital	26	**(2,862,652)**	(3,664,933)
Cash Flows From (Used İn) Operations		**59,977,493**	64,314,747
Income Taxes Refund (Paid)	25-35	**(4,421,823)**	(9,820,173)
Interest Paid		**(8,003,116)**	(8,180,728)
Dividends Received	16	**–**	192,649
Employee Termination Benefit Paid	24	**(3,759,794)**	(2,187,056)
Cash From Operating Activities		**43,792,760**	44,319,439
B) CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Proceeds From Sales of Property, Plant, Equipment and İntangible Assets	18,19	**90,118**	–
Cash Inflow From Purchase of Property, Plant, Equipment and Intangible Assets	18,19	**(22,720,574)**	(46,241,017)
Net Cash Flow From Investing Activities		**(22,630,456)**	(46,241,017)

ERKUNT SANAYİ ANONİM ŞİRKETİ
STATEMENT OF CASH FLOWS (contd...)
(All amounts are expressed in Turkish Lira)

	Notes	**Audit Current Period January 1- December 31, 2019**	Audit Previous Period January 1- December 31, 2018
C) CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
Proceeds From Borrowings	8	**634,758,025**	341,598,054
Repayments Of Borrowings	8	**(657,884,740)**	(332,375,820)
Net Cash Flow From Financing Activities		**(23,126,715)**	9,222,234
Net Increase (Decrease) In Cash And Cash Equivalents Before Effect of Exchange Rate Changes		**(1,964,411)**	7,300,656
D) EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**–**	–
Net Increase (Decrease) In Cash And Cash Equivalents		**(1,964,411)**	7,300,656
E) CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6	**10,436,054**	3,135,398
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	**8,471,643**	10,436,054

The accompanying notes are an integral part of these statements.

ERKUNT SANAYİ ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN EQUITY
(All amounts are expressed in Turkish Lira)

					Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss			Accumulated Profits		
Audited Current Period	**Notes**	**Issued Capital**	**Inflation Adjustments on Capital**	**Treasury shares (-)**	**Gains (Losses) on Remeasurements of Defined Benefit Plans**	**Other Gains (Losses)**	**Restricted Reserves Appropriated From Profits**	**Prior Years' Profits or Losses**	**Current Period Net Profit Or Loss**	**Total Equity**
January 1, 2019 (Opening)	**27**	**15,120,000**	**9,927,981**	**(16,992,180)**	**(2,139,284)**	**–**	**11,099,374**	**94,619,489**	**39,345,817**	**150,981,197**
Transfers		–	–	–	–	–	–	39,345,817	(39,345,817)	–
Comprehensive Income		–	–	–	(5,325,159)	–	–	25,938,492	–	20,613,333
– Profit/(Loss)		–	–	–	–	–	–	25,938,492	–	25,938,492
– Other Comprehensive Income		–	–	–	(5,325,159)	–	–	–	–	(5,325,159)
December 31, 2019 (Closing)	**27**	**15,120,000**	**9,927,981**	**(16,992,180)**	**(7,464,443)**	**–**	**11,099,374**	**159,903,798**	**–**	**171,594,530**
Audited Previous Period										
January 1, 2018 (Opening)	**27**	**15,120,000**	**9,927,981**	**(16,992,180)**	**(1,581,945)**	**35,849**	**11,099,374**	**91,731,755**	**3,132,719**	**112,473,553**
Impact of Tfrs 9 accounting policy revision		–	–	–	–	–	–	(244,985)	–	(244,985)
Amended due to Tfrs 9 impact January 1, 2018		**15,120,000**	**9,927,981**	**(16,992,180)**	**(1,581,945)**	**35,849**	**11,099,374**	**91,486,770**	**3,132,719**	**112,228,568**
Transfers		–	–	–	–	–	–	3,132,719	(3,132,719)	–
Comprehensive Income		–	–	–	(557,339)	(35,849)	–	–	39,345,817	38,752,629
– Profit/(Loss)		–	–	–	–	–	–	–	39,345,817	39,345,817
– Other Comprehensive Income		–	–	–	(557,339)	(35,849)	–	–	–	(593,188)
December 31, 2018 (Closing)	**27**	**15,120,000**	**9,927,981**	**(16,992,180)**	**(2,139,284)**	**–**	**11,099,374**	**94,619,489**	**39,345,817**	**150,981,197**

The accompanying notes are an integral part of these statements.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD OF JANUARY 1 - DECEMBER 31, 2019

(The currency is expressed in Turkish Lira unless otherwise stated.)

1. The Company's Organization and Field of Activity

Erkunt Sanayii A.Ş. ("The Company") was established in 1961 and engaged in the production and trade of all kinds of parts, processed parts and main products based on casting technology for automotive, tractor and work machines.

In addition to the Casting-1 and processing-1 facilities in Etimesgut Ankara, the company has Casting-2 facilitiy in Sincan Ankara ASO Organized Industrial Zone in 1996 and Processing-2 facilities started in 2008 in the same place.

The Company's capital consists of 1,512,000,000 bearer shares with a nominal value of 1 Kr each amounting to TL 15,120,000 as of December 31, 2019 and 2018.

The capital structure of the Company as of December 31,2019 and December 31,2018 is stated below.

	December 31, 2019		**December 31, 2018**	
Shareholders	**Share amount**	Share ratio (%)	Share amount	Share ratio (%)
Mahindra Overseas Investment Company Ltd. (*)	**9,633,788**	**63.7**	9,633,788	63.7
Erkunt Traktör Sanayii A.Ş.	**5,288,795**	**35.0**	5,288,795	35.0
Bürge Ceylan Kaleli	**110,950**	**0.7**	110,950	0.7
Rezzan Oral	**147**	**–**	147	–
Ahmet Nalbur	**15,120**	**0.1**	15,120	0.1
Diğer	**71,200**	**0.5**	71,200	0.5
Total	**15,120,000**	**100.0**	15,120,000	100.0

The number of employees as of December 31, 2019 is 1.287 employees. (December 31, 2018: 1.310 employees)

The financial statements for the period 1 January-31 December 2019 have been approved by the Board of Directors on March 5, 2020. The financial statements will be finalized by the approval of the General Assembly.

2. Basis of Presentation of the Financial Statements

2.01 Basic Presentation Principles

The Company's headquarters and subsidiaries in Turkey maintain and prepare their accounting records and legal financial statements in Turkish Lira in accordance with the terms of the Uniform Chart of Accounts issued by the Turkish Commercial Code ("TCC") and the Ministry of Finance of the Republic of Turkey ("Ministry of Finance").

Declaration of Conformity to Turkish Accounting Standards

The accompanying financial statements public oversight accounting and Auditing Standards Authority ("UPS"), which was introduced by the Turkish accounting standards ("Tas/TFRs") and has been prepared in accordance with the interpretations.

The financial statements are presented in accordance with the 2019 TMS taxonomy, which was published in accordance with the ups's decision of 15 April 2019

The financial statements of the company are presented in functional currency which is valid in the basic economic environment in which it operates

The company's financial position and operating results are expressed in Turkish lira, which is the current currency of the company and is the presentation unit for the financial statements

2.02 Correcting the Financial Statement in the High Inflation Periods

Before the Turkish code of commerce no: 6102 and the legislative decree no: 660 and the related legislation, with a decision taken by the capital markets board ("SPK") in March 17,2005, for the companies which have activities in Turkey and which issue financial statement according to the SPK accounting standards, because it was announced that it is not required to apply the inflation accounting such that it is in effect as from January 1,2005, as from that date, the application of issuance and presentation of the financial statements according to the Turkish accounting standard 29 "Financial reporting in the high inflationist economies" was terminated.

2.03 Consolidation Principles

Subsidiaries, The Parent Company has the right to use more than 50% of the voting rights of the shares in the companies, either directly and/or indirectly, as a result of the ownership and/or control of other companies; or companies that have the power and power to control the financial and operating policies in the interests of the Parent Company through the use of de facto control over the financial and operating policies, without having the authority to exercise more than 50% of the voting rights.

The Company does not have any subsidiaries as of December 31,2019. (December 31, 2018: None).

Investments in affiliates; were accounted for using the equity method from equity. These are entities in which the Company generally owns between 20% and 50% of the voting rights, or the Company has significant influence over the Company's activities, as opposed to having control. Unrealized gains on transactions between the Company and its Subsidiary are eliminated to the extent of the Company's interest in the associate and unrealized losses are restated if the transaction does not impair the carrying amount of the asset. The Company has not continued the equity method in case the carrying value of the investment in the associate is zero or the significant effect of the Company is terminated, unless the Company has entered into an obligation or commitment with respect to the Participation. The carrying amount of an investment at the date on which the significant effect is incurred is recognized at fair value when the fair value can be reliably measured thereafter,

Equity method; It is the method of recording to the financial statements by recording the acquisition cost of the associates at the initial acquisition cost and increasing or decreasing the amount to show the part of the equity of the subsidiary from the equity of the subsidiary.

Affiliates	**Capital**	**Participation Rate**	**Participation Amount**	**Accounting Amount**
Kumsan Döküm Malzemeleri San. ve Tic. A.Ş.	1,200,000	25.1%	1,213,453	Shares Received from Equity Method

Financial Fixed Assets; If the direct or indirect share of the Company is less than 20% or more than 20%, the Company does not have any significant influence or it is not important for the financial statements; financial assets that are not traded in organized markets and whose fair values cannot be reliably measured and which the Company does not intend to sell are reflected in the financial statements at cost after deducting impairment losses. Available-for-sale financial assets that are traded on structured markets and that its fair value can be reliably measured are recognized at fair value. (December 31,2017: None). Details of Company's financial asset is disclosed in Note 7.

2.04 Changes in Accounting Policies

In case of changes and errors in the accounting policies and accounting estimates, material changes and detected material accounting errors are applied retroactively and the financial statements for the previous period are reissued. If the changes in the accounting policies affect the previous periods, such policy is also retroactively applied in the financial statements as if it is always used.

The Company started to apply the IAS 16 Leases Standard on January 1, 2019 for the first time. In accordance with IAS 17, for leases classified as operating leases, as of January 1, 2019, the Company has reflected in the financial statements an asset right over an amount equal to the lease obligation, which was adjusted for the amount of all prepaid or accrued lease payments.

The effects of the application of IAS 16 to the statement of financial position dated December 31,2019 and the statement of profit or loss for the accounting period ending on the same date are presented below. The application of the standard does not have a significant effect on the other comprehensive income statement and the cash flow statement.

	IAS 16 effect excluded	**IAS 16 effect**	**IAS 16 effect included**
	December 31, 2019	**December 31, 2019**	**December 31, 2019**
Current assets	**113,866,799**	**–**	**113,866,799**
Non-current assets	**128,372,225**	**17,389,625**	**145,761,850**
Right of use assets	**–**	**17,389,625**	**17,389,625**
Other non-current assets	**128,372,225**	**–**	**128,372,225**
Total assets	**242,239,024**	**17,389,625**	**259,628,649**
Current liabilities	**50,199,315**	**3,292,216**	**53,491,531**
Liabilities from leasing transactions	**–**	**3,292,216**	**3,292,216**
Other short-term liabilities	**50,199,315**	**–**	**50,199,315**
Non-current liabilities	**19,809,395**	**14,733,193**	**34,542,588**
Liabilities from leasing transactions	**–**	**14,733,193**	**14,733,193**
Other long-term liabilities	**19,809,395**	**–**	**19,809,395**
Equity	**172,230,314**	**(635,784)**	**171,594,530**
– Other equity items	**145,656,038**	**–**	**145,656,038**
– Period profit/(loss)	**26,574,276**	**(635,784)**	**25,938,492**
Total liabilities	**242,239,024**	**17,389,625**	**259,628,649**

	IAS 16 effect excluded	**IAS 16 effect**	**IAS 16 effect included**
Profit or Loss Section	**Jan 1- Dec 31, 2019**	**Jan 1- Dec 31, 2019**	**Jan 1- Dec 31, 2019**
Revenue	**440,376,447**	**–**	**440,376,447**
Cost of sales (-)	**(371,782,487)**	**488,014**	**(371,294,473)**
– Depreciation expense	**(15,380,724)**	**(2,346,492)**	**(17,727,216)**
– Rent expense	**(2,834,506)**	**2,834,506**	**–**
– Other cost of sales	**(353,567,257)**	**–**	**(353,567,257)**
Gross profit/(loss)	**68,593,960**	**488,014**	**69,081,974**
Marketing expenses (-)	**(13,400,302)**	**–**	**(13,400,302)**
Administrative expenses (-)	**(19,153,593)**	**455,561**	**(18,698,032)**
– Rent expense	**(981,990)**	**455,561**	**(526,429)**
– Other administrative expense	**(18,171,603)**		**(18,171,603)**

	IAS 16 effect excluded	**IAS 16 effect**	**IAS 16 effect included**
Profit or Loss Section	**Jan 1- Dec 31, 2019**	**Jan 1- Dec 31, 2019**	**Jan 1- Dec 31, 2019**
Research and development expenses (-)	**(1,745,715)**	**–**	**(1,745,715)**
Other income from main activities	**4,832,273**	**–**	**4,832,273**
Other expenses from main activities (-)	**(6,929,047)**	**–**	**(6,929,047)**
Share of profit (loss) from investments accounted equity method	**296,242**	**–**	**296,242**
Income from investment activities	**84,217**	**–**	**84,217**
Financing income	**27,374,848**	**–**	**27,374,848**
Financing expense (-)	**(28,157,027)**	**(1,579,359)**	**(29,736,386)**
Profit before tax	**31,795,856**	**(635,784)**	**31,160,072**
Tax income/(expense)	**(5,361,452)**	**139,872**	**(5,221,580)**
Net profit	**26,434,404**	**(495,912)**	**25,938,492**

In accordance with IAS 17, for leases classified as operating leases, as of January 1, 2019, the Company has reflected in the financial statements an asset right over an amount equal to the lease obligation, which was adjusted for the amount of all prepaid or accrued lease payments. In this context, the application of IFRS 16 Leases Standard has no effect on the Company's previous years' profits of 1 January 2019.

2.05 Comparative Information and Adjustment of the Financial Statements for the Previous Periods

Accounting estimates are based on reliable information and reasonable estimation methods. However, estimates are reviewed as a result of changes to the forecasted conditions, acquisition of new information, or additional developments. The effect of the change in the accounting estimate is reflected in the financial statements to reflect only the period profit or loss for the current period in which the change is made and for future periods if both the change and the future periods are considered.

The nature and amount of a change in the accounting estimate that is expected to have an effect on the results of operations in the current period or that would have an impact on future periods is disclosed in the notes to the financial statements, except where it is not possible to estimate the effect of the future periods.

The financial statements of the Company are prepared comparatively with the prior period in order to enable the determination of the financial situation and performance trends.

Where necessary, changes in the reclassification of the current period are applied to the prior financial statements in order to be consistent.

2.06 Changes in the Accounting Estimates

Accounting estimates are made based on reliable information and reasonable estimate methods. However, in case of any change in the conditions under which the estimate is made, obtaining new information or occurrence of additional developments, estimates are reviewed. If effect of the change in the accounting estimate is related to one period only, it is reflected to the financial statements to be considered in calculation of the profit or loss for the period in the current period or both in the period of the change and the following periods on a retrospective basis if it is also related to the following periods.

Nature and amount of a change in the accounting estimate, which change has an effect on the result of operations for the current period or expected to affect the following periods, are disclosed in the notes to the financial statements except for any cases where it is not possible to estimate such effect for the following periods. There is no change in the accounting estimates in the current period.

2.07 Significant Accounting Evaluations, Estimates and Assumptions

In the preparation of the financial statements, the Company Management is required to make assumptions and estimates that will affect the reported amounts of assets and liabilities, the probable liabilities and commitments as of the balance sheet date and the income and expenses in the reporting period. Actual results may differ from estimates. Estimates are regularly reviewed, necessary corrections are made and reflected in the profit or loss table in the period in which they are realized.

The interpretations that could have a significant effect on the amounts reflected in the financial statements and the assumptions made by taking into account the actual sources of the existing or future estimates are as follows:

a) The retirement pay liability is determined using actuarial assumptions (discount rates, future salary increases and employee turnover rates). These assumptions are reviewed at each balance sheet date and revised if necessary. **(Note:24)**

b) The Company depreciated its tangible assets by using the straight-line depreciation method in accordance with the useful life. Expected useful life residual value and amortization method are reviewed every year for possible effects of changes in estimates and are accounted for on a prospective basis if there is a change in estimates. **(Note:2.09.04)**

c) Provisions for bad debt reflect the amounts which the Company's management believes to recover future losses for any receivables which are outstanding as of the date of balance sheet with a risk of non-collection in the framework of the current economic conditions. When impairment of receivables is evaluated, past performances of debtors, their credibility on the market and performances between the date of balance sheet and date of approval of the financial statements and renegotiated conditions are also considered. The information regarding the relevant provisions as of the date of balance sheet is given in **Note: 10.**

d) In the case of impairment of inventories, the physical characteristics of the inventories and how much they have come from the past are assessed, the utility of the inventories is determined based on the opinion of the technical staff and provisions are made for the items that are estimated to be unavailable. For calculating the net realizable value of inventories, average selling prices are used. **(Not:13)**

e) The Company has made deferred tax calculation in accordance with TAS and TFRS and reflected to the financial statements.

f) Company management, In accordance with the best estimates in the light of legal advisors and expert opinion regarding cases described in detail at **Note: 22**, has made provision in the financial statements.

2.08 Netting/Offsetting

The financial assets and liabilities are shown at their net values in the balance sheet if there is a legal right of netting, they are paid on a net basis or may be collected or acquisition of the asset and satisfaction of the liability may occur concurrently.

2.09 Summary of Important Accounting Policies

Summary of the important accounting policies applied during preparation of the financial statements is as follows:

2.09.01 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in hand, short-term cash and cash equivalents, which are not held for investment or other purposes, are readily convertible into cash within a short period of time and have high liquidity and are unlikely to change in value. (Note 6). It is included in fixed assets if it has cash or similar assets used for payment of debts or for other reasons within twelve months after the balance sheet date.

2.09.02 Trade Receivables

Trade receivables originated by the Company by way of providing goods or services directly to a debtor are carried at amortized cost using the effective yield method and if the provision for doubtful receivables is deducted. Short-term trade receivables with no stated interest rate are measured at the invoice amount if the interest accrual effect is insignificant.

Notes and term checks classified as trade receivables are carried at amortized cost using the effective interest rate at the balance sheet date.

The provision for doubtful receivables is reflected in the records as expense. Provision is the amount that is estimated by the Company management and considered to cover the possible damages that may arise from the economic condition or the risk it carries for the account.

2.09.03 Inventories

Inventories are reflected in the financial statements at the lower of acquisition cost or net realizable value. Costs included in inventories are material, labor and general production costs. Cost is calculated by weighted average method.

Net realizable value is the estimated cost of completion of an ordinary business activity and the estimated cost of sales Total required to realize the sale.

2.09.04 Tangible Fixed Assets

Property, plant and equipment are carried at cost, restated for the effects of inflation as of December 31, 2004 and items purchased at January 1, 2005 less any accumulated depreciation for the items purchased before January 1, 2005 Property, plant and equipment are depreciated on a straight-line basis over their useful lives.

The depreciation rates determined by considering the useful lives of the tangible assets are as follows:

	Useful Life (Year)
Buildings	5-50
Land improvements	4-50
Machinery, Plant and Equipment	2-15
Vehicles	5
Fixtures	2-15
Other Tangible Fixed Assets	3

The expected useful life residual value and amortization method is reviewed every year for the possible effects of the changes emerged in the predictions and if there is a change in the forecasts, it is recognized prospectively.

The profits and losses occurring because of selling of fixed assets are determined by comparing the net book value and sales price and included in the operations profit.

2.09.05 Intangible Fixed Assets

The tangible assets, excluding the ones included in the financial statement with the realistic value, are indicated over the costs values corrected according to the effects of the inflation as of December 31st, 2004 for the items purchased before the January 1st, 2005 and by deducing the accumulated amortization from the purchasing cost value for the items purchased after the January 1st, 2005. The fixed assets are subjected to amortization according to the useful life principle with the direct amortization method.

Expected useful life and amortization method are reviewed annually and the changes in estimates are accounted for on a prospective basis to determine the possible effects of changes in estimates.

Depreciation rates determined by considering useful lives of intangible assets are below:

	Useful Life (Year)
Rights	3-15

2.09.06 Borrowing Costs

When the assets which it takes a substantial amount of time to make ready for usage and selling are in question, the borrowing costs which can be directly correlated with purchasing, making or production are had to be included in the cost of the asset until the related asset is made ready for usage or selling. The financial investment income, obtained by using the part of the credit, related with the credit, not spent yet in the financial investments for a temporary period is offset from the borrowing costs suitable for capitalization. All of the other borrowing costs are recorded in the income statement in the period when they occur. The company does not have any financing costs capitalized during the period.

2.09.07 Impairment of Assets

The assets which have infinite life are not subjected to amortization. The impairment test is applied for these assets. For the assets subjected to amortization, in case that situations or events take place where it is not possible to recover the book value, test of impairment of assets is applied. In case that the book value of the asset exceeds the recoverable value, the provision for impairment is made and recorded. The recoverable amount is the bigger one of the realistic value obtained after deducing the costs of sale and the value in usage. In order to evaluate the value lowness, the assets are grouped in the lowest level where there are cash flows which can be defined separately. The assets which are not financial, which are subjected to the impairment are reviewed for the possible cancellation of the impairment of assets in every reporting date.

2.09.08 Effect of Changes in the Exchange Rates

Foreign currency transactions realized during the year are translated into Turkish Lira at the date of the transactions. Assets and liabilities denominated in foreign currencies are translated into Turkish Lira at the rates prevailing at the balance sheet date. Foreign exchange gains/losses arising from the translation and collection of foreign currency transactions are included in the income statement.

Foreign currency transactions realized during the year are translated into Turkish Lira at the date of the transactions. Assets and liabilities denominated in foreign currencies are translated into Turkish Lira at the rates prevailing at the balance sheet date. Foreign exchange gains/losses arising from the translation and collection of foreign currency transactions are included in the income statement.

The Company's financial statements are presented in the currency of the primary economic environment in which it operates. The financial performance and operating results of the Company are expressed in TL, which is the functional currency.

Transactions in foreign currencies during the preparation of the Company's financial statements are recorded based on the exchange rates at the transaction date. Monetary assets and liabilities indexed at the balance sheet are translated into Turkish Lira at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated into Turkish Lira based on the exchange rates at the date when the fair value was determined. Non-monetary items in foreign currency measured in terms of historical cost are not retranslated. Exchange differences are recognized as profit or loss in the period in which they incur.

2.09.09 Taxes Calculated on the Corporate Profit

Income tax expense/revenue is represented by sum of the current tax expense/ revenue and deferred tax expense (or revenue).

Current tax

Current year's tax liability is calculated on the taxable portion of the profit for the period. Taxable profit does not include income or expense items taxable or deductible in the other years and items which are not taxable or deductible, so it differs from the profit stated in the income statement. The company's current tax liability was calculated by the tax rate legalized or substantially legalized as of the date of balance sheet.

Deferred tax

Deferred tax liability or asset are defined by calculating tax effects of temporary differences between amounts of the assets and liabilities indicated in the financial statements and their amounts considered in calculation of the legal tax base according to the balance sheet method by considering the legalized tax rates.

Deferred tax liabilities are calculated for all taxable temporary differences but deferred tax assets represented by deductible temporary differences are calculated provided that it is highly probable to benefit from such differences by gaining taxable profit in the future. No deferred tax liability or asset is calculated for temporary timing differences caused by inclusion of assets or liabilities, other than goodwill or business mergers, in the financial statements for the first time and which do not affect both trade and financial profit or loss.

Deferred tax liabilities are calculated for all of taxable temporary differences which are associated with investments in the affiliates and subsidiaries and shares in business partnerships except for any cases where the Company may control elimination of the temporary differences and there is a low possibility for elimination of such different in the near future. Deferred tax assets arising from the taxable temporary differences associated with such investments and shares are calculated provided that it is highly probable to benefit from these differences by gaining sufficient taxable profit in the near future and it is possible to eliminate such differences in the future.

Book value of deferred tax asset is reviewed as of each date of balance sheet. Book value of deferred tax asset is reduced to the extent that it is not possible to gain financial profit at a level to allow for acquisition of the benefit to be provided by all or part of it.

Deferred tax assets and liabilities are calculated on the tax rates (tax adjustments) expected to be effective in the period when the asset are realized or the liabilities are satisfied and legalized or substantially legalized as of the date of balance sheet. During calculation of deferred tax assets and liabilities, tax results of the methods estimated by the Company for recovering book values of the assets as of the date of balance sheet or satisfaction of its liabilities are considered.

Deferred tax assets and liabilities ate set off if there is a legal right to set off the current tax assets against the current tax liabilities or such assets and liabilities are associated with the income tax collected by the same tax authority or the Company intends to pay them by setting off the current tax assets against the current tax liabilities.

Current and deferred tax for the period

Except for those associated with the items directly recognized as a receivable or debt in the equity (in this case, deferred tax for the relevant items is also recognized in the equity directly) or arising from the first recognition of business mergers, the current tax and deferred tax for the period are recognized as an income or expense in the income statement. In business mergers, tax effect is considered in calculation of goodwill or calculation of the portion of the share acquired by the purchaser at the fair value of the definable assets, liabilities and contingent payables of the purchased affiliate in excess of the purchasing cost.

The taxes in the financial statements include the change in the current period taxes and deferred taxes. The Company calculates current and deferred tax on the results of the period.

Netting tax assets and liabilities

The amounts of corporate tax payable are defined as net amounts as they are associated with the pre-paid corporate tax amounts.

2.09.10 Trade Payables

The finance income included in the liabilities is calculated by considering the effective interest rate of the related debt and the effective interest rate, and the amounts are shown in the financial statements in the financial statements.

2.09.11 Leasing Transactions

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

(a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly.

(b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.

(c) the Company has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and

(d) the Company has the right to direct use of the asset. The Company concludes to have the right of use, when it is predetermined how and for what purpose the Company will use the asset. The Company has the right to direct use of asset if either:

The Company has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;

The Company designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

Right of use asset

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The right of use asset is initially recognized at cost comprising of:

(a) amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Company;

To apply a cost model, the Company measure the right-of-use asset at cost:

(a) less any accumulated depreciation and any accumulated impairment losses; and

(b) adjusted for any remeasurement of the lease liability.

The Company applies the straight-line method to depreciate the right of use. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Company depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, The Company depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company apply IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease Liability

At the commencement date, The Company measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discountedusing the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments, less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(c) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and

(d) payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

After the commencement date, the Company measure the lease liability by:

(a) increasing the carrying amount to reflect interest on the lease liability;

(b) reducing the carrying amount to reflect the lease payments made; and

(c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised insubstance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The Company determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. After the commencement date, The Company remeasure the lease liability to reflect changes to the lease payments. The Company recognise the amount of the remeasurement of the lease liability as an adjustment to the rightof-use asset.

The Company shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:

(a) There is a change in the lease term. The Company determine the revised lease payments on the basis of the revised lease term; or

(b) There is a change in the assessment of an option to purchase the underlying asset. The Company determine the revised lease payments to reflect the change in amounts payable under the purchase option..

The Company determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

The Company remeasure the lease liability by discounting the revised lease payments, if either:

(a) There is a change in the amounts expected to be payable under a residual value guarantee. The Company determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.

(b) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The Company remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

The Company determine the revised lease payments for the remainder of the lease term based on the revised contractual payments. In that case, the Company use an unchanged discount rate.

The Company account for a lease modification as a separate lease if both:

(a) The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and

(b) The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement.

The Company does not have financial leasing transactions. Operational financial leasing transactions are below;

Rental contracts in which the lessor holds all risks and benefits of the property are called operational leases. As of December 31,2019, the operating lease income of the Company is TL 72,000 (December 31,2018: TL 70,800). As of December 31, 2018, the operational leasing expenses of the Company is TL 526,429 (December 31,2018: TL 3,203,350).

2.09.12 Retirement and Provision for Severance Pay

As required by the labor law valid in Turkey, the retirement and indemnity provisions are allocated as they incur in the financial statements attached. According to the UMS 19 "Benefits provided to the employees", which was updated, the payments of the type in question are characterized as described retirement benefit plans.

In the attached financial statements, the seniority indemnity liability is reflected to the financial statements as the amount found by discounting with the suitable interest rate, purified of the inflation rate, in order to calculate the value of the retirement indemnity to be paid in the future years in the date of the balance sheet.

2.09.13 Research and Development Expenses

Research expenditures are recorded as expenses when they occur. Development costs recorded in the prior period cannot be capitalized in the following period. Development costs are treated as intangible assets if they have the following criteria:

– If the costs associated with the product can be clearly defined and reliably measured,

– If the technical capability/feasibility of the product can be measured,

– If the product is to be sold or used within the company,

– If there is a potential market for the product, or if it can be proven to be internally usable,

– If sufficient technical, financial and other necessary resources are available for the completion of the project.

Costs of development projects that meet the above criteria are capitalized and amortized on a straight-line basis over the life of the project.

2.09.14 Financial Instruments

2.09.14.01 Financial Assets

According to TFRS 9, when a financial asset is first recognized in financial statements; measured over the amortized cost; borrowing instruments measured by reflecting Fair Value (FV) difference in other comprehensive income; FV is classified as being measured by reflecting other comprehensive income - equity instruments or FV difference reflected in profit or loss. The classification of financial assets in accordance with TFRS 9 is generally based on the business model used by the entity for the management of financial assets and the contractual cash flows of the financial asset. Under the standard, the obligation to leave the embedded derivatives from the financial asset has been eliminated and the manner in which a hybrid contract will be classified as a whole should be evaluated.

A financial asset is measured at amortized cost if both of the following conditions are met and the FV is not classified as measured by the difference in profit or loss.

– The retention of the financial asset in a business model aimed at collecting contractual cash flows and,

– The contractual terms of the financial asset lead to cash flows that include interest payments on principal and principal balance on certain dates.

A debt instrument is measured by reflecting the FV difference on other comprehensive income if both of the following conditions are met and the FV is not classified as measured by the difference in profit or loss:

– The retention of the contractual cash flows of the financial asset and a business model aimed at selling the financial assets and,

– The contractual terms of the financial asset lead to cash flows that include interest payments on principal and principal balance on certain dates.

In the initial recognition of investments in equity instruments that are not held for trading, it is possible to make an irrevocable preference for subsequent changes in fair value to be presented in other comprehensive income. The choice of this selection can be made on each investment basis.

All financial assets that are not measured by the above mentioned amortized cost or by reflecting the FV difference in other comprehensive income are measured by reflecting to FV difference profit or loss. These include all derivative financial assets. In the event that financial assets are recognized for the first time in their financial statements, a financial asset is recognized at fair value through profit or loss in the event of a can be defined as reflected and a financial asset can be irrevocably measured at fair value through profit or loss on the condition that it eliminates or significantly reduces an accounting mismatch.

In the first measurement of the financial assets other than those whose fair value changes are reflected to the profit or loss (except for the trade receivables that are measured at the transaction cost on the first time in the financial statements and which does not have an important financing component), the transaction costs which can be directly related to the acquisition or issuance of them are also added to the measured fair value.

Trade Receivables

Trade receivables and notes and post-dated checks classified within trade receivables which are recognized at original invoice amount are measured at amortized cost using the effective interest rate method. Short term trade receivables without specified interest rate, are measured at invoice amount when the interest accrual effect is immaterial.

A credit risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The allowance is an estimated amount which is difference between existing receivable and collectible amount. Collectible amount is the discounted value of trade receivables, all cash flows including collections from guarantees by using original effective interest rate.

A credit risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all such receivables. The allowance for doubtful receivables is established through a provision charged to expenses. Provision is made when there is objective evidence that the Company will not be able to collect the debts. The allowance is an estimated amount that management believes to be adequate to absorb possible future losses on existing receivables that may become uncollectible due to current economic conditions and inherent risks in the receivables. Bad debts are written off when identified. Provision for doubtful receivables is recognized as an expense when identified.

If a portion or the entire amount of a receivable is collected after provided for a provision, the collected amount is deducted from total provision and is recognized as an income in the comprehensive income statement.

Company has preferred to apply “simplified approach” defined in IFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Company measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are re-measured at their fair value. The derivative instruments of the Company mainly consist of foreign exchange forward contracts and related transactions. These derivative transactions, even though providing effective economic hedges under the Company risk management position, do not generally qualify for hedge accounting, therefore treated as ‘derivative financial instruments held for trading. Any gains or losses arising from changes in the fair value of such kind of financial instruments are recognized under statement of profit and loss.

Impairments on financial assets

Financial assets are assessed at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that had occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. For loans and receivables impairment loss has been incurred the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows.

Except for trade receivables, which is reduced through the use of an allowance account, impairment on all other financial assets are directly written off in the related account. In case trade receivables cannot be collected, the related amount is written off from allowance account. The change in allowance account is accounted in the comprehensive income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and short-term highly liquid and the risk of value change is not material investments including time deposits generally having original maturities of three months or less.

Bank accounts consist of time and demand deposit accounts and the related interest accrued. The Turkish Lira balances are stated at face values and the foreign currency balances are translated into Turkish Lira at the foreign currency rate issued by the Central Bank as at the report date. Time deposit accounts are stated as calculated by adding accrued interest as of balance sheet date on the principle amount.

2.09.14.02 Financial Liabilities

TFRS 9 substantially retains the provisions in TAS 39 for the classification and measurement of financial liabilities. However, financial assets held for maturity, loans and receivables and available-for-sale financial assets, the previous TAS 39 classification categories have been removed.

The implementation of TFRS 9 didn’t have a significant impact on the Company’s accounting policies related to its financial liabilities and derivative financial instruments.

The Company’s financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The contract representing the right in the assets of the Company after deducting all of its liabilities is an equity-based financial instrument. The accounting policies applied for certain financial liabilities and equity instruments are as follows.

Financial liabilities are classified as financial liabilities at fair value through profit or loss or other financial liabilities.

a) Financial liabilities whose fair value difference is recognized in the profit/loss accounts

Financial liabilities at fair value through profit or loss are recognized initially at fair value and are revalued at fair value at each balance sheet date. The change in fair value is recognized in the income statement. The net gain or loss recognized in the income statement also includes the amount of interest paid for that particular financial liability.

b) Other Financial Liabilities

Other financial liabilities, including financial liabilities, are initially accounted at fair value, net of transaction costs.

Other financial liabilities are accounted for at amortized cost using effective interest method in the following periods together with interest expense calculated at effective interest rate.

The effective interest method is the calculation of the amortized cost of the financial liability and the way in which the relevant interest expense is related to the amortization. Effective interest rate; reduces the estimated cash payments to be made in the future over the expected life of the financial instrument or, where appropriate, for a shorter period of time, to the net present value of the related financial liability.

2.09.15 Provisions, Contingent Liabilities and Assets

If the Company has a liability arising from the past events, sources involving economic benefit may be disposed from the Company for satisfaction of such liability and amount of such liability may be estimated reliably, the relevant liability is included in the financial statements as a provision. Contingent liabilities are always subject to assessment for finding if the possibility of disposing the sources involving economic benefit from the Company is possible. If the possibility of disposing the sources involving economic benefit from the Company occurs for the items processed as a contingent liability in the future, such contingent liability is included in the financial statements for the period of the change in the possibility as a provision except for the circumstances of failure in reliable estimate.

The Company indicates such liability in the notes if the contingent liabilities become possible but it is not possible to reliably estimate amount of the sources involving economic benefit. Any asset which arises from the past events and shall be confirmed by finding if one or more unclear event(s) existence of which is not fully under the control of the Company is considered as a contingent asset. The contingent assets are disclosed in the notes in case of a high possibility of the Company’s acquisition of the sources involving economic benefit.

Where it is expected that all or part of the economic benefits used to pay the amount of provision are covered by the third parties, is recognized as an asset if this amount shall be repaid finally and the amount is calculated reliably.

2.09.16 Related Parties

For the purpose of these financial statements, partners, senior level directors and members of the board of directors, their families and the companies controlled by them or their affiliates, subsidiaries and partnerships are considered and stated as related parties. The transactions entered into with the related parties because of the ordinary activities were performed with the prices compatible with the market conditions. The detailed description performed with the related parties is given in the **Note: 37**.

2.09.17 Revenue recognition

Company recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

Company recognizes revenue based on the following main principles:

a) Identification of customer contracts

b) Identification of performance obligations

c) Determination of transaction price in the contract

d) Allocation of price to performance obligations

e) Recognition of revenue when the performance obligations are fulfilled

Company recognized revenue from its customers only when all of the following criteria are met:

a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,

b) Company can identify each party's rights regarding the goods or services to be transferred,

c) Company can identify the payment terms for the goods or services to be transferred;

d) The contract has commercial substance,

e) It is probable that Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

Service revenue is recognized in the period services given. Service revenue in the context of repair maintenance agreements for more than one year are recognized in equal installments (straight line method) during the agreement periods and amounts belonging to the following periods are booked as deferred revenue.

When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized on an accrual basis as financial income.

Interest income is recognised using the effective interest rate until maturity and considering the effective interest rate.

2.09.18 Cash Flow Statement

Cash and cash equivalents are the cash money, current account and the other short termed investments, the maturity of 3 months or less than 3 months as from the purchasing date, which can be converted into cash immediately and don't have a substantial amount of value change risk, with a high liquidity.

In the cash flow statement, the cash flows related with the period are classified and reported based on the operation, investment and financial activities.

The cash flows arisen from the operational activities indicates the cash flows arisen from the main activities of the Company. The cash flows related with the investment activities indicate the cash flows which the Company uses and obtains in the investment activities (asset investments and financial investments). The cash flows related with the finance activities indicate the resources which the Company uses in the finance activities and the repayment of these resources.

2.09.19 Earning/Loss per Share

Profit per share is determined by dividing the net profit to the weighted average number of the shares existing in the related period.

The companies in Turkey can increase their capitals through "bonus share" they distributed from the previous year profits to the shareholders. When the profit per share is calculated, this bonus share issuance is considered as issued shares.

Therefore the weighted number of share average used for the profit per share is obtained by retrospectively applying the bonus issuance of the shares.

2.09.20 Events After Balance Sheet Date

It refers the events emerging on behalf of or on the detriment to the Company between the date of the balance sheet and the date of authorization for publishing the balance sheet. In case that there are new evidences that the events in question exist as of the date of balance sheet or the related events emerge after the date of the balance sheet, the Company describes the issues in question in the **Note: 40.**

The Company, in case that events requiring correction emerge after the date of the balance sheet, corrects the amounts put into the financial statements according to this new situation.

2.09.21 Investment Property

Investment properties are held for the purpose of rentals or gains on valuation and are stated at cost subsequent to their recognition as asset after deduction of accumulated depreciation and accumulated impairment losses. Detailed information about Investment Properties included in **Note 17.**

Depreciation rates determined by considering useful lifes of Investment Property is follows

	Use ful Life (Year)
Buildings	39-50

2.10 Going Concern

The Company prepares its financial statements on the basis of going concern

2.11 New and Revised International Financial Reporting Standards

New standards and interpretations

i) Standards, amendments and interpretations effective as at 31 December 2019

Amendment to IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2019. This amendment confirm two points: (1) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and (2) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

Amendment to IAS 28, 'Investments in associates and joint venture'; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

IFRIC 23, 'Uncertainty over income tax treatments'; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

Annual improvements 2015-2017; effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

- IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
- IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

- Use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement and
- Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

ii) Standards, amendments and interpretations that are issued but not effective as at 31 December 2019:

A**mendments to IAS 1 and IAS 8 on the definition of material**; effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

- Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting
- Clarify the explanation of the definition of material and
- Incorporate some of the guidance in IAS 1 about immaterial information.

Amendments to IFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform; effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

IFRS 17, 'Insurance contracts'; effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The Company does not expected material impact of new standards and interpretations on Company's accounting policies.

3. Business Mergers

None.

4. Shares in Other Businesses

None.

5. Reporting per Department

None.

6. Cash and Cash Equivalents

The Company's Cash and Cash Equivalents as of December 31, 2019 and 2018 are as follows:

Account Name	**December 31, 2019**	December 31, 2018
Cash	**13,620**	11,029
Banks	**8,458,023**	10,425,025
– Demand deposit	**8,458,023**	1,371,257
– Term deposit (under three months)	**–**	9,053,768
Total	**8,471,643**	10,436,054

The Company has no blocked on Cash and Cash Equivalents as of December 31, 2019 (December 31, 2018: None).

There are no term deposits at the period ended December 31, 2019.(Time deposits are; TL 220,000 and interest rate is 21.50%, USD 75,000 equivalent as TL 394,568 and interest rate is 1.75%, EUR 1,400,000 equivalent as TL 8,439,200 and interest rate is 1.28%. The total amount of overnight time deposits are as TL 9,053,867 due within one month at most as of December 31, 2018.

7. Financial Investments

The Company has no Short-Term Financial Investments as of December 31, 2019.

The Company's Long Term Financial Investments as of December 31, 2019 are as follows:

Account Name	**December 31, 2019**	December 31, 2018
Financial Investments	**–**	173
Provision (-)	**–**	(173)
Total	**–**	–

8. Borrowings

The Company's Short Term Financial Liabilities as of December 31,2019 and 2018 are as follows:

Short-Term Borrowings

Account Name	**December 31, 2019**	December 31, 2018
Short term loans	**5,220,877**	28,347,592
Payables from operational leasing	**3,292,216**	–
Credit cards	**276,265**	308,136
Total	**8,789,358**	28,655,728

The Company does not have any Current Portion of Non-current Borrowings and Non-current Borrowings as of December 31,2018. (December 31,2017: None)

Large-Term Borrowings

Account Name	**December 31, 2019**	December 31, 2018
Payables from operational leasing	**14,733,193**	–
Total	**14,733,193**	–

a) All the short term loans types are revolving loan and their maturity's are as follows;

Loans	**December 31, 2019**	December 31, 2018
0-3 months	**5,220,877**	28,347,592
3-12 months	**–**	–
Total	**5,220,877**	28,347,592

b) The effective interest rates of loans on the basis of currency unit are as follows:

December 31,2019

Type	Amount of Foreign Currency	TL Amount	Weighted Effective Interest Rate
TL loans	–	**5,220,877**	**17,52%**
Total	–	**5,220,877**	–

December 31,2018

Type	Amount of Foreign Currency	TL Amount	Weighted Effective Interest Rate
TL loans	–	28,347,592	24,50%
Total	–	28,347,592	–

9. Other Financial Liabilities

None. (December 31, 2018: None)

10. Trade Receivables and Payables

The Company's Short Term Trade Receivables as of December 31,2019 and 2018 are as follows:

Account Name	December 31,2019	December 31,2018
Trade receivables from related parties **(Note 37)**	**7,324,889**	7,516,402
Current trade receivables	**7,333,801**	7,698,498
Expected credit losses Tfrs 9 (-)	**(8,912)**	(182,096)
Trade receivables from non-related parties	**41,552,283**	68,067,434
Trade receivables	**41,602,836**	68,199,421
Expected credit losses	**(50,553)**	(131,987)
Doubtful trade receivables	**329,806**	329,806
Provision for doubtful trade receivables (-)	**(329,806)**	(329,806)
Total	**48,877,172**	75,583,836

The average maturity of trade receivables as of December 31,2019 is 48 days (December 31,2018: 51 days)

Provisions for doubtful trade receivables are as follows:

Description	January 1- December 31, 2019	January 1- December 31, 2018
January 1 (begening of period)	**643,889**	329,806
Expected credit losses Tfrs 9	**59,465**	314,083
December 31 (end of period)	**703,354**	643,889

The Company's Short Term Trade Payables as of December 31,2019 and 2018 are as follows:

The Group has no long term trade receivables.

Guarantees received for receivables are explained below.

Account Name	December 31, 2019	December 31, 2018
letters of guarantee received (TL)	**8,273,634**	9,113,547
Total(TL)	**8,273,634**	9,113,547

Account Name	December 31, 2019	December 31, 2018
Trade Payables to non-related parties	**33,447,222**	69,378,987
Trade payables	**33,447,222**	69,178,740
Debt notes	**–**	200,247
Trade payables to related parties (Note.37)	**200,861**	691,004
Total	**33,648,083**	70,069,991

Trade payables as of December 31,2019 and 2018 are consist of raw materials and business acquisitions. As of December 31,2019, the average maturity of trade payables is 51 days (December 31,2018: 60 days).

The Company doesn't have Non-current Trade Payables as of December 31,2019 and 2018.

11. Other Receivables and Payables

Other Current Receivables of the Company as of December 31,2019 and 2018 are as follows:

Account Name	December 31, 2019	December 31, 2018
Other receivables from unrelated parties	**163,774**	5,649,705
Receivables from tax office	**163,774**	5,649,705
Other receivables from related parties **(Note.37)**	**7,080**	11,800
Total	**170,854**	5,661,505

Other Non-current Receivables as of December 31,2019 and 2018 are as follows:

Account Name	December 31, 2019	December 31, 2018
Deposits and guarantees given	**389,650**	141,102
Total	**389,650**	141,102

Other Current Payables of the Company as of December 31,2019 and 2018 are as follows:

Account Name	December 31, 2019	December 31, 2018
Other Payables to Non-Related Parties	**523,772**	793,959
Taxes Payables	**123,615**	128,178
Other Payables	**400,157**	421,395
Payments to Public Institutions	**–**	244,386
Other Payables to Related Parties	**15,594**	15,594
Total	**539,366**	809,553

The Company does not have any Other Non-current Liabilities as of December 31,2019 and 2018.

12. Derivative Transactions

Company's Derivative Financial Assets arise from foreign currency forward transactions and the details are explained follows as of December 31,2019 and 2018:

Account Name	December 31, 2019	December 31, 2018
Assets Related to Derivative Financial Instruments	**1,607**	193,316
Total	**1,607**	193,316

Company's Derivative Financial Liabilities arise from foreign currency forward transactions and the details are explained follows as of December 31,2019 and 2018:

Account Name	December 31, 2019	December 31, 2018
Liabilities Related to Derivative Financial Instruments	**104,461**	95,377
Total	**104,461**	95,377

13. Inventories

Inventories of the Company as of December 31, 2019 and 2018 are as follows:

Account Name	December 31, 2019	December 31, 2018
Raw materials and supplies	**25,698,392**	25,056,508
Semi-finished goods	**16,383,368**	16,078,217

Account Name	December 31, 2019	December 31, 2018
Finished goods	**4,307,532**	10,039,088
Goods in transit	**–**	–
Total	**46,389,292**	51,173,813

There is no Inventory as collateral for the liabilities. The insurance information on active assets is given in **Note 22.**

There are no guarantees or mortgages on the Inventories.

14. Right of use Assets

The company's right to use assets at the end of the period are described below.

Account Name	January 1,2019	Effect Of Change In Accounting Policies	Sales	December 31,2019
Buildings	–	16,729,446	–	16,729,446
Vehicles	–	3,006,671	–	3,006,671
Total	–	19,736,117	–	19,736,117

Accumulated Depreciation (-)	January 1,2019	Depreciation Expense	Sales	December 31,2019
Buildings	–	(2,027,812)	–	(2,027,812)
Vehicles	–	(318,680)	–	(318,680)
Total	–	(2,346,492)	–	(2,346,492)
Net book value	–	–	–	17,389,625

15. Prepayments and Deferred Incomes

Short Term Prepaid Expenses

The Prepaid Expenses as of December 31,2019 and 2018 are as follows:

Account Name	December 31, 2019	December 31, 2018
Order advances given	**1,604,702**	2,002,044
Expenses related to future months	**968,111**	1,488,361
Total	**2,572,813**	3,490,405

Long Term Prepaid Expenses

The Prepaid Expenses as of December 31,2019 and 2018 are as follows:

Account Name	December 31, 2019	December 31, 2018
Expenses related to future years	**–**	3,032
Total	**–**	3,032

Short Term Deferred Income

Account Name	December 31, 2019	December 31, 2018
Short term deferred income (*)	**599,062**	1,729,214
Advances received	**72,898**	530,715
Total	**671,960**	2,259,929

(*) Deferred income consists incomplete transection of finished goods exports.

Long Term Deferred Income

None (December 31,2018).

16. Investments Accounted for Using Equity Method

Investments Valued by Equity Method as of December 31,2019 and 2018 are as follows:

Affiliate	December 31, 2019	December 31, 2018	Participation rate (%)
Kumsan Döküm Malzemeleri A.Ş.	**5,420,189**	5,123,775	25,10
Total	**5,420,189**	5,123,775	–

Issued capital of Kumsan Döküm Malzemeleri Anonim Şirketi as of December 31,2019 is TL 1,200,000. (December 31,2018: 1,200,000 TL)

The gains/(losses) from associates accounted for using the equity method are as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
January 1 (beginning of period)	**5,123,775**	4,708,871
Due to period profit	**296,414**	607,553
Arising from dividend distribution	**–**	(192,649)
Total	**5,420,189**	5,123,775

The financial statement of the investment valued by the equity method as of December 31,2019 and 2018 are as follows:

Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş.

	December 31, 2019	December 31, 2018
Current assets	**18,662,952**	16,132,098
Non-current assets	**6,921,590**	7,137,641
Total assets	**25,584,542**	23,269,739
Current liabilities	**2,712,567**	1,894,658
Non-current liabilities	**1,283,056**	971,084
Equity	**21,588,919**	20,403,997
Total liabilities	**25,584,542**	23,269,739

	January 1- December 31, 2019	January 1- December 31, 2018
Revenues	**29,314,390**	23,352,608
Period profit/(loss)	**1,776,616**	2,420,528

17. Investment Property

The Company's investment properties as of December 31,2019 and 2018 are as follows:

December 31,2019

Cost Amount

Account Name	January 1, 2019	Purchases	Sales	December 31, 2019
Buildings	**721,459**	**–**	**–**	**721,459**
Total	**721,459**	**–**	**–**	**721,459**

Accumulated depreciation(-)

Account Name	January 1, 2019	Depreciation Expense	Disposals	December 31, 2019
Buildings	**(311,494)**	**(15,451)**	**–**	**(326,945)**
Total	**(311,494)**	**(15,451)**	**–**	**(326,945)**
Net book value	**–**	**–**	**–**	**394,514**

December 31,2018

Cost Amount

Account Name	January 1, 2018	Purchases	Sales	December 31, 2018
Buildings	721,459	–	–	721,459
Total	721,459	–	–	721,459

Accumulated depreciation(-)

Account Name	January 1, 2018	Depreciation Expense	Disposals	December 31, 2018
Buildings	(296,043)	(15,451)	–	(311,494)
Total	(296,043)	(15,451)	–	(311,494)
Net book value	425,416			409,965

December 31,2019

The Investment Properties are composed of the land having the surface area of 15.461 m2, which is registered in Ankara Sincan Organize Industrial Zone Batihan Cad. No:2, Parcel No 18, Block No 3024, and a part of 3.550 m2 of the administrative buildings on it. The fair value of this property is estimated as TL 7,484,667 by the Company Management. In the determination of the fair value, the appraisement values calculated by TSKB Gayrimenkul Degerleme A.S. authorized by the Capital Market Board were taken into consideration and increased the rael astate price index ratio (%2) declerated from Turkey Republic Central Bank.

In this case, the fair value of Investment Property is calculated TL 7,484,667. (TL 4,618,180 land + TL 2,866,487 building)

December 31,2018

The Investment Properties are composed of the land having the surface area of 15.461 m2, which is registered in Ankara Sincan Organize Industrial Zone Batihan Cad. No:2, Parcel No 18, Block No 3024, and a part of 3.550 m2 of the administrative buildings on it. The fair value of this property is estimated as TL 6.796.211 by the Company Management. In the determination of the fair value, the appraisement values calculated by TSKB Gayrimenkul Degerleme A.S. authorized by the Capital Market Board were taken into consideration and increased the rael astate price index ratio (%2) declerated from Turkey Republic Central Bank.

In this case, the fair value of Investment Property is calculated TL 6,796,211. (TL 4,193,390 land + TL 2,602,821 building).

18. Property, Plant and Equipment

The Company's property, plant and equipment as of December 31,2019 and 2018 are as follows:

December 31,2019

Cost Amount

Account Name	January 1, 2019	Purchases	Sales	Transfer	December 31, 2019
Land and parcels	**1,386,469**	**–**	**–**	**–**	**1,386,469**
Land improvements	**6,456,777**	**180,223**	**–**	**513,380**	**7,150,380**
Buildings	**12,620,474**	**–**	**–**	**2,432,293**	**15,052,767**
Plant machinery and Equipment	**277,346,809**	**541,723**	**(2,461,213)**	**17,938,101**	**293,365,420**
Vehicles	**802,382**	**–**	**–**	**–**	**802,382**
Furniture and fixtures	**4,309,982**	**1,245,312**	**(109,512)**	**392,776**	**5,838,558**
Other tangible fixed assets	**5,369,408**	**68,141**	**(330,746)**	**139,447**	**5,246,250**
Leasehold improvements	**44,403**	**16,972**	**–**	**–**	**61,375**
Construction in progress	**17,501,531**	**20,341,223**	**–**	**(21,415,997)**	**16,426,757**
Total	**325,838,235**	**22,393,594**	**(2,901,471)**	**–**	**345,330,358**

Accumulated Depreciation (-)

Account Name	January 1, 2019	Depreciation Expense	Disposal	Transfer	December 31, 2019
Land improvements	**(3,762,200)**	**(347,574)**	**–**	**–**	**(4,109,774)**
Buildings	**(2,923,376)**	**(369,648)**	**–**	**–**	**(3,293,024)**
Plant machinery and equipment	**(196,164,674)**	**(15,480,289)**	**2,461,213**	**–**	**(209,183,750)**
Vehicles	**(390,675)**	**(107,984)**	**–**	**–**	**(498,659)**
Furniture and fixtures	**(2,547,442)**	**(563,201)**	**109,123**	**–**	**(3,001,520)**
Other tangible fixed assets	**(4,580,862)**	**(259,620)**	**325,228**	**–**	**(4,515,254)**
Leasehold İmprovements	**(4,635)**	**(6,449)**	**–**	**–**	**(11,084)**
Total	**(210,373,864)**	**(17,134,765)**	**2,895,564**	**–**	**(224,613,065)**
Net book value	**–**	**–**	**–**	**–**	**120,717,293**

December 31,2018

Cost Amount

Account Name	January 1, 2019	Purchases	Sales	Transfer	December 31, 2019
Land and parcels	1,386,469	–	–	–	1,386,469
Land improvements	6,278,457	3,350	–	174,970	6,456,777
Buildings	12,549,205	71,269	–	–	12,620,474
Plant machinery and equipment	243,583,883	5,008,581	(916,089)	29,670,441	277,346,809
Vehicles	623,115	179,267	–	–	802,382
Furniture and fixtures	3,248,752	1,061,230	–	–	4,309,982
Other tangible fixed assets	5,437,121	–	(334,845)	267,132	5,369,408

Account Name	January 1, 2019	Purchases	Sales	Transfer	December 31, 2019
Leasehold improvements	44,403	–	–	–	44,403
Construction in progress	7,723,376	39,890,698	–	(30,112,543)	17,501,531
Total	**280,874,781**	**46,214,395**	**(1,250,934)**	**–**	**325,838,235**

Accumulated Depreciation (-)

Account Name	January 1, 2019	Depreciation Expense	Disposal	Transfer	December 31, 2019
Land improvements	(3,452,913)	(309,287)	–	–	(3,762,200)
Buildings	(2,594,732)	(328,645)	–	–	(2,923,377)
Plant machinery and equipment	(184,453,543)	(12,627,221)	916,089	–	(196,164,675)
Vehicles	(305,125)	(85,550)	–	–	(390,675)
Furniture and fixtures	(2,254,300)	(293,142)	–	–	(2,547,442)
Other tangible fixed assets	(4,671,979)	(243,729)	334,845	–	(4,580,863)
Leasehold improvements	(195)	(4,440)	–	–	(4,635)
Total	(197,732,787)	(13,892,014)	1,250,934	–	(210,373,867)
Net book value	**83,141,994**	**–**	**–**	**–**	**115,464,368**

Depreciation expenses and amortization amount recorded in the income statement are disclosed in **Note 30**.

There are no restrictions on the tangible assets of the Company. The insurance information on assets is included in **Note 22**.

19. Intangible Assets and Goodwill

The Company's Intangible Assets and Goodwill as of December 31,2019 and 2018 are as follows:

December 31,2019

Cost Amount

Account Name	January 1, 2019	Purchases	Sales	December 31, 2019
Rights	**2,147,105**	**326,980**	**–**	**2,474,085**
Total	**2,147,105**	**326,980**	**–**	**2,474,085**

Accumulated Depreciation (-)

Account Name	January 1, 2019	Depreciation Expense	Disposals	December 31, 2019
Rights	**(2,102,650)**	**(77,902)**	**–**	**(2,180,552)**
Total	**(2,102,650)**	**(77,902)**	**–**	**(2,180,552)**
Net book value	**–**	**–**	**–**	**293,533**

December 31,2018 Cost Amount

Account Name	January 1, 2018	Purchases	Sales	December 31, 2018
Rights	2,120,483	26,622	–	2,147,105
Total	2,120,483	26,622	–	2,147,105

Accumulated Depreciation (-)

Account Name	January 1, 2018	Depreciation Expense	Disposals	December 31, 2018
Rights	(2,061,606)	(41,044)	–	(2,102,650)
Total	(2,061,606)	(41,044)	–	(2,102,650)
Net book value	58,877	–	–	44,455

Depreciation expenses amount recorded in the profit/(loss) statement are shown in Note 30.

20. Employee Benefits Obligations

Short Term Payables within the scope of the Benefits Provided to Employees as of December 31,2019 and 2018 are as follows:

Account Name	December 31, 2019	December 31, 2018
Due to personnel	**4,557,541**	5,184,009
Taxes, fees and other deductions payable	**1,524,156**	1,771,822
Social security premiums payable	**1,965,008**	2,082,386
Total	**8,046,705**	9,038,217

21. Government Grants

SSI incentives

(The Company has the SSI incentives at the amount of 512,280.70 TL in total; within the scope of the minimum salary support at the amount of 825,099.41 TL with the article 71 of law no 5510, manufacturing support at the amount of TL 66,171.00 with the article 7103 of law no 4447/19, the support of the disabled employee 3,399,374.44 TL with the article 30 of the Law no 4857 and 5% discount supports at the amount of 4.802.925,55 TL with the article 81 of the SSI Law no 5510 within the account period of 2018 under the SSI legislation.)

(The Company has the SSI incentives at the amount of 4,346,781 TL in total; within the scope of the minimum salary support at the amount of 797,025 TL with the article 71 of law no 5510, manufacturing support at the amount of TL 459,903 with the article 7103 of law no 4447/19, the support of the disabled employee 61,373 TL with the article 30 of the Law no 4857 and 5% discount supports at the amount of 3,028,480 TL with the article 81 of the SSI Law no 5510 within the account period of 2018 under the SSI legislation.)

Investment Incentives

1) The Company has Investment Incentive Certificate dated 14 November 2017 and certificate number 133723 which it obtained from the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Economy within the scope of the iron and steel casting investments which are located in Ankara Etimesgut and which are related to the reduced corporate tax. The starting date of the investment incentive is 28 September 2017 and the ending date is 28 September 2020, i.e. three years.

The incentive certificate no 133723 covers the machinery and equipment investments regarding the mentioned iron and steel casting investments and the certificate amount is 20.600.000 TL in total. The support factors of which the investment will take advantage are as follows

Support Factor	Description regarding the Support Factor
VAT exception	Full
Customs duty exemption	Full
Amount of contribution to the deserved total investment	222,048 TL
Corporate tax discount	Tax Discount Rate is 100 % Investment Contribution Rate 35%

2) Another incentive certificate of the Company within the scope of the iron and steel casting investments located in Ankara Etimesgut is the Investment Incentive Certificate dated 4 April 2017 and certificate no 128872 which it obtained from the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Economy. The starting date of the investment incentive is 3 February 2017 and the ending date is 3 February 2020, i.e. three years.

The incentive certificate no 128872 covers the machinery and equipment investments regarding the mentioned iron and steel casting investments and the certificate amount is 16.240.000 TL in total. The support factors of which the investment will take advantage are as follows:

Support Factor	Description regarding the Support Factor
VAT exception	Full
Customs duty exemption	Full
Insurance premium employer share support	2 Years
Amount of contribution to the deserved total investment	612,824 TL
Corporate tax discount	Tax Discount Rate is 100 % Investment Contribution Rate 30%

3) Another incentive certificate of the Company within the scope of the iron and steel casting modernization investments located in Ankara Etimesgut is the Investment Incentive Certificate dated 6 March 2017 and certificate no 105515 which it obtained from the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Economy. The starting date of the investment incentive is 18 May 2012 and the ending date is 14 November 2016. The investment completion visa of this investment incentive was made and the use of the rate of contribution to the investment is ongoing as of 31 December 2017.

The incentive certificate no 105515 covers the machinery and equipment investments regarding the mentioned iron and steel casting modernization investments and the certificate amount is 14.020.239 TL in total. The support factors of which the investment will take advantage are as follows:

Support Factor	Description regarding the Support Factor
VAT exception	Full
Customs duty exemption	Full
Insurance premium employer share support	2 Years
Amount of contribution to the used total investment	2,103,036 TL
Corporate tax discount	Tax Discount Rate is 50% Investment Contribution Rate 15%

4) Another incentive certificate of the Company within the scope of the iron and steel casting modernization investments located in Ankara Etimesgut is the Investment Incentive Certificate dated 26 February 2016 and certificate no 109449 which it obtained from the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Economy. The starting date of the investment incentive is 26 February 2013 and the ending date is 26 February 2016. The investment completion visa of this investment incentive was made and the use of the rate of contribution to the investment is ongoing as of 31 December 2017.

The incentive certificate no 109449 covers the machinery and equipment investments regarding the mentioned iron and steel casting modernization investments and the certificate amount is 32,268,559 TL in total. The support factors of which the investment will take advantage are as follows.

Support Factor	Description regarding the Support Factor
VAT exception	Full
Customs duty exemption	Full
Insurance premium employer share support	3 Years
Amount of contribution to the used total investment	7,918,875 TL
Corporate tax discount	Tax Discount Rate is 55 % Investment Contribution Rate 20%

22. Current Provisions, Contingent Assets and Liabilities

i) Provisions

The Company's short term provisions as of December 31,2019 and 2018 are as follows:

Account Name	December 31, 2019	December 31, 2018
Provision for vacation	**1,206,456**	1,493,349
Provision for litigation	**485,142**	311,692
Total	**1,691,598**	1,805,041

The movement of Provisions for Litigation are as follows:

Account Name	January 1- December 31, 2019	January 1- December 31, 2018
January 1 (beginning of period)	**311,692**	272,452
Period provision expenses (Note.31)	**291,450**	39,240
Payments and cancellations	**(118,000)**	–
December 31 (ending of period)	**485,142**	311,692

The movement of provision for vacations are as follows:

Account Name	December 31, 2019	December 31, 2018
January 1 (beginning of period)	**1,493,349**	977,236
Provisions allocated/(cancelled) during the period	**(286,893)**	516,113
December 31 (ending of period)	**1,206,456**	1,493,349

Details of the litigation provision of the Company as of December 31,2019 and 2018 are as follows:

December 31,2019

Description	File Number	Subject of Litigation	Provision Allocated
Sincan 1. İş M.	2016/718	Debt claims	26,851
Sincan İş M.	2015/295	Debt claims	19,000
Sincan İş M.	2014/1039	Debt claims	**3,000**
Ank. B. 1. İş Mah.	2017/360	Debt claims	**23,000**
Ank. B. 3. İş Mah.	2017/247	Debt claims	**1,100**
Ank. 41. İş Mah.	2019/400	Recourse	**10,000**
Ank. 44. iş mah.	2018/164	Debt claims	**60,000**
Ank. 25. iş mah.	2016/649 E.	Compensation	**75,201**
Ank. B. 3. İş mah.	2018/99	Recourse	**600**
Ankara b.2.iş mah.	2018/233	Debt claims	**1,300**
Ank. B. 3. iş mah.	218/385	Debt claims	**4,000**
Ank. B. 1. iş mah.	2019/438	Return to work	**33,000**
Ank. B. 2. iş mah.	2018/747	Debt claims	**340**
Ank. B. 2. iş mah.	2019/172	Debt claims	**4,500**
Ank. B. 1. İş mah	2019/121	Return to work	**40,000**
Ank. B. 1. iş mah	2019/157	Return to work	**35,000**
Ank. B. 1. iş mah	2019/122	Return to work	**47,000**
Ank. B. 1. iş mah	2019/486	Debt claims	**10,000**
Ank. B. 3. iş mah	2019/103	Return to work	**58,000**
Ank. B. 2. iş	2019/280	Recourse	**30,000**
Ank. B. 3. iş mah	2019/369	Debt claims	**250**
Ank. B. 16. iş mah	2019/237	Recourse	**3,000**
Total			**485,142**

December 31,2018

Description	File Number	Subject of Litigation	Provision Allocated
Ankara 1. labor court	2017/462	Return to work	23,000
Sincan 1. labor court	2016/718	Debt claims	26,851
Sincan labor court	2015/280	Debt claims	28,000
Sincan labor court	2014/1038	Debt claims	5,000
Sincan labor court	2015/285	Debt claims	15,000
Sincan 4. AHM	2015/89	Debt claims	13,000
Sincan labor court	2015/544	Debt claims	10,000
Sincan labor court	2015/295	Debt claims	15,000
Sincan labor court	2014/1039	Debt claims	3,000
Sincan labor court	2016/529	Return to work	24,000
Ank. B. 1. labor court	2017/360	Debt claims	23,000
Ank. B. 3. labor court	2017/247	Debt claims	1,100
Ank. 44. labor court	2017/693	Debt claims	300
Ank. 41. labor court	2017/79	Recourse	10,000
Ank. 25. labor court	2016/649	Compensation	75,201
Ank. B. 3. labor court	2018/99	Recourse	600
Ankara B.2. labor court.	2018/233	Debt claims	1,300
Ank. B. 3. labor court.	218/385	Debt claims	4,000
Yaşar YILMAZ	2018/386	Return to work	33,000
Ahmet Bağoğlu	2018/747	Debt claims	340
Total			311,692

ii) Commitments, mortgage and guarantees not included in the liability

ii) The details of mortgages and guarantees not included in the liability are as follows:

		December 31,2019		December 31,2018	
	Currency	**Original Amount**	**TL Equivalent**	Original Amount	TL Equivalent
Received letter of guarantees	EURO	**1,353,200**	**7,654,651**	1,457,000	7,637,226
Received letter of guarantees	USD	**–**	**–**	32,715	168,970
Received letter of guarantees	GBP	**30,750**	**163,051**	30,750	163,051
Received letter of guarantees	TL	**455,932**	**455,932**	1,144,300	1,144,300
Received checks and securities	TL	**1,578,816**	**1,578,816**	568,000	568,000
Total received guarantees		**–**	**9,852,450**	–	9,681,547
Given letter of guarantees	EURO	**1,480,820**	**9,555,172**	3,073,790	17,878,806
Given letter of guarantees	GBP	**–**	**–**	102,500	800,310
Given letter of guarantees	TL	**5,925,794**	**5,925,794**	8,131,565	8,131,565
Given checks of guarantees	TL	**290,647**	**290,647**	290,647	290,647
Guarantees given in cash	TL	**385,462**	**385,462**	136,914	136,914
Total received guarantees		**–**	**16,157,075**	–	27,238,242

The Company's guarantees, pledges and mortgages ("GPM") position as of December 31,2019 and 2018 are as follows:

Guarantees, Pledges and Mortgages Given by the Company	**December 31, 2019**	December 31, 2018
A. Total of GPM given on behalf of its legal person	15,771,613	26,931,724
B. The total amount of GPM given to the joint ventures under the scope of full consolidation	–	–
C. Total amount of GPM given to guarantee the debts of other 3 people in order to run ordinary trade activities	–	–
D. Total amount of Other GPM 's given	–	–
i. Total amount of GPM given on behalf of parent company	–	–

Guarantees, Pledges and Mortgages Given by the Company		December 31, 2019	December 31, 2018
ii.	Total amount of GPM given on behalf of other group companies not covered by B and C Articles	–	–
iii.	The total amount of GPMs given in favor of 3rd persons who do not fall within the scope of article C	–	–
Total		**15,771,613**	26,931,724

The ratio of the other guarentees,pledges and mortgages to Equity is 0% (December 2018:% 0).

iv) Total insurance amount of assets;

The total insurance amount of the assets as of December 31, 2019 is 422,917 TL. (December 31,2018: 357,193 TL) The detailed list is as follows;

December 31,2019

Type of Asset Insured	Insurance Company	Amount subject to insurance	Currency	Insurance Start Date	Insurance End Date
Real Estate	Anadolu Sigorta, IBS Sigorta Brokerlik Hizmetleri A.Ş.	62,766	TL	07.Now.19	07.Now.20
Machinery Equipment	Anadolu Sigorta, IBS Sigorta Brokerlik Hizmetleri A.Ş.	320,251	TL	07.Now.19	07.Now.20
Fixtures	Anadolu Sigorta, IBS Sigorta Brokerlik Hizmetleri A.Ş.	39,900	TL	07.Now.19	07.Now.20
Total		**422,917**			

December 31,2018

Type of Asset Insured	Insurance Company	Amount subject to insurance	Currency	Insurance Start Date	Insurance End Date
Real Estate	Anadolu Sig., IBS Sig. Brokerlik Hizm. A.Ş.	53,012	TL	07.Now.18	07.Now.19
Machinery Equipment	Anadolu Sig., IBS Sig. Brokerlik Hizm. A.Ş.	270,482	TL	07.Now.18	07.Now.19
Fixtures	Anadolu Sig., IBS Sig. Brokerlik Hizm. A.Ş.	33,699	TL	07.Now.18	07.Now.19
Total		**357,193**			

There are no restrictions or mortgages on assets as of December 31,2019 and 2018.

23. Commitments

None. (December 31,2018: None).

24. Employee Benefits

The long-term provisions provided to employees as of December 31,2019 and 2018 are as follows:

Long-term	December 31, 2019	December 31, 2018
Provision for severance pay	**19,809,395**	10,867,580
Total	**19,809,395**	10,867,580

In accordance with the provisions of the Labor Law in effect, it is obligatory to pay the legal severance pays entitled by those of employees whose employment contracts are terminated with a right of severance pay. These indemnities are calculated on the wage for 30 days per working year based on the wage on the date of resignation or dismissal. Severance pay payable as of December 31, 2019 is subject to the ceiling of 6,730.15 TL (December 31, 2018: 6,017.60 TL)

The severance pay liability is not subject to any funding legally.

The severance pay liability is calculated according to estimate of present value of future possible liability of the Company due to retirement of the employees. TMS 19 ("Benefits to Employees") stipulates development of liabilities by using the actuarial valuation methods under the defined benefit plans. Accordingly, the actuarial assumptions used in calculation of total liabilities are stated below:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Therefore, the discount rate applied represents the expected real rate after the correction of future inflation effects. at December 31,2019, the provision in the accompanying financial statements is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. As of December 31,2019, provisions are calculated by 8,50% discount rate by the assumptions of 19,50% yearly inflation rate and 2.76 % real discount rate. (December 31,2018: provisions are calculated by 15.00 % discount rate by the assumptions of 19.50 % yearly inflation rate and 3.91 % real discount rate).

The movements of the provision for severance pay as of December 31,2019 and 2018 are as follows:

	January 1- December 31, 2019	January 1- December 31, 2018
January 1 (beginning of period)	**10,867,580**	9,141,465
Payment	**(3,759,794)**	(2,187,056)
Interest cost	**1,852,646**	1,528,657
Current service cost	**4,192,514**	1,687,840
Actuarial gain/(loss)	**6,656,449**	696,674
December 1 (ending of period)	**19,809,395**	10,867,580

25. Assets and Liabilities for the Current Period Tax

The Company's figures as of 31 December 2019 and related to the current period tax are as follows (December 31,2018: None)

Account Name	31 Aralık 2019	31 Aralık 2018
Tax Payment	**34,357**	1,063,087
Total	**34,357**	**1,063,087**

As at 31 December 2019 and 2018, the Company does not have any current period tax liabilities

26. Other Assets and Liabilities

The Company's Other Current and Fixed Assets as of December 31,2019 and 2018 are as follows:

Account Name	December 31, 2019	December 31, 2018
Deferred vat	7,162,034	5,986,582
Other vat	186,321	210,435
Job advances	706	100
Total	**7,349,061**	**6,197,117**

The Company does not have Other Non-current Assets as of December 31,2019 and 2018.

The Company does not have shorter and longer Current Liabilities as of December 31,2019 and 2018.

27. Shareholders' Equity

i) Non-Controlling Shares

None.

ii) Capital/Mutual Participation Capital Adjustment

The partnership and shareholding rates as of December 31,2019 and 2018 are as follows;

	December31,2019		December31,2018	
Shareholders	**Share Amount**	**Share Ratio (%)**	Share Amount	Share Ratio (%)
Mahindra Overseas Investment Company Ltd.	**9,633,788**	**63.7**	9,633,788	63.7
Erkunt Traktör Sanayii A.Ş.	**5,288,795**	**35.0**	5,288,795	35.0
Bürge Ceylan Kaleli	**110,950**	**0.7**	110,950	0.7
Rezzan Oral	**147**	**–**	147	–
Ahmet Nalbur	**15,120**	**0.1**	15,120	0.1
Other	**71,200**	**0.5**	71,200	0.5
Total	**15,120,000**	**100.0**	15,120,000	100.0

Treasury Shares

As of 31 December 2019 and 2018, the treasury shares are as follows:

Account Name	December 31, 2019	December 31, 2018
Treasury shares (-)	**(16,992,180)**	(16,992,180)
Total	**(16,992,180)**	(16,992,180)

iii) Capital Adjustment Differences

As of December 31, 2019 and 2018, the capital adjustment differences of the Company are explained follows:

Account Name	December 31, 2019	December 31, 2018
Capital adjustment differences	**9.927.981**	9.927.981
Total	**9.927.981**	9.927.981

iv) Restricted Reserves form the Profit

Restricted Reserves form the Profit of the Company as of December 31,2019 and 2018 are as follows:

Account Name	December 31,2019	December 31,2018
Legal reserves	**11,099,374**	11,099,374
Total	**11,099,374**	11,099,374

v) Profits/Losses for the Previous Year

Previous Year Profit/Loss, Extraordinary Reserves, Inflationary Differences Related to Legal Reserves and Other Previous Years' Profit/Loss.

Inflation adjustment differences of shareholders' equity and bonus share capital increase of extraordinary reserves; cash profit distribution or loss deduction. However, equity inflation adjustment differences are subject to the corporation tax if used for cash profit distribution.

Previous Years' Profits/(Losses) of the Company as of December 31,2019 and 2018 are as follows:

Account Name	December 31, 2019	December 31, 2018
Extraordinary reserves	**120.769.030**	83.246.564
Other profits for the previous year	**13.196.276**	11.617.910
Tfrs 9 Impact of accounting policy revision	**–**	(244.987)
Total	**133.965.306**	94.619.489

vi) Accumulated Other Comprehensive Income or Expense that will not be reclassified to Profit or Loss

Account Name	December 31, 2019	December 31, 2018
Gains (losses) on remeasurements of defined benefit plans	**(7.464.443)**	(2.139.284)
Total	**(7.464.443)**	(2.139.284)

The movement table of gains (losses) on remeasurements of defined benefit plans are as follows.

Account Name	December 31, 2019	December 31, 2018
January 1 (beginning of period)	**(2.139.284)**	(1.581.945)
Actuarial Profit/Loss (+/-)	**(6.656.449)**	(696.674)
Deferred tax effect	**1.331.290**	139.335
December 31 (ending of period)	**(7.464.443)**	(2.139.284)

vii) Other Considerations

The equity items of the Company as of December 31,2019 and 2018 are as follows:

Account Name	December 31, 2019	December 31, 2018
Issued capital	**15,120,000**	15,120,000
Inflation adjustments on capital	**9,927,981**	9,927,981
Treasury shares (-)	**(16,992,180)**	(16,992,180)
Other accumulated comprehensive income that will not be reclassified in profit or (loss)	**(7,464,443)**	(2,139,284)
Restricted reserves appropriated from profits	**11,099,374**	11,099,374
Prior years' profits or (losses)	**133,965,306**	94,619,489
Current period net profit or (loss)	**25,938,492**	39,345,817
Total equity	**171,594,530**	150,981,197

28. Revenue and Cost of Sales

The Company's Cost of Sales and Sales as of December 31,2019 and 2018 are as follows:

Account Name	January 1- December 31, 2019	January 1- December 31, 2018
Domestic sales	**57,141,762**	56,916,859
Overseas sales	**385,491,645**	384,254,255
Sales transfers (-)	**(1,721,386)**	(2,241,217)
Other discounts	**(535,574)**	(2,274,698)
Net sales	**440,376,447**	436,655,199
Product cost (-)	**(286,710,049)**	(287,918,852)
Amortization expense (-)	**(17,727,216)**	(13,652,277)
Personnel expenses (-)	**(48,137,976)**	(44,412,264)
Severance pay(-)	**(4,609,015)**	(2,537,023)
Cost of other sales	**(14,110,217)**	(7,047,459)
Cost of sales (-)	**(371,294,473)**	(355,567,875)
Commercial operations gross profit/(loss)	**69,081,974**	81,087,324

29. Marketing Sales and Distribution Expenses, General Management Expenses and Research and Development Expenses

The Company's operating expenses as of December 31,2019 and 2018 are as follows:

Account Name	January 1- December 31, 2019	January 1- December 31, 2018
Marketing, sales and distribution expenses (-)	**(13,400,302)**	(11,959,304)
General and administrative expenses (-)	**(18,698,032)**	(14,669,667)
Research and development expenses (-)	**(1,745,715)**	(1,110,936)
Total activity expenses	**(33,844,049)**	(27,739,907)

30. Expenses by Nature

The Company's expenses per their nature as of December 31,2019 and 2018 are as follows:

General and Administrative Expenses (-)	January 1- December 31, 2019	January 1- December 31, 2018
Personnel expenses	**(12,800,184)**	(10,066,390)
Donations and assistance	**(2,225)**	(375)
Maintenance and repair expenses	**(40,644)**	(107,144)
Counseling expenses	**(468,928)**	(349,451)
Training expenses	**(27,000)**	(19,623)
Severance pay	**(1,201,944)**	(575,036)
Allowance expense	**–**	(92,269)
Guarantee letter expenses	**(148,467)**	(90,225)
Communication expenses	**(122,440)**	(97,642)
Tax duty fee expenses	**(800,052)**	(587,091)
Travel expenses	**(224,377)**	(138,109)
Vehicle expenses	**(526,429)**	(785,937)
Representation and hospitality expenses	**(39,887)**	(25,822)
Amortization expenses	**(550,904)**	(296,232)
Other expenses	**(1,744,551)**	(1,438,321)
Total	**(18,698,032)**	(14,669,667)

Marketing, Sales and Distribution Expenses (-)	January 1- December 31, 2019	January 1- December 31, 2018
Personnel expenses	**(936,131)**	(806,769)
Packaging expenses	**(6,960,224)**	(5,232,866)
Severance pay	**(87,903)**	(46,086)
Allowance expense	**–**	(7,395)
Commission expenses	**(2,759,106)**	(2,732,170)
Shipping expenses	**(2,360,305)**	(2,796,017)
Advertising expense	**(21,850)**	(68,699)
Travel expenses	**(26,559)**	(16,390)
Insurance expenses	**(12,529)**	(11,497)
Representation and hospitality expenses	**(10,210)**	(6,740)
Other expenses	**(225,485)**	(234,675)
Total	**(13,400,302)**	(11,959,304)

Research and Development Expenses (-)	January 1- December 31, 2019	January 1- December 31, 2018
Personnel expenses	**(1,558,010)**	(1,021,488)
Severance pay	**(146,298)**	(58,352)
Other expenses	**(41,407)**	(31,096)
Total	**(1,745,715)**	(1,110,936)

Amounts of depreciation expenses and amortization charges recorded in income statement accounts are as follows:

Account Name	January 1- December 31, 2019	January 1- December 31, 2018
Cost of sales	**(17,727,216)**	(13,652,277)
General and administrative expenses	**(550,904)**	(296,232)
Idle capacity expenses loses	**(1,296,489)**	–
Total	**(19,574,609)**	(13,948,509)

The amounts for which the personnel expenses are recorded in the income statement accounts are as follows:

Account Name	January 1- December 31, 2019	January 1- December 31, 2018
Cost of sales	**(48,137,976)**	(44,412,264)
General and administrative expenses	**(12,800,144)**	(10,066,390)
Marketing, sales and distribution expenses	**(936,131)**	(806,769)
Research and development expenses	**(1,558,010)**	(1,021,488)
Total	**(63,432,261)**	(56,306,911)

31. Other Income/Expenses from the Operating Activities

The Company's Other Incomes/Expenses from the Main Operations as of December 31,2019 and 2018 are as follows:

Other Income From Main Operation	January 1- December 31, 2019	January 1- December 31, 2018
Provisions no longer required for litigation	**118,000**	–
Provision no longer required for Inventories	**314,083**	–
Provisions no longer required severance provision	**3,759,794**	2,187,056
Insurance compensation income	**377,354**	51,474
Other	**263,042**	236,265
Total	**4,832,273**	2,474,795

Other operating expenses (-)	January 1- December 31, 2019	January 1- December 31, 2018
Litigation expense	**(291,450)**	(39,240)
Expected credit loss	**(59,465)**	–
Idle capacity expenses loses (depreciation)	**(1,296,489)**	–
Idle capacity expenses loses (cost of sale)	**(5,154,126)**	–
Other	**(127,517)**	(74,184)
Total	**(6,929,047)**	(113,424)

32. Investment Activity Incomes/Expenses

The Company's Other Incomes from Investment Operations as of December 31,2019 and 2018 are as follows:

Account Name	January 1- December 31, 2019	January 1- December 31, 2018
Income from sales of tangible fixed assets	**84,217**	–
Total	**84,217**	–

The Company does not have expenses from Investment Activities as of December 31,2019 and 2018.

33. Financial Income/Expenses

The Company's income from financing activities as of December 31,2019 and 2018 are as follows:

Account Name	January 1- December 31, 2019	January 1- December 31, 2018
Interest income	**74,400**	103,485
Foreign exchange gains	**27,300,448**	30,458,933
Total	**27,374,848**	30,562,418

The Company's Expenses from Financing Activities as of December 31,2019 and 2018 are as follows:

Account Name	January 1- December 31, 2019	January 1- December 31, 2018
Interest Expenses	**(8.077.516)**	(8.169.589)
Foreign exchange losses	**(21.658.870)**	(30.849.323)
Total	**(29.736.386)**	(39.018.912)

There are no capitalized financial costs during the period.

34. Non-current Assets or Disposal Groups Classified as Held for Sale

None. (December 31,2018: None).

35. Income Taxes

The provision for corporation income tax of the Company's as of December 31,2019 and 2018 are as follows:

Account Name	31 Aralık 2019	31 Aralık 2018
Provision for corporation income tax	**5,450,553**	7,650,507
Prepaid taxes and funds	**(5,450,553)**	(7,650,507)
Corporation tax payable	**–**	–

The tax deduction (or income) of the Company consists of current tax expense and deferred tax expense (or income).

Account Name	January 1- December 31, 2019	January 1- December 31, 2018
Current period legal tax provision	**(5,450,553)**	(7,650,507)
Deferred tax income/(expense)	**228,973**	(863,523)
Total	**(5,221,580)**	(8,514,030)

i) Current Period Legal Provision for Tax

Advance tax in Turkey is calculated and accrued quarterly. Accordingly, a provisional tax of 20% is calculated over the corporate earnings in the course of taxation of the Company's earnings for the year 2018 in the advance tax period.

Under Turkish tax law, losses can be carried forward for a maximum period of 5 years to be deducted from the taxable profit to be generated in future years. However, losses cannot be deducted retrospectively from profits from previous years.

The advance tax in Turkey is calculated and accrued by quarterly periods. In compliance with this, a tax at the rate of 20% was calculated over the earnings of the company at the stage of taxation of the earnings of the Company for 2017 within the advance tax period.

In Turkey, the corporate tax rate is 22% for 2018 (2017: 20%). However, the corporate tax rate of 20% shall be applied as 22% for the earnings of the company for the taxation periods of 2018, 2019 and 2020 of the companies (the account periods starting within the relevant year for the companies to which special account period is assigned) pursuant to the Provisional Article 10 added to the Corporate Tax Law.

Furthermore, a part of 75% of the earnings arising from the sale of the participation shares included in the assets of the companies for at least two full years and of the founding certificates, dividend right certificates and stock rights of their properties (immovable properties) which they own for the same period is exempt from the corporate tax as of 31 December 2017. In addition to this, this rate was reduced from 75% to 50% in terms of the immovable properties with the amendment made with the law no 7061 and this rate shall be used as 50% in the tax returns to be prepared from 2018. Therefore, whereas 75% exemption was applied to the deferred tax liabilities regarding the revaluation value increase earnings of the tangible fixed assets before the relevant law amendment, this tax exemption was calculated and recognized by using the rate of 50% and considered as the comprehensive income/(expense) factor in the financial statements dated 31 December 2017.

In accordance with the Turkish tax law, the losses can be carried forward for maximum 5 years in order to be deducted from the taxable profit to occur in the forthcoming years. However, the losses may not be deducted from the profits that occurred in the previous years, retrospectively.

Pursuant to the article 20 of the Corporate Tax Law, the Corporate Tax is levied upon the declaration of the taxpayer. There is no final and strict reconciliation procedure related to the tax assessment in Turkey. The companies prepare their tax returns until 25 April of the year following the account closure period of the relevant year. These returns and the accounting records which form the basis of these returns can be examined and changes within 5 years by the Tax Office.

The current tax provision of the Company is calculated as follows:

Account Name	January 1- December 31, 2019	January 1- December 31, 2018
Trading profit/(loss) in legal records	**35,808,174**	45,243,435
Additions to base	**585,890**	631,574
Non allowable expenses	**585,890**	631,574
Discounts of base (-)	**(3,760,419)**	(2,337,880)
Affiliate earnings	**(3,759,794)**	(2,187,055)

Other discounts and Exceptions	–	(150,600)
Donations and aids	**(625)**	(225)
Financial profit/(loss) in legal records	**32,633,645**	43,537,129
Corporate tax base as article 32/a	**(10,323,401)**	(12,106,890)
Basis to general ratio of corporate tax base	**22,310,244**	31,430,239
Adavance tax after incentive	**(4,908,254)**	(6,914,653)
Corporate tax law 32/a sourced incentive	**(542,299)**	(735,854)
Provision for corporation income tax	**(5,450,553)**	(7,650,507)

Income Tax Withholding:

In addition to the corporate tax, it is also required to calculate income tax withholding on dividends other than those distributed to the full taxpayer corporations which gained dividend and declared these dividends as a part of the corporate income and branches of foreign companies in Turkey if distributed. Income tax withholding rate was increased from 15% pursuant to the Cabinet Decree No. 2009/14592 published at the Official Gazette dated January 12, 2009.

ii) Deferred Tax

Deferred tax is determined by calculating the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts considered in the statutory tax base, taking into account the tax rates of the tax effects according to the balance sheet method.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liabilities or assets arising from the initial recognition of assets or liabilities other than goodwill or business combinations in respect of temporary timing differences that do not affect both the commercial and financial profit or loss are not recognized.

Deferred tax liabilities are calculated for all taxable temporary differences that are attributable to investments in subsidiaries and associates and joint ventures, except where the Company is able to control the reversal of temporary differences and the probability of such reversal in the near future is low. Deferred income tax assets resulting from taxable temporary differences associated with such investments and shares are calculated on the condition that it is highly probable that future taxable profit will be available against which the deductible income can be utilized and that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. The recorded value of the deferred tax asset is reduced to the extent that it is unlikely that it will be possible to obtain a financial profit that would allow the gain of the benefit to be provided in part or in full.

Deferred tax assets and liabilities are calculated over the tax rates (tax regulations) that are enacted or substantively enacted at the balance sheet date that are expected to be valid for the period when the assets are realized or the liabilities are fulfilled. During the calculation of deferred tax assets and liabilities, the tax consequences of the Company's method of recovering its carrying amount or estimating its carrying value as of the balance sheet date are taken into account.

Due to the reason that the applicable tax rate was changed as 22% for 3 years as of 1 January 2018, the tax rate of 22% was used for the temporary differences expected to be realized/closed within 3 years (within the years of 2018, 2019 and 2020) in the deferred tax calculation as of 31 December 2017. However, as the applicable corporate tax rate is 20% for the period after 2020, the tax rate of 20% was used for the temporary differences expected to be realized/closed after 2020.

Deferred income tax assets and liabilities are recognized when there is a legally recognized right to offset current tax assets or liabilities in current tax assets or when the related assets and liabilities are related to the income tax collected by the same tax authority or when there is an intention to pay by offsetting the Company's current tax assets and liabilities is deducted.

	Accumulated Temporary Differences By Years		**Accumulated Deferred Tax Assets/(Liabilities) By Years**	
Account Name	**December 31, 2019**	December 31, 2018	**December 31, 2019**	December 31, 2018
Tangible-intangible fixed assets	**16,714,323**	15,063,704	**(3,342,865)**	(3,012,740)
Provision for severance pay	**(19,809,395)**	(10,867,580)	**3,961,879**	2,173,516
Provision for leave	**(1,206,456)**	(1,493,349)	**265,420**	328,537
Provision for litigation	**(485,142)**	(311,692)	**97,028**	62,338
Tfrs 9 accounting policy revision	**(59,465)**	(314,083)	**13,082**	69,098
Loan effective interest provision	**–**	–	**–**	–
Derivative ınstruments	**(102,854)**	97,939	**22,630**	(21,547)
Other	**–**	10,997	**–**	(2,419)
Right of use assets and operational leases	**(635,784)**	–	**139,872**	–
Total	**–**	**–**	**1,157,046**	(403,217)

Deferred tax movement is as follows:

	January 1-December 31, 2019	January 1-December 31, 2018
Beginning of the period deferred tax assets/(liability)	**(403,217)**	251,873
Deferred tax income/(expense)	**228,973**	(863,523)
Impact of Tfrs 9 accounting policy revision	**–**	69,098
Actuarial gain and (loss) effect	**1,331,290**	139,335
Period end deferred tax assets/(liability) (net)	**1,157,046**	(403,217)

Reconciliation of period tax income/(expense) with period profit/(loss) is as follows:

Reconciliation of tax provision:	**January 1-December 31, 2019**	January 1-December 31, 2018
Profit/(loss) before tax	**31,160,072**	47,859,847
Corporate income tax (%20)	**(6,855,216)**	(10,529,166)
Tax effects:	**1,633,636**	2,015,136
Incomes from tax free	**827,292**	514,334
Exemptions from investment incentive certificate	**1,728,849**	1,927,662
Non-deductible expenses	**(128,896)**	(138,946)
Other	**(793,609)**	(287,913)
Period tax income/(expense)	**(5,221,580)**	(8,514,030)

36. Earnings/Loss per Share

The amount of profit per share is calculated by dividing the net profit for the period by the weighted average share of the Company shares during the year. The Company's profit/loss calculation per share is as follows:

Account Name	**January 1-December 31, 2019**	January 1-December 31, 2018
Net profit/(loss) of company shareholders	**25,938,492**	39,345,817
Weighted average share	**1,512,000,000**	1,512,000,000
Earnings per share/(loss)	**0.0172**	0.0260

37. Related Party Disclosures

The related party transactions are explained below and the transactions are carried out without guarantee.

a) Receivables from or Payables to Related Parties

	December 31,2019		December 31,2018	
Receivables from Related Parties (Short Term)	**Trade**	**Non-trade**	Trade	Non-trade
Erkunt Traktör Sanayi A.Ş.	**7,333,801**	**7,080**	7,698,498	11,800
Tfrs 9 expected credit loss from related party	**(8,912)**	**–**	(182,096)	–
Total	**7,324,889**	**7,080**	7,516,402	11,800

	December 31,2019		December 31,2018	
Payables to Related Parties (Short Term)	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Kumsan Döküm Malzemeleri Sanayi ve Ticaret A.Ş.	**200,861**	**–**	691,004	–
Erkunt Gayrimenkul A.Ş.	**–**	**–**	–	–
Debts to Shareholders	**–**	**15,594**	–	15,594
Total	**200,861**	**15,594**	691,004	15,594

b) Purchases from Related Parties and Sales to Related Parties

Purchases

December 31,2019

Purchases	**Goods**	**Rent**	**Service**	**Other**	**Total**
Kumsan Döküm ve Malz. San. Ve Ticaret A.Ş.	**2,287,752**	**–**	**–**	**–**	**2,287,752**
Erkunt Gayrimenkul A.Ş.	**–**	**484,792**	**–**	**–**	**484,792**
Erkunt Traktör Sanayi A.Ş.	**279,265**	**–**	**239,736**	**3,362,863**	**3,881,864**
Total	**2,567,017**	**484,792**	**239,736**	**3,362,863**	**6,654,408**

December 31,2018

Purchases	**Goods**	**Rent**	**Service**	**Other**	**Total**
Kumsan Döküm ve Malz. San. Ve Ticaret A.Ş.	**2,575,463**	**–**	**–**	**–**	**2,575,463**
Erkunt Gayrimenkul A.Ş.	**–**	**3,557,495**	**–**	**–**	**3,557,495**
Erkunt Traktör Sanayi A.Ş.	**249,344**	**–**	**214,050**	**3,002,556**	**3,465,950**
Total	**2,824,807**	**3,557,495**	**214,050**	**3,002,556**	**9,598,908**

Sales

31 Aralık 2019

	Goods	**Rent**	**Other**	**Total**
Erkunt Traktör Sanayi A.Ş.	**21,961,582**	**72,000**	**988,453**	**23,022,035**
Mahindra Overseas Investman Company Ltd	**474,031**	**–**	**–**	**474,031**
Total	**22,435,613**	**72,000**	**988,453**	**23,496,066**

December 31,2018

	Goods	**Rent**	**Other**	**Total**
Erkunt Traktör Sanayi A.Ş.	**18,487,460**	**60,000**	**873,110**	**19,420,569**
Mahindra Overseas Investman Company Ltd	**973,237**	**–**	**–**	**973,237**
Total	**19,460,697**	**60,000**	**873,110**	**20,393,806**

c) Benefits and Salaries provided to senior management

The gross benefit provided by the senior management as of December 31,2019 is 2,916,982 TL (December 31,2018: 2,002,274 TL)

38. Nature and Level of Risks Attributable to Financial Instruments

Financial Risk Management Objectives and Policies

The main financial instruments used by the Company are bank loans, financial leases, cash and short term bank deposits. The main purpose of using these tools is to create financing for the Company's operations. The Company also has financial instruments, such as trade receivables and trade payables, which arise directly from operations.

The risks arising from the instruments used are foreign currency risk, interest risk, credit risk and liquidity risk. The Company management manages these risks as follows. The Company also monitors the market risk that may arise from the use of financial instruments.

Foreign Currency Risk

Foreign currency risk arises from the fact that the Company has liabilities in USD, EURO and GBP.

The Company also has foreign currency risk arising from the transactions it has made. These risks arise from the purchase and sale of goods and services in foreign currencies and the use of foreign currency denominated bank credits. The exposure of the Company to foreign currency risk arises from loans that it has used and from finance lease obligations. To minimize this risk, the company monitors its financial position, cash inflows and outflows with detailed cash flow statements.

The following tables show the Company's net foreign exchange position in balance sheet with changes in exchange rates.

Exchange Rate Sensitivity Analysis Table

Current period (December 31,2019)

	Profit/loss	
	Appreciation of Foreign currency	**Depreciation of Foreign Currency**
In case of a 10% change in the value of USD against TL;		
1- US Dollar Net Asset/Liability	166.188	(166.188)
2- The Portion Hedged against USD Dollars (-)	–	–
3- USD Dollars Net Effect (1+2)	**166.188**	**(166.188)**
In case of a 10% change in the value of Euro against TL;		
4- Euro Net Assets/Liabilities	3.871.370	(3.871.370)
5- The Portion Hedged against Euro risk (-)	–	–
6- Euro Net Effect (4+5)	**3.871.370**	**(3.871.370)**
TOTAL	3.871.370	(3.871.370)
In case of a 10% change in the value of GBP against TL;		
7- Gbp Net Assets/Liabilities	1.261.015	(1.261.015)
8- The Portion Hedged against Gbp risk (-)	-	-
9- GBP Net Effect (7+8)	**1.261.015**	**(1.261.015)**
TOTAL	**5.298.573**	**(5.298.573)**

Exchange Rate Sensitivity Analysis Table

Previous period (December 31,2018)		
	Profit/loss	
	Appreciation of Foreign currency	**Depreciation of Foreign Currency**
In case of a 10% change in the value of USD against TL;		
1- US Dollar Net Asset/Liability	184,213	(184,213)
2- The Portion Hedged against USD Dollars (-)	–	–
3- USD Dollars Net Effect (1+2)	**184,213**	**(184,213)**
In case of a 10% change in the value of Euro against TL;		
4- Euro Net Assets/Liabilities	5,025,547	(5,025,547)
5- The Portion Hedged against Euro risk (-)	–	–
6- Euro Net Effect (4+5)	**5,025,547**	**(5,025,547)**
TOTAL		
In case of a 10% change in the value of GBP against TL;		
7- Gbp Net Assets/Liabilities	3,770,064	(3,770,064)
8- The Portion Hedged against Gbp risk (-)	–	–
9- GBP Net Effect (7+8)	**3,770,064**	**(3,770,064)**
TOTAL	**8,979,824**	**(8,979,824)**

The Company's foreign currency position as of December 31,2019 and 2018 are as follows:

Foreign Exchange Position Table

	Current period (December 31,2019)				Previous period (December 31,2018)			
	TL Equivalent	**Usd**	**Eur**	**Gbp**	**TL Equivalent**	**Usd**	**Eur**	**Gbp**
1. Trade receivables	**37,518,421**	**107,722**	**3,877,020**	**1,426,609**	**62,390,575**	242,822	4,105,508	5,466,136
2 a. Monetary Financial Assets	**8,963,325**	**7,507**	**1,131,972**	**178,800**	**10,488,975**	107,275	1,644,206	2,005
2b. Non-Monetary Financial Assets	–	–	–	–	–	–	–	–
4. Current assets Total (1 + 2 + 3)	**46,481,746**	**115,229**	**5,008,992**	**1,605,409**	**72,879,550**	350,098	5,749,714	5,468,141
5. Trade receivables	–	–	–	–	–	–	–	–
6a. Monetary Financial Assets	–	–	–	–	–	–	–	–
6b. Non-Monetary Financial Assets	–	–	–	–	–	–	–	–
8. Total Fixed Assets (5+6+7)	–	–	–	–	–	–	–	–
9. Total Assets (4+8)	**46,481,746**	**115,229**	**5,008,992**	**1,605,409**	**72,879,550**	350,098	5,749,714	5,468,141
10. Trade Payables	**6,503,991**	**164,540**	**812,093**	**16,163**	**16,916,238**	57	2,587,292	198,743
11. Financial Liabilities	–	–	–	–	–	–	–	–
12a. Other Monetary Liabilities	–	–	–	–	–	–	–	–
12b. Non-monetary Other Liabilities	–	–	–	–	–	–	–	–
13. Total Short Term Liabilities (10 + 11 + 12)	**6,503,991**	**164,540**	**812,093**	**16,163**	**16,916,238**	57	2,587,292	198,743
14. Trade Payables	–	–	–	–	–	–	–	–
15. Financial Liabilities	–	–	–	–	–	–	–	–
16a. Other Monetary Liabilities	–	–	–	–	–	–	–	–
16b. Non-monetary Other Liabilities	–	–	–	–	–	–	–	–
17. Total Long Term Liabilities (14+15+16)	–	–	–	–	–	–	–	–
18. Total Liabilities (13+17)	**6,503,991**	**164,540**	**812,093**	**16,163**	**16,916,238**	57	2,587,292	198,743
19. Derivatives net asset/(liability) position off-balance sheet (19a-19b)	–	–	–	–	–	–	–	–
19a. Hedged Total Assets Amount	–	–	–	–	–	–	–	–
19b. Hedged Total liability Amount	–	–	–	–	–	–	–	–
20. Net foreign currency asset/(liability) position (9-18+19)	**52,985,737**	**279,769**	**5,821,084**	**1,621,572**	**89,798,241**	350,155	8,337,005	5,666,883

	Foreign Exchange Position Table							
	Current period (December 31,2019)				Previous period (December 31,2018)			
	TL Equivalent	**Usd**	**Eur**	**Gbp**	**TL Equivalent**	**Usd**	**Eur**	**Gbp**
21. Monetary Items Net Foreign Currency Assets/(Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	**52,985,737**	**279,769**	**5,821,084**	**1,621,572**	**89,798,241**	350,155	8,337,005	5,666,883
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedging	**–**	**–**	**–**	**–**	**–**	–	–	–
23. Export	**385,816,230**	**35,939,406**	**490,608**	**21,396,152**	**384,254,255**	656,610	37,686,365	26,522,223
24. Import	**17,762,229**	**915,285,66**	**1,942,395**	**128,347**	**43,365,815**	490,451	6,360,875	567,777

Credit risk

The credit risk is the risk of incurring damages financially by one of the parties, which have mutual relationship, as a result of failing to perform the obligation, related with a financial instrument, by the other party. The company endeavors to manage the credit risk by limiting the transactions made with certain parties and continuously evaluating the credibility of the parties with which she has relationships. The total credit risk of the company is indicated in the financial situation statement.

Credit risk intensification is related with the certain companies having activities in the similar business areas and being in the same geographical region or the changes which may take place economically, politically or in the similar other conditions affecting the obligations of these companies arisen from the contract in the framework of similar economic conditions. The intensification of the credit risk indicates the sensitivity of the performance of the company to the developments affecting a certain sector or geographical region.

The company endeavors to manage the credit risk by avoiding unwanted intensification of her sales and service activities on persons or companies in the sector or region in the area of the new subject of activity. The company also gets warranty from the customers when she considers this as necessary.

	Receivables							
	Trade Receivables		**Other Receivables**					
Current Period (December 31,2019)	**Related Party**	**Other Party**	**Related**	**Other Party**	**Notes**	**Deposits In Banks**	**Cash**	**Notes**
Maximum credit risk exposed as of reporting date (A + B + C + D + E) (1)	7,324,889	41,552,283	7,080	553,334	10-11	8,458,023	13,620	6
- The portion secured by the maximum guarantee, etc.	–	8,273,634	–	–		–	–	
A. Net book value of financial assets that are not past due or not depreciated (2)	7,333,801	41,602,836	7,080	553,334	10-11	–	–	6
B. Book value of financial assets that are renegotiated, which would otherwise be past due or impaired	–	–	–	–		–	–	
C. Net book value of assets that have been depreciated but not impaired (3)	–	–	–	–		–	–	
– The part secured by guarantee etc.	–	–	–	–		–	–	
D. Net book value of impaired assets	–	(50,553)	–	–		–	–	
- Valley Past (gross book value)	(8,912)	329,806	–	–	10-11	–	–	6
- Depreciation (-)	(8,912)	(329,806)	–	–	10-11	–	–	6
- The part of the net value secured by guarantee etc.	–	–	–	–		–	–	
- Vortex Not past (gross book value)	–	–	–	–		–	–	
- Depreciation (-)	–	–	–	–		–	–	
- The part of the net value secured by guarantee etc.	–	–	–	–		–	–	
E. Elements containing risk of off-balance-sheet credit	–	–	–	–		–	–	

	Receivables							
	Trade Receivables		Other Receivables					
Previous Period (December 31,2018)	**Related Party**	**Other Party**	**Related**	**Other Party**	**Notes**	**Deposits In Banks**	**Cash**	**Notes**
Maximum credit risk exposed as of reporting date (A + B + C + D + E) (1)	**7,516,602**	**68,067,434**	**11,800**	**5,790,807**	**10-11**	**10,425,025**	**11,029**	**6**
- The portion secured by the maximum guarantee, etc.	–	9,113,547	–	–		–	–	
A. Net book value of financial assets that are not past due or not depreciated (2)	7,698,498	68,199,421	11,800	5,790,807	10-11	–	–	6
B. Book value of financial assets that are renegotiated, which would otherwise be past due or impaired	–	–	–	–		–	–	
C. Net book value of assets that have been depreciated but not impaired (3)	–	–	–	–		–	–	
- The part secured by guarantee etc.	–	–	–	–		–	–	
D. Net book value of impaired assets	(182,096)	(131,987)	–	–		–	–	
- Valley Past (gross book value)	–	329,806	–	–	10-11	–	–	6
- Depreciation (-)	(182,096)	(329,806)	–	–	10-11	–	–	6
- The part of the net value secured by guarantee etc.	–	–	–	–		–	–	
- Vortex Not past (gross book value)	–	–	–	–		–	–	
- Depreciation (-)	–	–	–	–		–	–	
- The part of the net value secured by guarantee etc.	–	–	–	–		–	–	
E. Elements containing risk of off-balance-sheet credit	–	–	–	–		–	–	

Liquidity Risk

Liquidity risk is the risk that a Company can not meet its funding needs. Prudent liquidity risk management is to provide adequate cash and cash equivalents, to enable funding with the credit limits granted by reliable lenders and to close open positions. The Company provides funding by balancing cash inflows and outflows through the establishment of credit lines in the business environment.

The table below shows the maturity distribution of the Company's non-derivative financial liabilities.

December 31,2019

	Book Value	**Total of Cash Outflow**	**Less than 3 months**	**Between 3-12 months**	**Between 1-5 years**
Bank Loans	**5,220,877**	**5,220,877**	**5,220,877**	**–**	**–**
Credit Card Debts	**276,265**	**276,265**	**276,265**	**–**	**–**
Trade Payables	**33,648,083**	**33,648,083**	**33,648,083**	**–**	**–**
Other Payables	**539,366**	**539,366**	**539,366**	**–**	**–**
Liabilities from leasing transactions	**18,025,409**	**18,025,409**	**758,496**	**2,533,721**	**14,733,192**
Total	**57,710,000**	**57,710,000**	**40,443,087**	**2,533,721**	**14,733,192**

December 31,2018

	Book Value	Total of Cash Outflow	Less than 3 months	Between 3-12 months	Between 1-5 years
Bank Loans	28,347,592	28,347,592	28,347,592	–	–
Credit Card Debts	308,136	308,136	308,136	–	–
Trade Payables	70,069,991	70,069,991	70,069,991	–	–
Other Payables	809,553	820,550	692,858	127,692	–
Total	99,546,269	99,546,269	99,418,577	127,692	–

Interest Risk

The Company is exposed to an interest rate risk arising from the impact of changes in the interest rates of the underlying assets and liabilities. The risk is managed by natural hedges that balance the assets and liabilities with interest rate sensitivity. The Company carries out studies to ensure that borrowing is done at the most favorable rates to minimize the interest rate risk.

The Company's interest position table as of December 31,2019 and December 31,2018 is as follows:

Fixed Interest Financial Instruments	December 31, 2019	December 31, 2018
Financial Assets	–	9,053,768
Financial Liabilities	5,220,877	28,347,592

Variable Interest Financial Instruments	December 31, 2019	December 31, 2018
Financial Assets	–	–
Financial Liabilities	–	–

Since the Company does not have any variable rate instruments as of December 31, 2019 and December 31, 2018, there is no interest rate risk.

Price Risk

Price risk is due to exchange rate, interest rate and market risk. The Group manages this risk by receiving foreign currency and balancing its liabilities and interest bearing assets and liabilities. Market risk is closely monitored by the Group's management through current market information and appropriate valuation methods.

Capital Management

In capital management, the Group aims to increase its profit by using the balance of debt and equity most efficiently while trying to maintain the continuity of its activities on the one hand. The Group's capital structure consists of debt, cash and cash equivalents and equity, and equity items including profit reserves.

Risks associated with each capital class together with the cost of capital of the Group are assessed by the Group's senior management. During these reviews, senior management evaluates the risks associated with each class of capital together with the cost of capital and submits to the Board of Directors the ones that are subject to the decision of the Board of Directors.

The Group's general strategy is not different from Previous Period.

Fair Value

Fair value is the amount at which an asset is traded between willing parties in a current transaction.

Financial assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates that approximate the market prices at the balance sheet date.

The following methods and assumptions are used in estimating the fair value of each financial instrument when it is possible to determine the fair value.

Financial Assets

Due to their short-term nature and being subject to insignificant credit risk, it is considered that they are close to the fair values of cash and cash equivalents and the carrying values of accrued interest and other financial assets. Trade receivables are considered to approximate their fair values subsequent to the original provision for doubtful receivables.

Financial Liabilities

Due to their short-term nature, trade payables and other monetary liabilities are considered to approximate their carrying values. Bank loans are stated at discounted cost and transaction costs are added to the initial cost of the loans. It is considered that the fair values of the loans are expressed by the values they bear because the interest rates on them are updated considering the changing market conditions. Due to their short-term nature, it is foreseen that the fair value of trade payables is close to the value they bear.

39. Financial instruments (realistic value explanations and descriptions in the framework of the hedging accounting)

Fair Value of Financial Instruments

The fair value of the financial assets and liabilities is determined as follows:

- Level 1: Financial assets and liabilities are valued at quoted prices traded on the active market for the same assets and liabilities.
- Level 2: Financial assets and liabilities are valued at inputs that are used to determine the price of the asset or liability that is observable directly or indirectly in the market, other than the quoted price at the first level.
- Level 3: Financial assets and liabilities are valued at inputs that are not based on observable inputs in the market for the fair value of an asset or liability.

There are no level classifications of assets and liabilities that are designated with their fair values (December 31,2018: None).

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than a compulsory sale or liquidation, and is best determined by a market price, if any.

The estimated fair values of financial instruments are determined using available market information and appropriate valuation methodologies. However, in the interpretation of market data in the fair value estimation, discretion is used. Consequently, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

40. Events after the date of the balance sheet

None.

41. The other issues which substantially affect the financial statements or are required to be described in terms of making the financial statements clear, interpretable and understandable

None.

Independent Auditors' Report

To the Members of
Mahindra & Mahindra Financial Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Mahindra & Mahindra Financial Services Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of matter

As described in Note 50.2 (i) to the standalone financial statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts as on 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package. Further, as described in Note 50.2 (ii) to the standalone financial statements, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain. Our opinion is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

<table>
<tr><td colspan="2">Impairment Loss Allowance
Refer notes 2.11 (h) and 50.2 to the Standalone Financial Statements</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Company has recognized impairment loss allowance of Rs. 308,948.66 lakhs as at 31 March 2020 and has recognized an expense for Rs. 121,710.59 lakhs in its statement of profit and loss.

The determination of impairment loss allowance is inherently judgmental and relies on managements' best estimate due to the following:
• Increased level of data inputs for capturing the historical data to calculate the Probability of Default ('PDs') and Loss Given Default ("LGD") and the completeness and accuracy of that data
• Use of management overlays for considering the probability weighted scenarios, the forward looking macro-economic factors, economic environment and the timing of cash flows</td><td>We performed the following key audit procedures:
• Performed process walkthroughs to identify the key systems, applications and controls used in the impairment allowance processes.
• Assessed the design and implementation of controls in respect of the Company's impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance and the related disclosures on credit risk management.
• Obtained understanding of management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of staging freeze as on 29 February 2020 as per board approved policy read with RBI COVID-19 regulatory package</td></tr>
</table>

Impairment Loss Allowance **Refer notes 2.11 (h) and 50.2 to the Standalone Financial Statements**	
The key audit matter	**How the matter was addressed in our audit**
• Criteria selected to identify significant increase in credit risk, particularly in respect of moratorium benefit given to eligible borrowers, as per the Company's board approved policy, read with the RBI COVID 19 regulatory package. • In relation to COVID-19 pandemic, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter.	• Tested the relevant general IT and applications controls over key systems used in the impairment allowance processes. • Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings. • Tested the periods considered for capturing underlying data as base to PD and LGD calculations are in line with Company's recent experience of past observed periods. • Tested the accuracy of the key inputs used in the calculation and independently evaluated the reasonableness of the assumptions made. • Challenged completeness and validity of management overlays, particularly in response to COVID 19 with assistance of our financial risk modelling experts by critically evaluating the risks that have been addressed by management through overlays and also considering whether there are other risks not captured which require additional overlays. We also tested management's workings supporting the overlay quantum. • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the financial statements are appropriate and sufficient.

Other Information

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

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

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under section 133 of the Act;

e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its Standalone Financial Statements - Refer Note 44 to the Standalone Financial Statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 48 to the Standalone Financial Statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

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

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

Venkataramanan Vishwanath
Partner
Membership
No: 113156
ICAI UDIN: 20113156AAAACM7045

Place: Mumbai
Date: 15 May 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT 31 MARCH 2020

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the management according to a programme of phased verification, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, the fixed assets have been physically verified by management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The Company is in the business of providing Non-Banking Finance Services and consequently, does not hold any inventory. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

iii. According to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

iv. According to the information and explanations given to us and based on the audit procedures conducted by us, the provisions of section 185 are not applicable to the Company. The Company has complied with the provisions of section 186 of the Act to the extent applicable.

v. The Company is a Non-Banking Finance Company and consequently is exempt from provisions of section 73, 74, 75 and 76 of the Act. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any activities conducted/ services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company does not have any dues on account of sales tax, service tax, duty of customs, duty of excise and value added tax. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the following dues have not been deposited by the Company on account of any disputes.

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	259.58	2002-2003	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax	7,383.00	2016-2017	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax	4,039.90	2007-2012	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	109.27	2012-13	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	27.75	2013-14	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	4.13	2014-15	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Andhra Pradesh Value Added Tax	Value Added Tax	123.57	April 2008-October 2013	Andhra Pradesh High Court
Madhya Pradesh Value Added Tax	Value Added Tax	0.42	2013-2014	Appellate Authority of Commercial Taxes, Bhopal
Madhya Pradesh Value Added Tax	Value Added Tax	1.35	2014-2015	Appellate Authority of Commercial Taxes, Bhopal
Madhya Pradesh Value Added Tax	Value Added Tax	2.44	2015-2016	Appellate Authority of Commercial Taxes, Bhopal
Madhya Pradesh Value Added Tax	Value Added Tax	2.84	2016-2017	Appellate Authority of Commercial Taxes, Bhopal
Maharashtra Value Added Tax	Value Added Tax	87.32	2010-2011	Appeal filed with Maharashtra Sales Tax Tribunal

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Maharashtra Value Added Tax	Value Added Tax	44.84	2011-2012	Appeal with Deputy Commissioner of Sales Tax (Appeal)
Maharashtra Value Added Tax	Value Added Tax	102.25	2012-2013	Appeal with Deputy Commissioner of Sales Tax (Appeal)
Kerala Value Added Tax	Value Added Tax	17.03	2013-2014	Appellate Authority of Commercial Taxes, Kerala
Kerala Value Added Tax	Value Added Tax	26.23	2014-2015	Appellate Authority of Commercial Taxes, Kerala
Kerala Value Added Tax	Value Added Tax	28.91	2015-2016	Appellate Authority of Commercial Taxes, Kerala
Kerala Value Added Tax	Value Added Tax	13.96	2016-2017	Appellate Authority of Commercial Taxes, Kerala

viii. According to the information and explanations given to us and based on our examination of the records, the Company has not defaulted in the repayment of outstanding dues to financial institution, bank, or debenture holder during the year. The Company did not have any borrowings from the government during the year.

ix. According to the information and explanations given to us and based on our examination of the records, the Company has utilised the money raised during the year, by way of terms loans for the purpose for which they were raised. During the year, the Company has not raised moneys by way of initial public offer or further public offer.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for 80 cases aggregating Rs. 172.89 lakhs which largely pertains to misappropriation of cash, we have neither come across any instance of fraud by the Company or any material instance of fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us, the Company has registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Venkataramanan Vishwanath
Partner
Membership No: 113156
ICAI UDIN: 20113156AAAACM7045

Place: Mumbai
Date: 15 May 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2020

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra & Mahindra Financial Services Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

Venkataramanan Vishwanath
Partner
Membership
No: 113156
ICAI UDIN: 20113156AAAACM7045

Place: Mumbai
Date: 15 May 2020

BALANCE SHEET AS AT 31 MARCH 2020

Rs. in lakhs

	Particulars	Note	As at 31 March 2020	As at 31 March 2019
	ASSETS			
	Financial Assets			
a)	Cash and cash equivalents	3	**67,679.04**	50,167.74
b)	Bank balance other than (a) above	4	**74,899.44**	45,681.43
c)	Derivative financial instruments	5	**9,292.76**	1,006.39
d)	Receivables			
	i) Trade receivables	6	**858.71**	519.19
	ii) Other receivables		**–**	–
e)	Loans	7	**64,99,347.04**	61,24,962.80
f)	Investments	8	**5,91,096.62**	3,79,170.37
g)	Other financial assets	9	**47,665.27**	16,895.13
			7,290,838.88	66,18,403.05
	Non-financial Assets			
a)	Current tax assets (Net)		**23,995.98**	30,210.00
b)	Deferred tax assets (Net)	10 (i)	**48,962.66**	37,172.53
c)	Property, plant and equipment	11	**33,794.74**	13,250.02
d)	Intangible assets	12	**2,555.33**	3,056.15
e)	Other non-financial assets	13	**6,973.68**	5,706.83
			1,16,282.39	89,395.53
	Total Assets		**74,07,121.27**	67,07,798.58
	LIABILITIES AND EQUITY			
	LIABILITIES			
	Financial Liabilities			
a)	Derivative financial instruments	14	**4,016.06**	7,702.53
b)	Payables	15		
	I) Trade payables			
	i) total outstanding dues of micro enterprises and small enterprises		**–**	–
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**60,633.42**	97,947.17
	II) Other payables			
	i) total outstanding dues of micro enterprises and small enterprises		**17.40**	253.29
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**2923.97**	3,164.54
c)	Debt securities	16	**17,74,487.73**	22,31,937.92
d)	Borrowings (Other than debt securities)	17	**29,48,734.27**	21,30,153.03
e)	Deposits	18	**8,81,213.98**	5,66,718.41
f)	Subordinated liabilities	19	**341,794.57**	3,55,883.82
g)	Other financial liabilities	20	**2,31,396.03**	1,92,662.95
			62,45,217.43	55,86,423.66

BALANCE SHEET AS AT 31 MARCH 2020 (CONTD...)

Rs. in lakhs

	Particulars	Note	As at 31 March 2020	As at 31 March 2019
	Non-Financial Liabilities			
a)	Current tax liabilities (net)		**1,392.09**	1,392.09
b)	Provisions	21	**14,322.83**	20,652.70
c)	Other non-financial liabilities	22	**9,803.43**	8,527.84
			25,518.35	30,572.63
	EQUITY	23		
a)	Equity share capital		**12,306.95**	12,297.54
b)	Other equity		**11,24,078.54**	10,78,504.75
			11,36,385.49	10,90,802.29
	Total Liabilities and Equity		**74,07,121.27**	67,07,798.58

The accompanying notes form an integral part of the financial statements. 1 to 57

As per our report of even date attached.

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

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

Dhananjay Mungale *Chairman* [DIN: 00007563]
Ramesh Iyer *Vice-Chairman & Managing Director* [DIN: 00220759]

Venkataramanan Vishwanath
Partner
Membership No: 113156

V. Ravi
Executive Director & Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwala
Company Secretary

Place: Mumbai
Date: 15 May 2020

Place: Mumbai
Date: 15 May 2020

STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED 31 MARCH 2020

Rs. in lakhs

		Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
		Revenue from operations			
	i)	Interest income	24	**9,94,171.19**	8,61,455.78
	ii)	Dividend income		**2,425.09**	1,388.00
	iii)	Rental income		**874.93**	71.45
	iv)	Fees and commission Income	25	**9,698.85**	8,691.76
	v)	Net gain on fair value changes	26	**2,615.10**	683.87
I		**Total revenue from operations**		**10,09,785.16**	8,72,290.86
II		Other income	27	**14,728.63**	8,690.31
III		**Total income (I+II)**		**10,24,513.79**	8,80,981.17
		Expenses			
	i)	Finance costs	28	**4,82,874.89**	3,94,456.16
	ii)	Fees and commission expense		**4,094.21**	3,047.83
	iii)	Impairment on financial instruments	29	**2,05,447.07**	63,520.83
	iv)	Employee benefits expenses	30	**1,14,844.51**	1,09,011.91
	v)	Depreciation, amortization and impairment	31	**11,829.36**	6,022.52
	vi)	Others expenses	32	**71,047.51**	66,677.73
IV		**Total expenses (IV)**		**8,90,137.55**	6,42,736.98
V		**Profit before tax (III-IV)**		**1,34,376.24**	2,38,244.19
VI		**Tax expense :**	10 (ii)		
		(i) Current tax		**55,693.89**	57,411.73
		(ii) Deferred tax		**(11,958.04)**	24,851.72
		(iii) (Excess)/Short Provision for Income Tax - earlier years		**–**	274.39
				43,735.85	82,537.84
VII		**Profit for the year (V-VI)**		**90,640.39**	1,55,706.35
VIII		**Other Comprehensive Income (OCI)**			
		(A) (i) Items that will not be reclassified to profit or loss			
		- Remeasurement gain/(loss) on defined benefit plans		**(1,134.18)**	(1,324.60)
		- Net gain/(loss) on equity instruments through OCI		**268.65**	454.65
		(ii) Income tax impact thereon	10 (iii)	**(51.94)**	304.00
		Subtotal (A)		**(917.47)**	(565.95)
		(B) (i) Items that will be reclassified to profit or loss			
		- Net gain/(loss) on debt instruments through OCI		**767.09**	788.52
		(ii) Income tax impact thereon	10 (iii)	**(115.97)**	(275.54)
		Subtotal (B)		**651.12**	512.98
		Other Comprehensive Income (A+B)		**(266.35)**	(52.97)
IX		**Total Comprehensive Income for the year (VII+VIII)**		**90,374.04**	1,55,653.38
X		**Earnings per equity share (face value Rs. 2/- per equity share)**	33		
		Basic (Rupees)		**14.74**	25.33
		Diluted (Rupees)		**14.71**	25.28

The accompanying notes form an integral part of the financial statements. 1 to 57

As per our report of even date attached.

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

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

Dhananjay Mungale *Chairman* [DIN: 00007563]
Ramesh Iyer *Vice-Chairman & Managing Director* [DIN: 00220759]

Venkataramanan Vishwanath
Partner
Membership No: 113156

V. Ravi
Executive Director & Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwala
Company Secretary

Place: Mumbai
Date: 15 May 2020

Place: Mumbai
Date: 15 May 2020

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 MARCH 2020

A. Equity share capital

Particulars	Rs. in lakhs Amount
Issued, Subscribed and fully paid up:	
Balance as at 1 April 2018	12,289.54
Changes during the year:	
Less : Allotment of shares by ESOS Trust to employees	8.00
Balance as at 31 March 2019	**12,297.54**
Balance as at 1 April 2019	12,297.54
Changes during the year:	
Less : Allotment of shares by ESOS Trust to employees	9.41
Balance as at 31 March 2020	**12,306.95**

B. Other Equity

Rs. in lakhs

Particulars	Reserves and Surplus									
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	Capital redemption reserves	Securities premium reserve	General reserves	Debenture Redemption Reserves (DRR)	Employee stock options outstanding	Retained earnings	Debt instruments through OCI (Refer note 34)	Equity instruments through OCI (Refer note 34)	Total
Balance as at 1 April 2018	**1,37,463.62**	**5,000.00**	**4,14,146.15**	**64,142.78**	**7,702.98**	**2,129.85**	**3,19,316.44**	**–**	**–**	**949,901.82**
Profit/(loss) for the year							1,55,706.35			1,55,706.35
Other Comprehensive Income/(loss)							(861.73)	512.98	295.78	(52.97)
Total Comprehensive Income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**1,54,844.62**	**512.98**	**295.78**	**1,55,653.38**
Dividend paid on equity shares (including tax thereon)							(29,378.43)			(29,378.43)
Transfers to Securities premium on exercise of employee stock options			1,066.44			(1,066.44)				–
Employee stock options expired				4.91		(4.91)				–
Share based payment expense						2,327.98				2,327.98
Transfers to Statutory reserves	31,142.00						(31,142.00)			–
Transfers to General reserves				15,571.00			(15,571.00)			–
Transfers to Debenture Redemption Reserve					14,667.61		(14,667.61)			–
Balance as at 31 March 2019	**1,68,605.62**	**5,000.00**	**4,15,212.59**	**79,718.69**	**22,370.59**	**3,386.48**	**3,83,402.02**	**512.98**	**295.78**	**10,78,504.75**

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 MARCH 2020

Rs. in lakhs

	Reserves and Surplus									
Particulars	**Statutory reserves as per Section 45-IC of the RBI Act, 1934**	**Capital redemption reserves**	**Securities premium reserve**	**General reserves**	**Debenture Redemption Reserves (DRR)**	**Employee stock options outstanding**	**Retained earnings**	**Debt instruments through OCI (Refer note 34**	**Equity instruments through OCI (Refer note 34)**	**Total**
Balance as at 1 April 2019	**1,68,605.62**	**5,000.00**	**4,15,212.59**	**79,718.69**	**22,370.59**	**3,386.48**	**3,83,402.02**	**512.98**	**295.78**	**10,78,504.75**
Profit/(loss) for the year							90,640.39			90,640.39
Other Comprehensive Income/(loss)							(1,134.18)	651.12	216.71	(266.35)
Total Comprehensive Income for the year	–	–	–	–	–	–	**89,506.21**	**651.12**	**216.71**	**90,374.04**
Dividend paid on equity shares (including tax thereon)							(47,786.03)			(47,786.03)
Transfers to Securities premium on exercise of employee stock options			1,462.56			(1,462.56)				–
Employee stock options expired				7.54		(7.54)				–
Share based payment expense						2,947.16		–		2,947.16
Transfers to Statutory reserves	18,129.00						(18,129.00)			–
Transfers from Debenture Redemption Reserve (refer note no. 23)					(22,370.59)		22,370.59			–
Others			38.62		–		–			38.62
Balance as at 31 March 2020	**1,86,734.62**	**5,000.00**	**4,16,713.77**	**79,726.23**	–	**4,863.54**	**4,29,363.79**	**1,164.10**	**512.49**	**11,24,078.54**

The accompanying notes 1 to 57 form an integral part of the financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

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

Dhananjay Mungale *Chairman* [DIN: 00007563]
Ramesh Iyer *Vice-Chairman & Managing Director* [DIN: 00220759]

Venkataramanan Vishwanath
Partner
Membership No: 113156

V. Ravi
Executive Director & Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwala
Company Secretary

Place: Mumbai
Date: 15 May 2020

Place: Mumbai
Date: 15 May 2020

STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 MARCH 2020

Rs. in lakhs

	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before exceptional items and taxes	**1,34,376.24**	2,38,244.19
	Adjustments to reconcile profit before tax to net cash flows:		
	Add: Non-cash expenses		
	Depreciation, amortization and impairment	**11,829.36**	6,022.52
	Impairment on financial instruments	**1,21,710.59**	(1,12,855.87)
	Bad debts and write offs	**83,736.48**	1,76,376.70
	Net loss in fair value of derivative financial instruments	**(11,972.85)**	2,693.63
	Unrealized foreign exchange gain/loss	**19,173.16**	826.29
	Share based payments to employees	**2,941.80**	2,255.02
		2,27,418.54	75,318.29
	Less: Income considered separately		
	Net gain on fair value changes	**(2,615.10)**	(683.87)
	Income from investing activities	**(9,952.86)**	(16,020.84)
	Dividend income	**(5,462.70)**	(3,395.23)
	Net gain on derecognition of property, plant and equipment	**(70.09)**	(80.41)
	Net gain on sale of investments	**(4,574.05)**	119.90
		(22,674.80)	(20,060.45)
	Operating profit before working capital changes	**3,39,119.98**	2,93,502.03
	Changes in -		
	Loans	**(5,80,090.49)**	(13,35,626.42)
	Trade receivables	**(391.74)**	(149.72)
	Interest accrued on other deposits	**(3,666.73)**	304.50
	Other financial assets	**2,465.60**	(1,890.66)
	Other financial liabilities	**20,727.73**	15,440.38
	Other non-financial assets	**(27.20)**	(1,566.77)
	Trade Payables	**(37,790.21)**	(4,173.96)
	Other non-financial liabilities	**1,314.21**	1,999.35
	Derivative financial instruments	**–**	1,427.60
	Provisions	**(7,298.97)**	6,566.45
	Cash used in operations	**(6,04,757.80)**	(13,17,669.25)
	Income taxes paid (net of refunds)	**(49,479.87)**	(67,640.99)
	NET CASH USED IN OPERATING ACTIVITIES (A)	**(3,15,117.69)**	(10,91,808.21)
B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, plant and equipment and intangible assets	**(10,535.45)**	(10,957.65)
	Proceeds from sale of Property, plant and equipment	**185.26**	190.11
	Purchase of investments at amortized cost	**(27,127.15)**	(21,994.94)
	Proceeds from sale of investments at amortized cost	**39,219.30**	1,06,385.59
	Purchase of investments at FVOCI	**(24,389.29)**	(300.00)
	Purchase of investments at FVTPL	**(72,84,711.98)**	(34,66,857.18)
	Proceeds from sale of investments at FVTPL	**71,31,531.36**	32,99,938.37
	Purchase of investments at cost	**(38,077.27)**	(19,963.21)
	Proceeds from term deposits with banks (net)	**(58,042.63)**	(37,463.96)

STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 MARCH 2020 (CONTD...)

Rs. in lakhs

	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
	Dividend income received	**5,462.70**	3,395.23
	Interest income received on investments measured at amortized cost, FVOCI, FVTPL and at cost	**9,192.71**	15,955.03
	Change in Earmarked balances with banks	**21.12**	(12.54)
	NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES (B)	**(2,57,271.32)**	(1,31,685.15)
C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Expenses incurred on issuance of Non-convertible debentures	**–**	(2,143.51)
	Proceeds from borrowings through Debt Securities	**12,80,780.00**	31,55,102.24
	Repayment of borrowings through Debt Securities	**(17,36,931.40)**	(29,54,672.60)
	Proceeds from Borrowings (Other than Debt Securities)	**27,66,793.81**	28,97,062.34
	Repayment of Borrowings (Other than Debt Securities)	**(19,46,390.36)**	(21,06,151.64)
	Proceeds from borrowings through Subordinated Liabilities	**–**	33,687.23
	Repayment of borrowings through Subordinated Liabilities	**(13,976.88)**	(980.00)
	(Decrease)/Increase in loans repayable on demand and cash credit/overdraft facilities with banks (net)	**(22,600.50)**	(2,205.46)
	Increase/(decrease) in Fixed deposits (net)	**3,13,823.92**	2,56,150.55
	Payments for principal portion of lease liability	**(3,812.25)**	–
	Dividend paid (including tax on dividend)	**(47,786.03)**	(29,378.43)
	NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES (C)	**5,89,900.31**	12,46,470.72
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**17,511.30**	22,977.36
	Cash and Cash Equivalents at the beginning of the year	**50,167.74**	27,190.38
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**67,679.04**	50,167.74
	Components of Cash and Cash Equivalents		
	Cash and cash equivalents at the end of the year		
	– Cash on hand	**1,430.30**	2,717.34
	– Cheques and drafts on hand	**300.91**	1,601.77
	– Balances with banks in current accounts	**45,947.83**	45,848.63
	– Term deposits with original maturity up to 3 months	**20,000.00**	–
	Total	**67,679.04**	50,167.74

Notes :

The above Statement of Cash Flow has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows'.

As per our report of even date attached.

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

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

Dhananjay Mungale *Chairman* [DIN: 00007563]
Ramesh Iyer *Vice-Chairman & Managing Director* [DIN: 00220759]

Venkataramanan Vishwanath
Partner
Membership No: 113156

V. Ravi
Executive Director & Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwala
Company Secretary

Place: Mumbai
Date: 15 May 2020

Place: Mumbai
Date: 15 May 2020

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 COMPANY INFORMATION

Mahindra & Mahindra Financial Services Limited ('the Company'), incorporated in India, is a public limited company, headquartered in Mumbai. The Company is a Non-Banking Financial Company ('NBFC') engaged in providing asset finance through its pan India branch network. The Company is registered as a Systemically Important Deposit Accepting NBFC as defined under Section 45-IA of the Reserve Bank of India ('RBI') Act, 1934 with effect from 4 September 1998. The equity shares of the Company are listed on the National Stock Exchange ("NSE") and the Bombay Stock Exchange ("BSE") in India. The Company is a subsidiary of Mahindra & Mahindra Limited.

The Company's registered office is at Gateway Building, Apollo Bunder, Mumbai 400001, India.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance and basis for preparation and presentation of financial statements

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under section 133 of the Companies Act, 2013 ("the Act"), and in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020.

Any application guidance/clarifications/directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

These standalone or separate financial statements have been approved by the Company's Board of Directors and authorized for issue on 15 May 2020.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

2.3 Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial instruments which are measured at fair values as required by relevant Ind AS.

2.4 Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.5 Use of estimates and judgements and Estimation uncertainity

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were issued. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

Effective Interest Rate (EIR) Method

The Company recognizes interest income/expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given/taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

Impairment of Financial Assets

The measurement of impairment losses on loan assets and commitments, requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulae and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weights, to derive the economic inputs into the ECL model
- Management overlay used in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios.

It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary (refer note 50).

Provisions and other contingent liabilities

The reliable measure of the estimates and judgments pertaining to litigations and the regulatory proceedings in the ordinary course of the Company's business are disclosed as contingent liabilities.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Provision for income tax and deferred tax assets:

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax, including the amount expected to be paid/recoverd for uncertain tax positions. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

Defined Benefit Plans:

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Estimation uncertainty relating to the global health pandemic from COVID-19:

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Financial Statements.

The estimation uncertainty is associated with:

- the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP, employment and house prices). This includes the disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and
- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2020 about future events that the Management believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

The impact of the COVID-19 pandemic on each of these accounting estimates is discussed further in the relevant note to these Financial Statements. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions (refer note 50).

2.6 Revenue recognition:

a) Recognition of interest income on loans

Interest income is recognized in Statement of profit and loss using the effective interest method for all financial instruments measured at amortized cost, debt instruments measured at FVOCI and debt instruments designated at FVTPL. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortized through Interest income in the Statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Additional interest and interest on trade advances, are recognized when they become measurable and when it is not unreasonable to expect their ultimate collection.

Income from bill discounting is recognized over the tenure of the instrument so as to provide a constant periodic rate of return.

b) Subvention income

Subvention income received from manufacturer/dealers at the inception of the loan contracts which is directly attributable to individual loan contracts in respect of vehicles financed is recognized in the Statement of profit and loss using the effective interest method over the tenor of such loan contracts measured at amortized cost. In case of subvention income which is subject to confirmation from manufacturer and received later than inception date is recognized in the Statement of profit and loss using straight line method over the tenor of such loan contracts.

c) Rental Income

Income from operating leases is recognized in the Statement of profit and loss on a straight-line basis over the lease term. In certain lease arrangements, variable rental charges are also recognized over and above minimum commitment charges based on usage pattern and make/model of the asset.

d) Fee and commission income:

Fee based income are recognized when they become measurable and when it is probable to expect their ultimate collection.

Commission and brokerage income earned for the services rendered are recognized as and when they are due.

e) Dividend and interest income on investments:

- Dividends are recognized in Statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.
- Interest income from investments is recognized when it is certain that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.7 Property, Plant and Equipments (PPE)

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Assets held for sale or disposals are stated at the lower of their net book value and net realizable value.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis.

In accordance with Ind AS 116 - Leases, applicable effective from 1 April 2019, the Right-Of-Use assets (Freehold premises) are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-Of-Use assets (Freehold premises) are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The estimated useful lives used for computation of depreciation are as follows:

Buildings	60 years
Computers and Data processing units	3 to 6 years
Furniture and fixtures	10 years
Office equipments	5 years
Vehicles	8 years and 10 years
Vehicles under lease	8 years
Right-Of-Use assets (Leasehold premises)	2 to 10 years

Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.

PPE is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognized in other income/netted off from any loss on disposal in the Statement of profit and loss in the year the asset is derecognized.

2.8 Intangible assets:

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

Intangible assets comprises of computer software which is amortized over the estimated useful life. The amortization period is lower of license period or 36 months which is based on management's estimates of useful life. Amortization is calculated using the straight line method to write down the cost of intangible assets over their estimated useful lives.

2.9 Investments in subsidiaries and associates:

Investments in subsidiaries and associate are measured at cost less accumulated impairment, if any.

2.10 Foreign exchange transactions and translations:

a) Initial recognition

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

b) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in Statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognized in other comprehensive income.

Non-monetary items that are measured at historical cost in foreign currency are not retranslated at reporting date.

2.11 Financial instruments:

a) Recognition and initial measurement -

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

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

b) Classification and Subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at

- Amortized cost;
- FVOCI - debt instruments;
- FVOCI - equity instruments;
- FVTPL

Amortized cost -

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. Accordingly, the Company measures Bank balances, Loans, Trade receivables and other financial instruments at amortized cost.

FVOCI - debt instruments -

The Company measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset meet the SPPI test.

FVOCI - equity instruments -

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments and are not held for trading.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

Subsequent measurement of financial assets

Financial assets at amortized cost are subsequently measured at amortized cost using effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in Statement of profit and loss. Any gain and loss on derecognition is recognized in Statement of profit and loss.

Debt investment at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognized in Statement of profit and loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit and loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for strategic purpose. Dividend income received on such equity investments are recognized in Statement of profit and loss.

Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognized in Statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in Statement of profit and loss.

c) Financial liabilities and equity instruments:

Classification as debt or equity -

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

Equity instruments -

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognized at the proceeds received. Transaction costs of an equity transaction are recognized as a deduction from equity.

Financial liabilities -

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of profit and loss. Any gain or loss on derecognition is also recognized in Statement of profit and loss.

d) Financial guarantee contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115 - Revenue from Contracts with Customers.

e) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

A financial liability is derecognized when the obligation in respect of the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognized in Statement of profit and loss.

f) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

g) Derivative financial instruments

The Company enters into derivative financial instruments, primarily foreign exchange forward contracts, currency swaps and interest rate swaps, to manage its borrowing exposure to foreign exchange and interest rate risks.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derivatives are initially recognized at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/loss is recognized in Statement of profit and loss.

h) Impairment of financial instruments

Equity instruments are not subject to impairment under Ind AS 109.

The Company recognizes lifetime expected credit losses (ECL) when there has been a significant increase in credit risk since initial recognition and when the financial instrument is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information. (refer note 50).

Management overlay is used to adjust the ECL allowance in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios. Emerging local or global macroeconomic, micro economic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward looking information are examples of such circumstances. The use of management overlay may impact the amount of ECL recognized.

The Company recognizes lifetime ECL for trade, lease and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in OCI and carrying amount of the financial asset is not reduced in the balance sheet.

i) Collateral repossessed -

Based on operational requirements, the Company's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category for capitalization at their fair market value.

In the normal course of business, the Company does not physically repossess assets/properties in its loan portfolio, but engages external agents to repossess and recover funds, generally by selling at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the assets/properties under legal repossession processes are not separately recorded on the balance sheet.

j) Write offs -

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the debtor/borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made from written off assets are netted off against the amount of financial assets written off during the year under "Bad debts and write offs" forming part of "Impairment on financial instruments" in Statement of profit and loss.

2.12 Employee benefits:

a) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Contribution to provident fund, ESIC and National Pension Scheme -

Company's contribution paid/payable during the year to provident fund, ESIC and National Pension Scheme is recognized in the Statement of profit and loss.

c) Gratuity -

The Company's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognized at the earlier of the plan amendment/curtailment and recognition of related restructuring costs/termination benefits.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of profit and loss.

Remeasurement gains/losses -

Remeasurement of defined benefit plans, comprising of actuarial gains/losses, return on plan assets excluding interest income are recognized immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

Remeasurement gains or losses on long-term compensated absences that are classified as other long-term benefits are recognized in Statement of profit and loss.

d) Superannuation fund -

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

e) Leave encashment/compensated absences/sick leave -

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

f) Employee stock options:

Equity-settled share-based payments to employees are recognized as an expense at the fair value of equity stock options at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the graded vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

2.13 Finance costs:

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortized cost. Financial instruments include bank term loans, non-convertible debentures, fixed deposits mobilized, commercial papers, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

Effective from 1 April 2019, on application of Ind AS 116 (Leases), interest expense on lease liabilities computed by applying the Company's weighted average incremental borrowing rate has been included under finance costs.

2.14 Taxation - Current and deferred tax:

Income tax expense comprises of current tax and deferred tax. It is recognized in Statement of profit and loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

a) Current tax:

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

b) Deferred tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.15 Securities issue expenses:

Expenses incurred in connection with fresh issue of Share capital are adjusted against Securities premium reserve.

2.16 Impairment of assets other than financial assets:

The Company reviews the carrying amounts of its tangible (including assets given on operating lease) and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognized in Statement of profit and loss.

2.17 Provisions:

Provisions are recognized when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.18 Leases:

The Company as a lessee -

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments used for operating activities. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments that are not paid at the commencement date, discounted using the Company's incremental average borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

ROU assets and Lease liabilities have been separately presented in the Balance Sheet and the principal portion of lease payments have been classified as financing cash flows.

Where the Company is the lessor -

At the inception of the lease, the Company classifies each of its leases as either a finance lease or an operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

The Company has given certain vehicles on lease where it has substantially retained the risks and rewards of ownership and hence these are classified as operating leases. These assets given on operating lease are included in PPE. Lease income is recognized in the Statement of profit and loss as per contractual rental unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. Costs including depreciation are recognized as an expense in the Statement of profit and loss. Initial direct costs are recognized immediately in Statement of profit and loss.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116, Leases, which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, Leases, effective 1 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31,2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On application of Ind AS 116, financial information is presented in the following manner for the year ended 31 March 2020.

a) ROU assets and lease liabilities have been included within the line items "Property, plant and equipment" and "Other financial liabilities" respectively in the Balance sheet;

b) Interest expenses on the lease liability and depreciation charge for the right-to-use asset have been included within the line items "Finance costs" and "Depreciation, amortization and impairment" respectively in the statement of profit or loss;

c) Short-term lease payments and payments for leases of low-value assets, where exemption as permitted under this standard is availed, have been recognized as expense on a straight line basis over the lease term in the statement of profit or loss.

d) Cash payments for the principal of the lease liability have been presented within "financing activities" in the statement of cash flows;

Further, on application of Ind AS 116, the nature of expense in the Statement of profit or loss has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest on lease liability in the current financial year.

The effect of transition to Ind AS 116 and other disclosures are set out under note no. 41.

2.19 Cash and cash equivalents:

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

2.20 Earnings Per Share:

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

2.21 Standards issued but not yet effective:

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

3 Cash and cash equivalents

Rs. in lakhs

	31 March 2020	31 March 2019
Cash on hand	**1,430.30**	2,717.34
Cheques and drafts on hand	**300.91**	1,601.77
Balances with banks in current accounts	**45,947.83**	45,848.63
Term deposits with original maturity up to 3 months	**20,000.00**	–
	67,679.04	50,167.74

4 Bank balances other than cash and cash equivalents

Rs. in lakhs

	31 March 2020	31 March 2019
Earmarked balances with banks -		
– Unclaimed dividend accounts	**68.66**	89.78
Term deposits with maturity less than 12 months -		
– Free	**4,575.00**	15,001.00
– Under lien #	**70,255.78**	30,590.65
	74,899.44	45,681.43

 # Details of Term deposits - Under lien

Rs. in lakhs

Particulars	As at 31 March 2020 Bank balances other than cash and cash equivalents (Note 4)	As at 31 March 2020 Other financial assets (Note 9)	As at 31 March 2020 Total	As at 31 March 2019 Bank balances other than cash and cash equivalents (Note 4)	As at 31 March 2019 Other financial assets (Note 9)	As at 31 March 2019 Total
For Statutory Liquidity Ratio	**22,501.00**	**20,000.00**	**42,501.00**	5,517.23	7,500.00	13,017.23
For securitization transactions	**46,208.47**	**4,330.00**	**50,538.47**	24,538.61	–	24,538.61
Legal deposits	**21.31**	**–**	**21.31**	9.81	11.50	21.31
For Constituent Subsidiary General Ledger (CSGL) account	**1,500.00**	**–**	**1,500.00**	500.00	–	500.00
Collateral deposits with banks for Aadhaar authentication and others	**25.00**	**100.00**	**125.00**	25.00	–	25.00
Total	**70,255.78**	**24,430.00**	**94,685.78**	30,590.65	7,511.50	38,102.15

5 Derivative financial instruments

Rs. in lakhs

	31 March 2020 Notional amounts	31 March 2020 Fair value of Assets	31 March 2019 Notional amounts	31 March 2019 Fair value of Assets
Currency derivatives:				
Forward contracts	**58,205.49**	**2,323.02**	59,659.22	917.97
Options	**2,05,079.75**	**6,969.74**	–	88.42
Total derivative financial instruments	**2,63,285.24**	**9,292.76**	59,659.22	1,006.39

6 Receivables

Rs. in lakhs

	31 March 2020	31 March 2019
Trade receivables		
i) Secured, considered good		
– Lease rental receivable on operating lease transactions	**64.64**	**18.85**
Less: Impairment loss allowance	**(1.48)**	**–**
	63.16	**18.85**
ii) Unsecured, considered good:		
– Subvention income receivable	**795.55**	500.34
iii) Credit impaired:		
– Trade receivable on hire purchase transactions	**373.39**	373.39
– Subvention and other income receivables	**50.74**	–
	424.13	**373.39**
Less: Impairment loss allowance	**(424.13)**	(373.39)
	–	–
	858.71	519.19

There is no due by directors or other officers of the company or any firm or private company in which any director is a partner, a director or a member.

7 Loans

Rs. in lakhs

		31 March 2020	31 March 2019
A)	**Loans (at amortised cost):**		
	Retail loans	**64,43,978.16**	58,74,147.34
	Small and Medium Enterprise (SME) financing	**1,86,440.83**	1,88,053.12
	Bills of exchange	**53,166.01**	61,534.86
	Trade advances	**1,23,934.89**	1,87,430.56
	Inter corporate deposits to related parties	**100.00**	100.00
	Total (Gross)	**68,07,619.89**	63,11,265.88
	Less: Impairment loss allowance	**(3,08,272.85)**	(1,86,303.08)
	Total (Net)	**64,99,347.04**	61,24,962.80
B)	i) Secured by tangible assets	**65,33,209.61**	59,81,320.04
	ii) Secured by intangible assets	**–**	–
	iii) Covered by bank/ Government guarantees	**–**	–
	iv) Unsecured	**2,74,410.28**	3,29,945.84
	Total (Gross)	**68,07,619.89**	63,11,265.88
	Less: Impairment loss allowance	**(3,08,272.85)**	(1,86,303.08)
	Total (Net)	**64,99,347.04**	61,24,962.80
C)	**i) Loans in India**		
	a) Public Sector	**–**	–
	b) Others	**68,07,619.89**	63,11,265.88
	Total (Gross)	**68,07,619.89**	63,11,265.88
	Less: Impairment loss allowance	**(3,08,272.85)**	(1,86,303.08)
	Total (Net) - C (i)	**64,99,347.04**	61,24,962.80
	ii) Loans outside India	**–**	–
	Less: Impairment loss allowance	**–**	–
	Total (Net) - C (ii)	**–**	–
	Total (Net) - C (i+ii)	**64,99,347.04**	61,24,962.80

Note: There is no loan asset measured at FVOCI or FVTPL or designated at FVTPL.

8 Investments

Rs. in lakhs

Investments	**31 March 2020** Amortised cost	At Fair Value Through OCI	At Fair Value Through profit or loss	At Fair Value Sub-total	Others (at cost)	Total	**31 March 2019** Amortised cost	At Fair Value Through OCI	At Fair Value Through profit or loss	At Fair Value Sub-total	Others (at cost)	Total
Units of mutual funds	**–**	**–**	**3,24,125.20**	**3,24,125.20**	**–**	**3,24,125.20**	–	–	62,349.01	62,349.01	–	62,349.01
Government securities	**98,049.30**	**14,301.61**		**14,301.61**		**1,12,350.91**	70,922.15	–	–	–	–	70,922.15
Debt securities -												
i) Secured redeemable non-convertible debentures	**2,500.00**	**–**	**–**	**–**	**–**	**2,500.00**	6,200.00	–	–	–	–	6,200.00
ii) Unsecured redeemable non-convertible subordinate debentures		**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–
iii) Investments in Pass Through Certificates under securitization transactions	**12,409.65**	**–**	**–**	**–**	**–**	**12,409.65**	21,359.96	–	–	–	–	21,359.96
iv) Commercial Papers	**–**	**–**	**–**	**–**	**–**	**–**	21,994.94	–	59,070.39	59,070.39	–	81,065.33
v) Certificate of deposits with banks	**–**		**–**	**–**		**–**			46,910.08	46,910.08		46,910.08
vi) Investment in Bonds of Food Corporation of India and NCDs of NABARD	**–**	**10,474.76**		**10,474.76**	**–**	**10,474.76**	–	–	–	–	–	–
vi) Optionally Convertible Debentures of AAPCA Demystifying Data Technology Private Limited		**–**		**–**	**–**	**–**	–	1,088.52	–	1,088.52	–	1,088.52
Equity instruments -												
a) Subsidiaries												
i) Mahindra Insurance Brokers Limited	**–**	**–**	**–**	**–**	**45.16**	**45.16**	–	–	–	–	45.16	45.16
ii) Mahindra Rural Housing Finance Limited	**–**	**–**	**–**	**–**	**79,929.79**	**79,929.79**	–	–	–	–	51,252.22	51,252.22
iii) Mahindra Asset Management Company Private Ltd.	**–**	**–**	**–**	**–**	**21,000.00**	**21,000.00**	–	–	–	–	16,000.00	16,000.00
iv) Mahindra Trustee Company Private Ltd.	**–**	**–**	**–**	**–**	**50.00**	**50.00**	–	–	–	–	50.00	50.00
v) Mahindra Finance CSR Foundation	**–**	**–**	**–**	**–**	**0.10**	**0.10**						
b) Associates												
i) 49% Ownership in Mahindra Finance USA, LLC	**–**	**–**	**–**	**–**	**21,054.81**	**21,054.81**	–	–	–	–	21,054.81	21,054.81
(Joint venture entity with De Lage Landen Financial Services INC. in United States of America)												
ii) 38.20% Ownership in Ideal Finance Limited, Sri Lanka					**4,399.60**	**4,399.60**	–	–	–	–	–	–
(Joint venture entity with De Lage Landen Financial Services INC. in United States of America)												
c) Others												
i) Equity investment in Smartshift Logistics Solutions Private Limited (formerly known as Orizonte Business Solutions Limited which was later acquired by Resfeber Labs Private Limited)	**–**	**1,361.32**	**–**	**1,361.32**	**–**	**1,361.32**	**–**	1,154.65	–	1,154.65	–	1,154.65
ii) Compulsorily Convertible Cumulative Participating Preference Shares (CCCPS) in Smartshift Logistics Solutions Private Limited (formerly known as Orizonte Business Solutions Limited which was later acquired by Resfeber Labs Private Limited)	**–**	**311.98**	**–**	**311.98**	**–**	**311.98**	**–**	–	–	–	–	–
iii) Equity investment in AAPCA Demystifying Data Technology Private Limited (Optionally Convertible Debentures converted in to equity shares on exercise of conversion option after meeting applicable terms and conditions)	**–**	**1,218.53**	**–**	**1,218.53**	**–**	**1,218.53**	**–**	–	–	–	–	–
iv) New Democratic Electoral Trust	**–**	**–**	**–**	**–**	**1.00**	**1.00**	–	–	–	–	1.00	1.00
Total - Gross (A)	**1,12,958.95**	**27,668.20**	**3,24,125.20**	**3,51,793.40**	**1,26,480.46**	**5,91,232.81**	1,20,477.05	2,243.17	1,68,329.48	1,70,572.65	88,403.19	3,79,452.89
i) Investments outside India	**–**	**–**	**–**	**–**	**25,454.41**	**25,454.41**	–	–	–	–	21,054.81	21,054.81
ii) Investments in India	**1,12,958.95**	**27,668.20**	**3,24,125.20**	**3,51,793.40**	**1,01,026.05**	**5,65,778.40**	1,20,477.05	2,243.17	1,68,329.48	1,70,572.65	67,348.38	3,58,398.08
Total - Gross (B)	**1,12,958.95**	**27,668.20**	**3,24,125.20**	**3,51,793.40**	**1,26,480.46**	**5,91,232.81**	1,20,477.05	2,243.17	1,68,329.48	1,70,572.65	88,403.19	3,79,452.89
Less: Allowance for Impairment loss (C)	136.19	–	–	–	–	136.19	282.52	–	–	–	–	282.52
Total - Net D (A-C)	1,12,822.76	27,668.20	3,24,125.20	3,51,793.40	1,26,480.46	5,91,096.62	1,20,194.53	2,243.17	1,68,329.48	1,70,572.65	88,403.19	3,79,170.37

9 Other financial assets

	31 March 2020	31 March 2019
		Rs. in lakhs
Interest accrued on investments	**2,236.35**	1,476.20
Interest accrued on other deposits	**4,606.70**	939.97
Security Deposits	**3,277.18**	3,008.10
Term deposits with banks (remaining maturity more than 12 months)		
– Free	**11,885.00**	–
– Under lien	**24,430.00**	7,511.50
Others	**1,230.04**	3,959.36
	47,665.27	16,895.13

10 Deferred tax assets (net) and Tax expense

(i) Deferred tax assets (net)

Rs. in lakhs

	Balance as at 1 April 2018	Charge/ (credit) to profit and loss	Charge/ (credit) to equity	Charge/ (credit) to OCI	Balance as at 31 March 2019	Charge/ (credit) to profit and loss	Charge/ (credit) to equity	Charge/ (credit) to OCI	Balance as at 31 March 2020
Tax effect of items constituting deferred tax liabilities:									
– Application of EIR on financial assets	(6,972.92)	(2,937.46)	–	–	(9,910.38)	2,019.32			**(7,891.06)**
– Application of EIR on financial liabilities	(2,367.99)	(1,268.33)	–	–	(3,636.32)	1,207.47			**(2,428.85)**
– Share based payments	(703.06)	(470.85)	–	–	(1,173.91)	11.70	–	–	**(1,162.21)**
– FVTPL financial asset	(9.37)	(238.98)	–	–	(248.35)	(588.69)	–	–	**(837.04)**
– Others	(999.79)	(605.84)	(749.03)	–	(2,354.66)	(3,626.92)	–	–	**(5,981.58)**
	(11,053.13)	**(5,521.46)**	**(749.03)**	**–**	**(17,323.62)**	**(977.12)**	**–**	**–**	**(18,300.74)**
Tax effect of items constituting deferred tax assets:									
– Provision for employee benefits	1,980.05	(121.14)	–	462.87	2,321.78	566.12	–	(28.77)	**2,859.13**
– Derivatives	2,130.60	1,909.02	–	–	4,039.62	2,385.86	–	–	**6,425.48**
– Allowance for ECL	62,476.01	(22,587.40)	–	–	39,888.61	11,343.53	–	–	**51,232.14**
– Application of EIR on financial liabilities	292.37	–	–	–	292.37	(81.79)	–	–	**210.58**
– Others	6,918.92	1,469.26	–	(434.41)	7,953.77	(1,278.56)	–	(139.14)	**6,536.07**
	73,797.95	(19,330.26)	–	28.46	54,496.15	12,935.16	–	(167.91)	**67,263.40**
Net deferred tax assets	**62,744.82**	**(24,851.72)**	**(749.03)**	**28.46**	**37,172.53**	**11,958.04**	**–**	**(167.91)**	**48,962.66**

(ii) Income tax recognized in Statement of profit and loss

	31 March 2020	31 March 2019
		Rs. in lakhs
Current tax:		
In respect of current year	**55,693.89**	57,411.73
In respect of prior years	**–**	274.39
	55,693.89	57,686.12
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**(22,357.49)**	24,851.72
In respect of rate change (Re-measurement of opening deferred tax assets due to income tax rate change from 34.944% to 25.168%) #	**10,399.45**	–
	(11,958.04)	24,851.72
Total Income tax recognised in Statement of profit and loss	**43,735.85**	82,537.84

(iii) Income tax recognized in Other Comprehensive Income

		Rs. in lakhs
	31 March 2020	31 March 2019
Deferred tax related to items recognised in Other Comprehensive Income during the year:		
Remeasurement of defined employee benefits	**(28.77)**	462.87
Net gain/(loss) on equity instruments through OCI	**(23.17)**	(158.87)
Net gain/(loss) on debt instruments through OCI	**(115.97)**	(275.54)
Total Income tax recognised in Other Comprehensive Income	**(167.91)**	28.46

(iv) Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Statement of profit and loss is as follows:

		Rs. in lakhs
	As at 31 March 2020	As at 31 March 2019
Profit before tax	**1,34,376.24**	2,38,244.19
Applicable income tax rate	**25.168%**	34.944%
Expected income tax expense	**33,819.81**	83,252.05
Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
Effect of income exempt from tax	**(1,374.91)**	(1,186.66)
Effect of expenses/provisions not deductible in determining taxable profit	**232.34**	209.66
Effect of tax incentives and concessions	**256.61**	446.44
Effect of differential tax rate (Re-measurement of opening deferred tax assets due to income tax rate change from 34.944% to 25.168%) #	**10,399.45**	–
Adjustment related to tax of prior years	**–**	274.39
Others	**402.55**	(458.04)
Reported income tax expense	**43,735.85**	82,537.84

The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No.2) Act, 2019 which provides for an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognized the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31 March 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact of Rs.10,399.45 lakhs recognized as transition adjustment in the Statement of profit and loss for the year ended 31 March 2020.

11 Property, plant and equipments

										Rs. in lakhs
Particulars	**Land**	**Buildings #**	**Computers and Data processing units**	**Furniture and fixtures**	**Office equipments**	**Vehicles**	**Vehicles under lease**	**P&M under lease**	**Right-Of-Use Assets (Leasehold premises)**	**Total**
GROSS CARRYING AMOUNT										
Balance as at 1 April 2018	81.40	108.92	8,313.57	8,059.17	8,649.89	6,650.42	77.15	–	–	31,940.52
Additions during the year	–	–	1,907.29	976.50	1,164.77	1,608.65	1,153.03	–		6,810.24
Disposals/deductions during the year	–	–	189.69	115.67	360.74	795.34				1,461.44
Balance as at 31 March 2019	**81.40**	**108.92**	**10,031.17**	**8,920.00**	**9,453.92**	**7,463.73**	**1,230.18**	**–**	**–**	**37,289.32**

Rs. in lakhs

Particulars	Land	Buildings #	Computers and Data processing units	Furniture and fixtures	Office equipments	Vehicles	Vehicles under lease	P&M under lease	Right-Of-Use Assets (Leasehold premises)	Total
Balance as at 1 April 2019	81.40	108.92	10,031.17	8,920.00	9,453.92	7,463.73	1,230.18	–	18,447.50	55,736.82
Additions during the year	–	–	620.64	693.72	781.89	1,872.33	4,054.48	19.06	4,245.13	12,287.25
Disposals/deductions during the year	–	–	459.51	190.81	503.13	822.30	–	–	–	1,975.75
Balance as at 31 March 2020	**81.40**	**108.92**	**10,192.30**	**9,422.91**	**9,732.68**	**8,513.76**	**5,284.66**	**19.06**	**22,692.63**	**66,048.32**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES										
Balance as at 1 April 2018	–	24.88	5,551.99	5,056.03	6,039.80	4,024.35	1.04	–	–	20,698.09
Additions during the year	–	1.82	1,473.74	892.59	1,158.70	1,121.60	44.50	–	–	4,692.95
Disposals/deductions during the year	–	–	188.73	103.80	355.51	703.70	–	–	–	1,351.74
Balance as at 31 March 2019	**–**	**26.70**	**6,837.00**	**5,844.82**	**6,842.99**	**4,442.25**	**45.54**	**–**	**–**	**24,039.30**
Balance as at 1 April 2019	–	26.70	6,837.00	5,844.82	6,842.99	4,442.25	45.54	–	–	24,039.30
Additions during the year	–	1.84	1,477.56	910.50	1,148.12	1,392.24	438.83	1.39	4,704.38	10,074.86
Disposals/deductions during the year	–	–	458.65	177.18	500.75	724.00	–	–	–	1,860.58
Balance as at 31 March 2020	**–**	**28.54**	**7,855.91**	**6,578.14**	**7,490.36**	**5,110.49**	**484.37**	**1.39**	**4,704.38**	**32,253.58**
NET CARRYING AMOUNT										
As at 31 March 2019	**81.40**	**82.22**	**3,194.17**	**3,075.18**	**2,610.93**	**3,021.48**	**1,184.64**	**–**	**–**	**13,250.02**
As at 31 March 2020	**81.40**	**80.38**	**2,336.39**	**2,844.77**	**2,242.32**	**3,403.27**	**4,800.29**	**17.67**	**17,988.25**	**33,794.74**

12 Intangible assets

Rs. in lakhs

Particulars	Computer Software
GROSS CARRYING AMOUNT	
Balance as at 1 April 2018	3,709.46
Additions during the year	3,661.75
Deductions during the year	–
Balance as at 31 March 2019	**7,371.21**
Balance as at 1 April 2019	7,371.21
Additions during the year	1,253.68
Deductions during the year	–
Balance as at 31 March 2020	**8,624.89**

Intangible assets - Continued

Rs. in lakhs

Particulars	Computer Software
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES	
Balance as at 1 April 2018	2,985.49
Additions during the year	1,329.57
Deductions during the year	–
Balance as at 31 March 2019	**4,315.06**
Balance as at 1 April 2019	4,315.06
Additions during the year	1,754.50
Deductions during the year	–
Balance as at 31 March 2020	**6,069.56**
NET CARRYING AMOUNT	
As at 31 March 2019	**3,056.15**
As at 31 March 2020	**2,555.33**

13 Other non-financial assets

	31 March 2020	31 March 2019
		Rs. in lakhs
Capital advances	**1,725.31**	485.66
Prepaid expenses	**3,283.26**	2,965.05
Unamortised placement and arrangement fees paid on borrowing instruments	**301.13**	401.48
Insurance advances	**183.18**	185.59
Other advances	**1,480.80**	1,669.05
	6,973.68	5,706.83

14 Derivative financial instruments

Rs. in lakhs

	31 March 2020		31 March 2019	
	Notional amounts	**Fair value of Liabilities**	Notional amounts	Fair value of Liabilities
Currency derivatives:				
Forward contracts	**20,013.63**	**2,559.18**	20,231.96	2,176.30
Options	**–**	**1,456.88**	1,23,078.50	5,526.23
Total derivative financial instruments	**20,013.63**	**4,016.06**	1,43,310.46	7,702.53

15 Payables

Rs. in lakhs

	31 March 2020	31 March 2019
I) Trade Payables		
i) total outstanding dues of micro enterprises and small enterprises	**–**	–
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**60,633.42**	97,947.17
II) Other Payables		
i) total outstanding dues of micro enterprises and small enterprises	**17.40**	253.29
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**2,923.97**	3,164.54
	63,574.79	1,01,365.00

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below:

Rs. in lakhs

		31 March 2020	31 March 2019
a)	Dues remaining unpaid to any supplier at the year end		
	– Principal	**17.40**	0.10
	– Interest on the above		
b)	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year	**–**	–
-	– Principal paid beyond the appointed date	**–**	–
	– Interest paid in terms of Section 16 of the MSMED Act		
c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**–**	–
d)	Amount of interest accrued and remaining unpaid		
e)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**–**	–
		17.40	0.10

16 Debt Securities

Rs. in lakhs

	31 March 2020	31 March 2019
At Amortised cost		
Non-convertible debentures (Secured)	**16,99,721.29**	19,54,799.74
Non-convertible debentures (Unsecured)	**39,800.02**	19,893.55
Commercial Papers (Unsecured)	**0.00**	2,57,244.63
Rupee Denominated Secured Bonds overseas (Masala Bonds)	**34,966.42**	–
Total	**17,74,487.73**	22,31,937.92
Debt securities in India	**17,39,521.31**	22,31,937.92
Debt securities outside India	**34,966.42**	–
Total	**17,74,487.73**	22,31,937.92

Note: There is no debt securities measured at FVTPL or designated at FVTPL.

The Secured Non-convertible debentures are secured by pari-passu charges on Buildings(forming part of PPE)and exclusive charges on receivables under loan contracts having carrying value of Rs. 19,25,549.49 lakhs (March 2019:Rs 21,27,458.97 Lakhs).

Details of Non-convertible debentures (Secured):

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
A) Issued on private placement basis (wholesale) -				
Repayable on maturity:				
Maturing within 1 years	**7.10%-9.40%**	**6,23,700.00**	7.29%-9.45%	7,34,500.00
Maturing between 1 years to 3 years	**7.00%-9.49%**	**3,69,180.00**	7.35%-9.49%	7,71,150.00
Maturing between 3 year to 5 years	**7.45%-8.95%**	**1,97,300.00**	8.24%-8.95%	98,000.00
Maturing beyond 5 year	**7.75%-9.00%**	**3,34,250.00**	8.70%-9.00%	1,79,500.00
Sub-total at face value (A)		**15,24,430.00**		17,83,150.00
B) Issued on retail public issue -				
Repayable on maturity:				
Maturing between 1 year to 3 years	**9.00%-9.05%**	**40,540.83**	–	–
Maturing between 3 years to 5 years	**9.10%-9.15%**	**53,556.11**	9.00%-9.15%	94,096.94
Maturing beyond 5 years	**9.20%-9.30%**	**86,915.30**	9.20%-9.30%	86,915.30
Sub-total at face value (B)		**1,81,012.24**		1,81,012.24
Total at face value (A+B)		**17,05,442.24**		19,64,162.24
Less: Unamortised discounting charges		**5,720.95**		9,362.50
Total amortised cost		**16,99,721.29**		19,54,799.74

Details of Non-convertible debentures (Unsecured) -:

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing beyond 5 years	**8.53%**	**40,000.00**	8.53%	20,000.00
Total at face value		**40,000.00**		20,000.00
Less: Unamortised discounting charges		**199.98**		106.45
Total amortised cost		**39,800.02**		19,893.55

Details of Commercial Papers (Unsecured):

				Rs. in lakhs
From the Balance Sheet date	**As at 31 March 2020**		As at 31 March 2019	
	Interest rate range	**Amount**	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	–	–	7.70% - 9.05%	2,65,000.00
Total at face value		–		2,65,000.00
Less: Unamortised discounting charges		–		7,755.37
Total amortised cost		–		2,57,244.63

Rupee Denominated Secured Bonds overseas (Masala Bonds)

				Rs. in lakhs
From the Balance Sheet date	**As at 31 March 2020**		As at 31 March 2019	
	Interest rate range	**Amount**	Interest rate range	Amount
Repayable on maturity:				
Maturing between 3 years to 5 years	**7.40%**	**35,000.00**	–	–
Total at face value		**35,000.00**		–
Less: Unamortised discounting charges		**33.58**		–
Total amortised cost		**34,966.42**		–

17 Borrowings (Other than Debt Securities)

		Rs. in lakhs
	31 March 2020	31 March 2019
At Amortised cost		
a) Term loans		
i) Secured -		
– from banks	**17,28,090.56**	13,73,553.76
– from banks in foreign currency	**18,294.06**	63,403.97
– External Commercial Borrowings	**2,73,778.83**	1,37,396.77
– Associated liabilities in respect of securitisation transactions	**8,88,170.82**	4,34,734.49
ii) Unsecured -		
– from banks	**26,400.00**	5,813.54
b) Loans from related parties		
Unsecured -		
– Inter-corporate deposits (ICDs)	**14,000.00**	92,650.00
c) Loans repayable on demand		
i) Secured -		
– Cash credit facilities with banks	**–**	22,600.50
Total	**29,48,734.27**	21,30,153.03
Borrowings in India	**26,74,955.44**	19,92,756.26
Borrowings outside India	**2,73,778.83**	1,37,396.77
Total	**29,48,734.27**	21,30,153.03

Note: There is no borrowings measured at FVTPL or designated at FVTPL.

The term loans are secured by exclusive charges on receivables under loan contracts having carrying amount of Rs 20,97,645.76 lakhs (March 2019: Rs 14,07,901.91 lakhs).

The borrowings have not been guaranteed by directors or others. Also the Company has not defaulted in repayment of principal and interest.

Details of term loans from banks (Secured)

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	**Amount**	Interest rate range	Amount
1) Repayable on maturity:				
Maturing within 1 year	**6.55% - 8.90%**	**1,71,135.00**	8.20% - 8.75%	1,22,900.00
Maturing between 1 year to 3 years	**6.95% - 8.10%**	**1,85,000.00**	8.60% - 8.75%	43,000.00
Total for repayable on maturity		**3,56,135.00**		1,65,900.00
2) Repayable in installments:				
i) Monthly -				
Maturing between 1 year to 3 years	**7.85%**	**10,000.00**	8.91%	10,000.00
Sub-Total		**10,000.00**		10,000.00
ii) Quarterly -				
Maturing within 1 year	**5.45% - 8.55%**	**1,52,333.33**	8.35% - 8.85%	95,869.05
Maturing between 1 year to 3 years	**5.45% - 8.55%**	**2,77,190.48**	8.35% - 8.85%	2,09,166.67
Maturing between 3 years to 5 years	**8.00% - 8.20%**	**27,500.00**	8.70% - 8.85%	27,857.14
Sub-Total		**4,57,023.81**		3,32,892.86
iii) Half yearly -				
Maturing within 1 year	**7.15% - 10.50%**	**1,82,611.11**	7.45% - 10.50%	1,55,000.00
Maturing between 1 year to 3 years	**6.80% - 10.50%**	**3,31,221.56**	7.45% - 10.50%	3,17,000.00
Maturing beyond 3 years to 5 years	**7.75% - 10.50%**	**1,20,667.33**	8.55% - 10.50%	58,000.00
Sub-Total		**6,34,500.00**		5,30,000.00
iv) Yearly -				
Maturing within 1 year	**7.95% - 8.85%**	**91,666.67**	8.35%-8.80%	44,033.33
Maturing between 1 year to 3 years	**7.95% - 8.85%**	**1,78,333.33**	8.35% - 9.00%	2,46,133.33
Maturing between 3 years to 5 years			8.65% - 8.75%	45,000.00
Sub-Total		**2,70,000.00**		3,35,166.67
Total for repayable in installments		**13,71,523.81**		12,08,059.52
Total (1+2) (As per contractual terms)		**17,27,658.81**		13,73,959.52
Less Unamortized Finance Cost		**(431.75)**		405.76
Total Amortized Cost		**17,28,090.56**		13,73,553.76

The rates mentioned above are the applicable rates as at the year end date linked to MCLR (Marginal Cost of funds based Lending Rate) and Treasury bills plus spread.

Details of Secured term loans from banks in foreign currency (USD)

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	**Amount**	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	**LIBOR plus spread 1.44% -2.20%**	**18,297.55**	LIBOR plus spread 2.00% -2.20%	63,399.36
Total		**18,297.55**		63,399.36
Less Unamortized Finance Cost		**3.49**		(4.61)
Total Amortized Cost		**18,294.06**		63,403.97

Details of External Commercial Borrowings (USD & Euro)

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Maturing between 1 year to 3 years	LIBOR plus spread 1.10 - 1.50%	2,76,243.96	LIBOR plus spread 1.10%	1,39,698.35
		2,76,243.96		1,39,698.35
Less Unamortized Finance Cost		2,465.13		2,301.58
		2,73,778.83		1,37,396.77

Details of associated liabilities related to Securitization transactions

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Maturing within 1 year	8.73% - 9.03%	3,86,697.24	5.2%-9.25%	1,94,427.46
Maturing between 1 year to 3 years	8.80% - 9.03%	4,48,365.86	5.2%-9.25%	2,13,893.72
Maturing between 3 years to 5 years	9.03%	53,107.72	5.2%-9.25%	26,413.31
		8,88,170.82		4,34,734.49
Less Unamortized Finance Cost		–		–
		8,88,170.82		4,34,734.49

Details of Unsecured term loans from banks

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	7.80% - 9.00%	26,400.00	8.00% - 8.40%	5,813.54
Total		26,400.00		5,813.54
Less Unamortized Finance Cost		–		–
Total Amortized Cost		26,400.00		5,813.54

Details of Loans from related parties (Unsecured) - Inter-corporate deposits (ICDs)

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	5.00% - 7.60%	12,725.00	7.75% - 9.15%	92,650.00
Maturing between 1 year to 3 years	7.50%	1,275.00	–	–
Total		14,000.00		92,650.00
Less Unamortized Finance Cost		–		–
Total Amortized Cost		14,000.00		92,650.00

Details of Loans repayable on demand (Secured) - Cash credit facilities with banks

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	–	–	8.70%-9.80%	22,600.50
Total		–		22,600.50
Less Unamortized Finance Cost		–		–
Total Amortized Cost		–		22,600.50

18 Deposits

	31 March 2020	31 March 2019
		Rs. in lakhs
At amortised cost		
Deposits (Unsecured)		
– Public deposits	**8,81,213.98**	5,66,718.41
Total	**8,81,213.98**	5,66,718.41

Note: There is no deposits measured at FVTPL or designated at FVTPL.

Details of Deposits (Unsecured) - Public deposits:

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	**7.00% - 9.60%**	**1,66,223.58**	7.30% - 10.10%	1,37,787.00
Maturing between 1 year to 3 years	**6.9% - 9.15%**	**6,10,885.66**	7.35% - 9.60%	3,67,398.25
Maturing beyond 3 years	**7.65% - 9.15%**	**1,08,286.07**	7.35% - 10.10%	64,702.42
Total at face value		**8,85,395.31**		5,69,887.68
Less: Unamortised discounting charges		**4,181.33**		3,169.27
Total amortised cost		**8,81,213.98**		5,66,718.41

19 Subordinated liabilities

	31 March 2020	31 March 2019
		Rs. in lakhs
At Amortised cost		
Subordinated redeemable non-convertible debentures - private placement	**95,790.59**	1,10,167.06
Subordinated redeemable non-convertible debentures - retail public issue	**2,46,003.98**	2,45,716.76
Total	**3,41,794.57**	3,55,883.82
Subordinated liabilities in India	**3,41,794.57**	3,55,883.82
Subordinated liabilities outside India	**–**	–
Total	**3,41,794.57**	3,55,883.82

Note: There is no Subordinated liabilities measured at FVTPL or designated at FVTPL.

Details of Subordinated liabilities (at Amortized cost) - Subordinated redeemable non-convertible debentures

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
A) Issued on private placement basis (wholesale) -				
Repayable on maturity:				
Maturing within 1 year	**9.50% - 9.80%**	**27,220.00**	9.85% - 10.02%	14,500.00
Maturing between 1 year to 3 years	**9.80% - 10.50%**	**17,050.00**	9.50% - 10.50%	37,270.00
Maturing between 3 years to 5 years	**9.18% - 9.70%**	**34,280.00**	9.50% - 10.15%	19,780.00
Maturing beyond 5 years	**8.90% - 9.10%**	**17,500.00**	8.90% - 9.60%	39,000.00
Sub-total at face value (A)		**96,050.00**		1,10,550.00
B) Issued on retail public issue -				
Repayable on maturity:				
Maturing between 1 year to 3 years	**8.34% - 8.70%**	**5,465.78**	8.34% - 8.70%	5,465.78
Maturing between 3 years to 5 years	**7.75% - 8.80%**	**7,165.96**	8.44% - 8.80%	1,233.72
Maturing beyond 5 years	**7.90% - 9.50%**	**2,36,108.62**	7.75% - 9.50%	2,42,040.86
Sub-total at face value (B)		**2,48,740.36**		2,48,740.36
Total at face value (A+B)		**3,44,790.36**		3,59,290.36
Less: Unamortised discounting charges		**2,995.79**		3,406.54
Total amortised cost		**3,41,794.57**		3,55,883.82

20 Other financial liabilities

Rs. in lakhs

	31 March 2020	31 March 2019
Interest accrued but not due on borrowings	**192,672.92**	175,351.64
Unclaimed dividends	**68.66**	89.36
Unclaimed matured deposits and interest accrued thereon	**522.20**	504.63
Deposits/advances received against loan agreements	**5,744.55**	6,937.36
Insurance premium payable	**338.57**	1,073.79
Salary, Bonus and performance payable	**3,742.19**	**390.90**
Provision for expenses	**7,701.18**	7,650.56
Lease liabilities (refer note 41)	**18,880.38**	–
Others	**1,725.38**	664.71
Total	**231,396.03**	192,662.95

21 Provisions

Rs. in lakhs

	31 March 2020	31 March 2019
Provision for employee benefits		
– Gratuity	**2,431.55**	3,140.89
– Leave encashment	**6,608.32**	5,401.91
– Bonus, incentives and performance pay	**5,168.95**	11,830.81
Provision for loan commitment	**114.01**	279.09
Total	**14,322.83**	20,652.70

22 Other non-financial liabilities

Rs. in lakhs

	31 March 2020	31 March 2019
Deferred subvention income	**2,691.27**	2,692.81
Statutory dues and taxes payable	**6,470.23**	5,177.28
Others	**641.93**	657.75
Total	**9,803.43**	8,527.84

23 Equity Share capital

Rs. in lakhs

	31 March 2020	31 March 2019
Authorized:		
70,00,00,000 (31 March 2019: 70,00,00,000) Equity shares of Rs. 2/- each	**14,000.00**	14,000.00
50,00,000 (31 March 2019: 50,00,000) Redeemable preference shares of Rs. 100/- each	**5,000.00**	5,000.00
Issued, Subscribed and paid-up:		
61,77,64,960 (31 March 2019: 61,77,64,960) Equity shares of Rs. 2/- each fully paid up	**12,355.30**	12,355.30
Less: 24,17,256 (31 March 2019: 28,88,245) Equity shares of Rs. 2/- each fully paid up issued to ESOS Trust but not yet allotted to employees	**48.35**	57.76
Adjusted Issued, Subscribed and paid-up Share capital	**12,306.95**	12,297.54

		As at 31 March 2020		As at 31 March 2019	
		No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
a)	**Reconciliation of number of equity shares and amount outstanding:**				
	Issued, Subscribed and paid-up:				
	Balance at the beginning of the year	**6,17,764,960**	**12,355.30**	6,17,764,960	12,355.30
	Add: Fresh allotment of shares:	**–**	**–**	–	–
	Balance at the end of the year	**6,17,764,960**	**12,355.30**	6,17,764,960	12,355.30
	Less: Shares issued to ESOS Trust but not yet allotted to employees	**2,417,256**	**48.35**	2,888,245	57.76
	Adjusted Issued, Subscribed and paid-up Share capital	**6,15,347,704**	**12,306.95**	6,14,876,715	12,297.54
b)	**Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/associates:**				
	Holding and ultimate holding company: Mahindra & Mahindra Limited	**3,16,207,660**	**6,324.15**	3,16,207,660	6,324.15
	Percentage of holding (%)	**51.19%**	**51.19%**	51.19%	51.19%
c)	**Shareholders holding more than 5 percent of the aggregate shares:**				
	Mahindra & Mahindra Limited	**3,16,207,660**	**6,324.15**	3,16,207,660	6,324.15
	Percentage of holding (%)	**51.19%**	**51.19%**	51.19%	51.19%

d) Terms/rights attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Other Equity

Description of the nature and purpose of Other Equity:

Statutory reserve

Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilized only for limited purposes as specified by RBI from time to time and every such utilization shall be reported to the RBI within specified period of time from the date of such utilization.

Capital redemption reserve (CRR)

Capital redemption reserve represents reserve created pursuant to Section 55 (2) (c) of the Companies Act, 2013 by transfer of an amount equivalent to nominal value of the Preference shares redeemed. The CRR may be utilized by the Company, in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares in accordance with the provisions of the Companies Act, 2013.

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilized only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is created through annual transfer of profits at a specified percentage in accordance with applicable regulations under the erstwhile Companies Act, 1956. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up capital of the Company for that year, then the total dividend distribution is less than the total distributable profits for that year. Consequent to introduction of the Companies Act, 2013, the requirement to mandatorily transfer specified percentage of net profits to General reserve has been withdrawn. However, the amount previously transferred to the General reserve can be utilized only in accordance with the specific requirements of the Companies Act, 2013.

Debenture Redemption Reserve (DRR)

Until issuance of notification dated 16 August 2019 by MCA through the Companies (Share capital and Debentures) Amendment Rules, 2019, the Companies Act, 2013 required companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The Company was required to transfer a specified percentage (as provided in the Companies Act, 2013) of the outstanding redeemable debentures to debenture redemption reserve. The amounts credited to the debenture redemption reserve may be utilized only to redeem debentures. On completion of redemption, the reserve may be transferred to Retained Earnings.

Pursuant to issuance of notification dated 16 August 2019 by MCA through the Companies (Share capital and Debentures) Amendment Rules, 2019, the DRR is no longer required for certain class of companies, including listed NBFCs registered with RBI under section 45-IA of the RBI Act, 1934, in the case of public issue of debentures and privately placed debentures. Accordingly, the Company has not created any amount of DRR for the current financial year and transferred the carrying amount of DRR created in the earlier years to Retained earnings as it is no longer required.

Employee stock options outstanding

The Employee Stock Options outstanding represents amount of reserve created by recognition of compensation cost at grant date fair value on stock options vested but not exercised by employees and unvested stock options in the Statement of profit and loss in respect of equity-settled share options granted to the eligible employees of the Company and its subsidiaries in pursuance of the Employee Stock Option Plan.

Retained earnings

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

Details of dividends proposed

Rs. in lakhs

	31 March 2020	31 March 2019
Face value per share (Rupees)	**2.00**	2.00
Dividend percentage	**Nil**	325%
Dividend per share (Rupees)	**–**	6.50
Dividend on Equity shares	**–**	40,154.72
Estimated dividend distribution tax	**–**	7,631.31
Total Dividend including estimated dividend distribution tax	**–**	47,786.03

The dividends proposed for the financial year ended 31 March 2019 have been paid to shareholders in the subsequent financial year and accounted on payment basis on approval of the members of the Company at relevant Annual General Meeting. The proposed dividend of 325% pertaining to financial year ended 31 March 2019 included a special dividend of 125%.

The Board of Directors of the Company did not recommend any dividend for the current financial year ended 31 March 2020.

24 Interest income

Rs. in lakhs

		31 March 2020	31 March 2019
	On financial instruments measured at Amortised cost		
	Interest on loans	**9,71,196.84**	8,36,962.09
	Income from bill discounting	**6,157.37**	6,535.21
	Interest income from investments	**9,952.86**	16,158.19
	Interest on term deposits with banks	**6,862.85**	1,777.11
	Other interest income	**1.27**	16.78
(II)	**On financial instruments measured at fair value through OCI**		
	Interest income from investments in debt instrument	**–**	6.40
Total		**9,94,171.19**	8,61,455.78

Note: There is no loan asset measured at FVTPL.

25 Fees and commission income

Rs. in lakhs

	31 March 2020	31 March 2019
Service charges and other fees on loan transactions	**6,768.65**	5,659.43
Fees, commission/brokerage received from mutual fund distribution/other products	**1,744.30**	2,424.02
Collection fees related to transferred assets under securitization transactions	**1,185.90**	608.31
Total	**9,698.85**	8,691.76

26 Net gain/(loss) on fair value changes

Rs. in lakhs

		31 March 2020	31 March 2019
A)	Net gain/(loss) on financial instruments at FVTPL		
	i) On trading portfolio		
	– Investments	**(191.35)**	191.35
B)	Others - Mutual fund units	**2,806.45**	492.52
C)	Total Net gain/(loss) on financial instruments at FVTPL	**2,615.10**	683.87
	Fair value changes:		
	– Unrealized	**2,615.10**	683.87
D)	Total Net gain/(loss) on financial instruments at FVTPL	**2,615.10**	683.87

27 Other income

Rs. in lakhs

	31 March 2020	31 March 2019
Net gain on derecognition of property, plant and equipment	**70.09**	80.41
Net gain on sale investments measured at amortized cost	**4,574.05**	(119.90)
Dividend income from Equity investments in subsidiaries	**3,037.61**	2,007.23
Income from shared services	**7,027.70**	6,639.74
Others	**19.18**	82.83
Total	**14,728.63**	8,690.31

28 Finance costs

Rs. in lakhs

	31 March 2020	31 March 2019
On financial liabilities measured at Amortized cost		
Interest on deposits	**67,514.64**	35,708.17
Interest on borrowings	**1,62,459.30**	1,24,070.59
Interest on debt securities	**2,28,414.76**	1,99,789.70
Interest on subordinated liabilities	**31,663.69**	29,680.03
Net loss/(gain) in fair value of derivative financial instruments	**(11,972.85)**	2,693.63
Interest expense on lease liabilities (refer note 41)	**1,463.00**	-
Other borrowing costs	**3,332.35**	2,514.04
Total	**4,82,874.89**	3,94,456.16

Note: Other than financial liabilities measured at amortized cost, there are no other financial liabilities measured at FVTPL.

29 Impairment on financial instruments

Rs. in lakhs

	31 March 2020	31 March 2019
On financial instruments measured at Amortized cost		
Bad debts and write offs	**83,736.48**	1,76,376.70
Loans	**1,21,969.78**	(1,11,011.91)
Investments	**(146.33)**	(1,016.69)
Loan commitment	**(165.08)**	(827.27)
Trade receivables and other contracts	**52.22**	–
Total	**205,447.07**	63,520.83

Note: Other than financial instruments measured at amortized cost, there is no other financial instrument measured at FVOCI.

30 Employee benefits expenses

Rs. in lakhs

	31 March 2020	31 March 2019
Salaries and wages	**1,00,444.56**	96,799.40
Contribution to provident funds and other funds	**7,992.71**	6,610.45
Share based payments to employees	**2,941.80**	2,255.02
Staff welfare expenses	**3,465.44**	3,347.04
Total	**1,14,844.51**	1,09,011.91

31 Depreciation, amortization and impairment

Rs. in lakhs

	31 March 2019	31 March 2018
Depreciation on Property, Plant and Equipment	**5,370.48**	4,692.95
Amortization and impairment of intangible assets	**1,754.50**	1,329.57
Depreciation on Right of Use Asset (refer note 41)	**4,704.38**	–
Total	**11,829.36**	6,022.52

32 Other expenses

Rs. in lakhs

	31 March 2019	31 March 2018
Rent # (refer note 41)	**3,741.10**	7,059.14
Rates and taxes, excluding taxes on income	**2,522.58**	104.44
Electricity charges	**1,911.04**	2,356.33
Repairs and maintenance	**1,157.38**	1,358.59
Communication Costs	**2,671.97**	2,886.56
Printing and Stationery	**1,110.73**	1,148.74
Advertisement and publicity	**1,694.26**	3,240.93
Directors' fees, allowances and expenses	**346.53**	368.18
Auditor's fees and expenses -		
– Audit fees	**68.98**	75.53
– Other services	**49.34**	81.39
– Reimbursement of expenses	**0.14**	1.02
Legal and professional charges	**13,743.05**	15,152.63
Insurance	**3,956.13**	2,819.22
Manpower outsourcing cost	**3,502.95**	3,024.39
Donations	**3,145.54**	2,760.70
Corporate Social Responsibility (CSR) donations and expenses	**246.80**	167.32
Conveyance and travel expenses	**12,273.67**	12,402.56
Other expenditure	**18,905.32**	11,670.06
Total	**71,047.51**	66,677.73

The Company has adopted Ind AS 116, Leases, effective 1 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. On application of Ind AS 116, the nature of expense has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest accrued on lease liability. Ind AS 116 also provides for certain options and exemptions to recognize short-term lease payments and payments for leases of low-value assets, which are not included in the measurement of the lease liability and ROU asset, as expense on a straight line basis over the lease term in the statement of profit or loss.

Accordingly, rent expenses for the year ended 31 March 2020 comprises of short-term lease payments and payments for leases of low-value assets recognized as per Ind AS 116, Leases.

33 Earning Per Share (EPS)

Rs. in lakhs

	31 March 2020	31 March 2019
Profit for the year (Rs in lakhs)	**90,640.39**	155,706.35
Weighted average number of Equity Shares used in computing basic EPS	**6,15,043,690**	6,14,621,661
Effect of potential dilutive Equity Shares	**1,331,431**	1,332,128
Weighted average number of Equity Shares used in computing diluted EPS	**6,16,375,121**	6,15,953,789
Basic Earnings per share (Rs.) (Face value of Rs. 2/- per share)	**14.74**	25.33
Diluted Earnings per share (Rs.)	**14.71**	25.28

34 Accumulated Other Comprehensive Income

Rs. in lakhs

	31 March 2020	31 March 2019
A) Items that will not be reclassified to profit or loss		
Balance at the beginning of the year	**295.78**	–
– Net gain / (loss) on equity instruments through OCI	**268.65**	454.65
– Income tax impact thereon	**(51.94)**	(158.87)
Balance at the end of the year: Subtotal (A)	**512.49**	295.78
B) Items that will be reclassified to profit or loss		
Balance at the beginning of the year	**512.98**	-
– Net gain / (loss) on debt instruments through OCI	**767.09**	788.52
– Income tax impact thereon	**(115.97)**	(275.54)
Balance at the end of the year: Subtotal (B)	**1,164.10**	512.98
Accumulated Other Comprehensive Income (A + B)	**1,676.59**	808.76

35 Employee Stock Option Plan

The Company had allotted 48,45,025 Equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2010 at par on 3 February 2011 to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee. Upon exercise of stock options under the scheme by eligible employees, the Trust had issued 32,13,044 equity shares to employees up to 31 March 2020 (31 March 2019: 27,42,055 equity shares), of which 4,70,989 equity shares (31 March 2019: 3,99,748 equity shares) were issued during the current year.

a) The terms and conditions of the Employees stock option scheme 2010 are as under:

Particulars	Terms and conditions
Type of arrangement	Employees share based payment plan administered through ESOS Trust
Contractual life	3 years from the date of each vesting
Number of vested options exercisable	Minimum of 50 or number of options vested whichever is lower
Method of settlement	By issue of shares at exercise price
Vesting conditions	20% on expiry of 12 months from the date of grant
	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant
	20% on expiry of 48 months from the date of grant
	20% on expiry of 60 months from the date of grant

b) Options granted during the year:

During the year ended 31 March 2020, the Company has not granted any stock options (31 March 2019: 21,94.249) to the eligible employees under the Employees' Stock option scheme 2010. The details of stock options are as under:

	Year ended 31 March 2020	Year ended 31 March 2019
Particulars	**N/A**	Grant dated 24 October 2018
Exercise price (Rs.)	–	2.00
No. of years vesting	–	5
Fair value of option (Rs.)	–	355.34

The key assumptions used in black-scholes model for calculating fair value as on the date of grant are:

Variables#	**Year ended 31 March 2020**	Year ended 31 March 2019
	N/A	Grant dated 24 October 2018
1) Risk free interest rate	–	7.77%
2) Expected life	–	4.51 years
3) Expected volatility	–	37.61%
4) Dividend yield	–	1.07%
5) Price of the underlying share in the market at the time of option grant (Rs.)	–	374.35

the values mentioned against each of the variables are based on the weighted average percentage of vesting.

c) Summary of stock options

Particulars	**As at 31 March 2020**		As at 31 March 2019	
	No. of stock options	**Weighted average exercise price (Rs.)**	No. of stock options	Weighted average exercise price (Rs.)
Options outstanding at the beginning of the year	**28,66,916**	**2.00**	10,83,987	2.00
Options granted during the year	**–**	**2.00**	21,94,249	2.00
Options forfeited / lapsed during the year	**42,882**	**2.00**	9,684	2.00
Options expired during the year	**2,703**	**2.00**	1,888	2.00
Options exercised during the year	**470,989**	**2.00**	399,748	2.00
Options outstanding at the end of the year	**23,50,342**	**2.00**	28,66,916	2.00
Options vested but not exercised at the end of the year	**502,244**	**2.00**	176,151	2.00

d) Information in respect of options outstanding:

	As at 31 March 2020		As at 31 March 2019	
Exercise price	**No. of stock options**	**Weighted average remaining life**	No. of stock options	Weighted average remaining life
Rs. 2.00	**23,50,342**	**54 months**	28,66,916	62 months

e) Average Share price at recognised stock exchange on the date of exercise of the option are as under:

Year ended 31 March 2020		Year ended 31 March 2019	
Date of Exercise	**Average share price (Rs.)**	Date of Exercise	Weighted Average share price (Rs.)
27 April 2019 to 22 March 2020	**335.73**	27 April 2018 to 22 March 2019	441.05

f) Determination of expected volatility

The measure of volatility used in the Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time.

The determination of expected volatility is based on historical volatility of the stock over the most recent period that is generally commensurate with the expected life of the option being valued. The period considered for volatility is adequate to represent a consistent trend in the price movements and the movements due to abnormal events are evened out.

Accordingly, since each vest has been considered as a separate grant, the model considers the volatility for periods, corresponding to the expected lives of different vests, prior to the grant date. Volatility has been calculated based on the daily closing market price of the Company's stock price on NSE over these years. Similar approach was followed in determination of expected volatility based on historical volatility for all the grants under the scheme.

In respect of stock options granted under Employee Stock Option Scheme 2010, the accounting is done as per the requirements of Ind AS 102. Consequently, Rs.2,941.80 lakhs (31 March 2019: Rs.2,255.02 lakhs) has been included under 'Employee Benefits Expense' as 'Share-based payment to employees' based on respective grant date fair value, after adjusting for reversals on account of options forfeited. The amount includes cost reimbursements to the holding company of Rs.51.60 lakhs (31 March 2019: Rs. 27.40 lakhs) in respect of options granted to employees of the Company and excludes net recovery of Rs.56.96 lakhs (31 March 2019: Rs.100.36 lakhs) from its subsidiaries for options granted to their employees.

36 Employee benefits

General description of defined benefit plans

Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering qualifying employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under The Payment of Gratuity Act, 1972. The Company makes annual contribution to the Gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity fund.

Post retirement medical

The Company provides for post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement

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

Asset volatility -

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets underperform compared to this yield, this will create or increase a deficit. The defined benefit plans may hold equity type assets, which may carry volatility and associated risk.

Change in bond yields -

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments.

Inflation risk -

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The post retirement medical benefit obligation is sensitive to medical inflation and accordingly, an increase in medical inflation rate would increase the plan's liability

Life expectancy -

The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants, both during and after the employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Details of defined benefit plans as per actuarial valuation are as follows:

		Funded Plan Gratuity Year ended 31 March	
Particulars		**2020**	2019
I.	**Amounts recognised in the Statement of Profit & Loss**		
	Current service cost	**1,131.46**	979.82
	Net Interest cost	**216.14**	148.59
	Past service cost	**(1,091.19)**	–
	Adjustment due to change in opening balance of Plan assets	**(322.83)**	(238.81)
	Total expenses included in employee benefits expense	**(66.42)**	889.60
II.	**Amount recognised in Other Comprehensive income**		
	Remeasurement (gains)/losses:		
	a) Actuarial (gains)/losses arising from changes in -		
	- financial assumptions	**(1,134.18)**	(1,324.60)
	- experience adjustments	**–**	–
	b) Return on plan assets, excluding amount included in net interest expense/ (income)	**–**	–
	Total amount recognised in other comprehensive income	**(1,134.18)**	(1,324.60)
III.	**Changes in the defined benefit obligation**		
	Opening defined benefit obligation	**7,387.71**	5,177.73
	Add/(less) on account of business combination/transfers		
	Current service cost	**1,131.46**	979.82
	Past service cost	**(1,091.19)**	-
	Interest expense	**566.64**	400.24
	Remeasurement (gains)/losses arising from changes in -		
	– demographic assumptions	**27.37**	35.99
	– financial assumptions	**770.02**	46.94
	– experience adjustments	**(13.70)**	990.02
	Benefits paid	**(238.15)**	(243.03)
	Closing defined benefit obligation	**8,540.16**	7,387.71
IV.	**Change in the fair value of plan assets during the year**		
	Opening Fair value of plan assets	**4,246.82**	3,016.71
	Interest income	**350.49**	251.65
	Expected return on plan assets	**(350.49)**	(251.65)
	Contributions by employer	**1,777.11**	1,234.34
	Adjustment due to change in opening balance of Plan assets	**322.83**	238.80

Particulars		Funded Plan Gratuity Year ended 31 March 2020	2019
	Actual Benefits paid	**(238.15)**	(243.03)
	Closing Fair value of plan assets	**6,108.61**	4,246.82
V.	**Net defined benefit obligation**		
	Defined benefit obligation	**8,540.16**	7,387.71
	Fair value of plan assets	**6,108.61**	4,246.82
	Surplus/(Deficit)	**2,431.55**	3,140.89
	Current portion of the above	**648.20**	799.78
	Non current portion of the above	**1,783.35**	2,341.11
Actuarial assumptions and Sensitivity			
I.	**Actuarial assumptions**		
	Discount Rate (p.a.)	**6.90%**	7.67%
	Attrition rate	**12.41 for age upto 30, 8.21 for age 31-44, 0.21 for 44 and above**	19.00 for age upto 35, 3.00 for age 36-45, 0.11 for 46 and above
	Expected rate of return on plan assets (p.a.)	**-**	-
	Rate of Salary increase (p.a.)	**7.00%**	7.00%
	In-service Mortality	**Indian Assured Lives Mortality (2012-14) Ultimate**	Indian Assured Lives Mortality (2006-08) Ultimate
II.	**Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as follows:**		
	One percentage point increase in discount rate	**(896.43)**	(1,248.37)
	One percentage point decrease in discount rate	**1,064.31**	1,226.74
	One percentage point increase in Salary growth rate	**1,052.51**	1,222.10
	One percentage point decrease in Salary growth rate	**(903.42)**	(1,264.06)
III.	**Maturity profile of defined benefit obligation**		
	Within 1 year	**982.14**	1,067.10
	Between 1 and 5 years	**4,002.93**	4,050.08

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

The plan assets have been primarily invested in government securities and corporate bonds.

During the year ended 31 March 2020, there was a revision in salary structure by reduction of basic pay with corresponding increase in variable pay of employees in certain grades made effective during the last quarter which resulted in reduction in valuation of defined benefit obligation on account of gains recorded in past service cost amounting to Rs.1,091.19 lakhs and the same is netted against expenses recognized in Statement of Profit and Loss under the head Employee Benefits Expense.

Accordingly, the Company had recognized a net gain of Rs.66.42 lakhs for the year ended 31 March 2020 (as against expenses of Rs.889.60 lakhs for the year ended 31 March 2019) in the Statement of Profit and Loss under the head Employee Benefits Expense.

The Company's contribution to provident fund, superannuation fund and national pension scheme aggregating to Rs 6,806.72 lakhs (31 March 2019: Rs.4,186.75 lakhs) has been recognized in the Statement of profit and loss under the head Employee benefits expense.

37 Funds raised by issue of Rupee denominated USD settled, Secured Notes ("Masala Bonds")

During the quarter and year ended 31 March 2020, the Company had raised funds in the overseas market amounting to Rs. 35,000.00 lakhs (equivalent to USD 50 million) through issue of Rupee denominated USD settled, Secured Notes ("Masala Bonds") under External Commercial Borrowings (ECB) accessed through approval route requiring prior approval of RBI as per ECB Master directions. These are unlisted instruments, issued on 13 February 2020 for total duration of 4 years, carrying a fixed coupon rate of 7.40%, repayable at par on maturity on 13 February 2024.

The net proceeds from the issue of these Notes were applied for the purpose of on-lending, in accordance with the approvals granted by the RBI and the ECB Master Directions.

38 Funds raised by issue of debt instruments through public issue

During the year ended 31 March 2020, there was no capital raised by issue of debt instruments through public issue.

During the corresponding previous year ended 31 March 2019, the Company has raised an amount of Rs. 2,14,699.47 lakhs by way of Public Issuance of Secured Redeemable Non-Convertible Debentures (NCD's) and Unsecured Subordinated Redeemable Non-Convertible Debentures of the face value of Rs.1,000.00 each. The NCD's issued during the previous year were allotted on 18 January 2019 and these were listed on the BSE. The entire amount of proceeds from these issuances were used for the purposes as stated in its 'Placement Document' and there was no unutilized amount pertaining to these issuances. The issue expenses of Rs.2100.00 lakhs has been adjusted against underlying NCD liabilities for amortization at effective interest rate over the tenor of respective NCDs as per the accounting policy. The details are as follows.

Proceeds from issue of NCDs:

Rs. in lakhs

Sr. No.	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
i)	Unsecured Subordinated Redeemable Non-Convertible Debentures (NCD's) of face value of Rs.1000/- each	–	33,687.23
ii)	Secured Redeemable Non-Convertible Debentures (NCD's) of face value of Rs.1000/- each	–	1,81,012.24
	Total	–	2,14,699.47
	Issue expenses [adjusted against underlying NCD liabilities for amortization at effective interest rate over the tenor of respective NCDs]	–	2,100.00

In terms of the requirements as per Section 71 (4) of the Companies Act, 2013 read with The Companies (Share capital and Debentures) Rules 2014, Rule no. 18 (7) and applicable SEBI Issue and Listing of Debt Securities Regulations, 2008, the Company has transferred Rs.14,667.61 lakhs to Debenture Redemption Reserve (DRR) on a prorata basis on total NCDs outstanding as at 31 March 2019, including the amount of fresh issuance during the year to create adequate DRR over the tenor of the debentures.

Pursuant to issuance of notification dated 16 August 2019 by MCA through the Companies (Share capital and Debentures) Amendment Rules, 2019, the DRR is no longer required for certain class of companies, including listed NBFCs registered with RBI under section 45-IA of the RBI Act, 1934, in the case of public issue of debentures and privately placed debentures. Accordingly, the Company has not created any amount of DRR for the current financial year and written-back an amount of Rs. 22,370.59 lakhs being the carrying amount of DRR created in the earlier years to Retained earnings as it is no longer required.

39 Transactions in the nature of change in ownership in other entities

i) Pursuant to the offer made by National Housing Bank (NHB), the Board of Directors of the Company, at its meeting held on 27 March 2019, had approved the acquisition of 1,18,91,511 equity shares of Rs.10/- each of Mahindra Rural Housing Finance Limited, a subsidiary of the Company, at a premium of Rs. 231.16, for cash, aggregating to Rs. 28,677.57 lakhs. During the year ended 31 March 2020, the Company had settled the entire amount of obligation as per the terms and conditions of the agreement.

ii) The Company, on 21 June 2019, along with Mahindra Asset Management Company Private Limited (MAMCPL) and Mahindra Trustee Company Private Limited (MTCPL), wholly-owned subsidiaries of the Company, had entered in to a share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. (Manulife). Pursuant to these agreements, Manulife was required to make an equity investment aggregating to US $ 35.00 million to acquire 49% of the share capital of MAMCPL & MTCPL.

The transaction was settled on 29 April 2020 in accordance with share subscription and shareholders' agreements to acquire a 49% stake in MIAMCPL and MTCPL by Manulife. The said agreements have also provided for sale of certain number of equity shares of MAMCPL by MMFSL at an agreed valuation within the overall stake divestment of 49% to Manulife. Accordingly, under the sale transaction, 1,47,00,000 equity shares of MAMCPL, equivalent to 7% of the fully paid up equity share capital of MAMCPL, for a consideration of Rs. 2080.10 lakhs (equivalent to USD 2.73 million), have been transferred in de materialized form to Manulife.

Consequent to the above, the share holding of the Company in MAMCPL and MTCPL has come down from 100% to 51% of the share capital respectively, and accordingly, MAMCPL and MTCPL will cease to be wholly-owned subsidiaries of the Company but, continue to remain the Company's subsidiaries w.e.f. 29 April 2020. In the Consolidated financial statements for the year ended 31 March 2020, MAMCPL and MTCPL have been treated as 100% subsidiaries of the Company.

iii) During the year ended 31 March 2020, the Company has entered in to a share subscription, share purchase and shareholders' agreement with Ideal Finance Limited ("Ideal Finance") and its existing Shareholders to form and operate a Joint Venture in the financial services sector in Sri Lanka. Pursuant to these agreements, the Company has agreed to subscribe / acquire up to 58.20% of the Equity share capital of Ideal Finance, in one or more branches over a specified period of time, for an amount not exceeding Sri Lankan Rupees (LKR) 200.30 crores (equivalent to around Rs.80.12 crores at foreign exchange rate of INR 1 to LKR 2.5). Upon acquisition of above stake, Ideal Finance will become a subsidiary of the Company. As part of this agreement, the Company has remitted an amount of Rs. 4,399.60 lakhs (equivalent to LKR 11,000.00 lakhs) to Ideal Finance towards acquisition of 38.20% of the Equity share capital under first and second branches as prescribed in these agreements.

iv) During the year ended 31 March 2020, the Company had incorporated a Wholly-owned subsidiary company, namely, Mahindra Finance CSR Foundation, under the provisions of section 8 of the Companies Act, 2013 for undertaking the CSR activities of the Company and its subsidiaries.

40 Capital management

The Reserve Bank of India vide its circular reference RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 outlines the regulatory guidance in relation to Ind AS financial statements from financial year 2019-20 onwards. This included guidance for computation of 'owned funds', 'net owned funds' and 'regulatory capital'. Accordingly, the 'regulatory capital' as of 31 March 2020 has been computed in accordance with these requirements read with the requirements of the Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended). The 'regulatory capital' as of 31 March 2019 as disclosed in the comparative period numbers below was computed based on the carrying values as reflected in the financial statements prepared in accordance with requirements of Ind AS.

'The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term /long term debt as may be appropriate.

The company determines the amount of capital required on the basis of operations, capital expenditure and strategic investment plans. The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio.

The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI's capital adequacy guidelines, the Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital. The minimum capital ratio as prescribed by RBI guidelines and applicable to the Company, consisting of Tier I and Tier II capital, shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

The Company has complied with all regulatory requirements related capital and capital adequacy ratios as prescribed by RBI.

Regulatory capital

Rs. in lakhs

	As at 31 March 2020	As at 31 March 2019
Tier - I capital	**9,62,879.47**	10,02,787.58
Tier - II capital	**2,64,543.44**	3,08,102.15
Total Capital	**12,27,422.91**	13,10,889.73
Aggregate of Risk Weighted Assets	**62,48,547.10**	64,64,867.86
Tier - I capital ratio	**15.4%**	15.5%
Total Capital ratio	**19.6%**	20.3%

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

"owned fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

"Tier II capital" includes the following -

(a) preference shares other than those which are compulsorily convertible into equity;

(b) revaluation reserves at discounted rate of fifty five percent;

(c) General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets

(d) hybrid debt capital instruments; and

(e) subordinated debt to the extent the aggregate does not exceed Tier I capital.

Aggregate Risk Weighted Assets -

Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off- balance sheet assets. Hence, the value of each of the on-balance sheet assets and off- balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio.

41 Leases

I) In the cases where assets are taken on operating lease (as lessee) -

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments used for operating activities. The Company, previously classified these leases as operating leases under Ind AS 17 based on its assessment that the lessor effectively retained substantially all the risks and benefits incidental to ownership of the underlying asset and hence, the lease payments were recognized as an expense in the Statement of profit and loss.

The Company has adopted Ind AS 116, Leases, effective 1 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. Consequently, the Company has recognized the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate at the date of initial application and ROU asset is equal to lease liability adjusted by the amount of any prepaid or accrued lease payments in relation to leases which has been previously classified as operating leases under Ind AS 17 subject to certain practical expedients as allowed by the Standard.

The following is the summary of practical expedients elected on initial application of Ind AS 116.

a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;

b) Availed the exemption not to recognize ROU assets and liabilities for leases of low value assets and leases with less than 12 months (short-term lease) of lease term on the date of initial application;

c) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;

d) Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

e) Used hindsight to determine the lease term of contracts.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at 1 April 2019. The weighted average of Company's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 9.00%.

a) Transition date reconciliation as at 01 April 2019

	Rs. in lakhs
Operating lease commitments as per Ind AS 17 as at 31 March 2019	30,840.74
Present value of above lease commitment, using incremental borrowing rate as on 01 April 2019	20,680.84
Less:- Adjustments for recognizing exemption for short term leases	2,233.34
Lease liabilities recognized as at 1 April 2019	18,447.50

b) Maturity Analysis - Contractual Undiscounted Cash Flow as at 31 March 2020:

	Rs. in lakhs
Less than 1 year	5,463.47
1 - 3 years	8,254.41
3 - 5 years	**5,387.71**
More than 5 years	4,582.31
Total undiscounted lease liabilities as at 31 March 2020	23,687.90

c) Other disclosures:

On application of Ind AS 116, the nature of expense has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest accrued on lease liability. Ind AS 116 also provides for certain options and exemptions to recognize short-term lease payments and payments for leases of low-value assets which are not included in the measurement of the lease liability and ROU asset as expense on a straight line basis over the lease term in the statement of profit or loss. Following table summarizes other disclosures including the note references for the expense, asset and liability heads under which certain expenses, assets and liability items are grouped in the financial statements.

Rs. in lakhs

		Amount for the year ended / As at 31 March 2020
i)	Depreciation charge for Right-Of-Use assets for Leasehold premises (presented under note - 31 "Depreciation, amortization and impairment")	4,704.38
ii)	Interest expense on lease liabilities (presented under note - 28 "Finance costs")	1,463.00
iii)	Expense relating to short-term leases (included in Rent expenses under note 32 "Other expenses")	2,476.16
iv)	Expense relating to leases of low-value assets (included in Rent expenses under note 32 "Other expenses")	1,264.94
v)	Payments for principal portion of lease liability	3,812.25
vi)	Additions to right-of-use assets during the year	4,245.13
vii)	Carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset -	
	- Property taken on lease for office premises (presented under note - 11 "Property, plant and equipments")	17,988.25
viii)	Lease liabilities (presented under note - 20 "Other financial liabilities")	18,880.38

II) In the cases where assets are given on operating lease (as lessor) -

Key terms of the lease are as below:

i) New vehicles to retail customers for a maximum period of 48 months with a minimum holding period of 24 months.

ii) Used and refurbished vehicles to travel operators / taxi aggregators with a initial agreement validity period of 36 months to 48 months and provision for extension for such period and on such terms and conditions as may be agreed by both the parties. The lease agreement also provides for minimum lock in period 6 months from the date of execution and cancellation with 3 months' notice from either parties. The consideration payable by the lessee is either minimum commitment charges or variable rental charges based on usage, make/model of the vehicle and certain other terms and conditions forming part of the lease agreement.

Rental income arising from these operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the Statement of profit and loss. Costs, including depreciation, incurred in earning the lease income are recognized as an expense.

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor. The Company accounted for its leases in accordance with Ind AS 116 from the date of initial application. The Company does not have any sub-lease transactions.

Other details are as follows:

Rs. in lakhs

Particulars		**As at 31 March 2020**	As at 31 March 2019
i)	**New vehicles to retail customers on operating lease -**		
	Gross carrying amount	**4,925.95**	13.75
	Depreciation for the year	**396.21**	0.74
	Accumulated Depreciation	**427.88**	13.02
ii)	**Used and refurbished vehicles to travel operators / taxi aggregators -**		
	Gross carrying amount	**358.71**	63.40
	Depreciation for the year	**42.62**	0.30
	Accumulated Depreciation	**56.49**	63.10

The total future minimum lease rentals receivable for the non-cancellable lease period as at the Balance sheet date is as under:

Rs. in lakhs

Particulars		**As at 31 March 2020**	As at 31 March 2019
i)	**New vehicles to retail customers on operating lease -**		
	Not later than one year	**1,451.45**	357.77
	Later than one year but not later than five years	**3,578.70**	1,253.64
	Later than five years	**–**	–
		5,030.15	**1,611.41**
ii)	**Used and refurbished vehicles to travel operators / taxi aggregators -**		
	Not later than one year	**50.92**	**37.55**
	Later than one year but not later than five years	**33.71**	**29.07**
	Later than five years	**–**	–
		84.63	66.62

Since there is no contingent rent applicable in respect of these lease arrangements, the Company has not recognized any income as contingent income during the year.

42 Operating segments

There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.

The Company operates in single segment only. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

No revenue from transactions with a single external customer amounted to 10% or more of the Company's total revenue in year ended 31 March 2020 or 31 March 2019.

43 Frauds reported during the year

There were 101 cases (31 March 2019: 123 cases) of frauds amounting to Rs.285.03 lakhs (31 March 2019: Rs.768.18 lakhs) reported during the year. The Company has recovered an amount of Rs.70.62 lakhs (31 March 2019: Rs.76.20 lakhs) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies on merit basis.

44 Contingent liabilities and commitments (to the extent not provided for)

Rs. in lakhs

		31 March 2020	31 March 2019
i)	**Contingent liabilities**		
	Claims against the Company not acknowledged as debts	**14,434.27**	22,174.97
	Guarantees	**1,11,742.35**	51,236.91
		1,26,176.62	**73,411.88**
ii)	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	**1,316.59**	**500.03**
	Other commitments (loan sanctioned but not disbursed)	**23,945.91**	**34,199.41**
		25,262.50	34,699.44
Total		**1,51,439.12**	1,08,111.32

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Income Tax, sales tax / VAT and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

Clarification on applicability of allowances for provident fund contributions under Employees Provident Fund Act, 1952

In February 2019, the Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice, the Company has made a provision for provident fund contribution from the date of the Supreme Court order and continued to remit the contribution on same basis.

45 Transfer of financial assets

Transferred financial assets that are not de recognized in their entirety

The Company has transferred certain pools of fixed rate loan receivables backed by underlying assets in the form of tractors, vehicles, equipments etc. by entering in to securitization transactions with the Special Purpose Vehicle Trusts ("SPV Trust") sponsored by Commercial banks for consideration received in cash at the inception of the transaction.

The Company, being Originator of these loan receivables, also acts as Servicer with a responsibility of collection of receivables from its borrowers and depositing the same in Collection and Payout Account maintained by the SPV Trust for making scheduled payouts to the investors in Pass Though Certificates (PTCs) issued by the SPV Trust. These securitization transactions also requires the Company to provide for first loss credit enhancement in various forms, such as corporate guarantee, cash collateral, subscription to subordinated PTCs. as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the Company is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided.

In view of the above, the Company has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the recognition criteria as set out in Ind AS 109. Consideration received in this transaction is presented as "Associated liability related to Securitization transactions" under Note no.17.

The following table provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Rs. in lakhs

Particulars	31 March 2020	31 March 2019
Securitisations -		
Carrying amount of transferred assets measured at amortised cost	**8,85,523.52**	4,31,200.15
Carrying amount of associated liabilities	**8,88,170.82**	4,34,734.49
Fair value of transferred assets (A)	**8,76,973.52**	**3,62,188.41**
Fair value of associated liabilities (B)	**8,16,917.73**	**4,13,225.89**
Net position (A-B)	**60,055.79**	**(51,037.48)**

46 Corporate Social Responsibility (CSR)

During the year ended 31 March 2020, the Company has incurred an expenditure of Rs.2,533.54 lakhs (31 March 2019: Rs. 2,502.95 lakhs) towards CSR activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs.246.08 lakhs (31 March 2019: Rs. 168.56 lakhs) towards the CSR activities undertaken by the Company.

Detail of amount spent towards CSR activities:

a) Gross amount required to be spent by the Company during the year is Rs. 2280.16 lakhs (31 March 2019: Rs. 2,681.34 lakhs).

b) Amount spent by the Company during the year:

Rs. in lakhs

Particulars		**For the year ended 31 March 2020**			For the year ended 31 March 2019		
		In cash	**Yet to be paid in cash**	**Total**	In cash	Yet to be paid in cash	Total
i)	Construction / acquisition of any asset	–	–	–	–	–	–
ii)	On purpose other than (i) above	**2,797.36**	–	**2,797.36**	2,687.30	–	2,687.30

The above expenditure includes Rs.17.74 lakhs (31 March 2019: Rs.15.79 lakhs) as salary cost in respect of certain employees who have been exclusively engaged in CSR administrative activities which qualifies as CSR expenditure under section 135 of the Companies Act, 2013.

47 During the year ended 31 March 2020, the Company had made a contribution of Rs.600.00 lakhs (31 March 2019: 240.00 lakhs) to New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013 to enable Electoral Trust to make contributions to political party/parties duly registered with the Election Commission, in such manner and at such times as it may decide from time to time. This contribution was as per the provisions of section 182 of the Companies Act, 2013.

48 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

49 Reconciliation of movement of liabilities to cash flows from financing activities

Year ended 31 March 2020

Rs. in lakhs

Particulars	31 March 2019	Cash flows (net)	Exchange difference	Amortization of loan origination costs	New leases (including transition to Ind AS 116)	31 March 2020
Debt securities	22,31,937.92	(4,56,151.40)	–	(1,298.79)	–	**17,74,487.73**
Borrowings (Other than debt securities)	21,30,153.03	7,97,802.95	19,173.16	1,605.13	–	**29,48,734.27**
Deposits	5,66,718.41	3,13,823.92	–	671.65	–	**8,81,213.98**
Subordinated liabilities	3,55,883.82	(13,976.88)	–	(112.37)	–	**3,41,794.57**
Lease liabilities	–	(3,812.25)	–	–	22,692.63	**18,880.38**
Dividend paid (including tax on dividend)	–	(47,786.03)	–	–	–	–
Total	**52,84,693.18**	**5,89,900.31**	**19,173.16**	**865.62**	**22,692.63**	**59,65,110.93**

Year ended 31 March 2019

Rs. in lakhs

Particulars	31 March 2018	Cash flows (net)	Exchange difference	Amortization of loan origination costs	31 March 2019
Debt securities	20,34,509.13	2,00,429.64	–	(3,000.85)	22,31,937.92
Borrowings (Other than debt securities)	13,38,913.59	7,88,705.24	826.29	1,707.91	21,30,153.03
Deposits	3,12,480.07	2,56,150.55	–	(1,912.21)	5,66,718.41
Subordinated liabilities	3,23,413.03	32,707.23	–	(236.44)	3,55,883.82
Dividend paid (including tax on dividend)	–	(29,378.43)	–	–	–
Total	**40,09,315.82**	**12,48,614.23**	**826.29**	**(3,441.59)**	**52,84,693.18**

50 Financial Risk Management Framework

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk, currency risk & liquidity risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.

Board of Directors of the Company have established Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies for its business. The Company's financial services businesses are exposed to high credit risk given the unbanked rural customer base and diminishing value of collateral. The credit risk is managed through credit norms established based on historical experience.

50.1 Market Risk

Market the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the return.

a) Pricing Risk

The Company's Investment in Mutual Funds is exposed to pricing risk. Other financial instruments held by the company does not possess any risk associated with trading. A 5 percent increase in Net Assets Value (NAV) would increase profit before tax by approximately Rs 16,206.00 lakhs (31st March 2019: Rs 3,177.00 lakhs). A similar percentage decrease would have resulted equivalent opposite impact.

b) Currency Risk

Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Company's foreign currency exposures are managed in accordance with its Foreign Exchange Risk Management Policy which has been approved by its Board of Directors. Company manages its foreign currency risk by entering into forward contract and cross currency swaps.

The carrying amounts of the Company's foreign currency exposure at the end of the reporting period are as follows:

Rs. in lakhs

	US Dollar	Euro	Total
As at 31 March 2020			
Financial Assets	**–**	**–**	**–**
Financial Liabilities	**2,72,141.24**	**19,931.66**	**2,92,072.90**
As at 31 March 2019			
Financial Assets	–	–	–
Financial Liabilities	82,052.52	118,748.22	2,00,800.74

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant.

Rs. in lakhs

	Currency	Change in rate	Effect on Profit Before Tax
Year ended 31 March 2020	**INR/EUR**	**(+/-) 1.00%**	**(+/-) 199.32**
	INR/USD	**(+/-) 1.00%**	**(+/-) 2,721.41**
Year ended 31 March 2019	INR/EUR	(+/-) 0.31%	(+/-) 371.85
	INR/USD	(+/-) 0.50%	(+/-) 407.98

c) Interest Rate Risk

The company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates.

Interest Rate risk on variable rate borrowings is managed by way of interest rate swaps.

Interest Rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Rs. in lakhs

	Currency	Increase / decrease in basis points	Effect on profit before tax
Year ended 31 March 2020	**INR**	**270**	**42,114.28**
Year ended 31 March 2019	INR	150	19,232.85

d) Off-setting of balances

The table below summarizes the financial liabilities offsetted against financial assets and shown on a net basis in the balance sheet:

Financial assets subject to offsetting

Rs. in lakhs

	Offsetting recognised on the balance sheet		
Particulars	**Gross assets before offset**	**Finanical liabilities netted**	**Assets recognised in balance sheet**
Loan assets			
At 31 March' 2020	**65,09,154.82**	**9,802.78**	**64,99,352.04**
At 31 March' 2019	61,35,483.82	10,521.02	61,24,962.80

Financial liabilities subject to offsetting

Rs. in lakhs

	Offsetting recognised on the balance sheet		
Particulars	**Gross liabilities before offset**	**Finanical liabilities netted**	**Liabilities recognised in balance sheet**
Other financial liabilities			
At 31 March' 2020	2,41,198.81	9,802.78	2,31,396.03
At 31 March' 2019	2,03,183.97	10,521.02	1,92,662.95

50.2 Credit Risk Management

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its retail and other loans primarily based on Days past due monitoring at period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Credit Quality of Financial Loans and Investments

The following table sets out information about credit quality of loans and investments measured at amortized cost based on days past due information. The amount represents gross carrying amount.

Rs. in lakhs

Particulars	**31 March 2020**	31 March 2019
Gross carrying value of Retail loans		
Neither Past due nor impaired	**49,49,484.43**	45,73,022.06
Past Due but not impaired		
30 days past due	**3,29,835.14**	3,99,846.71
31-90 days past due	**6,16,208.94**	5,17,380.10
Impaired (more than 90 days)	**5,48,449.65**	3,83,898.47
Total Gross carrying value as at reporting date	**6,443,978.16**	5,874,147.34

Rs. in lakhs

Particulars	**31 March 2020**	31 March 2019
Gross carrying value of SME loans including Bills of exchange		
Neither Past due nor impaired	**1,62,662.60**	1,90,390.41
Past Due but not impaired		
30 days past due	**49,797.19**	38,294.97
31-90 days past due	**7,849.04**	3,247.19
Impaired (more than 90 days)	**19,298.01**	17,655.41
Total Gross carrying value as at reporting date	**2,39,606.84**	2,49,587.98

Rs. in lakhs

Particulars	**31 March 2020**	31 March 2019
Gross carrying value of Trade Advances		
Less than 60 days past due	**96,383.29**	178,777.59
61-90 days past due	**21,149.54**	3,134.21
Impaired (more than 90 days)	**6,402.06**	5,518.76
Total Gross carrying value as at reporting date	**123,934.89**	187,430.56

Rs. in lakhs

Particulars	**31 March 2020**	31 March 2019
Gross carrying value of Financial Investments measured at amortised cost		
Neither Past due nor impaired	**1,12,958.95**	1,20,477.05
Past Due but not impaired		
30 days past due	**–**	–
31-90 days past due	**–**	–
Impaired (more than 90 days)	**–**	–
Total Gross carrying value as at reporting date	**1,12,958.95**	1,20,477.05

The Company reviews the credit quality of its loans based on the ageing of the loan at the period end. Since the company is into retail lending business, there is no significant credit risk of any individual customer that may impact company adversely, and hence the Company has calculated its ECL allowances on a collective basis.

Inputs considered in the ECL model

In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorizes loan assets into stages primarily based on the Months Past Due status.

Stage 1: 0-30 days past due

Stage 2: 31-90 days past due

Stage 3: More than 90 days past due

The company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for trade advances. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the company.

(i) RBI COVID-19 Regulatory Package

In accordance with the Reserve Bank of India (RBI) notification no. RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated 27th March, 2020 and RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 relating to 'COVID-19 - Regulatory Package', the Company, as per its board approved policy and ICAI advisories, has granted moratorium upto three months on the payment of installments falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. And in respect of accounts overdue but standard (i.e, stage 1 and stage 2) at 29 February 2020 where moratorium benefit has been granted, for the purpose of staging of those accounts and for determination of impairment loss allowance as at 31 March 2020, the days past due status as on 29 February 2020 has been considered.

(ii) Impact of COVID-19

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy.

While the methodologies and assumptions applied in the impairment loss allowance calculations remained unchanged from those applied while preparing the financial results for the period ended March 2019, the Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance and has recognized an overlay in the statement of profit and loss. The Company's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

(iii) Definition of default

The Company considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

(iv) Exposure at default

"Exposure at Default" (EAD) represents the gross carrying amount of the assets subject to impairment calculation. Future Expected Cash flows (Principal and Interest) for future years has been used as exposure for Stage 2.

(v) Estimations and assumptions considered in the ECL model

The Company has made the following assumptions in the ECL Model:

a. "Loss given default" (LGD) is common for all three Stages and is based on loss in past portfolio. Actual cash flows on the past portfolio are discounted at portfolio EIR rate for arriving loss rate.

b. "Probability of Default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD at 100%. This is calculated as an average of the last 60 months yearly movement of default rates and future adjustment for macro-economic factor.

(vi) Measurement of ECL

ECL is measured as follows:

- financial assets that are not credit impaired at the reporting date: for Stage 1, gross exposure is multiplied by PD and LGD percentage to arrive at the ECL. For Stage 2, future Expected Cash flows (Principal and Interest) for respective future years is multiplied by respective years Marginal PDs and LGD percentage and thus arrived ECL is then discounted with the respective loan EIR to calculate the present value of ECL. In addition, in case of Bills discounting and Channel finance, as the average lifetime is of 90 days, a time to maturity factor of 0.25 is used in the ECL computation.

- financial assets that are credit impaired at the reporting date: the difference between the gross exposure at reporting date and computed carrying amount considering EAD net of LGD and actual cash flows till reporting date;

- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive.

(vii) Forward Looking Information

Historical PDs has been converted into forward looking PD which incorporates the forward looking economic outlook. Considering that major chunk of borrowers in the retail portfolio is from rural area, Agriculture (real change % p.a.) is used as a macroeconomic variable. Agriculture (real change % p.a.) stands for Percentage change in real agricultural value-added, including livestock, forestry and fishing, over previous year). In case of SME and Bills Discounting portfolio, Real GDP (% change pa) is used as the macroeconomic variable.

The macroeconomic variables considered by the Company are robust reflections of the state of economy which result into systematic risk for the respective portfolio segments.

Additionally, three different scenarios have been considered for ECL calculation. Along with the actual numbers (considered for Base case scenario), other scenarios take care of the worsening as well as improving forward looking economic outlook. As at 31 March 2020, the probability assigned to base case scenario assumptions have been updated to reflect the rapidly evolving situation with respect to Covid-19. This includes an assessment of the effectiveness of stimulus packages announced by government and regulatory measures imparted by RBI. These are considered in determining the length and severity of the forecast economic downturn. The Company's base case economic forecast scenarios reflects a deterioration in economic conditions in the first quarter with a gradual improvement thereafter. In addition to the base case forecast which reflects largely the negative economic consequences of COVID-19, greater weighting has been applied to the downside scenarios given the Company's assessment of downside risks.

(viii) Assessment of significant increase in credit risk

When determining whether the credit risk has increased significantly since initial recognition, the Company considers both quantitative and qualitative information and analysis based on the Company's historical experience, including forward-looking information. The Company considers reasonable and supportable information that is relevant and available without undue cost and effort. The Company's accounting policy is not to use the practical expedient that the financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Company monitors all financial assets and loan commitments that are subject to impairment for significant increase in credit risk.

Based on the assessment by the Company, the RBI moratorium relaxation offered to the customers recognizing the potential detrimental impact of COVID-19 has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

As a part of the qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. In such instances, the Company treats the customer at default and therefore assesses such loans as Stage 3 for ECL calculations, following are such instances:

- A Stage 3 customer having other loans which are in Stage 1 or 2.
- Customers who have failed to pay their first EMI.
- Physical verification status of the repossessed asset related to the loan.
- Cases where Company suspects fraud and legal proceedings are initated.

(ix) Policy for write off of Loan Assets

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made from written off assets are netted off against the amount of financial assets written off during the year under "Bad debts and write offs" forming part of "Impairment on financial instruments" in Statement of profit and loss.

(x) Analysis of inputs to the ECL model with respect to macro economic variable

The below table shows the values of the forward looking macro economic variable used in each of the scenarios for the ECL calculations. For this purpose, the Company has used the data source of Economist Intelligence Unit. The upside and downside % change has been derived using historical standard deviation from the base scenario based on previous 8 years change in the variable.

ECL scenario for Macro Economic Variable	Year	Upside	Base	Downside
		%	%	%
Probability Assigned		0	70	30
Agriculture (% real change p.a)	**2020**	**5.7**	**3.5**	**1.3**
	2021	5.4	3.2	1.0
	2022	5.6	3.4	1.2
	2023	5.5	3.3	1.1
	2024	6.0	3.8	1.6
Real GDP (% change p.a)	**2020**	**7.7**	**6.7**	**5.7**
	2021	7.8	6.8	5.8
	2022	7.7	6.7	5.7
	2023	7.5	6.5	5.5
	2024	7.4	6.4	5.4

Impairment loss

The expected credit loss allowance provision for **Retail Loans** is determined as follows:

Rs. in lakhs

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired'	Total
Gross Balance as at 31 March 2020	**52,79,319.57**	**616,208.94**	**548,449.65**	**6,443,978.16**
Expected credit loss rate	**1.02%**	**11.75%**	**28.31%**	
Carrying amount as at 31 March 2020 (net of impairment provision)	**52,25,486.63**	**543,814.52**	**393,173.26**	**6,162,474.42**
Gross Balance as at 31 March 2019	49,72,868.77	5,17,380.10	3,83,898.47	5,874,147.34
Expected credit loss rate	1.03%	11.01%	16.81%	
Carrying amount as at 31 March 2019 (net of impairment provision)	49,21,882.98	4,60,420.12	3,19,347.75	5,701,650.84

The expected credit loss allowance provision for **SME Loans including Bills of exchange** is determined as follows:

Rs. in lakhs

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired'	Total
Gross Balance as at 31 March 2020	**2,12,459.79**	**7,849.04**	**19,298.01**	**2,39,606.84**
Expected credit loss rate	**0.23%**	**27.21%**	**82.00%**	
Carrying amount as at 31 March 2020 (net of impairment provision)	**2,11,968.51**	**5,713.58**	**3,474.14**	**2,21,156.24**
Gross Balance as at 31 March 2019	2,28,685.38	3,247.19	17,655.41	2,49,587.98
Expected credit loss rate	0.12%	2.61%	38.96%	
Carrying amount as at 31 March 2019 (net of impairment provision)	2,28,405.73	3,162.59	10,776.65	2,42,344.98

The expected credit loss allowance provision for **Trade Advances** is determined as follows:

Rs. in lakhs

	Less than 60 days past due	61-90 days past due	Credit impaired (more than 90 days)	Total
Gross Balance as at 31 March 2020	**96,383.28**	**21,149.54**	**6,402.06**	**1,23,934.89**
Expected credit loss rate	**0.40%**	**6.77%**	**100.00%**	
Carrying amount as at 31 March 2020 (net of impairment provision)	**95,997.75**	**19,718.61**	**–**	**1,15,716.36**
Gross Balance as at 31 March 2019	178,777.59	3,134.21	5,518.76	1,87,430.56
Expected credit loss rate	0.40%	7.33%	100.00%	
Carrying amount as at 31 March 2019 (net of impairment provision)	178,062.48	2,904.49	–	1,80,966.97

The expected credit loss allowance provision for **Financial Investments measured at amortised cost** is determined as follows:

Rs. in lakhs

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired'	Total
Gross Balance as at 31 March 2020	**1,12,958.95**	**–**	**–**	**1,12,958.95**
Expected credit loss rate	**0.12%**			
Carrying amount as at 31 March 2020 (net of impairment provision)	**1,12,822.76**			**1,12,822.76**
Gross Balance as at 31 March 2019	1,20,477.05	–	–	1,20,477.05
Expected credit loss rate	0.24%			
Carrying amount as at 31 March 2019 (net of impairment provision)	1,20,194.53	–	–	1,20,194.53

Level of Assessment - Aggregation Criteria

The company recognizes the expected credit losses (ECL) on a collective basis that takes into account comprehensive credit risk information.

Considering the economic and risk characteristics, pricing range, sector concentration (e.g. vehicle loans in unorganized sectors) the company calculates ECL on a collective basis for all stages - Stage 1, Stage 2 and Stage 3 assets.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Retail Loans is, as follows:

Gross exposure reconciliation

As at 31 March 2020 Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2019	**49,72,868.77**	**5,17,380.10**	**3,83,898.47**	**58,74,147.34**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	**1,36,418.58**	**(1,12,758.71)**	**(23,659.87)**	**–**
- Transfers to Stage 2	**(5,15,583.82)**	**5,28,647.95**	**(13,064.13)**	**–**
- Transfers to Stage 3	**(1,97,300.63)**	**(1,25,390.74)**	**3,22,691.37**	**–**
- Loans that have been derecognised during the period	**(4,89,909.75)**	**(76,625.39)**	**(82,173.29)**	**(6,48,708.43)**
New loans originated during the year	**26,86,576.49**	**79,956.70**	**26,066.66**	**27,92,599.85**
Write-offs	**(1.86)**	**(18.00)**	**(33,598.54)**	**(33,618.40)**
Remeasurement of net exposure	**(13,13,748.21)**	**(1,94,982.97)**	**(31,711.02)**	**(15,40,442.20)**
Gross carrying amount balance as at 31 March 2020	**52,79,319.57**	**6,16,208.94**	**5,48,449.65**	**64,43,978.16**

As at 31 March 2019 Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2018	38,63,531.16	4,66,067.48	487,361.73	48,16,960.37
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	1,37,506.90	(1,04,222.42)	(33,284.47)	_
- Transfers to Stage 2	(3,54,349.96)	3,80,486.46	(26,136.50)	_
- Transfers to Stage 3	(1,18,290.12)	(70,194.12)	1,88,484.25	_
- Loans that have been derecognised during the period	(4,32,819.07)	(75,231.15)	(1,09,024.24)	(6,17,074.46)
New loans originated during the year	29,47,806.74	1,00,031.11	44,312.98	30,92,150.83
Write-offs	(138.14)	(1,198.79)	(1,16,927.08)	(1,18,264.01)
Remeasurement of net exposure	(10,70,378.74)	(1,78,358.47)	(50,888.18)	(12,99,625.39)
Gross carrying amount balance as at 31 March 2019	49,72,868.77	5,17,380.10	383,898.47	58,74,147.34

Reconciliation of ECL balance

As at 31 March 2020				Rs. in lakhs
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance balance as at 1 April 2019	**50,985.79**	**56,959.98**	**64,550.72**	**172,496.50**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	**16,392.25**	**(12,413.96)**	**(3,978.30)**	**–**
- Transfers to Stage 2	**(5,286.17)**	**7,482.85**	**(2,196.67)**	**–**
- Transfers to Stage 3	**(2,022.88)**	**(13,804.66)**	**15,827.54**	**–**
- Loans that have been derecognised during the period	**(5,022.94)**	**(8,435.93)**	**(13,817.05)**	**(27,275.92)**
New loans originated during the year	**24,539.86**	**9,113.32**	**6,329.97**	**39,983.15**
Write-offs	**(0.02)**	**(1.98)**	**(30,993.32)**	**(30,995.32)**
Net remeasurement of loss allowance	**(25,752.95)**	**33,494.79**	**1,19,553.49**	**1,27,295.33**
ECL allowance balance as at 31 March 2020	**53,832.94**	**72,394.42**	**1,55,276.38**	**2,81,503.74**

As at 31 March 2019				Rs. in lakhs
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance balance as at 1 April 2018	48,600.95	74,547.72	159,267.36	282,416.03
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	27,547.63	(16,670.43)	(10,877.20)	–
- Transfers to Stage 2	(4,457.51)	12,998.79	(8,541.28)	–
- Transfers to Stage 3	(1,488.02)	(11,227.58)	12,715.60	–
- Loans that have been derecognised during the period	(5,444.61)	(12,033.26)	(35,628.57)	(53,106.44)
New loans originated during the year	30,222.17	11,012.74	13,263.87	54,498.78
Write-offs	(1.74)	(191.75)	(88,849.18)	(89,042.67)
Net remeasurement of loss allowance	(43,993.08)	(1,476.25)	23,200.12	(22,269.21)
ECL allowance balance as at 31 March 2019	50,985.79	56,959.98	64,550.72	172,496.50

The contractual amount outstanding on financial assets that has been written off by the Company during the year ended 31 March 2020 and that were still subject to enforcement activity was Rs 38,352.61 lakhs (31 March 2019: Rs 1,18,264.00 lakhs).

The increase in ECL of the portfolio was driven by an increase in the gross size of the portfolio, movements between stages as a result of increases in credit risk and a deterioration in economic conditions, and management overlay of Rs 55,206.00 lakhs.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to SME Loans including Bills of exchange is, as follows:

Gross exposure reconciliation

As at 31 March 2020				Rs. in lakhs
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount balance as at 1 April 2019	**228,685.38**	**3,247.19**	**17,655.41**	**2,49,587.98**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	**4,636.64**	**(1,512.78)**	**(3,123.86)**	**–**
- Transfers to Stage 2	**(5,961.16)**	**6,210.80**	**(249.64)**	**(0.00)**
- Transfers to Stage 3	**(3,218.85)**	**(556.88)**	**3,775.73**	**–**
- Loans that have been derecognised during the period	**(98,112.98)**	**(1,181.89)**	**(2,599.30)**	**(1,01,894.17)**
New loans originated during the year	**1,76,770.61**	**4,499.39**	**5,018.60**	**1,86,288.60**
Write-offs	**–**	**–**	**–**	**–**
Net remeasurement of exposure	**(90,339.85)**	**(2,856.78)**	**(1,178.94)**	**(94,375.57)**
Gross carrying amount balance as at 31 March 2020	**2,12,459.79**	**7,849.04**	**19,298.01**	**2,39,606.84**

As at 31 March 2019				Rs. in lakhs
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount balance as at 1 April 2018	173,745.46	5,775.43	11,560.77	191,081.66
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	4,801.12	(2,331.50)	(2,469.61)	–
- Transfers to Stage 2	(385.03)	390.68	(5.65)	0.00
- Transfers to Stage 3	(6,576.32)	(1,451.36)	8,027.68	–
- Loans that have been derecognised during the period	(57,140.10)	(999.69)	(655.30)	(58,795.09)
New loans originated during the year	1,94,780.53	2,916.76	5,613.06	2,03,310.35
Write-offs	(163.80)	(685.88)	(3,324.28)	(4,173.97)
Net remeasurement of exposure	(80,376.47)	(367.25)	(1,091.26)	(81,834.98)
Gross carrying amount balance as at 31 March 2019	2,28,685.38	3,247.19	17,655.41	2,49,587.98

Reconciliation of ECL balance

As at 31 March 2020 — Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2019	**279.65**	**84.59**	**6,878.76**	**7,243.00**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	**1,649.55**	**(40.53)**	**(1,609.02)**	**–**
- Transfers to Stage 2	**(1.08)**	**137.06**	**(135.98)**	**–**
- Transfers to Stage 3	**(6.54)**	**(17.10)**	**23.64**	**–**
- Loans that have been derecognised during the period	**(41.44)**	**(25.78)**	**(726.64)**	**(793.86)**
New loans originated during the year	**256.85**	**50.52**	**4,039.87**	**4,347.25**
Write-offs	**–**	**–**	**–**	**–**
Net remeasurement of loss allowance	**(1,645.73)**	**1,946.69**	**7,353.24**	**7,654.20**
ECL allowance balance as at 31 March 2020	**491.26**	**2,135.46**	**15,823.87**	**18,450.59**

As at 31 March 2019 — Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2018	3,078.96	449.99	6,876.35	10,405.29
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	2,085.40	(191.27)	(1,894.12)	–
- Transfers to Stage 2	(7.86)	9.07	(1.21)	–
- Transfers to Stage 3	(148.56)	(154.92)	303.48	–
- Loans that have been derecognised during the period	5.79	(32.16)	(435.44)	(461.80)
New loans originated during the year	181.34	72.21	3,067.73	3,321.29
Write-offs	(0.01)	(42.60)	(2,025.69)	(2,068.29)
Net remeasurement of loss allowance	(4,915.42)	(25.72)	987.66	(3,953.48)
ECL allowance balance as at 31 March 2019	279.65	84.59	6,878.76	7,243.00

The contractual amount outstanding on financial assets that has been written off by the Company during the year ended 31 March 2020 and that were still subject to enforcement activity was nil (31 March 2019: Rs 4,051.38 lakhs).

The increase in ECL of the portfolio was driven by movements between stages as a result of increases in credit risk and a deterioration in economic conditions and management overlay of Rs 2,195.05 lakhs.

An analysis of changes in the outstanding exposure and the corresponding ECLs in relation to other undrawn commitments is, as follows:

Gross exposure reconciliation

As at 31 March 2020 — Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balance of outstanding exposure as at 1 April 2019	**34,199.41**	**–**	**–**	**34,199.41**
New Exposures	**23,945.91**	**–**	**–**	**23,945.91**
Exposure derecognised or matured/ lapsed (excluding write-offs)	**(34,199.41)**	**–**	**–**	**(34,199.41)**
- Transfers to Stage 1	**–**	**–**	**–**	**–**
- Transfers to Stage 2	**–**	**–**	**–**	**–**
- Transfers to Stage 3	**–**	**–**	**–**	**–**
Write-offs	**–**	**–**	**–**	**–**
Net remeasurement of exposure	**–**	**–**	**–**	**–**
Closing balance of outstanding exposure as at 31 March 2020	**23,945.91**	**–**	**–**	**23,945.91**

As at 31 March 2019 — Rs. in lakhs

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balance of outstanding exposure as at 1 April 2018	87,026.20	–	–	87,026.20
New Exposures	34,199.41	–	–	34,199.41
Exposure derecognised or matured/ lapsed (excluding write-offs)	(87,026.20)	–	–	(87,026.20)
- Transfers to Stage 1	–	–	–	–
- Transfers to Stage 2	–	–	–	–
- Transfers to Stage 3	–	–	–	–
Write-offs	–	–	–	–
Net remeasurement of exposure	–	–	–	–
Closing balance of outstanding exposure as at 31 March 2019	34,199.41	–	–	34,199.41

Reconciliation of ECL balance

As at 31 March 2020				Rs. in lakhs
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance balance as at 1 April 2019	**279.09**	–	–	**279.09**
New Exposures	**114.01**	–	–	**114.01**
Exposure derecognised or matured/ lapsed (excluding write-offs)	**(279.09)**	–	–	**(279.09)**
- Transfers to Stage 1	–	–	–	–
- Transfers to Stage 2	–	–	–	–
- Transfers to Stage 3	–	–	–	–
- Loans that have been derecognized during the period	–	–	–	–
Net remeasurement of loss allowance	–	–	–	–
ECL allowance balance as at 31 March 2020	**114.01**	–	–	**114.01**

As at 31 March 2019				Rs. in lakhs
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance balance as at 1 April 2018	1,106.36	–	–	1,106.36
New Exposures	279.09	–	–	279.09
Exposure derecognised or matured/ lapsed (excluding write-offs)	(1,106.36)	–	–	(1,106.36)
- Transfers to Stage 1	–	–	–	–
- Transfers to Stage 2	–	–	–	–
- Transfers to Stage 3	–	–	–	–
- Loans that have been derecognised during the period	–	–	–	–
Net remeasurement of loss allowance	–	–	–	–
ECL allowance balance as at 31 March 2019	279.09	–	–	279.09

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Financial Investments measured at amortised cost is, as follows:
Gross exposure reconciliation

As at 31 March 2020				Rs. in lakhs
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount balance as at 1 April 2019	**120,477.05**	–	–	**120,477.05**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	–	–	–	–
- Transfers to Stage 2	–	–	–	–
- Transfers to Stage 3	–	–	–	–
- Investments that have been derecognised during the period	**(50,107.82)**	–	–	**(50,107.82)**
New Investments originated during the year	**43,494.80**	–	–	**43,494.80**
Write-offs		–	–	–
Net remeasurement of same stage continuing investments	**(905.08)**	–	–	**(905.08)**
Gross carrying amount balance as at 31 March 2020	**1,12,958.95**	–	–	**1,12,958.95**

As at 31 March 2020				Rs. in lakhs
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount balance as at 1 April 2018	2,04,843.85	–	–	204,843.85
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	–	–	–	–
- Transfers to Stage 2	–	–	–	–
- Transfers to Stage 3	–	–	–	–
- Investments that have been derecognised during the period	(58,415.02)	–	–	(58,415.02)
New Investments originated during the year	31,115.10	–	–	31,115.10
Write-offs		–	–	–
Net remeasurement of same stage continuing investments	(57,066.88)	–	–	(57,066.88)
Gross carrying amount balance as at 31 March 2019	1,20,477.05	–	–	120,477.05

Reconciliation of ECL balance

As at 31 March 2020 — Rs. in lakhs

Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance balance as at 1 April 2019	**282.52**	**–**	**–**	**282.52**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	–	–	–	–
- Transfers to Stage 2	–	–	–	–
- Transfers to Stage 3	–	–	–	–
- Investments that have been derecognised during the period	**(245.20)**	**–**	**–**	**(245.20)**
New Investments originated during the year	**108.26**	**–**	**–**	**108.26**
Write-offs		**–**	**–**	**–**
Net remeasurement of loss allowance	**(9.38)**	**–**	**–**	**(9.38)**
ECL allowance balance as at 31 March 2020	**136.20**	**–**	**–**	**136.20**

As at 31 March 2020 — Rs. in lakhs

Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance balance as at 1 April 2018	1,299.20	–	–	1,299.20
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage 1	–	–	–	–
- Transfers to Stage 2	–	–	–	–
- Transfers to Stage 3	–	–	–	–
- Investments that have been derecognised during the period	(330.19)	–	–	(330.19)
New Investments originated during the year	88.31	–	–	88.31
Write-offs		–	–	–
Net remeasurement of loss allowance	(774.80)	–	–	(774.80)
ECL allowance balance as at 31 March 2019	282.52	–	–	282.52

The contractual amount outstanding on financial investments that has been written off by the Company during the year ended 31 March 2020 and that were still subject to enforcement activity was nil (31 March 2019: nil).

The decrease in ECL of the portfolio was on account of decrease in the size of the portfolio.

Significant changes in the gross carrying value that contributed to change in loss allowance

The company mostly provide loans to retail individual customers in Rural and Semi urban area which is of small ticket size. Change in any single customer repayment will not impact significantly to Company's provisioning. All customers are being monitored based on past due and corrective actions are taken accordingly to limit the Company's risk.

Concentration of Credit Risk

Company's loan portfolio is predominantly to finance retail automobile loans. The Company manages concentration of risk primarily by geographical region in India. The following tables show the geographical concentrations of trade advances and loans:

Rs. in lakhs

Particulars	**31 March 2020**	31 March 2019
Concentration by Geographical region in India:		
North	**19,85,141.76**	17,97,636.32
East	**17,35,414.17**	15,54,329.99
West	**17,48,629.89**	17,12,872.13
South	**13,38,434.07**	12,46,427.44
Total Carrying Value	**68,07,619.89**	**63,11,265.88**

Maximum Exposure to credit Risk

The maximum exposure to credit risk of loans and investment securities is their carrying amount. The maximum exposure is before considering both the effect of mitigation through collateral.

Narrative Description of Collateral

Collateral primarily include vehicles purchased by retail loan customers and machinery & property in case of SME customers. The financial investments are secured by way of a first ranking pari-passu and charge created by way of hypothecation on the receivables of the other company.

Quantitative Information of Collateral

The Company monitors its exposure to loan portfolio using the Loan To Value (LTV) ratio, which is calculated as the ratio of the gross amount of the loan to the value of the collateral. The value of the collateral for Retail loans is derived by writing down the asset cost at origination by 20% p.a on reducing balance basis. And the value of the collateral of Stage 3 Retail loans is based on the Indian Blue Book value for the particular asset. The value of collateral of SME loans is based on fair market value of the collaterals held.

Gross value of total secured loans to value of collateral:

Rs. in lakhs

Loan To Value	Gross Value of Secured Retail loans		Gross Value of Secured SME loans	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
Upto 50%	**5,77,139.99**	5,27,367.84	**72,323.47**	64,170.17
51 - 70%	**1,042,245.97**	10,13,327.24	**14,520.50**	13,990.99
71 - 100%	**38,50,486.32**	36,70,238.10	**7,278.30**	4,988.59
Above 100%	**9,46,203.12**	6,53,338.83	**23,011.94**	33,898.27
	64,16,075.40	58,64,272.01	**1,17,134.21**	1,17,048.03

Gross value of credit impaired loans to value of collateral:

Rs. in lakhs

Loan To Value	Gross Value of Retail loans in stage 3		Gross Value of SME loans in stage 3	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
Upto 50%	**12,405.55**	7,514.19	**9,528.06**	7,820.98
51 - 70%	**14,099.09**	11,186.35	**1,046.17**	1,009.71
71 - 100%	**40,597.81**	37,337.72	**771.73**	1,889.09
Above 100%	**4,81,347.20**	3,27,860.20	**7,952.05**	6,935.63
	5,48,449.65	3,83,898.47	**19,298.01**	17,655.41

The below tables provide an analysis of the current fair values of collateral held for stage 3 assets. The value of collateral has not been considered while recognizing the loss allowances.

Fair value of collateral held against Credit Impaired assets

Rs. in lakhs

31 March 2020	**Maximum exposure to Credit Risk**	**Vehicles**	**Plant and Machinery**	**Land and Building**	**Book Debts, Inventory and other Working Capital items**	**Surplus Collateral**	**Total Collateral**	**Net Exposure**	**Associated ECL**
Retail Loans	**548,449.65**	**380,919.96**	**–**	**–**	**–**	**(54,736.61)**	**326,183.35**	**222,266.30**	**155,276.38**
SME Loans	**19,298.01**	**3,762.00**	**10,206.56**	**24,663.58**	**1,202.50**	**(27,081.55)**	**12,753.09**	**6,544.92**	**15,823.87**

Rs. in lakhs

31 March 2019	**Maximum exposure to Credit Risk**	**Vehicles**	**Plant and Machinery**	**Land and Building**	**Book Debts, Inventory and other Working Capital items**	**Surplus Collateral**	**Total Collateral**	**Net Exposure**	**Associated ECL**
Retail Loans	383,898.47	269,751.57	–	–	–	(33,156.49)	236,595.08	147,303.39	64,550.72
SME Loans	17,655.41	2,110.00	9,393.69	17,066.17	–	(17,643.57)	10,926.29	6,729.12	6,878.76

50.3 Disclosure as required under RBI notification no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 on COVID-19 Regulatory Package - Asset Classification and Provisioning

Particulars		Rs. in lakhs Amount
i)	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	7,62,429.12
ii)	Respective amount where asset classification benefits is extended	83,589.48
iii)	Provisions made during the Q4 - FY2020 #	–
	In respect of accounts in default but standard where moratorium upto 3 months is granted, and asset classification benefit is extended, the Company has made general provisions of not less than 5 per cent of the total outstanding of such accounts as applicable for the quarter ended 31 March 2020 within the overall provision requirement of 10% of the total outstanding to be spread equally over two quarters. Balance general provision of not less than 5% of the total outstanding of such accounts is to be made for the quarter ending 30 June 2020.	
iv)	Provisions adjusted during the respective accounting periods against slippages and the residual provisions	N/A

Since the effective impairment allowance rate (as per ECL model) applied on standard assets outstanding equivalent Stage-1 and Stage-2 assets under Ind AS financial statements is much higher than the prescribed general provision of 5% for the current quarter (out of 10% provision to be spread equally over two quarters), the Company has not made any additional provision under this head in Ind AS financial statements for the quarter and year ended 31 March 2020. However, the Company has made an additional general provision of Rs.4,169.62 lakhs at 5% of the total outstanding for the quarter and year ended 31 March 2020 as per IRAC norms and the same is included in relevant disclosures as applicable to the Company.

50.4 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

a) Maturity profile of non-derivative financial liabilities

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

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs. in lakhs

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial liabilities				
31 March 2020				
Trade Payable:	**63,574.79**	**–**	**–**	**–**
Debt Securities:				
- Principal	**6,23,700.00**	**4,09,720.83**	**2,85,856.11**	**4,61,165.30**
- Interest	**1,42,834.57**	**2,52,315.83**	**1,26,640.04**	**1,52,459.23**
Borrowings (Other than Debt Securities):				
- Principal	**10,65,615.90**	**16,83,880.19**	**201,275.05**	**–**
- Interest	**1,74,428.68**	**1,51,283.89**	**13,471.24**	**–**
Deposit:				
- Principal	**1,66,223.58**	**6,10,885.66**	**1,08,286.07**	**–**
- Interest	**53,243.82**	**1,12,845.11**	**39,617.29**	**–**
Subordinated liabilities:				
- Principal	**27,220.00**	**22,515.78**	**41,445.96**	**2,53,608.62**
- Interest	**30,643.76**	**54,809.33**	**55,705.96**	**94,421.68**
Other financial liabilities:	**1,57,359.26**	**61,101.83**	**7,808.97**	**5,125.97**
Total	**25,04,844.35**	**33,59,358.45**	**8,80,106.69**	**9,66,780.80**

Rs. in lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
31 March 2019				
Trade Payable:	101,365.00	–	–	–
Debt Securities:				
- Principal	9,90,938.45	7,68,136.12	1,92,096.94	2,86,415.30
- Interest	1,39,737.70	1,51,381.08	80,187.55	75,044.51
Borrowings (Other than Debt Securities):				
- Principal	7,96,693.23	11,71,392.07	1,64,770.45	–
- Interest	1,49,581.56	1,38,536.45	7,594.16	–
Deposit:				
- Principal	1,37,787.00	3,67,398.25	64,702.42	–
- Interest	34,180.33	78,489.98	18,944.05	–
Subordinated liabilities:				
- Principal	14,500.00	42,735.78	21,013.72	2,81,040.86
- Interest	29,181.27	58,861.91	52,095.23	1,22,841.52
Other financial liabilities:	1,62,144.54	28,054.83	1,607.48	749.98
Total	25,56,109.09	28,04,986.48	6,03,012.00	7,66,092.17

b) **Maturity profile of derivative financial liabilities**

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement. There is no derivative instruments that is settled on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

Rs. in lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Derivative financial instruments				
31 March 2020				
Gross settled:				
Foreign exchange forward contracts				
- Payable	**18.21**	**2,791.47**	**–**	**–**
- Receivable	**61.79**	**2,595.34**	**–**	**–**
Interest Rate swaps				
- Payable	**–**	**1,468.82**	**–**	**–**
- Receivable	**–**	**–**	**–**	**–**
Currency swaps				
- Payable	**–**	**–**	**–**	**–**
- Receivable	**692.75**	**6,276.99**	**–**	**–**
Total	**772.75**	**13,132.62**	**–**	**–**
31 March 2019				
Gross settled:				
Foreign exchange forward contracts				
- Payable	13.62	2564.11	–	–
- Receivable	963.09	–	–	–
Interest Rate swaps				

Rs. in lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
- Payable	–	32.52	–	–
- Receivable	–	90.93	–	–
Currency swaps				
- Payable	–	5,090.76	–	–
- Receivable	–	–	–	–
Total	976.71	7,778.32	–	–

50.5 a) Financial Instruments regularly measured using Fair Value - recurring items

Rs. in lakhs

Financial assets/ financial liabilities	Fair Value				Fair value hierarchy	Valuation technique(s)	Key inputs	Significant unobservable input(s) for level 3 hierarchy	Relationship of unobservable inputs to fair value and sensitivity
	Financial assets / financial liabilities	**Category**	**As at 31 March 2020**	**As at 31 March 2019**					
1) Foreign currency forwards, Interest rate swaps & commodity derivatives	Financial Assets / (Liabilities)	Financial Instruments measured at FVTPL	**(1,693.03)**	(1,258.33)	Level 2	Discounted Cash Flow	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counter parties.		
2) Currency options	Financial Assets / (Liabilities)	Financial Instruments measured at FVTPL	**6,969.74**	(5,437.81)	Level 2	Black Scholes valuation model	Strike rate, spot rate, time to maturity, volatility and risk free interest rate		
3) Investment in Mutual Funds	Financial Assets	Financial instrument measured at FVTPL	**3,24,125.20**	62,349.01	Level 1	Quoted market price			
4) Investment in equity instruments-Unquoted	Financial Assets	Financial instrument designated at FVOCI	**2,891.83**	1,154.65	Level 3	Discounted Cash Flow	The discounted cash flow method used the future free cash flows of the company discounted by firm's WACC plus a risk factor measured by beta, to arrive at the present value. The key inputs includes projection of financial statements (key value driving factors), the cost of capital to discount the projected cash flows.	Terminal growth rate, Weighted average cost of capital.	Increase or decrease in multiple will result in increase or decrease in valuation.
5) Investment in convertible debentures	Financial Assets	Financial instrument measured at FVOCI	**–**	1,088.52	Level 3				
6) Investment in Bonds and Govt securities.	Financial Assets	Financial instrument measured at FVOCI	**24,776.37**	–	Level 1	Quoted market price			

The company doesn't carry any financial asset or liability which it fair values on a non recurring basis.

50.5 b) Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Rs. in lakhs

Particulars	Unquoted Equity investment	Convertible debentures	Bonds	Govt Securities	Total
31 March 2020					
Opening balance	**1,154.65**	**1,088.52**	**–**	**–**	**2,243.17**
Total gains or losses recognised:					
In Profit or loss					
a) in profit or loss	**–**	**–**	**–**	**–**	**–**
b) in other comprehensive income	**278.20**	**–**	**332.94**	**424.60**	**1,035.74**
Fair value of -					
Purchases made during the year	**1,458.98**	**–**	**10,141.82**	**13,877.01**	**25,477.81**
Disposals made during the year		**(1,088.52)**	**–**	**–**	**(1,088.52)**
Transfers into Level 3	**–**	**–**	**–**	**–**	**–**
Transfers out of Level 3	**–**	**–**	**–**	**–**	**–**
Closing balance	**2,891.83**	**–**	**10,474.76**	**14,301.61**	**27,668.20**
31 March 2019					
Opening balance	700.00	–	–	–	700.00
Total gains or losses recognised:					
In Profit or loss					
a) in profit or loss	–	–	–	–	–
b) in other comprehensive income	454.65	788.52	–	–	1,243.17
Fair value of -					
Purchases made during the year		300.00			300.00
Transfers into Level 3	–	–	–	–	–
Transfers out of Level 3	–	–	–	–	–
Closing balance	1,154.65	1,088.52	–	–	2,243.17

50.5 c) Equity Investments designated at Fair value through Other Comprehensive Income

The Company has made the below equity investments neither for the purpose of trading nor for the purpose of acquiring. And accordingly, the investment has been classified in other comprehensive income as per Ind AS 109.5.7.5.

Rs. in lakhs

	31 March 2020	31 March 2019
Equity investment in Smartshift Logistic Solutions Private Limited (formerly Known as Orizonte Business Solutions Limited)		
Fair Value of Investments	**2891.83**	1154.65
Dividend income on investments held	**–**	–
Equity investment in AAPCA Demystifying Data Technologies Private Limited		
Fair Value of Investments	**1,218.53**	–
Dividend income on investments held	**–**	–

There are no disposal of investment during the year ended 31 March 2020 and 2019 respectively.

50.5 d) Financial Instruments measured at amortised cost

Rs. in lakhs

Particulars		Carrying Value	Fair value	Fair value Level 1	Level 2	Level 3
As at 31 March 2020						
Financial assets						
a)	Cash and cash equivalent	**67,679.04**	**67,679.04**	**67,679.04**		
b)	Bank balances other than cash and cash equivalent	**74,899.44**	**74,899.44**	**74,899.44**		
c)	Trade Receivables	**858.71**	**858.71**		**858.71**	
d)	Loans and advances to customers	**64,99,347.04**	**64,88,459.65**			**64,88,459.65**
e)	Financial investments - at amortised cost	**1,12,822.76**	**1,20,367.53**	**1,05,594.07**	**14,773.46**	
f)	Other financial assets	**47,665.27**	**48,773.85**		**48,773.85**	
Total		**68,03,272.26**	**68,01,038.22**	**2,48,172.55**	**64,406.02**	**64,88,459.65**
Financial liabilities						
a)	Trade Payables	**63,574.79**	**63,574.79**		**63,574.79**	
b)	Debt securities	**17,74,487.73**	**18,92,262.55**	**18,92,262.55**		
c)	Borrowings other than debt securities	**29,48,734.27**	**28,84,790.94**		**28,84,790.94**	
d)	Deposits	**8,81,213.98**	**9,09,544.36**		**9,09,544.36**	
e)	Subordinated Liabilities	**3,41,794.57**	**3,82,366.57**	**3,82,366.57**		
f)	Other financial liability	**2,31,396.03**	**2,31,621.93**		**2,31,621.93**	
Total		**62,41,201.37**	**63,64,161.14**	**22,74,629.12**	**40,89,532.02**	**–**

Rs. in lakhs

Particulars		Carrying Value	Fair value	Fair value Level 1	Level 2	Level 3
As at 31 March 2019						
Financial assets						
a)	Cash and cash equivalent	50,167.74	50,167.74	50,167.74		
b)	Bank balances other than cash and cash equivalent	45,681.43	45,681.43	45,681.43		
c)	Trade Receivables	519.19	519.19		519.19	
d)	Loans and advances to customers	61,24,962.80	60,94,529.46			60,94,529.46
e)	Financial investments - at amortised cost	1,20,194.53	1,23,733.97	74,461.59	49,272.38	
f)	Other financial assets	16,895.13	16,895.13		16,895.13	
Total		63,58,420.82	63,31,526.92	170,310.76	66,686.70	60,94,529.46
Financial liabilities						
a)	Trade Payables	1,01,365.00	1,01,365.00		1,01,365.00	
b)	Debt securities	22,31,937.92	22,42,711.51	19,85,466.88	2,57,244.63	
c)	Borrowings other than debt securities	21,30,153.03	21,08,644.43		21,08,644.43	
d)	Deposits	5,66,718.41	5,82,144.94		5.82,144.94	
e)	Subordinated Liabilities	3,55,883.82	3,81,699.51	2,81,699.51		
f)	Other financial liability	1,92,662.95	1,92,662.95		1.92,662.95	
Total		55,78,721.13	56,09,228.34	22.67,166.39	32.42,061.95	–

There were no transfers between Level 1 and Level 2 during the year.

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the company's financial statements. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, trade receivables, balances other than cash and cash equivalents, trade payables and investment & borrowings in commercial papers. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers

The fair values of loans and receivables are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. This fair value is then reduced by impairment allowance which is already calculated incorporating probability of defaults and loss given defaults to arrive at fair value net of risk.

Financial Investments

For Government Securities, the market value of the respective Government Stock as on date of reporting has been considered for fair value computations. And since market quotes are not available in the absence of any trades, the carrying amount of Secured redeemable non-convertible debentures is considered as the fair value.

Issued debt

The fair value of issued debt is estimated by a discounted cash flow model incorporating interest rate estimates from market-observable data such as secondary prices for its traded debt itself.

Deposits from public

The fair value of deposits received from public is estimated by discounting the future cash flows considering the interest rate applicable on the reporting date for that class of deposits segregated by their tenure and cumulative/ non-cumulative scheme.

Except for the above, carrying value of other financial assets/liabilities represent reasonable estimate of fair value.

51 Maturity analysis of assets and liabilities

The table below shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

Rs. in Lakhs

	31 March 2020			31 March 2019		
Assets	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Cash and cash equivalents	**67,679.04**	–	**67,679.04**	50,167.74	–	50,167.74
Bank balance	**74,899.44**	–	**74,899.44**	45,681.43	–	45,681.43
Derivative financial instruments	**707.37**	**8,585.39**	**9,292.76**	1,006.39	–	1,006.39
Trade receivables	**858.71**	–	**858.71**	519.19	–	519.19
Loans	**25,11,926.27**	**39,87,420.77**	**64,99,347.04**	2,6,67,650.59	34,57,312.21	61,24,962.80
Investments	**3,35,108.81**	**2,55,987.81**	**5,91,096.62**	2,18,775.01	1,60,395.36	3,79,170.37
Other financial assets	**9,065.93**	**38,599.34**	**47,665.27**	6,878.75	10,016.38	16,895.13
Current tax assets (Net)	–	**23,995.98**	**23,995.98**	–	30,210.00	30,210.00
Deferred tax Assets (Net)	–	**48,962.66**	**48,962.66**	–	37,172.53	37,172.53
Property, plant and equipment	–	**33,794.74**	**33,794.74**	–	13,250.02	13,250.02
Capital work-in-progress	–	–	–	–	–	–
Intangible assets under development	–	–	–	–	–	–
Other Intangible assets		**2,555.33**	**2,555.33**	–	3,056.15	3,056.15
Other non-financial assets	**4,867.57**	**2,106.11**	**6,973.68**	4,499.38	1,207.45	5,706.83
Total Assets	**30,05,113.14**	**44,02,008.13**	**74,07,121.27**	29,95,178.48	37,12,620.10	67,07,798.58

Rs. in Lakhs

Assets	31 March 2020 Within 12 months	31 March 2020 After 12 months	31 March 2020 Total	31 March 2019 Within 12 months	31 March 2019 After 12 months	31 March 2019 Total
Liabilities						
Financial Liabilities						
Derivative financial instruments	**17.77**	**3,998.29**	**4,016.06**	45.20	7,657.33	7,702.53
Trade Payables			–			–
i) total outstanding dues of micro enterprises and small enterprises			–			–
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**63,574.79**	–	**63,574.79**	1,01,365.00	–	1,01,365.00
Debt Securities	**6,21,063.59**	**11,53,424.14**	**17,74,487.73**	9,88,467.80	12,43,470.12	22,31,937.92
Borrowings (Other than Debt Securities)	**10,65,745.58**	**18,82,988.69**	**29,48,734.27**	7,96,574.47	13,33,578.56	21,30,153.03
Deposits	**1,65,438.58**	**7,15,775.40**	**8,81,213.98**	1,37,020.74	4,29,697.67	5,66,718.41
Subordinated Liabilities	**27,146.48**	**3,14,648.09**	**3,41,794.57**	14,362.52	3,41,521.30	3,55,883.82
Other financial liabilities	**1,57,359.26**	**74,036.77**	**2,31,396.03**	1,62,299.91	30,363.03	1,92,662.94
Non-Financial Liabilities						
Current tax liabilities (Net)	**1,392.09**	–	**1,392.09**	1,392.09	–	1,392.09
Provisions	**5,735.20**	**8,587.63**	**14,322.83**	12,722.49	7,930.21	20,652.70
Other non-financial liabilities	**8,558.22**	**1,245.21**	**9,803.43**	6,974.15	1,553.69	8,527.84
Total Liabilities	**21,16,031.56**	**41,54,704.22**	**62,70,735.78**	22,21,224.37	33,95,771.91	56,16,996.28
Net	**8,89,081.58**	**2,47,303.91**	**11,36,385.49**	7,73,954.11	3,16,848.19	10,90,802.30
Other undrawn commitments	**23,945.91**	–	**23,945.91**	34,199.41	–	34,199.41
Total commitments	**23,945.91**	–	**23,945.91**	34,199.41	–	34,199.41

52 Related party disclosures:

i) As per Ind AS 24 on 'Related party disclosures', the related parties of the Company are as follows:

a)	**Holding Company**	Mahindra & Mahindra Limited
b)	**Subsidiary Companies:**	Mahindra Insurance Brokers Limited
	(entities on whom control is exercised)	Mahindra Rural Housing Finance Limited
		Mahindra Asset Management Co.Pvt. Ltd.
		Mahindra Trustee Co. Pvt. Ltd.
		Mahindra & Mahindra Financial Services Ltd Employees' Stock Option Trust
		MRHFL Employees Welfare Trust
		Mahindra Finance CSR Foundation
c)	**Fellow Subsidiaries:**	
	(entities with whom the Company has transactions)	Mahindra USA, Inc
		NBS International Limited
		Mahindra First Choice Wheels Limited
		Mahindra Defence Systems Ltd.
		Mahindra Retail Private Limited
		Mahindra Integrated Business Solutions Ltd.

		Mahindra Vehicle Manufacturers Limited
		Mahindra Construction Co. Ltd.
		Bristlecone India Limited
		Mahindra Water Utilities Limited
		Mahindra Engineering & Chemical Products Ltd
		Mahindra Holidays & Resorts India Limited
		Gromax Agri Equipment Limited
		Mahindra First Choice Services Limited
		Mahindra Agri Solutions Limited
		Mahindra Intertrade Limited
		New Democratic Electoral Trust
d)	**Joint Ventures / Associates:**	Mahindra Finance USA, Inc
	(entities on whom control is exercised)	Ideal Finance Limited (w.e.f. February 28, 2020)
e)	**Joint Ventures / Associates of Holding Company:**	Tech Mahindra Limited
	(entities with whom the Company has transactions)	Swaraj Engines Ltd
		Smartshift Logistics Solutions Pvt. Ltd. (Formerly known as Resfeber Labs Private Limited)
		Mahindra Summit Agriscience Ltd
		PSL Media & Communications Ltd
f)	**Key Management Personnel:**	Mr. Ramesh Iyer (Vice-Chairman & Managing Director)
	(where there are transactions)	Mr. V Ravi (Executive Director & Chief Financial Officer)
		Mr. Dhananjay Mungale (Chairman & Independent Director)
		Mr. C. B. Bhave (Independent Director)
		Ms. Rama Bijapurkar (Independent Director)
		Mr. Milind Sarwate (Independent Director)
		Mr. Arvind Sonde (Independent Director)
		Mr. V. S. Parthasarthy (Director)
g)	**Relatives of Key Management Personnel**	Ms. Janaki Iyer
	(where there are transactions)	Ms. Ramlaxmi Iyer
		Mr. Risheek Iyer
		Ms. Girija Subramanium
		Ms. Prema Mahadevan
		Ms. Sudha Bhave
		Mr. V Murali
		Ms. Srilatha Ravi
		Mr. Siddharth Ravi
		Ms. Asha Ramaswamy

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

Rs. in Lakhs

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries/ Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
Loan income												
- Smartshift Logistics Solutions Pvt Ltd.	–	–	–	–	**306.59**	–	–	–	–	–	–	–
Subvention income												
- Mahindra & Mahindra Limited	**2,310.08**	3,183.79	–	–	–	–	–	–	–	–	–	–
Lease rental income												
- Mahindra & Mahindra Limited	**607.29**	–	–	–	–	–	–	–	–	–	–	–
Interest income												
- Mahindra Rural Housing Finance Limited	–	–	–	37.97	–	–	–	–	–	–	–	–
- NBS International Limited	–	–	–	–	–	0.66	–	–	–	–	–	–
- Mahindra First Choice Services Limited	–	–	–	–	–	9.68	–	–	–	–	–	–
- Mahindra Asset Management Co. Ltd.	–	–	–	7.10	–	–	–	–	–	–	–	–
Income from sharing services												
- Mahindra Rural Housing Finance Limited	–	–	**863.83**	744.98	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	**247.42**	272.88	–	–	–	–	–	–	–	–
- Mahindra Asset Management Co. Ltd.	–	–	**21.29**	48.04	–	–	–	–	–	–	–	–
- Mahindra Trustee Company Pvt Ltd.	–	–	**1.12**	–	–	–	–	–	–	–	–	–
Dividend Income												
- Mahindra Rural Housing Finance Limited	–	–	**2,419.05**	1,636.09	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	**618.56**	371.13	–	–	–	–	–	–	–	–
Interest expense												
- Mahindra & Mahindra Limited	**1,903.06**	3,524.01	–	–	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	**319.48**	552.53	–	–	–	–	–	–	–	–
- Tech Mahindra Limited	–	–	–	–	**1,193.42**	2,112.45	–	–	–	–	–	–
- Swaraj Engines Limited	–	–	–	–	**65.97**	45.62	–	–	–	–	–	–
- Mahindra Vehicle Manufacturers Limited	–	–	–	–	**118.90**	731.87	–	–	–	–	–	–
- Mahindra Intertrade Limited	–	–	–	–	**58.41**	35.12	–	–	–	–	–	–
- Mahindra Water Utilities Limited	–	–	–	–	**57.86**	2.20	–	–	–	–	–	–
- Mahindra Engineering & Chemical Products Ltd	–	–	–	–	**1.16**	–	–	–	–	–	–	–
- PSL Media & Communications Ltd	–	–	–	–	**6.63**	–	–	–	–	–	–	–
- Mahindra Holidays & Resorts India Limited	–	–	–	–	**13.36**	–	–	–	–	–	–	–
- Mr. Ramesh Iyer	–	–	–	–	–	–	–	–	**7.16**	4.28	–	–
- Mr. V Ravi	–	–	–	–	–	–	–	–	**6.36**	0.07	–	–
- Mr. C. B. Bhave	–	–	–	–	–	–	–	–	**6.33**	3.97	–	–
- Others	–	–	–	–	–	–	–	–	–	–	**32.84**	19.71
Other expenses												
- Mahindra & Mahindra Limited	**2,336.78**	2,865.67	–	–	–	–	–	–	–	–	–	–

Rs. in Lakhs

	Holding Company		Subsidiary Companies		Fellow Subsidiaries/ Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
- Mahindra Insurance Brokers Limited	–	–	**6,843.80**	6,971.18	–	–	–	–	–	–	–	–
- Mahindra Rural Housing Finance Limited	–	–	**8.25**	19.96	–	–	–	–	–	–	–	–
- Mahindra First Choice Wheels Limited	–	–	–	–	**1,524.77**	1,402.17	–	–	–	–	–	–
- Bristlecone India Limited	–	–	–	–	**103.66**	**91.68**	–	–	–	–	–	–
- Mahindra Vehicle Manufacturers Limited	–	–	–	–	**70.49**	**124.38**	–	–	–	–	–	–
- Mahindra Integrated Business Solutions Limited	–	–	–	–	**1,591.19**	**943.39**	–	–	–	–	–	–
- Mahindra Retail Pvt Limited	–	–	–	–	**678.48**	**642.91**	–	–	–	–	–	–
- Mahindra Finance CSR Foundation	–	–	**11.50**	–	–	–	–	–	–	–	–	–
- Others	–	–	–	–	**91.32**	**110.71**	–	–	–	–	–	–
Donations												
- National Democratic Electoral Trust	–	–	–	–	**600.00**	**240.00**	–	–	–	–	–	–
Remuneration												
- Mr. Ramesh Iyer	–	–	–	–	–	–	–	–	**655.94**	715.72	–	–
- Mr. V Ravi	–	–	–	–	–	–	–	–	**337.50**	281.77	–	–
Reimbursement from parties												
- Mahindra & Mahindra Limited	**170.15**	2,664.63	–	–	–	–	–	–	–	–	–	–
- Gromax Agri Equipment Limited	–	–	–	–	**58.86**	9.24	–	–	–	–	–	–
- Mahindra Rural Housing Finance Limited	–	–	**8.26**	–	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	**6.09**	–	–	–	–	–	–	–	–	–
Reimbursement to parties												
- Mahindra Insurance Brokers Limited	–	–	**23.54**	–	–	–	–	–	–	–	–	–
- Mahindra Rural Housing Finance Limited	–	–	**18.97**	–	–	–	–	–	–	–	–	–
- Mahindra USA, Inc	–	–	–	–	**259.41**	188.00	–	–	–	–	–	–
Purchase of fixed assets												
- Mahindra & Mahindra Limited	**191.31**	275.91	–	–	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	–	10.27	–	–	–	–	–	–	–	–
- Mahindra First Choice Wheels Limited	–	–	–	–	–	11.97	–	–	–	–	–	–
- Mahindra First Choice Services Limited	–	–	–	–	**176.09**	118.00	–	–	–	–	–	–
Sale of fixed assets												
- Mahindra Rural Housing Finance Limited	–	–	**9.18**	2.51	–	–	–	–	–	–	–	–
- Mahindra First Choice Wheels Limited	–	–	–	–	–	8.94	–	–	–	–	–	–
- Mahindra First Choice Services Limited	–	–	–	–	–	300.34	–	–	–	–	–	–
Investments made												
- Mahindra Rural Housing Finance Limited	–	–	–	15,000.00	–	–	–	–	–	–	–	–
- Mahindra Asset Management Co. Ltd.	–	–	**5,000.00**	4,000.00	–	–	–	–	–	–	–	–
- Mahindra Finance USA, Inc	–	–	–	–	–	–	–	963.21	–	–	–	–
- Ideal Finance Ltd	–	–	–	–	–	–	**4,399.60**	–	–	–	–	–

Rs. in Lakhs

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries/ Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
- Mahindra Finance CSR Foundation	–	–	**0.10**	–	–	–	–	–	–	–	–	–
- Smartshift Logistics Solutions Pvt Ltd.	–	–	–	–	**250.00**	–	–	–	–	–	–	–
Fixed deposits taken												
- Mahindra Insurance Brokers Limited	–	–	**1,000.00**	2,075.00	–	–	–	–	–	–	–	–
- Mahindra Engineering & Chemical Products Ltd	–	–	–	–	**124.00**	–	–	–	–	–	–	–
- PSL Media & Communications Ltd	–	–	–	–	**100.00**	–	–	–	–	–	–	–
- Mahindra Holidays & Resorts India Limited	–	–	–	–	**1,590.00**	–	–	–	–	–	–	–
- Mr. Ramesh Iyer	–	–	–	–	–	–	–	–	**172.10**	40.39	–	–
- Mr. V Ravi	–	–	–	–	–	–	–	–	**100.00**	8.13	–	–
- Mr. C. B. Bhave	–	–	–	–	–	–	–	–	**30.00**	30.00	–	–
- Others	–	–	–	–	–	–	–	–	–	–	**420.23**	247.97
Fixed deposits matured												
- Mahindra Insurance Brokers Limited	–	–	**1,550.00**	5,725.00	–	–	–	–	–	–	–	–
- PSL Media & Communications Ltd	–	–	–	–	**80.00**	–	–	–	–	–	–	–
- Mr. Ramesh Iyer	–	–	–	–	–	–	–	–	**65.72**	61.48	–	–
- Others	–	–	–	–	–	–	–	–	–	–	**212.33**	200.23
Dividend paid												
- Mahindra & Mahindra Limited	**20,553.50**	12,648.31	–	–	–	–	–	–	–	–	–	–
- Mahindra & Mahindra Financial Services Ltd Employees' Stock Option Trust	–	–	**186.00**	129.64	–	–	–	–	–	–	–	–
- Mr. Ramesh Iyer	–	–	–	–	–	–	–	–	**51.52**	31.12	–	–
- Mr. V Ravi	–	–	–	–	–	–	–	–	**34.53**	21.25	–	–
- Ms. Rama Bijapurkar	–	–	–	–	–	–	–	–	**1.95**	1.20	–	–
- Mr. Dhananjay Mungale	–	–	–	–	–	–	–	–	**3.25**	2.00	–	–
- Mr. V. S. Parthasarthy	–	–	–	–	–	–	–	–	**0.02**	0.01	–	–
- Others	–	–	–	–	–	–	–	–	–	–	**0.07**	0.03
Inter corporate deposits taken												
- Mahindra & Mahindra Limited	**10,000.00**	70,000.00	–	–	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	**5,575.00**	10,175.00	–	–	–	–	–	–	–	–
- Tech Mahindra Limited	–	–	–	–	–	40,000.00	–	–	–	–	–	–
- Mahindra Vehicle Manufacturers Limited	–	–	–	–	–	30,000.00	–	–	–	–	–	–
- Swaraj Engines Limited	–	–	–	–	**1,000.00**	1,000.00	–	–	–	–	–	–
- Mahindra Water Utilities Limited	–	–	–	–	**1,575.00**	350.00	–	–	–	–	–	–
- Mahindra Intertrade Limited	–	–	–	–	–	1,100.00	–	–	–	–	–	–
Inter corporate deposits repaid / matured												
- Mahindra & Mahindra Limited	**40,000.00**	70,000.00	–	–	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	**3,750.00**	11,900.00	–	–	–	–	–	–	–	–
- Tech Mahindra Limited	–	–	–	–	**40,000.00**	10,000.00	–	–	–	–	–	–

												Rs. in Lakhs
	Holding Company		Subsidiary Companies		Fellow Subsidiaries/ Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
- Mahindra Vehicle Manufacturers Limited	–	–	–	–	**10,000.00**	20,000.00	–	–	–	–	–	–
- Swaraj Engines Limited					**1,000.00**							
- Mahindra Water Utilities Limited	–	–	–	–	**1,050.00**	–	–	–	–	–	–	–
- Mahindra Intertrade Limited	–	–	–	–	**1,000.00**	100.00	–	–	–	–	–	–
Debentures issued		–		–		–		–		–		–
- Mahindra & Mahindra Limited	**19,500.00**	–	–	–	–	–	–	–	–	–	–	–
Subordinated debt repaid		–		–		–		–		–		–
- Mahindra Rural Housing Finance Limited	–	–	–	700.00	–	–	–	–	–	–	–	–
Inter corporate deposits given												
- Mahindra First Choice Services Limited	–	–	–	–	–	700.00	–	–	–	–	–	–
- Mahindra Asset Management Co. Ltd.	–	–	–	1,000.00	–	–	–	–	–	–	–	–
Inter corporate deposits refunded												
- Mahindra First Choice Services Limited	–	–	–	–	–	700.00	–	–	–	–	–	–
- Mahindra Asset Management Co. Ltd.	–	–	–	1,000.00	–	–	–	–	–	–	–	–

iii) Balances as at the end of the year:

												Rs. in Lakhs
	Holding Company		Subsidiary Companies		Fellow Subsidiaries/ Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
Particulars	**As at 31 March 2020**	As at 31 March 2019	**As at 31 March 2020**	As at 31 March 2019	**As at 31 March 2020**	As at 31 March 2019	**As at 31 March 2020**	As at 31 March 2019	**As at 31 March 2020**	As at 31 March 2019	**As at 31 March 2020**	As at 31 March 2019
Balances as at the end of the period												
Receivables												
- Mahindra & Mahindra Limited	**297.83**	2,744.91	–	–	–	–	–	–	–	–	–	–
- Mahindra Rural Housing Finance Limited	–	–	**140.59**	82.64	–	–	–	–	–	–	–	–
- Mahindra Asset Management Co. Ltd.	–	–	**3.08**	3.08	–	–	–	–	–	–	–	–
- Mahindra Trustee Co. Pvt. Ltd.	–	–	**1.00**	–	–	–	–	–	–	–	–	–
- NBS International Limited	–	–	–	–	–	26.11	–	–	–	–	–	–
- Mahindra First Choice Services Limited	–	–	–	–	–	135.09	–	–	–	–	–	–
Loan given (including interest accrued but not due)												
- Mahindra Construction Co. Ltd.	–	–	–	–	**334.33**	334.33	–	–	–	–	–	–
- Smartshift Logistics Solutions Pvt Ltd.	–	–	–	–	**1,879.96**	1,700.00	–	–	–	–	–	–
Inter corporate deposits given (including interest accrued but not due)												
- Mahindra Construction Co. Ltd.	–	–	–	–	**113.38**	113.38	–	–	–	–	–	–
Investments												
- Mahindra Rural Housing Finance Limited	–	–	**79,929.79**	51,252.22	–	–	–	–	–	–	–	–

												Rs. in Lakhs
	Holding Company		Subsidiary Companies		Fellow Subsidiaries/ Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
Particulars	**As at 31 March 2020**	As at 31 March 2019	**As at 31 March 2020**	As at 31 March 2019	**As at 31 March 2020**	As at 31 March 2019	**As at 31 March 2020**	As at 31 March 2019	**As at 31 March 2020**	As at 31 March 2019	**As at 31 March 2020**	As at 31 March 2019
- Mahindra Insurance Brokers Limited	–	–	**45.16**	45.16	–	–	–	–	–	–	–	–
- Mahindra Asset Management Co. Ltd.	–	–	**21,000.00**	16,000.00	–	–	–	–	–	–	–	–
- Mahindra Trustee Co. Pvt. Ltd.	–	–	**50.00**	50.00	–	–	–	–	–	–	–	–
- Mahindra Finance CSR Foundation	–	–	**0.10**	–	–	–	–	–	–	–	–	–
- Mahindra Finance USA, Inc	–	–	–	–	–	–	**21,054.81**	21,054.81	–	–	–	–
- Ideal Finance Ltd	–	–	–	–	–	–	**4,399.60**	–	–	–	–	–
- New Democratic Electoral Trust	–	–	–	–	**1.00**	1.00	–	–	–	–	–	–
- Smartshift Logistics Solutions Pvt Ltd.	–	–	–	–	**950.00**	700.00	–	–	–	–	–	–
Payables												
- Mahindra Insurance Brokers Limited	–	–	**1,237.38**	2,815.15	–	–	–	–	–	–	–	–
- Mahindra First Choice Wheels Limited	–	–	–	–	**349.46**	239.58	–	–	–	–	–	–
- Mahindra USA, Inc	–	–	–	–	**161.38**	58.60	–	–	–	–	–	–
- Mahindra Integrated Business Solutions Limited	–	–	–	–	**129.08**	53.94	–	–	–	–	–	–
- NBS International Limited					**23.34**	–						
- Mahindra Retail Pvt Ltd					**93.36**	39.24						
- Others	–	–	–	–	**16.96**	56.89	–	–	–	–	–	–
Inter corporate deposits taken (including interest accrued but not due)												
- Mahindra & Mahindra Limited	**10,212.46**	41,718.79	–	–	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	**2,152.13**	316.23	–	–	–	–	–	–	–	–
- Tech Mahindra Limited	–	–	–	–	–	41,642.19	–	–	–	–	–	–
- Mahindra Vehicle Manufacturers Limited	–	–	–	–	–	10,066.88	–	–	–	–	–	–
- Swaraj Engines Limited	–	–	–	–	**1,019.65**	1,041.05	–	–	–	–	–	–
- Mahindra Water Utilities Limited	–	–	–	–	**881.66**	351.98	–	–	–	–	–	–
- Mahindra Intertrade Limited	–	–	–	–	–	1,029.78	–	–	–	–	–	–
Debentures (including interest accrued but not due)												
- Mahindra & Mahindra Limited	**20,109.37**	–	–	–	–	–	–	–	–	–	–	–
Fixed deposits (including interest accrued but not due)												
- Mahindra Insurance Brokers Limited	–	–	**3,299.05**	4,001.72	–	–	–	–	–	–	–	–
- Mahindra Engineering & Chemical Products Ltd	–	–	–	–	**125.04**	–	–	–	–	–	–	–
- PSL Media & Communications Ltd	–	–	–	–	**104.25**	–	–	–	–	–	–	–
- Mahindra Holidays & Resorts India Limited	–	–	–	–	**1,602.03**	–	–	–	–	–	–	–
- Mr. Ramesh Iyer	–	–	–	–	–	–	–	–	**175.82**	41.83	–	–
- Mr. V Ravi	–	–	–	–	–	–	–	–	**113.97**	8.19	–	–
- Mr. C. B. Bhave	–	–	–	–	–	–	–	–	**88.24**	52.54	–	–
- Others	–	–	–	–	–	–	–	–	–	–	**486.47**	288.74

Key Management Personnel as defined in Ind AS 24

iv) Details of related party transactions with Key Management Personnel (KMP) are as under:

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company or its employees. Accordingly, the Company considers any Director, including independent and non-executive directors, to be key management personnel for the purposes of IND AS 24 - Related Party Disclosures.

		Rs. in lakhs
Nature of transactions	**31 March 2020**	31 March 2019
Name of the KMP - Mr. Ramesh Iyer (Vice-Chairman & Managing Director)		
Gross Salary including perquisites	**469.72**	446.15
Commission	**164.12**	116.69
Stock Option	**7.10**	139.91
Others - Contribution to Funds	**29.70**	26.05
	670.64	728.80
Name of the KMP - Mr. V. Ravi (Executive Director & Chief Financial Officer)		
Gross Salary including perquisites	**242.43**	227.51
Commission	**95.07**	53.05
Stock Option	–	1.21
Others - Contribution to Funds	**9.00**	10.63
	346.50	292.40
Name of the KMP - Mr. Dhananjay Mungale (Chairman & Independent Director)		
Commission	**28.00**	26.00
Other benefits	**11.30**	10.00
	39.30	36.00
Name of the KMP - Ms. Rama Bijapurkar (Independent Director)		
Commission	**21.00**	19.00
Other benefits	**8.50**	6.70
	29.50	25.70
Name of the KMP - Mr. C.B. Bhave (Independent Director)		
Commission	**21.00**	19.00
Other benefits	**9.90**	9.10
	30.90	28.10
Name of the KMP - Mr. Milind Sarwate (Independent Director)		
(Appointed w.e.f. 1 April 2019)		
Commission	–	–
Other benefits	**9.70**	–
	9.70	–
Name of the KMP - Mr. Arvind V. Sonde (Independent Director)		
(Appointed w.e.f. 9 December 2019)		
Commission	–	–
Other benefits	**1.40**	–
	1.40	–

v) Disclosure required under Section 186 (4) of the Companies Act, 2013

As at 31 March 2020

					Rs. in Lakhs
Particulars	**Relation**	**Balance as on 1 April 2019**	**Advances / investments**	**Repayments/ sale**	**Balance as on 31 March 2020**
(A) Loans and advances					
Mahindra Rural Housing Finance Ltd.	Subsidiary	–	–	–	–
Mahindra Retail Pvt Ltd	Fellow subsidiary	–	–	–	–
2 x 2 Logistics Pvt Ltd	Fellow subsidiary	–	–	–	–
Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Associate	1,700.00	800.00	637.18	1,862.82
		1,700.00	**800.00**	**637.18**	**1,862.82**

Rs. in Lakhs

Particulars		Relation	Balance as on 1 April 2019	Advances / investments	Repayments/ sale	Balance as on 31 March 2020
(B)	**Unsecured redeemable non-convertible subordinate debentures**					
	Mahindra Rural Housing Finance Ltd.	Subsidiary	–	–	–	–
			–	**–**	**–**	**–**
(C)	**Investments**					
	Mahindra Insurance Brokers Ltd.	Subsidiary	45.16	–	–	45.16
	Mahindra Rural Housing Finance Ltd.	Subsidiary	51,252.22	28,677.57	–	79,929.79
	Mahindra Asset Management Company Pvt. Ltd.	Wholly owned Subsidiary	16,000.00	5,000.00	–	21,000.00
	Mahindra Trustee Company Pvt. Ltd.	Wholly owned Subsidiary	50.00	–	–	50.00
	Mahindra Finance CSR Foundation	Wholly owned Subsidiary	–	0.10	–	0.10
	Mahindra Finance USA, LLC	Joint Venture	21,054.81	–	–	21,054.81
	Ideal Finance Limited, Sri Lanka	Joint Venture	–	4,399.60	–	4,399.60
	Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Associate	700.00	250.00	–	950.00
	New Democratic Electoral Trust	Fellow subsidiary	1.00	–	–	1.00
			89,103.19	**38,327.27**	**–**	**1,27,430.46**
	Total		**90,803.19**	**39,127.27**	**637.18**	**1,29,293.28**

As at 31 March 2019

Rs. in Lakhs

Particulars		Relation	Balance as on 1 April 2018	Advances / investments	Repayments/ sale	Balance as on 31 March 2019
(A)	**Loans and advances**					
	Mahindra Rural Housing Finance Ltd.	Subsidiary	–	–	–	–
	Mahindra Retail Pvt Ltd	Fellow subsidiary	–	–	–	–
	2 x 2 Logistics Pvt Ltd	Fellow subsidiary	–	–	–	–
	Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Associate	–	1,700.00	–	1,700.00
			–	**1,700.00**	**–**	**1,700.00**
(B)	**Unsecured redeemable non-convertible subordinate debentures**					
	Mahindra Rural Housing Finance Ltd.	Subsidiary	700.00	–	–	700.00
			700.00	**–**	**–**	**700.00**
(C)	**Investments**					
	Mahindra Insurance Brokers Ltd.	Subsidiary	45.16	–	–	45.16
	Mahindra Rural Housing Finance Ltd.	Subsidiary	36,252.22	15,000.00		51,252.22
	Mahindra Asset Management Company Pvt. Ltd.	Wholly owned Subsidiary	12,000.00	4,000.00		16,000.00
	Mahindra Trustee Company Pvt. Ltd.	Wholly owned Subsidiary	50.00	–	–	50.00
	Mahindra Finance USA, LLC	Joint Venture	20,091.60	963.21	–	21,054.81
	Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Associate	700.00	–	–	700.00
	New Democratic Electoral Trust	Fellow subsidiary	1.00	–	–	1.00
			69,139.98	**19,963.21**	**–**	**89,103.19**
	Total		**69,839.98**	**21,663.21**	**700.00**	**90,803.19**

Notes:

i) Above loans & advances and investments have been given for general business purposes and figures are at historical cost.

ii) There were no guarantees given / securities provided during the year

iii) Formerly known as Resfeber Labs Private Limited (RLPL) post merger of Orizonte Business Solutions Limited with the former. Orizonte Business Solutions Limited was acquired by or merged with Resfeber Labs Private Limited (RLPL) in June 2019 and then the name of RLPL was changed to Smartshift Logistics Solutions Private Limited w.e.f. 22 July 2019. The closing balance at the end of the respective years includes additional investment made and fair value gain recognized as per Ind AS 109 - Financial Instruments.

53 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Rs. in Lakhs

Sr. No.	Particulars	As at 31 March 2020 Amount Outstanding	As at 31 March 2020 Amount Overdue	As at 31 March 2019 Amount Outstanding	As at 31 March 2019 Amount Overdue
	Liabilities side:				
1)	**Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:**				
	(a) Debentures:				
	- Secured	**18,45,457.15**	–	20,65,266.41	–
	- Unsecured	**43,030.23**	–	21,515.42	–
	(b) Deferred Credits	–	–	–	–
	(c) Term Loans	**17,36,234.10**	–	13,80,336.19	–
	(d) Inter-corporate loans and Other Borrowings	**14,265.90**	–	96,166.87	–
	(e) Commercial Paper	**0.00**	–	2,57,244.63	–
	(f) Public Deposits	**8,80,799.31**	–	5,68,523.11	–
	(g) Fixed Deposits accepted from Corporates	**42,653.61**	–	27,295.47	–
	(h) FCNR Loans	**18,302.03**	–	63,424.85	–
	(i) External Commercial Borrowings	**2,75,690.59**	–	1,38,084.98	–
	(j) Associated liabilities in respect of securitisation transactions	**8,89,320.81**	–	4,35,362.66	–
	(k) Subordinate debt (including NCDs issued through Public issue)	**3,66,749.00**	–	3,78,369.51	–
	(l) Other Short Term Loans and credit facilities from banks	**26,400.74**	–	28,454.72	–
2)	**Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**				
	(a) In the form of Unsecured debentures	–	–	–	–
	(b) In the form of partly secured debentures i.e.debentures where there is a shortfall in the value of security	–	–	–	–
	(c) Other public deposits	**8,80,799.31**	–	5,68,523.11	–

		As at 31 March 2020 Amount Outstanding	As at 31 March 2019 Amount Outstanding
Asset side:			
3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**		
	(a) Secured	–	–
	(b) Unsecured	**2,65,447.86**	3,20,688.21
4)	**Break up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities:**		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	–	–
	(b) Operating lease	**63.16**	18.85
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	–	–
	(b) Repossessed Assets	–	–
	(iii) Other loans counting towards AFC activities:		
	(a) Loans where assets have been repossessed	**45,870.06**	26,319.22
	(b) Loans other than (a) above	**61,88,824.67**	57,78,455.71
5)	**Break-up of Investments:**		
	Current Investments:		
	1. Quoted:		
	(i) Shares:		
	(a) Equity	–	–
	(b) Preference	–	–
	(ii) Debentures and Bonds	**2,477.16**	3,662.07
	(iii) Units of mutual funds	**3,24,125.20**	62,148.40
	(iv) Government Securities	**499.85**	–
	2. Unquoted:		
	(i) Shares:		
	(a) Equity	–	–
	(b) Preference	–	–
	(ii) Debentures and Bonds	–	–
	(iii) Units of mutual funds	–	–
	(iv) Government Securities	–	–
	(v) Certificate of Deposits with Banks	–	46,910.08
	(vi) Commercial Papers	–	81,065.33
	(vil) Investments in Pass Through Certificates under securitization transactions	**8,006.59**	20,509.33

Asset side:	As at 31 March 2020 Amount Outstanding	As at 31 March 2019 Amount Outstanding
Long Term Investments:		
1. Quoted:		
(i) Shares:		
(a) Equity	–	–
(b) Preference	–	–
(ii) Debentures and Bonds (Bonds of FCI NCDs of NABARD)	**10,474.76**	2,474.37
(iii) Units of mutual funds	**0.00**	200.61
(iv) Government Securities	**1,11,851.06**	70,922.15
2. Unquoted:		
(i) Shares:		
(a) Equity	**1,29,372.29**	89,557.84
(b) Preference	–	–
(ii) Debentures and Bonds	–	1,088.52
(iii) Units of mutual funds	–	–
(iv) Government Securities	–	–
(v) Investments in Pass Through Certificates under securitization transactions	**4,289.71**	631.67

6) Borrower group-wise classification assets financed as in (3) and (4) above:

Category	As at 31 March 2020			As at 31 March 2019		
	Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	–	–	–	–	–	–
(b) Companies in the same group	–	–	–	–	–	–
(c) Other related parties	–	–	–	–	–	–
2. Other than related parties	**62,34,694.73**	**2,65,511.02**	**65,00,205.75**	58,04,774.93	3,20,707.06	61,25,481.99
Total	**62,34,694.73**	**2,65,511.02**	**65,00,205.75**	58,04,774.93	3,20,707.06	61,25,481.99

7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	As at 31 March 2020		As at 31 March 2019	
	Market Value/ Break up or fair value or NAV	Book Value (net of provisions)	Market Value/ Break up or fair value or NAV	Book Value (net of provisions)
1. Related Parties				
(a) Subsidiaries	**1,01,025.05**	**1,01,025.05**	67,347.38	67,347.38
(b) Companies in the same group	**26,816.73**	**26,816.73**	22,210.46	22,210.46
(c) Other related parties	–	–	–	–
2. Other than related parties	**4,63,079.05**	**4,62,942.86**	2,89,895.05	2,89,612.53
Total	**5,90,920.83**	**5,90,784.64**	**3,79,452.89**	**3,79,170.37**

8) Other information:

Particulars	As at 31 March 2020 Amount	As at 31 March 2019 Amount
i) Gross Non-Performing Assets:		
(a) Related parties	**473.39**	473.39
(b) Other than related parties	**5,74,200.47**	4,06,583.29
ii) Net Non-Performing Assets:		
(a) Related parties	–	–
(b) Other than related parties	**3,96,647.41**	3,29,070.49
iii) Assets acquired in satisfaction of debt:	–	–

54 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

These disclosures are made pursuant to Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended), to the extent applicable to the Company.

The CRAR as of 31 March 2019 as disclosed in the comparative period numbers below was computed based on the carrying values as reflected in the financial statements prepared in accordance with requirements of Ind AS. The Reserve Bank of India, vide its circular reference RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 outlined the regulatory guidance in relation to Ind AS financial statements from financial year 2019-20 onwards. This included guidance for computation of 'owned funds' , 'net owned funds' and 'regulatory capital'. Accordingly, the CRAR as of 31 March 2020 has been computed in accordance with these requirements read with the requirements of the Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended).

I) Capital

Particulars	As at 31 March 2020	As at 31 March 2019
CRAR (%)	**19.6%**	20.3%
CRAR-Tier I Capital (%)	**15.4%**	15.5%
CRAR-Tier II Capital (%)	**4.2%**	4.8%
Amount of subordinated debt raised as Tier-II capital (Rs. in Lakhs)	–	33,687.23
Amount raised by issue of Perpetual Debt Instruments	–	–

II) Investments

Rs. in Lakhs

Particulars			As at 31 March 2020	As at 31 March 2019
Value of Investments				
(i)	Gross Value of Investments			
	(a)	In India	**565,778.40**	358,398.08
	(b)	Outside India	**25,454.41**	21,054.81
(ii)	Provisions for Depreciation			
	(a)	In India	**136.19**	282.52
	(b)	Outside India	–	–
(iii)	Net Value of Investments			
	(a)	In India	**565,642.21**	358,115.56
	(b)	Outside India	**25,454.41**	21,054.81
Movement of provisions held towards depreciation on investments				
(i)	Opening balance		**282.52**	1,299.21
(ii)	Add: Provisions made during the year		–	–
(iii)	Less: Write-off/write-back of excess provisions during the year		**(146.33)**	(1,016.69)
(iv)	Closing balance		**136.19**	282.52

III) Derivatives

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

		As at 31 March 2020	As at 31 March 2019
(i)	The notional principal of swap agreements	**283,298.87**	202,969.68
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	–	–
(iii)	Collateral required by the Company upon entering into swaps	–	–
(iv)	Concentration of credit risk arising from the swaps	–	–
(v)	The fair value of the swap book (Asset / (Liability))	**5,276.71**	(6,696.14)

Exchange Traded Interest Rate (IR) Derivative

The Company has not entered into any exchange traded derivative.

b) Exchange Traded Interest Rate (IR) Derivatives

The Company is not carrying out any activity of providing Derivative cover to third parties.

c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures –

i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run till its life, irrespective of profit or loss. However in case of exceptions it has to be un-winded only with prior approval of M.D/CFO/Treasurer Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions is quarterly monitored and reviewed by CFO and Treasurer. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

Quantitative Disclosures –

d) Foreign currency non-repatriate loans availed:

Rs. in Lakhs

Sr. No.	Particulars		As at March 31, 2020 Currency Derivatives	As at March 31, 2020 Interest Rate Derivatives	As at March 31, 2019 Currency Derivatives	As at March 31, 2019 Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)					
	– For hedging			**283,298.87**		202,969.68
(ii)	Marked to Market Positions [1]					
	(a)	Asset (+) Estimated gain	**9,292.77**	–	917.97	88.42
	(b)	Liability (-) Estimated loss	**(2,559.18)**	**(1,456.88)**	(7,670.52)	(32.01)
(iii)	Credit Exposure [2]		**–**	**–**	–	–
(iv)	Unhedged Exposures		**–**	**–**	–	–

IV) Disclosures relating to Securitisation

a) Disclosures in the notes to the accounts in respect of securitization transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS. PD.No.301/3.10.01/2012-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

Rs. in Lakhs

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
1)	No of SPVs sponsored by the NBFC for securitization transactions	**24**	19
2)	Total amount of securitized assets as per books of the SPVs sponsored	**8,88,170.82**	4,34,734.49
3)	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss- Credit enhancement in form of corporate undertaking	**1,11,533.49**	51,128.05
	Others	–	–
	b) On-balance sheet exposures		
	First loss- Cash collateral term deposits with banks	**48,533.64**	24,538.60
	Others- Retained interest in pass through certificates (excluding accrued interest)	–	3.43
4)	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitizations		
	First loss	–	–
	Loss	–	–
	Excess Interest Spread	**1,19,409.11**	53,652.25
	(ii) Exposure to third party securitisations		
	First loss		
	Others	–	–
	b) On-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	–	–
	Others	–	–
	Cash collateral term deposits with banks	–	–
	(ii) Exposure to third party securitisations		
	First loss	–	–
	Others	–	–

b) Details of Financial Assets sold to Securitization / Reconstruction Company for Asset Reconstruction

During the current year and the previous year, the Company has not sold any financial assets to Securitization /Reconstruction Company for asset reconstruction.

c) Details of Assignment transactions undertaken by NBFCs

Rs. in Lakhs

	Particulars	As at 31 March 2020	As at 31 March 2019
i)	No. of accounts	–	–
ii)	Aggregate value (net of provisions) of accounts sold	–	–
iii)	Aggregate consideration	–	–
iv)	Additional consideration realized in respect of accounts transferred in earlier years	–	–
v)	Aggregate gain/loss over net book value	–	–

d) Details of non-performing financial assets purchased / sold

i) Details of non-performing financial assets purchased:

During the current year and the previous year the Company has not purchased any non -performing financial assets.

ii) Details of Non-performing Financial Assets sold:

During the current year and the previous year the Company has not sold any non-performing financial assets.

V) Exposures

a) Exposure to Real Estate Sector

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
a) Direct exposure		
i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	–	–
ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.	**1,119.45**	–
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.	–	–
a. Residential	–	–
b. Commercial Real Estate	–	–
Total Exposure to Capital Market	**1,119.45**	–

b) Exposure to Capital Market

Rs. in Lakhs

	Particulars	As at 31 March 2020	As at 31 March 2019
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	**1,29,372.29**	90,646.36
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	–	–
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	–	–

Rs. in Lakhs

	Particulars	As at 31 March 2020	As at 31 March 2019
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	–	–
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	–	–
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	–	–
(vii)	bridge loans to companies against expected equity flows / issues;	–	–
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	–	–
	Total Exposure to Capital Market	**129,372.29**	90,646.36

c) Details of financing of parent company products

Of the total financing activity undertaken by the Company during the financial year 2019-20, 40% (31 March 2019: 41%) of the financing was towards parent company products.

d) Details of Single Borrower Limit (SGL) /Group Borrower Limit (GBL) exceeded by the NBFC

During the current year and the previous year, the Company has not exceeded the prudential exposure limits.

e) Unsecured Advances

As at 31 March 2020, the amount of unsecured advances stood at Rs. 2,74,410.28 Lakhs (31 March 2019: Rs.3,29,945.84 Lakhs).

VI) Miscellaneous

a) Registration obtained from other financial sector regulators

During the current year and the previous year, the Company has not obtained any registration from other financial sector regulators.

b) Disclosure of Penalties imposed by RBI and other regulators

During the current year and the previous year, there are no penalties imposed by RBI and other regulators

c) Related Party Transactions

(refer note 52)

d) Rating assigned by credit rating agencies and migration of ratings during the year

Credit Rating -

During the year under review, CRISIL Limited (CRISIL), has reaffirmed the rating to the Company's Long-term Debt Instruments and Bank Facilities as 'CRISIL AA+/ Stable' and the Company's Fixed Deposit Programme as 'FAAA/Stable', respectively. The 'AA+/Stable' rating indicates a high degree of safety with regard to timely payment of financial obligations. The rating on the Company's Short-term Bank Loans and Cash Credit facility has been reaffirmed at 'CRISIL A1+' which is the highest level of rating.

During the year under review, India Ratings & Research Private Limited (IND), which is part of Fitch Group, reaffirmed the rating of Company's Long-term instrument and Subordinated Debt programme to 'IND AAA/Stable'and Principal protected market linked debenture: IND PP-MLD AAA emr/Stable. The Company's Short Term Commercial Paper has been rated at IND A1+.

During the year under review, Credit Analysis & Research Limited (CARE), also reaffirmed the 'CARE AAA/ Stable' rating to Company's Long-term debt instrument and Subordinated Debt programme.

During the year under review, Brickwork Ratings India Private Limited (BWR) has, reaffirmed the 'BWR AAA/stable' rating of the Company's Long-term Subordinated Debt Issue.

The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

VII) Net Profit of Loss for the period ,prior period items and change in accounting policies

There are no such material items which require disclosures in the notes to Accounts in terms of the relevant Accounting Standard.

VIII) Revenue Recognition

(Refer note no. 2.6 under Summary of Significant Accounting Policies)

IX) Accounting Standard 21- Consolidated Financial Statements (CFS)

All the subsidiaries of the Company have been consolidated as per Accounting Standard 21. Refer consolidated financial statements (CFS)

Additional Disclosures:

All the subsidiaries of the Company have been consolidated as per Accounting Standard 21. Refer consolidated financial statements (CFS)

X) Provisions and Contingencies

Particulars	As at 31 March 2020	As at 31 March 2019
		Rs. in Lakhs
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		
Provisions for depreciation on Investment	**(146.33)**	(1,016.69)
Provision towards non-performing assets	**1,22,022.00**	(1,11,011.91)
Provision made towards Income tax	**55,693.89**	57,024.06
Other Provision and Contingencies (with details)	**(165.08)**	(827.27)
Provision for diminution in the fair value of restructured advances	–	–
Provision for Standard Assets	–	–

Draw Down from Reserves

Year ended March 31, 2020: Nil

Year ended March 31, 2019: Nil

XI) Concentration of Deposits, Advances, Exposures and NPAs

a) Concentration of Deposits (for deposit taking NBFCs)

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Total Deposits of twenty largest depositors	**44,606.16**	40,098.03
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC.	**5.1%**	6.7%

b) Concentration of Advances

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Total Advances to twenty largest borrowers	**73,391.51**	86,229.26
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	**1.1%**	1.4%

c) Concentration of Exposures

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Total Exposure to twenty largest borrowers / customers	**73,391.51**	86,229.26
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	**1.1%**	1.4%

d) Concentration of NPAs

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Total Exposure to top four NPA accounts	**6,705.44**	8,870.67

e) Sector-wise NPAs

	Particulars	As at 31 March 2020 Percentage of NPAs to Total Advances in that sector	As at 31 March 2019 Percentage of NPAs to Total Advances in that sector
i)	Agriculture & allied activities	**10.7%**	8.9%
ii)	Auto loans	**7.8%**	6.0%
iii)	MSME	**7.6%**	5.2%
iv)	Corporate borrowers	**10.4%**	3.7%
v	Unsecured personal loans	**1.7%**	1.6%
vi	Other personal loans	–	–
vii	Services	–	–

f) Movement of NPAs

Rs. in Lakhs

	Particulars	As at 31 March 2020	As at 31 March 2019
(i)	Net NPAs to Net Advances (%)	**5.98%**	5.3%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	**4,07,056.68**	5,02,697.70
	(b) Additions during the year	**3,26,085.80**	1,96,269.02
	(c) Reductions during the year	**(1,58,468.62)**	(2,91,910.04)
	(d) Closing balance	**5,74,673.86**	4,07,056.68
(iii)	Movement of Net NPAs		
	(a) Opening balance	**3,29,070.49**	3,31,090.28
	(b) Additions during the year	**1,72,588.56**	1,40,920.06
	(c) Reductions during the year	**(1,05,011.64)**	(1,42,939.85)
	(d) Closing balance	**3,96,647.41**	3,29,070.49
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	**77,986.19**	1,71,607.42
	(b) Provisions made during the year	**1,53,497.24**	55,348.96
	(c) Write-off/write-back of excess provisions	**(53,456.98)**	(1,48,970.19)
	(d) Closing balance	**1,78,026.45**	77,986.19

XII) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Rs. in Lakhs

Name of the Joint Venture/Subsidiary	Other Partner in the JV	Country	Total Assets As at 31 March 2020	As at 31 March 2019
Mahindra Finance USA, LLC	De Lage Landen Financial Services	USA	**3,95,636.17**	3,60,470.90
Mahindra Ideal Finance Limited	Ideal Finance Limited, Sri Lanka	Sri Lanka	**7,782.86**	N/A

XIII) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored:

Domestic	Overseas
N/A	N/A

XIV) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities As at March 31, 2020

Rs. in Lakhs

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 year up to 5 years	Over 5 years	Total
Deposits	10,480.14	10,738.50	12,923.85	40,811.75	90,484.34	608,000.72	1,07,774.68	–	8,81,213.98
Advances	5,40,634.79	42,040.84	2,36,176.26	5,89,818.93	11,03,255.45	31,15,566.24	8,64,779.92	7,074.61	64,99,347.04
Reserves and surplus	–	–	–	–	–	–	–	11,24,078.54	11,24,078.54
Investments	3,24,812.99	1,187.38	1,306.39	2,686.68	5,115.37	10,794.26	7,600.75	2,37,592.80	5,91,096.62
Borrowings	1,64,054.50	53,999.64	2,24,886.33	4,20,435.91	8,32,285.21	18,38,976.41	4,92,681.02	7,45,624.65	47,72,943.67
Foreign Currency Assets	–	–	–	–	–	–	–	–	–
Foreign Currency liabilities	–	–	–	–	18,294.06	2,73,778.84	–	–	2,92,072.90

As at March 31, 2019

Rs. in Lakhs

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 year up to 5 years	Over 5 years	Total
Deposits	10,294.70	12,280.52	10,181.56	37,170.58	67,093.38	365,355.07	64,342.60	–	5,66,718.41
Advances	6,77,857.57	2,53,427.37	2,17,580.89	5,17,840.42	10,00,944.34	27,56,627.06	6,98,528.03	2,157.12	61,24,962.80
Reserves and surplus	–	–	–	–	–	–	–	10,78,504.75	10,78,504.75
Investments	76,100.26	7,198.15	1,10,825.62	18,529.85	6,121.13	7,795.30	5,446.76	1,47,153.30	379,170.37
Borrowings	1,51,738.31	2,29,814.73	1,47,144.48	4,64,617.25	7,42,686.06	18,48,990.24	3,68,974.44	5,63,208.52	45,17,174.03
Foreign Currency Assets	–	–	–	–	–	–	–	–	–
Foreign Currency liabilities	–	–	–	16,208.14	47,195.83	137,396.77	–	–	2,00,800.74

XV) Disclosure of complaints

	Customer Complaints	Year ended 31 March 2020	Year ended 31 March 2019
(a)	No. of complaints pending at the beginning of the year	**681**	315
(b)	No. of complaints received during the year	**10,002**	3,041
(c)	No. of complaints redressed during the year	**8,990**	2,675
(d)	No. of complaints pending at the end of the year	**1,693**	681

55 Disclosures as required under Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR. NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4 November 2019

Public disclosure on liquidity risk:

i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Sr. no.	Type of instrument	Number of Significant Counterparties	Amount (Rs. in lakhs)	% of Total deposits	% of Total Liabilities
1	Deposits	Nil	Nil	Nil	Nil
2	Borrowings	19	34,31,365.82	N/A	54.72%

ii) Top 20 large deposits (amount in Rs. in lakhs and % of total deposits)

Description	Amount (Rs. in lakhs)	% of Total deposits
Total for Top 20 large deposits	44,606.16	5.06%

iii) Top 10 borrowings (amount in Rs. in lakhs and % of total borrowings)

Description	Amount (Rs. in lakhs)	% of Total borrowings
Total for Top 10 borrowings	26,86,667.69	45.18%

iv) Funding Concentration based on significant instrument/product

Sr. no.	Name of the instrument/product	Amount (Rs. in lakhs)	% of Total liabilities
1	Non-convertible debentures (Secured)	17,39,521.31	27.74%
2	Term loans from banks (including FCNR loans)	17,72,784.62	28.27%
3	External Commercial Borrowings	2,73,778.83	4.37%
4	Associated liabilities in respect of securitization transactions	8,88,170.82	14.16%
5	Public deposits	8,81,213.98	14.05%
6	Subordinated redeemable non-convertible debentures	3,41,794.57	5.45%
		58,97,264.13	**94.04%**
	Funding Concentration pertaining to insignificant instruments/products	48,966.42	0.78%
	Total borrowings under all instruments/products	**59,46,230.55**	**94.83%**

v) Stock Ratios

Sr. no.	Name of the instrument/product	Amount (Rs. in lakhs)	% of total public funds	% of total liabilities	% of total assets
a)	Commercial papers (CPs)	Nil	Nil	Nil	Nil
b)	Non-convertible debentures (NCDs) with original maturity of less than one year	Nil	Nil	Nil	Nil
c)	Other short-term liabilities	2,26,238.34	3.80%	3.61%	3.05%

vi) Institutional set-up for liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long-term funding and liquidity management requirements. The ALCO meets regularly to review the liquidity position based on future cash flows. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The Company also maintains adequate liquid assets, banking facilities and reserve borrowing facilities to hedge against unexpected requirements.

In order to achieve above, the Company also has an Investment Policy to ensure that safety, liquidity and return on the surplus funds are given appropriate weightages and are placed in that order of priority. The Investment Committee frames the strategy, sets the operational parameters and framework within the limits as may be set by the Board for investment. The Committee approaches the Board for revising the limit as and when required. The policy is also reviewed periodically in the background of developments in the money markets and the Investment Committee depending on the external factors proactively to reduce the risk in the investments. A well-defined front and back office mechanism is in place to ensure a system of checks and balances.

Definition of terms as used in the table above:

a) *Significant counterparty:*

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

b) *Significant instrument/product:*

A "Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities.

c) *Total liabilities:*

Total liabilities include all external liabilities (other than equity).

d) *Public funds:*

"Public funds" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of Commercial Papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue. It includes total borrowings outstanding under all types of instruments/products.

e) *Other short-term liabilities:*

All short-term borrowings other than CPs and NCDs with original maturity less than 12 months.

56 Disclosure as required under RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 on Implementation of Indian Accounting Standards

i) A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 for the year ended 31 March 2020

Rs. in lakhs

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Substandard						
	Stage 1	55,89,022.84	54,711.21	55,34,311.63	22,356.09	32,355.12
	Stage 2	6,45,207.52	75,960.80	5,69,246.72	6,750.45	69,210.35
Subtotal for standard		**6234230.36**	**1,30,672.01**	**61,03,558.35**	**29,106.54**	**1,01,565.47**
Non-Performing Assets (NPA)						
Substandard	Stage 3	3,00,533.42	92,195.54	2,08,337.88	33,492.04	58,703.50
Doubtful - up to 1 year	Stage 3	1,44,652.81	44,425.57	1,00,227.24	71,439.99	(27,014.42)
1 to 3 years	Stage 3	1,02,056.70	25,763.50	76,293.20	82,955.08	(57,191.58)
More than 3 years	Stage 3	15,536.44	3,771.52	11,764.92	15,359.02	(11,587.50)
Subtotal for doubtful		**2,62,245.95**	**73,960.59**	**1,88,285.36**	**1,69,754.09**	**(95,793.50)**
Loss	Stage 3	11,894.49	11,870.32	24.17	11,894.45	(24.13)
Subtotal for NPA		**5,74,673.86**	**1,78,026.45**	**3,96,647.41**	**2,15,140.58**	**(37,114.13)**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	–	250.20	(250.20)	–	250.20
	Stage 2	–	–	–	–	–
	Stage 3	–	–	–	–	–
Subtotal		–	**250.20**	**(250.20)**	–	**250.20**
Total	**Stage 1**	**55,89,022.84**	**54,961.41**	**55,34,061.43**	**22,356.09**	**32,605.32**
	Stage 2	**6,45,207.52**	**75,960.80**	**5,69,246.72**	**6,750.45**	**69,210.35**
	Stage 3	**5,74,673.86**	**1,78,026.45**	**3,96,647.41**	**2,15,140.58**	**(37,114.13)**
Total		**68,08,904.21**	**3,08,948.66**	**649,9,955.56**	**2,44,247.12**	**64,701.54**

Since the total impairment allowances under Ind AS 109 is higher than the total provisioning required under IRACP (including standard asset provisioning) as at 31 March 2020, no amount is required to be transferred to 'Impairment Reserve'. The gross carrying amount of asset as per Ind AS 109 and Loss allowances (Provisions) thereon includes interest accrual on net carrying value of stage - 3 assets as permitted under Ind AS 109. While, the provisions required as per IRACP norms does not include any such interest as interest accrual on NPAs is not permitted under IRACP norms.

The balance in the 'Impairment Reserve' (as and when created) shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI.

ii) In terms of recommendations as per above referred notification, the Company has adopted the same definition of default for accounting purposes as guided by the definition used for regulatory purposes.

As at 31 March 2020, there are no loan accounts that are past due beyond 90 days but not treated as impaired, i.e. all 3+ ageing loan accounts have been classified as Stage-3 and no dispensation is considered in stage-3 classification.

iii) Policy for sales / transfers out of amortized cost business model portfolios

Sale/ transfer of portfolios out of amortized cost business model:

As a short-term financing arrangement, the Company has been transferring or selling certain pools of fixed rate loan receivables backed by underlying assets in the form of tractors, vehicles, equipments etc. by entering in to securitization transactions with the Special Purpose Vehicle Trusts ("SPV Trust") sponsored by Commercial banks for consideration received in cash at the inception of the transaction. As a part of annual budgetary planning and with the objective of better liquidity and risk management, the Company, at the beginning of the year, obtains approval of Asset Liability Committee and Risk Management Committee of the Board of Directors for undertaking securitization transactions of certain value of standard assets comprising the collateral based loan receivables at appropriate times during the year.

These transactions are carried out after complying with RBI guidelines on securitization of standard assets. The consideration received through such securitization transactions is utilized for funding regular vehicle loan disbursements to customers who service their loans through fixed installments over a specified period of loan tenor. Besides using securitization as alternate financing tool, it is also being used as a effective Balance sheet management through better liquidity and risk management by transfer of assets from risk averse to risk takers.

When the assets in the form of loan receivables are sold / transferred to an SPV/Bank through securitization transaction, then on a consolidated portfolio level, such sale/transfer does not change the Company's business objective of holding financial assets to collect contractual cash flows.

The Company remains exposed to credit risk, being the expected losses that will be incurred on the securitized loan portfolio to the extent of the credit enhancement provided. Any increase in losses as compared to the expected loss shall require the Company to present its credit enhancement / cash collateral to help compensate the investors. This is as per the requirement of the Reserve Bank of India. Thus, the Company as per Ind AS 109 has retained substantially all the risks and rewards of ownership of the financial asset.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. Accordingly, the securitized financial assets are derecognized from the financial statements prepared as per IRACP norms.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Accordingly, these financial assets are not de-recognized by the Company from the financial statements prepared under Ind AS. Since the contractual terms of these financial assets give rise to cash flows, that are solely payments of principal and interest, on specified dates, these assets meet the SPPI criterion and are thus continued to be recognized in the books at amortized cost.

57 Events after the reporting date

During the year ended 31 March 2020, the Company along with Mahindra Asset Management Company Private Limited (MAMCPL) and Mahindra Trustee Company Private Limited (MTCPL), wholly-owned subsidiaries of the Company, had entered in to a share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. (Manulife). Pursuant to these agreements, Manulife was required to make an equity investment aggregating to US $ 35.00 million to acquire 49% of the share capital of MAMCPL & MTCPL.

The transaction was settled on 29 April 2020 in accordance with share subscription and shareholders' agreements to acquire a 49% stake in MIAMCPL and MTCPL by Manulife. The said agreements have also provided for sale of certain number of equity shares of MAMCPL by MMFSL at an agreed valuation within the overall stake divestment of 49% to Manulife. Accordingly, under the sale transaction, 1,47,00,000 equity shares of MAMCPL, equivalent to 7% of the fully paid up equity share capital of MAMCPL, for a consideration of Rs. 2080.10 lakhs (equivalent to USD 2.73 million), have been transferred in dematerialized form to Manulife. This sale transaction has been recorded in the books of accounts on 29 April 2020.

Consequent to the above, the shareholding of the Company in MAMCPL and MTCPL has come down from 100% to 51% of the share capital respectively, and accordingly, MAMCPL and MTCPL will cease to be wholly-owned subsidiaries of the Company but, continue to remain the Company's subsidiaries.

There have been no other events after the reporting date that require disclosure in these financial statements.

Signatures to Notes 1 to 57

As per our report of even date attached.

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

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

Dhananjay Mungale *Chairman* [DIN: 00007563]
Ramesh Iyer *Vice-Chairman & Managing Director* [DIN: 00220759]

Venkataramanan Vishwanath
Partner
Membership No: 113156

V. Ravi
Executive Director & Chief Financial Officer
[DIN: 00307328]

Arnavaz Pardiwala
Company Secretary

Place: Mumbai
Date: 15 May 2020

Place: Mumbai
Date: 15 May 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of **Mahindra Insurance Brokers Limited**

Report on the Audit of the Ind AS Financial Statements

1. **Opinion**

We have audited the accompanying Ind AS financial statements of **Mahindra Insurance Brokers Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and notes to the Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

2. **Basis for Opinion**

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

3. **Information other than the Ind AS financial statements and Auditor's report thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Directors Report, Corporate Governance Report and Management Discussion and Analysis, but does not include the Ind AS financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of our auditor's report.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information included in the above reports, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and determine the actions under the applicable laws and regulations.

4. **Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS accounting standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

5. **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

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

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

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

ii) Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

v) Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

6. Emphasis of matter

We draw your attention to Note 33.4 to the Ind AS financial statement which explain the uncertainties and management's assessment of the financial impact due to the lockdown and other restrictions imposed by the Government and condition related to the COVID-19 pandemic situation, for which definitive assessment of the impact would highly depend upon circumstances as they evolve in the subsequent period.

Our opinion is not modified in respect of this matter.

7. Other Matters:

The figures of the Ind AS financial statements for the year ended and as at March 31, 2019 have been audited by another auditor who expressed an unmodified opinion on 18th April 2019.

8. Report on Other Legal and Regulatory Requirements

i) As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable

ii) As required by section 143 (3) of the Act, based on our audit we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of Ind AS Financial Statements.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the

Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on the financial position in its Ind AS financial statements – Refer Note 32 to the Ind AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

   iii. There has been no delay in transferring the amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Mukund M. Chitale & Co.**
Chartered Accountants
Firm Regn. No. 106655W

S. M. Chitale
Partner
M. No. 111383
UDIN:20111383AAAACQ4034

Place: Mumbai
Date: May 08, 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MAHINDRA INSURANCE BROKERS LIMITED

Referred to in paragraph [8(i)] under Report on Other Legal and Regulatory Requirements of our report of even date

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets of the company have been physically verified by the Management, in the phased manner during the year. The company is in the process of reconciling the same with the fixed asset register. The discrepancies if any, arising out of reconciliation will be considered in the books of accounts in the period in which the reconciliation is complete.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the company, there are no immovable properties held in the name of the Company. Accordingly, paragraph 3(i) (c) of the order is not applicable to the Company.

(ii) The company is in the business of providing insurance broking services and does not hold any inventory. Therefore, the provision of paragraph 3(ii) of the said order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of paragraph 3(iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) The Company has not granted any loans or made any investment, or provided any guarantees or security to the parties covered under Section 185. In our opinion, and according to the information and explanations given to us, the company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of loans and investments made, and guarantees and security provided by it, as applicable.

(v) According to information and explanation given to us the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) According to information and explanations given to us by the Company it is not required to maintain cost records as prescribed by the Central Government under section 148 of the Companies Act, 2013. Thus the provisions on this Clause are not applicable to the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

a) the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Services Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities as per the available records as far as ascertained by us on our verification.

b) According to the information and explanations given to us, undisputed dues in respect of provident fund, income-tax, service tax, sales-tax, duty of customs, value added tax, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable are as follows:

Name of the statue	Name of the States	Amount (Rs.)	Period to which amount relates	Due Date	Date of Payment
Profession Tax	Gujarat	51,925	F.Y. 2018-2019	various date	Not paid
		55,200	F.Y. 2019-2020		
	Kerala	16,122	F.Y. 2018-2019		Not paid
		46,869	F.Y. 2019-2020		
	Tamil Nadu	32,270	F.Y. 2018-2019		Paid on 6th May 2020
		51,994	F.Y. 2019-2020		
	Punjab	10,800	F.Y. 2018-2019		Paid on 5th May 2020

c) According to the records examined by us and as per the information and explanations given to us, there are no statutory dues outstanding as at March 31, 2020 which have not been deposited on account of disputes except for those stated below:

Name of the statue	Nature of the dues	Amount (Rs.)	Period to which amount relates	Forum where the dispute is pending
Tax Deducted at Source	Interest on TDS	16,50,770	F.Y. 2011-12 to F.Y. 2017-2018	Rectification filed with the AO

(viii) The Company has not taken any loans or borrowings from the financial institution, banks and government, and has not issued and debentures. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under paragraph 3(ix) of the Order is not applicable to the Company.

(x) During the course of our examination of books of accounts and as far as records/details made available and verified by us and according to the information and explanations given to us, two instances of fraud by the employee of the Company (amounting to Rs. 0.64 lakhs which was recovered subsequently by the Company), was reported during the year pertaining to fake policy booking and collection of premium not deposited with the insurance company.

(xi) According to the information and explanations given to us, and based on our verification of records, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.

(xii) In our opinion, the Company is not a Nidhi company. Therefore, the reporting under paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or person connected with them. Accordingly, provisions of clause 3 (xv) of the Order are not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For **Mukund M. Chitale & Co.**
Chartered Accountants
Firm Regn. No. 106655W

S. M. Chitale
Partner
M. No. 111383
UDIN:20111383AAAACQ4034

Place: Mumbai
Date: May 08, 2020

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MAHINDRA INSURANCE BROKER LIMITED

Referred to in paragraph [8(ii)(f)] under Report on Other Legal and Regulatory Requirements of our report of even date

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

1. We have audited the internal financial controls over financial reporting of **Mahindra Insurance Broker Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

6. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Mukund M. Chitale & Co.**
Chartered Accountants
Firm Regn. No. 106655W

S. M. Chitale
Partner
M. No. 111383
UDIN:20111383AAAACQ4034

Place: Mumbai
Date: May 08, 2020

BALANCE SHEET AS AT 31 MARCH 2020

₹ in Lakhs

			Note No.	As at 31 March 2020	As at 31 March 2019
I	**ASSETS**				
1	**NON-CURRENT ASSETS**				
	(a)	Property, Plant and Equipment	1	**941.47**	945.28
	(b)	Other Intangible Assets	2	**128.43**	142.98
	(c)	Right to use assets-Building	21	**2,073.18**	–
	(d)	Intangible Assets Under Development		**55.68**	79.41
	(e)	Financial Assets			
		(i) Investments	3	**3,075.00**	2,075.00
		(ii) Loans	4	**16,800.00**	–
		(iii) Other Financial Assets	5	**157.14**	164.34
	(f)	Deferred Tax Assets (net)	6	**472.01**	392.25
	(g)	Other Non-current Assets	7	**865.66**	268.63
	SUB-TOTAL			**24,568.57**	4,067.89
2	**CURRENT ASSETS**				
	(a)	Financial Assets			
		(i) Investments	3	**1,664.45**	1,662.93
		(ii) Trade Receivables	8	**5,679.77**	7,607.11
		(iii) Cash and Cash Equivalents	9	**1,310.24**	563.36
		(iv) Loans	4	**18,125.00**	29,800.00
		(v) Other Financial Assets	5	**1,675.25**	1,478.10
	(b)	Other Current Assets	7	**1,399.15**	1,546.85
	SUB-TOTAL			**29,853.86**	42,658.35
	TOTAL ASSETS			**54,422.43**	46,726.24
II	**EQUITY AND LIABILITIES**				
	EQUITY				
	(a)	Equity Share Capital	10	**1,030.93**	1,030.93
	(b)	Other Equity	11	**41,237.30**	37,055.45
	SUB-TOTAL			**42,268.23**	38,086.38
	LIABILITIES				
1	**NON-CURRENT LIABILITIES**				
	(a)	Financial Liabilities			
		(i) Other Financial Liabilities	14	**1,677.25**	–
	(b)	Provisions	12	**1,177.54**	754.25
	SUB-TOTAL			**2,854.79**	754.25
2	**CURRENT LIABILITIES**				
	(a)	Financial Liabilities			
		(i) Trade Payables			
		(a) Micro and small enterprises	13	**0.51**	–
		(b) Others	13	**4,959.31**	4,570.91
		(ii) Other Financial Liabilities	14	**516.36**	26.04
	(b)	Provisions	12	**2,935.39**	1,957.48
	(c)	Other Current Liabilities	15	**887.84**	1,331.18
	SUB-TOTAL			**9,299.41**	7,885.61
	TOTAL			**54,422.43**	46,726.24

The accompanying statement of accounting policies and notes 1 to 34 are an integral part of the Financial Statements.

As per our report of even date	**For and on behalf of the Board of Directors**				
For Mukund M. Chitale & Co.					
Chartered Accountants	Rajeev Dubey	Ramesh Iyer	V Ravi	Hemant Sikka	Jyotin Mehta
Firm Regn No. 106655W	**Chairman**	**Director**	**Director**	**Director**	**Director**
	DIN: 00104817	DIN: 00220759	DIN: 00307328	DIN: 00922281	DIN: 00033518
Saurabh M. Chitale	Anjali Raina	Derek Nazareth	Dr Jaideep Devare	Rupa Joshi	Saurabh V. Dharadhar
Partner	**Director**	**Director**	**Managing Director**	**Company Secretary**	**Chief Financial Officer**
Membership No. 111383	DIN: 02327927	DIN: 07031760	DIN: 00009112	Mem No.: ACS 17395	
Place: Mumbai					Place: Mumbai
Date: May 08, 2020					Date: May 08, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

₹ in Lakhs

	Particulars	Note No.	Year ended 31 March 2020	Year ended 31 March 2019
I	Revenue from operations	16	**30,482.75**	29,798.43
II	Other Income	17	**3,206.13**	2,537.91
III	**Total Revenue (I + II)**		**33,688.88**	32,336.34
IV	**EXPENSES**			
	(a) Employee benefit expense	18	**12,031.14**	9,102.32
	(b) Finance costs	27	**183.14**	–
	(c) Depreciation and amortisation expense	1,2,21	**893.79**	361.57
	(d) Other expenses	19	**13,190.65**	12,583.09
	Total Expenses [(a) + (b) + (c)+ (d)]		**26,298.72**	22,046.98
V	**Profit/(loss) before tax (III - IV)**		**7,390.16**	10,289.36
VI	**Tax Expense**			
	(1) Current tax	6	**2,059.00**	3,188.00
	(2) Deferred tax	6	**(5.03)**	(48.03)
	Total tax expense [(1) + (2)]		**2,053.97**	3,139.97
VII	**Profit/(loss) for the Period (V - VI)**		**5,336.19**	7,149.39
VIII	**Other comprehensive income**		**(222.21)**	(43.95)
	A (i) Items that will not be reclassified to profit or loss		**–**	–
	Remeasurements of the defined benefit plans		**(296.95)**	(62.00)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**74.74**	18.05
IX	**Total comprehensive income for the period (VII+VIII)**		**5,113.98**	7,105.44
X	**Earnings per equity share**			
	(1) Basic	20	**51.76**	69.35
	(2) Diluted	20	**51.76**	69.35

The accompanying statement of accounting policies and notes 1 to 34 are an integral part of the Financial Statements.

As per our report of even date
For Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn No. 106655W

For and on behalf of the Board of Directors

Rajeev Dubey	Ramesh Iyer	V Ravi	Hemant Sikka	Jyotin Mehta
Chairman	**Director**	**Director**	**Director**	**Director**
DIN: 00104817	DIN: 00220759	DIN: 00307328	DIN: 00922281	DIN: 00033518

Saurabh M. Chitale
Partner
Membership No. 111383
Place: Mumbai
Date: May 08, 2020

Anjali Raina	Derek Nazareth	Dr Jaideep Devare	Rupa Joshi	Saurabh V. Dharadhar
Director	**Director**	**Managing Director**	**Company Secretary**	**Chief Financial Officer**
DIN: 02327927	DIN: 07031760	DIN: 00009112	Mem No.: ACS 17395	

Place: Mumbai
Date: May 08, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

₹ in Lakhs

Particulars	Note No.	Year ended 31 March 2020	Year ended 31 March 2019
Cash flows from operating activities			
Profit before tax for the year	PL	**7,390.16**	10,289.38
Adjustments for:			
Investment income recognised in profit or loss		**(3,191.88)**	(2,536.71)
Loss/(Gain) on disposal of property, plant and equipment	19	**21.61**	6.21
Loss due to change in fair value of investments		**0.51**	–
Finance Cost as per Ind AS 116		**183.14**	–
Impairment loss recognised on trade receivables	8	**81.46**	81.25
Actual outflow of rent		**(598.92)**	–
Depreciation and amortisation of non-current assets	1 & 2	**893.80**	361.56
		4,779.88	8,201.69
Movements in working capital:			
(Increase)/decrease in trade and other receivables		**1,845.89**	(1,103.14)
(Increase)/decrease in other assets		**(137.62)**	(1,058.10)
(Decrease)/increase in trade and other payables		**409.38**	(20.38)
Increase/(decrease) in provisions		**1,427.21**	1,111.92
(Decrease)/increase in other liabilities		**(443.36)**	255.54
		3,101.50	(814.16)
Cash generated from operations		**7,881.38**	7,387.53
Income taxes paid		**(2,693.92)**	(4,088.97)
Net cash generated by operating activities		**5,187.46**	3,298.56
Cash flows from investing activities			
Interest received	5	**2,955.15**	2,451.94
Amounts advanced to related parties		**(38,375.00)**	(22,875.00)
Repayments by related parties		**33,250.00**	18,125.00
Amounts advanced - other investments		**(14,030.00)**	(2,000.00)
Repayments - other investments		**13,075.00**	1,900.00
Payments for property, plant and equipment		**(330.58)**	(762.05)
Proceeds from disposal of property, plant and equipment	1	**17.45**	21.00
Payments for intangible assets/intangible assets under developments		**(70.48)**	(120.99)
Net cash (used in)/generated by investing activities		**(3,508.46)**	(3,260.10)
Cash flows from financing activities			
Expenses for issue of bonus shares		**–**	(10.93)
Dividends paid to owners of the Company		**(932.12)**	(559.28)
Net cash (used in)/generated from financing activities		**(932.12)**	(570.21)
Net increase in cash and cash equivalents		**746.88**	(531.75)
Cash and cash equivalents at the beginning of the year		**563.36**	1,095.11
Cash and cash equivalents at the end of the year		**1,310.24**	563.36

Note:
The above cash flow statement has been prepared under the “indirect method” as set out in ‘Indian Accounting Standard (Ind AS 7)- Statement of Cash Flows

The accompanying statement of accounting policies and notes 1 to 34 are an integral part of the Financial Statements.

As per our report of even date | **For and on behalf of the Board of Directors**

For Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn No. 106655W

Rajeev Dubey, **Chairman**, DIN: 00104817
Ramesh Iyer, **Director**, DIN: 00220759
V Ravi, **Director**, DIN: 00307328
Hemant Sikka, **Director**, DIN: 00922281
Jyotin Mehta, **Director**, DIN: 00033518

Saurabh M. Chitale
Partner
Membership No. 111383
Place: Mumbai
Date: May 08, 2020

Anjali Raina, **Director**, DIN: 02327927
Derek Nazareth, **Director**, DIN: 07031760
Dr Jaideep Devare, **Managing Director**, DIN: 00009112
Rupa Joshi, **Company Secretary**, Mem No.: ACS 17395
Saurabh V. Dharadhar, **Chief Financial Officer**

Place: Mumbai
Date: May 08, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

A. Equity share capital

	₹ in Lakhs
As at 1 April 2018	**257.73**
Changes in equity share capital during the Period	773.20
As at 31 March 2019	**1,030.93**
As at 1 April 2019	1,030.93
Changes in equity share capital during the Period	–
As at 31 March 2020	**1030.93**

B. Other Equity

₹ in Lakhs

	Reserves and Surplus			Items of other comprehensive income	
	Securities Premium	General Reserve	Retained Earnings	Remeasurement loss (net) on defined benefit plans	Total
As at 1 April 2018	1,589.50	1,658.43	28,193.37	(147.89)	31,293.41
Profit/(Loss) for the period	–	–	7,149.39	–	7,149.39
Other Comprehensive Income/(Loss)			–	(43.95)	(43.95)
Total Comprehensive Income for the year	–	–	7,149.39	(43.95)	7,105.44
Dividend paid on Equity Shares	–	–	(463.92)	–	(463.92)
Dividend Distribution Tax	–	–	(95.36)	–	(95.36)
Transfers from retained earnings (Issue of bonus shares and related expenses)	–	–	(784.12)	–	(784.12)
As at 1 April 2019	1,589.50	1,658.43	33,999.36	(191.84)	37,055.45
Profit/(Loss) for the period			5,336.19		5,336.19
Other Comprehensive Income/(Loss)			–	(222.21)	(222.21)
Total Comprehensive Income for the year	–	–	5,336.19	(222.21)	5,113.98
Dividend paid on Equity Shares	–	–	(773.20)	–	(773.20)
Dividend Distribution Tax	–	–	(158.93)	–	(158.93)
Transfers from retained earnings	–	–	–	–	–
As at 31 March 2020	**1,589.50**	**1,658.43**	**38,403.42**	**(414.05)**	**41,237.30**

The accompanying statement of accounting policies and notes 1 to 34 are an integral part of the Financial Statements.

As per our report of even date
For Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn No. 106655W

Saurabh M. Chitale
Partner
Membership No. 111383
Place: Mumbai
Date: May 08, 2020

For and on behalf of the Board of Directors

Rajeev Dubey	Ramesh Iyer	V Ravi	Hemant Sikka	Jyotin Mehta
Chairman	**Director**	**Director**	**Director**	**Director**
DIN: 00104817	DIN: 00220759	DIN: 00307328	DIN: 00922281	DIN: 00033518
Anjali Raina	Derek Nazareth	Dr Jaideep Devare	Rupa Joshi	Saurabh V. Dharadhar
Director	**Director**	**Managing Director**	**Company Secretary**	**Chief Financial Officer**
DIN: 02327927	DIN: 07031760	DIN: 00009112	Mem No.: ACS 17395	

Place: Mumbai
Date: May 08, 2020

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2020.

A Company overview

Mahindra Insurance Brokers Limited is a Public Limited Company incorporated and domiciled in India. The Company's registered office is at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018. The Company is primarily involved in the business of rendering insurance broking services.

The immediate parent Company is Mahindra & Mahindra Financial Services Limited and ultimate parent Company is Mahindra & Mahindra Limited, a company incorporated in Mumbai, India.

B Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Statement of compliance and basis of preparation

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

All the assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the schedule III of the Act. Based on nature of services and the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as up to twelve months for the purpose of current/non-current classification of assets and liabiities.

The financial statements of the Company for the year ended March 31, 2020 were approved for issue by the Company's Board of Directors on May 08, 2020.

b. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All amounts are rounded-off to the nearest lacs, unless otherwise indicated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
– Certain financial assets and liabilities which are generally derivative instruments	Fair value
– Liabilities for cash-settled share-based payment arrangements	Fair value
– Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligations

d. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has established policies and procedures with respect to the measurement of fair values. The Chief Financial Officer and person entrusted has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, including assessments that these valuations meet the requirements of Ind AS. Significant valuation issues are reported to audit committee.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilties.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset ot liability that are not based on observable market data (unobservable inputs).

e. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Assumptions and estimation uncertainties

Following are areas that involved a higher degree of judgement or complexity in determining the carrying amount of some assets and liabilities. Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment in the year ending March 31, 2020 is included in relevant notes.

- Estimation of current tax expense and payable
- Estimated useful life of property, plant and equipments
- Estimated useful life of intangible assets
- Estimation of defined benefit obligation
- Impairment of trade receivables
- Impairment of financial assets
- Estimation of shared based payments

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

C Significant accounting policies

a. Property, plant and equipment :

Recognition and measurement

All the items classified under property plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the items and restoring the site on which it is located.

When significant parts of an item of property, plant and equipment have different useful lives, they are depreciated for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within statement of profit and loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives as specified in the Schedule II of the Act or estimated

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2020.

by the management using straight-line method and is generally recognised in the statement of profit and loss except:

i. Motor cars where useful life is estimated at 4 years as against 8 years per Schedule II since the employees to whom these cars have been allotted as part of their terms of employment are entitled to change their vehicles every four years, and

ii. Property Plant & Equipmnets having value individually less than INR 5000 where useful life is estimated at less than one year having regard to the nature of these assets and the difficulty in estimating the useful life.

Further, residual value for all assets is considered Nil having regard to the difficulty in reasonably estimating the same and, in the case of motor cars, having regard to terms of employment under which these are allotted to the employees.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Class of asset	**Year ended 31 March 2020**	Year ended 31 March 2019
Plant and equipment (including Computers)	**2-6 years**	2-6 years
Office equipments	**5 years**	5 years
Furniture and fixtures	**10 years**	10 years
Leasehold Premises	**Over the period of lease**	Over the period of lease
Vehicles	**4 years**	4 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The effect of change in estimate of useful life is accounted on prospective basis

b. Intangible Assets :

Intangible Assets are initially recognised at cost.

Amortisation

Subsequent to initial recognition, intangible assets with indefinite useful lives are carried at cost less accumalated amortisation and accumaltated impairement, if any. Amortisation of intangible assets with finite useful lives is calculated on cost of intangible assets less their estimated residual values over their estimated useful lives using straight-line method and is generally recognised in the statement of profit and loss.

The estimated useful lives for the current and comparative periods are as follows:

Class of asset	**Year ended 31 March 2020**	Year ended 31 March 2019
Computer software	**3 years**	3 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The effect of change in estimate of useful life is accounted on prospective basis.

Intangible assets under development

The Company capitalizes intangible asset under development in accordance with the accounting policy. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed.

Derecognition of intangible assets

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

c. Impairment of assets other than financial assets :

Impairment of tangible and intangible assets other than goodwill

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

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of profit and loss.

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

d. Foreign currency :

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are generally recognised in statement of profit and loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

e. Financial instruments:

Recognition and initial measurement

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

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2020.

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

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

– Amortised cost;

– fair value through other comprehensive income (FVOCI) - debt investment;

– fair value through other comprehensive income (FVOCI) - equity investment;

– fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (designated as FVOCI - equity investment). This election is made on investment-by-investment basis.

All financial asset not classified as measured at amortised cost or FVOCI as described above are measured at fair value through profit or loss (FVTPL). This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces accounting mismatch that would otherwise arise.

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in statement of profit and loss and is included in the "Other income" line item.

Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified in the statement of profit and loss on disposal of the investments.

A financial asset is held for trading if:

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

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see note above).

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost are susequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain and loss derecognition is recognised in profit or loss.

Debt investment at FVOCI are susequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclssified to profit or loss.

Equity investment at FVOCI are are susequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2020.

Financial assets at FVTPL are susequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

Financial liabilities and equity instruments:

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. The dividends on mandatorily redeemable preference shares are recognised in profit or loss as interest expense. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Compound financial instruments

The component parts of compound instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. Interest related to the financial liability is recognised in profit or loss (unless it qualifies for inclusion in the cost of an asset).

Conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to [share premium/ other equity [describe]]. Where the conversion option remains unexercised at the maturity date of the convertible instrument, the balance recognised in equity will be transferred to [retained profits/ other equity [describe]]. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Impairment of financial instruments

The Company recognises a loss allowance for expected credit losses (ECL) on:

– Financial assets measured at amortised cost;

– Financial assets measured at FVOCI - debt investments;

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2020.

undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.For debt securities at FVOCI, the loss allowance is recognised in OCI and carrying amount of the financial asset is not reduced in the balance sheet.

f. Revenue Recognition :

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are exclusive of GST and net of revenue on policy cancellations and endorsements.

Rendering of services

Brokerage Income, Handling Charges & Broker Retainer Fees is accounted for net of GST amount on rendition of services. Brokerage income is recognized on receiving details of the policy issued by the insurance company or receipt of brokerage whichever is earlier. The Company recognises revenue from rendering of consultancy services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

Dividend and interest income

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

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

g. Employee benefits:

Superannuation Fund, ESIC and Labour Welfare Fund

The Company's contribution paid/payable during the year to Superannuation Fund, ESIC and Labour Welfare Fund are recognised in statement of profit and loss.

Provident Fund

Contributions to Provident Fund are charged to the statement of profit and loss as incurred. The Company is liable for the contribution and any shortfall in interest between the amount of interest realised by the investments and the interest payable to the members at the rate declared by the Government of India.

Gratuity

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Compensated Absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by acturial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid or availed as a result of the unused entitllement that has accumulated at the balance sheet date. Expense on non accumulating compensated absences is recognised in the period in which the absences occur.

Cash settled share based payments

Cash Settled Share Based Payments, the fair value of the amount payable to employees is recognized as 'employee benefit expenses with corresponding increase in liabilities, over the period of non market vesting conditions getting fulfilled. The fair value of the option at the grant date is calculated by an independent valuer basis Black Scholes model. The Liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognized in employee benefit expenses.

h. Taxation:

Income tax expense comprises current tax and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises expected tax payable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts and it is entended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

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

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

Current and deferred tax for the year

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2020.

in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Minimum Alternate Tax (MAT)

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with asset will be realised. Current and deferred tax expense is recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

i. Provisions, Contingent Liabilities and Contingent Assets :

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability.Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities

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

j. Leasing :

The company has applied Ind AS 116 using the modified retrospective approach.

As a Lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'other financial liabilities' in the statement of financial position. (Refer Schedule nos. 14 and 21)

k. Segment Reporting

Operating Segments are reported consistently with the internal reporting provided to the Managing Director. The highest decision making executive is reposnsible for allocating resources to and assessing the performance of the operating segments. The highest decision making body is Managing Director.

l. Earnings per share

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

m. Coronavirus (COVID-19) pandemic impact

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Financial Statements. The estimation uncertainty is associated with: - the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus; - the extent and duration of the expected economic downturn (and forecasts for key economic factors including, agriculture, manufacturing, GDP and employment). This includes the disruption to suspended manufacturing operations, liquidity concerns, increasing unemployment, reductions in production because of decreased demand, and other restructuring activities; and - the effectiveness of government and Reserve Bank of India measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn. The Company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2020 about future events that the management believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions can be different from those forecasted and the effect of those differences may impact accounting estimates included in these financial statements. The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected business slowdown. The impact of the COVID-19 pandemic on these accounting estimates is mentioned relevantly in the respective disclosures to these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 1 - Property, Plant and Equipment

₹ in Lakhs

Description of Assets		**Plant and Equipment (including computers)**	**Leasehold Improvements**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles**	**Total**
I.	**Gross Carrying Amount**						
	Balance as at 1 April 2019	648.32	177.81	248.50	149.66	583.06	1,807.35
	Additions	45.52	36.61	6.86	0.56	241.04	330.59
	Disposals	2.42	–	4.24	5.02	91.39	103.07
	Balance as at 31 March 2020	**691.42**	**214.42**	**251.12**	**145.20**	**732.71**	**2,034.87**
II.	**Accumulated depreciation and impairment**						
	Balance as at 1 April 2019	457.13	10.05	75.55	41.57	277.79	862.09
	Depreciation expense for the year	91.81	25.14	43.75	12.99	144.57	318.26
	Eliminated on disposal of assets	2.42	–	3.02	4.98	76.53	86.95
	Balance as at 31 March 2020	**546.52**	**35.19**	**116.28**	**49.58**	**345.83**	**1,093.40**
III.	**Net carrying amount (I-II)**	**144.90**	**179.23**	**134.84**	**95.62**	**386.88**	**941.47**

₹ in Lakhs

Description of Assets		Plant and Equipment (including computers)	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Vehicles	Total
I.	Gross Carrying Amount						
	Balance as at 1 April 2018	541.69	–	84.78	80.20	466.96	1,173.63
	Additions	113.04	177.81	171.90	78.74	220.57	762.06
	Disposals	6.41	–	8.18	9.27	104.47	128.33
	Balance As at 31 March 2019	648.32	177.81	248.50	149.67	583.06	1,807.36
II.	Accumulated depreciation and impairment						
	Balance as at 1 April 2018	348.83	–	50.85	22.06	248.11	669.85
	Depreciation expense for the year	113.86	10.05	31.09	24.34	114.02	293.36
	Eliminated on disposal of assets	5.56	–	6.40	4.83	84.34	101.13
	Balance as at 31 March 2019	457.13	10.05	75.54	41.57	277.79	862.08
III.	Net carrying amount (I-II)	191.19	167.76	172.96	108.10	305.27	945.28

Note No. 2 - Other Intangible Assets

₹ in Lakhs

Description of Assets		**Computer Software**	**Total**
I.	**Gross Carrying Amount**		
	Balance as at 1 April 2019	242.02	242.02
	Additions from separate acquisitions	94.22	94.22
	Disposals	45.08	45.08
	Balance as at 31 March 2020	**291.16**	**291.16**
II.	**Accumulated depreciation and impairment**		
	Balance as at 1 April 2019	99.04	99.04
	Amortisation expenses for the year	85.82	85.82
	Disposals	22.13	22.13
	Balance as at 31 March 2020	**162.73**	**162.73**
III.	**Net carrying amount (I-II)**	**128.43**	**128.43**

₹ in Lakhs

Description of Assets		Computer Software	Total
I.	Gross Carrying Amount		
	Balance as at 1 April 2018	154.85	154.85
	Additions from separate acquisitions	87.17	87.17
	Balance as at 31 March, 2019	242.02	242.02
II.	Accumulated depreciation and impairment		
	Balance as at 1 April 2018	30.83	30.83
	Amortisation expenses for the year	68.21	68.21
	Balance as at 31 March, 2019	99.04	99.04
III.	Net carrying amount (I-II)	142.98	142.98

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 3 - Investments

₹ in Lakhs

Particular	**As at 31 March 2020**		As at 31 March 2019	
	Amounts Current	**Amounts Non Current**	Amounts Current	Amounts Non Current
Investments Carried at Amortised Cost				
Investment in Fixed Deposits with Mahindra & Mahindra Financial Services Limited	**–**	**3,075.00**	1,550.00	2,075.00
TOTAL INVESTMENTS CARRIED AT AMORTISED COST	**–**	**3,075.00**	1,550.00	2,075.00
Investments Carried at Fair Value Through Profit and Loss				
Quoted investments				
Investments in Mutual Funds	**1,664.45**	–	112.93	–
TOTAL INVESTMENTS CARRIED AT FAIR VALUE	1,664.45	–	112.93	–
TOTAL INVESTMENTS	**1,664.45**	**3,075.00**	1,662.93	2,075.00

₹ in Lakhs

Investments in Mutual Funds	**As at 31 March 2020**		As at 31 March 2019	
Particulars	**Units**	**Amount in ₹**	Units	Amount in ₹
Mahindra Liquid Fund-Reg DD	**1,66,352.118**	**1,664.45**	11,289.505	112.93
Total	**1,66,352.118**	**1,664.45**	11,289.505	112.93
Quoted				
Aggregate book value		1,664.96		112.93
Aggregate market value		1,664.45		112.93
Unquoted				
Aggregate book value		–		–

Note No. 4 - Loans

₹ in Lakhs

Particulars	**As at 31 March 2020**		As at 31 March 2019	
	Current	**Non-Current**	Current	Non-Current
Loans to related parties (Refer Note Below)				
– Unsecured, considered good	**18,125.00**	**16,800.00**	29,800.00	–
TOTAL LOANS	**18,125.00**	**16,800.00**	29,800.00	–

Note: Intercorporate Deposits (ICDs) placed with related parties.

₹ in Lakhs

Particulars	**As at 31 March 2020**	As at 31 March 2019
ICDs with Mahindra & Mahindra Financial Services Limited	2,125.00	300.00
ICDs with Mahindra Rural Housing Finance Limited	32,800.00	29,500.00
Total	34,925.00	29,800.00

The above Intercorporate Deposits have been given for general business purpose of the receipient.

Note No. 5 - Other financial assets

₹ in Lakhs

Particulars	**As at 31 March 2020**		As at 31 March 2019	
	Current	**Non-Current**	Current	Non-Current
Financial assets at amortised cost				
Interest Accrued but not due*	**1,675.00**	**–**	1,478.10	7.20
Security Deposits	**–**	**97.14**	–	97.14
Bank Deposit with more than 12 months maturity	**–**	**60.00**	–	60.00
Others	**0.25**	**–**	–	–
TOTAL	**1,675.25**	**157.14**	1,478.10	164.34

The Bank Deposit with more than 12 months maturity is under lien to the IRDAI as per the IRDAI (Insurance Brokers) Regulations 2018.

* Note: Interest Accured but not due from related parties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 5 - Other financial assets (Cont)

₹ in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Interest on ICDs	1,442.56	1,101.58
Interest on FDs	224.05	376.72
Total	1,666.61	1,478.30

Note No. 6 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

₹ in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current Tax:		
In respect of current year	**2,059.00**	3,188.00
In respect of prior years	**–**	–
	2,059.00	3,188.00
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(5.03)**	(48.03)
	(5.03)	(48.03)
Total income tax expense	**2,053.97**	3,139.97

(b) Income tax recognised in other Comprehensive income

₹ in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current Tax		
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**(74.74)**	(18.05)
	(74.74)	(18.05)
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**(74.74)**	(18.05)
Total income tax expense	**(74.74)**	(18.05)

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

₹ in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit before tax	**7,390.16**	10,289.36
Income tax expense calculated at 25.17% (2019: 29.12%)	**1,860.10**	2,996.26
Effect of expenses that is non-deductible in determining taxable profit	**432.17**	338.61
Effect of tax incentives and concessions (other allowances)	**(238.30)**	(194.90)
Income tax expense recognised In profit or loss	**2,053.97**	3,139.97

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 6 - Current Tax and Deferred Tax (Cont)

(d) Movement in deferred tax balances

₹ in Lakhs

	For the Year ended 31 March 2020			
Particulars	**Opening Balance**	**Recognised in profit and Loss**	**Recognised in OCI**	**Closing Balance**
Tax effect of items constituting deferred tax assets				
Employee Benefits	**251.16**	**(16.74)**	**74.74**	**309.16**
Property, Plant and Equipment	**65.92**	**23.95**	**–**	**89.87**
Amortization and Interest in respect of lease payments	**–**	**18.61**	**–**	**18.61**
Provisions	**75.17**	**(20.80)**	**–**	**54.37**
	392.25	**5.03**	**74.74**	**472.01**
Net Tax Asset (Liabilities)	**392.25**	**5.03**	**74.74**	**472.01**

₹ in Lakhs

	For the Year ended 31 March 2019			
Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Employee Benefits	194.19	38.92	18.05	251.16
Property, Plant and Equipment	40.70	25.22	–	65.92
Amortization and Interest in respect of lease payments	–	–	–	–
Provisions	91.29	(16.12)	–	75.17
	326.18	48.03	18.05	392.25
Net Tax Asset (Liabilities)	326.18	48.03	18.05	392.25

"The Company has computed the tax expense of the current financial year as per the tax regime announced under section 115BAA of the Income Tax Act, 1961. Accordingly, the provision for current tax and deferred tax has been determined at the rate of 25.17%,. As a result, the tax expense for year ended 31st March, 2020 is lowered by Rs. 319 lakhs and deferred tax asset has been reduced by 61.60 Lakhs (Net of Deferred Tax Liability)."

Note No. 7 - Other assets

₹ in Lakhs

Particulars	**As at 31 March 2020**		As at 31 March 2019	
	Current	**Non-Current**	Current	Non- Current
(a) Advances other than capital advances				
(i) Earnest Money Deposit	**0.15**	**–**	0.15	–
(ii) Balances with government authorities (other than income taxes)	**814.32**	**–**	1,059.84	–
(iii) Other assets	**584.68**	**1.23**	486.86	0.61
(b) Capital Advance	**–**	**7.74**	–	20.23
(c) Advance payment of tax (net of provisions)	**–**	**856.69**	–	247.79
Total Other Assets	**1,399.15**	**865.66**	1,546.85	268.63

Note No. 8 - Trade receivables

₹ in Lakhs

Particulars	**As at 31 March 2020**	As at 31 March 2019
	Current	Current
Trade receivables		
(a) Secured, considered good	**–**	–
(b) Unsecured, considered good	**5,679.77**	7,607.11
(c) Significant increase in credit risk	**–**	–
(d) Credit Impaired	**191.21**	109.75
Less: Allowance for Expected Credit Loss	**191.21**	109.75
Total	**5,679.77**	7,607.11
Of the above, trade receivables from:		
– Related Parties	**1,271.61**	2,920.32
– Others	**4,408.16**	4,686.79
Total	**5,679.77**	7,607.11

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 9 - Cash and Bank Balances

₹ in Lakhs

Particulars		As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents			
(a)	Balances with banks	**1,297.76**	560.66
(b)	Cash on hand	**12.48**	2.70
Total Cash and cash equivalent		**1,310.24**	563.36

Note No. 10 - Equity share capital

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
Authorised:				
Equity shares of Rs. 10/- each with voting rights	**1,50,00,000**	**1,500.00**	1,50,00,000	1,500.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10/- each with voting rights	**1,03,09,280**	**1,030.93**	1,03,09,280	1,030.93
Total	**1,03,09,280**	**1,030.93**	1,03,09,280	1,030.93

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the Period.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Closing Balance
(a) Equity Shares with Voting rights*					
Year Ended 31 March 2020					
No. of Shares	1,03,09,280	–	–	–	1,03,09,280
Amount ₹ in Lakhs	1,030.93	–	–	–	1,030.93
Year Ended 31 March 2019					
No. of Shares	25,77,320	–	77,31,960	–	1,03,09,280
Amount ₹ in Lakhs	257.73	–	773.20	–	1,030.93

*** Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval of the shareholders in the ensuing annual general meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares		
	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2020			
Mahindra and Mahindra Financial Services Limited, the Holding Company	**82,47,424**	**–**	**–**
As at 31 March 2019			
Mahindra and Mahindra Financial Services Limited, the Holding Company	82,47,424	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 March 2020		As at 31 March 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<u>Equity shares with voting rights</u>				
Mahindra and Mahindra Financial Services Limited	**82,47,424**	**80%**	82,47,424	80%
Inclusion Resource Pte Limited	**20,61,856**	**20%**	20,61,856	20%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 11 - Other Equity

Description of the Nature and Purpose of Other Equity

Securities Premium: The securities premium is used to record the premium on issue of shares. The reserve can be utilized in accordance with the provisions of Companies Act, 2013.

General Reserve: The general reserve comprises of transfer of profits from retained earnings for appropriation purposes. The reserve can be distributed / utilized in accordance with the provisions of Companies Act, 2013.

₹ in Lakhs

	Reserves and Surplus			Items of other comprehensive income	
	Securities Premium	General Reserve	Retained Earnings	Remeasurement loss (net) on defined benefit plans	Total
As at 1 April 2018	**1,589.50**	**1,658.43**	**28,193.37**	**(147.89)**	**31,293.41**
Profit / (Loss) for the Period	–	–	7,149.39	–	7,149.39
Other Comprehensive Income / (Loss)			–	(43.95)	(43.95)
Total Comprehensive Income for the year	–	–	7,149.39	(43.95)	7,105.44
Dividend paid on Equity Shares	–	–	(463.92)		(463.92)
Dividend Distribution Tax	–	–	(95.36)		(95.36)
Transfers to Reserves	–	–			–
Transfers from retained earnings (Issue of bonus shares and related expenses)	–	–	(784.12)		(784.12)
As at 1 April 2019	**1,589.50**	**1,658.43**	**33,999.36**	**(191.84)**	**37,055.45**
Profit / (Loss) for the Period			5,336.19		5,336.19
Other Comprehensive Income / (Loss)			–	(222.21)	(222.21)
Total Comprehensive Income for the year	–	–	5,336.19	(222.21)	5,113.98
Dividend paid on Equity Shares			(773.20)		(773.20)
Dividend Distribution Tax			(158.93)		(158.93)
Transfers to Reserves			–		–
Transfers from retained earnings (Issue of bonus shares and related expenses)			–		–
As at 31 March 2020	**1,589.50**	**1,658.43**	**38,403.42**	**(414.05)**	**41,237.30**

Details of dividend paid/proposed

₹ in Lakhs

Particulars	**31-Mar-20**	31-Mar-19
Cash dividends on equity shares declared and paid		
Final dividend for the Year ended on 31 March 2019: Rs 7.50 per share (31 March 2018: Rs 18.00 per share)	**773.20**	463.92
Dividend Distribution Tax on final dividend	**158.93**	95.36
	932.13	559.28
Proposed dividends on Equity shares		
Final dividend for the Year ended on 31 March 2020: Rs.NIL per share (31 March 2019: Rs. 7.50 per share)	**–**	773.20
Dividend Distribution Tax on proposed dividend	**–**	158.93
	–	932.13

Proposed dividends on equity shares are subject to approval in annual general meeting and are not recognised as a liability as at 31 March.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 12 - Provisions

₹ in Lakhs

Particulars		As at 31 March 2020		As at 31 March 2019	
		Current	**Non- Current**	Current	Non- Current
(a)	**Provision for employee benefits**				
	– Gratuity	**74.37**	**548.60**	34.95	287.82
	– Leave Encashment	**93.21**	**628.94**	71.24	466.43
	– Others	**2,751.68**	**–**	1,809.13	–
(b)	**Other Provisions**				
	– Provision for tax (net of advance tax paid)	**16.13**	**–**	42.16	–
Total Provisions		**2,935.39**	**1,177.54**	1,957.48	754.25

Note No. 13 - Trade Payables

₹ in Lakhs

Particulars		As at 31 March 2020	As at 31 March 2019
		Current	Current
<u>Payables</u>			
(I)	**Trade Payables**	**0.51**	–
(i)	total outstanding dues of micro enterprises and small enterprises#	**4,959.31**	4,570.91
(ii)	total outstanding dues of creditors other than micro enterprises and small enterprises**		
(II)	**Other Payables**	**–**	–
(i)	total outstanding dues of micro enterprises and small enterprises	**–**	–
(ii)	total outstanding dues of creditors other than micro enterprises and small enterprises		
Total		**4,959.82**	4,570.91

On the basis of confirmations received from parties

**Including amount payable to related parties of Rs. 34.15 lakhs (31 March 2019: Rs. 69.44 lakhs)

Note No. 14 - Other Financial Liabilities

₹ in Lakhs

Particulars	As at 31 March 2020		As at 31 March 2019	
	Current	**Non-Current**	Current	Non-Current
Other Financial Liabilities Measured at Amortised Cost				
(i) Other liabilities				
(1) Others	**46.50**	**–**	26.04	–
(2) Lease liability-building	**469.86**	**1,677.25**	–	–
Total other financial liabilities	**516.36**	**1,677.25**	26.04	–

Note No. 15 - Other Liabilities

₹ in Lakhs

Particulars	As at 31 March 2020		As at 31 March 2019	
	Current	**Non-Current**	Current	Non-Current
Statutory dues				
– taxes payable (other than income taxes)	**639.08**	**–**	1,053.04	–
– Employee Recoveries and Employer Contributions	**248.76**	**–**	278.14	–
Total Other Liabilities	**887.84**	**–**	1,331.18	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 16 - Revenue from Operations

₹ in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from rendering of services		
Brokerage	**17,718.13**	16,686.53
Broker retainer fees	**6,865.89**	7,144.27
Handling charges	**5,799.83**	5,907.78
Consultancy fees	**98.90**	59.85
Total Revenue from Operations	**30,482.75**	29,798.43

Note No. 17 - Other Income

₹ in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(a) Interest Income		
– On Financial Assets at Amortised Cost	**3,144.85**	2,523.78
(b) Dividend Income		
– On Financial Assets Fair Value through Profit or Loss	**46.96**	12.93
(c) Miscellaneous Income	**1.65**	1.20
(d) Gain on foreign exchange	**12.67**	–
Total Other Income	**3,206.13**	2,537.91

Note No. 18 - Employee Benefits Expense

₹ in Lakhs

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
(a) Salaries and wages, including bonus*	**8,615.32**	8,042.89
(b) Contribution to provident and other funds	**463.14**	383.72
(c) Gratuity expenses	**118.73**	106.99
(d) Share based payment transactions expenses		
Cash-settled share-based payments	**2,613.01**	368.26
(e) Staff welfare expenses	**220.94**	200.46
Total Employee Benefit Expense	**12,031.14**	9,102.32

*Including payments to Key Mangerial Person of Rs. 459.16 lakhs (31 March 2019: Rs. 262.37 lakhs)

Cash-settled share-based payments

In respect of the Cash-settled share-based payments, Employee Stock Options (ESOS) of the ultimate holding company Mahindra & Mahindra Limited and the holding company Mahindra & Mahindra Financial Services Limited (MMFSL) are issued to eligible employees of the Company. The Company makes the necessary payment to the respective Ultimate holding company and holding company. Further refer Note No. 28 for Employees Phantom Stock Option Plan 2019

Note No. 19 - Other Expenses

₹ in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(a) Distribution fees*	**8,195.60**	8,632.22
(b) Power & fuel	**89.01**	74.21
(c) Rent including lease rentals	**–**	531.40
(d) Rates and taxes	**37.90**	19.34
(e) Insurance	**399.67**	238.03
(f) Postage, Telephone and Communication	**174.72**	173.68
(g) Software Charges	**2.08**	1.29
(h) Repairs - Others	**106.76**	124.96
(i) Administration Support Charges	**175.62**	162.87
(j) Manpower Contracting Charges	**644.53**	361.39
(k) Advertisement	**4.02**	4.34
(l) Sales promotion expenses	**164.00**	109.09
(m) Travelling and Conveyance Expenses	**840.18**	679.49
(n) Expenditure on corporate social responsibilty (CSR) under section 135 of the Companies Act, 2013. (Refer note no.33.3)	**185.20**	160.33
(o) Doubtful trade and other receivables written off	**81.46**	81.25
(p) Bad Debts written off	**256.78**	–
(q) Auditors remuneration and out-of-pocket expenses	**13.37**	13.61
(i) As Auditors	**5.00**	5.00
(ii) For Other services	**8.00**	8.03
(iii) For reimbursement of expenses	**0.37**	0.58
(r) Directors' Commission	**142.70**	14.00
(s) Directors' Sitting Fees	**7.10**	6.40
(t) Legal and other professional costs	**518.02**	351.09
(u) Loss on sale of property, plant and equipments	**21.61**	6.21
(v) Loss due to change in fair value of investments	**0.51**	–
(w) Loss on foreign exchange	**–**	17.43
(x) Miscellaneous expenses	**1,129.81**	820.46
Total Other Expenses	**13,190.65**	12,583.09

* Distribution fees are the payments made to Motor Insurance Service Providers (Automotive Dealers) as per the Guidelines issued under section 34 of the Insurance Act, 1938 and section 14 of the IRDA Act, 1999 on Motor Insurance Service Provider with effect from 1st November 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 20 - Earnings per Share

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
	₹	₹
	Per Share	Per Share
Basic earnings per share	**51.76**	69.35
Diluted earnings per share	**51.76**	69.35

Basic earnings per share

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

₹ in Lakhs

	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit / (loss) for the year attributable to owners of the Company	**5,336.19**	7,149.39
Less: Preference dividend and tax thereon		
Profit / (loss) for the year used in the calculation of basic earnings per share	**5,336.19**	7,149.39
Weighted average number of equity shares (nos)	**1,03,09,280**	1,03,09,280
Earnings per share - Basic	**51.76**	69.35

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods, if any.

₹ in Lakhs

	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit / (loss) for the year used in the calculation of basic earnings per share	**5,336.19**	7,149.39
Add: Adjustments, if any	**–**	–
Profit / (loss) for the year used in the calculation of diluted earnings per share	**5,336.19**	7,149.39
Profits used in the calculation of diluted earnings per share	**5,336.19**	7,149.39

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Weighted average number of equity shares used in the calculation of Basic EPS	**1,03,09,280**	1,03,09,280
Add: Effect of Warrants, if any	**–**	–
ESOPs, if any	**–**	–
Convertible bonds, if any	**–**	–
Others if any	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**1,03,09,280**	1,03,09,280

Note No. 21 - Right to use assets-Building

₹ in Lakhs

Description of Assets	Building	Total
I. Gross Carrying Amount		
Balance as at 1 April 2019	**–**	–
Reclassifciation on account of adoption of Ind AS 116	**2,562.89**	2,562.89
Additions	**–**	–
Balance as at 31 March 2020	**2,562.89**	2,562.89
II. Accumulated depreciation and impairment		
Balance as at 1 April 2019	**–**	–
Amortisation expense for the year	**489.71**	489.71
Balance as at 31 March 2020	**489.71**	489.71
III. Net carrying amount (I-II)	**2,073.18**	2,073.18

₹ in Lakhs

Description of Assets	Building	Total
I. Gross Carrying Amount		
Balance as at 1 April 2018	**–**	–
Reclassifciation on account of adoption of Ind AS 116	**–**	–
Additions	**–**	–
Balance as at 31 March 2019	**–**	–
II. Accumulated depreciation and impairment		
Balance as at 1 April 2018	**–**	–
Amortisation expense for the year	**–**	–
Balance as at 31 March 2019	**–**	–
III. Net carrying amount (I-II)	**–**	–

Note No. 22 - Issue of Bonus Shares

During the year ended 31 March 2019, the bonus issue in the proporiton of 3:1 i. e. three bonus shares of Rs. 10 each for every one fully paid up equity share held had been approved by the shareholders of the company on July 18, 2018. For this purpose, July 18, 2018 was considered as the record date. Consequently on August 13, 2018, the company allotted 77,31,960 shares and Rs. 773.20 lakhs have been transferred from retained earnings to share capital in the year 2018-19.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 23 - Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position. The Company is subject to minimum capital requirements as stipulated by the IRDAI (Insurance Brokers) Regulations, 2018.

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

₹ in Lakhs

	31-Mar-20	31-Mar-19
Equity	**42,268.23**	38,086.38
Less: Cash and cash equivalents	**(1,310.24)**	(563.36)
	40,957.99	37,523.02

Categories of financial assets and financial liabilities

₹ in Lakhs

As at 31 March 2020

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	**3,075.00**	**–**	**–**	**3,075.00**
Loans	**16,800.00**	**–**	**–**	**16,800.00**
Other Financial Assets	**157.14**	**–**	**–**	**157.14**
Current Assets				
Investments	**–**	**1,664.45**	**–**	**1,664.45**
Trade Receivables	**5,679.77**	**–**	**–**	**5,679.77**
Other Bank Balances	**1,310.24**	**–**	**–**	**1,310.24**
Loans	**18,125.00**	**–**	**–**	**18,125.00**
Other Financial Assets	**1,675.25**	**–**	**–**	**1,675.25**
Current Liabilities				
Trade Payables	**4,959.82**	**–**	**–**	**4,959.82**
Other Financial Liabilities	**46.50**	**–**	**–**	**46.50**

₹ in Lakhs

As at 31 March 2019

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	2,075.00	–	–	2,075.00
Loans	–			–
Other Financial Assets	164.34	–	–	164.34
Current Assets				
Investments	1,550.00	112.93	–	1,662.93
Trade Receivables	7,607.11	–	–	7,607.11
Other Bank Balances	563.36	–	–	563.36
Loans	29,800.00	–	–	29,800.00
Other Financial Assets	1,478.10	–	–	1,478.10
Current Liabilities				
Trade Payables	4,570.91	–	–	4,570.91
Other Financial Liabilities	**26.04**	**–**	**–**	**26.04**

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company.

Trade receivables consist of institutional customers, largely insurance companies. The Company deals only with those insurance companies who have obtained an acceptable level of credit rating. The Company does not have significant credit risk exposure to any single external counterparty. Out of total outstanding 22% of the debtors are pertaining to group companies.

The credit risk on liquid funds invested in Fixed Deposits with companies and Intercorporate Deposits is limited because the counterparties are group companies.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

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

The loss allowance provision is determined as follows:

As at 31 March 2020

	Not due	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Gross carrying amount		**5,482.16**	**388.82**	**5,870.98**
Loss allowance provision		**17.19**	**174.02**	**191.21**
		5,464.97	**214.80**	**5,679.77**

As at 31 March 2019

	Not due	Less than 6 months past due	More than 6 months past due	Total
Gross carrying amount		7,049.17	667.69	7,716.86
Loss allowance provision		27.97	81.78	109.75
		7,021.20	585.91	7,607.11

Reconciliation of loss allowance provision for Trade Receivables

₹ in Lakhs

Particulars	**31-Mar-20**	31-Mar-19
Balance as at beginning of the year	**109.75**	28.50
Impairment losses recognised in the year based on lifetime expected credit losses		
– On receivables originated in the year	**81.46**	81.25
Impairment losses recognised in the year based on 12 month expected credit losses		
– On receivables originated in the year		
Balance at end of the year	**191.21**	109.75

The loss allowance provision has changed during the period due to delays in recovery of brokerage on insurance contracts brokered.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 23 - Financial Instruments (Cont)

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

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

₹ in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-20				
Non-interest bearing	**5,006.32**	**–**	**–**	**–**
Total	**5,006.32**	**–**	**–**	**–**
31-Mar-19				
Non-interest bearing	4,596.95	–	–	–
Total	**4,596.95**	**–**	**–**	**–**

(iii) Financing arrangements

The Company does not feel the need to have any borrowing facilities at this stage

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

₹ in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31-Mar-20				
Non-interest bearing	**1,675.00**	**97.14**	**–**	**–**
Fixed interest rate instruments	**0.25**	**60.00**	**–**	**–**
Total	**1,675.25**	**157.14**	**–**	**–**
31-Mar-19				
Non-interest bearing	1,478.10	104.34	–	–
Fixed interest rate instruments	–	60.00	–	–
Total	**1,478.10**	**164.34**	**–**	**–**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company invests in fixed rate instruments taking into account the current liquidity requirements. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's / Company's exposure to currency risk relates primarily to the Company's operating activities in reinsurance broking when transactions are denominated in a different currency from the Company's functional currency.

The Company mitigates its foreign currency risk by entering into reinsurance contracts wherein the risk is to the account of the cedant insurers or the reinsurers.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	31-Mar-20	31-Mar-19
Trade Receivables	USD	–	–
	EUR	–	–
	GBP	–	–
Trade Payables	USD	–	–
	EUR	–	–
	GBP	–	–

Foreign Currency Sensitivity

In management's opinion, any sensitivity analysis is not representative of the inherent foreign exchange risk because the exposure is to the account of the cedant insurer or reinsurer.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company manages its interest rate risk by having a balanced portfolio of long-term as well as short-term fixed deposits with companies as well as intercorporate deposits.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for non-derivative instruments at the end of reporting period.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans given and investments in fixed deposits effected. With all other variables held constant, the Company's profit before tax is affected through the impact on fixed rate investments and interest bearing loans as follows:

₹ in Lakhs

	Currency	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-20	**INR**	**+50**	**190.00**
	INR	**-50**	**(190.00)**
31-Mar-19	INR	+50	159.38
	INR	-50	(159.38)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 24 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

₹ in Lakhs

Particulars	31-Mar-20 Carrying amount	31-Mar-20 Fair value	31-Mar-19 Carrying amount	31-Mar-19 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– Loans to related parties	**34,925.00**	**34,925.00**	29,800.00	29,800.00
– Trade and other receivables	**5,679.77**	**5,679.77**	7,607.11	7,607.11
– Other financial assets	**1,832.39**	**1,832.39**	1,642.44	1,642.44
– Fixed Deposits with Companies	**3,075.00**	**3,075.00**	3,625.00	3,625.00
Total	**45,512.16**	**45,512.16**	42,674.55	42,674.55
Financial liabilities				
Financial liabilities held at amortised cost				
– Trade and other payables	**4,959.82**	**4,959.82**	4,570.91	4,570.91
– Other financial laibilities	**2,193.61**	**2,193.61**	26.04	26.04
Total	**7,153.43**	**7,153.43**	4,596.95	4,596.95

Fair value hierarchy as at 31 March 2020

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– Loans to related parties	**–**	**34,925.00**	**–**	**34,925.00**
– Trade and other receivables	**–**	**5,679.77**	**–**	**5,679.77**
– Other financial assets	**–**	**1,832.39**	**–**	**1,832.39**
– Fixed Deposits with companies	**–**	**3,075.00**	**–**	**3,075.00**
Total	**–**	**45,512.16**	**–**	**45,512.16**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Trade and other payables	**–**	**4,959.82**	**–**	4,959.82
– Other financial laibilities	**–**	**2,193.61**	**–**	2,193.61
Total	**–**	**7,153.43**	**–**	**7,153.43**

Fair value hierarchy as at 31 March 2019

	Level 1	Level 2	Level 3	Total
Financial assets carried at Amortised Cost				
– Loans to related parties	–	29,800.00	–	29,800.00
– Trade and other receivables	–	7,607.11	–	7,607.11
– Other financial assets	–	1,642.44	–	1,642.44
– Fixed Deposits with companies	–	3,625.00	–	3,625.00
Total	–	42,674.55	–	42,674.55
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Trade and other payables	**–**	**4,570.91**	**–**	4,570.91
– Other financial laibilities	**–**	**26.04**	**–**	26.04
Total	–	4,596.95	–	4,596.95

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 24 - Fair Value Measurement (Cont)

The fair values of the financial assets and financial liabilities included in the level 2 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties. In the opinion of the management, the difference between the carrying value of the above stated financial assets and liabilities is not materially different from their fair value. Accordingly, the fair value and carrying amount are the same.

Note No. 25 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating ₹ 426.93 lakhs (31 March 2019 : ₹ 333.42 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

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

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

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

Leave Encashment

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by acturial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid or availed as a result of the unused entitllement that has accumulated at the balance sheet date. Expense on non accumulating compensated absences is recognised in the period in which the absences occur.

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

	Valuation as at		
	31-Mar-20	**31-Mar-19**	**31-Mar-18**
Discount rate(s)	**6.41%**	7.67%	7.46%
Expected rate(s) of salary increase	**7%**	7%	7%
Attrition Rate	**Attrition rate of 25% up to the age of 30, 12% up to age of 44 and 9% thereafter**	Attrition rate of 20% up to the age of 35, 9% up to age of 45 and 3% thereafter	Attrition rate of 23% up to the age of 35, 11% up to age of 45 and 10% thereafter

Defined benefit plans – as per actuarial valuation on 31st March, 2020

₹ in Lakhs

Particulars	**Funded Plan**		**Unfunded Plans**	
	Gratuity		**Exigency leave / Earned leave**	
	2020	2019	**2020**	2019
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:				
Service Cost				
Current Service Cost	**97.96**	90.58	**148.90**	105.51
Past service cost and (gains)/losses from settlements			**–**	–
Net interest expense	**24.76**	16.41	**41.24**	33.18
Acquisition adjustment due to transfer out	**(3.99)**	–	**–**	–
Components of defined benefit costs recognised in profit or loss	**118.73**	106.99	**190.14**	138.70
Remeasurement on the net defined benefit liability				
Return on plan assets (excluding amount included in net interest expense)	**–**	–	**–**	–
Actuarial gains and loss arising form changes in financial assumptions	**–**	–	**–**	–
Actuarial gains and loss arising form experience adjustments	**296.95**	62.00	**–**	–
Others	**–**	–	**–**	–
Components of defined benefit costs recognised in other comprehensive income	**296.95**	62.00	**–**	–
Total	**296.95**	62.00	**–**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 25 - Employee benefits (Cont)

₹ in Lakhs

Particulars			Funded Plan Gratuity		Unfunded Plans Exigency leave / Earned leave	
			2020	2019	**2020**	2019
I.	**Net Asset/(Liability) recognised in the Balance Sheet as at 31st March**					
	1.	Present value of defined benefit obligation as at 31st March	**1,089.09**	715.12	**722.14**	537.67
	2.	Fair value of plan assets as at 31st March	**466.12**	392.35	**–**	–
	3.	Surplus/(Deficit)	**622.97**	322.77	**722.14**	537.67
	4.	Current portion of the above	**74.37**	34.95	**93.20**	71.24
	5.	Non current portion of the above	**548.60**	287.82	**628.94**	466.43
II.	**Change in the obligation during the year ended 31st March**					
	1.	Present value of defined benefit obligation at the beginning of the year	**715.12**	563.39	**537.67**	444.83
	2.	Add/(Less) on account of Scheme of Arrangement/Business	**3.45**	–	**–**	–
		Transfer	**(3.99)**	–	**–**	–
	3.	*Expenses Recognised in Profit and Loss Account*				
		– Current Service Cost	**97.96**	90.58	**148.90**	105.51
		– Past Service Cost	**–**	–	**–**	–
		– Interest Expense (Income)	**54.85**	42.03	**41.24**	33.18
	4.	*Recognised in Other Comprehensive Income*	**–**	–	**–**	–
		Remeasurement gains/(losses)				
		– Actuarial Gain (Loss) arising from:	**–**	–	**–**	–
		i. Demographic Assumptions	**(25.67)**	(5.93)	**–**	–
		ii. Financial Assumptions	**131.86**	4.91	**(5.67)**	(45.85)
		iii. Experience Adjustments	**160.66**	37.40	**–**	–
	5.	Benefit payments	**(45.15)**	(17.26)	**–**	–
	6.	Others	**–**	–	**–**	–
	7.	**Present value of defined benefit obligation at the end of the year**	**1,089.09**	715.12	**722.14**	537.67
III.	**Change in fair value of assets during the year ended 31st March**					
	1.	Fair value of plan assets at the beginning of the year	**392.35**	343.42	**–**	–
	2.	Add/(Less) on account of Scheme of Arrangement/Business Transfer	**3.45**	–	**–**	–
	3.	*Expenses Recognised in Profit and Loss Account*	**–**	–	**–**	–
		– Expected return on plan assets	**30.09**	25.62	**–**	–
	4.	*Recognised in Other Comprehensive Income*	**–**	–	**–**	–
		Remeasurement gains/(losses)	**–**	–	**–**	–
		– Actual Return on plan assets in excess of the expected return	**(30.09)**	(25.62)	**–**	–
		– Others	**–**	–	**–**	–
	5.	Contributions by employer (including benefit payments recoverable)	**115.47**	66.20	**–**	–
	6.	Recoverable/Recovered from LIC	**–**	(0.01)	**–**	–
	7.	Benefit payments	**(45.15)**	(17.26)	**–**	–
	8.	**Fair value of plan assets at the end of the year**	**466.12**	392.35	**–**	–
IV.	**The Major categories of plan assets**					
		– Insurer managed funds	**100%**	100%		
V.	**Actuarial assumptions**					
	1.	Discount rate	**6.41%**	7.67%	**6.41%**	7.67%
	2.	Expected rate of return on plan assets	**7.67%**	7.46%		
	3.	Attrition rate	**Attrition rate of 25% up to the age of 30, 12% up to age of 44 and 9% thereafter**	Attrition rate of 20% up to the age of 35, 9% up to age of 45 and 3% thereafter	**Attrition rate of 25% up to the age of 30, 12% up to age of 44 and 9% thereafter**	Attrition rate of 20% up to the age of 35, 9% up to age of 45 and 3% thereafter

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 25 - Employee benefits (Cont)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

₹ in Lakhs

Principal assumption		Changes in assumption	Impact on defined benefit obligation (Gratuity)	
			Increase in assumption	Decrease in assumption
Discount rate	**2020**	**1**	**(78.01)**	**84.71**
	2019	1	(106.50)	130.20
Salary growth rate	**2020**	**1**	**83.34**	**(78.28)**
	2019	1	129.84	(108.00)
Life expectancy	**2020**	**+/- 1 year**	**Negligible**	**Negligible**
	2019	+/- 1 year	Negligible	Negligible

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

₹ in Lakhs

Principal assumption		Changes in assumption	Impact on defined benefit obligation (Leave Encashment)	
			Increase in assumption	Decrease in assumption
Discount rate	**2020**	**1**	**(58.12)**	**66.42**
	2019	1	(141.00)	39.90
Salary growth rate	**2020**	**1**	**65.38**	**(58.33)**
	2019	1	39.56	(142.13)
Life expectancy	**2020**	**+/- 1 year**	**Negligible**	**Negligible**
	2019	+/- 1 year	Negligible	Negligible

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs. 100 lakhs to the gratuity trusts during the next financial year of 2020.

Maturity profile of defined benefit obligation:

₹ in Lakhs

Gratuity	2020	2019
Within 1 year	**192.10**	141.48
1 - 2 year	**193.14**	139.07
2 - 3 year	**240.17**	121.56
3 - 4 year	**260.79**	160.57
4 - 5 year	**286.71**	155.87

₹ in Lakhs

Leave Encashment	2020	2019
Within 1 year	**101.58**	97.77
1 - 2 year	**101.98**	88.97
2 - 3 year	**109.38**	82.92
3 - 4 year	**112.44**	88.29
4 - 5 year	**116.04**	79.02

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

VIII. Experience Adjustments:	Year Ended 2020	2019	2018	2017	2016
	Gratuity				
1. Defined Benefit Obligation	**1,089.09**	715.12	563.39	292.76	190.82
2. Fair value of plan assets	**466.12**	392.35	343.42	296.21	198.07
3. Surplus/(Deficit)	**622.97**	322.77	219.97	(3.45)	(7.25)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**266.85**	36.38	178.81	51.64	(51.67)
5. Experience adjustment on plan assets [Gain/(Loss)]	**(30.09)**	(25.62)	(21.80)	(15.85)	2.85

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

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

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

Note No. 26 - Segment information

The Company has determined the operating segment based of structure of reports reviewed by the Strategic Management Council. For management purposes, the Company is organised into a single business unit and has only one reportable segment namely "Insurance Broking services". The geographical segment is based on the location of client, whether in India or outside India. The Strategic Management Council of the Company monitors the operating results of its business unit for the purpose of making decisions about resource allocation and performance assessment.

₹ in Lakhs

Geographic information	Year Ended 31 March 2020	Year Ended 31 March 2019
Revenue from external customers		
India	**30,482.75**	29,798.43
Outside India	**–**	–
Total revenue per statement of profit or loss	**30,482.75**	29,798.43

All Non-current operating assets comprising property, plant and equipment, investment properties and intangible assets, if any are located in India.

Revenue from major products and services

The following is an analysis of the Company's revenue from continuing operations from its major products and services:

₹ in Lakhs

	Year Ended 31 March 2020	Year Ended 31 March 2019
Insurance Broking and auxillary activities	**30,482.75**	29,798.43
Total	**30,482.75**	29,798.43

Revenues from transactions with a single external customer amounts to 10% or more of the entity's revenues.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 27 - Leases

Company as a lessee

Following are the changes in the carrying value of Right to use asset for the year ended March 31, 2020

₹ in Lakhs

	Category of Asset	
	Building	
Particulars	**For the year ended 31 March 2020**	For the year ended 31 March 2019
Balance at the beginning	**–**	–
Reclassification on account of adoption of Ind AS 116	**2,562.89**	–
Additions	**–**	–
Deletions	**–**	–
Depreciation	**489.71**	–
Balance at the end	**2,073.18**	–

Following is the movement in the lease liabilities during the year ended March 31, 2020

₹ in Lakhs

Particulars	**For the year ended 31 March 2020**	For the year ended 31 March 2019
Balance at the beginning	**–**	–
Reclassification on account of adoption of Ind AS 116	**2,562.89**	
Additions	**–**	–
Deletions	**–**	–
Finance Cost accrued during the year	**183.14**	–
Payment of lease liabilities	**598.93**	–
Balance at the end	**2,147.10**	–

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis.

₹ in Lakhs

Particulars	**For the year ended 31 March 2020**	For the year ended 31 March 2019
less than one year	**82.01**	101.43
one to five years	**2.98**	85.21
more than five years	**–**	–

Note No 28: Employees Share Based Payments (Employees Phantom Stock Option Plan 2019)

On January 18, 2019, Board of Directors approved the MIBL Employees Phantom Stock Option Plan 2019 (MIBL EPSOP 2019) for grant of stock options to the employees, within the meaning of the MIBL-EPSOP 2019 plan. The specific employees to whom the options would be granted and their eligibility criteria shall be determined by the Nomination and Remuneration Committee of the Board (Committee) from time to time on the basis of one or more factors including but not limited to longevity, total experience and role of the Employee. The options granted under EPSOP 2019 would vest after 1 (one) year but not later than the maximum vesting Period of 4 (four) years from the grant date of such options.

The Committee has prescribe the vesting schedule of the options granted under the plan, unless otherwise decided in exceptional cases like retirements:

Vesting Dates	**Vesting Percentage**
1st Anniversary from date of Grant	25% of Options granted
2nd Anniversary from date of Grant	25% of Options granted
3rd Anniversary from date of Grant	25% of Options granted
4th Anniversary from date of Grant	25% of Options granted

The Company will process vested options for settlement at each vesting date and determines appreciation in respect of all such Options with reference to Fair Market Value prevailing as on date of Vesting calculated as prescribed by MIBL EPSOP 2019. The Company recognises the fair value of the liability and expense for these plans over the vesting period based on the management's estimate of the vesting and forfeiture conditions.

Employees Phantom Stock Option Plan outstanding as at March 31, 2020

Grant date	Exercise Price	Total Options granted	Options vested and Exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
Grant I	10.00	3,02,326.00	73,965.00	2,28,361.00	73,965.00	9,646.00	2,18,715.00
Grant II	10.00	4,905.00	4,905.00	–	4,905.00	–	–
Grant III	10.00	9,070.00	–	9,070.00	–	–	9,070.00
Total		**3,16,301.00**	**78,870.00**	**2,37,431.00**	**78,870.00**	**9,646.00**	**2,27,785.00**

Movement of Phantom stock options during the year

Total for all grants	**No. of Options**	**Range of exercise prices Rs.**	**Weighted average exercise price Rs.**	**Weighted average remaining contractual life (Years)**
Outstanding at the beginning of the year	3,05,381			NA
Granted during the year	9,070			2.00
Forfeited/ Lapsed during the year	7,796	10.00	10.00	NA
Exercised during the year	78,870			NA
Outstanding at the end of the year	2,27,785			2.00
Exercisable at the end of the year	0			NA

Significant assumptions used to estimate the fair value of options granted during the year.

Variables	
1. Risk Free Interest Rate	5.73
2. Expected Life	1.86
3. Expected Volatility	15.80
4. Dividend Yield	0.90
5. Price of the underlying share in market at the time of the option grant (Rs.)	2002

Total Expenses recognised for the year ended on 31st March 2020

The total expense recognised from share-based payment transactions for the year ended on 31 March 2020 is Rs. 2,797.99 lakhs (31 March 2019: Rs. 305.60 lakhs)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No 28: Employees Share Based Payments (Employees Phantom Stock Option Plan 2019) (Cont)

Annex 2

Requirements under Companies Act, 2013

Summary of Status of EPSOPs Granted

The position of the existing schemes is summarized as under -

Sr. No.	Particulars	Employees Phantom Stock Option Plan 2019
I. Details of the EPSOPS		
1.	Date of Shareholder's Approval	18-Jan-19
2.	Total Number of Options approved	5,15,464
3.	Vesting Requirements	As per vesting schedule
4.	ExercisePrice or Pricing formula (Rs.)	₹ 10.00
5.	Maximum term of Options granted (years)	4 years
6.	Source of shares	
7.	Variation in terms of ESOP	N.A
II. Option Movement during the year		
1.	No. of Options Outstanding at the beginning of the year	305,381
2.	Options Granted during the year	9,070
3.	Options Forfeited	7,796
4.	Options Lapsed during the year	0
5.	Options Vested during the year	78,870
6.	Options Exercised during the year	78,870
7.	Total number of shares arising as a result of exercise of options	0
8.	Money realised by exercise of options (Rs.)	0
9.	Number of options Outstanding at the end of the year	227,785
10.	Number of Options exercisable at the end of the year	0

III. Weighted average exercise price of Options granted during the year whose

(a)	Exercise price equals market price	NA	
(b)	Exercise price is greater than market price	NA	
(c)	Exercise price is less than market price		10.00

Weighted average fair value of options granted during the year whose

(a)	Exercise price equals market price	NA	
(b)	Exercise price is greater than market price	NA	
(c)	Exercise price is less than market price		1,959.89

The weighted average market price of options exercised during the year

No Options Exercised during the year

IV. Employee-wise details of options granted during the financial year 2019-20 to:

(i) Senior managerial personnel :

Name	No. of options granted
	–
	–
	–

(ii) Employees who were granted, during the year, options amounting to 5% or more of the options granted during the year

Name	No. of options granted
SWATI KHADYE	2,653
GAYATRI PRABHU	2,651
KUNAL JHAVERI	1,823
DEBASHISH ROY	1,943

(iii) Identified employees who were granted option, during the year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

Name	No. of options granted
Not Applicable	NIL

V. Method and Assumptions used to estimate the fair value of options granted during the year:

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model are as follows:

Date of grant	Particulars
1. Risk Free Interest Rate	5.73
2. Expected Life	1.86
3. Expected Volatility	15.80
4. Dividend Yield	0.90
5. Price of the underlying share in market at the time of the option grant (Rs.)	2,002.00

Assumptions:

Stock Price: Closing price on National Stock Exchange on the date of grant has been considered

Volatility: The historical volatility over the expected life has been considered to calculate the fair value.

Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.

Exercise Price: Exercise Price of each specific grant has been considered.

Time to Maturity: Time to Maturity/Expected Life of options is the period for which the Company expects the options to be live.

Expected divided yield: Expected dividend yield has been calculated as an average of dividend yields for five financial years preceding the date of the grant.

VI	Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20	Not Applicable

Note No. 29 - Related Party Transactions

Name of the parent Company	: **Mahindra & Mahindra Financial Services Limited**
Name of the Ultimate parent Company	: **Mahindra & Mahindra Limited**
Name of the Fellow subsidiaries	: **Mahindra Rural Housing Finance Limited**
	: **Mahindra Integrated Business Solutions Limited**
	: **Mahindra First Choice Wheels Limited**
	: **Mahindra First Choice Services Limited**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 29 - Related Party Transactions

	: N.B.S. International Limited
	: Mahindra Retail Limited
	: Mahindra Agri Solutions Limited
	: Mahindra Consulting Engineers Limited
Key Management Personnel (KMP)	**: Dr Jaideep Devare, Managing Director**
	: Rupa Joshi, Company Secretary
	: Saurabh Dharadhar, Chief Financial Officer (w.e.f 18-07-2018)
Directors	**: Rajeev Dubey, Chairman**
	: Ramesh Iyer, Non Executive Director
	: V Ravi, Non Executive Director
	: Hemant Sikka, Non Executive Director
	: Jyotin Mehta, Independent Director (w.e.f. 30th Mar 2020)
	: Anjali Raina, Independent Director
	: Derek Nazareth, Nominee Director
	: Nityanath Ghanekar, Independent Director (Till 29th Mar 2020)

Details of transaction between the Company and its related parties are disclosed below:

₹ in Lakhs

Particulars	**For the year ended**	**Parent Company and Ultimate Parent company**	**KMP/Directors of the Company**	**Fellow subsidiaries**
Nature of transactions with Related Parties				
Purchase of property and other assets	31-Mar-20	17.28	–	34.30
including intangibles	*31-Mar-19*	*5.11*		*20.51*
Rendering of services	31-Mar-20	5,799.83	–	–
	31-Mar-19	*5,907.78*	–	–
Receiving of services	31-Mar-20	258.25	459.16	573.04
	31-Mar-19	*241.86*	*262.37*	*422.47*
Interest Income	31-Mar-20	319.48	–	2,821.45
	31-Mar-19	*552.53*		*1,967.13*
Loans given (including Fixed Deposits &	31-Mar-20	6,575.00	–	32,800.00
Intercorporate Deposits placed during the year)	*31-Mar-19*	*17,625.00*		*29,500.00*
Loans taken (incl Fixed Deposits matured &	31-Mar-20	5,300.00	–	29,500.00
Intercorporate Deposits withdrawn during the year)	*31-Mar-19*	*12,250.00*		*19,375.00*
Dividend Paid	31-Mar-20	618.56	–	–
	31-Mar-19	*371.13*	–	–
Commission and other benefits to directors	31-Mar-20	–	149.80	–
	31-Mar-19	–	*20.40*	–
Sale of Fixed Assets	31-Mar-20	–	–	–
	31-Mar-19	*9.82*	–	–

Nature of Balances with Related Parties	**Balance as on**	**Parent Company and Ultimate Parent company**	**KMP of the Company**	**Other related parties**
Trade payables	31-Mar-20	25.86	–	8.29
	31-Mar-19	*58.81*	–	*10.63*
Loans & advances given (incl. Fixed Deposits	31-Mar-20	5,200.00	–	32,800.00
and Intercorporate Deposits placed)	*31-Mar-19*	*3,925.00*	–	*29,500.00*
Trade Receivables	31-Mar-20	1,257.19	–	14.42
	31-Mar-19	*2,839.50*	–	*80.82*
Interest Accured	*31-Mar-20*	*251.17*	–	*1,415.44*
	31-Mar-19	*392.95*	–	*1,085.35*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 29 - Related Party Transactions

Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

₹ in Lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Short-term employee benefits	**459.16**	262.37
Post-employment benefits[1]	–	–
Other long-term benefits[1]	–	–
Termination benefits	–	–
Share-based payment[2]	–	–

[1] Figures not available separately for gratuity and leave encashment

[2] Included in the Stock Option Charge paid to parent company for its Stock Options granted to Key Managerial Personnel

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Note No. 30 - Revenue from contract with customers

A. Country-wise break up of Revenue

₹ in Lakhs

31-Mar-20

Country	Revenue from contracts with customers (IndAS 115)	Revenue from operations from other than customers	Total Revenue from Operations	Other Income	Total Income
India	30,482.75	–	30,482.75	3,206.13	33,688.88
Total	30,482.75	–	30,482.75	3,206.13	33,688.88

₹ in Lakhs

31-Mar-19

Country	Revenue from contracts with customers (IndAS 115)	Revenue from operations from other than customers	Total Revenue from Operations	Other Income	Total Income
India	29,798.43	–	29,798.43	2,537.91	32,336.34
Total	29,798.43	–	29,798.43	2,537.91	32,336.34

B. Breakup of Revenue into contracts entered in previous year and in current year

₹ in Lakhs

Particulars	31-Mar-20	31-Mar-19
Revenue from PO/ contract/agreement entered into previous year	**30,423.24**	29,676.11
Revenue from New PO/ contract/agreement entered into current year	**59.51**	122.33
Total Revenue recognised during the period	**30,482.75**	29,798.44

C. Reconciliation of revenue from contract with customer

₹ in Lakhs

Particulars	31-Mar-20	31-Mar-19
Revenue from contract with customer as per the contract price	**30,482.75**	29,798.43
Adjustments made to contract price on account of :-		
a) Discounts/Rebates/Incentives	–	–
b) Sales Returns/Reversals	–	–
c) Deferrment of revenue	–	–
d) Changes in estimates of variable consideration	–	–
e) Recognition of revenue from contract liability out of opening balance of contract liability	–	–
f) Any other adjustments	–	–
Revenue from contract with customer as per the statement of Profit and Loss	**30,482.75**	29,798.43

D. Revenue to be recognised for performance obligation(s) not satisfied or partially satisfied at the end of the current year in respect of contracts with customer that are in place (i.e. signed agreements/ Pos/Wos/SOWs, etc) at the end of reporting period.

The company has reviewed the contract with insurers and customers and indentified claims handling services as an area that is affected by the new accounting standard. The application of new standard results in the indentifiaction of separate performance obligation for handling claims on behalf of customers as part of insurance brokerage customary business practice. The new standard requires the deferral of revenue recognition untill the performance obligation is satisifed. Based on the results of the review, the company does not expect a material imapct on the statement of profit and loss.

E. Break-up of Provision for Expected Credit Losses recognised in P&L

₹ in Lakhs

Particulars	31-Mar-20	31-Mar-19
Expected Credit loss recognised during the year on trade receivables	**81.46**	81.25
Expected Credit loss recognised during the year on contract assets	–	–
Expected Credit loss recognised during the year on others	–	–
Expected Credit loss recognised during the year on loan related assets (applicable only to MMFSL and MRHFL)	–	–
Total	**81.46**	81.25

Note No. 31 - Income received from Insurer and Insurer's group companies

As per regulation 34 (6) of IRDAI (Insurance Brokers) Regulations, 2018, following are the details of all the incomes received from insurers and insurer's group companies

A. Details of incomes received from insurers (Top 15+ Others)

₹ in Lakhs

Particulars	Year Ended 31 March 2020
Tata AIG General Insurance Co Ltd	**2,506.33**
Iffco Tokio General Insurance Co Ltd	**2,037.79**
ICICI Lombard General Insurance Ltd	**2,000.98**
Royal Sundaram Alliance Insurance Co Ltd	**1,715.84**
Liberty Videocon General Insurance Co Ltd	**1,403.78**
New India Assurance Co Ltd	**1,281.81**
Bharti AXA General Insurance Co Ltd	**1,246.73**
United India Insurance Co Ltd	**793.00**
Oriental Insurance Co Ltd	**670.30**
Cholamandalam MS General Insurance Co Ltd	**654.62**
Future Generali Insurance Co Ltd	**636.33**
Bajaj Allianz General Insurance Co Ltd	**524.96**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 31 - Income received from Insurer and Insurer's group companies (Cont)

₹ in Lakhs

Particulars	Year Ended 31 March 2020
GO DIGIT General Insurance Limited	**416.66**
HDFC Ergo General Insurance Company Limited	**401.56**
MAGMA HDI General Insurance Co Ltd	**311.03**
Others	**1,116.42**
Total Revenue	**17,718.14**

₹ in Lakhs

Particulars	Year Ended 31 March 2019
Tata AIG General Insurance Co Ltd	3,352.70
ICICI Lombard General Insurance Ltd	2,417.69
New India Assurance Co Ltd	1,560.66
Oriental Insurance Co Ltd	1,551.09
Royal Sundaram Alliance Insurance Co Ltd	1,451.00
Iffco Tokio General Insurance Co Ltd	1,150.79
Bharti Axa General Insurance Co Ltd	857.66
Liberty Videocon General Insurance Co Ltd	814.11
United India Insurance Co Ltd	793.65
Cholamandalam MS General Insurance Co Ltd	691.48
Bajaj Allianz General Insurance Co Ltd	453.24
HDFC Ergo General Insurance Company Limited	292.69
Future Generali Insurance Co Ltd	229.33
National Insurance Co Ltd	183.08
Sogaz Insurance	113.61
Others	773.74
Total Revenue	**16,686.52**

B. The Company has not received any income from any of the insurers' group companies.

Note No. 31 - Details of Payments received by the group companies and/or associates and/or related parties of the insurance broker from any insurer and the details thereof.

As per regulation 34 (6) of IRDAI (Insurance Brokers) Regulations, 2018, following are the details of payments received by the group companies and/or associates and/or related parties of the insurance broker from any insurer and the details thereof.

As per the information received from the group companies, payments received by Mahindra & Mahindra Financial Services Limited ("MMFSL")

₹ in Lakhs

Name of Insurance Company	Year Ended 31 March 2020
Bajaj Allianz General Insurance Co Ltd	**27.00**
Go Digit General Insurance Company Ltd	**32.87**
Cholamandalam MS General Insurance Co Ltd	**308.93**
Future Generali India Insurance Co Ltd	**102.71**
ICICI Lombard General Insurance Ltd	**194.40**
IFFCO Tokio General Insurance Co Ltd	**162.82**
Liberty Videocon General Insurance Co Ltd	**108.00**
Liberty General Insurance Co Ltd	**324.00**
Royal Sundaram Alliance Insurance Co Ltd	**3,353.56**
Tata AIG General Insurance Co Ltd	**532.10**
Total	**5,146.39**

* Payments are received towards usage of office space of MMFSL branches for display of marketing material/ advertisements of insurnace companies.

₹ in Lakhs

Name of Insurance Company	Year Ended 31 March 2019*
Bajaj Allianz General Insurance Co Ltd	150.00
Bharti AXA General Insurance Co Ltd	350.00
Cholamandalam MS General Insurance Co Ltd	260.43
Future Generali India Insurance Co Ltd	50.00
ICICI Lombard General Insurance Ltd	325.00
IFFCO Tokio General Insurance Co Ltd	120.00
National Insurance Co Ltd	3.75
Liberty Videocon General Insurance Co Ltd	350.00
MAGMA HDI General Insurance Co Ltd	150.00
Royal Sundaram Alliance Insurance Co Ltd	3,294.60
Tata AIG General Insurance Co Ltd	770.00
Total	**5,823.78**

* Payments are received towards usage of office space of MMFSL branches for display of marketing material/ advertisements of insurnace companies.

Note No. 32 - Contingent liabilities and commitments

Contingent liabilities (to the extent not provided for)

₹ in Lakhs

	As at 31 March 2020	As at 31 March 2019
Contingent liabilities		
Interest on TDS	**16.51**	–

₹ in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Commitments #		
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
Commitments for the acquisition of intangible assets	**150.93**	148.63

Note No. 33 - Additional Information to the Financial Statements

33.1 Dividend

In respect of the current year, the directors propose that a dividend of Rs. NIL per share be paid on equity shares on May 08, 2020. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

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

₹ in Lakhs

Particulars	31-Mar-20	31-Mar-19
(i) Principal amount remaining unpaid to MSME suppliers as on	**0.51**	–
(ii) Interest due on unpaid principal amount to MSME suppliers as on	**–**	–
(iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	**–**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 33 - Additional Information to the Financial Statements

₹ in Lakhs

Particulars	**31-Mar-20**	**31-Mar-19**
(iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	–	–
(v) The amount of interest accrued and remaining unpaid as on	–	–
(vi) The amount of interest due and payable to be disallowed under Income Tax Act, 1961	–	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

33.3 Corporate Social Responsibility (CSR)

₹ in Lakhs

Particulars	**31-Mar-20**	**31-Mar-19**
Amount required to be spent as per section 135 of the Act	**184.88**	160.13
Amount spent during the year on:		
(i) Construction/acquistion of an asset	–	–
(ii) On purpose other than (i) above	**185.20**	160.33
Total	**185.20**	160.33

33.4 Note on COVID 19

The impact of the COVID-19 pandemic on the Indian economy and the Company remains uncertain. The severity of its impact will depend on its spread and duration, customer responses and the response of governments and regulators like the Insurance Regulatory and Development Authority of India. There has been a modest stress on the business portfolio of the Company as at the year end majorly due to the nationwide lockdown announced by the government. The Company anticipates that the lockdown shall continue to be in force for a substantive period in quarter 1 of next financial year also. Owing to the uncertainty surrounding the same, the stress on the business portfolio can be continued in quarter 1 of the next financial year as well. Temporary decline in business volumes can be anticipated but as the situation recovers and there are relaxations in the lockdowns in the quarters to come, the business volumes are expected to gradually return to normal.

Any changes made to ECL to estimate the overall impact of Covid-2019 will be subject to very high levels of uncertainty as so little reasonable and supportable forward-looking information is currently available on which to base those changes. Any changes to the ECL model at this stage, hence, could lead to the risk of the Company recognizing inappropriate levels of ECL. Hence there are no material changes in the policies and behavioral lifetime estimates in the ECL Model for the year ended March 31, 2020.

Note No. 34 - Previous year figures

- Previous year figures have been regrouped /reclassified wherever found necessary.

The financial statements of Mahindra Insurance Brokers Limited were approved by the Board of Directors and authorised for issue on May 08, 2020.

Signatures to Notes 1 to 34

As per our report of even date		**For and on behalf of the Board of Directors**			
For Mukund M. Chitale & Co.					
Chartered Accountants	Rajeev Dubey	Ramesh Iyer	V Ravi	Hemant Sikka	Jyotin Mehta
Firm Regn No. 106655W	**Chairman**	**Director**	**Director**	**Director**	**Director**
	DIN: 00104817	DIN: 00220759	DIN: 00307328	DIN: 00922281	DIN: 00033518
Saurabh M. Chitale	Anjali Raina	Derek Nazareth	Dr Jaideep Devare	Rupa Joshi	Saurabh V. Dharadhar
Partner	**Director**	**Director**	**Managing Director**	**Company Secretary**	**Chief Financial Officer**
Membership No. 111383	DIN: 02327927	DIN: 07031760	DIN: 00009112	Mem No.: ACS 17395	
Place: Mumbai					Place: Mumbai
Date: May 08, 2020					Date: May 08, 2020

INDEPENDENT AUDITORS' REPORT

To the Members of **Mahindra Rural Housing Finance Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Rural Housing Finance Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of matter

As described in Note 45(ii)(a) to the financial statements, in respect of accounts overdue but standard as on 29 February 2020 where moratorium benefit has been granted, the staging of those accounts as on 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package. Further, as described in Note 45(ii)(b) to the financial statements, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain. Our opinion is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current year. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Impairment Loss Allowance

Refer note 2.5(ii) and 45(ii) to the Financial Statements

The key audit matter	How the matter was addressed in our audit
The Company has recognized impairment loss allowance of Rs. 57,760.77 lakhs as at 31 March 2020 and has recognized an expense for Rs. 21,168.11 lakhs in its statement of profit and loss. The determination of impairment loss allowance is inherently judgmental and relies on managements' best estimate due to the following: • Increased level of data inputs for capturing the historical data to calculate the Probability of Default ('PDs') and Loss Given Default ('LGD') and the completeness and accuracy of that data. • Use of management overlays for considering the probability weighted scenarios, the forward looking macro-economic factors, economic environment and the timing of cash flows. • Criteria selected to identify significant increase in credit risk, particularly in respect of moratorium benefit given to eligible borrowers, as per the Company's board approved policy, read with the RBI COVID-19 regulatory package.	We performed the following key audit procedures: • Performed process walkthroughs to identify the key systems, applications and controls used in the impairment allowance processes. • Assessed the design and implementation of controls in respect of the Company's impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance and the related disclosures on credit risk management. • Obtained understanding of management's revised processes, systems and controls implemented in relation to impairment allowance process, particularly in view of staging freeze as on 29 February 2020 as per board approved policy read with RBI COVID-19 regulatory package.

The key audit matter	How the matter was addressed in our audit
• In relation to COVID-19 pandemic, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter. The financial statements of the Company have been prepared on a going concern basis. Management's assessment of going concern is based on its evaluation of relevant conditions and events that may raise substantial doubt about the Company's ability to continue as a going concern. The following considerations are covered by management: • Current financial condition, including liquidity sources; • Fixed obligations due or anticipated within one year; • Consideration of various risks viz., liquidity risk, credit risk, market risk and operational risk; • Impact of COVID-19 and related uncertainties on the Company's performance. Significant management judgement is involved in assessing the ability of the Company to meet its financial obligations and manage its liquidity position as part of management's assessment of the going concern assumption used in the preparation of the financial statements. As such, we determined this to be a key audit matter.	• Tested the relevant general IT and applications controls over key systems used in the impairment allowance processes. • Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings. • Tested the periods considered for capturing underlying data as base to PD and LGD calculations are in line with Company's recent experience of past observed periods. • Tested the accuracy of the key inputs used in the calculation and independently evaluated the reasonableness of the assumptions made. • Challenged completeness and validity of management overlays, particularly in response to COVID-19 with assistance of our financial risk modelling experts by critically evaluating the risks that have been addressed by management through overlays and also considering whether there are other risks not captured which require additional overlays. We also tested management's workings supporting the overlay quantum. • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the financial statements are appropriate and sufficient. We performed the following key audit procedures: • Evaluated management's assessment of the Company's ability to continue as a going concern by performing an analysis of cash flow forecasts for a period of one year and assessed the reasonableness of assumptions used in developing these forecasts. • Performed stress tests on key assumptions used, including cash inflows expected in the next 12 months, given the moratorium benefit offered to its customers and the uncertainty over the impact of COVID-19 pandemic. • Read the minutes of meetings of the Asset Liability Committee and minutes of the meetings of the Board of Directors for identifying any areas of impact on the asset-liability position. • Reviewed the asset-liability position as at 31 March 2020 prepared by the Company. • Evaluated management's plans for raising additional funding and verified the sanction letters for unused lines of credit. • Enquired whether there were any communications from lenders impacting the unused committed lines of credit. • Assessed the adequacy of the disclosures in the notes to the financial statements.

Other Information

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

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under section 133 of the Act;

e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its Financial Statements - Refer Note 37 to the Financial Statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company has not entered into derivative contracts during the year - Refer Note 39 to the Financial Statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

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

Venkataramanan Vishwanath
Partner
Membership No: 113156
ICAI UDIN: 20113156AAAABO1232

Mumbai
8 May 2020

Annexure A to the Independent Auditor's Report - 31 March 2020

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the management according to a programme of phased verification, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, the fixed assets have been physically verified by management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The Company is in the business of providing Housing Finance Services and consequently, does not hold any inventory. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

iii. According to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies act, 2013 are applicable. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

v. According to the information and explanations given to us and based on the examination of records, the Company has not accepted any deposits from the public within the meaning of sections 73, 74, 75 and 76 of the Act and Rules framed thereunder to the extent notified. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any activities conducted/ services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company does not have any dues on account of sales tax, duty of customs, duty of excise, value added tax and service tax. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the following dues have not been deposited by the Company on account of any disputes.

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	37.76	2011-12	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	7.62	2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	22.55	2013-14	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	332.95	2016-17	Commissioner of Income Tax (Appeals)

viii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not defaulted in the repayment of outstanding dues to financial institution, bank, or debenture holder during the year. The Company did not have any borrowings from the government during the year.

ix. According to the information and explanations given to us and based on our examination of the records, the

Company has utilised the money raised by way of issue of non-convertible debentures and the terms loans during the year for the purpose for which they were raised. During the year, the Company has not raised moneys by way of initial public offer or further public offer.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for 271 cases aggregating Rs. 191.18 lakhs, largely pertaining to misappropriation of cash, we have neither come across any instance of fraud by the Company or any material instance of fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

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

Venkataramanan Vishwanath
Partner
Membership No: 113156
ICAI UDIN: 20113156AAAABO1232

Mumbai
8 May 2020

Annexure B to the Independent Auditors' report on the financial statements of Mahindra Rural Housing Finance Limited for the year ended 31 March 2020

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Rural Housing Finance Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

Venkataramanan Vishwanath
Partner
Membership No: 113156
ICAI UDIN: 20113156AAAABO1232

Mumbai
8 May 2020

BALANCE SHEET AS AT 31 MARCH 2020

Particulars	Note	(Rs. in Lakhs) As at 31 March 2020	(Rs. in Lakhs) As at 31 March 2019
ASSETS			
1) Financial Assets			
a) Cash and cash equivalents	3	**9,238.78**	2,982.62
b) Loans	4	**787,008.00**	768,924.90
c) Investments	5	**11,509.35**	–
d) Other financial assets	6	**353.03**	315.10
		808,109.16	772,222.62
2) Non-financial Assets			
a) Current tax assets (Net)		**528.62**	402.53
b) Deferred tax Assets (Net)	7	**8,448.75**	7,404.97
c) Property, Plant and Equipment	8	**5,294.35**	2,454.43
d) Other intangible assets	9	**47.50**	115.71
e) Other non-financial assets	10	**1,342.57**	542.88
		15,661.79	10,920.52
TOTAL ASSETS		**823,770.95**	783,143.14
LIABILITIES AND EQUITY			
LIABILITIES			
1) Financial Liabilities			
a) Payables	11		
I) Trade Payables			
i) total outstanding dues of micro enterprises and small enterprises		**0.07**	–
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**4,909.81**	4,963.26
II) Other Payables			
i) total outstanding dues of micro enterprises and small enterprises		**–**	–
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**20.25**	–
b) Debt Securities	12	**199,973.34**	239,650.58
c) Borrowings (Other than Debt Securities)	13	**418,904.33**	362,919.09
d) Subordinated Liabilities	14	**41,015.78**	31,024.26
e) Other financial liabilities	15	**31,133.71**	29,793.84
		695,957.29	668,351.03
2) Non-Financial Liabilities			
a) Current tax liabilities (Net)		**345.84**	–
b) Provisions	16	**2,093.21**	1,742.90
c) Other non-financial liabilities	17	**560.46**	340.94
		2,999.51	2,083.84
3) EQUITY			
a) Equity Share capital	18	**12,144.25**	12,130.14
b) Other Equity	19	**112,669.90**	100,578.13
		124,814.15	112,708.27
TOTAL LIABILITIES AND EQUITY		**823,770.95**	783,143.14
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements.	1 to 48		

As per our report of even date attached.

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

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai
08 May 2020

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Anuj Mehra
Managing Director
[DIN: 02712119]

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

Mumbai
08 May 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

	Particulars	Note	(Rs. in Lakhs) Year ended 31 March 2020	(Rs. in Lakhs) Year ended 31 March 2019
	REVENUE FROM OPERATIONS			
	i) Interest income	20	**151,293.77**	135,296.69
	ii) Dividend income	21	**243.16**	123.34
	iii) Fees and commission income	22	**714.51**	2,947.06
	iv) Net gain on fair value changes	23	**2.08**	–
I	**Total revenue from operations**		**152,253.52**	138,367.09
II	Other income	24	**506.99**	27.62
III	**Total Income (I+II)**		**152,760.51**	138,394.71
	EXPENSES			
	i) Finance costs	25	**59,499.68**	51,756.96
	ii) Fees and commission expense	26	**200.05**	111.56
	iii) Impairment on financial instruments	27	**26,112.52**	8,108.76
	iv) Employee benefits expenses	28	**30,659.74**	26,277.65
	v) Depreciation and amortization	29	**1,695.74**	1,059.72
	vi) Others expenses	30	**14,032.86**	14,463.67
IV	**Total Expenses (IV)**		**132,200.59**	101,778.32
V	**Profit before tax (III-IV)**		**20,559.92**	36,616.39
VI	**Tax expense:**			
	i) Current tax		**6,850.00**	9,950.00
	ii) Deferred tax		**(1,025.98)**	1,407.73
	iii) (Excess) / Short Provision for Income Tax - earlier years		**(119.80)**	211.78
			5,704.22	11,569.51
VII	**Profit for the year (V-VI)**		**14,855.70**	25,046.88
VIII	**Other Comprehensive Income**			
	i) Items that will not be reclassified to profit or loss			
	– Remeasurement loss on defined benefit plans		**(132.68)**	(91.34)
	ii) Income tax impact thereon		**17.79**	31.92
	Other Comprehensive Income		**(114.89)**	(59.42)
IX	**Total Comprehensive Income for the year (VII+VIII) (Comprising Profit and other Comprehensive Income for the year)**		**14,740.81**	24,987.46
X	**Earnings per equity share (for continuing operations)**	31		
	(Face value - Rs. 10/- per share)			
	Basic (Rupees)		**12.24**	22.45
	Diluted (Rupees)		**12.12**	22.24
	Summary of significant accounting policies	2		
	The accompanying notes form an integral part of the financial statements.	1 to 48		

As per our report of even date attached.

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

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai
08 May 2020

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Anuj Mehra
Managing Director
[DIN: 02712119]

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

Mumbai
08 May 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

		(Rs. in Lakhs)	(Rs. in Lakhs)
A	**Equity Share Capital**	**31 March 2020**	31 March 2019
	Balance at the beginning of the year	**12,288.79**	10,813.22
	Changes in Equity share capital during the year		
	Add: Fresh allotment of shares:		
	– Issue of Shares	**–**	1,282.05
	– Shares issued under Employees' Stock Option Scheme	**–**	193.52
		12,288.79	12,288.79
	Less: Shares issued to ESOS Trust but not allotted to employees	**144.54**	158.65
	Balance at the end of the year	**12,144.25**	12,130.14

B Other Equity

	Reserves and Surplus					
	Statutory reserves	**Securities premium**	**General reserves**	**Employee stock options outstanding**	**Retained earnings or Profit & loss account**	**Total**
Balance as at 01 April 2018	14,204.93	28,725.74	290.00	97.76	20,412.50	63,730.93
Profit for the year	–	–	–	–	25,046.88	25,046.88
Other Comprehensive Income	–	–	–	–	(59.42)	(59.42)
Total Comprehensive Income for the year	–	–	–	–	24,987.46	24,987.46
Dividend paid on equity shares (including tax thereon)	–	–	–	–	(2,216.19)	(2,216.19)
Securities premium on fresh issue of equity share capital	–	14,804.70	–	–	–	14,804.70
Premium on shares issued to ESOP Trust but not allotted to employees	–	(904.32)	–	–	–	(904.32)
Transfers to Securities premium on exercise of employee stock options	–	80.29	–	(80.29)	–	–
Share based payment expense	–	–	–	175.55	–	175.55
Transfers to Statutory reserves	7,375.00	–	–	–	(7,375.00)	–
Balance as at 31 March 2019	**21,579.93**	**42,706.41**	**290.00**	**193.02**	**35,808.77**	**100,578.13**
Balance as at 01 April 2019	**21,579.93**	**42,706.41**	**290.00**	**193.02**	**35,808.77**	**100,578.13**
Profit for the year	–	–	–	–	14,855.70	14,855.70
Other Comprehensive Income	–	–	–	–	(114.89)	(114.89)
Total Comprehensive Income	–	–	–	–	14,740.81	14,740.81
Dividend paid on equity shares (including tax thereon)	–	–	–	–	(2,963.07)	(2,963.07)
Transfers to Securities premium on exercise of employee stock options	–	32.49	–	(32.49)	–	–
Allotment of equity shares by ESOP Trust to employees	–	80.42	–	–	–	80.42
ESOP outstanding reserve account	–	–	–	143.93	–	143.93
Share based payment expense	–	–	–	89.68	–	89.68
Transfers to Statutory reserves	4,150.00	–	–	–	(4,150.00)	–
Balance as at 31 March 2020	**25,729.93**	**42,819.32**	**290.00**	**394.14**	**43,436.51**	**112,669.90**

As per our report of even date attached.

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

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai
08 May 2020

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Anuj Mehra
Managing Director
[DIN: 02712119]

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

Mumbai
08 May 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

Particulars		(Rs. in Lakhs) Year ended 31 March 2020	(Rs. in Lakhs) Year ended 31 March 2019
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxes		**20,559.92**	36,616.39
Add/(Less):			
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation expense		**1,695.74**	1,059.72
Impairment on financial instruments		**26,683.24**	8,108.76
Loss/ (profit) on sale of property, plant and equipment		**3.28**	4.88
Employee compensation expense on account of ESOP scheme		**233.61**	175.54
Dividend income from investment in mutual funds		**(243.16)**	(123.34)
Profit on sale of investments in mutual funds		**(487.42)**	(11.77)
Interest on lease liability		**320.37**	–
Interest on deposits with banks		**(8.27)**	–
Net gain / (loss) on financial instruments at FVTPL		**(2.08)**	–
Operating profit before working capital changes	**I**	**48,755.23**	45,830.18
Working capital changes			
Loans		**(44,766.34)**	(176,781.99)
Other financial assets		**(37.93)**	(87.48)
Other non-financial assets		**(722.08)**	449.69
Trade Payable		**(33.13)**	320.49
Other liabilities		**71.01**	17,604.19
Provision		**217.63**	(246.36)
	II	**(45,270.84)**	(158,741.46)
Cash used in operations	**(I+II)**	**3,484.39**	(112,911.28)
Income tax paid		**(6,510.45)**	(10,393.29)
NET CASH USED IN OPERATING ACTIVITIES (A)		**(3,026.06)**	(123,304.57)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets		**(772.91)**	(1,659.34)
Proceeds from sale of property, plant and equipment		**23.43**	15.02
Purchase of investments		**(525,833.66)**	–
Proceeds from sale of investments		**514,326.39**	–
Interest from term deposits with banks		**8.27**	–
Dividend received from investment in mutual funds		**730.58**	123.34
NET CASH USED IN INVESTING ACTIVITIES (B)		**(11,517.90)**	(1,509.21)
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of equity shares		**–**	15,217.30
Debt securities issued		**137,000.00**	325,810.00
Debt securities repaid		**(178,500.00)**	(247,000.00)
Subordinated liabilities issued		**10,000.00**	3,500.00
Subordinated liabilities repaid		**–**	(700.00)
Borrowings other than debt securities issued		**306,100.00**	263,500.00
Borrowings other than debt securities repaid		**(250,068.61)**	(235,891.78)

Particulars	**(Rs. in Lakhs)** **Year ended 31 March 2020**	(Rs. in Lakhs) Year ended 31 March 2019
Dividend paid including dividend distribution tax	**(2,963.07)**	(2,216.19)
Payments for lease liability	**(768.20)**	–
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	**20,800.12**	122,219.33
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**6,256.16**	(2,594.45)
Cash and Cash Equivalents at the beginning of the year	**2,982.62**	5,577.07
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**9,238.78**	2,982.62
Cash and cash equivalents at the end of the year		
– Cash on hand	**182.95**	1,645.64
– Balances with banks in current accounts	**9,055.83**	1,336.98
Total	**9,238.78**	**2,982.62**

Notes:

The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in the Indian Accounting Standard 7 'Cash Flow Statements'.

As per our report of even date attached.

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

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai
08 May 2020

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Anuj Mehra
Managing Director
[DIN: 02712119]

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

Mumbai
08 May 2020

Notes to the Financial Statements for the year ended 31 March 2020

1 COMPANY INFORMATION

Mahindra Rural Housing Finance Limited ('the Company'), incorporated in India is a Housing Finance Company ('HFC') engaged in providing housing finance through its pan India branch network. In exercise of the powers conferred on the National Housing Bank vide Section 29A of The National Housing Bank Act, 1987, the Company has been granted Certificate of Registration dated 13 August 2007 to commence the business of a housing finance institution without accepting public deposits. The Company is a subsidiary of Mahindra & Mahindra Financial Services Limited. Mahindra & Mahindra Limited is the ultimate holding company.

The Company's registered office is at Mahindra Towers, 4th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai 400018, India.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance and basis for preparation and presentation of financial statements

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under section 133 of the Companies Act, 2013 ("the Act") and in conformity with the accounting principals generally accepted in India and other relevant provisions of the Act. Any application guidance/ clarifications/ directions issued by Reserve Bank of India (RBI), National Housing Bank (NHB) or other regulators are implemented as and when they are issued/ applicable.

These separate financial statements were approved by the Company's Board of Directors and authorised for issue on 08 May 2020.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

2.4 Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.The Company has established policies and procedures with respect to the measurement of fair values. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset ot liability that are not based on observable market data (unobservable inputs).

2.5 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were issued. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Following are the areas that involve a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

(i) Effective Interest Rate (EIR) Method

The Company recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

(ii) Impairment of Financial Assets

The measurement of impairment losses on loan assets and commitments, requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulas and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weights, to derive the economic inputs into the ECL model
- Management overlay used in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios.

It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary (refer note 45)

(iii) Provisions and other contingent liabilities:

The reliable measure of the estimates and judgemets pertaining to litigations and the regulatory proceedings in the ordinary course of the Company's business are disclosed as contingent liabilities.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

(iv) Provision for income tax and deferred tax assets:

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax, including the amount expected to be paid / recovered for uncertain tax positions. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

(v) Defined Benefit Plans:

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(vi) Coronavirus (COVID-19) pandemic impact

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these Financial Statements.

Notes to the Financial Statements for the year ended 31 March 2020

The estimation uncertainty is associated with:

- the extent and duration of the disruption to business arising from the actions by governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn (and forecasts for key economic factors including, agriculture, GDP and employment). This includes the disruption to deteriorating credit, liquidity concerns, increasing unemployment, reductions in production because of decreased demand, and other restructuring activities; and
- the effectiveness of government and Reserve Bank of India measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2020 about future events that management believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions can be different from those forecasted and the effect of those differences may impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses. The impact of the COVID-19 pandemic on these accounting estimates is mentioned relevantly in the respective disclosures to these Financial Statements. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions (refer note 45).

(vii) Going Concern

COVID 19 has an adverse impact on the functioning of the financial sector companies, notwithstanding this the financial statements of the Company are prepared on a going concern basis.

Management is of the view that it is considered appropriate to prepare these financial statements on a going concern basis as the Company expects to generate sufficient cash flows from operating activities and unused lines of credit to meet its obligations in the foreseeable future (refer note 44 and note 45 (iii)).

2.6 Revenue recognition:

a) Recognition of interest income

Effective Interest Rate (EIR) method

Interest income is recognised in the statement of profit and loss using the effective interest method for all financial instruments measured at amortised cost. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the statement of profit and loss.

Interest income

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Additional interest income is recognised when it becomes measurable and when it is not unreasonable to expect its ultimate collection.

b) Fee and commission income

Fee based income are recognised when they become measurable and when it is probable to expect their ultimate collection.

c) Dividend and interest income on investments

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Interest income from investment is recognised when it is certain that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable.

2.7 Property, Plant and Equipments (PPE)

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under Other non-financial assets. Capital work in progress comprises the cost of Property, Plant and Equipment that are not ready for its intended use at the reporting date.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis. The estimated useful life for the assets are stated as below:

In accordance with Ind AS 116 - Leases, applicable effective from 01 April 2019, the Right-Of-Use assets (Freehold premises) are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-Of-Use assets (Freehold premises) are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Assets	Useful life
Buildings	- 60 years
Computers	- 3 years
Furniture and fixtures	- 10 years
Vehicles	- 8 years
Office equipments	- 5 years
Right-Of-Use assets (Leasehold premises)	- 2 to 10 years

For following assets the useful life is taken as estimated by the management based on the actual usage pattern of the assets:

- Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.
- Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of the vehicle for the Company, as against the useful life of 8 years as mentioned in Schedule II.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (caculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the statement of profit and loss in the year the asset is derecognised.

2.8 Intangible assets:

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

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is taken as 36 months based on management's estimates of useful life. Amortisation is calcualted using the Straight line method to write down the cost of intangible assets over their estimated useful lives.

Notes to the Financial Statements for the year ended 31 March 2020

2.9 Cash and cash equivalent:

Cash comprises of cash on hand and demand deposits with bank. The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

2.10 Financial instruments:

Recognition and initial measurement

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

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

Classification and subsequent measurement

- ***Financial assets***

  On initial recognition, a financial asset is classified as measured at

  - *Amortised cost;*
  - *Fair Value Through Other Comprehensinve Income (FVTOCI) - debt instruments;*
  - *Fair Value Through Other Comprehensinve Income (FVTOCI) - equity instruments;*
  - *Fair Value Through Profit and Loss (FVTPL)*

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. Accordingly, the Company measures bank balances and loans at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Subsequent measurement and gains and losses:

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in Statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of profit and loss.

Financial liabilities and equity instruments:

Classification as debt or equity -

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

Equity instruments -

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities -

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognised in the statement of profit and loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial instruments

Equity instruments are not subject to impairment under Ind AS 109.

Financial assets carried at amortised cost:

The Company recognises lifetime expected credit loss (ECL) when there has been a significant increase in credit risk since initial recognition and when the financial assets carried at amortised cost is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on historical experience and forward-looking information.

Management overlay is used to adjust the ECL allowance in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios. Emerging local or global macro economic, micro economic or political events, and natural disasters that are not incorporated in to the current parameters, risk ratings, or forward looking information are examples of such circumstances. The use of management overlay may impact the amount of ECL recognised.

The expected credit losses on these financial assets are estimated using a historical credit loss experience, adjusted for factors that are specific to the general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. It has been the Company's policy to regularly review its model in the context of actual loss experience and provide for additional impairment allowance due to management overlay when necessary (refer note 45)

Notes to the Financial Statements for the year ended 31 March 2020

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made from written off assets are netted off against the amount of financial assets written off during the year under "bad debts/loss on termination" forming part of "impairment on financial instruments" in statement of profit and loss.

2.11 Employee benefits:

a) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Contribution to provident fund, ESIC and National Pension Scheme

Company's contribution paid/payable during the year to provident fund, employees state insurance corporation (ESIC) and National Pension Scheme is recognised in the Statement of profit and loss.

c) Gratuity

The Company's liability towards gratuity scheme is determined by actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/termination benefits.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains/losses

Remeasurement of defined benefit plans, comprising of acturial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to the statement of profit and loss in the subsequent period.

Remeasurement gains or losses on long-term compensated absences that are classified as other long-term benefits are recognised in the statement of profit and loss.

d) Superannuation fund

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

e) Leave encashment / compensated absences / sick leave

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

f) Employee stock options:

Equity-settled share-based payments to employees are recognised as an expense at the fair value of stock options at the grant date. The fair value determined at the grant date of the Equity-settled share-based payments is expensed on a stright-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

2.12 Finance costs:

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost, i.e., bank term loans, non-convertible debentures, inter corporate deposits, commercial papers and subordinated debts, to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

Effective from 01 April 2019, on application of Ind AS 116 (Leases), interest expense on lease liabilities computed by applying the Company's weighted average incremental borrowing rate has been included under finance costs.

2.13 Taxation - Current and deferred tax:

Income tax expense comprises of current tax and deferred tax. Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

a) Current tax:

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b) Deferred tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.14 Securities issue expenses:

Expenses incurred in connection with the fresh issue of Share capital are adjusted against Securities premium reserve.

2.15 Impairment of non financial assets:

The Company reviews the carrying amounts of its tangible and other intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

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

Notes to the Financial Statements for the year ended 31 March 2020

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the assets is considered impaired, and is written down to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in the statement of profit and loss.

2.16 Provisions:

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.17 Leases:

The Company as a lessee -

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments used for operating activities. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certaint hat they will be exercised.

The right-of-use assets are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments that are not paid at the commencement date, discounted using the Company's incremental average borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

ROU assets and Lease liabilities have been separately presented in the Balance Sheet and principal portion of lease payments have been classified as financing cash flows.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116, Leases, which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, Leases, effective 01 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

On application of Ind AS 116, financial information is presented in the following manner for the year ended 31 March 2020.

a) ROU assets and lease liabilities have been included within the line items "Property, plant and equipment" and "Other financial liabilities" respectively in the Balance sheet;

b) Interest expenses on the lease liability and depreciation charge for the right-to-use asset have been included within the line items "Finance costs" and "Depreciation, amortization and impairment" respectively in the statement of profit or loss;

c) Short-term lease payments and payments for leases of low-value assets, where exemption as permitted under this standard is availed, have been recognized as expense on a straight line basis over the lease term in the statement of profit or loss.

d) Cash payments for the principal of the lease liability have been presented within "financing activities" in the statement of cash flows;

Further, on application of Ind AS 116, the nature of expense in the Statement of profit or loss has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest on lease liability in the current financial year.

The effect of transition to Ind AS 116 and other disclosures are set out under note no. 35.

2.18 Earnings Per Share:

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

2.19 Standards issued but not yet effective:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 01 April 2020.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

3 Cash and cash equivalents

	31 March 2020	31 March 2019
Cash on hand	**182.95**	1,645.64
Balances with banks in current accounts	**9,055.83**	1,336.98
Total	**9,238.78**	2,982.62

4 Loans and advances (at amortised cost)

		31 March 2020	31 March 2019
A)	**Loans:**		
	Loans against assets	**841,702.25**	804,752.75
	Other loans and advances	**2,687.10**	122.01
	Total (A) - Gross	**844,389.35**	804,874.76
	Less: Impairment loss allowance	**(57,381.35)**	(35,949.86)
	Total (A) - Net	**787,008.00**	768,924.90
B)	i) Secured by tangible assets (hypothecation on land and/or building)	**841,702.25**	804,752.75
	ii) Unsecured	**2,687.10**	122.01
	Total (B) - Gross	**844,389.35**	804,874.76
	Less: Impairment loss allowance	**(57,381.35)**	(35,949.86)
	Total (B) - Net	**787,008.00**	768,924.90
C)	**I) Loans in India**		
	i) Public Sector	**–**	–
	ii) Others	**844,389.35**	804,874.76
	Total (C) - Gross	**844,389.35**	804,874.76
	Less: Impairment loss allowance	**(57,381.35)**	(35,949.86)
	Total (C) (I) - Net	**787,008.00**	768,924.90
	II) Loans outside India	**–**	–
	Less: Impairment loss allowance	**–**	–
	Total (C) (II) - Net	**–**	–
	Total C (I) and C (II)	**787,008.00**	768,924.90

5 Investments

		31 March 2020	31 March 2019
A)	**At Fair Value**		
	Through Profit or Loss		
	Units of mutual funds	**11,509.35**	–
	Total (Gross)	**11,509.35**	–
	Less: Impairment loss allowance	**–**	–
	Total (Net)	**11,509.35**	–

6 Other financial assets

	31 March 2020	31 March 2019
Security deposits for office premises / others	**342.23**	310.80
Insurance claims receivable	**10.80**	4.30
Total	**353.03**	315.10

7 Deferred tax assets

	31 March 2020	31 March 2019
Tax effect of items constituting deferred tax liabilities:		
– FVTPL through Investment	0.52	–
Total (A)	0.52	–
Tax effect of items constituting deferred tax assets:		
Provision for employee benefits	**539.05**	500.51
Allowance for Expected Credit Loss (ECL)	**4,641.77**	1,313.08
Effective Interest Rate (EIR) - Financial instruments	**2,897.68**	5,292.13
Depreciation on property, plant and equipment	**273.33**	299.25
Leases	**53.56**	–
Other provisions	**43.88**	–
Total (B)	**8,449.27**	7,404.97
Total	**8,448.75**	7,404.97

8 Property, plant and equipments

Particulars	Buildings*	Computers	Furniture and fixtures	Vehicles	Office equipments	Right-of-use assets (Leasehold Premises)	Total
GROSS CARRYING AMOUNT							
Balance as at 01 April 2018	23.12	1,150.69	644.93	735.77	1,313.46	–	3,867.97
Additions during the year	–	560.38	234.06	506.40	366.19	–	1,667.03
Disposals / deductions during the year	–	0.58	7.30	72.25	4.48	–	84.61
Balance as at 31 March 2019	**23.12**	**1,710.49**	**871.69**	**1,169.92**	**1,675.17**	**–**	**5,450.39**
Balance as at 01 April 2019	23.12	1,710.49	871.69	1,169.92	1,675.17	–	5,450.39
Additions during the year	–	93.46	74.54	379.35	147.95	3,798.86	4,494.16
Disposals / deductions during the year	–	16.04	4.58	95.66	54.17	–	170.45
Balance as at 31 March 2020	**23.12**	**1,787.91**	**941.65**	**1,453.61**	**1,768.95**	**3,798.86**	**9,774.10**
ACCUMULATED DEPRECIATION							
Balance as at 01 April 2018	0.90	683.38	339.31	297.81	748.70	–	2,070.10
Additions during the year	0.39	350.70	142.59	177.14	319.75	–	990.57
Disposals / deductions during the year	–	0.35	5.43	57.21	1.72	–	64.71
Balance as at 31 March 2019	**1.29**	**1,033.73**	**476.47**	**417.74**	**1,066.73**	**–**	**2,995.96**

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

Particulars	Buildings*	Computers	Furniture and fixtures	Vehicles	Office equipments	Right-of-use assets (Leasehold Premises)	Total
Balance as at 01 April 2019	1.29	1,033.73	476.47	417.74	1,066.73	–	2,995.96
Additions during the year	0.38	362.49	90.86	240.30	272.86	660.64	1,627.53
Disposals / deductions during the year	–	15.98	3.93	73.99	49.84	–	143.74
Balance as at 31 March 2020	**1.67**	**1,380.24**	**563.40**	**584.05**	**1,289.75**	**660.64**	**4,479.75**
NET CARRYING AMOUNT							
As at 31 March 2019	**21.83**	**676.76**	**395.22**	**752.18**	**608.44**	**–**	**2,454.43**
As at 31 March 2020	**21.45**	**407.67**	**378.25**	**869.56**	**479.20**	**3,138.22**	**5,294.35**

*** Secured non convertible debentures (NCDs) have pari passu charges on buildings whose carrying amount is Rs. 21.83 Lakhs (31 March 2019 - Rs. 22.22 Lakhs)**

9 Other intangible assets

Particulars	Computer software
GROSS CARRYING AMOUNT	
Balance as at 01 April 2018	68.37
Additions during the year	139.07
Disposals / deductions during the year	–
Balance as at 31 March 2019	**207.44**
Balance as at 01 April 2019	207.44
Additions during the year	–
Disposals / deductions during the year	–
Balance as at 31 March 2020	**207.44**
ACCUMULATED DEPRECIATION	
Balance as at 01 April 2018	22.58
Additions during the year	69.15
Disposals / deductions during the year	–
Balance as at 31 March 2019	**91.73**
Balance as at 01 April 2019	91.73
Additions during the year	68.21
Disposals / deductions during the year	–
Balance as at 31 March 2020	**159.94**
NET CARRYING AMOUNT	
As at 31 March 2019	**115.71**
As at 31 March 2020	**47.50**

10 Other non-financial assets

	31 March 2020	31 March 2019
Capital advances	**467.98**	390.37
Prepaid expenses	**657.09**	152.51
Other Advance	**217.50**	–
Total	**1,342.57**	542.88

11 Payables

		31 March 2020	31 March 2019
I)	**Trade Payables**		
	i) total outstanding dues of micro enterprises and small enterprises	**0.07**	–
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**4,909.81**	4,963.26
II)	**Other Payables**		
	i) total outstanding dues of micro enterprises and small enterprises	**–**	–
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**20.25**	–
		4,930.13	4,963.26

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below:

		31 March 2020	31 March 2019
a)	Dues remaining unpaid to any supplier at the period end		
–	Principal	**0.07**	–
–	Interest on the above	**–**	–
b)	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the period		
–	Principal paid beyond the appointed date	**49.47**	–
–	Interest paid in terms of Section 16 of the MSMED Act	**0.93**	–
c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the period	**–**	–
d)	Amount of interest accrued and remaining unpaid	**–**	–
e)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**–**	–

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

12 Debt Securities

	31 March 2020	31 March 2019
At Amortised cost		
i) Bonds / Debentures (Secured)		
– Non-convertible debentures	**199,973.34**	195,247.59
ii) Others (Unsecured)		
– Commercial Papers	**–**	44,402.99
Total	**199,973.34**	239,650.58
Debt securities in India	**199,973.34**	239,650.58
Debt securities outside India	**–**	–
Total	**199,973.34**	**239,650.58**

There are no debt securities measured at FVTPL or designated at FVTPL

Details of Bonds / Debentures (Secured) - Non-convertible debentures#:

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	**7.76%-8.85%**	**79,350.00**	7.73%-8.74%	31,500.00
Maturing between 1 year to 3 years	**7.82%-9.75%**	**86,800.00**	7.76%-9.75%	114,150.00
Maturing between 3 years to 5 years	**8.27%-9.25%**	**29,500.00**	7.82%-9.25%	46,500.00
Maturing beyond 5 years	**8.30%-9.18%**	**4,510.00**	8.30%-9.18%	4,510.00
Total at face value		**200,160.00**		196,660.00
Less: Unamortised finance cost		**186.66**		1,412.41
Total amortised cost		**199,973.34**		195,247.59

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

The rates mentioned above are the applicable rates as at the yearend. These includes floating rate loans which are based on Marginal Cost of fund based Lending Rate (MCLR) / Treasury bill (T-bill) based spreads.

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

Details of others debt securities (Unsecured) - Commercial Papers:

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year		**–**	7.45%-7.80%	45,000.00
Total at face value		**–**		45,000.00
Less: Unamortised finance cost		**–**		597.01
Total amortised cost		**–**		44,402.99

13 Borrowings (Other than Debt Securities)

	31 March 2020	31 March 2019
At Amortised cost		
i) Term loans		
Secured -		
– from banks	**352,781.63**	308,738.89
– from other parties	**22.70**	3,180.20
ii) Loans from related parties		
Unsecured -		
– Inter-corporate deposits (ICDs)	**66,100.00**	51,000.00
Total	**418,904.33**	362,919.09
Borrowings in India	**418,904.33**	362,919.09
Borrowings outside India	**–**	–
Total	**418,904.33**	362,919.09

There are no borrowings measured at FVTPL or designated at FVTPL

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

Details of term loans from banks (Secured)

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
1) Repayable on maturity:				
Maturing within 1 year	7.80%-9.75%	77,500.00	8.70%-9.50%	43,500.00
Maturing between 1 year to 3 years	7.90%-9.50%	77,500.00	8.20%-9.50%	57,500.00
Maturing between 3 years to 5 years		–	7.90%-9.50%	25,000.00
Total		155,000.00		126,000.00
2) Repayable in installments:				
i) Quarterly -				
Maturing within 1 year	8.15%-9.25%	20,590.28	8.75%-8.85%	9,444.44
Maturing between 1 year to 3 years	8.15%-9.25%	25,520.83	8.75%-8.85%	12,500.00
Maturing between 3 years to 5 years		–	8.75%	1,111.11
Sub total		46,111.11		23,055.55
ii) Half yearly -				
Maturing within 1 year	9.50%	3,333.33	9.00%	6,666.67
Maturing between 1 year to 3 years	8.45%-9.50%	18,333.34	8.70%-9.00%	16,666.67
Maturing between 3 years to 5 years		–	8.70%	5,000.00
Sub total		21,666.67		28,333.34
iii) Yearly -				
Maturing within 1 year	8.05%-9.70%	45,400.00	8.20%-9.34%	31,300.00
Maturing between 1 year to 3 years	8.05%-9.70%	60,650.00	8.20%-9.70%	72,000.00
Maturing between 3 years to 5 years	8.65%-9.70%	24,000.00	8.20%-9.70%	28,050.00
Sub total		130,050.00		131,350.00
Total		197,827.78		182,738.89
Total (1+2) (As per contractual terms)		352,827.78		308,738.89
Less: Unamortized Finance Cost		46.15		–
Total Amortized Cost		352,781.63		308,738.89

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

The rates mentioned above are the applicable rates as at the yearend. These includes floating rate loans which are based on Marginal Cost of fund based Lending Rate (MCLR) / Treasury bill (T-bill) based spreads.

Details of Secured term loans from other parties (National Housing Bank)

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
1) Repayable in installments:				
Quarterly -				
Maturing within 1 year	8.85%	22.70	9.05%-9.65%	2,206.40
Maturing between 1 year to 3 years		–	9.30%-9.55%	973.80
Total		22.70		3,180.20
Less: Unamortized Finance Cost		–		–
Total Amortized Cost		22.70		3,180.20

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

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

Details of Inter-corporate deposits (ICDs) (Unsecured):

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	7.20%-8.50%	35,900.00	7.75%-9.40%	51,000.00
Maturing between 1 year to 3 years	7.55%-8.95%	30,200.00		–
Total		66,100.00		51,000.00
Less : Unamortized Finance Cost		–		–
Total Amortized Cost		66,100.00		51,000.00

The rates mentioned above are the applicable rates as at the yearend. These includes floating rate loans which are based on Marginal Cost of fund based Lending Rate (MCLR) / Treasury bill (T-bill) based spreads.

Receivables under loan contracts, book debts and building as of 31 March 2020 with an outstanding amount of Rs. 6,06,778.13 Lakhs (31 March 2019: Rs. 4,71,203.71 Lakhs) are pledged as collateral against the borrowings.

14 Subordinated liabilities

	31 March 2020	31 March 2019
At Amortised cost		
Unsecured Subordinated redeemable non-convertible debentures	41,015.78	31,024.26
Total	41,015.78	31,024.26
Subordinated liabilities in India	41,015.78	31,024.26
Subordinated liabilities outside India	–	–
Total	41,015.78	31,024.26

There are no subordinated liabilities measured at FVTPL or designated at FVTPL

Details of Subordinated liabilities (at Amortised cost) - Unsecured Subordinated redeemable non-convertible debentures#:

From the Balance Sheet date	As at 31 March 2020		As at 31 March 2019	
	Interest rate range	Amount	Interest rate range	Amount
A) Issued on private placement basis				
Repayable on maturity:				
Maturing between 3 years to 5 years	8.40%	1,000.00	–	–
Maturing beyond 5 years	8.40%-9.50%	40,200.00	8.40% - 9.50%	31,200.00
Sub-total at face value		41,200.00		31,200.00
Less: Unamortised finance cost		184.22		175.74
Total amortised cost		41,015.78		31,024.26

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

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

15 Other financial liabilities

	31 March 2020	31 March 2019
Interest accrued but not due on borrowings	**23,509.22**	16,373.23
Credit balances in current accounts with banks as per books	**2.13**	6,802.88
Insurance premium payable	**1,063.18**	1,900.95
Salary, Bonus and performance pay payable	**2,895.38**	4,445.76
Provision for expenses	**216.04**	177.39
Lease Liabilities	**3,351.03**	–
Other Liabilities	**96.73**	93.63
Total	**31,133.71**	29,793.84

16 Provisions

	31 March 2020	31 March 2019
Provision for employee benefits		
– Gratuity	**257.21**	97.67
– Leave encashment	**1,456.58**	1,002.43
Provision for loan commitment	**379.42**	642.80
Total	**2,093.21**	1,742.90

17 Other non-financial liabilities

	31 March 2020	31 March 2019
Statutory dues payable	560.46	340.94
Total	**560.46**	340.94

18 Equity Share capital

	31 March 2020	31 March 2019
Authorised capital:		
150,000,000 (31 March 2019: 150,000,000) Equity shares of Rs.10/- each	**15,000.00**	15,000.00
	15,000.00	15,000.00
Issued capital:		
122,887,870 (31 March 2019: 122,887,870) Equity shares of Rs.10/- each	**12,288.79**	12,288.79
Subscribed and paid-up capital:		
122,887,870 (31 March 2019: 122,887,870) Equity shares of Rs.10/- each fully paid up	**12,288.79**	12,288.79
Less: Shares issued to ESOS Trust but not allotted to employees	**144.54**	158.65
Total	**12,144.25**	12,130.14

		As at 31 March 2020		As at 31 March 2019	
		No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
a)	**Reconciliation of number of equity shares:**				
	Balance at the beginning of the period	**122,887,870**	**12,288.79**	108,132,166	10,813.22
	Add: Fresh allotment of shares:				
	Issue of Shares	–	–	12,820,512	1,282.05
	Shares issued under Employees' Stock Option Scheme	–	–	1,935,192	193.52
	Less: Shares issued to ESOS Trust but not allotted to employees	**(1,445,449)**	**(144.54)**	(1,586,530)	(158.65)
	Balance at the end of the period	**121,442,421**	**12,144.25**	121,301,340	12,130.14
b)	**Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates:**				
	Holding Company: Mahindra & Mahindra Financial Services Limited	**120,952,678**	**12,095.27**	109,061,167	10,906.12
	(including 12 shares held jointly with nominees)				
	Percentage of holding (%)	**98.43%**	**98.43%**	88.75%	88.75%
c)	**Shareholders holding more than 5 percent shares:**				
	Mahindra & Mahindra Financial Services Limited	**120,952,678**	**12,095.27**	109,061,167	10,906.12
	Percentage of holding (%)	**98.43%**	**98.43%**	88.75%	88.75%
	National Housing Bank	–	–	11,891,511	1,189.15
	Percentage of holding (%)			9.68%	9.68%

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

d) Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

19 Other Equity

Description of the nature and purpose of Other Equity:

Statutory reserve

As per section 45 IC of the Reserve Bank of India Act, 1934, the Company is required to transfer a specified percentage of its net profits every year to a reserve fund before any dividend is declared. The Company transfers an amount to this reserve fund at year end. The Company does not anticipate any withdrawal from this reserve fund in the foreseeable future.

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is created through annual transfer of profits at a specified percentage in accordance with applicable regulations under the erstwhile Companies Act, 1956. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up capital of the Company for that year, then the total dividend distribution is less than the total distributable profits for that year. Consequent to introduction of the Companies Act, 2013, the requirement to mandatorily transfer specified percentage of net profits to General reserve has been withdrawn. However, the amount previously transferred to the General reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Employee stock options outstanding

The Employee Stock Options outstanding represents reserve in respect of equity-settled share options granted to the eligible employees in pursuance of the Employee Stock Option Plan.

Retained earnings

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

Details of dividends proposed

	For the year ended	
	31 March 2020	31 March 2019
Face value per share (Rupees)	**10.00**	10.00
Dividend percentage	**NIL**	20%
Dividend per share (Rupees)	**–**	2.00
Dividend on Equity shares	**–**	2,457.76
Estimated dividend distribution tax	**–**	505.31
Total Dividend including Dividend distribution tax	**–**	2,963.07

The dividends proposed for the financial year ended 31 March 2019 have been paid to shareholders in the subsequent financial year and accounted on payment basis on approval of the members of the Company at relevant annual general meeting.

The Board of Directors of the Company did not recommend any dividend for the current financial year ended 31 March 2020.

20 Interest income

	31 March 2020	31 March 2019
On financial assets measured at Amortised cost		
Interest on loans	**151,284.60**	135,295.57
Intrest on deposits with banks	**8.27**	–
Other interest income	**0.90**	1.12
Total	**151,293.77**	135,296.69

21 Dividend income

	31 March 2020	31 March 2019
Dividend income from investments in mutual funds	**243.16**	123.34
Total	**243.16**	123.34

22 Fees and commission income

	31 March 2020	31 March 2019
Service charges and other fees on loan transactions	**714.51**	2,947.06
Total	**714.51**	2,947.06

23 Net gain/(loss) on fair value changes

	31 March 2020	31 March 2019
Net gain / (loss) on financial instruments at FVTPL		
– Mutual fund units	**2.08**	–
Total	**2.08**	–

24 Other income

	31 March 2020	31 March 2019
Net gain on sale of current investments (net)	**487.42**	11.77
Others	**19.57**	15.85
Total	**506.99**	27.62

25 Finance costs

	31 March 2020	31 March 2019
On financial liabilities measured at Amortised cost		
Interest on borrowings	**36,397.88**	29,938.55
Interest on debt securities	**19,363.27**	18,715.22
Interest on subordinated liabilities	**2,979.67**	2,718.50
Interest on lease liability	**320.37**	–
Other borrowing costs	**438.49**	384.69
Total	**59,499.68**	51,756.96

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

26 Fees and commission expense

	31 March 2020	31 March 2019
Fees, commission / brokerage	**200.05**	111.56
Total	**200.05**	111.56

27 Impairment on financial instruments

	31 March 2020	31 March 2019
On financial instruments measured at Amortised cost		
Loans	**21,168.11**	4,314.00
Bad debts/Loss on termination	**4,944.41**	3,794.76
Total	**26,112.52**	8,108.76

28 Employee benefits expenses

	31 March 2020	31 March 2019
Salaries and wages	**27,261.67**	23,786.61
Contribution to provident and other funds	**2,543.92**	1,642.37
Share based payments to employees	**257.34**	205.10
Staff welfare expenses	**596.81**	643.57
Total	**30,659.74**	26,277.65

29 Depreciation, amortization and impairment

	31 March 2020	31 March 2019
Depreciation on property, plant and equipment	**966.89**	990.57
Amortization of intangible assets	**68.21**	69.15
Amortization on right to use assets	**660.64**	–
Total	**1,695.74**	1,059.72

30 Other expenses

	31 March 2020	31 March 2019
Rent	**108.74**	657.66
Rates and taxes, excluding taxes on income	**28.98**	101.13
Electricity charges	**199.24**	161.75
Repairs and maintenance	**156.63**	377.89
Communication Costs	**412.11**	512.42
Printing and Stationery	**366.97**	799.18
Travelling and conveyance expenses	**5,045.60**	5,147.38
Advertisement and publicity	**115.69**	87.20
Administration support charges	**704.42**	579.86
Directors' fees, alowances and expenses	**38.37**	34.23
Auditor's fees and expenses -		
- Audit fees	**21.26**	20.78
- Taxation matters	**1.64**	1.64
- Other services	**8.61**	11.67
- Reimbursement of expenses	**1.85**	1.67
Legal and professional charges	**2,346.62**	2,059.44
Insurance	**929.80**	764.18
Manpower outsourcing cost	**953.40**	366.95
Loss on sale / retirement of Property, Plant and Equipment	**3.28**	4.88
Donations	**3.83**	2.20
Corporate Social Responsibility (CSR) Expenditure	**611.32**	413.91
Other expenditure	**1,974.50**	2,357.65
Total	**14,032.86**	14,463.67

31 Earning Per Share

	31 March 2020	31 March 2019
Profit for the year (Rupees in lakhs)	**14,855.70**	25,046.88
Weighted average number of Equity Shares used in computing basic EPS	**121,336,119**	111,550,426
Effect of potential dilutive Equity Shares	**1,241,932**	1,086,095
Weighted average number of Equity Shares used in computing diluted EPS	**122,578,051**	112,636,521
Basic Earnings per share (Rs.) (Face value of Rs. 10/- per share)	**12.24**	22.45
Diluted Earnings per share (Rs.)	**12.12**	22.24

32 Employee Stock Option Scheme:

The Company has used fair value method to account for the compensation cost of stock options. Fair value of options is based on the valuation of the independent valuer using the Black -Scholes model.

Description of ESOP Scheme:

Particulars	ESOP
Vesting requirements	Stock Options due for vesting on each vesting date shall vest on the basis of time i.e. mere continuance of employment as on relevant date of vesting.
Vesting Conditions	25% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant
	25% on expiry of 36 months from the date of grant
	25% on expiry of 48 months from the date of grant
Method of Settlement	Equity settled

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

The Fair value of options, based on the valuation of the independent valuer as on the date of grant are:

	31 March 2020			31 March 2019		
Vesting Date	**No of years vesting**	**Fair Value (Rs.) per share**	**Exercise Price (Rs.)**	No of years vesting	Fair Value (Rs.) per share	Exercise Price (Rs.)
Grant Dated 16 January 2018	**4 Years**	**212.46**	**10.00**	–	–	–

The Key assumptions used in Black-Scholes model for calculating fair value as on the date of grant are:

Variables#	**31 March 2020**	31 March 2019
1) Risk free interest rate	**3.97%**	–
2) Expected life	**4 Years**	–
3) Expected volatility	**38.80%**	–
4) Price of the underlying share at the time of option grant (Rs.)	**221.00**	–

the value mentioned against each of the variables are based on the weighted average percentage of vesting.

Number and weighted average exercise price of options

		31 March 2020		31 March 2019	
Sr. No	**Particulars**	**Number of options**	**Weighted Average Exercise Price**	Number of options	Weighted Average Exercise Price
1	Outstanding at the beginning of the year	**1,501,914**	**67.00**	19,35,192	67.00
2	Granted during the year	**295,110**	**10.00**	–	–
3	Forfeited / Lapsed during the year	**59,785**	**47.00**	84,616	67.00
4	Exercised during the year	**141,081**	**67.00**	348,662	67.00
5	Outstanding at the end of the year	**1,596,158**	**57.00**	1,501,914	67.00
6	Exercisable at the end of the year	**418,672**	**67.00**	114,804	67.00

Range of exercise price and weighted average remaining contractual life of outstanding options:

	31 March 2020			31 March 2019		
Grant date	**Number of Options Outstanding**	**Weighted Average Remaining Contractual Life (in years)**	**Weighted Average Exercise Price (Rs.)**	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price (Rs.)
7-Oct-17	**1,071,178**	**3.51**	**67.00**	1,235,215	4.38	67.00
8-Dec-17	**128,557**	**3.69**	**67.00**	135,699	4.59	67.00
16-Jan-18	**122,250**	**3.56**	**67.00**	131,000	4.51	67.00
16-Oct-19	**274,173**	**5.03**	**10.00**	–	–	–

33 Employee Benefits

General description of defined benefit plans :

Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering qualifying employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under The Payment of Gratuity Act, 1972. The Company makes annual contribution to the gratuity scheme adminstered by the Life Insurance Corporation of India through its gratuity fund.

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

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

Defined benefit plans:

	Particulars	Funded Plan Gratuity	
		31 March 2020	31 March 2019
I	**Amount recognised in the Statement of Profit and Loss for the year ended 31 March:**		
1	Current service cost	**162.29**	163.50
2	Interest cost on benefit obligation (Net)	**6.72**	8.37
3	Adjustment due to opening balance	**(10.00)**	(3.60)
4	**Total expenses included in employee benefits expense**	**159.01**	168.27
II	**Amount recognised in Other Comprehensive income for the year**		
1	Actuarial (gains)/losses arising from changes in demographic assumption	**(34.32)**	22.97
2	Actuarial (gains)/losses arising from changes in financial assumption	**102.62**	6.71
3	Actuarial (gains)/losses arising from changes in experience adjustment	**64.38**	61.66
4	Return on plan assets	**–**	–
	Recognised in other comprehensive income	**132.68**	91.34
III	**Change in the present value of obligation during the year ended 31 March**		
1	Present value of defined benefit obligation at the beginning of the year	**630.19**	374.56
2	Current service cost	**162.29**	163.50
3	Interest cost/income	**48.33**	29.26
4	Remeasurements (gains)/losses		
	(i) Actuarial (gains)/losses arising from changes in demographic assumption	**(34.32)**	22.97
	(ii) Actuarial (gains)/losses arising from changes in financial assumption	**102.62**	6.71
	(iii) Actuarial (gains)/losses arising from changes in experience adjustment	**64.38**	61.66
5	Benefits paid	**(35.72)**	(28.47)
6	Liabilities assumed /(settled)	**–**	–
7	Present value of defined benefit obligation at the end of the year	**937.77**	630.19
IV	**Change in fair value of plan assets during the year**		
1	Fair value of plan assets at the beginning of the year	**532.52**	263.82
2	Interest income	**–**	–
3	Contributions by employer	**132.15**	272.69
4	Benefits paid	**(35.72)**	(28.47)
5	Return on plan assets excluding interest income	**41.61**	20.88
6	Adjustment to the opening balance/exchange rate variation	**10.00**	3.60
7	Fair value of plan assets at the end of the year	**680.56**	532.52
V	**Net Asset/(Liability) recognised in the Balance Sheet as at**		
1	Present value of defined benefit obligation as at	**937.77**	630.19
2	Fair value of plan assets	**680.56**	532.52
3	Surplus/(Deficit)	**(257.21)**	(97.67)
4	Current portion of the above	**257.21**	97.67
5	Non current portion of the above	**–**	–
VI	**Actuarial assumptions**		
1	Discount rate	**6.76%**	7.67%
2	Salary growth rate	**7.00%**	5.00%
3	Attrition rate	**52% for age upto 30, 41% for age 31-44, 33% for above 44**	43% for age upto 35, 36% for age 36-45, 17% for 46 and above

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as below:

Assumptions	31 March 2020	31 March 2019
One percentage point increase in discount rate	**(20.57)**	(105.24)
One percentage point decrease in discount rate	**24.11**	133.60
One percentage point increase in salary growth rate	**23.82**	135.98
One percentage point decrease in salary growth rate	**(20.71)**	(108.52)

Maturity profile of defined benefit obligation

	31 March 2020	31 March 2019
Within 1 year	**797.52**	542.10
Between 1 and 5 years	**5,737.70**	3,915.23

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

The Company's contribution to provident fund and superannuation fund aggregating Rs.1,664.89 lakhs (31 March 2019 : Rs.709.69 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expenses.

34 Operating segments

There is no separate reportable segment as per Ind AS 108 on "Operating Segments" in respect of the Company.

There are no operations outside India and hence there is no external revenue or assets which require disclosure.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in the year ended 31 March 2020 or 31 March 2019.

35 Leases

In the cases where assets are taken on operating lease (as lessee) -

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments used for operating activities. The Company, previously classified these leases as operating leases under Ins AS 17 based on its assessment that the lessor effectively retained substantially all the risks and benefits incidental to ownership of the underlying asset and hence, the lease payments were recognized as an expense in the Statement of profit and loss.

The Company has adopted Ind AS 116, Leases, effective 01 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. Consequently, the Company has recognized the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate at the date of initial application and ROU asset is equal to lease liability adjusted by the amount of any prepaid or accrued lease payments in relation to leases which has been previously classified as operating leases under Ind AS 17 subject to certain practical expedients as allowed by the Standard.

The following is the summary of practical expedients elected on initial application of Ind AS 116.

i) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

ii) Availed the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

iii) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

iv) Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

v) Used hindsight to determine the lease term of contracts.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at 01 April 2019, The weighted average of Company's incremental borrowing rate applied to the lease liabilities on 01 April 2019 was 9.75%

a) Transition date reconcilation as at 01 April 2019 :	31 March 2020	31 March 2019
Operating lease commitments as per Ind AS 17 as at 31 March 2019	**4,810.26**	–
Present value of above lease commitment, using incremental borrowing rate as on 01 April 2019	**3,510.72**	–
Less:- Adjustments for recognising exemption for short term leases	**–**	
Lease liabilities recognised as at 01 April 2019	**3,510.72**	–

b) Maturity analysis – contractual undiscounted cash flows	31 March 2020	31 March 2019
Less than 1 year	**786.19**	–
1-3 years	**1,474.63**	–
3-5 years	**1,202.39**	–
More than 5 years	**927.46**	–
Total undiscounted lease liabilities	**4,390.67**	**–**

c) Other disclosures:

On application of Ind AS 116, the nature of expense has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest accrued on lease liability. Ind AS 116 also provides for certain options and exemptions to recognise short-term lease payments and payments for leases of low-value assets which are not included in the measurement of the lease liability and ROU asset as expense on a straight line basis over the lease term in the statement of profit or loss. Following table summarizes other disclosures including the note references for the expense, asset and liability heads under which certain expenses, assets and liability items are grouped in the financial statements.

	Particulars	31 March 2020	31 March 2019
i)	Depreciation charge for Right-Of-Use assets for Leasehold premises (presented under note - 29 "Depreciation, amortization and impairment")	**660.64**	–
ii)	Interest expense on lease liabilities (presented under note - 25 "Finance costs")	**320.37**	–
iii)	Expense relating to short-term leases	**–**	–
iv)	Expense relating to leases of low-value assets (included under note 30 "Other expenses")	**108.74**	–
v)	Payments for lease liability	**768.20**	–
vi)	Additions to right-of-use assets during the year	**288.14**	–
vii)	Carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset -		
	– Property taken on lease for office premises (presented under note - 08 "Property, plant and equipments")	**3,138.22**	–
viii)	Lease liabilities (presented under note - 15 "Other financial liabilities")	**3,351.03**	–

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

36 Frauds reported during the period

There were 279 cases (31 March 2019: 125 cases) of frauds amounting to Rs. 239.84 Lakhs (31 March 2019: Rs. 111.98 Lakhs) reported during the year. The Company has recovered an amount of Rs. 106.96 Lakhs (31 March 2019: Rs.36.53 Lakhs) and wherever required has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses are lodged with the insurance companies on merit basis.

37 Contingent liabilities and commitments (to the extent not provided for)

	31 March 2020	31 March 2019
i) Claims against the Company not acknowledged as debt		
Legal suits filed by customers	**170.58**	104.25
Income Tax	**69.95**	60.98
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**108.78**	115.55
Other commitments:		
Amount on account of loan sanctioned but not disbursed	**41,981.03**	63,529.76
Total	**42,330.34**	63,810.54

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Income Tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

In February 2019, Supreme Court of India in its judgement opined on the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and therefore has currently not considered any probable obligations for past periods. Accordingly, the Company has made a provision for provident fund contribution from the date of the Supreme Court order.

38 Corporate Social Responsibility (CSR)

During the year, the Company has incurred an expenditure of Rs. 611.32 Lakhs (31 March 2019 : Rs. 413.91 Lakhs) towards CSR activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs. 21.81 Lakhs (31 March 2019: Rs. 9.70 Lakhs) towards the CSR activities undertaken by the Company.

Detail of amount spent towards CSR activities :

a) Gross amount required to be spent by the Company during the year is Rs. 611.25 lakhs (31 March 2019: Rs. 413.77 lakhs).

b) Amount spent by the Company during the period:

	For the year ended 31 March 2020			For the year ended 31 March 2019		
Particulars	**In cash**	**Yet to be paid in cash**	**Total**	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	**–**	**–**	**–**	–	–	–
ii) On purpose other than (i) above	**611.32**	**–**	**611.32**	413.91	–	413.91

39 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the period end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts has been made in the books of accounts. The Company has not entered into derivative contracts during the year.

40 Capital Management and Financial Instruments

Capital management

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or preference and/or convertible and/or combination of short term /long term debt as may be appropriate.

The Company determines the amount of capital required on the basis of its operations, capital expenditure and strategic investment plans.

The Company is subject to the capital adequacy requirements of the National Housing Bank (NHB). Regulatory capital consists of Tier I capital, which comprises of share capital, share premium and retained earnings including current year profit less deferred tax assets and intangible assets. The other component of regulatory capital is Tier II capital instruments, which include qualified subordinated debt. Further, capital adequacy requirement of NHB is based on the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules 2014 (as amended), prudential norms for income recognition, assets classification and provisioning for non-performing assets as well as contingency provision for standard assets as prescribed by The National Housing Bank (NHB) for HFCs and the guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable.

Under NHB's capital adequacy guidelines, the Company is required to maintain a minimum capital adequacy ratio of 12% consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time shall not exceed 100 percent of Tier I Capital. The Company follows accounting policies as prescribed under National Housing Bank Directions to manage capital under NHB regulations.

Company has complied with all regulatory requirements related to regulatory capital and capital adequacy ratios as prescribed by NHB, as set out below:

	31 March 2020	31 March 2019
Tier I capital	**105,519.56**	101,361.47
Tier II capital	**44,110.22**	33,460.23
Total capital	**149,629.78**	134,821.70
Risk weighted assets	**347,640.16**	342,706.90
Tier I capital ratio	**30.35%**	29.58%
Tier II capital ratio	**12.69%**	9.76%
Total capital ratio	**43.04%**	39.34%

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

41 Taxation

Deferred tax assets

	Balance as at 01 April 2019	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2019	**Charge/ (credit) to profit and loss**	**Charge/ (credit) to OCI**	**Balance as at 31 March 2020**
Tax effect of items constituting deferred tax liabilities:							
– FVTPL through Investment	–	–	–	–	**0.52**	**–**	**0.52**
	–	**–**	**–**	**–**	**0.52**	**–**	**0.52**
Tax effect of items constituting deferred tax assets:							
– Provision for employee benefits & Others	256.63	211.96	31.92	500.51	**20.75**	**17.79**	**539.05**
– Allowance for Expected Credit Loss (ECL)	3,188.39	(1,875.32)	–	1,313.08	**3,328.68**	**–**	**4,641.77**
– Effective Interest Rate (EIR) on financial instruments	5,145.02	147.11	–	5,292.13	**(2,394.45)**	**–**	**2,897.68**
– Depreciation on property, plant and equipment	190.73	108.52	–	299.25	**(25.92)**	**–**	**273.33**
– Lease Liabilities	–	–	–	–	**53.56**	**–**	**53.56**
– Other provisions	–	–	–	–	**43.88**	**–**	**43.88**
	8,780.77	**(1,407.73)**	**31.92**	**7,404.97**	**1,026.50**	**17.79**	**8,449.27**
Total Deferred Tax Assets (net)	8,780.77	(1,407.73)	31.92	7,404.97	**1,025.98**	**17.79**	**8,448.75**

Income tax recognised in Statement of Profit and loss

	31 March 2020	31 March 2019
Current tax:		
In respect of current year	**6,850.00**	9,950.00
In respect of prior years	**(119.80)**	211.78
	6,730.20	10,161.78
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**(3,082.01)**	1,407.73
In respect of rate change (Re-measurement of opening deferred tax assets due to income tax rate change from 34.944% to 25.168%)*	**2,056.03**	–
	(1,025.98)	1,407.73
Total Income tax recognised in Statement of Profit and loss	**5,704.22**	11,569.51

Income tax recognised in Other Comprehensive Income

	31 March 2020	31 March 2019
Deferred tax related to items recognised in Other Comprehensive Income during the year:		
Remeasurement of defined employee benefits for current year	**(33.39)**	(31.92)
In respect of rate change (Re-measurement of opening deferred tax assets due to income tax rate change from 34.944% to 25.168%)*	**15.60**	–
Total Income tax recognised in Other Comprehensive Income	**(17.79)**	(31.92)

Reconciliation of estimated income tax expense at tax rate to income tax expense reported in the statement of profit and loss is as follows:

	31 March 2020	31 March 2019
Profit before tax	**20,559.92**	36,616.39
Applicable income tax rate	**25.168%**	34.944%
Expected income tax expense	**5,174.52**	12,795.23
Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
Effect of income exempt from tax	**(61.20)**	(43.10)
Effect of expenses / provisions not deductible in determining taxable profit	**(1,345.33)**	(1,392.34)
Effect of differential tax rate (Re-measurement of opening deferred tax assets due to income tax rate change from 34.944% to 25.168%)*	**2,056.03**	(2.06)
Tax of earlier years	**(119.80)**	211.78
Income tax expense	**5,704.22**	11,569.51

*.The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No. 2) Act 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognised the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31 March 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact of Rs. 2,071.63 lakhs, out of which Rs. 2056.03 lakhs is debited to the deferred tax in statement of profit & loss and Rs. 15.60 lakhs has been classified through deferred tax under other comprehensive income.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

42 Change in liabilities arising from financing activities

Particulars	31 March 2019	Cash flows	Amortisation of loan origination costs	Others#	31 March 2020
Share capital	12,130.14	–	–	14.11	12,144.25
Securities premium	42,706.41	–	–	112.91	42,819.32
Debt securities	239,650.58	(41,500.00)	1,822.76	–	199,973.34
Borrowings other than debt securities	362,919.09	56,031.39	(46.15)	–	418,904.33
Subordinated liabilities	31,024.26	10,000.00	(8.48)	–	41,015.78
Dividend paid including dividend distribution tax	–	(2,963.07)	–	–	–
Lease liability	–	(768.20)	–	4,119.23	3,351.03
Total liabilities from financing activities	**688,430.48**	**20,800.12**	**1,768.13**	**4,246.25**	**718,208.05**

Particulars	31 March 2018	Cash flows	Amortisation of loan origination costs	Others#	31 March 2019
Share capital	10,813.22	1,316.92	–	–	12,130.14
Securities premium	28,725.74	13,900.38	–	80.29	42,706.41
Debt securities	159,926.84	78,810.00	913.74	–	239,650.58
Borrowings other than debt securities	335,310.87	27,608.22	–	–	362,919.09
Subordinated liabilities	28,236.76	2,800.00	(12.50)	–	31,024.26
Dividend paid including dividend distribution tax	–	(2,216.19)	–	–	–
Total liabilities from financing activities	563,013.43	122,219.33	901.24	80.29	688,430.48

\# includes securities premium on exercise of employees stock option and amount of lease liability generated on transition & new lease during the year

43 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled.

	31 March 2020			31 March 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial Assets						
Cash and cash equivalents	9,238.78	–	9,238.78	2,982.62	–	2,982.62
Loans	229,332.95	557,675.05	787,008.00	225,601.20	543,323.70	768,924.90
Investments	11,509.35	–	11,509.35	–	–	–
Other Financial assets	62.85	290.18	353.03	28.23	286.87	315.10
Non-financial Assets						
Current tax assets (Net)	–	528.62	528.62	–	402.53	402.53
Deferred tax Assets (Net)	–	8,448.75	8,448.75	–	7,404.97	7,404.97
Property, Plant and Equipment	–	5,294.35	5,294.35	–	2,454.43	2,454.43
Other Intangible assets	–	47.50	47.50	–	115.71	115.71
Other non-financial assets	837.69	504.88	1,342.57	124.70	418.18	542.88
Total	250,981.62	572,789.33	823,770.95	228,736.75	554,406.39	783,143.14
Liabilities						
Financial Liabilities						
Payables						
I) Trade Payables						
i) total outstanding dues of micro enterprises and small enterprises	0.07	–	0.07	–	–	–
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	4,909.81	–	4,909.81	4,963.26	–	4,963.26
II) Other Payables						
i) total outstanding dues of micro enterprises and small enterprises	–	–	–	–	–	–
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	20.25	–	20.25	–	–	–

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

	31 March 2020			31 March 2019		
	Within 12 months	**After 12 months**	**Total**	Within 12 months	After 12 months	Total
Debt Securities	**79,258.04**	**120,715.30**	**199,973.34**	75,759.79	163,890.79	239,650.58
Borrowings (Other than Debt Securities)	**182,725.89**	**236,178.44**	**418,904.33**	144,117.51	218,801.58	362,919.09
Subordinated Liabilities	**–**	**41,015.78**	**41,015.78**	–	31,024.26	31,024.26
Other financial liabilities	**22,726.43**	**8,407.28**	**31,133.71**	23,983.82	5,810.02	29,793.84
Non-Financial Liabilities						
Current tax liabilities (Net)	**345.84**	**–**	**345.84**	–	–	–
Provisions	**1,293.23**	**799.98**	**2,093.21**	1,123.81	619.09	1,742.90
Other non-financial liabilities	**560.46**	**–**	**560.46**	340.94	–	340.94
Total	**291,840.02**	**407,116.78**	**698,956.80**	250,289.13	420,145.74	670,434.87
Net	**(40,858.40)**	**165,672.55**	**124,814.15**	(21,552.38)	134,260.65	112,708.27

44 Analysis of financial assets and liabilities and loan commitments by remaining contractual maturities

a The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities by remaining contractual maturities:

31 March 2020	**Upto 1 month**	**Over 1 month & up to 2 months**	**Over 2 months & up to 3 months**	**Over 3 months & up to 6 months**	**Over 6 months & up to 1 year**	**Over 1 year & up to 3 years**	**Over 3 years & up to 5 years**	**Over 5 years & up to 7 years**	**Over 7 years & up to 10 years**	**Over 10 years**	**Total**
Financial Assets											
Cash and cash equivalents and other bank balances	**9,238.78**	–	–	–	–	–	–	–	–	–	**9,238.78**
Financial Investments	**11,507.28**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**11,507.28**
Loans and advances	**72,889.83**	**13,247.44**	**19,081.86**	**39,838.17**	**82,149.69**	**295,900.68**	**147,005.13**	**36,579.31**	**40,620.75**	**70,407.67**	**817,720.53**
Other financial assets	**17.63**	**12.42**	**14.15**	**5.15**	**11.73**	**68.67**	**60.37**	**90.66**	**72.25**	**–**	**353.03**
Total Undiscounted Financial Assets	**93,653.52**	**13,259.86**	**19,096.01**	**39,843.33**	**82,161.42**	**295,969.36**	**147,065.50**	**36,669.96**	**40,693.00**	**70,407.67**	**838,819.62**
Financial Liabilities											
Debt securities	**15,350.00**	**11,500.00**	**1,000.00**	**15,000.00**	**36,500.00**	**86,800.00**	**29,500.00**	**1,000.00**	**3,510.00**	**–**	**200,160.00**
Borrowings other than (debt securities)	**12,552.78**	**25,650.00**	**15,694.44**	**37,349.09**	**79,000.00**	**212,204.17**	**36,500.00**	**–**	**–**	**–**	**418,950.48**
Subordinated Liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**1,000.00**	**18,200.00**	**22,000.00**	**–**	**41,200.00**
Other financial liabilities	**3,927.19**	**8,658.55**	**5,153.86**	**4,858.06**	**4,923.12**	**6,738.79**	**961.58**	**719.52**	**123.16**	**–**	**36,063.84**
Total Undiscounted Financial Liabilities	**31,829.97**	**45,808.55**	**21,848.30**	**57,207.15**	**120,423.12**	**305,742.96**	**67,961.58**	**19,919.52**	**25,633.16**	**–**	**696,374.32**
Total Undiscounted Financial Assets/(Liabilities) - Net	**61,823.55**	**(32,548.70)**	**(2,752.29)**	**(17,363.83)**	**(38,261.70)**	**(9,773.60)**	**79,103.92**	**16,750.44**	**15,059.84**	**70,407.67**	**142,445.30**

b The table below summarises the contractual expiry by maturity of the undiscounted cash flows of the Company's loan commitments

31 March 2020	**Up to 3 months**	**Over 3 months & upto 12 months**	**Total**
Loan commitments	**20,990.52**	**20,990.51**	**41,981.03**

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

a The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities by remaining contractual maturities:

31 March 2019	Upto 1 month	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
Financial Assets											
Cash and cash equivalents and other bank balances	2,982.62	–	–	–	–	–	–	–	–	–	2,982.62
Loans and advances	73,492.76	15,405.43	14,557.35	39,659.80	75,469.77	285,399.52	167,356.32	37,599.81	28,394.33	53,269.23	790,604.32
Other financial assets	14.45	2.65	0.75	4.68	6.10	79.38	42.16	51.16	113.77	–	315.10
Total Undiscounted Financial Assets	76,489.83	15,408.08	14,558.10	39,664.48	75,475.87	285,478.90	167,398.48	37,650.97	28,508.10	53,269.23	793,902.04
Financial Liabilities											
Debt securities	–	15,000.00	45,000.00	10,000.00	6,500.00	114,150.00	46,500.00	–	4,510.00	–	241,660.00
Borrowings other than (debt securities)	12,087.88	11,750.00	8,947.22	37,468.43	73,863.98	159,640.47	59,161.11	–	–	–	362,919.09
Subordinated Liabilities	–	–	–	–	–	–	–	7,000.00	24,200.00	–	31,200.00
Other financial liabilities	12,012.31	5,559.41	7,018.00	3,683.15	642.22	5,842.00	–	–	–	–	34,757.09
Total Undiscounted Financial Liabilities	24,100.19	32,309.41	60,965.22	51,151.58	81,006.20	279,632.47	105,661.11	7,000.00	28,710.00	–	670,536.18
Total Undiscounted Financial Assets/(Liabilities) - Net	52,389.64	(16,901.33)	(46,407.12)	(11,487.10)	(5,530.33)	5,846.43	61,737.37	30,650.97	(201.90)	53,269.23	123,365.86

b The table below summarises the contractual expiry by maturity of the undiscounted cash flows of the Company's loan commitments

31 March 2019	Up to 3 months	Over 3 months & upto 12 months	Total
Loan commitments	38,117.86	25,411.90	63,529.76

45 Financial Risk Management Framework

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk, currency risk & liquidity risk.The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.

Board of Directors of the Company have established Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies for its business. The Company's financial services businesses are exposed to high credit risk given the unbanked rural customer base. The credit risk is managed through credit norms established based on historical experience.

i) Market Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

a) Currency Risk

Company does not have significant foreign currency exposure. As a result, the Company is not exposed to currency risk.

b) Interest Rate Risk

The Company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates.

Interest Rate sensitivity

The sensitivity analyses below have been determined based on exposure to financial instruments at the end of the reporting year. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting year was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax	Effect on pre-tax equity
Year ended 31 March 2020	**INR**	**100**	**1,258.64**	**–**
Year ended 31 March 2019	INR	100	1,310.34	–

Offsetting of balances: The Company has not offset financial assets and financial liabilities.

ii) Credit Risk Management

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its loans primarily based on days past due monitoring as at a period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

Credit quality of financial assets

The following table sets out information about credit quality of loan assets measured at amortised cost based on months past due information. The amount represents gross carrying amount.

Particulars	31 March 2020	31 March 2019
Gross carrying value of loan assets		
Neither Past due nor impaired	**497,117.82**	456,340.86
30 days past due	**54,767.22**	83,187.48
31 - 90 days past due	**164,783.15**	160,582.65
Impaired (more than 90 days past due)	**127,721.16**	104,763.77
Total Gross carrying value as at reporting date	**844,389.35**	804,874.76

Since the company is into retail home loan lending business, there is no significant credit risk of any individual customer that may impact company adversely, and hence, the Company has calculated its ECL allowances on a collective basis.

Inputs considered in the ECL model

In assessing the impairment of loan assets under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorises loan assets into stages primarily based on the Days Past Due status.

Stage 1 : 0-30 days past due

Stage 2 : 31-90 days past due

Stage 3 : More than 90 days past due

(a) RBI COVID-19 Regulatory Package

In accordance with the Reserve Bank of India (RBI) notification no. RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated 27th March, 2020 and RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2020-21 dated 17 April 2020 relating to 'COVID-19 - Regulatory Package', the Company, as per its board approved policy and ICAI advisories, has granted moratorium upto three months on the payment of installments falling due between 01 March 2020 and 31 May 2020 to all eligible borrowers. And in respect of accounts overdue but standard (i.e, stage 1 and stage 2) at 29 February 2020 where moratorium benefit has been granted, for the purpose of staging of those accounts and for determination of impairement loss allowance as at 31 March 2020, the days past due status as on 29 February 2020 has been considered.

(b) Impact of COVID-19

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy.

While the methodologies and assumptions applied in the impairment loss allowance calculations remained unchanged from those applied while preparing the financial results for the period ended March 2019, the Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance and has included management overlay amounting to Rs. 15,451.93 lakhs in the total impairment provision recognised in the statement of profit and loss. The Company's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

(c) Definition of default

The Company considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

(d) Exposure at default

"Exposure at Default" (EAD) represents the gross carrying amount of the assets subject to impairment calculation. Future expected cash flows (principal and interest) for respective future years has been used as exposure for Stage 1 and Stage 2. This exposure is then multiplied by respective years Marginal Probability of Default (PD) and Loss Given Default (LGD) percentage to arrive at the expected credit losses. These expected credit losses are then discounted with the appropriate EIR to calculate the present value of these expected credit losses.

(e) Estimations and assumptions considered in the ECL model

The Company has made the following assumptions in the ECL Model:

a. "Loss given default" (LGD) is common for all three Stages and is based on loss in past portfolio. Actual cashflows on the past portfolio are discounted at portfolio EIR rate for arriving at the loss rate.

b. "Probability of Default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD at 100%. This is calculated as an average of the last 60 months yearly movement of default rates and further adjusted for macro economic factors.

(f) Measurement of ECL

ECL is measured as follows:

- financial assets that are not credit impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan committments: as the present value of the difference between the contractual cash flows that are due to the Company if the committment is drawn down and the cash flows that the Company expects to receive.

(g) Forward Looking Information

Historical PDs have been converted into forward looking PD which incorporates the forward looking economic outlook.

The macroeconomic variables considered by the Company are robust reflections of the state of economy which result into systematic risk for the respective portfolio segments.

Additionally, three different scenarios (base case, best case and worst case) have been considered for ECL calculation. Along with the actual numbers considered as base case, other scenarios take care of the worsening as well as improvements in the forward looking economic outlook. As at 31 March 2020, the probability assigned to base case scenario assumptions have been updated to reflect the rapidly evolving situation with respect to COVID-19. This includes an assessment of the effectiveness of stimulus packages announced by government and regulatory measures imparted by RBI. These are considered in determining the length and severity of the forecasted economic downturn. The Company's base case economic forecast scenarios reflects a deterioration in economic conditions in the first quarter with a gradual improvement thereafter. In addition to the base case forecast which reflects largely the negative economic consequences of COVID-19, greater weightage has been applied to the downside scenarios given the Company's assessment of downside risks.

(h) Assessment of significant increase in credit risk

When determining whether the credit risk has increased significantly since initial recognition, the Company considers both quantitative and qualitative information and analysis based on the Company's historical experience, including forward-looking information. The Company considers reasonable and supportable information that is relevant and available without undue cost and effort. The Company's accounting policy is not to use the practical expedient

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Notes to the Financial Statements for the year ended 31 March 2020

that the financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Company monitors all financial assets and loan commitments that are subject to impairment for significant increase in credit risk.

Based on the assessment by the Company, the RBI moratorium relaxation offered to the customers recognising the potential detrimental impact of COVID-19 has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

As a part of the qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. In such instances, the Company treats the customer at default and therefore, assesses such loans as Stage 3 for ECL calculations, following are such instances:

– A Stage 3 customer having other loans which are in Stage 1 or 2.

– Cases where Company suspects fraud and legal proceedings are initated.

(i) ***Policy for write off of Loan Assets***

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the loan outstanding dues. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made from written off assets are netted off against the amount of financial assets written off during the year under "bad debts/loss on termination" forming part of "impairment on financial instruments" in statement of profit and loss.

(j) ***Analysis of inputs to the ECL model with respect to macro economic variable***

The below table shows the values of the forward looking macro economic variable used in each of the scenarios for the ECL calculations. For this purpose, the Company has used the data source of Economist Intelligence Unit.The upside and downside % change has been derived using historical standard deviation from the base scenario based on previous 8 years change in the variable.

Macro Economic Variable	ECL Scenario	Probability Assigned	2020	2021	2022	2023	2024	2025	2026	Subsequent Years
			%	%	%	%	%	%	%	%
Agriculture (% real change p.a)										
	Best Case	10%	5.7	5.4	5.6	5.5	6.0	5.3	6.2	6.4
	Base Case	65%	3.5	3.2	3.4	3.3	3.8	3.1	4.0	4.3
	Worst Case	25%	1.3	1.0	1.2	1.1	1.6	0.9	1.8	2.1

Impairment loss

The expected credit loss allowance provision for loans is determined as follows:

	Performing Loans - 12 month ECL	Underperforming loans - lifetime ECL not credit impaired	Impaired loans -lifetime ECL credit impaired	Total
Gross Balance as at 31 March 2020	**551,885.04**	**164,783.15**	**127,721.16**	**844,389.35**
Expected credit loss rate	**1.04%**	**6.19%**	**32.45%**	
Carrying amount as at 31 March 2020 (net of impairment provision)	**546,159.15**	**154,578.84**	**86,270.01**	**787,008.00**
Gross Balance as at 31 March 2019	539,528.34	160,582.65	104,763.77	804,874.76
Expected credit loss rate	0.93%	6.68%	19.32%	
Carrying amount as at 31 March 2019 (net of impairment provision)	534,536.73	149,860.84	84,527.33	768,924.90

Level of Assessment - Aggregation Criteria

The Company recognises the expected credit losses (ECL) on a collective basis that takes into account comprehensive credit risk information.

Considering the economic and risk characterstics, pricing range, sector concentration, the Company calculates ECL on a collective basis for all stages - Stage 1, Stage 2 and Stage 3 assets.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to loans is, as follows :

Gross exposure reconciliation - Loans

Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount balance as at 1 April 2018	396,317.92	148,862.22	86,036.74	631,216.88
– Transfers to Stage 1	34,825.74	(29,849.86)	(4,975.88)	–
– Transfers to Stage 2	(54,642.54)	57,066.55	(2,424.01)	–
– Transfers to Stage 3	(14,821.78)	(15,088.54)	29,910.32	–
– Loans that have been derecognised during the period	(20,266.82)	(6,831.64)	(5,834.03)	(32,932.49)
New loans originated during the year	188,354.81	16,415.03	171.36	204,941.20

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Write-offs	–	–	(6,119.10)	(6,119.10)
Remeasurement of net exposure	9,761.01	(9,991.11)	7,998.37	7,768.27
Gross carrying amount balance as at 31 March 2019	**539,528.34**	**160,582.65**	**104,763.77**	**804,874.76**
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	**(89,415.09)**	**72,032.83**	**17,382.26**	**–**
– Transfers to Stage 2	**23,434.31**	**(42,431.27)**	**18,996.96**	**–**
– Transfers to Stage 3	**3,906.13**	**1,691.53**	**(5,597.66)**	**–**
– Loans that have been derecognised during the period	**(25,629.75)**	**(8,284.37)**	**(6,545.96)**	**(40,460.08)**
New loans originated during the year	**148,298.06**	**7,061.38**	**104.61**	**155,464.05**
Write-offs	**–**	**–**	**(8,676.93)**	**(8,676.93)**
Remeasurement of net exposure	**(48,236.96)**	**(25,869.60)**	**7,294.11**	**(66,812.45)**
Gross carrying amount balance as at 31 March 2020	**551,885.04**	**164,783.15**	**127,721.16**	**844,389.35**

* The contractual amount outstanding on financial assets that have been written off during the year ended 31 March 2020 and were still subject to enforcement activity was Rs. 3767.25 Lakhs (31 March 2019 : Rs. 2,835.64 Lakhs)

Gross exposure reconciliation - Loan commitments

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2018	108,686.39	6,184.95	225.87	115,097.21
– Transfers to Stage 1	74.69	(74.49)	(0.20)	–
– Transfers to Stage 2	(261.64)	261.64	–	–
– Transfers to Stage 3	(6.38)	(6.92)	13.30	–
– Loans that have been derecognised during the period	(106,669.77)	(6,075.04)	(189.32)	(112,934.13)
New loans originated during the year	61,899.64	901.12	1.94	62,802.70
Write-offs	–	–	–	–
Remeasurement of net exposure	(1,248.18)	(187.84)	–	(1,436.02)
Gross carrying amount balance as at 31 March 2019	**62,474.75**	**1,003.42**	**51.59**	**63,529.76**
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	**(114.15)**	**114.15**	–	–
– Transfers to Stage 2	**8.21**	**(8.21)**	–	–
– Transfers to Stage 3	–	–	–	–
– Loans that have been derecognised during the period	**(60,034.26)**	**(992.57)**	**(51.59)**	**(61,078.42)**
New loans originated during the year	**40,840.91**	**328.82**	**0.60**	**41,170.33**
Write-offs	–	–	–	–
Remeasurement of net exposure	**(1,572.04)**	**(68.60)**	–	**(1,640.64)**
Gross carrying amount balance as at 31 March 2020	**41,603.42**	**377.01**	**0.60**	**41,981.03**

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

Reconciliation of ECL balance on loans

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2018	2,617.86	13,212.91	15,134.44	30,965.21
– Transfers to Stage 1	3,651.33	(2,649.77)	(1,001.56)	–
– Transfers to Stage 2	(362.54)	809.42	(446.88)	–
– Transfers to Stage 3	(98.72)	(1,339.41)	1,438.13	–
– Loans that have been derecognised during the period	(122.62)	(604.92)	(1,541.74)	(2,269.28)
New loans originated during the year	1,758.29	1,096.00	24.45	2,878.74
Write-offs	–	–	(853.39)	(853.39)
Net remeasurement of loss allowance	(2,451.99)	197.58	7,482.99	5,228.58
ECL allowance balance as at 31 March 2019	**4,991.61**	**10,721.81**	**20,236.44**	**35,949.86**
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	**(891.81)**	**708.88**	**182.93**	–
– Transfers to Stage 2	**1,564.67**	**(2,833.06)**	**1,268.39**	–
– Transfers to Stage 3	**824.83**	**374.37**	**(1,199.20)**	–
– Loans that have been derecognised during the period	**(211.28)**	**(553.13)**	**(1,928.60)**	**(2,693.01)**
New loans originated during the year	**1,469.75**	**436.65**	**60.25**	**1,966.65**
Write-offs	–	–	**(1,264.61)**	**(1,264.61)**
Net remeasurement of loss allowance	**(2,021.88)**	**1,348.79**	**24,095.55**	**23,422.46**
ECL allowance balance as at 31 March 2020	**5,725.89**	**10,204.31**	**41,451.15**	**57,381.35**

Reconciliation of ECL balance on loan commitments

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2018	725.19	549.04	39.22	1,313.45
– Transfers to Stage 1	6.65	(6.61)	(0.04)	–
– Transfers to Stage 2	(1.75)	1.75	–	–
– Transfers to Stage 3	(0.04)	(0.61)	0.65	–
– Loans that have been derecognised during the period	(711.75)	(539.28)	(32.87)	(1,283.90)
New loans originated during the year	555.42	60.17	0.37	615.96
Write-offs	–	–	–	–
Net remeasurement of loss allowance	(15.27)	2.54	10.02	(2.71)
ECL allowance balance as at 31 March 2019	**558.45**	**67.00**	**17.35**	**642.80**
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	**(0.78)**	**0.78**	–	–
– Transfers to Stage 2	**0.55**	**(0.55)**	–	–
– Transfers to Stage 3	–	–	–	–
– Loans that have been derecognised during the period	**(544.93)**	**(66.27)**	**(17.35)**	**(628.55)**
New loans originated during the year	**352.98**	**20.36**	**0.19**	**373.53**
Write-offs	–	–	–	–
Net remeasurement of loss allowance	**(10.39)**	**2.03**	–	**(8.36)**
ECL allowance balance as at 31 March 2020	**355.88**	**23.35**	**0.19**	**379.42**

The increase in ECL of the portfolio was driven by an increase in the size of the portfolio, movements between stages as a result of increases in credit risk and due to deterioration in economic conditions.

Significant changes in the gross carrying value that contributed to change in loss allowance

The Company provides loans to retail individual customers in rural and semi urban areas which are of small ticket size. Change in any single customer repayment will not impact significantly to Company's provisioning. All customers are being monitored based on past due and corrective actions are taken accordingly to limit the Company's risk.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

Concentration of Credit Risk

Company's loan portfolio is predominantly to finance retail home loans. The Company manages concentration of risk primarily by geographical region in India. The following tables show the geographical concentrations of loans:

Particulars	As at 31 March 2020	As at 31 March 2019
Concentration by Geographical region in India:		
North	**19,964.24**	14,996.06
East	**8,331.85**	6,958.53
West	**488,724.26**	510,836.54
South	**327,369.00**	272,083.63
Total Carrying Value	**844,389.35**	804,874.76

Maximum Exposure to credit Risk

The maximum exposure to credit risk of loans is their carrying amount. The maximum exposure is before considering the effect of mitigation through collateral.

Collaterals

Narrative Description of Collateral

Collateral primarily include land and constructed/purchased house property by retail loan customers. Company generally does not obtain additional collateral during the term of the loan.

The below tables provide an analysis of the fair values of collateral held for Credit impaired assets:

31 March 2020	Maximum exposure to Credit Risk	Land and Building	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Loans:						
a) Loans against assets	**127,709.15**	**351,686.04**	**(226,513.05)**	**125,172.99**	**2,536.16**	**41,439.14**
b) Others	**12.01**	**–**	**–**	**–**	**12.01**	**12.01**
Total	**127,721.16**	**351,686.04**	**(226,513.05)**	**125,172.99**	**2,548.17**	**41,451.15**

31 March 2019	Maximum exposure to Credit Risk	Land and Building	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Loans:						
a) Loans against assets	104,749.71	198,088.82	(95,234.47)	102,854.35	1,895.36	20,235.22
b) Others	14.06	–	–	–	14.06	1.22
Total	104,763.77	198,088.82	(95,234.47)	102,854.35	1,909.42	20,236.44

The Company has provided for additional impairment for the shortfall in collateral value on its credit impaired assets.

Collaterals Repossessed

Company did not obtain non financial assets during the year by taking possession of collateral it held as security.

Quantitative Information of Collateral - Credit Impaired assets

The Company holds residential properties as collateral for the housing loans it grants to its customers. The Company monitors its exposure to retail lending using the Loan To Value (LTV) ratio, which is calculated as the ratio of the gross amount of the loan - or the amount committed for loan committments - to the value of the collateral. The value of the collateral for residential housing loans is typically based on the collateral value at origination.

(Gross value of total loans to value of collateral)

Loan To Value	Gross Value of total loans 31 March 2020	Gross Value of total loans 31 March 2019
Upto 50%	**326,461.95**	317,060.81
51 - 70%	**359,923.89**	343,534.80
71 - 100%	**157,888.43**	144,157.14
Above 100%	**–**	–
	844,274.27	804,752.75

(Loan commitments to value of collateral)

Loan To Value	Gross Value of commitments 31 March 2020	Gross Value of commitments 31 March 2019
Upto 50%	**17,755.64**	29,891.08
51 - 70%	**2,899.39**	6,077.53
71 - 100%	**1,793.23**	3,613.08
Above 100%	**–**	–
	22,448.26	39,581.68

(Gross value of credit impaired loans to value of collateral)

Loan To Value	Gross Value of loans in stage 3 31 March 2020	Gross Value of loans in stage 3 31 March 2019
Upto 50%	**42,500.99**	36,175.56
51 - 70%	**57,917.14**	44,611.02
71 - 100%	**27,290.87**	23,963.25
Above 100%	**–**	–
	127,708.99	104,749.83

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

Disclosure as required under RBI notification no. RBI/2019-20/220 DOR. No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 on COVID-19 Regulatory Package - Asset Classification and Provisioning.

		31 March 2020
i)	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	233,128.35
ii)	Respective amount where asset classification benefits is extended	18,381.36
iii)	Provisions made during the Q4 - FY2020#	–
	In respect of accounts in default but standard where moratorium upto 3 months is granted, and asset classification benefit is extended, the Company has made general provisions of not less than 5 per cent of the total outstanding of such accounts as applicable for the quarter ended 31 March 2020 within the overall provision requirement of 10% of the total outstanding to be spread equally over two quarters. Balance general provision of not less than 5% of the total outstanding of such accounts is to be made for the quarter ending 30 June 2020.	–
iv)	Provisions adjusted during the respective accounting periods against slippages and the residual provisions	N/A

\# Since the effective impairment allowance rate (as per ECL model) applied on standard assets outstanding equivalent Stage-1 and Stage-2 assets under Ind AS financial statements is much higher than the prescribed general provision of 5% for the current quarter (out of 10% provision to be spread equally over two quarters), the Company has not made any additional provision under this head in Ind AS financial statements for the quarter and year ended 31 March 2020. However, the Company has made an additional general provision of Rs. 932.21 lakhs at 5% of the total outstanding for the quarter and year ended 31 March 2020 as per IRAC norms and the same is included in relevant disclsoures as applicable to the Company.

iii) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company also has Inter corporate deposits line available from holding company & fellow subsidiary companies within its group to meet any short term fund requirements.

Maturity profile of non-derivative financial liabilities

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

To the extent that interest flows are floating rate, the undiscounted amount is calculated considering interest rate prevailing as at respective year end date.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31 March 2020				
Trade Payable:	**4,909.88**	**–**	**–**	**–**
Other Payable :	**20.25**	**–**	**–**	**–**
Debt Securities:				
– Principal	**79,350.00**	**86,800.00**	**29,500.00**	**4,510.00**
– Interest	**19,363.49**	**22,818.88**	**3,666.57**	**1,455.75**
Borrowings (Other than Debt Securities):				
– Principal	**182,746.31**	**212,204.17**	**24,000.00**	**–**
– Interest	**29,988.21**	**22,759.06**	**1,462.80**	**–**
Subordinated liabilities:				
– Principal	**–**	**–**	**1,000.00**	**40,200.00**
– Interest	**3,690.86**	**7,372.63**	**7,378.92**	**10,586.70**
Other financial liabilities:	**22,726.43**	**6,603.02**	**961.58**	**842.68**
Total	**342,795.43**	**358,557.76**	**67,969.87**	**57,595.13**
31 March 2019				
Trade Payable:	4,963.26	–	–	–
Debt Securities:				
– Principal	76,500.00	114,150.00	46,500.00	4,510.00
– Interest	10,259.40	32,806.04	8,184.71	1,861.86
Borrowings (Other than Debt Securities):				
– Principal	144,117.51	159,640.47	59,161.11	–
– Interest	28,210.92	25,156.23	2,464.85	–
Subordinated liabilities:				
– Principal	–	–	–	31,200.00
– Interest	2,782.00	5,577.83	5,576.94	8,875.73
Other financial liabilities:	29,793.84	–	–	–
Total	296,626.93	337,330.57	121,887.61	46,447.59

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

iv) Measurement of Fair Value

Valuation technique for Fair value measurement

Fair value of loans & borrowings are calculated using a portfolio based approach, grouping them as far as possible into homogenous groups based on similar characteristics (such as tenor & rates of interest). Using the Discounted cash flow approach, the values are then calculated for the portfolio considering all significant characteristics of the loans and borrowings.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial Instruments measured at amortised cost

Particulars	Carrying Value	Fair value	Fair value Level 1	Fair value Level 2	Fair value Level 3
As at 31 March 2020					
Financial assets					
a) Cash and cash equivalent	**9,238.78**	**9,238.78**	**9,238.78**	**–**	**–**
b) Loans and advances to customers	**787,008.00**	**784,331.68**	**–**	**–**	**784,331.68**
c) Other financial assets	**353.03**	**353.03**	**–**	**353.03**	**–**
Total	**796,599.81**	**793,923.49**	**9,238.78**	**353.03**	**784,331.68**
Financial liabilities					
a) Trade Payables	**4,909.88**	**4,909.88**	**–**	**4,909.88**	**–**
b) Other Payable	**20.25**	**20.25**	**–**	**20.25**	**–**
c) Debt securities	**199,973.34**	**199,392.54**	**199,392.54**	**–**	**–**
d) Borrowings other than debt securities	**418,904.33**	**418,091.79**	**–**	**418,091.79**	**–**
e) Subordinated Liabilities	**41,015.78**	**39,722.98**	**39,722.98**	**–**	**–**
f) Other financial liabilities	**31,133.71**	**31,133.71**	**–**	**31,133.71**	**–**
Total	**695,957.29**	**693,271.15**	**239,115.52**	**454,155.63**	**–**
As at 31 March 2019					
Financial assets					
a) Cash and cash equivalent	2,982.62	2,982.62	2,982.62	–	–
b) Loans and advances to customers	768,924.90	758,757.38	–	–	758,757.38
c) Other financial assets	315.10	315.10	–	315.10	–
Total	772,222.62	762,055.10	2,982.62	315.10	758,757.38
Financial liabilities					
a) Trade Payables	4,963.26	4,963.26	–	4,963.26	–
b) Debt securities	239,650.58	242,787.48	198,384.49	44,402.99	–
c) Borrowings other than debt securities	362,919.09	361,181.56	–	361,181.56	–
d) Subordinated Liabilities	31,024.26	30,829.07	30,829.07	–	–
e) Other financial liabilities	29,793.84	29,793.84	–	29,793.84	–
Total	668,351.03	669,555.21	229,213.56	440,341.65	–

There were no transfers between Level 1 and Level 2 during the year.

Financial Instruments regularly measured using Fair Value - recurring items

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/ financial liabilities	Fair Value				Fair value hierarchy	Valuation technique(s)	Key inputs	Significant unobservable input(s) for level 3 hierarchy	Relationship of unobservable inputs to fair value and sensitivity
	Financial assets/ financial liabilities	Category	As at 31 March 2020	As at 31 March 2019					
Investment in Mutual Funds	Financial Assets	Financial instrument measured at FVTPL	11,509.35	–	Level 1	Quoted market price			

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

46 Compensation of key management personnel of the Company

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company or its employees.

	31 March 2020	31 March 2019
Short-term employee benefits	**262.16**	222.26
Post-employment benefits	**5.26**	5.21
Other long-term benefits	**–**	–
Share-based payments	**37.85**	60.42
	305.27	287.89

47 Related party disclosures:

i) As per Ind AS 24 on 'Related party disclosures', the related parties of the Company are as follows:

a)	**Ultimate Holding Company**	Mahindra & Mahindra Limited
b)	**Holding Company**	Mahindra & Mahindra Financial Services Limited
c)	**Fellow Subsidiaries:** (entities with whom the Company has transactions)	Mahindra Insurance Brokers Limited NBS International Limited Mahindra Asset Management Company Private Limited Mahindra Integrated Business Solutions Private Limited Mahindra Logistics Limited Mahindra Vehicle Manufacturers Limited Mahindra Holidays and Resorts India Limited Mahindra Defence Systems Limited Mahindra Retail Limited Mahindra First Choice Wheels Limited Mahindra Water Utilities Limited Mahindra Intertrade Limited
d)	**Associates of Ultimate Holding Company** (entities with whom the Company has transactions)	Tech Mahindra Limited Swaraj Engines Limited
e)	**Key Management Personnel:**	Mr. Anuj Mehra (Managing Director) Mr. Nityanath Ghanekar (Independent Director)* Mrs. Anjali Raina (Independent Director) Mr. Narendra Mairpady (Independent Director) Mr. Jyotin Mehta (Independent Director)#

* Ceased to be director w.e.f. 29th March 2020

Appointed as director w.e.f. 30th March 2020

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

Particulars	Holding Company		Fellow Subsidiaries		Associates of Ultimate Holding Company		Key Management Personnel	
	Year ended 31 Mar 2020	Year ended 31 Mar 2019	**Year ended 31 Mar 2020**	Year ended 31 Mar 2019	**Year ended 31 Mar 2020**	Year ended 31 Mar 2019	**Year ended 31 Mar 2020**	Year ended 31 Mar 2019
Interest expense								
– Mahindra & Mahindra Limited	**1,317.78**	357.51	**–**	–	**–**	–	**–**	–
– Mahindra & Mahindra Financial Services Limited	**–**	37.97	**–**	–	**–**	–	**–**	–
– Mahindra Insurance Brokers Limited	**–**	–	**2,821.45**	1,967.13	**–**	–	**–**	–
– Mahindra Asset Management Company Private Limited	**–**	–	**410.49**	427.52	**–**	–	**–**	–
– Mahindra Logistics Limited	**–**	–	**115.42**	0.67	**–**	–	**–**	–
– Mahindra Vehicle Manufacturers Limited	**–**	–	**385.10**	5.92	**–**	–	**–**	–
– Mahindra Holidays and Resorts India Limited	**–**	–	**56.88**	–	**–**	–	**–**	–
– Tech Mahindra Limited	**–**	–	**–**	–	**1,276.77**	470.00	**–**	–
– Swaraj Engines Limited	**–**	–	**–**	–	**74.78**	42.15	**–**	–
– Mahindra Water Utilities Limited	**–**	–	**10.32**	–	**–**	–	**–**	–
– Mahindra Intertrade Limited	**–**	–	**37.69**	–	**–**	–	**–**	–
– Mahindra First Choice Wheels Ltd.	**–**	–	**248.32**	–	**–**	–	**–**	–
Other expenses								
– Mahindra & Mahindra Limited	**120.01**	226.61	**–**	–	**–**	–	**–**	–
– Mahindra & Mahindra Financial Services Limited	**802.17**	698.44	**–**	–	**–**	–	**–**	–
– NBS International Limited	**–**	–	**4.46**	1.06	**–**	–	**–**	–
– Mahindra Integrated Business Solutions Private Limited	**–**	–	**871.09**	613.67	**–**	–	**–**	–
– Mahindra Defence Systems Limited	**–**	–	**–**	2.48	**–**	–	**–**	–
– Mahindra Holidays and Resorts India Limited	**–**	–	**0.08**	0.39	**–**	–	**–**	–
– Mahindra Retail Limited	**–**	–	**62.86**	30.28	**–**	–	**–**	–
ESOP Expenses								
– Mahindra & Mahindra Limited	**–**	0.32	**–**	–	**–**	–	**–**	–
– Mahindra & Mahindra Financial Services Limited	**23.73**	26.58	**–**	–	**–**	–	**–**	–

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

	Holding Company		Fellow Subsidiaries		Associates of Ultimate Holding Company		Key Management Personnel	
Particulars	**Year ended 31 Mar 2020**	Year ended 31 Mar 2019	**Year ended 31 Mar 2020**	Year ended 31 Mar 2019	**Year ended 31 Mar 2020**	Year ended 31 Mar 2019	**Year ended 31 Mar 2020**	Year ended 31 Mar 2019
Remuneration								
– Mr. Anuj Mehra	**–**	–	**–**	–	**–**	–	**270.07**	256.49
– Mr. Nityanath Ghanekar	**–**	–	**–**	–	**–**	–	**12.30**	11.20
– Mrs. Anjali Raina	**–**	–	**–**	–	**–**	–	**11.80**	9.60
– Mr. Narendra Mairpady	**–**	–	**–**	–	**–**	–	**11.10**	10.60
Purchase of fixed assets								
– Mahindra & Mahindra Limited	**230.91**	242.98	**–**	–	**–**	–	**–**	–
– Mahindra & Mahindra Financial Services Limited	**9.19**	2.75	**–**	–	**–**	–	**–**	–
– NBS International Limited	**–**	–	**10.86**	3.21	**–**	–	**–**	–
– Mahindra Retail Limited	**–**	–	**83.76**	414.05	**–**	–	**–**	–
Dividend paid								
– Mahindra & Mahindra Financial Services Limited	**2,419.05**	1,636.09	**–**	–	**–**	–	**–**	–
Inter corporate deposits taken–								
– Mahindra & Mahindra Limited	**20,000.00**	10,000.00	**–**	–	**–**	–	**–**	–
– Mahindra Insurance Brokers Limited	**–**	–	**32,800.00**	29,500.00	**–**	–	**–**	–
– Mahindra Holidays and Resorts India Limited	**–**	–	**6,500.00**	–	**–**	–	**–**	–
– Mahindra Asset Management Company Private Limited	**–**	–	**–**	900.00	**–**	–	**–**	–
– Tech Mahindra Limited	**–**	–	**–**	–	**–**	10,000.00	**–**	–
– Swaraj Engines Limited	**–**	–	**–**	–	**1,000.00**	1,000.00	**–**	–
– Mahindra Logistics Limited	**–**	–	**1,500.00**	1,500.00	**–**	–	**–**	–
– Mahindra Vehicle Manufacturers Limited	**–**	–	**–**	5,000.00	**–**	–	**–**	–
– Mahindra Water Utilities Limited	**–**	–	**1,300.00**	–	**–**	–	**–**	–
– Mahindra Intertrade Limited	**–**	–	**1,500.00**	–	**–**	–	**–**	–
– Mahindra First Choice Wheels Ltd.	**–**	–	**5,000.00**	–	**–**	–	**–**	–
Inter corporate deposits repaid/matured								
– Mahindra & Mahindra Limited	**5,000.00**	10,000.00	**–**	–	**–**	–	**–**	–
– Mahindra Insurance Brokers Limited	**–**	–	**29,500.00**	19,375.00	**–**	–	**–**	–
– Mahindra Asset Management Company Private Limited	**–**	–	**–**	1,000.00	**–**	–	**–**	–
– Tech Mahindra Limited	**–**	–	**–**	–	**10,000.00**	–	**–**	–
– Swaraj Engines Limited	**–**	–	**–**	–	**–**	1,000.00	**–**	–
– Mahindra Logistics Limited	**–**	–	**1,500.00**	–	**–**	–	**–**	–
– Mahindra Vehicle Manufacturers Limited	**–**	–	**5,000.00**	–	**–**	–	**–**	–
– Mahindra Water Utilities Limited	**–**	–	**500.00**	–	**–**	–	**–**	–
– Mahindra First Choice Wheels Ltd.	**–**	–	**3,000.00**	–	**–**	–	**–**	–
Issue of Share Capital (incl Securities premium)								
– Mahindra & Mahindra Financial Services Limited	**–**	15,000.00	**–**	–	**–**	–	**–**	–

iii) Balances as at the end of the year:

	Holding Company		Fellow Subsidiaries		Associates of Ultimate Holding Company		Key Management Personnel	
Particulars	**Year ended 31 Mar 2020**	Year ended 31 Mar 2019	**Year ended 31 Mar 2020**	Year ended 31 Mar 2019	**Year ended 31 Mar 2020**	Year ended 31 Mar 2019	**Year ended 31 Mar 2020**	Year ended 31 Mar 2019
Balances as at the end of the year								
Subordinate debt held (including interest accrued but not due)								
– Mahindra Asset Management Company Private Limited	–	–	**4,857.91**	4,856.83	–	–	–	–
Non Convertible Debenture held (including interest accrued but not due)								
– Tech Mahindra Limited	–	–	–	–	**15,965.16**	–	–	–

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2020

	Holding Company		Fellow Subsidiaries		Associates of Ultimate Holding Company		Key Management Personnel	
Particulars	**Year ended 31 Mar 2020**	Year ended 31 Mar 2019	**Year ended 31 Mar 2020**	Year ended 31 Mar 2019	**Year ended 31 Mar 2020**	Year ended 31 Mar 2019	**Year ended 31 Mar 2020**	Year ended 31 Mar 2019
Payables								
– Mahindra & Mahindra Limited	**16.63**	13.50	–	–	–	–	–	–
– Mahindra & Mahindra Financial Services Limited	**140.59**	82.64	–	–	–	–	–	–
– Mahindra Insurance Brokers Limited	–	–	**14.42**	80.82	–	–	–	–
– Mahindra Integrated Business Solutions Private Limited	–	–	**9.40**	26.12	–	–	–	–
– Mahindra Retail Limited	–	–	**4.24**	–	–	–	–	–
Inter corporate deposits outstanding (including interest accrued but not due)								
– Mahindra & Mahindra Limited	**20,810.56**	5,020.56	–	–	–	–	–	–
– Mahindra Insurance Brokers Limited	–	–	**34,215.43**	30,585.35	–	–	–	–
– Tech Mahindra Limited	–	–	–	–	–	10,423.00	–	–
– Mahindra Logistics Limited	–	–	**1,554.38**	1,500.61	–	–	–	–
– Mahindra Vehicle Manufacturers Limited	–	–	–	5,005.33	–	–	–	–
– Swaraj Engines Limited	–	–	–	–	**1,067.30**	–	–	–
– Mahindra First Choice Wheels Ltd.	–	–	**2,003.74**	–	–	–	–	–
– Mahindra Water Utilities Limited	–	–	**807.93**	–	–	–	–	–
– Mahindra Intertrade Limited	–	–	**1,533.92**	–	–	–	–	–
– Mahindra Holidays and Resorts India Limited	–	–	**6,551.19**	–	–	–	–	–

48 Events after reporting date

There have been no significant events after the reporting date that require disclosure in these financial statements.

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

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai
08 May 2020

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Anuj Mehra
Managing Director
[DIN: 02712119]

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

Mumbai
08 May 2020

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

The following additional disclosures have been given in terms of Notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by the National Housing Bank. These figures are not tracable to the Financial Statements as at 31 March 2020. The differences are arising as the disclosures are made as per the regulatory requirement vis á vis the financial statements prepared as per Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013.

Comparative numbers in these disclosures have been provided as per the audited financial statements as at and for the year ended 31 March 2019. These disclosures have been certified separately by the statutory auditors of the Corporation.

Minimum Disclosures

The following additional disclosures have been given in terms of Notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by the National Housing Bank.

Summary of Significant Accounting Policies

The accounting policies regarding key areas of operations are disclosed as note 2 to the Financial Statement for the year ended 31 March 2020.

1 Disclosure:

1.1 Capital

(Rs. in Lakhs)

Particulars		31 March 2020	31 March 2019
(i)	CRAR (%)	**43.04%**	39.34%
(ii)	CRAR - Tier I Capital (%)	**30.35%**	29.58%
(iii)	CRAR - Tier II Capital (%)	**12.69%**	9.76%
(iv)	Amount of suboridnated debt raised as Tier - II Capital	**41,000**	31,200
(v)	Amount raised by issue of Perpetual Debt Instruments	**Nil**	Nil

1.2 Investments

The investments outstanding as at 31 March 2020 is Rs. 11507.28 Lakhs (31 March 2019: NIL), hence no provision for diminution is required for invetments.

(Rs. in Lakhs)

Particulars		31 March 2020	31 March 2019
1	**Value of Investments**		
(i)	Gross value of Investments		
	(a) In India	**11,507.28**	–
	(b) Outside India	**–**	–
(ii)	Provisions for Depreciation		
	(a) In India	**–**	–
	(b) Outside India	**–**	–
(iii)	Net value of Investments		
	(a) In India	**11,507.28**	–
	(b) Outside India	**–**	–
2	**Movement of provisions held towards depreciation on investments**		
(i)	Opening balance	**–**	–
(ii)	Add: Provisions made	**–**	–
(iii)	Less: Write-off / Written-back of excess provisions during the year	**–**	–
(iv)	Closing balance	**–**	–

1.3 Derivatives

The Company has not entered into any derivatives during the current year or previous year.

1.3.1 Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Particulars		31 March 2020	31 March 2019
(i)	The notional principal of swap agreements	**NA**	NA
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements		
(iii)	Collateral required by the HFC upon entering into swaps		
(iv)	Concentration of credit risk arising from the swaps		
(v)	The fair value of the swap book		

1.3.2 Exchange Traded Interest Rate (IR) Derivative

Particulars		31 March 2020	31 March 2019
(i)	The notional principal amount of exchange traded IR derivatives undertaken during the year	**NA**	NA
	(a)		
	(b)		
	(c)		
(ii)	The notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2020		
	(a)		
	(b)		
	(c)		
(iii)	The notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"		
	(a)		
	(b)		
	(c)		
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"		
	(a)		
	(b)		
	(c)		

1.3.3 Disclosures on Risk Exposure in Derivatives

A Qualitative Disclosure

B Quantitative Disclosure

Particulars		Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)	**NA**	NA
(ii)	Marked to Market Positions		
	(a) Assets (+)		
	(b) Liability (-)		
(iii)	Credit Exposure		
(iv)	Unhedged Exposures		

1.4 Securitization

The Company has not entered into any transactions of securitization / assignment during the current year or previous year.

1.4.1

Particulars		31 March 2020	31 March 2019
1	No. of SPVs sponsored by the HFC for securitisation transactions*	NA	NA
2	Total amount of securitised assets as per books of the SPVs sponsored		
3	Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet		
(I)	Off-balance sheet exposures towards Credit Enhancements		
	(a)		
	(b)		
(II)	On-balance sheet exposures towards Credit Enhancements		
	(a)		
	(b)		
4	Amount of exposures to securitisation transactions other than MRR		
(I)	Off-balance sheet exposures towards Credit Enhancements		
	(a) Exposure to own securitisation		
	i)		
	ii)		
	(b) Exposure to third party securitisation		
	i)		
	ii)		
(II)	On-balance sheet exposures towards Credit Enhancements		
	(a) Exposure to own securitisation		
	i)		
	ii)		
	(b) Exposure to third party securitisation		
	i)		
	ii)		

1.4.2 Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction

Particulars		31 March 2020	31 March 2019
(i)	No. of accounts	NA	NA
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC		
(iii)	Aggregate consideration		
(iv)	Additional consideration realized in respect of accounts transferred in earlier years		
(v)	Aggregate gain / loss over net book value		

1.4.3 Details of Assignment transactions undertaken by HFCs

Particulars		31 March 2020	31 March 2019
(i)	No. of accounts	NA	NA
(ii)	Aggregate value (net of provisions) of accounts assigned		
(iii)	Aggregate consideration		
(iv)	Additional consideration realized in respect of accounts transferred in earlier years		
(v)	Aggregate gain / loss over net book value		

1.4.4 Details of non-performing financial assets purchased / sold

A Details of non-performing financial assets purchased:

Particulars			31 March 2020	31 March 2019
1	(a)	No. of accounts purchased during the year	NA	NA
	(b)	Aggregate outstanding		
2	(a)	Of these, number of accounts restructured during the year		
	(b)	Aggregate outstanding		

B Details of Non-performing Financial Assets solds

Particulars		31 March 2020	31 March 2019
1	No. of accounts sold	NA	NA
2	Aggregate outstanding		
3	Aggregate consideration received		

1.5 Assets Liability Management

31 March 2020 (Rs. in Lakhs)

Particulars	Upto 31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
Liabilities											
Deposits	–	–	–	–	–	–	–	–	–	–	–
Borrowing from Bank	7,277.78	22,500.00	15,694.44	29,849.09	59,025.00	182,004.17	36,500.00	–	–	–	352,850.48
Market Borrowing	20,625.00	14,650.00	1,000.00	22,500.00	56,475.00	117,000.00	30,500.00	19,200.00	25,510.00	–	307,460.00
Foreign Currency Liabilities	–	–	–	–	–	–	–	–	–	–	–
Assets											
Advances	7,038.34	10,135.72	17,174.40	43,794.83	90,984.55	274,390.74	170,244.18	92,485.36	40,406.40	72,568.86	819,223.39
Investments	11,507.28	–	–	–	–	–	–	–	–	–	11,507.28
Foreign Currency Assets	–	–	–	–	–	–	–	–	–	–	–

31 March 2019											(Rs. in Lakhs)
Particulars	**Upto 31 days (one month)**	**Over 1 month & up to 2 months**	**Over 2 months & up to 3 months**	**Over 3 months & up to 6 months**	**Over 6 months & up to 1 year**	**Over 1 year & up to 3 years**	**Over 3 years & up to 5 years**	**Over 5 years & up to 7 years**	**Over 7 years & up to 10 years**	**Over 10 years**	**Total**
Liabilities											
Deposits	–	–	–	–	–	–	–	–	–	–	–
Borrowing from Bank	11,788.35	9,202.40	7,222.22	24,743.43	46,963.98	159,640.47	59,161.11	–	–	–	318,721.97
Market Borrowing	6,150.00	18,500.00	46,725.00	22,725.00	33,400.00	114,150.00	46,500.00	7,000.00	28,710.00	–	323,860.00
Foreign Currency Liabilities	–	–	–	–	–	–	–	–	–	–	–
Assets											
Advances	19,628.17	14,234.75	13,020.30	41,856.21	84,652.60	265,271.94	186,266.69	84,987.77	28,696.53	54,817.49	793,432.45
Investments	–	–	–	–	–	–	–	–	–	–	–
Foreign Currency Assets	–	–	–	–	–	–	–	–	–	–	–

1.6 Exposure

1.6.1 Exposure to real estate sector

(Rs. In Lakhs)

		Category	31 March 2020	31 March 2019
a)	Direct exposure			
	(i)	Residential Mortgages -		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	**791,120**	790,482
		Of the above Individual housing loan upto Rs.15 lakh	**773,318**	777,857
	(ii)	Commercial real estate -		
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	**Nil**	Nil
	(iii)	Investments in mortgage backed securities (MBS) and other securitised exposures -		
		a) Residential	**Nil**	Nil
		b) Commercial real estate	**Nil**	Nil
b)	Indirect Exposure			
		Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**Nil**	Nil

1.6.2 The Company does not have any exposure towards capital market.

	Particulars	**31 March 2020**	31 March 2019
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;		
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures and units of equity oriented mutual funds;		
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;		
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	**NA**	NA
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;		
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;		
(vii)	bridge loans to companies against expected equity flows / issues;		
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)		
	Total Exposure to Capital Market		

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

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

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

1.7 Miscellaneous

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

1.7.2 No Penalty has been imposed on the Company by National Housing Bank.

1.7.3 Related Party Policy :

All Contracts / arrangements/transactions entered into by the Company during the current year with related parties were in the ordinary course of business and on an arm's length basis.

Pursuant to section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

The policy on related party transactions is approved by the audit committee and the board of directors of the Company.

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

During the year under consideration, India Ratings & Research Private Limited has reaffirmed the rating to the Company's bank facilities, non-convertible debentures and subordinated debt as 'IND AA+/stable' outlook and 'IND A1+' rating to the commercial paper issued by the Company.

CARE Ratings Limited (Formerly known as 'Credit Analysis & Research Limited') has reaffirmed the rating to the Company's non-convertible debentures and subordinated debt as 'CARE AA+/stable' outlook.

CRISIL Limited has reaffirmed 'CRISIL AA+/Stable' outlook to the Company's non-convertible debentures and subordinated debt and 'CRISIL A1+' rating to the Company's commercial paper.

1.7.5 Remuneration of Independent Directors

(Rs. in Lakhs)

Particulars of Remuneration	**Names of Directors**			
Independent Directors	**Mr. Nityanath Ghanekar**	**Mrs. Anjali Raina**	**Mr. Narendra Mairpady**	**Total**
Fee for attending board / committee meetings	4.80	4.30	3.60	12.70
	(3.70)	(2.10)	(3.10)	(8.90)
Commission	7.50	7.50	7.50	22.50
	(7.50)	(7.50)	(7.50)	(22.50)
Total	**12.30**	**11.80**	**11.10**	**35.20**
	(11.20)	(9.60)	(10.60)	(31.40)

Notes: Figures in bracket represent corresponding figures of previous year.

1.8 During the year there were no circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

1.9 Other Disclosures

1.9.1 Provisions and Contingencies

(Rs. in Lakhs)

Breakup of "Provisions & Contingencies" shown under the head Expenditure in Statement of Profit and Loss	**31 March 2020**	31 March 2019
1. Provisions for depreciation on Investment	–	–
2. Provision made towards Income Tax	**3,411.24**	10,293.21
3. Provision towards NPA	**15,180.80**	5,939.45
4. Provision for Standard Assets	**849.99**	208.28
5. Other Provision and Contingencies	–	–

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

(Rs. in Lakhs)

Breakup of Loan & Advances and Provisions thereon	**Housing**		**Non Housing**	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
Standard Assets				
a) Total Outstanding Amount	**703,061.24**	708,102.97	**24,133.98**	6,948.00
b) Provisions made	**2,965.92**	2,228.70	**144.30**	31.53
Sub-Standard Assets				
a) Total Outstanding Amount	**32,138.40**	28,267.33	**908.97**	79.49
b) Provisions made	**7,468.48**	5,394.86	**219.85**	13.86
Doubtful Assets - Category – I				
a) Total Outstanding Amount	**19,895.71**	21,270.27	**502.04**	35.19
b) Provisions made	**7,160.16**	6,343.90	**203.24**	10.50
Doubtful Assets - Category – II				
a) Total Outstanding Amount	**31,642.96**	24,813.89	**846.84**	31.12
b) Provisions made	**19,209.12**	10,560.66	**537.94**	14.53

(Rs. in Lakhs)

Breakup of Loan & Advances and Provisions thereon		Housing		Non Housing	
		31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
Doubtful Assets - Category – III					
a)	Total Outstanding Amount	**4,073.49**	1,563.50	**118.61**	13.94
b)	Provisions made	**4,073.49**	1,563.50	**118.61**	13.94
Loss Assets					
a)	Total Outstanding Amount	**271.15**	189.74	**24.25**	–
b)	Provisions made	**271.15**	189.74	**24.25**	–
TOTAL					
a)	**Total Outstanding Amount**	**791,082.95**	**784,207.71**	**26,534.69**	**7,107.74**
b)	**Provisions made**	**41,148.32**	**26,281.36**	**1,248.19**	**84.36**

Loan receivable includes Rs. 20741.44 Lakhs outstanding towards financing of insurance as of 31 March 2020 and Rs. 18,072.33 Lakhs as of 31 March 2019.

The Company has made adequate provision for Non Performing Assets identified, in accordance with the Housing Finance Companies (NHB) Directions, 2010. As per the practice consistently followed, the Company has also made additional provision on prudential basis. The cumulative additional provision made by the Company as on 31 March 2020 is Rs. 6,573.13 Lakhs (31 March 2019 is Rs. 2,668.51 Lakhs). Further In line with circular DOR.No.BP.BC.63/21.04.048/2020-21 dated 17 April 2020 issued by Reserve Bank of India, on COVID regulatory package - asset classification & provisioning, the Company has made an additional provisioning amounting of Rs. 932.21 Lakhs. This provision is 5% of the outstanding balance on the loan accounts specified as per the circular to be created as on 31 March 2020, where asset classification benefit is extended.

In line with Notification No. NHB.HFC.DIR.3/CMD/2011 & Notification No. NHB.HFC.DIR.18/MD&CEO/2017 (effective date 02 August, 2017) issued by National Housing Bank, the Company has made a provision 0.40 % and 0.25 % respectively on outstanding Standard Assets.

In accordance with Accounting Standard 29 (AS-29) "Provisions, Contingent Liabilities and Contingent Assets", the following are the details of the movement in provisions for the year ending 31 March 2019:

(Rs. in Lakhs)

Movement of provisions for NPAs (excluding provisions on standard assets)		31 March 2020	31 March 2019
a)	Opening balance	**24,105.48**	18,166.03
b)	Provisions made during the year	**27,812.99**	18,132.16
c)	Write-off of short provision/write-back of excess provisions	**(12,632.18)**	(12,192.71)
d)	Closing balance	**39,286.29**	24,105.48
Movement of provisions for standard assets		**31 March 2020**	31 March 2019
a)	Opening balance	**2,260.23**	2,051.95
b)	Provisions made during the year	**849.99**	208.28
c)	Closing balance	**3,110.22**	2,260.23

1.9.2 Draw Down from Reserves

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

1.9.3 Concentration of Public Deposits, Advances, Exposures and NPAs

1.9.3.1 The Company is a non deposit accepting Housing Finance Company, hence there are no public deposits and accordingly no disclosure is made pursuant to the provisions of point no. 5.3.1, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

1.9.3.2 Concentration of Loans & Advances

(Rs. in Lakhs)

Particulars	31 March 2020	31 March 2019
Total Loans & Advances to twenty largest borrowers	**658.32**	622.37
Percentage of Loans & Advances to Twenty largest borrowers to Total Advances of the HFC	**0.08%**	0.10%

1.9.3.3 Concentration of all exposure (including off-balance sheet exposure)

(Rs. in Lakhs)

Particulars	31 March 2020	31 March 2019
Total Exposure to twenty largest borrowers / customers	**680.60**	692.58
Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	**0.08%**	0.08%

1.9.3.4 Concentration of NPAs

(Rs. in Lakhs)

Particulars	31 March 2020	31 March 2019
Total Exposure to top ten NPA accounts	**266.07**	250.52

1.9.3.5 Sector – wise NPAs

(Rs. in Lakhs)

Sl. No.	Sector		Percentage of NPAs to Total Advances in that sector
a)	**Housing Loans:**		
	1	Individuals	11.13%
	2	Builders/Project Loans	Nil
	3	Corporates	Nil
	4	Others (specify)	Nil
b)	**Non-Housing Loans:**		
	1	Individuals	9.05%
	2	Builders/Project Loans	Nil
	3	Corporates	Nil
	4	Others (specify)	Nil

1.9.4 Movement of NPAs

(Rs. in Lakhs)

Particulars	31 March 2020	31 March 2019
(I) Net NPAs to Net Advances (%)	**6.57%**	6.81%
(II) Movement of NPAs (Gross)		
a) Opening Balance	**76264.47**	65793.54
b) Additions during the year	**70982.80**	70234.26
c) Reductions during the year	**(56824.83)**	(59763.33)
d) Closing Balance	**90422.44**	76264.47
(III) Movement of Net NPAs		
a) Opening Balance	**52158.99**	47627.51
b) Additions during the year	**43169.82**	52102.10
c) Reductions during the year	**(44192.66)**	(47570.62)
d) Closing Balance	**51136.15**	52158.99
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	**24105.48**	18166.03
b) Provision made during the year	**27812.99**	18132.16
c) Write-off of short provision/ write-back of excess provisions	**(12632.18)**	(12192.71)
d) Closing Balance	**39286.29**	24105.48

1.9.5 Overseas Assets

The Company does not own any overseas asset.

(Rs. in Lakhs)

Particulars	31 March 2020	31 March 2019
No overseas assets	NA	NA

1.9.6 The Company does not have any off balance sheet Special Purpose Vehicles sponsored and accordingly no disclosure is made pursuant to the provisions of point no. 5.6, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

1.10 Disclosure of Customers Complaints

Particulars	31 March 2020	31 March 2019
a) No. of complaints pending at the beginning of the year	**Nil**	Nil
b) No. of complaints received during the year	**64**	29
c) No. of complaints redressed during the year	**56**	29
d) No. of complaints pending at the end of the year	**8**	Nil

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

(Rs. in Lakhs)

Particulars	31 March 2020	31 March 2019
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	**135.00**	110.00
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	**21,444.93**	14,094.93
Total	**21,579.93**	14,204.93
Addition/Appropriation/Withdrawal during the year		
Add:		
a) Amount Transferred u/s 29C of the NHB Act, 1987	**25.00**	25.00
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	**4,125.00**	7,350.00
Less:		
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act 1987	–	–
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purposes of provision u/s 29C of the NHB Act, 1987	–	–
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	**160.00**	135.00
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	**25,569.93**	21,444.93
Total	**25,729.93**	21,579.93

1.12 The Company has not granted any loans or advances against collateral of gold jewellery.

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Anuj Mehra
Managing Director
[DIN: 02712119]

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

Mumbai
08 May 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Asset Management Company Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **Mahindra Asset Management Company Private Limited** ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Padmini Khare Kaicker
Partner
Membership No. 044784
Mumbai, May 06, 2020
UDIN: 20044784AAAAAQ8881

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of **Mahindra Asset Management Company Private Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Padmini Khare Kaicker
Partner
Membership Number 044784
Mumbai, May 06, 2020
UDIN: 20044784AAAAAQ8881

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Asset Management Company Private Limited** for the year ended March 31, 2020

Annexure to the Auditor's Report referred to in our report of even date:

I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment.

(b) These fixed assets were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.

(c) The Company has no immovable properties and hence Clause 3(i)(c) is not applicable to the Company

II. Clause 3(ii) of the Companies (Auditor's Report) Order, 2020 is not applicable to the Company.

III. No parties are covered in the register maintained under section 189 of Companies Act, 2013 by the Company. Therefore, clauses 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2020 is not applicable to the Company.

IV. In our opinion and according to the information and explanations given to us the provisions of section 186 of the Companies Act, 2013 have been complied with.

V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the Company.

VI. On facts, clause 3(vi) relating to maintenance of cost records is not applicable to the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, value added tax, and other statutory dues applicable to it with the concerned authorities.

(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth Tax, Excise Duty, Service Tax, Goods and Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income-tax, sales tax, service tax, excise duty, customs duty and value added tax and cess which have not been deposited on account of any dispute.

VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed any money from financial institutions, Government or bank or debenture holders as at the Balance Sheet date.

IX. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans.

X. On the basis of our examination of the relevant records of the Company, carried out in accordance with generally accepted auditing practices and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

XI. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

XII. The Company is not a 'Nidhi Company', therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2020 is not applicable to the Company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2020 is not applicable to the company.

XV. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them.

XVI. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Padmini Khare Kaicker
Partner
Membership No.044784
Mumbai, May 06, 2020
UDIN: 20044784AAAAAQ8881

BALANCE SHEET AS AT MARCH 31, 2020

Rs in lakhs

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
ASSETS			
Financial Assets			
a) Cash and cash equivalents	3	**5.78**	5.52
b) Receivables	4		
i) Trade Receivables		**22.44**	152.52
c) Investments	5	**7,148.77**	5,648.31
d) Other Financial assets	6	**236.11**	230.68
		7,413.10	6,037.03
Non-financial Assets			
a) Current tax assets (Net)	7	**401.36**	386.84
b) Property, Plant and Equipment	8	**169.62**	168.82
c) Right of Use Asset	8	**502.07**	–
d) Other Intangible assets	9	**29.01**	11.39
e) Other non-financial assets	10	**302.70**	243.23
		1,404.76	810.28
Total Assets		**8,817.86**	6,847.31
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
a) Payables	11		
I) Trade Payables			
i) total outstanding dues of micro and small enterprises		**25.03**	23.61
ii) total outstanding dues of creditors other than micro and small enterprises		**203.88**	126.54
b) Other financial liabilities	12	**1,042.42**	421.67
		1,271.33	571.82
Non-financial Liabilities			
a) Provisions	13	**626.16**	428.76
b) Other non-financial liabilities	14	**118.09**	104.37
		744.25	533.13
EQUITY			
a) Equity Share capital	15	**21,000.00**	16,000.00
b) Other Equity	16	**(14,197.72)**	(10,257.64)
		6,802.28	5,742.36
Total Liabilities and Equity		**8,817.86**	6,847.31
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached.

For B. K. KHARE & CO.

Chartered Accountants
Firm's Registration No: 105102W

Padmini Khare Kaicker
Partner

Membership No: 44784

Place : Mumbai
Date : May 6, 2020

For and on behalf of the Board of Directors

Mahindra Asset Management Company Private Limited

V. Ravi
Chairman
[DIN: 00307328]

Ashutosh Bishnoi
Managing Director & CEO
[DIN: 02926849]

Chitra Andrade
Independent Director
[DIN: 08090478]

Sanjay Parikh
Chief Financial Officer

Ravi Dayma
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Rs in lakhs

	Particulars	Note No.	Year ended 31 March 2020	Year ended 31 March 2019
I.	**Revenue from operations**			
i)	Fees and commission Income	**17**	**1,265.02**	2,306.75
I.	**Total Revenue from operations**		**1,265.02**	2,306.75
II.	Other Income	**18**	**430.89**	504.29
III.	**Total Income (I+II)**		**1,695.91**	2,811.04
	Expenses			
i)	Employee Benefits Expenses	**19**	**3,446.62**	3,402.87
ii)	Brokerage and commission expense	**20**	**–**	1,200.11
iii)	Finance costs	**21**	**50.07**	7.10
iv)	Depreciation, amortization and impairment	**22**	**268.40**	109.49
v)	Others expenses	**23**	**1,720.64**	2,040.22
IV	**Total Expenses (IV)**		**5,485.73**	6,759.79
V.	**Profit/(loss) before exceptional items and tax (III-IV)**		**(3,789.82)**	(3,948.75)
VI.	**Exceptional items**		**–**	–
VII.	**Profit/(loss) before tax (V-VI)**		**(3,789.82)**	(3,948.75)
VIII.	**Tax expense:**			
	(i) Current tax		**–**	–
	(ii) Deferred tax		**–**	–
IX.	**Profit / (loss) for the year from continuing operations (VII-VIII)**		**(3,789.82)**	(3,948.75)
X.	Profit/(loss) from discontinued operations		**–**	–
XI.	Tax expense of discontinued operations		**–**	–
XII.	**Profit/(loss) from discontinued operations(After tax) (X-XI)**		**–**	–
XIII.	**Profit/(loss) for the year (IX+XII)**		**(3,789.82)**	(3,948.75)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020 (CONTINUED)

Rs in lakhs

Particulars	Note No.	Year ended 31 March 2020	Year ended 31 March 2019
XIV. Other Comprehensive Income			
(A) i) Items that will not be reclassified to profit or loss	**24**	**(17.57)**	(4.03)
- Remeasurement gain/(loss) on defined benefit plans		**(17.57)**	(4.03)
ii) Income tax impact thereon		**–**	–
Total Other Comprehensive Income		**(17.57)**	(4.03)
XV. Total Comprehensive Income for the year (XIII+XIV) (Comprising Profit/(Loss) and other Comprehensive Income for the year)		**(3,807.39)**	(3,952.78)
XVI. Earnings per equity share (for continuing operations)			
Basic (Rupees)	**25**	**(2.07)**	(2.76)
Diluted (Rupees)		**(2.07)**	(2.76)
XVII. Earnings per equity share (for discontinued operations)			
Basic (Rupees)		**–**	–
Diluted (Rupees)		**–**	–
XVII. Earnings per equity share (for continuing and discontinued operations)			
Basic (Rupees)		**(2.07)**	(2.76)
Diluted (Rupees)		**(2.07)**	(2.76)
Summary of significant accounting policies	**2**		

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached.

For B. K. KHARE & CO.
Chartered Accountants
Firm's Registration No: 105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place : Mumbai
Date : May 6, 2020

For and on behalf of the Board of Directors
Mahindra Asset Management Company Private Limited

V. Ravi
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Chief Financial Officer

Ravi Dayma
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A. Equity share capital

	Rs. in Lakhs
Particulars	**Amount**
As at 1 April 2019	16,000.00
Changes in equity share capital during the year	5,000.00
As at 31 March 2020	**21,000.00**
As at 1 April 2018	12,000.00
Changes in equity share capital during the year	4,000.00
As at 31 March 2019	**16,000.00**

B. Other Equity

Rs. in Lakhs

	Reserves and Surplus	**Item of Other Comprehensive Income (OCI)**	
Particulars	Retained earnings or Profit & loss account	Remeasurement loss (net) on defined benefit plans	**Total**
Balance as at 01 April 2019	(10,245.94)	(11.70)	(10,257.64)
Profit/(Loss) for the year	(3,789.82)	–	(3,789.82)
Other Comprehensive Income	–	(17.57)	(17.57)
Total Comprehensive Income for the year	(3,789.82)	(17.57)	(3,807.39)
Share issue expenses	(132.69)	–	(132.69)
Balance as at 31 March 2020	**(14,168.45)**	**(29.27)**	**(14,197.72)**
Balance as at 01 April 2018	(6,264.69)	(7.67)	(6,272.36)
Profit/(Loss) for the year	(3,948.75)	–	(3,948.75)
Other Comprehensive Income	–	(4.03)	(4.03)
Total Comprehensive Income for the year	(3,948.75)	(4.03)	(3,952.78)
Share issue expenses	(32.50)	–	(32.50)
Balance as at 31 March 2019	**(10,245.94)**	**(11.70)**	**(10,257.64)**

The accompanying summary of significant accounting policies and notes are an integral part of the financial statements.

As per our report of even date attached.

For B. K. KHARE & CO.
Chartered Accountants
Firm's Registration No: 105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place : Mumbai
Date : May 6, 2020

For and on behalf of the Board of Directors
Mahindra Asset Management Company Private Limited

V. Ravi
Chairman
[DIN: 00307328]

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Managing Director & CEO
[DIN: 02926849]

Chitra Andrade
Independent Director
[DIN: 08090478]

Sanjay Parikh
Chief Financial Officer

Ravi Dayma
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

			Rs in lakhs
		Year ended 31 March 2020	Year ended 31 March 2019
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Loss before exceptional items and taxes	**(3,789.82)**	(3,948.75)
	Adjustments to reconcile Loss before tax to net cash flows:		
	Add: Non-cash expenses		
	Depreciation, amortization and impairment	**107.95**	109.49
	Fixed Assets written off	**0.20**	–
	Interest on lease liability	**50.07**	–
	Amortization on Right of Use asset	**160.45**	–
	Remeasurement gain / (loss) on defined benefit plans	**(17.57)**	(4.03)
		301.10	105.46
	Less: Income considered separately		
	Net (gain)/ loss on fair value changes	**55.84**	(26.47)
	Interest income from investing activities	**(411.99)**	(427.52)
	Net loss on derecognition of property, plant and equipment	**–**	1.50
	Net (gain)/ loss on sale of investments	**(70.29)**	(50.30)
		(426.44)	(502.79)
	Operating Loss before working capital changes	**(3,915.16)**	(4,346.08)
	Changes in -		
	Trade receivables	**130.08**	147.57
	Loans	**–**	100.00
	Interest accrued on investments	**(1.08)**	0.05
	Interest accrued on other deposits	**–**	7.27
	Other financial assets	**(4.35)**	(12.27)
	Other non-financial assets	**(59.47)**	148.03
	Trade Payables	**78.75**	(560.61)
	Other financial liabilities	**84.99**	206.75
	Other non-financial liabilities	**13.72**	(1.42)
	Provisions	**197.40**	347.96
	Cash used in operations	**440.04**	383.33
	Income taxes paid (net of refunds)	**(14.52)**	(162.35)
	NET CASH USED IN OPERATING ACTIVITIES (A)	**(3,489.64)**	(4,125.10)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, plant and equipment and intangible assets	**(126.57)**	(63.54)
	Proceeds from sale of Property, plant and equipment	**–**	0.02
	Purchase of investments at FVTPL	**(6,387.00)**	(8,064.00)
	Proceeds from sale of investments at FVTPL	**4,901.00**	7,859.71
	Interest income received on investments measured at amortised cost	**411.99**	427.52
	NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES (B)	**(1,200.58)**	159.71

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020 (CONTINUED)

		Rs in lakhs
	Year ended 31 March 2020	Year ended 31 March 2019
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity shares (net of issue expenses)	**4,867.31**	3,967.50
Payment for Principal portion of lease liability	**(167.05)**	–
Interest paid on lease liability	**(9.78)**	–
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES (C)	**4,690.48**	3,967.50
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**0.26**	2.11
Cash and Cash Equivalents at the beginning of the year	**5.52**	3.41
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (refer note. no. 1)	**5.78**	5.52
Components of Cash and Cash Equivalents		
Particulars		
Cash and cash equivalents at the end of the year		
– Cash on hand	**1.68**	0.58
– Balances with banks in current accounts	**4.10**	4.94
Total	**5.78**	5.52

Notes:
The above Cash Flow Statement has been prepared under the ‘Indirect method’ as set out in the Indian Accounting Standard 7 ‘Cash Flow Statements’.

As per our report of even date attached.

For B. K. KHARE & CO.
Chartered Accountants
Firm’s Registration No: 105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place : Mumbai
Date : May 6, 2020

For and on behalf of the Board of Directors
Mahindra Asset Management Company Private Limited

V. Ravi
Chairman
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Managing Director & CEO
[DIN: 02926849]

Chitra Andrade
Independent Director
[DIN: 08090478]

Sanjay Parikh
Chief Financial Officer

Ravi Dayma
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. CORPORATE INFORMATION

Mahindra Asset Management Company Private Limited ('the Company'), was incorporated under the Companies Act, 1956 on June 20, 2013. As on March 31, 2020, the company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The Company has a license from the Securities & Exchange Board of India to provide investment management services to the schemes of Mahindra Mutual Fund. SEBI granted the certificate of registration to Mahindra Mutual Fund on February 4, 2016. The Company earns fees from investment management activities provided to the schemes of Mahindra Mutual Fund. As on March 31, 2020, the Company was managing thirteen schemes of Mahindra Mutual Fund.

As on March 31, 2020, the Company's immediate parent company is Mahindra & Mahindra Financial Services Limited and its ultimate parent company is Mahindra & Mahindra Limited.

Change in shareholding of the Company

As on March 31, 2020, the Company was a subsidiary of Mahindra and Mahindra Financial Services Ltd ('MMFSL'). The Company has issued 21,00,00,000 (Twenty-one crore) shares to MMFSL and its nominees. On June 21, 2019, MMFSL and the Company entered into a Share Subscription Agreement ('SSA') with Manulife Investment Management Singapore Pte Ltd ('Manulife Singapore'). As per the SSA and subsequent amendments thereto, Manulife Singapore will hold 49% stake in the Company after the completion of all the formalities required in the Agreement including the receipt of regulatory approvals. Subsequent to the signing of the Agreement, the Company has received the required approvals from the Competition Commission of India as well as the Securities and Exchange Board of India. In an Extraordinary General Meeting held on April 15, 2020, the shareholders of the Company approved an offer of 17,29,41,180 (Seventeen crore twenty-nine lakh forty-one thousand one hundred and eighty) equity shares. MMFSL also proposed to sell 1,47,00,000 (One crore forty-seven lakh) number of shares of the Company to Manulife Singapore. These transactions were completed on April 29, 2020 and accordingly MMFSL now holds 51% of the equity of the Company and Manulife Singapore holds 49% of the equity of the Company. The Company received an amount of Rs. 243.66 crores at Rs. 14.09 per equity share.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance and basis for preparation and presentation of financial statements

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

The Company's financial statements upto and for the year ended March 31, 2018 were prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention as a going concern and on an accrual basis, unless otherwise stated, and in accordance with the provisions of the Act, the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014 (as amended), all these were collectively named as "Previous GAAP" (IGAAP).

These are the Company's second standalone or separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS).

2.2. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency.

2.3. Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values.

2.4. Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.5. Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities:

Fair value of financial assets, liabilities and investments

The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) require management's best estimate about future developments.

Defined benefit obligations

Measurement of defined benefit obligations and the actuarial assumptions around it are estimated on a reasonable basis. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

2.6. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Fees from management of mutual fund schemes

Fees from management of mutual fund schemes are recognised on an accrual basis at specific rates, applied on the average daily net assets of the schemes of Mahindra Mutual Fund in accordance with the Investment Management Agreement between the Company and the Trustees of Mahindra Mutual Fund and SEBI (Mutual Fund) Regulations, 1996 as amended from time to time.

Other Income

The gains / losses on sale of investments are recognised in the Statement of Profit and Loss on the trade day and it is determined on FIFO ('first in first out') method. Till March 31, 2019, the company used to account for gains / losses on sale of investments as per weighted average cost method but from 1st April, 2019 onwards, the company has shifted to FIFO method. The above change in method of deriving gains or losses on sale of investments has a negligible impact on the overall results of the company.

Recognition of Dividend Income

Dividend from investments are recognised in the Statement of Profit and Loss when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Recognition of Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

2.7. Property, Plant and Equipment ('PPE')

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets.

- Motor vehicles where useful life is assumed at four years as against eight years as per Schedule II since the employees to whom these vehicles have been allotted, in accordance with the terms of their employment, are entitled to change their vehicles every four years, and
- Fixed assets individually having a value less than Rs 5,000 are fully depreciated in the year of purchase.

Further, residual value for all assets is considered as zero due to the difficulty in estimating the same and in the case of motor cars, having regard to terms of employment under which these are allotted to the employees.

Accordingly, useful life of assets is estimated as follows:

Employee vehicles	– 4 years
Computer	– 3 years
Furniture	– 10 years
Office Equipment	– 5 years

Assets costing less than Rs 5,000 < 1 year

PPE is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the Statement of Profit and Loss in the year the asset is de-recognised.

2.8. Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets comprise of computer software which is amortised over the estimated useful life. The maximum period for such amortisation is taken as 36 months based on management's estimates of useful life. Amortisation is calculated using the Straight line method to write down the cost of intangible assets over their estimated useful lives.

2.9. Foreign exchange transactions and translations

Initial recognition

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

Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the Statement of Profit and Loss. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

2.10. Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement Financial assets

On initial recognition, a financial asset is classified as - measured at:

— Amortised cost; or

— Fair Value through Other Comprehensive Income (FVTOCI) - debt investment; or

— Fair Value through Other Comprehensive Income (FVTOCI) - equity investment; or

— Fair Value through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as amortised cost or FVTOCI are measured at FVTPL.

The financial assets held with the objective to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of interest on the principal amount outstanding are measured at amortised cost on the reporting date. Accordingly, the Company measures investment in Non-Convertible debentures at amortised cost. Interest income and impairment if any, is recognised in the Statement of Profit and Loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to the Statement of Profit and Loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for medium or long- term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments as FVTOCI as the Company believes that this provides a more meaningful presentation of medium or long-term strategic investments, than reflecting changes in fair value immediately in the Statement of Profit and Loss. Dividend income, if any, received on such equity investments are recognised in the Statement of Profit and Loss.

Equity investments that are not designated to be measured at FVTOCI are designated to be measured as FVTPL. Subsequent changes in fair value are recognised in the Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Financial liabilities and equity instruments

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost. Interest expense are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Statement of Profit and Loss.

De-recognition of financial assets

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

If the Company enters into transactions whereby it transfers assets recognised on its Balance Sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de-recognised and the proceeds received are recognised as a collateralised borrowing.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Statement of Profit and Loss.

Impairment of financial assets

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVTOCI, the loss allowance is recognised in OCI and is not reduced from the carrying amount of the financial asset in the balance sheet.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Profit and Loss.

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash-generating unit, as the case may be, is estimated and impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) earlier. The reversal of an impairment loss is recognised in Statement of Profit and Loss.

2.11. Employee Benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Contribution paid / payable during the year to Superannuation Fund, ESIC and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

Contribution to provident fund

Company's contribution paid/payable during the year to provident fund is recognised in the Statement of Profit and Loss.

Gratuity

The Company's liability towards gratuity scheme is determined by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains/losses

Remeasurement of defined benefit plans, comprising of actuarial gains or losses, return on plan assets excluding interest income are recognised immediately in the Balance Sheet with corresponding debit or credit to other comprehensive income. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent period.

Remeasurement gains or losses on long term compensated absences that are classified as other long term benefits are recognised in the Statement of Profit and Loss.

Superannuation fund

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to the Statement of Profit and Loss. The Company has no obligation under this scheme beyond its contribution.

Leave encashment/compensated absences/sick leave

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Employee Share based payments

Cash-settled share-based payments to employees are measured at the fair value of the equity instruments at each reporting date. Any change in fair value is recognized for the vested period in the Statement of Profit and Loss for the period.

2.12. Scheme related expenses

Expenses of schemes of Mahindra Mutual Fund in excess of the limits in accordance with the SEBI (Mutual Fund) Regulations, 1996 are borne by the Company and are recognised in the Statement of Profit and Loss. Further, as per SEBI circular dated October 22, 2018, all scheme related expenses subsequent to that date are to be borne by the mutual fund schemes. As a result, the investment management fees subsequent to this date are received net of all scheme expenses. Prior to this date, the Company was bearing all the scheme related expenses and to that extent was in receipt of higher investment management fees from the schemes of Mahindra Mutual Fund. Hence, the investment management fees and the scheme related expenses for this year are not comparable with that of last year.

New Fund Offer ('NFO') expenses

Expenses pertaining to NFO are charged to the Statement of Profit and Loss in the year in which these expenses are incurred which is in compliance with SEBI (Mutual Fund) Regulations 1996.

2.13. Finance Costs

Finance costs include interest expense accrued on a time basis, by reference to the principal outstanding. Effective from 1 April 2019, on application of Ind AS 116 (Leases), interest expense on lease liabilities computed by applying the Company's weighted average incremental borrowing rate has been included under finance costs.

Income taxes

Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

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

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

Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.14. Securities issue expenses

Expenses incurred in connection with fresh issue of Share capital are accounted for as a deduction from other equity as per the provisions of Ind AS 32 – Financial Instruments Presentation.

2.15. Provisions

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.16. Leasing

Where the Company is the lessee

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments used for operating activities. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The Company has adopted Ind AS 116 dealing with leases from April 1, 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. The Company recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116, Leases, which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, Leases, effective 1 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31,2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On application of Ind AS 116, financial information is presented in the following manner for the year ended 31 March 2020.

a) ROU assets and lease liabilities have been included within the line items "Property, plant and equipment" and "Other financial liabilities" respectively in the Balance sheet;

b) Interest expenses on the lease liability and depreciation charge for the right-to-use asset have been included within the line items "Finance costs" and "Depreciation, amortization and impairment" respectively in the statement of profit and loss;

c) Short-term lease payments and payments for leases of low-value assets, where exemption as permitted under this standard is availed, have been recognized as expense on a straight line basis over the lease term in the statement of profit and loss.

d) Cash payments for the principal of the lease liability have been presented within "financing activities" in the statement of cash flows;

Further, on application of Ind AS 116, the nature of expense in the Statement of profit or loss has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest on lease liability in the current financial year.

The effect of transition to Ind AS 116 and other disclosures are set out under note no.31.

2.17. Earnings per share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3. Cash and cash equivalents

Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Cash on hand	**1.68**	0.58
Balances with banks in current accounts	**4.10**	4.94
Total	**5.78**	5.52

4. Receivables

Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
i) Trade receivables		
Unsecured, considered good:		
– Debts outstanding for a year not exceeding six months	**22.44**	152.52
Total	**22.44**	152.52

No trade or other receivable is due from directors or other officers of the company either severally or jointly with any other person nor any trade or other receivable is due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivable is due within one month from the date of the invoice.

5. Investments

Particulars	As at 31 March 2020 Units	As at 31 March 2020 NAV (Rs in lakhs)	As at 31 March 2019 Units	As at 31 March 2019 NAV (Rs in lakhs)
A) At Fair Value				
i) Through Other Comprehensive Income				
Unquoted Investment in Equity Shares				
Equity Investment in MF Utilities India Pvt Ltd (Face value of Rs. 1/- each)	**500,000**	**9.60**	500,000	9.60
ii) Through Profit or Loss				
Unquoted Investment in Mutual Fund				
Mahindra Liquid Fund - Direct Growth (Face value of Rs. 1000/- each)	**5,000**	**64.43**	34,168	413.92
Mahindra Ultra Short Term Yojana - Direct Growth (Face value of Rs. 1000/- each)	**55,561**	**573.77**	–	–
Mahindra Low Duration - Direct Growth (Face value of Rs. 1000/- each)	**105,842**	**1,340.27**	12,478	145.90
Mahindra Kar Bachat Yojana - Direct Growth (Face value of Rs. 10/- each)	**500,000**	**47.03**	500,000	61.13
Mahindra Dhan Sanchay Yojana - Direct Growth (Face value of Rs. 10/- each)	**500,000**	**54.17**	500,000	58.56
Mahindra Badhat Yojana - Direct Growth (Face value of Rs. 10/- each)	**500,000**	**46.60**	500,000	56.58
Mahindra Unnati Emerging Business Yojana - Direct Growth (Face value of Rs. 10/- each)	**500,000**	**40.35**	500,000	48.21
Mahindra Credit Risk Yojana - Direct Growth (Face value of Rs. 10/- each)	**500,000**	**56.82**	500,000	52.45
Mahindra Rural Bharat Consumption Yojana - Direct Growth (Face value of Rs. 10/- each)	**500,000**	**40.08**	500,000	51.44
Mahindra Pragati Bluechip Yojana - Direct Growth (Face value of Rs. 10/- each)	**500,000**	**40.26**	500,000	50.52
Mahindra Hybrid Equity Nivesh Yojana - Dir Growth (Face value of Rs. 10/- each)	**500,000**	**45.84**	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	As at 31 March 2020 Units	As at 31 March 2020 NAV (Rs in lakhs)	As at 31 March 2019 Units	As at 31 March 2019 NAV (Rs in lakhs)
Mahindra Overnight fund - Dir Growth (Face value of Rs. 1000/- each)	**5,000**	**51.66**	–	–
Mahindra Top 250 Nivesh Yojana - Dir Growth (Face value of Rs. 1000/- each)	**500,000**	**37.89**	–	–
Total (Gross)		**2,448.77**		948.31
Less : Impairment loss allowance		–		–
Total (Net) - A		**2,448.77**		948.31
B) At Amortised cost				
Secured redeemable non-convertible debentures				
8.9% Non Convertible Debentures of Mahindra Rural Housing Finance Ltd. (Face value of Rs. 10 Lakh/- each)	**300**	**3,000**	**300**	3,000
8.4% Non Convertible Debentures of Mahindra Rural Housing Finance Ltd. (Face value of Rs. 10 Lakh/- each)	**170**	**1,700**	**170**	1,700
Total (Gross)		**4,700**		4,700
Less : Impairment loss allowance		–		–
Total (Net) - B		**4,700**		4,700
Total (Gross : A+B)		**7,148.77**		5,648.31
Less : Impairment loss allowance		–		–
Total (Net) - C		**7,148.77**		5,648.31

6. Other financial assets

Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Interest accrued on investments	**157.91**	156.83
Other Receivables	**2.87**	2.87
Security Deposits for office premises/others	**75.33**	70.98
Total	**236.11**	230.68

7. Current tax assets

(i) Tax deducted/collected at source net of provision for taxes

Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
TDS/TCS Receivable	**401.36**	386.84
Total	**401.36**	386.84

(ii) Unused tax losses - Revenue in nature

Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Expiry period		
Upto Five years	**2,357.45**	442.03
More than Five years	**11,075.94**	9,359.93
No Expiry Date	**249.45**	181.25
Total	**13,682.84**	9,983.21

8. Property, Plant and Equipments

As at 31 March 2020 — Rs in lakhs

	GROSS BLOCK AT COST				DEPRECIATION & IMPAIRMENT LOSSES OR REVERSALS				NET BLOCK	
Asset description	As at 01 April 2019	Additions	Deductions/ adjustments	As at 31 March 2020	As at 01 April 2019	Additions	Deductions/ adjustments	As at 31 March 2020	As at 31 March 2020	As at 01 April 2019
Computers	96.80	15.57	0.34	112.03	62.12	26.86	0.14	88.84	23.19	34.68
Furniture and fixtures	30.75	8.64	–	39.39	6.61	3.65	–	10.26	29.13	24.14
Vehicles	203.77	72.00	–	275.77	108.80	61.76	–	170.56	105.21	94.98
Office equipments	26.62	2.55	–	29.17	11.59	5.49	–	17.08	12.09	15.03
Leased Asset (ROU)	–	662.52	–	662.52	–	160.45	–	160.45	502.07	–
Total	357.94	761.28	0.34	1,118.88	189.12	258.21	0.14	447.19	671.69	168.82

9. Other Intangible Assets

As at 31 March 2020 — Rs in lakhs

	GROSS BLOCK AT COST				AMORTISATION & IMPAIRMENT LOSSES OR REVERSALS				NET BLOCK	
Asset description	As at 01 April 2019	Additions	Deductions/ adjustments	As at 31 March 2020	As at 01 April 2019	Additions	Deductions/ adjustments	As at 31 March 2020	As at 31 March 2020	As at 01 April 2019
Computer software	66.60	27.81	–	94.41	55.21	10.19	–	65.40	29.01	11.39
Total	66.60	27.81	–	94.41	55.21	10.19	–	65.40	29.01	11.39

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

10. Other non-financial assets

Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Prepaid expenses	**93.66**	71.24
Balances with Government Authorities	**189.27**	164.16
Other advances	**19.77**	7.83
Total	**302.70**	243.23

11. Trade Payables

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated year and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below:

Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of Micro and small enterprises		
a) Dues remaining unpaid to any supplier at the year end		
– Principal	**25.03**	23.61
– Interest on the above	–	–
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year	–	–
– Principal paid beyond the appointed date	–	–
– Interest paid in terms of section 16 of the MSMED Act	–	–
c) Amount of interest due and payable for the year of delay on payments made beyond the appointed day during the year	–	–
d) Amount of interest accrued and remaining unpaid at the year end	–	–
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	–	–
Total outstanding dues of creditors other than micro and small enterprises	203.88	126.54
Total	**228.91**	150.15

12. Other financial liabilities

Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for Salary, Bonus and performance pay	**506.20**	414.09
Provision for expenses	**0.46**	7.58
Long term Lease Liability	**535.76**	–
Total	**1,042.42**	421.67

13. Provisions

Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
– Gratuity	**94.33**	33.62
– Leave encashment	**173.26**	114.11
– Share based compensation to employees	**358.57**	281.03
Total	**626.16**	428.76

14. Other non-financial liabilities

Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
TDS Payable	**71.32**	65.01
GST Payable	**24.61**	24.58
Other statutory dues and taxes payable	**22.16**	14.78
Total	**118.09**	104.37

15. Equity Share capital

Particulars	As at 31 March 2020 No. of shares in lakhs	As at 31 March 2020 Rs in lakhs	As at 31 March 2019 No. of shares in lakhs	As at 31 March 2019 Rs in lakhs
Authorised capital :				
Equity shares of Rs.10/- each	**4,000.00**	**40,000.00**	1,800.00	18,000.00
	4,000.00	**40,000.00**	1,800.00	18,000.00
Issued capital :				
Equity shares of Rs.10/- each	**2,100.00**	**21,000.00**	1,600.00	16,000.00
	2,100.00	**21,000.00**	1,600.00	16,000.00
Subscribed and paid-up capital :				
Equity shares of Rs.10/- each	**2,100.00**	**21,000.00**	1,600.00	16,000.00
Total	**2,100.00**	**21,000.00**	1,600.00	16,000.00

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares in lakhs	Rs in lakhs	No. of shares in lakhs	Rs in lakhs
a) Reconciliation of number of equity shares				
Balance at the beginning of the year	**1,600.00**	**16,000.00**	1,200.00	12,000.00
Add : Fresh allotment of shares :				
- Shares issued during the year	**500.00**	**5,000.00**	400.00	4,000.00
Balance at the end of the year	**2,100.00**	**21,000.00**	1,600.00	16,000.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	As at 31 March 2020 No. of shares in lakhs	As at 31 March 2020 Rs in lakhs	As at 31 March 2019 No. of shares in lakhs	As at 31 March 2019 Rs in lakhs
b) Number of equity shares held by holding company or ultimate holding company				
Holding and ultimate holding company,				
Mahindra & Mahindra Financial Services Limited	**2,100.00**	**21,000.00**	1,600.00	16,000.00
Percentage of holding (100%)				
c) Shareholders holding more than 5 percent shares:				
Mahindra & Mahindra Financial Services Limited	**2,100.00**	**21,000.00**	1,600.00	16,000.00
Percentage of holding (100%)				

d) The Company has only one class of equity shares having a par value of Rs.10/- per share.

16. Other Equity

Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Opening Balance	**(10,257.64)**	(6,272.36)
Add: Profit/(Loss) for the year	**(3,789.82)**	(3,948.75)
Add: Other Comprehensive Income for the year	**(17.57)**	(4.03)
Less: Share issue expenses for the year	**(132.69)**	(32.50)
Total	**(14,197.72)**	(10,257.64)

17. Fees and commission income

Rs in lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Fees earned from management of mutual fund schemes	**1,265.02**	2,306.75
Total	**1,265.02**	2,306.75

The SEBI Mutual Fund Regulations, 1996 allow an Asset Management Company to charge expenses, including investment management fees, upto 2.5 percent of net assets of equity schemes and 0.25% lower expenses to other schemes. The Company used to charge investment management fees to the schemes of Mahindra Mutual Fund in accordance with these Regulations. Marketing and distribution expenses as well as other operational expenses were borne by the Company. On October 22, 2018, SEBI issued circular number SEBI/HO/IMD/DF2/CIR/P/2018/137 stating that all scheme related expenses including commission paid to distributors shall be paid from the schemes only and not from the books of the Asset Management Company. Accordingly, after October 22, 2018, scheme related expenses, including commission to distributors, are paid from the books of the schemes. This has resulted in reduction in the investment management fees earned by the Company from the schemes and also a reduction in the scheme related expenses incurred by the Company which are now borne by the schemes since October 22, 2018. To this extent, the fees income of this year is not comparable with the previous year since the Company used to charge higher investment management fees to the schemes and bear scheme related expenses till October 21, 2018.

18. Other income

Rs in lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income on financial instruments measured at amortised cost	**411.99**	427.52
Interest on Income Tax Refund	**4.45**	–
Net profit/(loss) on sale of investments	**70.29**	50.30
Net gain/(loss) on fair value changes		
A) Net gain/(loss) on financial instruments at FVTPL		
i) On trading portfolio		
- Unrealised gain/(loss) on Investments	**(55.84)**	26.47
Total	**430.89**	504.29

19. Employee benefits expenses

Rs in lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries and wages	**3,172.81**	2,996.24
Contribution to provident funds and other funds	**174.96**	110.09
Share based compensation to employees	**77.55**	281.03
Staff welfare expenses	**21.30**	15.51
Total	**3,446.62**	3,402.87

20. Brokerage and commission expense

Rs in lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Fees, commission/brokerage paid to mutual fund distributors	–	1,200.11
Total	–	1,200.11

21. Finance costs

Rs in lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
I) On financial instruments measured at Amortised cost		
Other interest expense	–	7.10
II) On Lease Liability		
Interest on lease liability	50.07	–
Total	**50.07**	7.10

22. Depreciation, amortization and impairment

Rs in lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation on Property, Plant and Equipment	97.76	87.52
Amortization and impairment of intangible assets	10.19	21.97
Amortization on leased assets	160.45	–
Total	**268.40**	109.49

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

23. Other expenses

Rs in lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Rent, taxes and energy costs	32.35	189.22
Repairs and maintenance	33.09	27.90
Communication Costs	73.00	89.79
Printing and stationery	11.61	15.30
Advertisement and publicity	207.35	331.59
Marketing Expenses	315.71	258.15
Directors' fees, allowances and expenses	12.20	18.70
Auditor's fees and expenses -		
– Audit fees	4.50	4.50
– Taxation matters	–	–
– Company law matters	–	–
– Other services	3.30	0.75
– Reimbursement of expenses	0.30	0.18
Legal and professional charges	145.93	150.32
Insurance	53.97	50.14
Manpower outsourcing cost	104.77	95.28
Distributor Training expenses	83.85	283.46
Registrar & Transfer Agent fees	3.21	69.81
Conference & Seminar expenses	80.38	63.81
Membership & Subscription fees	99.21	83.97
Travelling & Conveyance expenses	158.11	120.37
Other expenditure	297.80	186.98
Total	**1,720.64**	2,040.22

Previous year's figures have been regrouped/ reclassified wherever found necessary.

24. Other Comprehensive Income

Rs in lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
A) (i) Items that will not be reclassified to profit or loss		
– Changes in revaluation surplus	–	–
– Remeasurement gain/(loss) on defined benefit plans	(17.57)	(4.03)
– Net gain/(loss) on equity instruments through OCI	–	–
– Any other - specify	–	–
(ii) Income tax impact thereon	–	–
Total Other Comprehensive Income	**(17.57)**	(4.03)

25. Earning Per Share (EPS)

Rs in lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Profit/(Loss) for the year	**(3,789.82)**	(3,948.75)
Weighted average number of Equity Shares used in computing basic EPS	**1,834.97**	1,430.41
Effect of potential dilutive Equity Shares		
Weighted average number of Equity Shares used in computing diluted EPS	**1,834.97**	1,430.41
Basic Earnings per share (Rs.) (Face value of Rs. 10/- per share)	**(2.07)**	(2.76)
Diluted Earnings per share (Rs.)	**(2.07)**	(2.76)

26. Employee benefits

Details of defined benefit plans as per actuarial valuation are as follows:

Particulars	Funded Plan Gratuity		Unfunded Plans Exigency leave/Earned leave	
	Year ended 31 March		Year ended 31 March	
	2020	2019	**2020**	2019
I. Amounts recognised in the Statement of Profit & Loss				
Current service cost	**43.44**	25.85	**49.84**	43.88
Net Interest cost	**2.57**	0.70	**8.73**	5.63
Actuarial (gain)/loss	**17.57**	4.03	**0.59**	(7.27)
Adjustment due to change in opening balance	**(2.87)**	(5.90)	–	–
Total expenses included in employee benefits expense	**60.71**	24.68	**59.16**	42.24
II. Amount recognised in Other Comprehensive income				
Remeasurement (gains)/losses:				
a) Actuarial (gains)/losses arising from changes in -				
– demographic changes	**(0.70)**	0.85		
– financial assumptions	**11.99**	(2.29)		
– experience adjustments	**3.39**	2.97		
b) Return on plan assets, excluding amount included in net interest expense/(income)	**2.90**	2.51		
Total amount recognised in other comprehensive income	**17.57**	4.03	–	–
III. Changes in the defined benefit obligation				
Opening defined benefit obligation	**71.48**	40.90	**114.10**	71.86
Add/(less) on account of business combination/transfers				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

	Funded Plan Gratuity		Unfunded Plans Exigency leave/Earned leave	
	Year ended 31 March		Year ended 31 March	
Particulars	**2020**	2019	**2020**	2019
Current service cost	**43.44**	25.85	**49.84**	43.88
Past service cost				
Interest expense	**5.47**	3.21	**8.73**	5.63
Remeasurement (gains)/losses arising from changes in -			**0.59**	(7.28)
– demographic changes	**(0.70)**	0.85		
– financial assumptions	**11.99**	(2.29)		
– experience adjustments	**3.39**	2.96		
Benefits paid				
Closing defined benefit obligation	**135.06**	71.48	**173.26**	114.10
IV. Change in the fair value of plan assets during the year				
Opening Fair value of plan assets	**37.86**	31.96		
Interest income	**2.87**	5.90		
Expected return on plan assets	–	–		
Contributions by employer	–	–		
Adjustment due to change in opening balance of Plan assets	–	–		
Actual Benefits paid	–	–		
Closing Fair value of plan assets	**40.73**	37.86	–	–
V. Net defined benefit obligation				
Defined benefit obligation	**135.06**	71.48	**173.26**	114.10
Fair value of plan assets	**40.73**	37.86	–	–
Surplus/(Deficit)	**(94.33)**	(33.62)	**(173.26)**	(114.10)
Current portion of the above	**(28.43)**	(3.09)	**(35.62)**	(5.24)
Non current portion of the above	**(65.90)**	(30.53)	**(137.64)**	(108.86)

Details of defined benefit plans as per actuarial valuation are as follows:

	Funded Plan Gratuity		Unfunded Plans Exigency leave/Earned leave	
	Year ended 31 March		Year ended 31 March	
Particulars	**2020**	2019	**2020**	2019
Actuarial assumptions and Sensitivity				
I. Actuarial assumptions				
Discount Rate (p.a.)	**6.88%**	7.65%	**6.88%**	7.65%
Attrition rate	**0-6.21%**	0-9%	**0-6.21%**	0-9%
Rate of Salary increase (p.a.)	**7.00%**	7.00%	**7.00%**	7.00%
In-service Mortality	**100% of IALM (2012 - 14)**	100% of IALM (2006 - 08)	**100% of IALM (2012 - 14)**	100% of IALM (2006 - 08)
II. Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as follows:				
One percentage point increase in discount rate	**(24.27)**	(9.88)	**(20.99)**	(16.15)
One percentage point decrease in discount rate	**11.21**	11.06	**25.08**	17.83
One percentage point increase in Salary growth rate	**11.14**	11.02	**24.80**	17.76
One percentage point decrease in Salary growth rate	**(24.50)**	(10.02)	**(21.15)**	(16.37)
III. Maturity profile of defined benefit obligation				
Within 1 year	**40.81**	25.17	**47.47**	33.79
Between 2 and 5 years	**47.11**	33.34	**29.33**	22.95
Between 6 and 9 years				
10 years and above				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

27. Financial Instruments

i) Financial Instruments regularly measured using Fair Value - recurring items

Rs in lakhs

			Fair Value			
Financial assets/financial liabilities	**Financial assets/ financial liabilities**	**Category**	**As at 31 March 2020**	As at 31 March 2019	**Fair value hierarchy**	**Valuation technique(s)**
1) Investment in Mutual Funds	Financial Assets	Financial instrument measured at FVTPL	2,439.17	938.71	Level 1	NAV
2) Investment in equity instruments-Unquoted	Financial Assets	Financial instrument designated at FVTOCI	9.60	9.60	Level 3	Cost
3) Investment in non-convertible debentures	Financial Assets	Financial instrument designated at FVTOCI	4,700.00	4,700.00	Level 3	Amortised Cost

ii) Financial Instruments measured at amortised cost

Rs in lakhs

				Fair value	
Particulars	**Carrying Value**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
As at 31 March 2020					
Financial assets					
a) Cash and cash equivalent	**5.78**	**5.78**	**5.78**	–	–
b) Trade Receivables	**22.44**	**22.44**	–	**22.44**	–
c) Financial investments - at amortised cost	**4,700.00**	**4,700.00**	**4,700.00**	–	–
d) Other financial assets	**236.11**	**236.11**	**157.91**	**78.20**	–
Total	**4,964.33**	**4,964.33**	**4,863.69**	**100.64**	–
Financial liabilities					
a) Trade Payables	**228.91**	**228.91**	–	**228.91**	–
b) Other financial liability	**1,042.42**	**1,042.42**	–	**1,042.42**	–
Total	**1,271.33**	**1,271.33**	–	**1,271.33**	–
As at 31 March 2019					
Financial assets					
a) Cash and cash equivalent	5.52	5.52	5.52	–	–
b) Trade Receivables	152.52	152.52	–	152.52	–
c) Financial investments - at amortised cost	4,700.00	4,700.00	4,700.00	–	–
d) Other financial assets	230.68	230.68	156.83	73.85	–
Total	5,088.72	5,088.72	4,862.35	226.38	–
Financial liabilities					
a) Trade Payables	150.15	150.15	–	150.15	–
b) Other financial liability	421.67	421.67	–	421.67	–
Total	571.82	571.82	–	571.82	–

Except for the above, carrying value of Other financial assets/liabilities represent reasonable estimate of fair value.

There were no transfers between Level 1 and Level 2 during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

28. Financial Risk Management

In the course of its business, the Company is exposed to certain financial risks: liquidity risk and market risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

Liquidity Risk Management

The Company manages liquidity risk by maintaining by continuously monitoring forecast and actual cash flows

Maturity profile of non-derivative financial liabilities

Rs in lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
As at 31 March 2020				
Trade Payables	**228.91**	–	–	–
Other financial liabilities	**611.35**	**190.30**	**159.38**	**81.39**
Total	**840.26**	**190.30**	**159.38**	**81.39**
As at 31 March 2019				
Trade Payables	150.15	–	–	–
Other financial liabilities	421.67	–	–	–
Total	571.82	–	–	–

Market Risk Management

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company invests in fixed rate instruments, units of mutual fund taking into account the current liquidity requirements. There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

29. Related party disclosures:

i) As per Ind AS 24 on 'Related party disclosures', the related parties of the Company are as follows:

a) **Holding Company**
Mahindra & Mahindra Financial Services Ltd

b) **Ultimate Holding Company**
Mahindra & Mahindra Ltd

c) **Fellow Subsidiaries/Associate Companies:**
(entities with whom the Company has transactions)
Mahindra Rural Housing Finance Limited
NBS International Limited
Mahindra Retail Private Limited
Mahindra Integrated Business Solutions Private Limited

d) **Key Management Personnel:**
Mr. Ashutosh Bishnoi, Managing Director & Chief Executive Officer

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

Rs in lakhs

Particulars	Holding Company		Ultimate Holding Company		Fellow Subsidiaries/ Associate Companies/ Associate Joint Ventures		Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
Inter-corporate deposit placed								
Mahindra Rural Housing Finance Ltd					–	900.00		
Inter-corporate deposit matured								
Mahindra Rural Housing Finance Ltd					–	1,000.00		
Inter-corporate deposit taken and repaid								
Mahindra & Mahindra Financial Services Ltd	–	1,000.00						
Issue of Equity Shares								
Mahindra & Mahindra Financial Services Ltd	5,000.00	4,000.00						
Purchase of fixed assets								
Mahindra & Mahindra Ltd			3.37	–				
Interest income								
Mahindra Rural Housing Finance Ltd					410.49	427.52		
Interest expense								
Mahindra & Mahindra Financial Services Ltd	–	7.10						
Other expenses								
Mahindra Retail Pvt Ltd					13.51	29.84		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Rs in lakhs

Particulars	Holding Company		Ultimate Holding Company		Fellow Subsidiaries/ Associate Companies/ Associate Joint Ventures		Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
Mahindra Integrated Business Solutions Pvt Ltd					2.17	4.27		
NBS International Limited					0.29	–		
Mahindra & Mahindra Financial Services Ltd	18.10	40.72						
Mahindra & Mahindra Ltd			34.37	12.99				
Remuneration								
Managing Director & Chief Executive Officer							316.96	451.30

iii) Balances as at the end of the year:

Rs in lakhs

Particulars	Holding Company		Ultimate Holding Company		Fellow Subsidiaries/ Associate Companies/ Associate Joint Ventures	
	As at 31 March 2020	As at 31 March 2019	**As at 31 March 2020**	As at 31 March 2019	**As at 31 March 2020**	As at 31 March 2019
Balances as at the end of the period						
Investments						
Investments in Non convertible debentures (including interest accrued but not due)						
Mahindra Rural Housing Finance Limited					4,857.91	4,856.83
Trade Payables						
Mahindra & Mahindra Financial Services Ltd	3.08	3.08				
Mahindra Integrated Business Solutions Private Limited					–	0.29
Mahindra Retail Limited					4.42	–
Mahindra & Mahindra Ltd			8.55	2.40		

30. Disclosure on Employee Share-based Compensation Scheme (Cash-settled phantom share based payments)

The Company has a Long Term Incentive Compensation Scheme (LTIC) for eligible employees. The same was announced in FY 2018-19. The LTIC payment calculation is based on a framework of phantom shares. The cash-settled share-based amount is measured at the fair value of the liability as per the requirements of Ind AS 102 Share-based payments. Until the liability is settled, the the Company shall remeasure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the Statement of profit and loss for the period. Accordingly, a charge to Statement of Profit and loss for the year ended March 31, 2020 is Rs. 77.55 lakhs.

Summary of phantom shares

Particulars	FY 2018-19		FY 2019-20	
	No. of phantom shares	**Weighted average allocation price (Rs.)**	**No. of phantom shares**	**Weighted average allocation price (Rs.)**
Phantom shares outstanding as on 1st April 2018 & 2019	–	–	77,16,919	2.44
Phantom shares granted during the year	77,16,919	2.44	10,04,041	3.98

Particulars	FY 2018-19		FY 2019-20	
	No. of phantom shares	**Weighted average allocation price (Rs.)**	**No. of phantom shares**	**Weighted average allocation price (Rs.)**
Phantom shares outstanding as on 31st March 2019 & 2020	77,16,919	2.44	87,20,960	2.62

Information in respect of outstanding phantom shares as at 31st March 2020:

Fair Value of phantom shares at the allocation date	Range of Allocation price	Number of Phantom shares outstanding as on 31.03.2020	Weighted average remaining period	Fair Value of Share as on 31.03.2020
Rs. 10.27	Rs. 2.05 (at 80% discount)	64,93,583	14 months	Rs. 8.70
Rs. 11.32	Rs. 4.53 (at 60% discount)	12,23,336	26 months	Rs. 8.70
Rs. 9.95	Rs. 3.98 (at 60% discount)	10,04,041	38 months	Rs. 8.70

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Period of payout	Payout period completed as on 31.03.2020	Payout period remaining as on 31.03.2020	Provision (Rs. in lakhs)
April 1 2017 to March 31 2020	36 months	-	107.87
April 1 2017 to March 31 2021	36 months	12 months	97.09
April 1 2017 to March 31 2022	36 months	24 months	116.50
April 1 2018 to March 31 2021	24 months	12 months	8.51
April 1 2018 to March 31 2022	24 months	24 months	7.65
April 1 2018 to March 31 2023	24 months	36 months	9.19
April 1 2019 to March 31 2022	12 months	24 months	3.95
April 1 2019 to March 31 2023	12 months	36 months	3.55
April 1 2019 to March 31 2024	12 months	48 months	4.26
Total Provision made as on 31.03.2020			**358.57**

Valuation of the Company has been done by assigning a valuation percentage to the average assets under management of the company for March 2020. A different valuation percentage was assigned to different asset classes. The total value of the company is divided by the total number of shares outstanding as on reporting date, to arrive at the fair value per share of the Company.

31. Leases

Company as a lessee

Following are the changes in the carrying value of Right to Use asset for the year ended 31 March 2020

Rs in lakhs

Particulars	Category of Asset Building	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Balance at the beginning	–	–
Reclassifciation on account of adoption of Ind AS 116	–	–
Additions	**662.52**	–
Deletions	–	–
Depreciation	**160.45**	–
Balance at the end	**502.07**	–

Following is the movement in the lease liabilties during the year ended 31 March 2020

Rs in lakhs

Particulars	**For the year ended 31 March 2020**	For the year ended 31 March 2019
Balance at the beginning	–	–
Reclassifciation on account of adoption of Ind AS 116	–	–
Additions	**662.52**	–
Deletions	–	–
Finance Cost accured during the year	**50.07**	–
Payment of lease liabilties	**176.83**	–
Balance at the end	**535.76**	–

The table below provides details regarding the contactual maturities of lease liabilities on an undiscounted basis:

Rs in lakhs

Particulars	**For the year ended 31 March 2020**	For the year ended 31 March 2019
Less than one year	**176.12**	–
One to five years	**420.11**	–
More than five years	**97.78**	–
Balance at the end	**694.01**	–

The effect of adoption of Ind AS 116 Leases has resulted in an additional debit of Rs 33.69 lakhs in the Statement of profit and loss for the year ended 31 March 2020.

32. Security deposits measured at amortised cost

The Company's rent/lease agreements for the rented/ leased office premises are cancellable with a notice period of 2-3 months. All the agreements are considered to be short term in nature. Accordingly, the Company has not applied the provisions of Ind AS 109 - Financial Instruments for taking the effect of fair valuation of security deposits in the financial statements and the deposits are stated at cost.

33. Contribution to provident fund

As regards the computation of the amount of Provident Fund to be contributed by the Employee as well as the Company, in March 2019, the Supreme Court had held that all allowances that are paid to employees, except those which relate to productivity or performance, should be included for computing the salary and allowances on which the contribution to provident fund needs to be computed. For Financial Year 2019-20, the Company has contributed Provident Fund amounts in accordance with the Supreme Court judgement and accounted for the same in the Financial Statements for Financial Year 2019-20.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

34. Note on Covid-19 impact

From December 2019, COVID-19, has spread globally, including India. This event has significantly affected economic activity globally and in India and as a result, could impact the operations and financial results of the Company. The Company has performed an initial assessment of the likely impact this would have on the operations of the Company and its financial performance in the coming year.

For Financial Year 2019-20 financial reporting, the Company has used the principles of prudence in applying judgments, estimates and assumptions in estimating the remaining useful life of the tangible and intangible assets, fair valuation of financial assets and liabilities etc. The Company has considered internal and external information upto the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

The Company is in the business of providing asset management services to the schemes of Mahindra Mutual Fund and earns fees for providing these services. Due to Covid-19, equity markets across the world have shown negative returns since mid-March 2020. Though, markets have shown a positive return in April 2020, the uncertainty related to revival of economic activity is likely to impact investment returns and hence affect inflows into financial instruments. The Company has recently received an equity infusion which will address liquidity concerns. The Company does not expect any major impact on its operations and expects to offer its services over a long period of time.

Signatures to Significant accounting policies and Notes to the financial statements – 1 to 34

For B. K. KHARE & CO.

Chartered Accountants
Firm's Registration No: 105102W

Padmini Khare Kaicker
Partner

Membership No: 44784

Place : Mumbai
Date : May 6, 2020

For and on behalf of the Board of Directors

Mahindra Asset Management Company Private Limited

V. Ravi Chairman [DIN: 00307328]	**Ashutosh Bishnoi** Managing Director & CEO [DIN: 02926849]	**Chitra Andrade** Independent Director [DIN: 08090478]
Sanjay Parikh Chief Financial Officer	**Ravi Dayma** Company Secretary	

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA TRUSTEE COMPANY PRIVATE LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **Mahindra Trustee Company Private Limited** ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & CO.
Chartered Accountants
Firm's Registration Number: 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784
UDIN: 20044784AAAAAR4671

Place: Mumbai
Date: 6th May, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of **Mahindra Trustee Company Private Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Padmini Khare Kaicker
Partner
Membership Number: 044784
UDIN: 20044784AAAAAR4671

Place: Mumbai
Date: 6th May, 2020

ANNEXURE "B" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Trustee Company Private Limited** for the year ended March 31, 2020

<u>Annexure to the Auditor's Report referred to in our report of even date:</u>

I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment.

(b) These fixed assets were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.

(c) The Company has no immovable properties and hence Clause 3(i)(c) is not applicable to the Company

II. On facts, Clause 3(ii) of the Companies (Auditor's Report) Order, 2020 is not applicable to the Company.

III. No parties are covered in the register maintained under section 189 of Companies Act, 2013 by the Company. Therefore, clauses 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2020 is not applicable to the Company.

IV. In our opinion and according to the information and explanations given to us the provisions of section 186 of the Companies Act, 2013 have been complied with. During the year, the Company has not provided loan to any of its directors, therefore, provisions of section 185 were not applicable during the year.

V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the Company.

VI. On facts, clause 3(vi) relating to maintenance of cost records is not applicable to the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, and other statutory dues applicable to it with the concerned authorities.

(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Goods and Service Tax, and other statutory dues that were outstanding, at the year - end for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income-tax, sales tax, service tax, excise duty, customs duty and value added tax and cess which have not been deposited on account of any dispute.

VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed any money from financial institutions, Government or bank or debenture holders as at the Balance Sheet date.

IX. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans.

X. On the basis of our examination of the relevant records of the Company, carried out in accordance with generally accepted auditing practices and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

XI. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

XII. The Company is not a 'Nidhi Company', therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2020 is not applicable to the Company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2020 is not applicable to the company.

XV. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them.

XVI. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Padmini Khare Kaicker
Partner
Membership Number: 044784
UDIN: 20044784AAAAAR4671

Place: Mumbai
Date: 6th May, 2020

BALANCE SHEET AS AT 31ST MARCH 2020

		Note No.	As at 31st March 2020	As at 31st March 2019
				Rs. in Lakhs
I	**ASSETS**			
1	**NON CURRENT ASSETS**			
	(a) Property, Plant and Equipment	3	**0.14**	0.22
	(b) Income Tax Assets (Net)	5	**–**	–
	(c) Other Non current Assets	6	**–**	–
	Total Non Current Assets		**0.14**	0.22
2	**CURRENT ASSETS**			
	(a) Financial Assets			
	(i) Investments	4	**12.38**	11.79
	(ii) Trade Receivables	7	**1.76**	1.79
	(iii) Cash and Cash Equivalents	8	**1.25**	1.26
	(b) Current Tax Assets (Net)	5	**2.09**	4.65
	(c) Other Current Assets	6	**4.44**	4.00
	Total Current Assets		**21.92**	23.49
	TOTAL ASSETS		**22.06**	23.71
II	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Equity Share Capital	9	**50.00**	50.00
	(b) Other Equity	10	**(29.63)**	(27.79)
	Total Equity		**20.37**	22.21
2	**LIABILITIES**			
	NON CURRENT LIABILITIES			
	(a) Other non current liabilities	11	**1.00**	1.00
	Total Non Current Liabilities		**1.00**	1.00
	CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Trade Payables	12	**0.40**	0.18
	(b) Other Current Liabilities	11	**0.29**	0.32
	Total Current Liabilities		**0.69**	0.50
	TOTAL EQUITY AND LIABILITIES		**22.06**	23.71
Summary of significant accounting policies		2		

The accompanying statement of significant accounting policies and notes referred to above are an integral part of the Balance Sheet.

This is the Balance Sheet referred in our report of even date.

For B. K. Khare & Co.
Chartered Accountants
Firm Regn No. 105102W

For and on behalf of the Board of Directors
Mahindra Trustee Company Private Limited
M. G. Bhide
Chairman
[DIN NO. 00001826]

Padmini Khare Kaicker
Partner
Membership No. 44784

Gautam Parekh
Director
[DIN NO. 00365417]

Suneet Maheshwari
Director
[DIN NO. 00420952]

Debabrata Bandyopadhyay
Director
[DIN NO. 06972463]

Place: Mumbai
Date: 6th May, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

Rs. in Lakhs

	Particulars	Note No.	Year ended 31st March 2020	Year ended 31st March 2019
I	Revenue from operations	13	**20.87**	23.50
II	Other income	14	**1.01**	1.10
III	**Total Revenue (I + II)**		**21.88**	24.60
IV	**Expenses**			
	(a) Depreciation and amortisation expenses	15	**0.08**	0.02
	(b) Other expenses	16	**23.64**	25.32
	Total Expenses [(a) + (b)]		**23.72**	25.34
V	**Loss before tax (III - IV)**		**(1.84)**	(0.74)
VI	**Tax Expense**	17		
	(1) Current tax		**–**	–
	(2) Tax expense of earlier years		**–**	0.09
	(3) Deferred tax		**–**	–
	Total tax expense [(1) + (2) + (3)]		**–**	0.09
VII	**Loss for the year (V - VI]**		**(1.84)**	(0.83)
VIII	**Other comprehensive income**			
A	(i) Items that will not be reclassified to profit or loss		**–**	–
	(a) Remeasurements of the defined benefit liabilities / (asset)		**–**	–
	(b) Equity instruments through other comprehensive income		**–**	–
	(c) Others (specify nature)		**–**	–
IX	**Total comprehensive income for the period (VII + VIII)**		**(1.84)**	(0.83)
X	**Earnings per equity share (Rs.):**			
	(1) Basic	18	**(0.37)**	(0.17)
	(2) Diluted	18	**(0.37)**	(0.17)
XI	**Earnings per equity share (for discontinued operation) (Rs.):**			
	(1) Basic		**–**	–
	(2) Diluted		**–**	–
XII	**Earnings per equity share (for continuing and discontinued operations) (Rs.):**			
	(1) Basic		**(0.37)**	(0.17)
	(2) Diluted		**(0.37)**	(0.17)
	Summary of significant accounting policies	2		

The accompanying statement of significant accounting policies and notes referred to above are an integral part of the Statement of Profit & Loss.
This is the Statement of Profit and Loss referred in our report of even date.

For and on behalf of the Board of Directors
Mahindra Trustee Company Private Limited

For B. K. Khare & Co.
Chartered Accountants
Firm Regn No. 105102W

M. G. Bhide
Chairman
[DIN NO. 00001826]

Padmini Khare Kaicker
Partner
Membership No. 44784

Gautam Parekh
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[DIN NO. 00365417]

Suneet Maheshwari
Director
[DIN NO. 00420952]

Debabrata Bandyopadhyay
Director
[DIN NO. 06972463]

Place: Mumbai
Date: 6th May, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2020

A. Equity share capital

	Rs. in Lakhs
Particulars	**Amount**
As at 1 April 2019	50.00
Changes in equity share capital during the year	–
As at 31 March 2020	**50.00**
As at 1 April 2018	50.00
Changes in equity share capital during the year	–
As at 31 March 2019	**50.00**

B. Other Equity

Rs. in Lakhs

Particulars	**Profit & Loss Balance**	**Other Comprehensive Income**	**Total**
As at 1 April 2019	(27.79)	–	(27.79)
Loss for the year	(1.84)	–	(1.84)
Other Comprehensive Income / (Loss)	–	–	–
Total Comprehensive Income for the year	(1.84)	–	(1.84)
As at 31 March 2020	**(29.63)**	–	**(29.63)**
As at 1 April 2018	(26.96)		(26.96)
Loss for the year	(0.83)	–	(0.83)
Other Comprehensive Income / (Loss)	–	–	–
Total Comprehensive Income for the year	(0.83)	–	(0.83)
As at 31 March 2019	**(27.79)**	–	**(27.79)**

The accompanying summary of significant accounting policies and notes are an integral part of the financial statements.

As per our report of even date attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Regn No. 105102W

For and on behalf of the Board of Directors
Mahindra Trustee Company Private Limited

M. G. Bhide
Chairman
[DIN NO. 00001826]

Padmini Khare Kaicker
Partner
Membership No. 44784

Gautam Parekh
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[DIN NO. 00365417]

Suneet Maheshwari
Director
[DIN NO. 00420952]

Debabrata Bandyopadhyay
Director
[DIN NO. 06972463]

Place: Mumbai
Date: 6th May, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2020

		Rs. in Lakhs
Particulars	**Year ended 31st March 2020**	Year ended 31st March 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax for the year	**(1.84)**	(0.83)
Adjustments for:		
Investment income recognised in Statement of Profit and Loss	**(0.74)**	(1.10)
Depreciation debited to Statement of Profit and Loss	**0.08**	0.02
Operating Loss before working capital changes (I)	**(2.50)**	(1.91)
Movements in working capital:		
(Increase) / decrease in trade receivables	**0.03**	1.30
(Increase) / decrease in other assets	**(0.44)**	(0.42)
(Increase) / decrease in trade and other payables	**0.22**	(0.04)
(Decrease) / increase in other liabilities	**(0.03)**	(0.22)
Net movements in working capital (II)	**(0.22)**	0.62
Cash used in operations (I+II)	**(2.72)**	(1.29)
Income taxes paid (III)	**2.56**	(2.26)
Net cash used in operating activities (I+II+III)	**(0.16)**	(3.55)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	**–**	(0.24)
Payments for investments	**(22.05)**	(24.18)
Proceeds from sale of investments	**22.20**	27.75
Interest income received from investments		
Net cash (used in)/generated by investing activities (IV)	**0.15**	3.33
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of equity shares	–	–
Net cash used in financing activities (V)	–	–
Net increase in cash and cash equivalents (I+II+III+IV+V)	**(0.01)**	(0.22)
Cash and cash equivalents at the beginning of the year	**1.26**	1.48
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**1.25**	1.26

Note: The above cash flow statement has been prepared under the "indirect method" as set out in Indian Accounting Standard (Ind AS 7)- 'Statement of Cash Flows'.

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Regn No. 105102W

For and on behalf of the Board of Directors
Mahindra Trustee Company Private Limited
M. G. Bhide
Chairman
[DIN NO. 00001826]

Padmini Khare Kaicker
Partner
Membership No. 44784

Gautam Parekh
Director
[DIN NO. 00365417]

Suneet Maheshwari
Director
[DIN NO. 00420952]

Debabrata Bandyopadhyay
Director
[DIN NO. 06972463]

Place: Mumbai
Date: 6th May, 2020

Notes to the Financial Statements for the year ended March 31, 2020

NOTE NO. 1. CORPORATE INFORMATION

Mahindra Trustee Company Private Limited ('the Company'), was incorporated under the Companies Act, 1956 on July 10, 2013. As on March 31, 2020, the company is a subsidiary of Mahindra & Mahindra Financial Services Ltd.('MMFSL'). The Company is incorporated to function as a Trustee to Mahindra Mutual Fund. The Company has entered into Investment Management Agreement with Mahindra Asset Management Company Private Limited ('Investment Manager') for managing the schemes of Mahindra Mutual Fund. The immediate parent company is Mahindra & Mahindra Financial Services Limited and its ultimate parent company is Mahindra & Mahindra Limited.

Change in shareholding of the Company

On June 21, 2019, MMFSL and the Company entered into a Share Subscription Agreement ('SSA') with Manulife Investment Management Singapore Pte Ltd ('Manulife Singapore'). As per the SSA and subsequent amendments thereto, Manulife Singapore will hold 49% stake in the Company after the completion of all the formalities required in the Agreement including the receipt of regulatory approvals. Subsequent to the signing of the Agreement, the Company has received the required approvals from the Competition Commission of India as well as the Securities and Exchange Board of India. In an Extraordinary General Meeting held on April 15, 2020, the shareholders of the Company approved an offer of 4,80,400 equity shares to Manulife Singapore. The allotment of these equity shares to Manulife Singapore was completed on April 29, 2020 and accordingly MMFSL now holds 51% of the equity of the Company and Manulife Singapore holds 49% of the equity of the Company. The Company received an amount of Rs 75.75 lakhs at Rs 15.77 per equity share as consideration for the issue of shares.

NOTE NO. 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance and basis for preparation and presentation of financial statements

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

The Company's financial statements upto and for the year ended March 31, 2018 were prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention as a going concern and on an accrual basis, unless otherwise stated, and in accordance with the provisions of the Act, the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014 (as amended), all these were collectively named as "Previous GAAP" (IGAAP).

These are the Company's second standalone or separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS).

2.2. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency.

2.3. Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values.

2.4. Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.5. Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities:

Fair value of financial assets, liabilities and investments

The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) require management's best estimate about future developments.

2.6. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from Operations:

Trusteeship Fees (net of tax)

Trusteeship Fees are recognised as revenue when the trusteeship services are performed for the schemes of Mahindra Mutual Fund.

Other Income

The gains / losses on sale of investments are recognised in the Statement of Profit and Loss on the trade day and it is determined on FIFO ('first in first out') method. Till March 31, 2019, the company used to account for gains / losses on sale of investments as per weighted average cost method but from 1st April, 2019 onwards, the company has shifted to FIFO method. The above change in method of deriving gains or losses on sale of investments has a negligible impact on the overall results of the company.

Recognition of Dividend Income

Dividend from investments are recognised in the Statement of Profit and Loss when the right to receive payment is established.

Recognition of Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

2.7. Property, plant and equipment ('PPE')

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under Long term loans and advances. Capital work in progress comprises the cost of Property, Plant and Equipments that are not ready for its intended use at the reporting date.

Notes to the Financial Statements for the year ended March 31, 2020

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets:

Fixed assets having value individually less than Rs 5,000 are fully depreciated in the period of purchase. Further, residual value for all assets is considered as zero due to the difficulty in estimating the same. Accordingly, useful life of assets is estimated as follows:

Computer	– 3 years
Furniture	– 10 years
Office Equipment	– 5 years
Assets costing less than Rs 5,000	< 1 year

PPE is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the Statement of Profit and Loss in the year the asset is de-recognised.

2.8. Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets comprise of computer software which is amortised over the estimated useful life. The maximum period for such amortisation is taken as 36 months based on management's estimates of useful life. Amortisation is calculated using the Straight line method to write down the cost of intangible assets over their estimated useful lives.

2.9. Foreign exchange transactions and translations

Initial recognition

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

Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the Statement of Profit and Loss. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

2.10. Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement Financial assets

On initial recognition, a financial asset is classified as - measured at:

- Amortised cost; or
- Fair Value through Other Comprehensive Income (FVTOCI) - debt investment; or
- Fair Value through Other Comprehensive Income (FVTOCI) - equity investment; or
- Fair Value through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

The financial assets held with the objective to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of interest on the principal amount outstanding are measured at amortised cost on the reporting date. Interest income and impairment, if any, are recognised in the Statement of Profit and Loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to the Statement of Profit and Loss on disposal of the investments.

These investments in equity are not held for trading. Instead, they are held for medium or long- term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments as FVTOCI as the Company believes that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in the Statement of Profit and Loss. Dividend income, if any, received on such equity investments are recognised in the Statement of Profit and Loss.

Equity investments that are not designated to be measured at FVTOCI are designated to be measured at FVTPL. Subsequent changes in fair value are recognised in the Statement of Profit and Loss.

Financial liabilities and equity instruments

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost. Interest expense are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Statement of Profit and Loss.

De-recognition of financial assets

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers

Notes to the Financial Statements for the year ended March 31, 2020

nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amount it may have to pay.

If the Company enters into transactions whereby it transfers assets recognised on its Balance Sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de-recognised and the proceeds received are recognised as a collateralised borrowing.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Statement of Profit and Loss.

Impairment of financial assets

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVTOCI, the loss allowance is recognised in OCI and is not reduced from the carrying amount of the financial asset in the balance sheet.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Profit and Loss.

Impairment of non financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash-generating unit, as the case may be, is estimated and impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) earlier. The reversal of an impairment loss is recognised in Statement of Profit and Loss.

2.11. Income taxes

Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

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

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

Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.12. Securities issue expenses

Expenses incurred in connection with fresh issue of Share capital are accounted for as a deduction from other equity as per the provisions of Ind AS 32 – Financial Instruments Presentation.

2.13. Provisions

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.14. Earnings per share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

Notes to the Financial Statements for the year ended March 31, 2020

NOTE NO. 3. PROPERTY, PLANT AND EQUIPMENT

Rs. in Lakhs

Description of Assets	Computers	Total
I. Gross Carrying Amount		
Balance as at 1 April 2019	**0.24**	**0.24**
Additions during the year	–	–
Acquisitions through business combinations	–	–
Disposals during the year	–	–
Reclassified as held for sale	–	–
Others	–	–
Balance as at 31 March 2020	**0.24**	**0.24**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2019	0.02	0.02
Depreciation expense for the year	0.08	0.08
Eliminated on disposal of assets	–	–
Eliminated on reclassification as held for sale	–	–
Impairment losses recognised in profit or loss	–	–
Reversals of impairment losses recognised in profit or loss	–	–
Others	–	–
Balance as at 31 March 2020	**0.10**	**0.10**
III. Net carrying amount (I-II)	**0.14**	**0.14**

NOTE NO. 4. INVESTMENTS

Rs. in Lakhs

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	**Non Current**	Current	Non Current
Investments Carried at Fair Value				
Unquoted				
Mahindra Ultra Short Term Fund	**6.33**	–	–	–
Mahindra Liquid Fund	**3.05**	–	9.03	–
Mahindra Low Duration Bachat Yojana	**3.00**	–	2.76	–
Total Investments	**12.38**	–	11.79	–

NOTE NO. 5. NON CURRENT & CURRENT INCOME TAX ASSETS

(i) Tax deducted at source net of provision for tax

Rs. in Lakhs

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	**Non Current**	Current	Non Current
(a) Advance Income Tax				
(i) TDS Receivable (Net of provision for tax)	**2.09**	–	4.65	–
Total Income Tax Assets	**2.09**	–	4.65	–

(ii) Unused tax losses - Revenue in nature

Rs. in Lakhs

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	**Non Current**	Current	Non Current
Expiry period				
Upto Five years	–	**25.20**	–	6.42
More than Five years	–	**2.84**	–	19.63
No Expiry Date	–	**0.12**	–	0.05
Total	–	**28.16**	–	26.10

NOTE NO. 6. OTHER NON CURRENT & CURRENT ASSETS

Rs. in Lakhs

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	**Non Current**	Current	Non Current
(a) Advances other than capital advances				
(i) Other assets	**4.44**	–	4.00	–
Total Other Assets	**4.44**	–	4.00	–

NOTE NO. 7. TRADE RECEIVABLES

Rs. in Lakhs

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	**Non Current**	Current	Non Current
Trade receivables				
(a) Unsecured, considered good	**1.76**	–	1.79	–
(b) Doubtful	–	–	–	–
Less: Allowance for Credit Losses	–	–	–	–
Total	**1.76**	–	1.79	–
Of the above, trade receivables from:				
– Related Parties	–	–	–	–
– Others	**1.76**	–	1.79	–
Total Trade receivables	**1.76**	–	1.79	–

NOTE NO. 8. CASH AND BANK BALANCES

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
(a) Balances with banks	**1.25**	1.26
(b) Cash on hand	–	–
Total Cash and cash equivalents	**1.25**	1.26

Notes to the Financial Statements for the year ended March 31, 2020

NOTE NO. 9. EQUITY SHARE CAPITAL

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares in Lakhs	**Rs. in Lakhs**	No. of shares in Lakhs	Rs. in Lakhs
Authorised:				
Equity shares of Rs. 10/- each with voting rights	**10.00**	**100.00**	10.00	100.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10/- each with voting rights	**5.00**	**50.00**	5.00	50.00
Total	**5.00**	**50.00**	5.00	50.00

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rs. in Lakhs

Particulars	Opening Balance	Fresh Issue	Other Changes	Closing Balance
(a) Equity Shares with Voting rights*				
Year Ended 31 March 2020				
No. of Shares in Lakhs	**5.00**	–	–	**5.00**
Amount	**50.00**	–	–	**50.00**
Year Ended 31 March 2019				
No. of Shares in Lakhs	5.00	–	–	5.00
Amount	50.00	–	–	50.00

***Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) Details of shares held by the holding company, the ultimate holding company, their associates and subsidiaries:

No. of Shares in Lakhs

Particulars	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2020			
Mahindra and Mahindra Financial Services Limited, the Holding Company	**5.00**	–	–
As at 31 March 2019			
Mahindra and Mahindra Financial Services Limited, the Holding Company	5.00	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held in Lakhs	**% holding in that class of shares**	Number of shares held in Lakhs	% holding in that class of shares
Equity shares with voting rights				
Mahindra and Mahindra Financial Services Limited	**5.00**	**100%**	5.00	100%

NOTE NO. 10. OTHER EQUITY

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	**(27.79)**	(26.96)
Add: Profit / (Loss) for the year	**(1.84)**	(0.83)
Add: Other Comprehensive Income for the year	–	–
Less: Share issue expenses for the year	–	–
Total	**(29.63)**	(27.79)

NOTE NO. 11. OTHER LIABILITIES

Rs. in Lakhs

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	**Non Current**	Current	Non Current
(a) Other non current liabilities	–	**1.00**	–	1.00
(b) Other Current Liabilities				
Statutory dues				
- taxes payable (other than income taxes)	**0.29**	–	0.30	–
- income taxes payable	–	–	0.02	–
Total Other liabilities	**0.29**	**1.00**	0.32	1.00

NOTE NO. 12. TRADE PAYABLES

Rs. in Lakhs

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	**Non Current**	Current	Non Current
Trade payable - Micro and small enterprises	–	–	–	–
Trade payable - Other than micro and small enterprises	**0.40**	–	0.18	–
Total trade payables	**0.40**	–	0.18	–

Notes to the Financial Statements for the year ended March 31, 2020

NOTE NO. 13. REVENUE FROM OPERATIONS

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from rendering of services		
(a) Trusteeship Fees	**20.87**	23.50
Total Revenue from Operations	**20.87**	23.50

NOTE NO. 14. OTHER INCOME

Rs. in Lakhs

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
(a)	Profit on sale / redemption of Investment	**0.52**	0.96
(b)	Unrealised gain / (loss) on Mutual Fund Investment	**0.22**	0.14
(c)	Interest on Income tax refund	**0.27**	–
Total Other Income		**1.01**	1.10

NOTE NO. 15. DEPRECIATION AND AMORTISATION EXPENSES

Rs. in Lakhs

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
(a)	Depreciation on Property, Plant and Equipment	**0.08**	0.02
(b)	Amortization and impairment of intangible assets	–	–
Total Depreciation and amortisation expenses		**0.08**	0.02

NOTE NO. 16. OTHER EXPENSES

Rs. in Lakhs

Particulars			For the year ended March 31, 2020	For the year ended March 31, 2019
(a)	Legal & Professional Charges		**0.64**	0.50
(b)	Directors' Sitting Fees		**20.90**	22.80
(c)	Travelling & Conveyance Expenses		**0.81**	0.55
(d)	Marketing Expenses		**1.00**	1.00
(e)	Auditors remuneration and out-of-pocket expenses			
	(i)	As Auditors	**0.20**	0.20
	(ii)	For Tax Audit	–	–
	(iii)	For Taxation matters	–	0.25
	(iv)	For Other services	–	–
	(v)	For reimbursement of expenses	–	–
(f)	Other Expenses		**0.09**	0.02
Total Other expenses			**23.64**	25.32

NOTE NO. 17. CURRENT TAX AND DEFERRED TAX

<u>**Income Tax recognised in profit or loss**</u>

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Tax:		
In respect of current year	–	–
In respect of prior years	–	(0.09)
	–	(0.09)
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	–	–
	–	–
Total income tax expense on continuing operations	–	(0.09)

NOTE NO. 18. EARNINGS PER SHARE

in Rupees

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
	Per Share	Per Share
Basic earnings per share	**(0.37)**	(0.17)
Diluted earnings per share	**(0.37)**	(0.17)

Basic earnings per share

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

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit / (loss) for the year attributable to owners of the Company	**(1.84)**	(0.83)
Less: Preference dividend and tax thereon	–	–
Profits used in the calculation of basic earnings per share	**(1.84)**	(0.83)
Weighted average number of equity shares (nos in lakhs)	**5.00**	5.00
Earnings per share - Basic (jn Rupees)	**(0.37)**	(0.17)

NOTE NO. 19. RELATED PARTY DISCLOSURES

i) **As per Ind AS 24 on 'Related party disclosures', the related parties of the Company are as follows:**

(a) **Holding Company**

Mahindra & Mahindra Financial Services Ltd

(b) **Ultimate Holding Company**

Mahindra & Mahindra Ltd

Notes to the Financial Statements for the year ended March 31, 2020

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

Rs. in Lakhs

Particulars	Holding Company		Ultimate Holding Company	
	Year ended March 31, 2020	Year ended March 31, 2019	**Year ended March 31, 2020**	Year ended March 31, 2019
Advertisement expenses				
Mahindra & Mahindra Ltd	–	–	–	1.00
Mahindra & Mahindra Financial Services Ltd	**1.00**	–	–	–

iii) Balances as at the end of the year:

Rs. in Lakhs

Particulars	Holding Company	
	Year ended March 31, 2020	Year ended March 31, 2019
Other Non current Liabilities		
Mahindra & Mahindra Financial Services Ltd	**1.00**	–

NOTE NO. 20. COVID-19 IMPACT

From December 2019, COVID-19, has spread globally, including India. This event has significantly affected economic activity globally and in India and as a result, could impact the operations and financial results of the Company. The Company has performed an initial assessment of the likely impact this would have on the operations of the Company and its financial performance in the coming year.

For Financial Year 2019-20 financial reporting, the Company has used the principles of prudence in applying judgments, estimates and assumptions in estimating the remaining useful life of the intangible assets, fair valuation of financial assets and liabilities etc. The Company has considered internal and external information upto the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

The Company is in the business of providing trustee services to the schemes of Mahindra Mutual Fund and earns fees for providing these services. Due to Covid-19, equity markets across the world have shown negative returns since mid-March 2020. Though, markets have shown a positive return in April 2020, the uncertainty related to revival of economic activity is likely to impact investment returns and hence affect inflows into financial instruments. The Company has recently received an equity infusion which will address liquidity concerns. The Company does not expect any major impact on its operations and expects to offer its services over a long period of time.

Signatures to significant accounting policies and Notes to the financial statements 1 to 20

For B. K. Khare & Co.
Chartered Accountants
Firm Regn No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

For and on behalf of the Board of Directors
Mahindra Trustee Company Private Limited
M. G. Bhide
Chairman
[DIN NO. 00001826]

Gautam Parekh
Director
[DIN NO. 00365417]

Suneet Maheshwari
Director
[DIN NO. 00420952]

Debabrata Bandyopadhyay
Director
[DIN NO. 06972463]

Place: Mumbai
Date: 6th May, 2020

INDEPENDENT AUDITOR'S REPORT
To The Members of Mahindra Lifespace Developers Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Mahindra Lifespace Developers Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 39 of the standalone financial statements, which describes that the potential impact of COVID-19 pandemic on the financial statements of the Company are dependent on future developments, which remain uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Revenue Recognition of Construction Contracts**	**Principal audit procedures**

	The application of the accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised at a point in time.
	
	Refer Notes 2.4.1 and 23 to the Standalone Financial Statements
		Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:
		• Evaluated the design of the internal controls relating to the measurement of revenue recognition at a point in time.
		• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price.
		• Selected a sample of continuing and new contracts and performed the following procedures:
		  • Read, analysed and identified the distinct performance obligations in these contracts.
		  • Compared these performance obligations with that identified and recorded by the Company.
		  • Verified the progress towards satisfaction of performance obligations used to compute recorded revenue with contractual obligations, necessary approvals pertaining to the completion of the project, third-party certifications and the collectability of an amount of consideration.
		  • Performed project wise analytical procedures for reasonableness of revenues.

Sr. No.	Key Audit Matter	Auditor's Response
2	**Carrying values of Inventories (Construction work in Progress and Stock in Trade)**	**Principal audit procedures**
	There is a risk that the valuation of inventory may be misstated as it involves the determination of net realizable value (NRV) and estimated total construction cost of completion of each of the projects which is an area of judgement. Refer Notes 2.17 and 11 to the Standalone Financial Statements	We assessed the Company's process for the valuation of inventories. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • Evaluated the design of the internal controls relating to the valuation of inventories. • Tested the operating effectiveness of controls for the review of estimates involved for the expected cost of completion of projects including construction cost incurred, construction budgets and net realizable value. We carried out a combination of procedures involving enquiry and observation, and inspection of evidence in respect of operation of these controls. Additionally we carried out site visits for a number of projects in the year. Selected a sample of project specific inventories and performed the procedures around: • Construction costs incurred for the project specific inventories by tracing to the supporting documents, estimated total construction cost to be incurred for completing the construction of the project and corroborated the same with the reports from external supervising engineers, where applicable. Obtained the company's assessment of NRV for the project specific inventories. • Observed the detailed project reviews to support the estimates and challenged the judgements underlying those reviews with senior operational and financial management. We focused on the significant judgements adopted by the Company, we critically assessed the forecast costs to complete. • The expected net amounts to be realized from the sale of inventories in the ordinary course of business by critically evaluating the estimates used by the Company for NRV of such inventory.
3	**Recoverability of Company's investment in a Joint Venture Company:**	**Principal audit procedures**
	The Company annually carries out an impairment assessment of investments in Joint Venture companies to determine whether the investments are impaired in respect of the Company's investments in its joint venture companies. There is a risk that the company's investment in a joint venture entity is not recoverable and should be impaired. The impairment of Company's investment in unquoted equity instruments of a joint venture company is considered to be a risk area due to the size of the balances as well as the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability of the investment, this is one of the key judgement areas for our audit. Refer Notes 2.20.4 and 8 to the Standalone Financial Statements	We assessed the Company's process with regard to testing the investments for impairment. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • Evaluated the design of the internal controls relating to testing the investments for impairment. • Tested the operating effectiveness of controls for the review of assumptions and estimates used in evaluation of inputs for the purpose of fair valuation. We carried out a combination of procedures involving enquiry and observation, and inspection of evidence in respect of operation of these controls. We performed the following procedures: • Understood the methodology applied by the Company in performing its impairment test for the investment at cost. • Compared the Company's assumption with comparable benchmarks in relation to key inputs such as long-term growth rates and discount rate.

Sr. No.	Key Audit Matter	Auditor's Response
3	**Recoverability of Company's investment in a Joint Venture Company:**	**Principal audit procedures**
		• Challenged the assumptions used by the Company in the calculation of the discount rate, including comparisons with external data sources and by involving internal valuation specialist to assist us in evaluating the valuation methodology used by the Company, as well as the discount rate assumption applied data sources. • Assessed the appropriateness of the forecast cash flows within the budgeted period based on the understanding of the business and sector experience. • Performed sensitivity analysis, including a reasonably possible reduction in assumed growth rates and margins to identify areas on which to focus our procedures

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, Management Discussion and Analysis Report, Corporate Governance Report and Business Responsibility Report, but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and the reports.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Ketan Vora
Partner
(Membership No. 100459)
(UDIN: 20100459AAAAJS9169)

Place: Mumbai
Date: 14th May, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Mahindra Lifespace Developers Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Ketan Vora
Partner
(Membership No. 100459)
(UDIN: 20100459AAAAJS9169)

Place: Mumbai
Date: 14th May, 2020

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Mahindra Lifespace Developers Limited of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, Plant and Equipment).

(b) The fixed assets (Property, Plant and Equipment) were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets (Property, Plant and Equipment) at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) With respect to immovable properties of acquired land and buildings, according to the information and explanations given to us and the records examined by us and based on the examination of the court orders approving schemes of arrangements provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date. According to the information and explanation given to us, the Company does not have any other land or building other than administrative block and project facilities, temporarily constructed at the project sites and capitalised as Building.

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of title deeds, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and the provisions of sections 73 to 76 of the Act are not applicable and hence reporting under clause 3 (v) of the Order is also not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Goods and Service Tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities. The provisions of Employees' State Insurance and Excise Duty are not applicable to the operations of the Company.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Service Tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on 31st March, 2020 on account of disputes except as given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (₹ in lakh)
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	AY 2006-2007	240.23
		Commissioner of Income tax (Appeals)	AY 2007-2008	453.63
			AY 2011-2012	10.55
Finance Act, 1994	Service Tax	Appellate Authority- up to Commissioners/ Revisional authorities level	FY 2005 to 2010*	71.72
			FY 2010	339.72
			FY 2009 to 2014	67.70
			FY 2014 to 2016	41.54
Sales Tax and Value Added Tax Laws	Sales Tax and VAT	Appellate Authority- up to Commissioners/ Revisional authorities level	FY 2007 to 2010	2.89
			FY 2016 to 2017	51.08
		High Court	FY 2006 to 2010	276.59

* net of ₹ 5.82 lakhs paid under protest

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from debenture holders, financial institutions and government.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer/ further public offer (including debt instruments). The money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Ind AS financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Ketan Vora
Partner
(Membership No. 100459)
(UDIN: 20100459AAAAJS9169)

Place: Mumbai
Date: 14th May, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

(₹ in lakh)

	Note No.	As at 31st March, 2020	As at 31st March, 2019
I ASSETS			
1 NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**449.89**	600.70
(b) Right of Use Assets	5	**514.55**	–
(c) Capital Work-in-Progress		**1,223.94**	981.32
(d) Investment Property	6	**2,094.82**	2,140.83
(e) Intangible Assets	7	**17.91**	32.18
(f) Financial Assets			
(i) Investments	8	**46,702.34**	65,067.92
(g) Deferred Tax Asset (Net)	9	**1,886.57**	1,532.90
(h) Other Non Current Assets	10	**4,113.49**	3,347.49
TOTAL NON-CURRENT ASSETS		**57,003.51**	73,703.34
2 CURRENT ASSETS			
(a) Inventories	11	**91,250.73**	99,778.51
(b) Financial Assets			
(i) Trade Receivables	12	**8,963.72**	11,287.36
(ii) Cash and Cash Equivalents	13	**7,331.34**	10,900.65
(iii) Bank balances other than (ii) above	13	**2,209.55**	10,788.35
(iv) Loans	14	**8,306.08**	5,194.96
(v) Other Financial Assets	15	**16,017.09**	19,644.12
(c) Other Current Assets	10	**8,908.49**	11,303.85
TOTAL CURRENT ASSETS		**142,987.00**	168,897.80
TOTAL ASSETS (1+2)		**199,990.51**	242,601.14
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	16	**5,136.14**	5,134.91
(b) Other Equity	17	**144,492.51**	169,996.34
TOTAL EQUITY		**149,628.65**	175,131.25
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Lease Liabilities		**96.17**	–
(b) Provisions	18	**272.18**	384.73
TOTAL NON-CURRENT LIABILITIES		**368.35**	384.73
3 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	19	**11,891.55**	11,954.49
(ii) Lease Liabilities		**443.38**	
(iii) Trade Payables			
Total Outstanding Dues of Micro Enterprises and Small Enterprises	20	**153.98**	–
Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	20	**9,004.49**	12,314.19
(iv) Other Financial Liabilities	21	**3,637.02**	3,527.87
(b) Other Current Liabilities	22	**22,787.03**	37,120.90
(c) Provisions	18	**696.95**	788.59
(d) Current Tax Liabilities (Net)		**1,379.11**	1,379.12
TOTAL CURRENT LIABILITIES		**49,993.51**	67,085.16
TOTAL EQUITY AND LIABILITIES (1+2+3)		**199,990.51**	242,601.14
Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 45 are an integral part of these financial statements

As per our Report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration Number:- 117366W/W-100018

Ketan Vora
Partner
Membership No. 100459

Mumbai : 14th May, 2020

Suhas Kulkarni
Company Secretary

Vimal Agarwal
Chief Financial Officer

Mumbai : 14th May, 2020

For and on behalf of the Board of Directors of
Mahindra Lifespace Developers Limited

Arun Nanda Chairman - DIN: 00010029
Anish Shah Director - DIN: 02719429
Sangeeta Prasad Managing Director & CEO - DIN: 02791944

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in lakh)

		Note No.	**For the year ended 31st March, 2020**	For the year ended 31st March, 2019
I	**INCOME**			
	(a) Revenue from Operations	23	**43,988.47**	48,603.21
	(b) Other Income	24	**8,080.93**	6,881.02
	TOTAL INCOME (a + b)		**52,069.40**	55,484.23
II	**EXPENSES**			
	(a) Cost of Sales			
	- Cost of Projects	25	**35,064.64**	33,283.67
	- Operating Expenses	25	**563.27**	375.97
	(b) Employee Benefits Expense	26	**7,162.01**	6,633.54
	(c) Finance Costs	27	**183.71**	548.49
	(d) Depreciation and Amortisation Expense	4 to 7	**725.98**	306.12
	(e) Other Expenses	28	**7,621.43**	5,878.32
	TOTAL EXPENSES (a+b+c+d+e)		**51,321.04**	47,026.11
III	**PROFIT BEFORE TAX AND EXCEPTIONAL ITEM (I - II)**		**748.36**	8,458.12
IV	**Exceptional Item**	8	**(23,731.31)**	–
V	**(LOSS)/PROFIT BEFORE TAX (III - IV)**		**(22,982.95)**	8,458.12
VI	**TAX (CREDIT)/EXPENSE**			
	(a) Current tax	29 (a)	**–**	–
	(b) Deferred tax	29 (a)	**(382.44)**	2,598.67
	TOTAL TAX (CREDIT)/EXPENSE (a+b)		**(382.44)**	2,598.67
VII	**(LOSS)/PROFIT AFTER TAX (V - VI)**		**(22,600.51)**	5,859.45
VIII	**OTHER COMPREHENSIVE INCOME/(LOSS)**			
	Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plans		**114.30**	(118.38)
	(b) Income tax relating to Items that will not be reclassified to profit or loss	29 (b)	**(28.77)**	41.37
	TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR (a+b)		**85.53**	(77.01)
IX	**TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR (VII + VIII)**		**(22,514.98)**	5,782.44
X	**EARNINGS PER EQUITY SHARE (face value of ₹ 10/- each) (₹)**			
	(a) Basic	30	**(44.01)**	11.41
	(b) Diluted	30	**(43.90)**	11.39
	Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 45 are an integral part of these financial statements

As per our Report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration Number:- 117366W/W-100018

Ketan Vora
Partner
Membership No. 100459

Mumbai : 14th May, 2020

Suhas Kulkarni
Company Secretary

Vimal Agarwal
Chief Financial Officer

Mumbai : 14th May, 2020

For and on behalf of the Board of Directors of
Mahindra Lifespace Developers Limited

Arun Nanda	Chairman	- DIN: 00010029
Anish Shah	Director	- DIN: 02719429
Sangeeta Prasad	Managing Director & CEO	- DIN: 02791944

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in lakh)

		For the year ended 31st March, 2020	For the year ended 31st March, 2019
A.	**Cash flows from operating activities:**		
	Profit before exceptional item and tax	**748.36**	8,458.12
	Adjustments for:		
	Finance Costs	**183.71**	548.49
	Interest Income	**(1,293.08)**	(3,674.43)
	Dividend Income	**(3,085.00)**	(2,229.25)
	Loss/(Gain) on disposal of Property Plant & Equipment	**3.35**	(19.85)
	Provision for diminition in value of investment	**230.77**	–
	Reversal of diminution in value of Investment	**(1,800.00)**	–
	Profit on sale of current investments	**–**	(67.57)
	Depreciation and Amortisation Expense	**725.98**	306.12
	Net gain arising on financial assets measured at fair value through profit or loss	**(1,157.99)**	(167.75)
	Expense Recognised in respect of equity-settled-share-based-payments	**66.40**	62.84
	Operating (Loss)/Profit before working capital changes	**(5,377.50)**	3,216.72
	Changes in:		
	Decrease in trade and other receivables	**5,050.37**	2,555.12
	Decrease in inventories	**9,517.15**	16,990.79
	Decrease in trade and other payables	**(17,427.54)**	(4,559.76)
	Cash (used in)/generated from operations	**(8,237.52)**	18,202.87
	Income taxes paid	**(766.99)**	(2,192.86)
	Net cash (used in)/generated from operating activities	**(9,004.51)**	16,010.01
B.	**Cash flows from investing activities**		
	Payments to acquire financial assets	**–**	(43,139.51)
	Proceeds from sale of financial assets	**–**	64,298.73
	Bank deposits (net)	**8,437.89**	(5,932.38)
	Changes in earmarked balances and margin accounts with banks	**140.91**	75.14
	Interest received	**4,921.33**	733.22
	Dividend received from Joint Ventures/Subsidiaries	**3,085.00**	2,090.50
	Other dividend received	**–**	138.75
	Inter-corporate Deposit Given	**(7,366.85)**	(1,332.30)
	Inter-corporate Deposit Realised	**3,925.49**	6,408.15
	Payment to acquire Property, Plant and Equipment and Other Intangible Assets	**(341.90)**	(315.77)
	Proceeds from disposal of property, plant and equipment	**39.95**	53.22
	Purchase of investment in subsidiaries and Joint Ventures	**(2,638.36)**	(400.00)
	Payment to acquire other non-current Investments	**–**	(500.00)
	Net cash generated from investing activities	**10,203.46**	22,177.75

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

(₹ in lakh)

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
C. Cash flows from financing activities		
Proceeds from issue of Equity shares of the Company	**1.17**	1.75
Proceeds from borrowings	**56,775.62**	22,469.50
Repayment of borrowings	**(56,838.56)**	(47,320.00)
Dividend Paid (including tax thereon)	**(3,087.33)**	(3,232.19)
Interest paid	**(1,127.16)**	(2,803.53)
Payment of lease liability	**(492.00)**	–
Net cash (used in) financing activities	**(4,768.26)**	(30,884.47)
Net (decrease)/increase in cash and cash equivalents	**(3,569.31)**	7,303.29
Cash and cash equivalents at the beginning of the year	**10,900.65**	3,597.36
Cash and cash equivalents at the end of the year	**7,331.34**	10,900.65

Summary of significant accounting policies (Refer Note 2)

The accompanying notes 1 to 45 are an integral part of these financial statements

Change in Liability arising from financing activities

(₹ in lakh)

Particulars	As at 1st April, 2019	Cashflow	As at 31st March, 2020
Borrowings (Refer Note 19)	11,954.49	(62.94)	**11,891.55**

Notes:

(a) The above Cash Flow Statement has been prepared under the “indirect method” as set out in ‘Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows’.

(b) Also refer note no. 13 - Cash and Bank Balances

As per our Report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm’s Registration Number:- 117366W/W-100018

Ketan Vora
Partner
Membership No. 100459

Mumbai : 14th May, 2020

Suhas Kulkarni
Company Secretary

Vimal Agarwal
Chief Financial Officer

Mumbai : 14th May, 2020

For and on behalf of the Board of Directors of
Mahindra Lifespace Developers Limited

Arun Nanda	Chairman	- DIN: 00010029
Anish Shah	Director	- DIN: 02719429
Sangeeta Prasad	Managing Director & CEO	- DIN: 02791944

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity share capital

(₹ in lakh)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
Balance at the Beginning of the year		**5,134.91**	5,132.81
Add: Stock options allotted during the year	16	**1.23**	2.10
Balance at the end of the year		**5,136.14**	5,134.91

B. Other Equity

(₹ in lakh)

	Share Application money pending allotment	Securities Premium	General Reserve	Other Reserves#	Retained Earnings	Total
As at 31st March, 2018	0.53	96,857.78	7,299.49	16,254.51	55,018.39	175,430.70
Profit for the year	–	–	–	–	5,859.45	5,859.45
Other Comprehensive Income / (Loss) net of taxes*	–	–	–	–	(77.01)	(77.01)
Total Comprehensive Income for the year	–	–	–	–	5,782.44	5,782.44
Dividend paid on Equity Shares	–	–	–	–	(3,080.02)	(3,080.02)
Dividend Distribution Tax	–	–	–	–	(162.81)	(162.81)
Allotment of Shares to Employees	(0.53)	76.99	–	(76.99)	–	(0.53)
Transfers to retained earnings	–	–	–	–	8,375.00	8,375.00
Transfers from Reserves	–	–	–	(8,375.00)	–	(8,375.00)
Adjustment relating to cumulative effect of applying IND AS 115 - Revenue from Contracts with Customers	–	–	–	–	(7,958.14)	(7,958.14)
Exercise of employee stock options	0.18	–	–	–	–	0.18
Arising on share based payment	–	–	–	(15.48)	–	(15.48)
As at 31st March, 2019	0.18	96,934.77	7,299.49	7,787.04	57,974.86	169,996.34
Loss for the year	–	–	–	–	(22,600.51)	(22,600.51)
Other Comprehensive Income / (Loss) net of taxes*	–	–	–	–	85.53	85.53
Total Comprehensive Loss for the year	–	–	–	–	(22,514.98)	(22,514.98)
Dividend paid on Equity Shares	–	–	–	–	(3,081.14)	(3,081.14)
Dividend Distribution Tax	–	–	–	–	–	–
Allotment of Shares to Employees	(0.18)	50.72	–	(50.72)	–	(0.18)
Transfers to retained earnings	–	–	–	–	–	–
Transfers from Reserves	–	–	–	–	–	–
Exercise of employee stock options	0.12	–	–	–	–	0.12
Arising on share based payment	–	–	–	92.35	–	92.35
As at 31st March, 2020	0.12	96,985.49	7,299.49	7,828.67	32,378.74	144,492.51

* Remeasurement gains/ (losses) net of taxes on defined benefit plans during the year is recognised as part of retained earnings.

B. Other Equity (Cont…)

#Other Reserves

(₹ in lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(I) Debenture Redemption Reserve :		
Balance as at the beginning of the year	–	8,375.00
Less :		
Transfer to Retained Earnings in Statement of Profit and Loss	–	(8,375.00)
Balance as at the end of the year	–	–
(II) Capital Redemption Reserve :		
Balance as at the beginning and at the end of the year	**7,353.58**	7,353.58
(III) Share Options Outstanding Account		
Balance as at the beginning of the year	**433.46**	525.93
Add/(Less):		
Arising on share based payment	**41.63**	(92.47)
Balance as at the end of the year	**475.09**	433.46
Total	**7,828.67**	7,787.04

Summary of Significant Accounting Policies (Refer note 2)

The accompanying notes 1 to 45 are an integral part of these financial statements

As per our Report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration Number:- 117366W/W-100018

Ketan Vora
Partner
Membership No. 100459

Mumbai : 14th May, 2020

Suhas Kulkarni
Company Secretary

Vimal Agarwal
Chief Financial Officer

Mumbai : 14th May, 2020

For and on behalf of the Board of Directors of
Mahindra Lifespace Developers Limited

Arun Nanda Chairman - DIN: 00010029
Anish Shah Director - DIN: 02719429
Sangeeta Prasad Managing Director & CEO - DIN: 02791944

Notes to the Standalone Financial Statements as at and for the year ended 31st March, 2020

1. General Information

Mahindra Lifespace Developers Limited ('the Company') is a limited company incorporated in India. The equity shares of the Company are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). Its parent and ultimate holding company is Mahindra & Mahindra Limited.

The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The Company along with its subsidiary companies is engaged in the development of residential projects and large formats developments such as integrated cities and industrial clusters.

2. Significant Accounting Policies

2.1 Statement of compliance and basis of preparation and presentation

The Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the 'Act') and other relevant provision of the act. The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in the meeting held on 14th May, 2020.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 Basis of measurement

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

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

2.3 Measurement of Fair Values

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

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

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

2.4 Revenue from Contracts with Customers

2.4.1 Revenue from Projects

i. The Company develops and sells residential and commercial properties. Revenue from contracts is recognised when control over the property has been transferred to the customer. An enforceable right to payment does not arise until the development of the property is completed. Therefore, revenue is recognised at a point in time i.e. Completed contract method of accounting as per IND AS 115 when (a) the seller has transferred to the buyer all significant risks and rewards of ownership and the seller retains no effective control of the real estate to a degree usually associated with ownership, (b) The seller has effectively handed over possession of the real estate unit to the buyer forming part of the transaction; (c) No significant uncertainty exists regarding the amount of consideration that will be derived from real estate sales; and (d) It is not unreasonable to expect ultimate collection of revenue from buyers. The revenue is measured at the transaction price agreed under the contract.

ii. The Company invoices the customers for construction contracts based on achieving performance-related milestones.

iii. For certain contracts involving the sale of property under development, the Company offers deferred payment schemes to its customers. The Company adjusts the transaction price for the effects of the significant financing component.

iv. Costs to obtain contracts ("Contract costs") relate to fees paid for obtaining property sales contracts. Such costs are recognised as assets when incurred and amortised upon recognition of revenue from the related property sale contract.

v. Contract assets is the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time.

2.4.2 Revenue from Sale of land and other rights

Revenue from Sale of land and other rights is generally a single performance obligation and the Company has determined that this is satisfied at the point in time when control transfers as per the terms of the contract entered into with the buyers, which generally are with the firmity of the sale contracts / agreements.

2.4.3 Revenue from Project Management fees and Rental Income

Revenue from Project Management Fees and Rental Income are recognized on accrual basis as per the terms and conditions of relevant agreements.

2.4.4 Dividend and interest income

Dividend income from investment in mutual funds is recognised when the unit holder's right to receive payment has been established.

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

2.5 Current versus non-current classification

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Based on the nature of activity carried out by the company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current – Non Current classification of assets & liabilities.

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

— Expected to be realised or intended to be sold or consumed in normal operating cycle

— Held primarily for the purpose of trading

— Expected to be realised within twelve months after the reporting period, or

— Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

— It is expected to be settled in normal operating cycle

— It is held primarily for the purpose of trading

— It is due to be settled within twelve months after the reporting period, or

— There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Borrowings are classified as current if they are due to be settled within 12 months after the reporting period.

2.6 Leasing

With effect from 01st April 2019, the Company has applied Ind AS 116 using the modified prospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17. The impact of change in accounting policies is disclosed in Note no 33.

2.6.1 The Company as a Lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as expense on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature. The Company did not need to make any adjustments to the accounting for assets held as a lessor as a result of adopting the new leasing standard.

2.6.2 The Company as a Lessee

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term and a corresponding lease liability at the lease commencement date i.e. the date at which the leased asset is available for use by the Company. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

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

2.7 Foreign exchange transactions and translation

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

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

2.8 Employee Benefits

2.8.1 Defined contribution plans

The Company's contribution paid/payable during the year to Superannuation Fund and Provident fund is recognised in profit or loss.

2.8.2 Defined benefit plan

The liability or assets recognised in the Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The defined benefit obligation is calculated by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows with reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the employee benefit expenses in the Statement of Profit and Loss.

2.8.3 Remeasurement gains/losses

Remeasurement of defined benefit plans, comprising of actuarial gains or losses, return on plan assets excluding interest income are recognised immediately in balance sheet with corresponding debit or credit to other comprehensive income. They are included in Retained Earnings in the Statement of Changes in Equity and in the Balance Sheet. Remeasurements are not reclassified to profit or loss in subsequent period.

Remeasurement gains or losses on long term compensated absences that are classified as other long term benefits are recognised in profit or loss.

2.8.4 Short-term and other long-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of expected future payments to be made in respect of services provided by employees up the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit and Loss.

2.8.5 Employee Stock Option Scheme

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period the Company revises its estimate of the No. of equity instruments expected to vest. The impact of revision of the original estimate, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate with the corresponding adjustments to the equity settled.

2.9 Cash and Cash Equivalents

Cash and cash equivalent in the Balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

2.10 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS - 33 on 'Earnings per Share'. Basic earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all diluted potential equity shares except where the results are anti- dilutive.

2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.12 Income Taxes

Income Tax expense represents the sum of tax currently payable and deferred tax

2.12.1 Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rate that has been enacted or substantially enacted by the end of the reporting period.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the

Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

2.12.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

2.12.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.13 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Furniture & Fixtures and Office equipment's are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Depreciation on tangible fixed assets has been provided on pro-rata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for certain assets as indicated below:

Lease hold improvements are amortised over the period of lease/ estimated period of lease.

Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of the vehicle for the Company.

Sales office and the sample flat/ show unit cost at site is amortised over 5 years or the duration of the project (as estimated by management) whichever is lower.

Fixed Assets held for disposal are valued at estimated net realizable value.

2.14 Intangible Assets

2.14.1 Intangible assets acquired separately

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

2.14.2 Derecognition of Intangible assets

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

2.14.3 Useful lives of Intangible assets

Estimated useful lives of the intangible assets are as follows:

Computer Software	5 years

2.15 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

Investment property includes freehold/leasehold land and building. Depreciation on investment property has been provided on pro-rata basis, on the straight-line method as per the useful life of such property. Buildings are depreciated over the period of 60 years considering this period as the useful life for the Company.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.16 Impairment of tangible and intangible asset other than Goodwill

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

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

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

2.17 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest & manpower costs and expenses incidental to the projects undertaken by the Company.

2.18 Dividend Distribution

Dividends paid (including income tax thereon) is recognized in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

2.19 Provisions and contingent liabilities

2.19.1 Provisions

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

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

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

Provisions and contingent liabilities are reviewed at each Balance Sheet date.

2.19.2 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.19.3 Contingent liabilities

Contingent liability is disclosed in case of:

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

b) a present obligation arising from past events, when no reliable estimate is possible.

2.20 Financial instruments

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

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

2.20.1 Classification and subsequent measurement

2.20.1.1 Financial assets

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

On initial recognition, a financial asset is classified as - measured at:

— Amortised cost; or

— Fair Value through Other Comprehensive Income (FVTOCI) - debt investment; or

— Fair Value through Other Comprehensive Income (FVTOCI) - equity investment; or

— Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

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

Debt investment at FVTOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for medium or long term strategic purpose.

Equity investments that are not designated as measured at FVTOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

2.20.1.2 Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

2.20.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

2.20.3 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.20.4 Impairment of financial assets

The Company applies the expected credit loss (ECL) model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVTOCI, the loss allowance is recognised in OCI and is not reduced from the carrying amount of the financial asset in the balance sheet.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2.20.5 Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

3. Use of estimates and judgements

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

In the process of applying the Company's accounting policies, management has made the following judgements based on estimates and assumptions, which have the significant effect on the amounts recognised in the financial statements:

A. Useful lives of property, plant and equipment, Investment Property and Intangible Asset

The Company reviews the useful life of property, plant and equipment, Investment Property and Intangible Asset at the end of each reporting period. This re-assessment may result in change in depreciation expense in future periods.

B. Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets, liabilities and share based payments are disclosed in the notes to the financial statements.

C. Actuarial Valuation

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

D. Taxes

Deferred tax assets are recognised for temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

E. Determination of the timing of revenue recognition on the sale of completed and under development property

The Company has evaluated and generally concluded that the recognition of revenue over the period of time criteria are not met owing to non-enforceable right to payment for performance completed to date and, therefore, recognises revenue at a point in time. The Company has further evaluated and concluded that based on the analysis of the rights and obligations under the terms of the contracts relating to the sale of property, the revenue is to be recognised at a point in time when control transfers which coincides with receipt of Occupation Certificate.

F. Determination of performance obligations

With respect to the sale of property, the Company has evaluated and concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property is to undertake development of property and obtaining the Occupation Certificate. Generally, the Company is responsible for all these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Company accounts for them as a single performance obligation because they are not distinct in the context of the contract.

G. Impairment of investments

The Company assesses impairment of investments in subsidiaries, associates and joint ventures which are recorded at cost. At the time when there are any indications that such investments have suffered a loss, if any, is recognised in the statement of Profit and Loss. The recoverable amount requires estimates of operating margin, discount rate, future growth rate, terminal values, etc. based on management's best estimate.

H. Leases

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

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

4 - Property, Plant and Equipment

(₹ in lakh)

Description of Assets	Building	Leasehold Improvements	Office Equipments	Furniture and Fixtures	Vehicles	Computers	Total
I. Gross Carrying Amount							
Balance as at 1st April, 2019	477.02	588.63	228.82	106.77	421.54	548.71	2,371.49
Additions during the year	–	24.26	2.20	17.77	38.90	16.49	99.62
Deductions/Adjustments during the year	–	–	(33.01)	(18.33)	(230.46)	(23.33)	(305.13)
Balance as at 31st March, 2020	**477.02**	**612.89**	**198.01**	**106.21**	**229.98**	**541.87**	**2,165.98**
II. Accumulated depreciation and impairment							
Balance as at 1st April, 2019	394.40	366.01	203.00	71.87	259.17	476.34	1,770.79
Depreciation expense for the year	17.79	77.32	10.78	9.53	50.02	41.69	207.13
Deductions/Adjustments during the year	–	–	(32.00)	(16.58)	(189.93)	(23.32)	(261.83)
Balance as at 31st March, 2020	**412.19**	**443.33**	**181.78**	**64.82**	**119.26**	**494.71**	**1,716.09**
III. Net carrying amount (I-II)	**64.83**	**169.56**	**16.23**	**41.39**	**110.72**	**47.16**	**449.89**

Description of Assets	Building	Leasehold Improvements	Office Equipments	Furniture and Fixtures	Vehicles	Computers	Total
I. Gross Carrying Amount							
Balance as at 1st April, 2018	475.44	542.27	220.26	105.23	468.73	639.92	2,451.85
Additions during the year	39.19	46.36	12.25	2.24	128.57	52.88	281.49
Deductions/Adjustments during the year	(37.61)	–	(3.69)	(0.70)	(175.76)	(144.09)	(361.85)
Balance as at 31st March, 2019	477.02	588.63	228.82	106.77	421.54	548.71	2,371.49
II. Accumulated depreciation and impairment							
Balance as at 1st April, 2018	380.14	311.18	193.10	63.53	339.46	566.14	1,853.55
Depreciation expense for the year	51.87	54.83	13.53	9.04	62.25	54.20	245.72
Deductions/Adjustments during the year	(37.61)	–	(3.63)	(0.70)	(142.54)	(144.00)	(328.48)
Balance as at 31st March, 2019	394.40	366.01	203.00	71.87	259.17	476.34	1,770.79
III. Net carrying amount (I-II)	82.62	222.62	25.82	34.90	162.37	72.37	600.70

5 - Right of Use Assets

(₹ in lakh)

Description of Assets	Buildings
I. Gross Carrying Amount	
As at 1st April, 2019 (refer note no. 33)	973.12
Balance as at 31st March, 2020	**973.12**
II. Accumulated depreciation	
Depreciation expense for the year	458.57
Balance as at 31st March, 2020	**458.57**
III. Net carrying amount (I-II)	**514.55**

6 - Investment Property

(₹ in lakh)

Description of Assets	Land	Buildings	Total
I. Gross Carrying Amount			
Balance as at 1st April, 2019	1,766.17	1,189.01	2,955.18
Balance as at 31st March, 2020	**1,766.17**	**1,189.01**	**2,955.18**
II. Accumulated depreciation and impairment			
Balance as at 1st April, 2019	–	814.35	814.35
Depreciation expense for the year	–	46.01	46.01
Balance as at 31st March, 2020	**–**	**860.36**	**860.36**
III. Net carrying amount (I-II)	**1,766.17**	**328.65**	**2,094.82**
I. Gross Carrying Amount			
Balance as at 1st April, 2018	1,766.17	1,189.01	2,955.18
Balance as at 31st March, 2019	**1,766.17**	**1,189.01**	**2,955.18**
II. Accumulated depreciation and impairment			
Balance as at 1st April, 2018	–	768.31	768.31
Depreciation expense for the year	–	46.04	46.04
Balance as at 31st March, 2019	**–**	**814.35**	**814.35**
III. Net carrying amount (I-II)	**1,766.17**	**374.66**	**2,140.83**

Fair value disclosure on Company's investment properties

The Company's investment property consist of a commercial property constructed on land taken on perpetual lease in India, Mahindra Towers at Delhi. Management determined that the investment properties consist of two classes of assets – office and retail – based on the nature, characteristics and risks of each property.

Details of the investment properties and information about the fair value hierarchy:

Particulars	Mahindra Towers, Delhi #		
	Land	Buildings	Total
Opening balance as at 1st April, 2018	**14,139.17**	**1,133.82**	**15,272.99**
Fair value difference	141.72	(29.84)	111.88
Closing balance as at 31st March, 2019	**14,280.89**	**1,103.98**	**15,384.87**
Fair value difference	(1,760.89)	(33.98)	(1,794.87)
Closing balance as at 31st March, 2020	**12,520.00**	**1,070.00**	**13,590.00**

\# The fair values of the Mahindra Towers at Delhi have been arrived at on the basis of a valuation carried out by the independent valuers of Anarock Property Consultant Pvt. Ltd., not related to the Company who are registered with the authority which governs the valuers in India and have appropriate qualifications and experience in the valuation of properties in the relevant locations. The Fair value was determined using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data.

Information regarding income and expenditure of Investment property:

(₹ in lakh)

Particulars	**For the year ended 31st March, 2020**	For the year ended 31st March, 2019
Rental income derived from investment properties (included in 'Revenue from Operations')	**1,151.81**	1,437.09
Direct operating expenses (including repairs and maintenance) that generate rental income	**308.61**	277.87

7 - Intangible Assets

(₹ in lakh)

Description of Assets	Computer Software
I. Gross Carrying Amount	
Balance as at 1st April, 2019	361.00
Additions during the year	–
Balance as at 31st March, 2020	**361.00**
II. Accumulated depreciation and impairment	
Balance as at 1st April, 2019	328.82
Amortisation expense for the year	14.27
Balance as at 31st March, 2020	**343.09**
III. Net carrying amount (I-II)	**17.91**

Description of Assets	Computer Software
I. Gross Carrying Amount	
Balance as at 1st April, 2018	361.00
Additions during the year	–
Balance as at 31st March, 2019	**361.00**
II. Accumulated depreciation and impairment	
Balance as at 1st April, 2018	314.46
Amortisation expense for the year	14.36
Balance as at 31st March, 2019	**328.82**
III. Net carrying amount (I-II)	**32.18**

8 - Investments

(₹ in lakh)

Particulars	As at 31st March, 2020			As at 31st March, 2019		
	Face Value	**QTY**	**Amounts* Non Current**	Face Value	QTY	Amounts* Non Current
A. COST						
Unquoted Investments (all fully paid)						
Investments in Equity Instruments						
- of Subsidiaries						
Mahindra Infrastructure Developers Limited	**10**	**18,000,000**	**1,800.00**	10	18,000,000	1,800.00
Mahindra World City (Maharashtra) Limited	**10**	**1,170,400**	**117.04**	10	1,170,400	117.04
Mahindra Integrated Township Limited	**10**	**37,000,000**	**3,700.00**	10	37,000,000	3,700.00
Knowledge Township Limited	**10**	**21,000,000**	**2,372.94**	10	21,000,000	2,372.94
Industrial Township (Maharashtra) Limited	**10**	**5,000,000**	**500.00**	10	5,000,000	500.00
Mahindra Bloomdale Developers Limited (Earlier known as Mahindra Bebanco Developers Limited w.e.f. 29th May, 2018)	**10**	**50,000**	**403.50**	10	50,000	403.50
Anthurium Developers Limited	**10**	**50,000**	**5.00**	10	50,000	5.00
Deepmangal Developers Private Limited	**10**	**177**	**284.61**	10	177	284.61
- of Joint Ventures						
Mahindra World City (Jaipur) Limited	**10**	**111,000,000**	**11,115.43**	10	111,000,000	11,115.43
Mahindra Happinest Developers Limited	**10**	**51,000**	**5.10**	10	51,000	5.10
Mahindra Industrial Park Private Limited (Earlier known as Industrial Cluster Private Limited)	**10**	**50,000**	**5.00**	10	50,000	5.00

8 - Investments (Contd.)...

(₹ in lakh)

Particulars	As at 31st March, 2020 Face Value	QTY	Amounts* Non Current	As at 31st March, 2019 Face Value	QTY	Amounts* Non Current
Mahindra World City Developers Limited	10	17,799,999	3,889.43	10	17,799,999	3,889.43
Mahindra Homes Private Limited						
Class A Equity Shares	10	616,879	61.69	10	616,879	61.69
Class C Equity Shares (Refer note 'a' below)	10	64,423	32,054.04	10	389	0.04
- of Associate						
Mahindra Knowledge Park (Mohali) Limited	10	6	0.00	10	6	0.00
TOTAL INVESTMENTS CARRIED AT COST [A]			56,313.78			24,259.78
B. AMORTISED COST						
Unquoted Investments (all Fully Paid)						
Investments in Preference Shares						
- of Subsidiaries						
Moonshine Construction Pvt Limited (7.00% Non-Cumulative Redeemable Participating Preference Shares)	10	5,000	0.50	10	5,000	0.50
Mahindra World City Maharashtra Limited (8.50% Non convertible Preference Shares)	10	175,000	17.50	10	175,000	17.50
- of Joint Ventures						
Mahindra Homes Private Limited (Series A 0.01% Optionally Convertible Redeemable Preference Shares)	10	1	0.00	10	1	0.00
TOTAL INVESTMENTS CARRIED AT AMORTISED COST [B]			18.00			18.00
C. Designated at Fair Value Through Profit and Loss						
Unquoted Investments (all fully paid)						
Investments in Preference Shares						
- of Joint Ventures						
Mahindra Happinest Developers Limited (0.01% Optionally Convertible Redeemable Preference Shares)	10	949,661	834.00	10	308,400	276.00
- of Other Entities						
Urban Stay Technologies Private Limited (0.0001% Cumulative Compulsorily Convertible Preference Shares)	10	45,000	437.85	10	45,000	481.05
Investments in Debentures						
- of Joint Ventures						
Mahindra Industrial Park Private Limited (Earlier known as Industrial Cluster Private Limited) (11% Optionally Convertible Debentures)	100,000	7,457	8,605.00	100,000	6,382	6,389.00
Mahindra Happinest Developers Limited (15% Optionally Convertible Redeemable Debentures)	10	16,121,060	1,915.72	10	6,900,000	787.00
Mahindra Homes Private Limited (Refer note 'a' below) (14% Optionally Convertible Debentures)	–	–	–	100	32,017,000	32,111.00
- of Subsidiaries						
Knowledge Township Limited # (11.00% Optionally Convertible Debentures)	100,000	2,637	2,637.00	100,000	2,637	2,641.53
Investments in Equity Instruments						
- of Other Entities						
New Tirupur Area Development Corporation Limited	10	500,000	0.00	10	500,000	0.00
Urban Stay Technologies Private Limited	10	1,550	15.08	10	1,550	16.57
Total Aggregate Unquoted Investments			14,444.65			42,702.15
TOTAL INVESTMENTS CARRIED AT FVTPL [C]			14,444.65			42,702.15
TOTAL INVESTMENTS (A) + (B)+ (C)			70,776.43			66,979.93
Total Impairment value for investment carried at cost (D) (Refer notes 'b' and 'c' below)			(24,074.09)			(1,912.01)
TOTAL INVESTMENTS CARRYING VALUE (A) + (B) + (C) + (D)			46,702.34			65,067.92
Other disclosures						
Aggregate carrying value of unquoted investments			70,776.43			66,979.93
Aggregate amount of impairment in value of unquoted investments			(24,074.09)			(1,912.01)

* ₹ 0.00 lakhs denotes amount less than ₹ 500/-

Notes:

a. During the year ended 31st March, 2020, the Company has opted to convert its investment in 3,20,17,000 Series B Optionally Convertible Debentures (OCD's) in Mahindra Homes Private Limited and has received 64,034 fully paid-up Series C Equity Shares (non-voting rights) of the face value of ₹ 10 each.

b. Mahindra Homes Private Limited (MHPL), a Joint Venture of the Company, is executing residential projects at NCR and Bengaluru. The residential project in NCR is a Joint Development with the land owner. The project saw a successful launch in 2015 in a buoyant market. The market has thereafter seen muted demand and declining prices. During the year ended 31st March, 2020, the company also saw significant cancellations of earlier bookings. The Company has evaluated the carrying value of its investment and on the basis of estimated Net Present Value of forecasted cash flows provided for an aggregate impairment loss of ₹ 23,731.31 lakh. This has been done as a matter of prudence in an uncertain market environment.

c. During the year ended 31st March, 2020, the Company has assessed its investment in subsidiaries and have considered provision of ₹ 230.77 lakhs (31st March 2019: ₹ NIL) in Industrial Township (Maharashtra) Limited, and reversal of provision of ₹ 1,800.00 lakhs (31st March 2019: ₹ NIL) for investment in Mahindra Infrastructure Developers Limited considering the performance of these Companies and their future projections, which have been included in note no. 28 - Other Expenses and note no.24 - Other Income of the statement of Profit & Loss respectively.

9 - Deferred Tax Asset (Net)

(₹ in lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred Tax Liabilities	**873.57**	905.39
Deferred Tax Assets	**(2,760.14)**	(2,438.29)
Total	**(1,886.57)**	(1,532.90)

Deferred Tax (assets)/liabilities in relation to:

Particulars	Opening Balance as at 1st April, 2019	Recognised in Statement of Profit and Loss*	Recognised in Other Comprehensive Income	Closing Balance as at 31st March, 2020
Fiscal allowance on Property, Plant and Equipment, Investment Property and Other Intangible Assets	631.87	(235.31)	–	**396.56**
Disallowance u/s 43(B) of the Income tax Act, 1961	(191.25)	83.57	–	**(107.68)**
Provision for Employee Benefits	(279.54)	159.37	28.77	**(91.40)**
Adjustment relating to cumulative effect of applying IND AS 115 - Revenue from Contracts with Customers	(1,806.59)	1,773.43	–	**(33.16)**
Carry forward of Business Loss	(160.91)	(2,366.99)	–	**(2,527.90)**
Other Temporary differences	273.52	203.49	–	**477.01**
Total	**(1,532.90)**	**(382.44)**	**28.77**	**(1,886.57)**

* The Taxation Laws (Amendment) Ordinance 2019 has inserted section 115BAA in the Income Tax Act 1961 providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. The Company has adopted the option as provided under section 115BAA in the Income Tax Act, 1961 for the financial year ended 31st March 2020. The Impact of such option on adjusting the opening deferred tax asset (net) is ₹ 451.65 lakhs which is recognised in the Profit and Loss statement for the year ended 31st March, 2020.

Deferred Tax (assets)/liabilities in relation to:

Particulars	Opening Balance as at 1st April, 2018	Adjusted in Opening Retained Earnings	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	Closing Balance as at 31st March, 2019
Fiscal allowance on Property, Plant and Equipment, Investment Property and Other Intangible Assets	573.71	–	58.16	–	631.87
Disallowance u/s 43(B) of the Income tax Act, 1961	(419.95)	–	228.70	–	(191.25)
Provision for Employee Benefits	(191.87)	–	(46.30)	(41.37)	(279.54)
Adjustment relating to cumulative effect of applying IND AS 115 - Revenue from Contracts with Customers	–	(4,267.01)	2,460.42	–	(1,806.59)
Carry forward of Business Loss	–	–	(160.91)	–	(160.91)
Other Temporary differences	214.92	–	58.60	–	273.52
Total	176.81	(4,267.01)	2,598.67	(41.37)	(1,532.90)

10 - Other Assets

(₹ in lakh)

Particulars	As at 31st March, 2020 Non Current	As at 31st March, 2020 Current	As at 31st March, 2019 Non Current	As at 31st March, 2019 Current
(a) Capital Advances	**251.90**	**–**	251.90	–
(b) Advances other than capital advances				
(i) Advances to related parties *	**–**	**2,000.00**	–	2,000.00
(ii) Balances with government authorities (other than income taxes)	**–**	**549.97**	–	1,503.37
(iii) Prepaid Expenses	**–**	**1,688.30**	–	727.91
(iv) Income Tax Assets (Net)	**3,861.59**	**–**	3,095.59	–
(v) Security Deposits	**–**	**1,729.00**	–	1,425.00
(vi) Other Advances #	**–**	**2,941.22**	–	5,647.57
Total	**4,113.49**	**8,908.49**	3,347.49	11,303.85

\# Other Advances mainly includes Advance to Employees and Project Advances given to vendors.

Advance given to employees as per the Company's policy are not considered for the purposes of disclosure under section 186(4) of the Companies Act, 2013.

* The Company had entered into an agreement to acquire a parcel of land near Thane, Maharashtra, at a consideration of ₹ 2,000.00 lakhs. While full consideration was paid, the land was not conveyed pending completion of certain formalities. The Company has incurred additonal cost of ₹ 1,530.54 lakhs towards liasoning and other related costs upto 31st March 2020, ₹ 879.00 lakhs upto 31st March 2019 which has been included in inventories as construction work in progress in note no. 10. Tahsildar (Thane) has issued an order against the registered owner alleging non-adherence of certain conditions pertaining to Bombay Tenancy and Agricultural Lands Act, 1948 and changed the land records to reflect Government of Maharashtra as the holder of the land. The Company has been legally advised that the said order and the demand thereunder is grossly erroneous and not tenable. Accordingly, the Company has filed an appeal before Sub-Divisional Officer Thane (SDO). SDO after hearing and completing the process has issued an order dated 07th February, 2019 and set aside the order passed by Tahsildar (Thane) and has also directed Tahsildar (Thane) to delete the name of Government of Maharashtra from the land records of the aforesaid land.

11 - Inventories (at lower of cost and net realisable value)

(₹ in lakh)

Particulars		As at 31st March, 2020	As at 31st March, 2019
(a)	Raw materials	**2,006.57**	2,449.90
(b)	Construction Work-in-progress*	**80,457.45**	83,501.02
(c)	Stock in Trade	**8,786.71**	13,827.59
Total		**91,250.73**	99,778.51

* Construction Work-in-Progress represents materials at site and construction cost incurred for the projects.

Notes:

1. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein. The amount of inventories recognised as an expense of ₹ 35,064.64 lakhs (31st March, 2019: ₹ 33,283.67 lakhs) include 31st March, 2020: ₹ NIL (31st March, 2019: ₹ 5.34 lakhs) in respect of write down of inventory to net realisable value.
2. The Company has availed cash credit facilities and short term loans, which are secured by hypothecation of inventories.
3. The Company had purchased land parcel at Alibaug and two GAT Numbers (1755 and 1756) out of this land parcel have been attached by Income Tax department by serving order of attachment dated 31st July 2017 on one of the erstwhile land owners in lieu of recovery proceedings of tax dues of ₹ 5,988.00 lakhs payable towards Income Tax department. The Company had lodged objections to the attachment of these two GAT Numbers with Income Tax Department.

During the year ended 31st March, 2020, based on the Order Giving Effect received from the Income Tax Department, the income tax liability has been reduced to ₹ 24.12 lakhs and the wealth tax liability has been reduced to ₹6.06 lakhs.

12 - Trade receivables

(₹ in lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade receivables		
(a) Considered good - unsecured	**8,963.72**	11,287.36
(b) Credit impaired	**141.72**	286.16
	9,105.44	11,573.52
Less: Allowance for credit losses	**(141.72)**	(286.16)
Total	**8,963.72**	11,287.36

12 a - Movement in the allowance for credit loss

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance at beginning of the year	**286.16**	360.15
Reversal during the year	**(144.44)**	(73.99)
Balance at end of the year	**141.72**	286.16

Refer Note 31 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related financial instrument disclosures.

13 - Cash and Bank Balances

(₹ in lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents		
(a) Cash on hand	**0.94**	0.47
(b) Cheques on hand	**253.80**	1,101.70
(c) Balance with Banks:		
- On current accounts*	**887.13**	4,069.71
- Fixed Deposit with original maturity Less than 3 months	**6,189.47**	5,728.77
Total Cash and cash equivalent (considered in Statement of Cash Flows)	**7,331.34**	10,900.65
Bank Balances other than Cash and cash equivalents		
(a) Balances with Banks:		
(i) Earmarked balances	**1,555.14**	1,242.05
(ii) On Margin Accounts	**27.85**	481.84
(iii) Fixed Deposits with original maturity greater than 3 months	**626.56**	9,064.46
Total Other Bank balances	**2,209.55**	10,788.35

* Includes ₹ 12.79 lakhs (31st March, 2019: ₹ 9.34 lakhs) held in AED denominated bank accounts

14 - Loans

(₹ in lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Loans receivables considered good - unsecured		
a) Security Deposits	**1,709.17**	2,039.87
b) Loans to related parties (refer note 36)	**6,596.91**	3,155.09
Total (a+b)	**8,306.08**	5,194.96

15 - Other financial assets

(₹ in lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Financial assets at amortised cost		
a) Interest Accrued	**16,017.09**	19,644.12
Total	**16,017.09**	19,644.12

16 - Equity Share Capital

(₹ in lakh)

Particulars	As at 31st March, 2020 No. of shares	As at 31st March, 2020 Amount	As at 31st March, 2019 No. of shares	As at 31st March, 2019 Amount
Authorised:				
Equity shares of ₹ 10 each with voting rights	**115,000,000**	**11,500.00**	115,000,000	11,500.00
Unclassified shares of ₹ 10 each	**6,000,000**	**600.00**	6,000,000	600.00
Issued:				
Equity shares of ₹ 10 each with voting rights	**51,412,451**	**5,141.25**	51,400,151	5,140.02
Subscribed and Fully Paid up:				
Equity shares of ₹ 10 each with voting rights	**51,361,388**	**5,136.14**	51,349,088	5,134.91
Total	**51,361,388**	**5,136.14**	51,349,088	5,134.91

(i) Reconciliation of the number of shares and outstanding amount

Particulars	As at 31st March, 2020 No. of Shares	As at 31st March, 2020 Amount ₹ in lakh	As at 31st March, 2019 No. of Shares	As at 31st March, 2019 Amount ₹ in lakh
Balance at the Beginning of the year	**51,349,088**	**5,134.91**	51,328,138	5,132.81
Add: Stock options allotted during the year	**12,300**	**1.23**	20,950	2.10
Balance at the end of the year	**51,361,388**	**5,136.14**	51,349,088	5,134.91

Terms/rights attached to equity shares with voting rights

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and carry a right to dividends. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

(ii) Details of shares held by the holding company and its subsidiaries:

Particulars	Equity Shares with Voting rights
As at 31st March, 2020	
Mahindra & Mahindra Ltd. the Holding Company	26,439,850
As at 31st March, 2019	
Mahindra & Mahindra Ltd. the Holding Company	26,439,850

Other than the above shares, no shares are held by any subsidiaries or associates of the holding company.

(iii) Details of shares held by each shareholder holding more than 5% shares

Class of shares / Name of shareholder	As at 31st March, 2020 Number of shares held	As at 31st March, 2020 % holding	As at 31st March, 2019 Number of shares held	As at 31st March, 2019 % holding
Equity shares with voting rights				
Mahindra & Mahindra Limited	**26,439,850**	**51.48%**	26,439,850	51.49%
ICICI Prudential Life Insurance Company Limited*	**–**	**–**	2,633,709	5.13%

* The holding of ICICI Prudential Life Insurance Company Limited has reduced below 5% during the year hence not disclosed.

(iv) Shares reserved for issue under options

The Company has 126,350 (Previous Year 96,850) equity shares of ₹ 10/- each reserved for issue under options [Refer Note 26].

(v) The allotment of 51,063 (Previous Year 51,063) equity shares of the Company has been kept in abeyance in accordance with Section 206A of the Companies Act, 1956 (Section 126 of the Companies Act 2013), till such time the title of the bonafide owner of the shares is certified by the concerned Stock Exchange or the Special Court (Trial of Offences relating to Transactions in Securities).

17 - Other equity

(₹ in lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
General reserve	**7,299.49**	7,299.49
Securities premium	**96,985.49**	96,934.77
Share options outstanding account	**475.09**	433.46
Retained earnings	**32,378.74**	57,974.86
Capital redemption reserve	**7,353.58**	7,353.58
Share Application money pending allotment	**0.12**	0.18
	144,492.51	169,996.34

Description of the nature and purpose of Other Equity:

General Reserve: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. Items included under General Reserve shall not be reclassified back into the Profit and Loss.

Securities Premium: The Securities Premium is created on issue of shares at a premium.

Share Options Outstanding Account: The Share Options Outstanding Account represents reserve in respect of equity settled share options granted to the Company's employees in pursuance of the Employee Stock Option Plan.

Retained Earnings: This reserve represents cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.

Capital Redemption Reserve: The Capital Redemption Reserve was created against redemption of Preference Shares.

Share Application Money Pending allotment- This represents share application money received from the eligible employees upon exercise of employee stock option. The same will be transferred to equity share capital account after the allotment of shares to the applicants. The share application money pending allotment of ₹ 0.18 lakhs pertaining to previous year has been transferred to equity share capital during the year upon allotment of shares.

Details of Dividends Proposed:

(₹ in lakh)

Particulars	For the year 31st March, 2020	For the year 31st March, 2019
Dividend per Equity Share (₹)	**–**	6.00
Dividend on Equity Shares	**–**	3,080.95
Dividend Distribution Tax	**–**	633.41
Total Dividend including Dividend Distribution Tax	**–**	3,714.36

Proposed dividends on equity shares are subject to approval in annual general meeting and are not recognised as a liability (including Dividend Distribution Tax thereon) as at 31st March 2019.

18 - Provisions

(₹ in lakh)

Particulars		As at 31st March, 2020 Current	As at 31st March, 2020 Non Current	As at 31st March, 2019 Current	As at 31st March, 2019 Non Current
(a)	**Provision for employee benefits**				
	-Gratuity	**–**	**67.28**	–	212.14
	-Leave Encashment	**61.02**	**204.90**	375.36	172.59
(b)	**Other Provisions**				
	-Defect Liabilities	**635.93**	**–**	413.23	–
Total Provisions		**696.95**	**272.18**	788.59	384.73

Details of movement in provisions for Defect Liabilities are as follows:

(₹ in lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening Balance as at	**413.23**	553.23
Additional provisions recognised	**249.00**	–
Amounts utilised during the year	**(26.30)**	(140.00)
Closing Balance as at	**635.93**	413.23

Defect Liability Provisions:

Provision for defect liability represents present value of management's best estimate of the future outflow of economic resources that will be required in respect of residential units when control over the property has been transferred to the customer, the estimated cost of which is accrued during the period of construction, upon sale of units and recognition of related revenue. Management estimates the related provision for future defect liability claims based on historical cost of rectifications and is adjusted regularly to reflect new information. The residential units are generally covered under a the defect liability period limited to 5 year from the date when control over the property has been transferred to the customer.

19 - Borrowings

(₹ in lakh)

Particulars		As at 31st March, 2020	As at 31st March, 2019
A.	**Secured Borrowings at amortised cost**		
(a)	Loans on cash credit account from Banks	**87.85**	3,994.37
Total		**87.85**	3,994.37
B.	**Unsecured Borrowings at amortised cost**		
(a)	Loans on cash credit account from Banks	**31.71**	460.12
(b)	Other Loans from banks	**11,771.99**	7,500.00
Total		**11,803.70**	7,960.12
Total (A+B)		**11,891.55**	11,954.49

Secured Borrowing

(a) The cash credit facility carrying interest rate in the range of 8.65% p.a. to 9.20% p.a.(Previous Year 8.80% p.a. to 9.20% p.a.) is secured by first charge on all existing and future current assets excluding land and immovable properties.

Unsecured Borrowings

(a) The cash credit facility is carrying interest rate in the range of 8.10% p.a. to 8.70% p.a. (Previous Year 8.20% to 8.30% p.a.)

(b) Other loans from banks include short term loan carrying interest rate in the range of 8.05% p.a. to 9.20% p.a. (Previous Year 8.05% p.a. to 8.80% p.a.)

20 - Trade Payables

(₹ in lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade payable - Micro and small enterprises* ...	**153.98**	–
Trade payable - Other than micro and small enterprises ...	**9,004.49**	12,314.19
Total ...	**9,158.47**	12,314.19

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

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

* This information has been determined to the extent such parties have been identified on the basis of intimation received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

Particulars	31st March, 2020	31st March, 2019
Dues remaining unpaid		
Principal ...	**153.98**	–
Interest ...	–	–
Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date ...	–	–
- Interest paid in terms of Section 16 of the MSMED Act ...	–	–
Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year ...	–	–
Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises ...	–	–
Amount of interest accrued and remaining unpaid ...	–	–

21 - Other Financial Liabilities

(₹ in lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Carried at Amortised Cost		
(a) Interest accrued ...	**26.59**	38.57
(b) Unclaimed dividends ...	**144.68**	150.87
(c) Other liabilities# ...	**3,465.75**	3,338.43
Total ...	**3,637.02**	3,527.87

Other liabilities majorly includes Trade Deposits and Society Maintenance deposits.

22 - Other Current Liabilities

(₹ in lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
a. Advances received from customers ...	**22,490.89**	36,784.55
b. Statutory dues payable* ...	**296.14**	336.35
Total ...	**22,787.03**	37,120.90

* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

23 - Revenue from Operations

(₹ in lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Revenue from Contracts with Customers		
(i) Revenue from Projects ...	**42,103.00**	44,289.86
(ii) Project Management Fees ...	**733.98**	2,876.26
(b) Income from Operation of Commercial Complexes ...	**1,151.49**	1,437.09
Total ...	**43,988.47**	48,603.21

Notes:

(1) Contract Balances

(a) Amounts received before the related performance obligation is satisfied are included in the balance sheet (Contract liability) as "Advances received from Customers" in note no. 22- Other Current Liabilities. Amounts billed for development milestone achieved but not yet paid by the customer are included in the balance sheet under trade receivables in note no. 12.

(b) During the year, the Company recognised Revenue of ₹ 24,830.49 lakhs (April 1, 2019: ₹ 14,925.36 lakhs) from opening contract liability (after Ind AS 115 adoption) of ₹ 36,784.55 lakhs (April 1, 2019 : ₹ 32,095.47 lakhs).

(c) There were no significant changes in the composition of the contract liabilities and Trade receivable during the reporting period other than on account of periodic invoicing and revenue recognition.

(d) Amounts previously recorded as contract liabilities increased due to further milestone based invoices raised during the year and decreased due to revenue recognised during the year on completion of the construction.

(e) Amounts previously recorded as Trade receivables increased due to further milestone based invoices raised during the year and decreased due to collections during the year.

(f) There are no contract assets outstanding at the end of the year.

(g) The aggregate amount of the transaction price allocated to the performance obligations that are completely or partially unsatisfied as March 31, 2020, is ₹ 57,082.93 lakhs (March 31, 2019 : ₹ 78,615.64 lakhs). Out of this, the Company expects, based on current projections, to recognize revenue of around 35% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience with a penalty as per the agreement since, based on current assessment, the occurrence of the same is expected to be remote.

(2) Reconciliation of revenue recognised with the contracted price is as follows:

(₹ in lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Contracted price ...	**42,103.00**	44,289.86
Adjustments on account of cash discounts or early payment rebates, etc...	–	–
Revenue recognised as per Statement of Profit & Loss ...	**42,103.00**	44,289.86

(3) Contract costs

(₹ in lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Contract costs included in Prepaid expenses in Note no. 10- Other Assets	**1,079.80**	117.78

(a) The Company incurs commissions that are incremental costs of obtaining a contract with a customer. Previously, all such costs were expensed as and when incurred. Under Ind AS 115, the Company recognises the incremental costs of obtaining a contract as assets under Prepaid Expenses under note no. 10 - Other Assets and amortises it upon completion of the related property sale contract.

(b) For the year ended 31 March 2020 amortisation amounting to ₹ 563.27 lakhs (31 March 2019: ₹ 375.97 lakhs) was recognised as Brokerage cost in note no. 25 - Cost of Sales. There were no impairment loss in relation to the costs capitalised.

24 - Other Income

(₹ in lakh)

Particulars			For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a)	Interest Income on:			
	(1)	Inter Corporate Deposits	**681.60**	440.11
	(2)	Bank Deposits	**611.48**	420.22
	(3)	Optionally Convertible Debentures	**–**	2,700.27
	(4)	Others*	**0.01**	113.83
(b)	Dividend Income from:			
	(1)	Joint Ventures and Subsidiaries	**3,085.00**	2,090.50
	(2)	Current investment - Non Trade	**–**	138.75
(c)	Gain on sale of current investments		**–**	67.57
(d)	Net gain on disposal of Property, Plant and Equipment and Investment Property		**–**	19.85
(e)	Net Gain arising on Financial Assets measured at Fair Value through Profit and Loss		**1,158.14**	167.75
(f)	Miscellaneous Income#		**2,544.70**	722.17
Total			**8,080.93**	6,881.02

* Other Interest Income includes interest income on account of financing component involved in contracts with customers and interest charged on late payment received from customers.

\# Miscellaneous Income includes reversal of provision for investment in a subsidiary viz. Mahindra Infrastructure Developers Limited amounting to ₹ 1,800.00 lakhs (31st March 2019: ₹ NIL) considering the performance of the Company and its future projections.

25 - Cost of Sales

(₹ in lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A. Cost of Project		
Opening Stock:		
Construction work-in-progress	**83,501.02**	60,307.94
Raw Material	**2,449.90**	2,197.52
Stock in trade	**13,827.59**	11,370.94
Sub-Total (a)	**99,778.51**	73,876.40
Adjustment relating to cumulative effect of applying IND AS 115 - Revenue from Contracts with Customers (b)	**–**	42,176.69
Add: Expenses incurred during the year		
Land Cost	**8,578.08**	731.32
Architect Fees	**408.70**	198.74
Civil Electricals, Contracting, etc.	**8,014.89**	10,246.14
Interest costs allocated	**988.90**	715.90
Employee benefits expense allocated	**1,345.68**	1,743.38
Liasioning costs	**6,240.67**	2,085.90
Insurance	**54.14**	12.48
Legal & Professional Fees	**905.80**	1,275.23
Sub-Total (c)	**26,536.86**	17,009.09
Less: Closing Stock:		
Construction work-in-progress	**80,457.45**	83,501.02
Raw Material	**2,006.57**	2,449.90
Stock in trade	**8,786.71**	13,827.59
Sub-Total (d)	**91,250.73**	99,778.51
Total A (a+b+c-d)	**35,064.64**	33,283.67
B. Operating Expenses		
Brokerage	**563.27**	375.97
Total B	**563.27**	375.97
Total (A+B)	**35,627.91**	33,659.64

26 - Employee Benefits Expense

(₹ in lakh)

Particulars		For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a)	Salaries and wages, including bonus	**7,695.80**	7,592.18
(b)	Contribution to provident and other funds	**453.32**	384.96
(c)	Share based payment expenses	**66.40**	62.84
(d)	Staff welfare expenses	**292.17**	336.94
Less : Allocated to projects		**(1,345.68)**	(1,743.38)
Total		**7,162.01**	6,633.54

Share based payment

The Company has granted options to its eligible employees under the Employee Stock Options Scheme 2006 ("ESOS 2006") and the Employee Stock Options Scheme 2012 ("ESOS 2012). The options granted under both the schemes are equity settled. Options granted vest in 4 instalments bifurcated as 20% each on the expiry of 12 months & 24 months, 30% each on the expiry of 36 months & 48 months respectively from the date of grant. The options may be exercised on any day over a period of five years from the date of vesting.

The other details of the schemes are summarised below:

Details about Vesting Conditions:

Particulars		Number of Options	Grant Date	Expiry Date	Exercise Price	Fair value per Option at Grant Date (₹)
	ESOS 2006					
1	Series 1 Granted on 25th April 2008	678,359	25-Apr-08	25-Apr-17	₹ 428 per share	443.79
2	Series 2 Granted on 4th August 2012	10,000	4-Aug-12	4-Aug-21	₹ 325 per share	294.06
	ESOS 2012					
1	Series 3 Granted on 4th August 2012	101,000	4-Aug-12	4-Aug-21	₹ 10 per share	294.06
2	Series 4 Granted on 24th July 2013	26,500	24-Jul-13	24-Jul-22	₹ 10 per share	409.27
3	Series 5 Granted on 17th October 2014	27,000	17-Oct-14	17-Oct-23	₹ 10 per share	461.87
4	Series 6 Granted on 30th April 2015	3,000	30-Apr-15	30-Apr-24	₹ 10 per share	402.60
5	Series 7 Granted on 28th January 2016	31,000	28-Jan-16	28-Jan-25	₹ 10 per share	417.10
6	Series 8 Granted on 28th July 2016	30,000	28-Jul-16	28-Jul-25	₹ 10 per share	420.53
7	Series 9 Granted on 25th July 2017	18,500	25-Jul-17	25-Jul-26	₹ 10 per share	393.45
8	Series 10 Granted on 30th Jan 2018	2,500	30-Jan-18	30-Jan-27	₹ 10 per share	453.81
9	Series 11 Granted on 30th July 2018	19,500	30-Jul-18	30-Jul-27	₹ 10 per share	532.67
10	Series 12 Granted on 14th Feb 2019	6,000	14-Feb-19	14-Feb-28	₹ 10 per share	341.88
11	Series 13 Granted on 26th July 2019	64,500	26-Jul-19	26-Jul-28	₹ 10 per share	353.37

Movement in Share Options

Particulars		**For the year ended 31st March, 2020**		For the year ended 31st March, 2019	
		Number of Options	**Weighted average exercise price (₹)**	Number of Options	Weighted average exercise price (₹)
1	The number and weighted average exercise prices of share options outstanding at the beginning of the year;	**96,850**	**23.46**	117,000	23.46
2	Granted during the year	**64,500**	**10.00**	25,500	10.00
3	Forfeited during the year	**21,300**	**10.00**	21,900	10.00
4	Exercised during the year	**12,300**	**10.00**	20,950	10.00
5	Expired during the year	**1,400**	**10.00**	2,800	10.00
6	Outstanding at the end of the year	**126,350**	**20.32**	96,850	23.46
7	Exercisable at the end of the year	**48,300**	**42.61**	49,350	35.20

Share Options Allotted during the Year

Particulars		Number of Options Exercised	Exercise Date	Price per Share at Exercise Date (₹)
Equity Settled				
1	Series 3 Granted on 4th August 2012	1,200	22-Aug-19	371.75
2	Series 5 Granted on 17th October 2014	450	28-Jun-19	394.38
3	Series 5 Granted on 17th October 2014	450	25-Apr-19	381.40
4	Series 5 Granted on 17th October 2014	450	25-Apr-19	381.40
5	Series 5 Granted on 17th October 2014	750	9-Apr-19	372.73
6	Series 7 Granted on 28th January 2016	300	2-Aug-19	369.28
7	Series 7 Granted on 28th January 2016	300	2-Aug-19	369.28

	Particulars	Number of Options Exercised	Exercise Date	Price per Share at Exercise Date (₹)
8	Series 7 Granted on 28th January 2016	450	2-Aug-19	369.28
9	Series 7 Granted on 28th January 2016	300	31-Jan-19	390.20
10	Series 7 Granted on 28th January 2016	450	31-Jan-19	390.20
11	Series 7 Granted on 28th January 2016	450	28-Jan-19	409.63
12	Series 7 Granted on 28th January 2016	300	15-Feb-19	374.95
13	Series 7 Granted on 28th January 2016	300	30-May-19	417.90
14	Series 7 Granted on 28th January 2016	300	30-May-19	417.90
15	Series 7 Granted on 28th January 2016	450	30-May-19	417.90
16	Series 7 Granted on 28th January 2016	750	6-Mar-19	377.88
17	Series 8 Granted on 28th July 2016	450	1-Aug-19	370.53
18	Series 8 Granted on 28th July 2016	750	30-Jul-19	366.73
19	Series 8 Granted on 28th July 2016	500	10-Jan-20	406.23
20	Series 8 Granted on 28th July 2016	500	10-Jan-20	406.23
21	Series 8 Granted on 28th July 2016	650	10-Jan-20	406.23
22	Series 9 Granted on 25th July 2017	300	18-Feb-19	373.08
23	Series 9 Granted on 25th July 2017	500	28-Aug-19	368.45
24	Series 11 Granted on 30th July 2018	500	8-Aug-19	384.15
25	Series 11 Granted on 30th July 2018	500	31-Oct-19	419.93
		12,300		

Share Options outstanding at the end of the year

The share options outstanding at the end of the year had a range of exercise prices of ₹ 10 - ₹ 325 (as at March 31, 2019: ₹ 10 - ₹ 325), and weighted average remaining contractual life of 2,317 days (as at March 31, 2019: 2,135 days).

The Fair value has been calculated using the Black Scholes option pricing model and the significant inputs used for the valuation are as follows

Particulars	4th August 2012	4th August 2012	24th July 2013	17th October 2014	30th April 2015	28th January 2016	28th July 2016
Share price per Option at grant date (₹)	324.14	324.14	454.09	516.08	467.60	482.25	450.60
Exercise price per Option (₹)	325.00	10.00	10.00	10.00	10.00	10.00	10.00
Expected volatility	44.15% - 59.61%	44.15% - 59.61%	47.63%	26.68% - 43.74%	26.11% - 37.68%	27.17% - 30.20%	26.98% - 28.17%
Expected life / Option Life	3.5 - 6.5 Years	3.5 - 6.5 Years	6 - 9 Years	3.5 - 6.5 Years	3.5 - 6.5 Years	3.5 - 6.5 Years	3.5 - 6.5 Years
Expected dividends yield	1.38%	1.38%	1.31%	2.28%	2.57%	2.49%	1.31%
Risk-free interest rate	8.06% - 8.20%	8.06% - 8.20%	8.31% - 8.39%	8.49% - 8.52%	7.69% - 7.74%	7.43% - 7.73%	6.88% - 7.14%

Particulars	25th July 2017	30th January 2018	30th July 2018	14th February 2019	26th July 2019
Share price per Option at grant date (₹)	393.45	453.81	532.67	341.88	353.37
Exercise price per Option (₹)	10.00	10.00	10.00	10.00	10.00
Expected volatility	27.24% - 28.90%	27.77% - 28.98%	27.95% - 30.52%	28.39% - 30.88%	28.40% - 29.58%
Expected life / Option Life	3.5 - 6.5 Years	3.5 - 6.5 Years	3.5 - 6.5 Years	3.5 - 6.5 Years	3.5 - 6.5 Years
Expected dividends yield	1.39%	1.22%	1.05%	1.58%	1.54%
Risk-free interest rate	6.37% - 6.66%	7.11% - 7.56%	7.76% - 8.01%	6.97% - 7.29%	6.25% - 6.55%

In respect of Options granted under the Employee Stock Option Plan the accounting is done as per requirements of Ind AS 102 - 'Share Based Payments' after adjusting for reversals on account of options forfeited.

The risk-free interest rate being considered for the calculation is the interest rate applicable for maturity equal to the expected life of the options based on the zero-yield curve for Government Securities.

27 - Finance Costs

(₹ in lakh)

Particulars		For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a)	Interest costs :		
	Interest expense for financial liabilities at amortised cost	**1,109.01**	1,188.90
	Less: Allocated to projects	**(988.90)**	(715.90)
(b)	Interest on lease liabilities	**58.43**	–
(c)	Interest on delayed payment of income tax	**–**	55.39
(d)	Other borrowing costs*	**5.17**	20.10
Total		**183.71**	548.49

* Other borrowing costs include guarantee charges and ancillary costs incurred in connection with borrowings.

28 - Other Expenses

(₹ in lakh)

Particulars		For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a)	Power & Fuel	**90.89**	93.43
(b)	Rent, Rates & Taxes	**501.53**	478.74
(c)	Insurance	**37.18**	26.17
(d)	Repairs and maintenance	**482.89**	502.06
(e)	Advertisement, Marketing & Business Development	**2,268.45**	2,169.16
(f)	Travelling and Conveyance Expenses	**292.05**	434.04
(g)	Expenditure on Corporate Social Responsibility (CSR) under section 135 of the Companies Act, 2013	**124.85**	291.21
(h)	Donations and Contributions *	**50.00**	–
(i)	Payment to Auditors #	**90.22**	61.59
(j)	Legal and other professional costs	**1,614.56**	1,054.09
(k)	Printing & Stationery	**44.79**	54.51
(l)	Miscellaneous expenses	**2,024.02**	713.32
Total		**7,621.43**	5,878.32

* Given to New Democratic Electoral trust (Incorporated as a section 8 Company under the Companies Act, 2013)

Payments to Auditors

(₹ in lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(i) To Statutory auditors		
For Audit	**47.50**	43.25
For Other Services	**39.75**	15.34
Reimbursement of Expenses	**1.39**	1.16
(ii) To Cost auditors for cost audit	**1.58**	1.84
Total	**90.22**	61.59

29 - Tax (Credit)/Expense

(₹ in lakh)

(a) Tax (Credit)/Expense recognised in profit or loss

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Current Tax:		
In respect of current year	**–**	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(382.44)**	2,598.67
Total	**(382.44)**	2,598.67

(b) Tax (Credit)/Expense recognised in Other Comprehensive income

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurements of the defined benefit plans	**(28.77)**	41.37
Total	**(28.77)**	41.37

(c) Reconciliation of estimated income tax expense at tax rate to income tax expense reported in Profit or Loss is as follows:

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(Loss)/Profit before tax	**22,982.95**	8,458.12
Income tax expense calculated at 25.17% (2019: 34.608%)	**(5,784.81)**	2,955.61
Effect of income that is exempt from taxation	**(776.49)**	(778.99)
Effect of expenses that is non deductible in determining taxable profit	**5,783.31**	207.33
Effect of tax incentives and concessions (research and development and other allowances)	**–**	(61.15)
Deduction under Chapter VI A	**–**	(24.20)
Changes in recognised deductible temporary differences	**395.55**	300.07
Income tax expense recognised In profit or loss	**(382.44)**	2,598.69

30 - Earnings per Share

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
	₹	₹
Basic Earnings per share	**(44.01)**	11.41
Diluted earnings per share	**(43.90)**	11.39

Basic earnings per share

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

(₹ in lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(Loss)/Profit for the year	**(22,600.51)**	5,859.45
Weighted average number of equity shares	**51,356,467**	51,339,730

Diluted earnings per share

The diluted earnings per share has been computed by dividing the net (Loss)/ Profit after tax available for equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding stock options for the respective periods.

(₹ in lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(Loss)/Profit for the year used in the calculation of diluted earnings per share	**(22,600.51)**	5,859.45

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Weighted average number of equity shares used in the calculation of Basic EPS	**51,356,467**	51,339,730
Add: Options outstanding under Employee Stock Option Plan	**119,605**	89,828
Weighted average number of equity shares used in the calculation of Diluted EPS	**51,476,072**	51,429,558

31 - Financial Instruments

Capital management

The Company's capital management objectives are:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital

The Management of the Company monitors the capital structure using debt equity ratio which is determined as the proportion of total debt to total equity.

Particulars	As at 31st March, 2020 (₹ in lakh)	As at 31st March, 2019 (₹ in lakh)
Debt	**12,431.10**	11,954.49
Cash and bank balances	**(9,540.89)**	(21,689.00)
Net Debt (A)	**2,890.21**	(9,734.51)
Equity (B)	**149,628.65**	175,131.25
Net Debt to Equity Ratio (A / B)	**0.02**	(0.06)

Categories of financial assets and financial liabilities

The following tables shows the carrying amount of financial assets and financial liabilities by category:

As at 31st March, 2020

(₹ in lakh)

Particulars	Amortised Costs	FVTPL	Total
Non-current Assets			
Investments	**32,257.69**	**14,444.65**	**46,702.34**
Current Assets			
Trade Receivables	**8,963.72**	**–**	**8,963.72**
Cash and Bank Balances	**9,540.89**	**–**	**9,540.89**
Loans	**8,306.08**	**–**	**8,306.08**
Other Financial Assets			
- Non Derivative Financial Assets	**16,017.09**	**–**	**16,017.09**
Non-current Liabilities			
Other Financial Liabilities			
- Lease Laibilities	**96.17**	**–**	**96.17**
Current Liabilities			
Borrowings	**11,891.55**	**–**	**11,891.55**
Lease Liabilities	**443.38**	**–**	**443.38**
Trade Payables	**9,158.47**	**–**	**9,158.47**
Other Financial Liabilities			
- Non Derivative Financial Liabilities	**3,637.02**	**–**	**3,637.02**

As at 31st March, 2019

(₹ in lakh)

Particulars	Amortised Costs	FVTPL	Total
Non-current Assets			
Investments	22,365.77	42,702.15	65,067.92
Current Assets			
Trade Receivables	11,287.36	–	11,287.36
Cash and Bank Balances	21,689.00	–	21,689.00
Loans	5,194.96	–	5,194.96
Other Financial Assets			
- Non Derivative Financial Assets	19,644.12	–	19,644.12
Current Liabilities			
Borrowings	11,954.49	–	11,954.49
Trade Payables	12,314.19	–	12,314.19
Other Financial Liabilities			
- Non Derivative Financial Liabilities	3,527.87	–	3,527.87

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factor.

CREDIT RISK

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from trade receivables, cash and cash equivalents & other financial assets.

Trade Receivables:

The Company's trade receivables include receivables on sale of residential flats and rent receivable. As per the Company's flat handover policy, a flat is handed over to a customer only upon payment of entire amount of consideration. The rent receivables are secured by security deposits obtained under the lease agreement. Thus, the Company is not exposed to any credit risk on receivables from sale of residential flats and rent receivables.

Cash and Cash Equivalents & Other Financial Assets

For banks and financial institutions, only high rated banks/institutions are accepted. The Company holds cash and cash equivalents with bank and financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

For Other Financial Assets, the Company assesses and manages credit risk based on reasonable and supportive forward looking information. Other Financial Assets are considered to be low credit risk exposure assets.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

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

(₹ in lakh)

Particulars	Less than 1 Year	1 Year to 3 Years	3 Years to 5 Years
As at 31st March 2020			
Non Current			
Lease Liabilities	**–**	**96.17**	**–**
Total Non Current	**–**	**96.17**	**–**
Current			
Borrowings	**11,891.55**	**–**	**–**
Lease Liabilities	**443.38**		
Trade Payables	**9,158.47**	**–**	**–**
Other Financial Liabilities	**3,637.02**	**–**	**–**
Total Current	**25,130.42**	**–**	**–**
As at 31st March 2019			
Current			
Borrowings	11,954.49	–	–
Trade Payables	12,314.19	–	–
Other Financial Liabilities	3,527.87	–	–
Total Current	27,796.55	–	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

Currency Risk

Foreign currency risk is the risk that the fair value or the future cash flows of an exposure will fluctuate because of changes in the foreign exchange rate. The Company undertakes transactions denominated in foreign currencies only for the purchases of the components which are required to carry out the construction activities. The Company manages its foreign currency risk by forward contracts that are expected to occur within a maximum 12 month from the entering of a contract.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and floating rate loans and borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Increase / decrease in basis points	Currency	As at March 31, 2020 Effect on loss before tax (₹ In Lakhs)	As at March 31, 2019 Effect on profit before tax (₹ In Lakhs)
+100	₹	**(118.92)**	(119.54)
-100	₹	**118.92**	119.54

32 - Fair Value Measurement

Fair Valuation Techiques and Inputs used - Recurring Items

(₹ in lakh)

Financial assets measured at Fair value	Fair value as at 31st March, 2020	Fair value as at 31st March, 2019	Fair value hierarchy	Valuation Technique(s)	Applicable for Level 2 and Level 3 hierarchy Key input(s)
Financial assets					
Investments					
1) Investment in Preference Shares - unquoted	**1,271.85**	757.05	Level 3	Income Approach - Discounted Cash Flow / Comparable Companies Method / Multiple Approach and Price of Recent Transaction	For Discounted Cash Flow - Companies Financial projections. These include forecasts of balance sheet, statement of profit and loss along with underlying assumptions. For Comparable Companies Method-In this approach the fair value is derived based on revenue multiple of comparable companies. For Market Multiple Appraoch - this approach the fair value is derived based on market multiples like PE multiple, Enterprise value (EV) multiple, Revenue multiple etc.
2) Investment in Equity Shares - unquoted	**15.08**	16.57	Level 3	Comparable Companies Method/ Market Multiple Approach and Price of Recent Transaction	For Comparable Companies Method - In this approach the fair value is derived based on revenue multiple of comparable companies. For Market Multiple Appraoch - this approach the fair value is derived based on market multiples like PE multiple, Enterprise value (EV) multiple, Revenue multiple etc.
3) Investment in Optionally Convertible Debentures	**13,157.71**	41,928.53	Level 3	Income Approach - Discounted Cash Flow	For Discounted Cash Flow - Companies Financial projections. These include forecasts of balance sheet, statement of profit and loss along with underlying assumptions.
Total financial assets..............................	**14,444.64**	42,702.15			

Significant unobservable inputs used in level 3 fair value measurements

(₹ in lakh)

Financial assets measured at Fair value	Fair value as at 31st March, 2020	Fair value as at 31st March, 2019	Fair value hierarchy	Significant unobservable inputs	Relationship of unobservable inputs to fair value and sensitivity
1) Investment in Preference Share - unquoted	**1,271.85**	757.05	Level 3	Interest Rates to discount future cash flow, Financial Projections/Market multiples used by benchmarking for valuation	Any change (increase/ decrease) in the discount factor, financial projections etc. would entail corresponding change in the valuation/Increase in multiple will result in increase in valuation
2) Investment in Equity Share - unquoted...	**15.08**	16.57	Level 3	Market multiples used by benchmarking for valuation	Increase in multiple will result in increase in valuation
3) Investment in Optionally Convertible Debentures	**13,157.71**	41,928.53	Level 3	Interest Rates to discount future cash flow, Financial Projections	Any change (increase/ decrease) in the discount factor, financial projections etc. would entail corresponding change in the valuation

Financial Instrument not measured using Fair Value i.e. measured using amortized cost

The carrying value of Other financial assets / liabilities represent reasonable estimate of fair value.

There were no transfers between Level 1 and Level 2 during the year.

Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Particulars	Investment in Preference Shares - unquoted	Investment in Equity Shares - unquoted	Investment in Optionally Convertible Debentures	Total
Year Ended 31st March 2020				
Opening Balance of Fair Value	**757.05**	**16.57**	**41,928.53**	**42,702.15**
Total incomes/gains or (losses) recognised :				
-In Profit or Loss	**(126.46)**	**(1.49)**	**1,286.09**	**1,158.14**
Fair value of purchases made during the year	**641.26**		**1,997.10**	**2,638.36**
Conversion of Optionally Convertible Redeemable Debenture to Equity Share (Refer note. 8a)			**(32,054.00)**	**(32,054.00)**
Closing balance of fair value	**1,271.85**	**15.08**	**13,157.72**	**14,444.65**
Year Ended 31st March 2019				
Opening Balance of Fair Value	308.40	–	41,726.00	42,034.40
Total incomes/gains or (losses) recognised :				
-In Profit or Loss	(34.78)	–	202.53	167.75
Fair value of purchases made during the year	483.43	16.57	–	500.00
Closing balance of fair value	757.05	16.57	41,928.53	42,702.15

33 - Changes in Accounting Policies

A Transition to Ind AS 116

Ministry of corporate Affairs has notified Ind AS 116 “” Leases”” which is effective from 01st April, 2019. Pursuant to this, the company has applied this standard to all lease contracts existing on 01st April, 2019 using the retrospective approach with the cumulative effect at the date of initial application. On that date, the Company recognised a lease liability measured at the present value of the remaining lease payments using the lessee’s incremental borrowing rate as at 01st April, 2019 and corresponding Right of Use (ROU) asset measured at an amount equivalent to lease liability. Therefore, there is no effect of adopting Ind AS 116 on retained earnings as at 01st April, 2019, with no restatement of comparative information. The new accounting policy is disclosed in note no. 2.6.Thus, on transition, the adoption of the new standard resulted in recognition of ‘Right of Use’ asset and a lease liability of ₹ of ₹ 973.12 lakhs.

In view of this, the operating lease rent which was hitherto accounted under ‘Other expenses’ in previous years has now been accounted as depreciation and finance costs. Accordingly the Loss for the year ended 31st March, 2020 is higher by ₹ 25.01 lakhs (net). To this extent, the performance of the current year is not comparable with previous year’s financial staements. The financial statements of year ended 31st March, 2020 results in an increase of ₹ 458.58 lakhs in depreciation for the right of use assets and increase of ₹ 58.43 lakhs in finance costs on lease liability and decrease in operating lease rent cost of ₹ 492.00 lakhs.

The Statement of Assets and Liabilities for year ended 31st March, 2020 results in an increase of ₹ 515.55 Lakhs, and ₹539.55 Lakhs in Right of use assets and Lease Liabilities respectively.

B Transition date reconciliation required by para C12(b) of Ind AS 116

Particulars	For the year ended 31st March, 2020
Operating lease commitments disclosure as per Ind AS 17 as of March 31, 2019	**165.20**
Weighted average incremental borrowing rate	**8.20%**
A. Present value as on April 1, 2019 using incremental borrowing rate	**155.68**
B. Extension options reasonably certain to be exercised	**817.44**
Total lease liabilities on transition date (April 1, 2019) (A + B)	**973.12**

C As lessee

The Company has entered into operating lease arrangements for Worli and Andheri Office. The lease is non-cancellable for a period of 1 - 2 years and may be renewed based on mutual agreement between the parties. The leases have varying terms, escatation clauses and renewal rights. From 1 April 2019, the Company has recogninsed right of use assets for these leases, except for short term leases.

Undiscounted Cash Flow of Lease liabilities	For the year ended 31st March, 2020
Less than one year	**497.47**
One to Three years	**65.90**
Three to five years	**–**
More than five years	**–**
Total undiscounted lease liabilities at Balance sheet date	**563.37**

Future minimum lease commitments of non cancellable lease	For the year ended 31st March, 2019
not later than one year	102.87
later than one year and not later than five years	62.33
later than five years	–
Total future minimum lease commitments of non cancellable lease	165.20

Cash outflow for leases for the year ended March 31, 2020 is ₹ 492 lakhs.

Expense of ₹ 81.32 lacs relating to leases of low-value assets for the year ended March 31, 2020 is inlcuded in “Rent, Rates & Taxes” of Note 28 “Other Expenses”.

34 - Segment information

The reportable segments of the Company are ‘Projects, Project Management and Development’ and ‘Operating of Commercial Complexes’.

The segments are largely organised and managed separately according to the organisation structure that is designed based on the nature of business. Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director regarded as the Chief Operating Decision Maker (“CODM”).

Description of each of the reportable segments for all periods presented, is as under:

i) Projects, Project Management & Development: This Segment of the business includes income from sale of residential units across projects, project management and development in India.

ii) Operating of Commercial Complexes: This Segment of the business includes rental income from commercial properties at New Delhi.

The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and gross profit as the performance indicator for all of the operating segments. The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the financial statements. Segment profit represents the profit before interest and tax.

Information regarding the Company's reportable segments is presented below:

(₹ in lakh)

	31st March, 2020			31st March, 2019		
Particulars	**Projects, Project Management & Development**	**Operating of Commercial Complexes**	**Total**	Projects, Project Management & Development	Operating of Commercial Complexes	Total
Revenue						
External customers	**42,836.98**	**1,151.49**	**43,988.47**	47,166.12	1,437.09	48,603.21
Total revenue	**42,836.98**	**1,151.49**	**43,988.47**	47,166.12	1,437.09	48,603.21
Results						
Segment Results	**5,614.07**	**843.17**	**6,457.24**	12,297.85	1,159.27	13,457.12
Less:-						
-Unallocated Interest (Finance Cost)	**–**	**–**	**183.71**	–	–	548.49
-Unallocated corporate expense net of unallocated income (includes exceptional Item - refer note no. 8)	**–**	**–**	**29,256.48**	–	–	4,450.51
(Loss)/Profit before tax	**–**	**–**	**(22,982.95)**	–	–	8,458.12
Tax (credit)/Expense	**–**	**–**	**(382.44)**	–	–	2,598.67
(Loss)/Profit after tax	**–**	**–**	**(22,600.51)**	–	–	5,859.45
Segment Assets & Liabilities						
Segment Assets	**151,397.94**	**3,552.57**	**154,950.51**	180,559.98	2,727.35	183,287.33
Unallocated corporate assets			**45,040.00**			59,313.81
Total Assets			**199,990.51**			242,601.14
Segment Liabilities	**41,213.58**	**580.40**	**41,793.98**	62,027.13	557.17	62,584.30
Unallocated corporate liabilities			**8,567.88**			4,885.59
Total Liabilities			**50,361.86**			67,469.89
Other Information						
Depreciation and Amortisation Expense	**12.13**	**46.01**	**58.14**	56.96	46.04	103.00
Capital Expenditure	**341.90**	**–**	**341.90**	264.15	–	264.15

Revenue from type of products and services

The operating segments are primarily based on nature of products and services and hence the Revenue from external customers of each segment is representative of revenue based on products and services.

Geographical Information

The Company operates in one reportable geographical segment i.e. "Within India". Hence, no separate geographical segment wise disclosure is applicable as per the requirements of Ind AS 108 Operating Segments.

Information about major customers

During the year ended 31st March, 2020 and 2019 respectively, revenues from transactions with a single external customer did not amount to 10 percent or more of the Company's revenues from external customers.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year as well as previous year.

35 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating ₹ 330.06 lakhs (31st March, 2019 : ₹ 316.41 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

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

Investment risk

The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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

	As at	
	31-Mar-20	31-Mar-19
Discount rate(s)	**5.68%**	6.94%
Expected rate(s) of salary increase	**5.00%**	12.00%
Attrition Rate	**0 to 42: 16%**	0 to 5: 5% 5 to 42: 22%
Mortality	**IALM (2006-08) ULT.**	IALM (2006-08) ULT.

Defined benefit plans – as per actuarial valuation on 31st March, 2020

(₹ in lakh)

Particulars	Funded Plan Gratuity **For the year ended 31st March, 2020**	For the year ended 31st March, 2019
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**115.48**	71.64
Past service cost and (gains)/losses from settlements	**–**	–
Net interest expense	**7.78**	10.38
Components of defined benefit costs recognised in profit or loss	**123.26**	82.02

(₹ in lakh)

Particulars	Funded Plan Gratuity **For the year ended 31st March, 2020**	For the year ended 31st March, 2019
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**(0.28)**	15.95
Actuarial (gains)/loss arising from demographic assumptions	**(29.76)**	(7.15)
Actuarial (gains)/loss arising from changes in financial assumptions	**(80.94)**	87.59
Actuarial (gains)/loss arising from experience adjustments	**(3.32)**	21.98
Components of defined benefit costs recognised in other comprehensive income	**(114.30)**	118.37
Total	**8.96**	200.39
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2020		
1. Present value of defined benefit obligation as at 31st March, 2020	**331.97**	458.59
2. Fair value of plan assets as at 31st March, 2020	**264.69**	246.45
3. Surplus/(Deficit)	**(67.28)**	(212.14)
4. Current portion of the above	**–**	–
5. Non current portion of the above	**(67.28)**	(212.14)
II. Movements in the present value of the defined benefit obligation are as follows.		
1. Present value of defined benefit obligation at the beginning of the year ...	**458.58**	361.01
2. Less: Transfer out liability for employees transferred to group companies Transfer...	**(84.48)**	–
3. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**115.47**	71.64
- Past Service Cost	**–**	–
- Interest Cost	**25.73**	26.79
4. Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**(29.76)**	(7.15)
ii. Financial Assumptions	**(80.94)**	87.59
iii. Experience Adjustments	**(3.32)**	21.98
5. Benefit payments	**(69.31)**	(103.28)
6. Present value of defined benefit obligation at the end of the year	**331.97**	458.58
III. Movements in the fair value of plan assets are as follows.		
1. Fair value of plan assets at the beginning of the year	**246.45**	182.61
2. Interest Income - Actual Return on Plan Assets	**18.24**	13.95

(₹ in lakh)

Particulars	Funded Plan Gratuity For the year ended 31st March, 2020	For the year ended 31st March, 2019
3. Contributions by employer (including benefit payments recoverable)	**–**	49.89
4. Fair value of plan assets at the end of the year	**264.69**	246.45
IV. The fair value of the plan assets at the end of the reporting period for each category, are as follows:		
- Issuer Managed funds (Non quoted value)	**264.69**	246.45

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(₹ in lakh)

Principal assumption		Changes in assumption (%)	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate.....	**2020**	**1.00%**	**316.56**	**348.94**
	2019	1.00%	438.64	480.44
Salary growth rate	**2020**	**1.00%**	**345.77**	**318.86**
	2019	1.00%	474.42	443.50

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

The Company expects to contribute ₹ 61.01 lakhs (31st March, 2019 ₹ 91.04 Lakhs) to the gratuity trusts during the next financial year.

Maturity profile of defined benefit obligation:

	31st March, 2020	31st March, 2019
Within 1 year	**61.01**	91.04
1 - 2 year	**40.99**	56.11
2 - 3 year	**38.46**	56.65
3 - 4 year	**41.91**	56.21
4 - 5 year	**36.00**	55.72
5 - 10 years...	**137.64**	208.39

Major Category of plan assets for Gratuity Fund is as follows:

	31st March, 2020	31st March, 2019
Asset category:		
Deposits with Insurance companies......	**100%**	100%
	100%	100%

The weighted average age considered for defined benefit obligation as at 31st March 2020 is 36.24 years (31st March, 2019: 35.93 years).

36 - Related Party Disclosures

(a) Related Parties where control exists

(i) Holding Company

Mahindra & Mahindra Limited

(ii) Subsidiaries	
Mahindra Infrastructure Developers Limited	Industrial Township (Maharashtra) Limited
Mahindra Residential Developers Limited	Anthurium Developers Limited
Mahindra World City (Maharashtra) Limited	Deepmangal Developers Private Limited
Mahindra Integrated Township Limited	Mahindra Water Utilities Limited
Knowledge Township Limited	Moonshine Construction Private Limited
Rathna Bhoomi Enterprises Private Limited	Mahindra Bloomdale Developers Limited

(b) Other Parties with whom Transactions have taken place during the year

(i) Joint Ventures

Mahindra World City Developers Limited	Mahindra Industrial Park Chennai Limited
Mahindra Homes Private Limited	Mahindra World City (Jaipur) Limited
Mahindra Happinest Developers Limited	Mahindra Industrial Park Private Limited

(ii) Fellow Subsidiaries

EPC Industries Limited

Mahindra Integrated Business Solutions Private Limited

Mahindra & Mahindra Contech Limited

Mahindra Holidays & Resorts India Limited

NBS International Limited

Mahindra Logistics Ltd

Mahindra Retail Limited

Mahindra Defence Systems Limited

Mahindra MSTC Recycling Private Limited

Mahindra First Choice Wheels Limited

Mahindra Intertrade Limited

(iii) Associate of Holding Company

Tech Mahindra Limited

(iv) Key Management Personnel

Mrs Sangeeta Prasad - Managing Director & CEO (from 1st October, 2018)	Mr. Arun Kumar Nanda - Non Executive Chairman
Ms Anita Arjundas - Managing Director & CEO (upto 30th September, 2018)	Mr. Shailesh Haribhakti - Independent Director (Resigned on 26th July, 2019).
Mr. Bharat Shah - Independent Director	Mr. Ameet Hariani - Independent Director
Ms. Amrita Chowdhury - Independent Director (Appointed on 13th August, 2019)	Dr. Anish Shah - Non Independent Director

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(₹ in lakh)

Particulars	Holding Company		Subsidiary Companies		Joint Ventures		Key Management Personnel		Other Related Parties	
	Year ended March 31, 2020	Year ended March 31, 2019	**Year ended March 31, 2020**	Year ended March 31, 2019	**Year ended March 31, 2020**	Year ended March 31, 2019	**Year ended March 31, 2020**	Year ended March 31, 2019	**Year ended March 31, 2020**	Year ended March 31, 2019
Rendering of services										
Mahindra & Mahindra Limited	**1,144.53**	1,399.55	**–**	–	**–**	–	**–**	–	**–**	–
Mahindra Infrastructure Developers Limited	**–**	–	**0.97**	0.97	**–**	–	**–**	–	**–**	–
Mahindra Residential Developers Limited	**–**	–	**20.05**	145.37	**–**	–	**–**	–	**–**	–
Knowledge Township Limited	**–**	–	**0.90**	0.70	**–**	–	**–**	–	**–**	–
Mahindra Integrated Township Limited	**–**	–	**103.42**	536.78	**–**	–	**–**	–	**–**	–
Industrial Township (Maharashtra) Limited	**–**	–	**0.28**	0.15	**–**	–	**–**	–	**–**	–
Mahindra Homes Private Limited	**–**	–	**–**	–	**139.75**	1,213.88	**–**	–	**–**	–
Mahindra Happinest Developers Limited	**–**	–	**–**	–	**334.54**	813.71	**–**	–	**–**	–
Mahindra Industrial Park Private Limited	**–**	–	**–**	–	**68.00**	92.80	**–**	–	**–**	–
Mahindra World City (Jaipur) Limited	**–**	–	**–**	–	**126.72**	113.74	**–**	–	**–**	–
Receiving of Services										
Mahindra & Mahindra Limited	**410.09**	649.68	**–**	–	**–**	–	**–**	–	**–**	–
Mahindra Retail Limited	**–**	–	**–**	–	**–**	–	**–**	–	**1.29**	–
Mahindra Defence Systems Limited	**–**	–	**–**	–	**–**	–	**–**	–	**2.25**	–
EPC Industries Limited	**–**	–	**–**	–	**–**	–	**–**	–	**–**	2.85
Mahindra Intertrade Limited	**–**	–	**–**	–	**–**	–	**–**	–	**–**	1.95
Mahindra Integrated Business Solutions Private Limited	**–**	–	**–**	–	**–**	–	**–**	–	**156.24**	111.10
Mahindra Holidays & Resorts India Limited	**–**	–	**–**	–	**–**	–	**–**	–	**14.33**	13.48
NBS International Ltd	**–**	–	**–**	–	**–**	–	**–**	–	**1.27**	1.44
Reimbursement made to parties										
Mahindra & Mahindra Limited	**449.35**	103.32	**–**	–	**–**	–	**–**	–	**–**	–
Mahindra Integrated Township Limited	**–**	–	**134.79**	1.67	**–**	–	**–**	–	**–**	–
Mahindra World City Developers Limited	**–**	–	**–**	–	**0.49**	–	**–**	–	**–**	–
Mahindra Happinest Developers Limited	**–**	–	**–**	–	**82.13**	–	**–**	–	**–**	–
Mahindra World City (Jaipur) Limited	**–**	–	**–**	–	**0.65**	3.54	**–**	–	**–**	–
Mahindra Defence Systems Limited	**–**	–	**–**	–	**–**	–	**–**	–	**0.05**	–
Mahindra First Choice Wheels Limited	**–**	–	**–**	–	**–**	–	**–**	–	**–**	2.16
Mahindra & Mahindra Contech Limited	**–**	–	**–**	–	**–**	–	**–**	–	**7.52**	6.63
Mahindra Logistics Ltd	**–**	–	**–**	–	**–**	–	**–**	–	**–**	3.49
Reimbursement received from parties										
Mahindra & Mahindra Limited	**3.08**	0.43	**–**	–	**–**	–	**–**	–	**–**	–

(₹ in lakh)

Particulars	Holding Company		Subsidiary Companies		Joint Ventures		Key Management Personnel		Other Related Parties	
	Year ended March 31, 2020	Year ended March 31, 2019	**Year ended March 31, 2020**	Year ended March 31, 2019	**Year ended March 31, 2020**	Year ended March 31, 2019	**Year ended March 31, 2020**	Year ended March 31, 2019	**Year ended March 31, 2020**	Year ended March 31, 2019
Mahindra MSTC Recycling Private Limited	**–**	–	**–**	–	**–**	–	**–**	–	**1.47**	–
Mahindra Industrial Park Private Limited	**–**	–	**–**	–	**1.58**	1.58	**–**	–	**–**	–
Mahindra World City Developers Limited	**–**	–	**–**	–	**26.79**	20.55	**–**	–	**–**	–
Mahindra World City (Jaipur) Limited	**–**	–	**–**	–	**50.21**	27.13	**–**	–	**–**	–
Mahindra Homes Private Limited	**–**	–	**–**	–	**37.22**	36.80	**–**	–	**–**	–
Mahindra Happinest Developers Limited	**–**	–	**–**	–	**115.51**	103.97	**–**	–	**–**	–
Mahindra Bloomdale Developers Limited	**–**	–	**18.00**	19.06	**–**	–	**–**	–	**–**	–
Mahindra Integrated Township Limited	**–**	–	**53.27**	21.95	**–**	–	**–**	–	**–**	–
Mahindra Residential Developers Limited	**–**	–	**36.48**	21.65	**–**	–	**–**	–	**–**	–
Inter-corporate Deposit Given										
Mahindra Bloomdale Developers Limited	**–**	–	**4,304.96**	710.00						
Mahindra World City (Maharashtra) Limited	**–**	–	**96.56**	5.00	**–**	–	**–**	–	**–**	–
Rathna Bhoomi Enterprises Private Limited			**–**	0.30						
Knowledge Township Limited	**–**	–	**72.00**	–	**–**	–	**–**	–	**–**	–
Deepmangal Developers Private Limited	**–**	–	**63.33**	10.00	**–**	–	**–**	–	**–**	–
Mahindra Industrial Park Private Limited	**–**	–	**–**	–	**1,755.00**	157.00	**–**	–	**–**	–
Mahindra Industrial Park Chennai Limited	**–**	–	**–**	–	**–**	450.00	**–**	–	**–**	–
Inter-corporate Deposit Realised	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Mahindra Bloomdale Developers Limited	–	–	2,850.00	–	–	–	–	–	–	–
Mahindra World City (Jaipur) Limited	–	–	–	–	–	5,800.00	–	–	–	–
Mahindra Industrial Park Private Limited	–	–	–	–	–	157.00	–	–	–	–
Mahindra Industrial Park Chennai Limited	–	–	–	–	–	450.00	–	–	**–**	–
Loan Repaid										
Tech Mahindra Limited	**–**	–	**–**	–	**–**	–	**–**	–	**–**	2,500.00
Investment Made/Conversion										
Mahindra Bloomdale Developers Limited	**–**	–	**–**	400.00	**–**	–	**–**	–	**–**	–
Mahindra Happinest Developers Limited	**–**	–	**–**	–	**1,563.37**	–	**–**	–	**–**	–
Mahindra Industrial Park Private Limited	**–**	–	**–**	–	**1,075.00**	–	**–**	–	**–**	–
Mahindra Homes Private Limited (refer note 8a)	**–**	–	**–**	–	**32,054.00**	–	**–**	–	**–**	–
Interest Income										
Mahindra World City (Maharashtra) Limited	**–**	–	**67.92**	57.91	**–**	–	**–**	–	**–**	–
Deepmangal Developers Private Limited	**–**	–	**6.70**	3.91	**–**	–	**–**	–	**–**	–
Rathna Bhoomi Enterprises Private Limited	**–**	–	**0.14**	0.13	**–**	–	**–**	–	**–**	–
Moonshine Construction Private Limited	**–**	–	**0.14**	0.14	**–**	–	**–**	–	**–**	–

(₹ in lakh)

Particulars	Holding Company		Subsidiary Companies		Joint Ventures		Key Management Personnel		Other Related Parties	
	Year ended March 31, 2020	Year ended March 31, 2019	**Year ended March 31, 2020**	Year ended March 31, 2019	**Year ended March 31, 2020**	Year ended March 31, 2019	**Year ended March 31, 2020**	Year ended March 31, 2019	**Year ended March 31, 2020**	Year ended March 31, 2019
Mahindra Bloomdale Developers Limited	**–**	–	**459.73**	171.83	**–**	–	**–**	–	**–**	–
Mahindra Industrial Park Private Limited	**–**	–	**–**	–	**144.83**	1.39	**–**	–	**–**	–
Mahindra Homes Private Limited	**–**	–	**–**	–	**–**	2,700.27	**–**	–	**–**	–
Knowledge Township Limited	**–**	–	**2.14**	–	**–**	–	**–**	–	**–**	–
Mahindra Industrial Park Chennai Limited	**–**	–	**–**	–	**–**	10.04	**–**	–	**–**	–
Mahindra World City (Jaipur) Limited	**–**	–	**–**	–	**–**	138.82	**–**	–	**–**	–
Mahindra Bloomdale Developers Limited	**–**	–	**–**	–	**–**	55.95	**–**	–	**–**	–
Interest Paid										
Tech Mahindra Limited	**–**	–	**–**	–	**–**	–	**–**	–	**–**	70.38
Dividend Paid										
Mahindra & Mahindra Limited	**1,586.39**	1,586.39	**–**	–	**–**	–	**–**	–	**–**	–
Dividend Received										
Mahindra Integrated Township Limited	**–**	–	**–**	425.50	**–**	–	**–**	–	**–**	–
Mahindra World City (Jaipur) Limited	**–**	–	**–**	–	**1,665.00**	1,665.00	**–**	–	**–**	–
Mahindra Infrastructure Developers Limited	**–**	–	**1,242.00**	–	**–**	–	**–**	–	**–**	–
Mahindra World City Developers Limited	**–**	–	**–**	–	**178.00**	–	**–**	–	**–**	–
Managerial Remuneration										
Mrs Sangeeta Prasad							**304.31**	109.16		
Ms Anita Arjundas	**–**	–	**–**	–	**–**	–	**–**	231.88	**–**	–
Shares allotted under ESOP										
Ms Anita Arjundas	**–**	–	**–**	–	**–**	–	**–**	0.18	**–**	–
Commission and other benefits to Non Executive/ Independent Directors	**–**	–	**–**	–	**–**	–	**78.20**	122.10	**–**	–

Outstanding Balances as at year end date

The following table provides the outstanding balances with related parties as on the relevant date

(₹ in lakh)

Particulars	Balance as at	Parent Company	Subsidiaries	Joint ventures	Key Management Personnel	Other related parties
Inter-corporate Deposit Given*	**31-Mar-20**	**–**	**4,841.91**	**1,755.00**	**–**	**–**
	31-Mar-19	–	*3,155.09*	–	–	–
Security Deposit Received	**31-Mar-20**	**540.08**	**–**	**–**	**–**	**–**
	31-Mar-19	*540.08*	–	–	–	–
Interest Income Receivable	**31-Mar-20**	**–**	**1,240.38**	**14,297.80**	**–**	**–**
	31-Mar-19	–	*2,263.12*	*16,855.96*	–	–
Receivables	**31-Mar-20**	**3,159.06**	**779.93**	**462.07**	**–**	**–**
	31-Mar-19	*2,301.41*	*8,949.04*	*1,025.37*	–	*1.17*
Payables	**31-Mar-20**	**949.84**	**–**	**–**	**–**	**24.53**
	31-Mar-19	*775.10*	–	–	–	*63.41*

* The above inter corporate deposit have been given for general business purposes including investment purposes.

Note: As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management Personnel is not ascertained separately, and therefore, not included above.

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Compensation of key management personnel

The previous year remuneration of key management personnel includes remuneration paid to Ms. Anita Arjundas upto 30th September 2018 and to Mrs. Sangeeta Prasad from 01st October 2018 as below:

(₹ in lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salary including perquisites......................	**290.45**	329.24
Other contribution to funds.......................	**13.86**	11.80
Total	**304.31**	341.04

37 - Contingent liabilities

(₹ in lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Claims against the Company not acknowledged as debt		
(i) Claims awarded by the Arbitrator to a civil contractor in respect of a project at Mumbai and the Company's appeal against the award has been admitted by the Mumbai High Court	**–**	93.89
(ii) Demand from local authorities for transfer fees on transfer of property, disputed by the Company	**–**	123.99
(iii) Demand from a local authority for energy dues disputed by the Company........................	**2,164.04**	2,164.04
(iv) Claim from welfare association in connection with project work, disputed by the Company..............................	**4,500.00**	4,500.00
(b) Income Tax Matter under appeal		
In respect of certain business incomes re-classified by the Income tax Department as income from house property and other disallowances, the Company has partially succeeded in appeal and is pursuing the matter further with the appropriate appellate authorities ...	**512.11**	377.54
(c) Indirect Tax Matters under appeal		
VAT, Service Tax and Entry Tax claims disputed by the Company relating to issues of applicability and interest on demand. The Company is pursuing the matter with the appropriate Appellate Authorities...	**791.42**	590.57

38 - Capital Commitments

(₹ in lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Capital Commitment : Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)...	**51.94**	22.19

39 - Impact of COVID-19 (Global Pandemic)

The Company is actively monitoring the impact of the global health pandemic on its financial condition, liquidity, operations, suppliers, industry, and workforce. The Company has used the principles of prudence in applying judgments, estimates and assumptions based on the current estimates. In assessing the recoverability of assets such as inventories, financial assets and other assets, based on current indicators of future economic conditions, the Company expects to recover the carrying amounts of its assets. The extent to which COVID-19 impacts the operations will depend on future developments which remain uncertain.

40 - 'Disclosure as per Regulation 34(3) read with Para A of Schedule V of the SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015 and section 186(4) of Companies Act, 2013

Loans and advances in the nature of loans given to subsidiaries, joint ventures, firms / companies in which directors are interested:

(₹ in lakh)

Name of the party	Relationship	**Amount outstanding as at 31st March, 2020**	Maximum balance outstanding during the period	Amount outstanding as at 31st March, 2019	Maximum balance outstanding during the previous year
Deepmangal Developers Private Limited	Subsidiary	**109.64**	109.64	46.31	46.31
Moonshine Construction Private Limited	Subsidiary	**1.50**	1.50	1.50	1.50
Rathna Bhoomi Enterprises Private Limited	Subsidiary	**1.55**	1.55	1.55	1.55
Mahindra World City (Maharashtra) Limited	Subsidiary	**727.70**	727.70	632.31	632.31
Mahindra Bloomdale Developers Limited #	Subsidiary	**3,929.53**	6,729.53	2,474.56	2,474.56
Knowledge Township Limited	Subsidiary	**72.00**	72.00	–	–
Mahindra World City (Jaipur) Limited	Joint Venture	**–**	–	–	5,800.00
Mahindra Industrial Park Private Limited	Joint Venture	**1,755.00**	2,830.00	–	157.00
Mahindra World City Developers Limited	Joint Venture	**–**	–	–	450.00

During the previous year Mahindra Bloomdale Developers Limited (formerly known as Mahindra Bebanco Developers Limited) has become subsidiary of the Company w.e.f. 29th May, 2018 and before that it was Joint Venture of the Company.

The above inter corporate deposit have been given for general business purposes including investment purposes (refer note no. 8 - Investments).

41 - Recent Indian Accounting Standards (Ind AS)

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

42 - Expenditure on Corporate Social Responsibility (CSR)

a) Gross Amount required to be spent by the company for the year ended 31st March, 2020 (as certified by the Company) : ₹ 124.85 Lakhs (Previous Year ₹ 192.57 lakhs).

b) Following are the details of amount spent during the year for CSR:

(₹ In lakhs)

Particulars	**In cash**	**Yet to be paid in cash**	**Total**
(i) Construction/acquisition of any asset	–	–	–
	(-)	(-)	(-)
(ii) On purchase other than (i) above	124.85	–	124.85
	(291.21)	(-)	(291.21)

Figure in bracket represents figures for previous year

43 - Input Tax Credit (ITC) benefits to the customers

Revenue from operations for the year ended 31st March, 2020 is net of ₹ 699.25 Lakhs (31st March, 2019 - 205.22 lakhs) towards input tax credit benefits passed on to the customers as per the provisions of section 171 on Anti-Profiteering of CGST Act, 2017. The treatment is as per the prevailing Indian Accounting Standards.

44 - Events after the reporting period

No material events have occurred after the Balance Sheet date and upto the approval of the financial statements.

45 - Previous Year Figures

The figures for previous year have been regrouped wherever necessary to confirm to current year's grouping.

For and on behalf of the Board of Directors of Mahindra Lifespace Developers Limited

Suhas Kulkarni Company Secretary	**Vimal Agarwal** Chief Financial Officer	**Arun Nanda** **Anish Shah** **Sangeeta Prasad**	Chairman - DIN: 00010029 Director - DIN: 02719429 Managing Director & CEO - DIN: 02791944

Mumbai : 14th May, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of **M/s. Mahindra Infrastructure Developers Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2020 and the Statement of Profit and Loss and statement of cash flows for the year then ended, the Statement of Changes in Equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and its Profit and cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the standards on auditing (SAs) specified under Section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Information other than the financial statements and auditors' report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management and Those Charged with Governance for the financial statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
FRN: 117246W

Mukesh Maheshwari
Partner
Membership No. : 049818
UDIN:20049818AAAABM2251

Place: Mumbai
Date: 24.04.2020

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the “Order”), and on the basis of such checks of the books and records of the Company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

   Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31, 2020:

i. In respect of its fixed assets:

As per information provided by the Company to us, it does not have any fixed asset as on 31st March, 2020. Accordingly, paragraph 3 (i) of the Order is not applicable to the Company.

ii. In respect of its inventories:

The Company does not have inventory. Accordingly, clause 3(ii) of the Order is not applicable.

iii. In respect of Loans and Advances:

According the information and explanations given to us, the Company has granted unsecured loans to bodies corporate, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which :

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company’s interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations

(c) There is no overdue amount remaining outstanding as at the year-end

iv. According the information and explanations given to us, the Company has not given any loans, made, any investment nor issued any guarantees and securities. Hence the provisions of section 185 and 186 of the Companies Act, 2013 are not applicable.

v. The company has not accepted any deposits covered under section 73 to 76 or any other relevant provisions of the Companies Act, 2013.

vi. The maintenance of cost records as specified under subsection (1) of the section 148 of the Act are not applicable to the Company and hence relevant provisions of the Order is not applicable.

vii. Statutory Dues:

a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is regular in depositing the undisputed statutory dues including Income tax, service tax, sales tax, goods and service tax and other material statutory dues as applicable with the appropriate authorities.

b) According to the records of the company and the information and explanations given to us, there are no dues of Income tax, service tax, goods and service tax, Duty of customs, duty of excise, value added tax which have not been deposited on 31st March, 2020 on account of any dispute.

viii. According to the records of the company and the information and explanations given by the Company, the Company does not have any loans or borrowing from financial institution, bank, Government or dues to debenture holders and hence relevant provisions of the Order is not applicable.

ix. The company has not raised any money by public issues during the year and in our opinion, and according to the information and explanations given to us, on an overall basis, the Company does not have term loans and hence relevant provisions of the Order is not applicable.

x. In our opinion and according to the information and explanations given to us, any fraud by the company or any fraud on the Company by its officers or employees has not been noticed or reported during the year.

xi. The Managerial remuneration has not been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.

xii. The Company is not a Nidhi Company and so relevant clause is not applicable.

xiii. All transactions with the related parties are in companies with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Ind AS Financials statements.

xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year which is covered under Section 42 of the Companies Act, 2013 during the year.

xv. The company has not entered into any non-cash transactions with directors or persons connected with him.

xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
FRN: 117246W

Mukesh Maheshwari
Partner
Membership No. : 049818
UDIN:20049818AAAABM2251

Place: Mumbai
Date: 24.04.2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED

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

We have audited the internal financial controls over financial reporting of **Mahindra Infrastructure Developers Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
FRN: 117246W

Mukesh Maheshwari
Partner
Membership No. : 049818
UDIN:20049818AAAABM2251

Place: Mumbai
Date: 24.04.2020

BALANCE SHEET AS AT 31ST MARCH, 2020

(Amount in ₹.)

		Note No.	As at 31st March, 2020	As at 31st March, 2019
I	**ASSETS**			
	Non-current assets			
	(a) Financial assets			
	(i) Investments	4	**1,028,989**	1,028,989
	(ii) Loans	5	**191,000,000**	–
	(b) Other non-current assets	6	**5,511,460**	4,178,000
	Total Non-current assets (I)		**197,540,449**	5,206,989
	Current assets			
	(a) Financial assets			
	(i) Trade receivables	7	**200,161**	200,161
	(ii) Cash and cash equivalents	8(a)	**2,168,487**	682,517
	(iii) Bank balances other than (ii) above	8(b)	**4,914,875**	113,719,294
	(iv) Others	9	**4,268,908**	5,586,027
	(b) Other current assets	6	**251,918**	1,000,187
	Total current assets (II)		**11,804,349**	121,188,186
	Total assets [(I)+(II)]		**209,344,798**	126,395,175
II	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity share capital	10	**180,000,000**	180,000,000
	(b) Other equity	11	**24,288,299**	(58,170,971)
	Total equity (III)		**204,288,299**	121,829,029
	Liabilities			
	Current liabilities			
	(a) Financial liabilities			
	(i) Trade payables	12		
	– total outstanding dues of micro enterprises and small enterprises		**–**	–
	– total outstanding dues of trade payables other than micro enterprises and small enterprises		**2,124,323**	2,199,997
	(b) Other current liabilities	13	**2,932,176**	2,366,148
	Total current liabilities (IV)		**5,056,499**	4,566,145
	Total equity and liabilities [(III)+(IV)]		**209,344,798**	126,395,175

See accompanying notes forming part of the financial statements

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants

Mukesh Maheshwari
Partner
Membership No:49818

Place: Mumbai
Date: 24th April 2020

Santosh Gupta
Chief Financial Officer

For and on behalf of the Board of Directors

Sumit Kasat
Chief Executive Officer

Ulhas Bhosale
Director (DIN: 08217384)

Geeta Dhokare
Company Secretary
ACS : 51135

Suhas Kulkarni
Director (DIN: 00003936)

Place: Mumbai
Date: 24th April 2020

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2020

(Amount in ₹)

	Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
I	Revenue from operations		–	–
II	Other income	14	**210,092,491**	105,987,723
III	**Total income (I+II)**		**210,092,491**	105,987,723
IV	**Expenses**			
	(a) Employee benefit expense	15	**96,986**	96,986
	(b) Other expenses	16	**419,759**	637,847
	Total Expenses (IV)		**516,745**	734,833
V	**Profit/(Loss) before tax (III-IV)**		**209,575,747**	105,252,890
VI	**Tax Expense**			
	(1) Current tax	17	**2,916,477**	1,626,012
	(2) Deferred tax		–	–
	Total tax expense		**2,916,477**	1,626,012
VII	**Profit/(Loss) for the year (V-VI)**		**206,659,270**	103,626,878
	Other comprehensive income		–	–
	(1) Items that will not be reclassified to profit or loss		–	–
	(2) Items that may be reclassified to profit or loss		–	–
VIII	**Total other comprehensive income (1)+(2)**		–	–
IX	**Total comprehensive income for the year (VII+VIII)**		**206,659,270**	103,626,878
X	**Earnings per equity share**			
	Basic/Diluted	18	**11.48**	5.76

See accompanying notes forming part of the financial statements

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants

Mukesh Maheshwari
Partner
Membership No:49818

Place: Mumbai
Date: 24th April 2020

Santosh Gupta
Chief Financial Officer

For and on behalf of the Board of Directors

Sumit Kasat
Chief Executive Officer

Ulhas Bhosale
Director (DIN: 08217384)

Geeta Dhokare
Company Secretary
ACS : 51135

Suhas Kulkarni
Director (DIN: 00003936)

Place: Mumbai
Date: 24th April 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in ₹)

Particulars	For The Year Ended 31st March, 2020	For The Year Ended 31st March, 2019
Cash flow from operating activities		
Profit/(Loss) for the year	**209,575,747**	105,252,890
Adjustments for:		
Income tax expense recognised in the statement of profit and loss	**(2,916,477)**	(1,626,012)
Interest income	**(12,094,491)**	(6,988,723)
Dividend Income	**(197,998,000)**	(98,999,000)
	(3,433,221)	(2,360,845)
Movements in working capital:		
Increase in other financial assets	**2,065,388**	(4,696,340)
Decrease in other current assets	**(1,333,460)**	(1,577,373)
Increase in trade payables	**(75,674)**	(10,166,016)
Increase/(decrease) in other current liabilities	**566,028**	1,520,785
Net cash generated by/(used in) operating activities	**(2,210,940)**	(17,279,789)
Cash flows from investing activities		
Interest received	**12,094,491**	6,988,723
Dividends received from Subsidiary	**197,998,000**	98,999,000
Bank balances not considered as cash and cash equivalents		
– Placed	**108,804,419**	(90,436,995)
– Matured	**–**	–
Net cash generated by investing activities	**318,896,910**	15,550,728
Cash flows from financing activities		
Dividends paid to owners of the Company	**(124,200,000)**	–
Inter Corporate Deposit given	**(191,000,000)**	–
Net cash generated by financing activities	**(315,200,000)**	
Net increase in cash and cash equivalents	**1,485,970**	(1,729,061)
Cash and cash equivalents at the beginning of the year	**682,517**	2,411,578
Cash and cash equivalents at the end of the year	**2,168,487**	682,517

See accompanying notes forming part of the financial statements

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants

Mukesh Maheshwari
Partner
Membership No:49818

Place: Mumbai
Date: 24th April 2020

Santosh Gupta
Chief Financial Officer

For and on behalf of the Board of Directors

Sumit Kasat
Chief Executive Officer

Ulhas Bhosale
Director (DIN: 08217384)

Geeta Dhokare
Company Secretary
ACS : 51135

Suhas Kulkarni
Director (DIN: 00003936)

Place: Mumbai
Date: 24th April 2020

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2020

A. Equity share capital	(Amount in ₹)
Balance as at 31st March, 2018	**180,000,000**
Changes in equity share capital during the period	–
Balance as at 31st March, 2019	**180,000,000**
Changes in equity share capital during the period	–
Balance as at 31st March, 2020	**180,000,000**

B. Other Equity	Retained earnings (Amount in ₹)
Balance as at 31st March, 2018	**(161,797,848)**
Profit/(Loss) for the year	103,626,878
Other comprehensive income	–
Total comprehensive income	103,626,878
Balance as at 31st March, 2019	**(58,170,970)**
Profit/(Loss) for the year	**206,659,270**
Other comprehensive income	**–**
Total comprehensive income	**206,659,270**
Balance as at 31st March, 2020	**148,488,299**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants

Mukesh Maheshwari
Partner
Membership No:49818

Place: Mumbai
Date: 24th April 2020

Santosh Gupta
Chief Financial Officer

For and on behalf of the Board of Directors

Sumit Kasat
Chief Executive Officer

Ulhas Bhosale
Director (DIN: 08217384)

Geeta Dhokare
Company Secretary
ACS : 51135

Suhas Kulkarni
Director (DIN: 00003936)

Place: Mumbai
Date: 24th April 2020

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate information

Mahindra Infrastructure Developers Limited ("the Company") is a public company incorporated in India on 10th May, 2001 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is in the business of development of infrastructure projects and infrastructure related services.

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

2. Significant Accounting Policies

2.1 Statement of compliance and Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (Rs.) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 24th April, 2020.

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Depreciation on assets (other than impaired assets) is calculated on straight line method at the rate of 11.31% p.a. which is based on useful life of about 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the Companies Act, 2013.

2.3 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement profit and loss.

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

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first-in-first-out basis and includes overheads on absorption basis, where appropriate.

Financial assets and Liabilities

2.5 Financial instruments

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

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

2.6 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.6.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.6.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

2.7 Financial liabilities and equity instruments

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

2.7.1 Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.7.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.7.1.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.8 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

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

2.9.2 Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

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

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

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

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9.4 Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 4 – Investments

Amount in ₹

Particulars		Face Value ₹	As at 31st March, 2020 Nos.	As at 31st March, 2020 Amount in ₹	As at 31st March, 2019 Nos.	As at 31st March, 2019 Amount in ₹
A.	**Investments carried at cost or deemed cost**					
I.	**Unquoted Investments (all fully paid) Investments in Equity Instruments**					
	– **of subsidiaries**					
	Mahindra Water Utilities Private Limited	10	**98,999**	**778,999**	98,999	778,999
	(subsidiary with effect from 27 July, 2015, prior to that it was a joint venture)					
	– **of joint ventures**					
	Mahindra Inframan Water Utilities Private Limited	10	**24,999**	**249,990**	24,999	249,990
	– **of associate**					
	Ratna Bhoomi Enterprise Private Limited	10	**500**	–	500	–
	Investments in Preference shares					
	– **of associate**					
	10% Non-cumulative redeemable participating optionally convertible preference shares in Ratna Bhoomi Enterprise Private Limited (Refer Notes below)	10	**119,250**	–	119,250	–
	Total (A)	–	–	**1,028,989**	–	1,028,989
B.	**Investment carried at fair value through other comprehensive income**					
	Unquoted Investments (all fully paid)					
	Investments in Equity Instruments					
	New Tirupur Area Development Corporation Limited	10	**15,000,000**	–	15,000,000	–
	Total (B)	–	–	–	–	–
	Total Investments (A)+(B)	–	–	**1,028,989**		1,028,989

Note No. 5 - Loans

(Amount in ₹)

Particulars		As at 31st March 2020 Current	As at 31st March 2020 Non- Current	As at 31st March 2019 Current	As at 31st March 2019 Non- Current
a)	Loans to related parties				
	– Secured, considered good	–	–	–	–
	– Unsecured, considered good	–	**191,000,000**	–	–
	– Doubtful	–	–	–	–
Less: Allowance for Credit Losses		–	–	–	–
Total		–	**191,000,000**	–	–

Note No. 6 - Other assets

(Amount in ₹)

Particulars		As at 31st March 2020 Non-current	As at 31st March 2020 Current	As at 31st March 2019 Non-current	As at 31st March 2019 Current
(a)	Prepaid Expenses	–	**31,793**	–	90,000
(b)	Income tax assets (net)	**5,386,460**	–	4,053,000	–
(c)	Balances with government authorities (other than income taxes)				
	Service tax credit receivables	–	**62,050**	–	788,818
(d)	Security deposit				
	Unsecured, considered good	**125,000**	–	125,000	–
(e)	Other receivables	–	**158,076**	–	121,369
Total other assets		**5,511,460**	**251,918**	4,178,000	1,000,187

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 7 - Trade receivables

(Amount in ₹)

Particulars	As at 31st March, 2020 Current	As at 31st March, 2019 Current
Trade receivable outstanding for a period exceeding six months from the date they are due for payment		
– Unsecured, considered good	**200,161**	200,161
Total trade receivables	**200,161**	200,161

Note No. 8

(a) Cash and cash equivalents

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Balance with bank	**2,168,487**	682,517
Total cash and cash equivalents	**2,168,487**	682,517

(b) Other bank balances

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) In deposit accounts	**4,914,875**	113,719,294
Total other bank balances	**4,914,875**	113,719,294

Note No. 9 - Other financial assets

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Financial assets at amortised cost		
Interest accrued but not due on deposits	**89,801**	1,001,713
Interest accrued but not due on ICD	**4,179,107**	–
Total other financial assets	**4,268,908**	1,001,713

Note No. 10 - Equity share capital

Particulars	As at 31st March, 2020 Number of shares	As at 31st March, 2020 ₹	As at 31st March, 2019 Number of shares	As at 31st March, 2019 ₹
(a) Authorised				
Equity shares of ₹ 10 each with voting rights	**20,000,000**	**200,000,000**	20,000,000	200,000,000
	20,000,000	**200,000,000**	20,000,000	200,000,000
(b) Issued, subscribed and fully paid-up shares				
Equity shares of ₹ 10 each	**18,000,000**	**180,000,000**	18,000,000	180,000,000
	18,000,000	**180,000,000**	18,000,000	180,000,000

Notes (i) to (iv) below

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March, 2020 Number of shares	As at 31st March, 2020 ₹	As at 31st March, 2019 Number of shares	As at 31st March, 2019 ₹
Opening balance	**18,000,000**	**180,000,000**	18,000,000	180,000,000
Add: Issued during the year	–	–	–	–
Closing balance	**18,000,000**	**180,000,000**	18,000,000	180,000,000

The company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

(ii) Terms/rights attached to equity shares:

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

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the amount paid up on equity shares held by the shareholders.

(iii) Details of shares held by the holding company:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Mahindra Lifespace Developers Limited, the holding company, including 6 shares jointly held with its nominees	**18,000,000**	18,000,000

(iv) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31st March, 2020 Number of shares	As at 31st March, 2020 % holding	As at 31st March, 2019 Number of shares	As at 31st March, 2019 % holding
Mahindra Lifespace Developers Limited the holding company, including 6 shares jointly held with its nominees	**18,000,000**	**100%**	18,000,000	100%

Note No. 11 - Other equity

(Amount in ₹)

Particulars	Retained earnings	Total
Balance as at 31 March, 2018	**(161,797,849)**	**(161,797,849)**
Profit/(Loss) for the year	103,626,878	**103,626,878**
Other comprehensive income	–	–
Total comprehensive income	103,626,878	**103,626,878**
Balance at 31 March, 2019	**(58,170,971)**	**(58,170,971)**
Profit/(Loss) for the year	206,659,270	**206,659,270**
Other comprehensive income	–	–
Total comprehensive income	206,659,270	206,659,270
Dividend paid	124,200,000	124,200,000
Balance at 31 March, 2020	**24,288,299**	**24,288,299**

Note No. 12 - Trade payables

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
– total outstanding dues of micro enterprises and small enterprises	–	–
– total outstanding dues of trade payables other than micro enterprises and small enterprises	**2,124,323**	2,199,997
Total trade payables	**2,124,323**	2,199,997

Note:

(i) No Companies have been identified under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosure as required by Notification No. G.S.R. 719 (E), dated 16 November, 2007 issued by the Ministry of Corporate Affairs is not applicable.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 13 - Other current liabilities

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
a. Others		
Statutory remittances (withholding taxes, service tax, etc.)	**15,699**	740,136
b. Provision for tax	**2,916,477**	1,626,012
Total other current liabilities	**2,932,176**	2,366,148

Note No. 14 - Other Income

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Interest Income		
on bank deposits	**7,451,040**	6,988,723
on Inter Corporate Deposits	**4,643,451**	–
(b) Dividend Income		
Dividend income from subsidiaries	**197,998,000**	98,999,000
Total other Income	**210,092,491**	105,987,723

Note No. 15 - Employee benefits expense

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salary and wages (including deputation charges)	**96,986**	96,986
Total employee benefit expenses	**96,986**	96,986

Note No. 16 - Other Expenses

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Professional charges	**283,136**	579,579
(b) Stamp & Filing Fees	–	4,800
(c) Payments to auditors (including GST):		
(i) For audit	**15,340**	15,340
(d) Miscellaneous expenses	**5,196**	38,128
(e) ROC Expenses	**7,336**	–
(f) Annual Custody Charges- NSDL	**108,751**	–
Total other expenses	**419,759**	637,847

Note No. 17 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Current Tax:	**2,916,477**	1,626,012
In respect of current year	–	–
Total income tax expense on continuing operations	**2,916,477**	1,626,012

Note No. 17 - Contingent liabilities and commitments

(Amount in ₹)

Contingent liabilities (to the extent not provided for)	As at 31st March, 2020	As at 31st March, 2019
Contingent liabilities		
(a) Guarantee		
For Subsidiary Company - Mahindra Water Utilities Limited		
(subsidiary with effect from 27 July, 2015, prior to that it was a joint venture)		
– Amount of Gurantee outstanding	**180,000,000**	180,000,000
– Maximum liablity of the Company	**180,000,000**	180,000,000

* During the year ended 31 March, 2016, the Company had aquired 48,999 shares of Mahindra Water Utilities Limited from United Utilities International Limited @ Rs.1/- per share vide Share Purchase Agreement dated 29 April, 2015. Consequently, as per the share purchase agreement, the Company and New Tirupur Area Development Corporation Limited entered a new performance gurantee agreement. The peroformance gurantee has been increased from Rs. 90,000,000 to Rs. 180,000,000.

Note No. 18 - Earnings per share

(Amount in ₹)

Sr. No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a)	Profit/(loss) for the year (₹)	**206,659,270**	103,626,878
(b)	Weighted average number of equity shares (No.)	**18,000,000**	18,000,000
(c)	Basic/Diluted earning per share (₹)	**11,48**	5,76
(d)	Nominal value per share (₹)	**10**	10

Note No. 19 - Segment Reporting

The company has a single reportable segment namely development of infrastructure projects and infrastructure related services in India for the purpose of Ind As 108 on segment reporting.

Note No. 20 - Related Party Transactions

Related party disclosures as required by Ind As 24 "Related Party Disclosures" are given below.

Enterprises Controlling the Company

1	Mahindra & Mahindra Limited	Ultimate Holding Company
2	Mahindra Lifespace Developers Limited	Holding Company

Subsidiary

1	Mahindra Water Utilities Limited

Fellow Subsidiary

1	Mahindra Construction Company Limited
2	Mahindra Bloomdale Developers Ltd.

Associate of Holding Company

1	Mahindra Knwoledge Park (Mohali) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Nature of transactions with Related Parties	For the year ended	Ultimate Holding Company	Holding Company	Subsidiary	Fellow subsidiary	Associate
Employee benefit	31-Mar-20	–	96,986	–	–	–
	31-Mar-19	–	96,986	–	–	–
ICD given	31-Mar-20	–	–	–	191,000,000	–
	31-Mar-19	–	–	–	–	–
Interest Received	31-Mar-17	–	–	–	4,643,451	–
	31-Mar-16	–	–	–	–	–
Dividend Paid	31-Mar-20	–	124,200,000	–	–	–
	31-Mar-19	–	–	–	–	–
Dividend Income	31-Mar-20	–	–	197,998,000	–	–
	31-Mar-19	–	–	98,999,000	–	–
Payment made on behalf of related party	31-Mar-20	–	–	–	–	36,707
	31-Mar-19	–	–	–	–	63,238

Nature of Balances with Related Parties	Balances as on	Ultimate Holding Company	Holding Company	Subsidiary	Fellow subsidiariy	Associate
Loans & advances given	31-Mar-20	–	–	–	19,62,47,529	–
	31-Mar-19	–	–	–		–
Receivable	31-Mar-20	–	–	–	–	158,076
	31-Mar-19	–	–	–	–	121,369
Payables	31-Mar-20	–	104,744	–	–	–
	31-Mar-19	110,924	104,744	–	–	–

Notes:

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
2. Related parties have been identified by the Management.

Note No. 21 As the Company can continue its current operations with its own cash resources for a period of atleast one year, the accounts of the Company for the period ended 31 March, 2020 have been prepared on the basis of going concern.

Note No. 22 - Financial Instruments

[I] Capital management

The Company's capital management objectives is to ensure the Company's ability to continue as a going concern

The capital structure of the Company consists of equity.

The Company does not have any borrowings.

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

[II] Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primary trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

(i) Trade receivables

Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date and the Company measures the loss allowances at an amount equal to lifetime expected credit lossess. The Company does not hold collateral as security.

(ii) Financial instruments and cash deposits:

Credit risk from balances with banks is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with bank.

B) LIQUIDITY RISK

(i) Liquidity risk management

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

(ii) Maturities of financial liabilities

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above	Total	Carrying Value
Non-derivative financial liabilities						
31-Mar-20						
Trade Payable	178,452	1,620,811	325,060	–	2,124,323	2,124,323
Total	**178,452**	**1,620,811**	**325,060**	**–**	**2,124,323**	**2,124,323**
31-Mar-19						
Trade Payable	254,126	1,945,871	–	–	2,199,997	2,199,997
Total	**254,126**	**1,945,871**	**–**	**–**	**2,199,997**	**2,199,997**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amount in ₹)

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above	Total	Carrying amount
Non-derivative financial assets						
31st March 2020						
Non interest rate bearing	6,637,556	–	–	–	6,637,556	6,637,556
Fixed interest rate bearing	4,914,875	–	–	–	4,914,875	4,914,875
Total	**11,552,431**	**–**	**–**	**–**	**11,552,431**	**11,552,431**
31st March 2019						
Non interest bearing	1,884,391	–	–	–	1,884,391	1,884,391
Fixed interest rate instruments	113,719,294	–	–	–	113,719,294	113,719,294
Total	**25,894,038**	**–**	**–**	**–**	**25,894,038**	**115,603,685**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

(i) Currency Risk

The Company undertakes transactions denominated only in Indian Rupees and hence, there is no risk of foreign exchnage fluctuations.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have significant exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have significant other price risk.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 23 Continues - Fair Value Measurement

Financial assets measured at fair value

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31-Mar-20	31-Mar-19				
Financial assets						
Investments in equity instruments						
– New Tirupur Area Development Corporation Limited (NTADCL) (15,000,000 equity shares of ₹ 10 each)	–	–	Level 3		On the basis of NTADCL's own data, taking into account all information about market participant that is reasonably available.	NA
Total financial liabilities	–	–				

Note No. 24 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants

Mukesh Maheshwari
Partner
Membership No:49818

Place: Mumbai
Date: 24th April 2020

Santosh Gupta
Chief Financial Officer

For and on behalf of the Board of Directors

Sumit Kasat
Chief Executive Officer

Ulhas Bhosale
Director (DIN: 08217384)

Geeta Dhokare
Company Secretary
ACS : 51135

Suhas Kulkarni
Director (DIN: 00003936)

Place: Mumbai
Date: 24th April 2020

Form AOC-1

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

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

Part "A": Subsidiaries

Sr. No.	Particulars	Amount in Rs.
1.	Name of the subsidiary	Mahindra Water Utilities Ltd.
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	–
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	–
4.	Share capital	10,00,000
5.	Reserves & surplus	40,44,83,870
6.	Total assets	44,21,58,910
7.	Total Liabilities	3,66,75,040
8.	Investments	3,40,346
9.	Turnover	22,69,09,221
10.	Profit before taxation	9,69,92,338
11.	Provision for taxation	2,51,94,724
12.	Profit after taxation	7,17,97,614
13.	Proposed Dividend	NIL
14.	% of shareholding	98.99%

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Joint Ventures and Associate Companies

	Joint Venture	Associate
Name of associates/Joint Ventures	Mahindra Inframan Water Utilities Pvt Ltd.	Rathna Bhoomi Enterprises Pvt Ltd.
1. Latest audited Balance Sheet Date	31.03.2020	31.03.2020
2. Shares of Associate/Joint Ventures held by the company on the year end	50%	50%
Nos.	24,999	500
Amount of Investment in Joint Venture / Associates	249,990	5,000
Extend of Holding%	50%	50%
3. Description of how there is significant influence	Note A	Note A
4. Reason why the associate/joint venture is not consolidated		
5. Net worth attributable to shareholding as per latest audited Balance Sheet	(36,327)	(194,320)
6. Profit/Loss for the year		
i. Considered in Consolidation	–	–
ii. Not Considered in Consolidation	(76,051)	(35,873)

Note A: There is significant influence due to percentage (%) of Share Capital

1. Names of Joint ventures or associates which are yet to commence operations.

2. Names of Joint ventures or associates which have been liquidated or sold during the year.

Note: This Form is to be certified in the same manner in which the Balance sheet is to be certified..

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants

Mukesh Maheshwari
Partner
Membership No:49818

Place: Mumbai
Date: 24th April 2020

Santosh Gupta
Chief Financial Officer

For and on behalf of the Board of Directors

Sumit Kasat
Chief Executive Officer

Ulhas Bhosale
Director (DIN: 08217384)

Geeta Dhokare
Company Secretary
ACS : 51135

Suhas Kulkarni
Director (DIN: 00003936)

Place: Mumbai
Date: 24th April 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA WORLD CITY (MAHARASHTRA) LIMITED

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Mahindra World City (Maharashtra) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its loss and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The company's Board of Directors is responsible for the other information. The other information comprises the Board report. Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

5. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.
6. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
    a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis

for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

14. As required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors.

h) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN: 20040404AAAAEA2070

Place: Mumbai
Date: April 20, 2020

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Mahindra World City (Maharashtra) Limited for the year ended March 31, 2020

1) The Company did not have any fixed assets during the year. Hence the provisions of the para 3(i) of the Order are not applicable.

2) The Company does not have inventory as on March 31, 2020. Hence the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2020 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No.: 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN: 20040404AAAAEA2070

Place: Mumbai
Date: April 20, 2020

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA WORLD CITY (MAHARASHTRA) LIMITED

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

We have audited the internal financial controls over financial reporting of Mahindra World City (Maharashtra) Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN: 20040404AAAAEA2070

Place: Mumbai
Date: April 20, 2020

BALANCE SHEET AS AT YEAR ENDED 31ST MARCH, 2020

(Amount in ₹)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
NON-CURRENT ASSETS			
(a) Financial Assets			
(i) Investments	4	**119,105,594**	119,105,594
SUB-TOTAL		**119,105,594**	119,105,594
CURRENT ASSETS			
(a) Financial Assets			
(i) Cash and Cash Equivalents	5	**196,092**	381,915
(b) Other Current Assets	6	**1,527,450**	1,527,450
SUB-TOTAL		**1,723,542**	1,909,365
TOTAL ASSETS		**120,829,136**	121,014,959
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	7	**11,704,000**	11,704,000
(b) Other Equity	8	**(101,792,592)**	(94,876,770)
SUB-TOTAL		**(90,088,592)**	(83,172,770)
LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	9	**148,760,295**	139,104,000
(b) Provisions	10	**18,262,329**	18,262,329
SUB-TOTAL		**167,022,624**	157,366,329
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Trade Payables	11		
— total outstanding dues of micro enterprises and small enterprises		**–**	–
— total outstanding dues of trade payables other than micro enterprises and small enterprises		**1,506,317**	1,481,144
(ii) Other Financial Liabilities	12	**41,709,564**	44,761,119
(b) Other Current Liabilities	13	**679,223**	579,137
SUB-TOTAL		**43,895,104**	46,821,400
TOTAL		**120,829,136**	121,014,959

See accompanying notes forming part of the financial statements

In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No:040404

Place : Mumbai
Date : 20th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Suhas Kulkarni
Director (DIN-00003936)

Place : Mumbai
Date : 20th April 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in ₹)

Particulars		Note No.	As at 31st March, 2020	As at 31st March, 2019
Continuining Operations				
I	Other Income		–	–
II	**Total Revenue (I)**		–	–
III	**EXPENSES**			
	(a) Finance cost	14	**6,792,223**	5,791,364
	(b) Other expenses	15	**123,598**	166,486
	Total Expenses (III)		**6,915,821**	5,957,850
	Profit/(loss) before exceptional items and tax (II - III)		**(6,915,821)**	(5,957,850)
IV	**Profit/(loss) before tax**		**(6,915,821)**	(5,957,850)
V	**Tax Expense**			
	(1) Current tax		–	–
	Total tax expense		–	–
VI	**Profit/(loss) after tax from continuing operations (IV-V)**		**(6,915,821)**	(5,957,850)
VII	**Profit/(loss) for the period**		**(6,915,821)**	(5,957,850)
VIII	**Earnings per equity share (from continuing operations):**			
	(1) Basic/Diluted	16	**(5.91)**	(5.09)

See accompanying notes forming part of the financial statements

In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No:040404

Place : Mumbai
Date : 20th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Suhas Kulkarni
Director (DIN-00003936)

Place : Mumbai
Date : 20th April 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in ₹)

Particulars	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
Cash flows from operating activities			
Profit before tax for the year	PL	**(6,915,821)**	(5,957,850)
		(6,915,821)	(5,957,850)
Movements in working capital:			
(Increase)/decrease in other assets		**–**	(3,120)
Decrease in trade and other payables		**25,173**	129,869
Increase/(decrease) in provisions		**–**	(114,155)
(Decrease)/increase in other liabilities		**6,704,826**	5,862,019
Net cash generated by operating activities		**(210,995)**	(83,237)
Net increase in cash and cash equivalents		**(210,994)**	(83,236)
Cash and cash equivalents at the beginning of the year		**381,915**	465,153
Cash and cash equivalents at the end of the year		**196,092**	381,915

See accompanying notes forming part of the financial statements

In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No:040404

Place : Mumbai
Date : 20th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Suhas Kulkarni
Director (DIN-00003936)

Place : Mumbai
Date : 20th April 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in ₹)

A. Equity share capital	
As at 31st March, 2019	11,704,000
Changes in equity share capital during the year	–
As at 31st March, 2020	**11,704,000**

a. Equity share capital

	Equity share capital (no. of Shares)
Balance at 31st March 2019	**1,170,400**
Changes in equity share capital during the year	
Issue of equity shares	**–**
Balance at 31st March 2020	**1,170,400**

B. Other Equity	**Retained earnings**
	(Amount in ₹)
Balance as 31st March, 2018	**(88,918,920)**
Profit/(Loss) for the year	(5,957,850)
Other comprehensive income	–
Total comprehensive income	(5,957,850)
Balance as at 31st March, 2019	**(94,876,770)**
Profit/(Loss) for the year	(6,915,821)
Other comprehensive income	–
Total comprehensive income	(6,915,821)
Balance as at 31st March, 2020	**(101,792,591)**

See accompanying notes forming part of the financial statements

In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No:040404

Place : Mumbai
Date : 20th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Suhas Kulkarni
Director (DIN-00003936)

Place : Mumbai
Date : 20th April 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

1. Corporate information

Mahindra World City (Maharashtra) Limited ("the Company") is a public company incorporated in 2005 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is in the business of development of Multi product SEZ in Maharashtra as a joint venture with Maharashtra Industrial Development Corporation (MIDC).

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

2. Significant Accounting Policies

2.1 Statement of compliance and Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (Rs.) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 20th April, 2020.

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Financial assets and Liabilities

2.3 Financial instruments

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

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

2.4 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.4.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.4.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

2.5 Financial liabilities and equity instruments

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

2.5.1 Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.5.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.5.1.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.6 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.7.1 Current tax

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

2.7.2 Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

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

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

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

2.7.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.7.4 Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/ (loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2a. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Note No. 4 - Investments

Particulars	Face Value (₹)	As at 31st March, 2020 Nos.	Amount in (₹)	As at 31st March, 2019 Nos.	Amount in (₹)
A. Investments carried at cost or deemed cost					
I. Unquoted Investments (all fully paid)					
Investments in Equity Instruments					
– of associate					
Deep Mangal Developers Private Limited	10	**830**	**117,833,100**	830	117,833,100
Mahindra Construction Company Limited	10	**3000**	**30,000**	3,000	30,000
Moonshine Construction Private Limited	10	**10**	**100**	10	100
Mahindra Ugine Steel Limited	1	**1**	**1**	1	1
Rathna Bhoomi Enterprises Private Limited	10	**500**	**5,000**	500	5,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	Face Value (₹)	As at 31st March, 2020 Nos.	Amount in (₹)	As at 31st March, 2019 Nos.	Amount in (₹)
Investments in Preference shares					
– of associate					
7% Non-cumulative redeemable participating optionally convertible preference shares in Moonshine Construction Private Limited	10	**4,479**	**44,790**	4,479	44,790
Rathna Bhoomi Enterprises Private Limited	10	**119,250**	**1,192,500**	119,250	1,192,500
Prudential Management & Services Private Limited	1	**2**	**2**	2	2
MCCL	**1**	**1**	**1**	1	1
			119,105,594		119,105,594

Note No. 5 - Cash and Bank Balances

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents		
(a) Balances with banks	**194,543**	380,366
(b) Cash on hand	**1,549**	1,549
Total Cash and cash equivalent	**196,092**	302,778

Note No. 6 - Other assets

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
	Current	Current
(a) Advances other than capital advances		
(i) Balances with government authorities (other than income taxes)	**1,087,440**	1,087,440
(ii) Other advances	**440,010**	440,010
	1,527,450	1,527,450

Note No. 7 - Equity Share Capital

Particulars	As at 31st March, 2020 No. of shares	Amt ₹	As at 31st March, 2019 No. of shares	Amt ₹
Authorised:				
Equity shares of Rs.10 each with voting rights	**1,500,000**	**15,000,000**	1,500,000	15,000,000
Equity shares of Rs.10 each with differential voting rights	**–**	**–**	–	–
Preference shares of Rs.10 each	**–**	**–**	–	–
Issued, Subscribed and Fully Paid:				
Equity shares of Rs.10 each with voting rights	**1,170,400**	**11,704,000**	1,170,400	11,704,000
Equity shares of Rs.10 each with differential voting rights	**–**	**–**	–	–
Preference shares of Rs.10 each	**–**	**–**	–	–
Total	**1,170,400**	**11,704,000**	1,170,400	11,704,000

Note No.7a - Equity Share Capital (Contd.)

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Other Changes (give details)	Closing Balance
Year Ended 31st March, 2020				
No. of Shares	**1,170,400**	–	–	**1,170,400**
Amount	**11,704,000**	–	–	**11,704,000**
Year Ended 31st March, 2019				
No. of Shares	1,170,400	–	–	1,170,400
Amount	11,704,000	–	–	11,704,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

No. of Shares

Particulars	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31st March 2020			
Mahindra Lifespace Developers Ltd.	**1,170,400**	**–**	–
As at 31st March 2019			
Mahindra Lifespace Developers Ltd.	1,170,400	**–**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Lifespace Developers Ltd.	**1,170,400**	**100.00%**	1,170,400	100.00%

Note No. 8 - Other equity

(Amount in ₹)

Particulars	Retained earnings	Total
Balance as at 31 March, 2018	(88,918,920)	(88,918,920)
Profit/(Loss) for the year	(5,957,850)	(5,957,850)
Other comprehensive income	–	–
Total comprehensive income	(94,876,770)	(94,876,770)
Balance at 31 March, 2019	(94,876,770)	(94,876,770)
Profit/(Loss) for the year	(6,915,822)	(6,915,822)
Other comprehensive income	–	–
Total comprehensive income	(101,792,592)	(101,792,592)
Balance at 31 March, 2020	**(101,792,592)**	**(101,792,592)**

Note No. 9 - Non-Current Borrowings

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Measured at amortised cost		
A. Secured Borrowings:	**–**	–
Total Secured Borrowings	**–**	–
B. Unsecured Borrowings - at amortised Cost		
(a) Other Loans	**74,215,000**	74,215,000
(b) Loans from related parties*	**72,770,295**	63,114,000
(c) Other Loans		
Redeemable preference share capital	**1,775,000**	1,775,000
Total Unsecured Borrowings	**148,760,295**	139,104,000
Total Borrowings	**148,760,295**	139,104,000

* The Unsecured Inter Corporate Deposit taken from Mahindra Lifespace Developers Limited @ 9.20% p.a

Note No. 10 - Provisions

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
	Current	Non-Current	**Current**	Non-Current
(a) Other Provisions				
1 Other Provisions	**–**	18,262,329	**–**	18,262,329
Total Provisions	**–**	18,262,329	**–**	18,262,329

Note No. 11 - Trade Payables

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
	Current	Current
Trade payable - total outstanding Dues of micro enterprises and small enterprises	**-**	-
Trade payable - total outstanding dues of trade payables other than micro enterprises and small enterprises	**1,506,317**	1,481,144
Total trade payables	**1,506,317**	1,481,144

Note No. 12 - Other Financial Liabilities

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Other Financial Liabilities Measured at Amortised Cost		
Current		
(a) Interest accrued on borrowings	**41,709,564**	44,761,119
Total other financial liabilities	**41,709,564**	44,761,119

Note No. 13 - Other Liabilities

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
	Current	Current
(a) Statutory dues		
– taxes payable (other than income taxes)	**679,223**	579,137
TOTAL OTHER LIABILITIES	**679,223**	579,137

Note No. 14 - Finance Cost

(Amount in ₹)

Particulars	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
(a) Interest expense	**6,792,223**	5,791,364
Total finance cost	**6,792,223**	5,791,364

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 15 - Other Expenses

(Amount in ₹)

Particulars			For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
(a)	Auditors remuneration and out-of-pocket expenses			
	(i)	As Auditors	**34,220**	38,940
(b)	Other expenses			
	(i)	Legal and other professional costs	**83,761**	122,255
	(ii)	Miscellaneous expenses	**5,617**	5,291
Total Other Expenses			**123,598**	166,486

Note No. 16 - Earnings per Share

(Amount in ₹)

Particulars	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
Basic Earnings per share		
From continuing operations	**(5.91)**	(5.09)
From discontinuing operations	**–**	–
Total basic earnings per share	**(5.91)**	(5.09)

(Amount in ₹)

Particulars	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
Diluted Earnings per share	**(5.91)**	(5.09)
From continuing operations	**–**	–
From discontinuing operations	**–**	–
Total diluted earnings per share	**(5.91)**	(5.09)

(Amount in ₹)

	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
Profit/(loss) for the year attributable to owners of the Company	**(6,915,821)**	(5,957,850)
Less: Preference dividend and tax thereon		
Profit/(loss) for the year used in the calculation of basic earnings per share	**(6,915,821)**	(5,957,850)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**(6,915,821)**	(5,957,850)
Weighted average number of equity shares	**1,170,400**	1,170,400
Earnings per share from continuing operations - Basic	**(5.91)**	(5.09)

Note No. 17 - Related Party Transactions

Related party disclosures as required by Ind As 24 “Related Party Disclosures” are given below.

Enterprises Controlling the Company

(Amount in ₹)

1	Mahindra & Mahindra Limited	Ultimate Holding Company
2	Mahindra Lifespace Developers Limited	Holding Company

Particulars	For the year ended	Ultimate Holding Company	Holding Company
Nature of transactions with Related Parties			
Interest on ICD	**31-Mar-20**	**–**	**6,792,223**
	31-Mar-19	–	
Accrude interest converted to ICD	**31-Mar-20**	–	**9,156,295**
	31-Mar-19	–	–
Inter Corporate Deposits received	**31-Mar-20**	**–**	**500,000**
	31-Mar-19	–	500,000
Nature of Balances with Related Parties	**Balances as on**	**Ultimate Holding Company**	**Holding Company**
Payables	**31-Mar-20**	**–**	**112,520,726**
	31-Mar-19	–	108,873,192

Notes:

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
2. Related parties have been identified by the Management.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 189 The accounts of the Company for the year ended 31st March, 2020 have been prepared on the basis of going concern.

Note No. 19 - Financial Instruments

Capital management

The Company's capital management objectives are:

– safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders

– maintain an optimal capital structure to reduce the cost of capital

The Management of the Company monitors the capital structure using debt ratio which is determined as the proportion of total debt to total equity.

Debt ratios are as follows:	**As at 31st March, 2020**	As at 31st March, 2019
Debt (A)	**148,760,295**	138,604,000
Equity (B)	**(90,088,592)**	(77,214,920)
Debt Ratio (A/B)	**(1.65)**	(1.80)

Categories of financial assets and financial liabilities

The following tables shows the carrying amount and fair values of financial assets and financial liabilities by category:

As at 31st March, 2020

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	**119,105,594**	–	–	**119,105,594**
Current Assets				
Investments	–	–	–	–
Trade Receivables	–	–	–	–
Other Bank Balances	**196,092**	–	–	**196,092**
Non-current Liabilities				
Borrowings	**148,760,295**	–	–	**148,760,295**
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	–	–	–	–
Other Financial Liabilities	–	–	–	–
- Non Derivative Financial Liabilities	**41,709,564**	–	–	**41,709,564**

As at 31st March, 2019

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	119,105,594	-	-	119,105,594
Current Assets				
Investments	-	-	-	-
Trade Receivables	-	-	-	-
Other Bank Balances	381,915	-	-	381,915
Non-current Liabilities				
Borrowings	139,104,000	-	-	139,104,000
Current Liabilities				
Borrowings	-	-	-	-
Trade Payables	-	-	-	-
Other Financial Liabilities		-	-	
- Non Derivative Financial Liabilities	44,761,119	-	-	44,761,119

[II] Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is not exposed to credit risk .

B) LIQUIDITY RISK

(i) Liquidity risk management

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

(ii) Maturities of financial liabilities

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

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**
Non-derivative financial liabilities			
31-Mar-20			
Long Term Borrowing			
Long Term Borrowing - Principal	**-**	**-**	**148,760,295**
Non-derivative financial liabilities			
31-Mar-19			
Long Term Borrowing			
Long Term Borrowing - Principal	-	-	139,104,000

C) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

(i) Currency Risk

The Company undertakes transactions denominated only in Indian Rupees and hence, there is no risk of foreign exchnage fluctuations.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have other price risk.

Note No. 20 - Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Fair value of financial assets and financial liabilities that are not measured at fair value

	31-Mar-20		31-Mar-19	
Particulars	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– cash & cash equivalents	**196,092**	–	381,915	–
	196,092	–	465,153	–
Financial liabilities				
Financial liabilities held at amortised cost				
– loans from other entities	**148,760,295**		139,104,000	
– other financial liabilities	**41,709,564**	–	44,761,119	–
Total	**190,469,859**	–	178,144,632	–

(Amount in ₹)

Financial assets/ financial liabilities	**Fair value hierarchy as at 31st March, 2020**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
(i) Trade receivables	–	–	–	–
(i) Cash and cash equivalents	–	**196,092**	–	**196,092**
Total	–	**196,092**	–	**196,092**

(Amount in ₹)

Financial assets/ financial liabilities	**Fair value hierarchy as at 31st March, 2020**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Long term loan		**148,760,295**		**148,760,295**
(i) Other financial liabilities	–	**41,709,564**	–	**41,709,564**
Total	–	**190,469,859**	–	**190,469,859**

(Amount in ₹)

Financial assets/ financial liabilities	**Fair value hierarchy as at 31st March, 2019**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	381,915	–	381,915
Total	–	381,915	–	381,915
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Long term loan	–	139,104,000	–	139,104,000
(ii) Other financial liabilities	–	44,761,119	–	44,761,119
Total	–	183,865,119	–	183,865,119

Note: The Company has not disclosed the fair value for financial instruments, because the carrying amounts are a reasonable approximation of fair value.

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No:040404

Place : Mumbai
Date : 20th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Suhas Kulkarni
Director (DIN-00003936)

Place : Mumbai
Date : 20th April 2020

Form AOC-I

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Account) Rules, 2014.
Statement containing salient features of financial statements of Subsidiary/Associates/Joint Ventures.

Part"A" Subsidiaries

(Amount in ₹)

Name of Subsidiary	Deep Mangal Developers Limited	Mahindra Knowledge Park (Mohali) Limited
Reporting period of the subsidiary concerned, if different from the holding company's reporting period	NA	NA
Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA
Share capital	100,700	130
Reserves & surplus	(3,772,052)	(12,243,177)
Total assets	26,418,552	2,666
Total Liabilities	30,089,904	12,255,005
Investments	5,010	–
Turnover	–	–
Profit/(Loss) before taxation	(737,565)	(40,367)
Provision for taxation	–	–
Profit/(Loss) after taxation	(737,565)	(40,367)
Proposed Dividend	–	–
% of shareholding	100.00%	99.97%

Notes:
1. No subsidiaries which are yet to commence operations.
2. No subsidiaries which have been liquidated or sold during the year.

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No:040404

Place : Mumbai
Date : 20th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Suhas Kulkarni
Director (DIN-00003936)

Place : Mumbai
Date : 20th April 2020

Part "B" Associates/ Joint Ventures

(Amount in ₹)

	ASSOCIATES	
Name of Associates/Joint Ventures	**Moonshine Construction Private Limited**	**Rathna Bhoomi Enterprises Private Limited**
Latest Audited Balance Sheet Date	31-Mar-20	31-Mar-20
Shares of Associate/Joint Venture held by the Company on the year end:		
No. of Equity shares held	20	500
Extent of Holding (%)	49.12%	50.00%
Amount of investment in Associates	100	5,000
Description of how there is significant influence	#	#
Reason why the Associate/joint venture is not consolidated	*	*
Networth attributable to Shareholding as per latest audited Balance sheet	(3,130,054)	(388,639)
Profit/(Loss) for the year:		
i) Considered in Consolidation	–	–
ii) Not Considered in Consolidation	**(75,312)**	**(35,873)**

Notes:
1. No Associates/Joint Venture which are yet to commence operations.
2. No Associates/Joint Venture which have been liquidated or sold during the year.
3. Pursuant to notification dated 27th July, 2016 issued by the Ministry of Corporate Affairs, the Company, after seeking consent of the Shareholders in writing, availed exemption for consolidation of the accounts

Significant influence due of % of share holding.
* No control based on control assessment

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No:040404

Place : Mumbai
Date : 20th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Suhas Kulkarni
Director (DIN-00003936)

Place : Mumbai
Date : 20th April 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Integrated Township Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **Mahindra Integrated Township Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (herein after referred to as "the Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, the loss and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information at the date of this Auditor's Report comprises the information included in the Director's Report, but does not include the Ind AS financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing specified under Section 143 (10) of the Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("CARO 2016" / "Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, based on our audit we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive income, Statement of Changes in Equity, and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the Directors as on 31st March, 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

    (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company does not have any pending litigations which would impact its financial position.

        ii. The Company did not have any long-term contracts which has any material foreseeable losses. The Company did not have any derivative contracts.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN: 20204764AAAAAR2727

Place: Chennai
Date: 15 April, 2020

ANNEXURE “A” TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **Mahindra Integrated Township Limited** (“the Company”) as of 31st March, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls over Financial Reporting

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm’s Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN: 20204764AAAAAR2727

Place: Chennai
Date: 15 April, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. In respect of its fixed assets (Property, Plant and Equipment (PPE)):

   a) The Company has maintained proper records showing full particulars, including quantitative details and situation of PPE.

   b) Most of the PPE were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all PPE at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

   c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of CARO 2016 is not applicable.

ii. In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of title deeds, , site visits by the Management and certification of extent of work completion by competent persons, are done at reasonable intervals and no material discrepancies were noticed on physical verification. In case of inventory of construction materials lying with vendors at sites, certificates confirming the inventory have been received of the stock held at balance sheet date.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of Act and hence reporting under clause (iii) of CARO 2016 is not applicable.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v. According to the information and explanations given to us, the Company has not accepted any deposits during the year. There were no unclaimed deposits outstanding at any time during the year.

vi. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under subsection (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

   a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Goods and Services Tax ("GST") and other material statutory dues applicable to it with the appropriate authorities.

   b) There were no undisputed amounts payable in respect of Provident Fund Income Tax, GST and other material statutory dues in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable.

   c) There are no dues of Income Tax and GST as on 31st March, 2020 on account of disputes.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and debenture holders. The Company has not taken any loans or borrowings from financial institutions and government.

ix. In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) The money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such cases by the Management.

xi. In our opinion and according to the information and explanation given to us, the Company has not paid / provided any managerial remuneration and accordingly reporting under clause (xi) of CARO 2016 is not applicable.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of CARO 2016 is not applicable.

xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial Statements as required by the applicable accounting standards.

xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of Section 192 of the Act are not applicable.

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

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN: 20204764AAAAAR2727

Place: Chennai
Date: 15 April, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

All amounts are in Rupees Lakhs unless otherwise stated

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
I. ASSETS			
1. Non-Current Assets			
(a) Property, Plant and Equipment	3	**24.53**	36.08
(b) Financial Assets			
(i) Investments	5	**6,629.48**	6,629.48
(ii) Other Financial Assets	6	**0.75**	0.75
(c) Deferred Tax Assets	4	**1,522.85**	1,106.90
(d) Other Non-current Assets	7	**403.99**	420.46
Total Non-Current Assets		**8,581.60**	8,193.67
2. Current Assets			
(a) Inventories	8	**11,263.26**	8,682.93
(b) Financial Assets			
(i) Trade Receivables	9	**827.76**	323.74
(ii) Cash and Cash Equivalents	10	**148.22**	43.37
(iii) Bank balances other than (ii) above	10	**366.00**	421.80
(iv) Other Financial Assets	6	**17.72**	7.73
(c) Other Current Assets	7	**937.08**	775.04
Total Current Assets		**13,560.04**	10,254.61
Total Assets		**22,141.64**	18,448.28
II. EQUITY AND LIABILITIES			
1. Equity			
(a) Equity Share Capital	11	**5,000.00**	5,043.50
(b) Other Equity	12	**1,806.73**	2,863.51
Total Equity		**6,806.73**	7,907.01
Liabilities			
2. Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	**3,000.00**	2,497.34
(ii) Other Financial Liabilities	14	**–**	263.77
(b) Provisions	17	**80.06**	–
Total Non-Current Liabilities		**3,080.06**	2,761.11
3. Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	**3,882.39**	2,460.71
(ii) Trade Payables			
total outstanding dues of micro enterprises and small enterprises	16	**–**	55.06
total outstanding dues of creditors other than micro enterprises and small enterprises	16	**1,399.47**	915.77
(iii) Other Financial Liabilities	14	**3,154.40**	3,144.28
(b) Provisions	17	**38.40**	30.93
(c) Other Current Liabilities	18	**3,780.19**	1,173.41
Total Current Liabilities		**12,254.85**	7,780.16
Total Liabilities		**15,334.91**	10,541.27
Total Equity & Liabilities		**22,141.64**	18,448.28

Summary of Significant Accounting Policies 2

The accompanying notes 1 to 35 are an integral part of these financial statements

In terms of our report of even date
For **B. K. Khare & Co.,**
Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: 15th April, 2020

T Sivaranjan kumar
Chief Financial Officer

Ankit Shah
Company Secretary

For and on behalf of the board of directors of Mahindra Integrated Township Limited

Vimal Agarwal
Non-Executive Non-Independent Director
(DIN: 07296320)

Sangeeta Prasad
Chairperson
(DIN: 02791944)

R. Santhanam
(DIN: 00237740)
M. S. Jagan
(DIN: 02002827)
Independent Director

Place: Mumbai
Date: 15th April, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rupees Lakhs unless otherwise stated

Particulars	Note No.	**Year ended 31st March, 2020**	Year ended 31st March, 2019
REVENUE			
Revenue from operations	**19**	**143.62**	629.42
Other Income	**20**	**182.41**	687.78
Total Income		**326.03**	1,317.20
EXPENSES			
Cost of Sales	**21**	**39.72**	358.58
Employee benefits expense	**22**	**279.65**	–
Finance costs	**23**	**751.00**	710.13
Depreciation and amortisation expense	**3**	**11.55**	12.17
Other expenses	**24**	**578.67**	1,172.41
Total Expenses		**1,660.59**	2,253.29
Loss before tax		**(1,334.56)**	(936.09)
Tax Expense			
Tax Expense relating to Earlier Year	**4**	**28.18**	–
Deferred Tax	**4**	**(412.79)**	(433.02)
Total tax credit		**(384.61)**	(433.02)
Loss after tax		**(949.95)**	(503.07)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
(a) Remeasurement of the defined benefit plans		**(10.23)**	**–**
(b) Income tax relating to Items that will not be reclassified to profit or loss		**3.16**	**–**
Total Other Comperhensive Loss		**(7.07)**	–
Total Comprehensive Loss		**(957.02)**	(503.07)
Earnings per equity share (face value of Rs. 10/- each)			
Basic/Diluted in Rs.	**26**	**(1.88)**	(1.00)

Summary of Significant Accounting Policies 2

The accompanying notes 1 to 35 are an integral part of these financial statements

In terms of our report of even date

For **B. K. Khare & Co.,**
Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: 15th April, 2020

T Sivaranjan kumar
Chief Financial Officer

Ankit Shah
Company Secretary

For and on behalf of the board of directors of Mahindra Integrated Township Limited

Vimal Agarwal
Non-Executive Non-Independent Director
(DIN: 07296320)

Sangeeta Prasad
Chairperson
(DIN: 02791944)

R. Santhanam
(DIN: 00237740)
M. S. Jagan
(DIN: 02002827)
Independent Director

Place: Mumbai
Date: 15th April, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Lakhs unless otherwise stated

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Cash flows from operating activities		
Loss before tax for the year	**(1,334.56)**	(936.09)
Adjustments for:		
Finance costs recognised in profit and loss	**751.00**	710.13
Dividend Income	**(157.00)**	(580.00)
Interest Income	**(21.15)**	(89.11)
Depreciation and amortisation expense	**11.55**	12.17
Operating Loss before working capital changes	**(750.16)**	(882.90)
Movements in working capital:		
(Increase)/Decrease in trade and other receivables	**(504.02)**	51.47
Increase in inventories	**(2,467.33)**	(1,217.61)
Increase in other assets	**(162.04)**	(320.31)
Decrease/(Increase) in other non current assets	**0.30**	(1.80)
Increase in trade and other payables	**428.64**	195.05
Increase/(Decrease) in amounts due to customers	**18.13**	(1.94)
Decrease in Other Financial Liabilities	**(23.49)**	(90.10)
Increase/(Decrease) in provisions	**77.30**	(11.00)
Increase in deferred revenue	**2,522.50**	50.61
Increase in other liabilities	**47.30**	5.95
Cash used in operations	**(812.87)**	(2,222.58)
Income taxes paid	**(12.01)**	(58.72)
Net cash used in operating activities	**(824.88)**	(2,281.30)
Cash flows from investing activities		
Dividends received from Subsidiary	**157.00**	580.00
Fixed Deposits - not considered as cash and cash equivalents redeemed/(placed)	**–**	2,529.59
Bank balances not considered as Cash and Cash Equivalents	**55.80**	(253.01)
Interest received	**11.16**	81.38
Net cash generated from investing activities	**223.96**	2,937.96
Cash flows from financing activities		
Proceeds from Short term borrowings (net)	**26.68**	2,460.71
Equity Dividend Paid	**–**	(580.00)
Buy Back of Shares	**(124.41)**	–
Repayment of long term borrowings	**(2,500.00)**	(2,499.22)
Proceeds from long term borrowings	**3,000.00**	–
ICD's from Related parties	**1,495.00**	–
Repayment of ICD's to Related parties	**(100.00)**	–
Interest paid	**(1,091.50)**	(824.93)
Net cash generated from / (used) in financing activities	**705.77**	(1,443.44)
Net increase/(decrease) in cash and cash equivalents	**104.85**	(786.78)
Cash and cash equivalents at the beginning of the year	**43.37**	830.15
Cash and Cash equivalents at the end of the year (Refer Note 10)	**148.22**	43.37

The above Cash Flow Statement has been prepared under the “indirect method” as set out in ‘Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows’.

Summary of Significant Accounting Policies

The accompanying notes 1 to 39 are an integral part of these financial statements

Change in Liabilities arising from financing activities **(Rs in lakhs)**

Particulars	**As at 1st April, 2019**	**Other adjustments during the year**	**Cash Flow**	**As at 31st March, 2020**
Non Current Borrowings (Non-Current portion) - Refer Note 13	**2,497.34**	**(2,497.34)**	**3,000.00**	**3,000.00**
Current Borrowings (Refer Note 15)	2,460.71		1,421.68	3,882.39
Current Maturities of Long Term Borrowings (Refer Note 14)	2,499.25	2,499.96	(2,500.00)	2,499.21
Total	**7,457.30**	**2.62**	**1,921.68**	**9,381.60**

Summary of Significant Accounting Policies 2

The accompanying notes 1 to 35 are an integral part of these financial statements

In terms of our report of even date
For **B. K. Khare & Co.,**
Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: 15th April, 2020

T Sivaranjan kumar
Chief Financial Officer

Ankit Shah
Company Secretary

For and on behalf of the board of directors of Mahindra Integrated Township Limited

Vimal Agarwal
Non-Executive Non-Independent Director
(DIN: 07296320)

Sangeeta Prasad
Chairperson
(DIN: 02791944)

R. Santhanam
(DIN: 00237740)
M. S. Jagan
(DIN: 02002827)
Independent Director

Place: Mumbai
Date: 15th April, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rupees Lakhs unless otherwise stated

Particulars	Share Capital	Other Equity			
	Equity Share Capital	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	Total
Balance as at 1st April, 2018	**5,043.50**	–	1,468.74	2,674.98	9,187.22
INDAS 115 Opening Reserve Adjustment (net of tax) (Refer Note no. 19)				(197.14)	(197.14)
Loss for the year				(503.07)	(503.07)
Dividend paid on Equity Shares				(580.00)	(580.00)
Balance as at 31st March, 2019	**5,043.50**	**–**	**1,468.74**	**1,394.77**	**7,907.01**

Particulars	Share Capital	Other Equity			
	Equity Share Capital	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	Total
Balance as at 1st April, 2019	**5,043.50**	–	1,468.74	1,394.77	7,907.01
Loss for the year				(949.95)	(949.95)
Other Comprehensive Income				(7.07)	(7.07)
Buy Back of Share	**(43.50)**			(80.91)	(124.41)
Buy Back tax				(18.85)	(18.85)
Transfer to Capital Redemption Reserve (Refer Note no 11(i))		43.50		(43.50)	–
Transfer of Debenture Redemption Reserve (Refer Note no 12b)			(1,218.74)	1,218.74	–
Balance as at 31st March, 2020	**5,000.00**	**43.50**	**250.00**	**1,513.23**	**6,806.73**

Summary of Significant Accounting Policies 2

The accompanying notes 1 to 35 are an integral part of these financial statements

In terms of our report of even date

For **B. K. Khare & Co.,**
Chartered Accountants

T Sivaranjan kumar
Chief Financial Officer

P. Shankar Raman
Partner

Ankit Shah
Company Secretary

Place: Chennai
Date: 15th April, 2020

For and on behalf of the board of directors of Mahindra Integrated Township Limited

Vimal Agarwal
Non-Executive Non-Independent Director
(DIN: 07296320)

Sangeeta Prasad
Chairperson
(DIN: 02791944)

R. Santhanam
(DIN: 00237740)
M. S. Jagan
(DIN: 02002827)
Independent Director

Place: Mumbai
Date: 15th April, 2020

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

1. General Information

Mahindra Integrated Township Limited ("the Company") was incorporated on June 26, 1996.

The Company is a Co-developer, approved under Special Economic Zone Act, 2005, engaged in development of township including residential infrastructure in Mahindra World City SEZ and giving it on perpetual lease. The address of its registered office and principal place of business is Administrative Block, Central Avenue, Mahindra World City, Chengalpet, Kancheepuram – 603 002.

The level of activity carried out by the Company depends on the number of projects handled and accordingly the revenue from operations may not be comparable on a year-to-year basis.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provision of the Act.

The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in their meeting held on 15th April, 2020.

2.2 Basis of measurement

2.2.1 Basis of preparation

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

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

2.2.2 Exemption from preparation of consolidated financial statements

The Company has investments in a subsidiary. The Holding company, Mahindra Lifespaces Developers Limited, having its registered office at 5th floor, Mahindra Towers, Worli, Mumbai 400 018 are presenting the consolidated financial statements. The Company has therefore availed the exemption under paragraph 4(a) of Ind AS 110 and have satisfied the conditions for exemption from preparing consolidated financial statements as per Companies (Accounts) Amendments Rules, 2016 and thereby does not present consolidated financial statements.

Consequently, the accounting policies mentioned herein relate to the standalone financial statements of the Company.

2.2.3 Measurement of Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis as applicable.

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

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

2.3 Revenue from Contracts and Customers

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.3.1 Revenue from Projects

The Company develops and sells residential and commercial properties. Revenue from contracts is recognised when control over the property has been transferred to the customer. An enforceable right to payment does not arise until the development of the property is completed. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer and the development of the property is completed. The revenue is measured at the transaction price agreed under the contract.

The Company invoices the customers for construction contracts based on achieving a series of performance-related milestones.

For certain contracts involving the sale of property under development, the Company offers deferred payment schemes to its customers. The Company adjusts the transaction price for the effects of the significant financing component.

2.3.2 Revenue from sale of Land

Revenue from Sale of land is generally a single performance obligation and the Company has determined that this is satisfied at the point in time when control transfers as per the terms of the contract entered into with the buyers, which generally are with the firmity of the sale contracts / agreements. The determination of transfer of control did not change upon the adoption of Ind AS 115

2.3.3 Revenue from Project Management Fees

Project Management Fees receivable on fixed period contracts is accounted over the tenure of the contract/ agreement. Where the fee is linked to the input costs, revenue is recognised as a proportion of the work completed based on progress claims submitted. Where the management fee is linked to the revenue generation from the project, revenue is recognised on the percentage of completion basis.

2.3.4 Contract Costs

Costs to obtain contracts ("Contract costs") relate to fees paid for obtaining property sales contracts. Such costs are recognised as assets when incurred and amortised upon recognition of revenue from the related property sale contract.

2.3.5 Significant accounting judgements, estimates and assumptions

2.3.5.1 Determining the timing of revenue recognition on the sale of completed and under development property

The Company has evaluated and concluded that based on a careful analysis of the rights and obligations under the terms of the contracts relating to the sale of property, the revenue is to be recognised at a point in time when control transfers which coincides with receipt of Occupation Certificate. The Company has concluded that the over-time criteria are not met owing to non-enforceable right to payment for performance completed to date and, therefore, recognises revenue at a point in time.

2.3.5.2 Determination of performance obligations

With respect to the sale of property, the Company has concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property is to undertake development of property and obtaining the Occupation Certificate. Generally, the

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

Company is responsible for all these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Company accounts for them as a single performance obligation because they are not distinct in the context of the contract.

2.3.6 Dividend and interest income

Dividend income from investments in subsidiary company / mutual funds is recognised when the unit holder's right to receive payment has been established.

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

2.4 Current versus non-current classification

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Based on the nature of activity carried out by the company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current – Non-Current classification of assets & liabilities.

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Borrowings are classified as current if they are due to be settled within 12 months after the reporting period.

2.5 Leasing

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

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

2.6 Foreign currencies

Transactions in foreign currencies i.e. other than the Company's functional currency are recognised at the rates of exchange prevailing at the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks

2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.8.1 Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rate that has been enacted or substantively enacted by the end of the reporting period.

2.8.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

2.8.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9 Property, plant and equipment (PPE)

PPE are stated in the balance sheet at cost less accumulated depreciation.

Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

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

Depreciation on PPE has been provided on pro-rata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Lease hold improvements are amortised over the period of lease/ estimated period of lease.

2.10 Impairment of PPE

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

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

2.11 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest and manpower costs and expenses incidental to the projects undertaken by the Company.

2.12 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.13 Provisions

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

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

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

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Contingent liabilities

Contingent liability is disclosed in case of:

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

b) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets

Contingent assets are disclosed where an inflow of economic benefits is probable.

2.14 Employee Benefits

Employee benefits include provident fund, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

Long term Compensated Absences & Gratuity

Company's liability towards long term compensated absences are determined by independent actuaries, using the projected unit credit method.

Company's liability towards gratuity are determined by independent actuaries, using the projected unit credit method. Past services are recognised at the earlier of the plan amendment/curtailment and the recognition of related restructuring costs/termination benefits.

The obligation on long term compensated absences and defined benefit plans are measured at the present value of estimated future cash flows using a discount rate that is determined by reference to the market yields at the balance sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the obligation.

Remeasurement gains/losses

Remeasurement of defined benefit plans, comprising of actuarial gains or losses, return on plan assets excluding interest income are recognised immediately in balance sheet with corresponding debit or credit to other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent period. Remeasurement gains or losses on long term compensated absences that are classified as other long-term benefits are recognised in profit or loss.

2.15 Financial instruments

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

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

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

2.15.1 Classification and subsequent measurement

2.15.1.1 Financial assets

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

On initial recognition, a financial asset is classified as - measured at:

- Amortised cost; or
- Fair Value through Other Comprehensive Income (FVTOCI) - debt investment; or
- Fair Value through Other Comprehensive Income (FVTOCI) - equity investment; or
- Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

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

Debt investment at FVTOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for medium or long term strategic purpose.

Equity investments that are not designated as measured at FVTOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

2.15.1.2 Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

2.15.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

2.16 Earnings per Share

Basic / Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

2.17 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 1, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements based on estimates and assumptions, which have the significant effect on the amounts recognised in the financial statements.

Determination of the timing of revenue recognition on the sale of completed and under development property

The Company has evaluated and generally concluded that the recognition of revenue over the period of time criteria are not met owing to non-enforceable right to payment for performance completed to date and, therefore, recognises revenue at a point in time. The Company has further evaluated and concluded that based on the analysis of the rights and obligations under the terms of the contracts relating to the sale of property, the revenue is to be recognised at a point in time when control transfers which coincides with receipt of Occupation Certificate.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Lakh unless otherwise stated

Taxes

Deferred tax assets are recognised for temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Actuarial Valuation

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after considering inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

Note No. 3 - Property, Plant and Equipment

Description of Assets	Office Equipments	Furniture and Fixtures	Computers	Electrical Installations	Total
I. Gross Carrying Amount					
Balance as at 1st April, 2018	19.30	71.07	2.06	10.10	102.53
Additions	–	–	–	–	–
Balance as at 31st March, 2019	**19.30**	**71.07**	**2.06**	**10.10**	**102.53**
II. Accumulated depreciation					
Balance as at 1st April, 2018	10.40	38.87	2.06	2.95	54.28
Depreciation expense for the year	**3.06**	**8.10**	–	1.01	12.17
Balance as at 31st March, 2019	**13.46**	**46.97**	**2.06**	**3.96**	**66.45**
III. Net carrying amount (I-II)	**5.84**	**24.10**	–	**6.14**	**36.08**

Description of Assets	Office Equipments	Furniture and Fixtures	Computers	Electrical Installations	Total
I. Gross Carrying Amount					
Balance as at 1st April, 2019	19.30	71.07	2.06	10.10	102.53
Additions	–	–	–	–	–
Balance as at 31st March, 2020	19.30	71.07	2.06	10.10	102.53
II. Accumulated depreciation					
Balance as at 1st April, 2019	13.46	46.97	2.06	3.96	66.45
Depreciation expense for the year	2.85	7.69	–	1.01	11.55
Balance as at 31st March, 2020	16.31	54.66	2.06	4.97	78.00
III. Net carrying amount (I-II)	**2.99**	**16.41**	–	**5.13**	**24.53**

Refer Note 2 for company's policy on Recognition and measurement of Property, Plant and Equipment and Depreciation methods used.

Note No. 4a - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Current Tax:		
In respect of current year	–	–
In respect of prior years	**28.18**	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(412.79)**	(433.02)
Total	**(384.61)**	(433.02)

(b) Reconciliation of estimated income tax expense at tax rate to income tax expense reported in Profit or Loss is as follows:

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Loss before tax	**(1,334.56)**	(936.09)
Income tax expense calculated at 29.12%	**(388.62)**	(272.59)
Effect of income that is exempt from taxation	**(45.72)**	(168.90)
Effect of expenses that is non deductible in determining taxable profit	**20.74**	26.20
Deduction under Chapter VI A	**0.63**	(2.70)
MAT Credit Availment		(15.03)
Income tax credit recognised in profit or loss	**(412.97)**	(433.02)

Note No. 4b - Deferred Tax Assets

Particulars	Opening Balance	Impact in Opening Retained Earnings (Refer Note No. 19)	For the Year ended 31st March, 2020 Recognised in profit and Loss	Recognised in other comprehensive income	Closing Balance
Tax impact of adjustment pursuant INDAS 115 (Refer Note no. 19)	514.01	–	412.79	3.16	929.96
Minimum Alternate Tax (MAT)	592.89	–	–	–	592.89
Net Deferred Tax Asset	**1,106.90**	–	**412.79**	**3.16**	**1,522.85**

Particulars	Opening Balance	Impact in Opening Retained Earnings (Refer Note No. 19)	For the Year ended 31st March, 2019 Recognised in profit and Loss	Recognised in other comprehensive income	Closing Balance
Tax impact of adjustment pursuant INDAS 115 (Refer Note no. 19)	–	80.99	433.02	–	514.01
Minimum Alternate Tax (MAT)	592.89	–	–	–	592.89
Net Deferred Tax Asset	**592.89**	**80.99**	**433.02**	–	**1,106.90**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Lakh unless otherwise stated

Note No. 5 - Investments

Particulars	As at 31st March, 2020 Current	Non Current	As at 31st March, 2019 Current	Non Current
A. Cost				
Unquoted Investments (all fully paid)				
Investments in Equity Instruments				
- of Subsidiaries				
- Mahindra Residential Developers Limited -2,50,000 Equity Shares Face value of Rs.10/-each	–	**6,629.48**	–	6,629.48
INVESTMENTS CARRIED AT COST...........	–	**6,629.48**	–	6,629.48
Other disclosures				
Aggregate amount of unquoted investments	–	**6,629.48**	–	6,629.48

Note No. 6 - Other Financial Assets

Particulars	As at 31st March, 2020 Current	Non-Current	As at 31st March, 2019 Current	Non-Current
a) Security Deposits				
- Unsecured, considered good	–	**0.75**	–	0.75
TOTAL (a)...	–	**0.75**	–	0.75
b) Interest Receivable				
- Interest accrued on deposits, loans and advances	**17.72**	–	7.73	–
TOTAL (b)..	**17.72**	–	7.73	–
GRAND TOTAL	**17.72**	**0.75**	7.73	0.75

Note No. 7 - Other Assets

Particulars	As at 31st March, 2020 Current	Non-Current	As at 31st March, 2019 Current	Non-Current
(a) Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**822.20**		633.04	
(ii) Other advances(Mobilisation & Material Advances to Contractors) ...	**74.88**		128.82	
(b) Advance income tax (Net of Provision for Tax FY 2019-20 Rs. 1,197.74 lakhs, FY 2018-19 Rs. 1,169.56 lakhs)		**326.44**		342.61
(c) Security Deposit				
- Unsecured, considered good	–	**77.55**	–	77.85
(d) Prepaid Expenses	**40.00**		13.18	
	937.08	**403.99**	775.04	420.46

Note No. 8 - Inventories

Particulars	As at 31st March, 2020	As at 31st March, 2019
Construction Materials	**575.97**	165.42
Construction Work-in-progress*	**10,687.29**	8,477.80
Finished goods	–	39.71
Total Inventories (at lower of cost and net realisable value)..	**11,263.26**	8,682.93

*Construction Work-in-Progress represents materials at site and unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.

Construction Materials primarily comprises of Steel, Cement, Chrome plated & Sanitary Fixtures and UPVC windows which are used for construction activities.

The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs.39.72 lakhs (31st March, 2019: 358.58 lakhs).

The Company has availed cash credit facilities, Term Loan and borrowed through Non-Convertible Debentures, which are secured by hypothecation of inventories.

Based on detailed assessment and evaluation of impact of the COVID-19 epidemic, the management concluded that realiseable value of these inventories will not be lower than the carrying value .

Note No. 9 - Trade Receivables

Particulars	As at 31st March, 2020 Current	Non-Current	As at 31st March, 2019 Current	Non-Current
Trade receivables				
- Unsecured, considered good.................	**827.76**	–	323.74	–
TOTAL	**827.76**	–	323.74	–
Of the above, trade receivables from:				
- Related Parties....................................	–	–	4.66	–
- Others...	**827.76**	–	319.08	–
TOTAL	**827.76**	–	323.74	–

Refer Note 28 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related financial instrument disclosures.

The average credit period in the range of 7-31 days on lease of residential property as per the agreement with customers.

Note No. 10 - Cash and Bank Balances

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents		
(a) Cheques on hand	**–**	25.36
(b) Balances with banks		
In Current Accounts	**148.22**	18.01
Total Cash and cash equivalent (considered in Statement of Cash Flows)	**148.22**	**43.37**
Bank Balances other than Cash and cash equivalents		
in Current Accounts - earmarked *	**186.00**	241.80
- Earmarked Deposit account with scheduled banks #	**180.00**	180.00
Total Other Bank balances	**366.00**	421.80

* Required to be set aside and kept in separate bank account under Tamil Nadu Real Estate (Regulation and Development) Act, 2016.

Earmarked balances with banks refers to Fixed Deposits with bank created out of Corpus and Advance maintenance Charges collected from customers. .

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Lakh unless otherwise stated

Note No. 11 - Equity Share Capital

Particulars	As at 31st March, 2020 No. of shares	As at 31st March, 2020 Amount	As at 31st March, 2019 No. of shares	As at 31st March, 2019 Amount
Authorised:				
Equity shares of Rs. 10 each with voting rights	**6,00,00,000**	**6,000.00**	6,00,00,000	6,000.00
Issued, Subscribed and Fully Paidup:				
Equity shares of Rs. 10 each with voting rights #	**5,00,00,000**	**5,000.00**	5,04,35,000	5,043.50
Total	**5,00,00,000**	**5,000.00**	5,04,35,000	5,043.50

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Fresh Issue	Bonus	Buy back of shares #	Closing Balance
Equity Shares with Voting rights*					
Year Ended 31st March, 2020					
No. of Shares	**5,04,35,000**	**–**	**–**	**4,35,000**	**5,00,00,000**
Amount in Lakhs	**5,043.50**	**–**	**–**	**43.50**	**5,000.00**
Year Ended 31st March, 2019					
No. of Shares	5,04,35,000	–	–	–	5,04,35,000
Amount in Lakhs	5,043.50	–	–	–	5,043.50

* **Terms/ rights attached to equity shares:** The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share. Dividends are paid in Indian Rupees. The dividends proposed by the Board of Directors are subject to the approval of the shareholders at the Annual General Meeting. Repayment of capital will be in proportion to the number of equity shares held.

In the Board meeting held on 23rd January, 2020, the Board of Directors of the Company had approved the proposal for buy-back of 435,000 Equity Shares at Rs 28.60 per equity share aggregating to Rs 124.41, in accordance with Article 79 of the Articles of Association of the Company, and subject to such other approvals, permissions and sanctions of Registrar of Companies, Chennai and / or other authorities, institutions or bodies, as may be necessary. The buy back was completed on 26th March, 2020 after obtaining all approvals and the necessary forms were filed with the Statutory authorities. Post buyback, the paid up capital of the Company reduced from Rs. 5,043.50 lakhs to Rs. 5,000.00 lakhs. Consequent to the buy back and as required by Section 69 of Companies Act, 2013, an amount of Rs. 43.50 lakhs was transferred to Capital Redemption Reserve Account (Refer Note 12a). The buyback was made out of reserves of the Company.

(ii) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31st March, 2020 No.	As at 31st March, 2020 % holding in the class	As at 31st March, 2019 No.	As at 31st March, 2019 % holding in the class
Equity shares with voting rights:-				
Mahindra Lifespace Developers Limited, Holding Company	**3,70,00,000**	**74.00%**	3,70,00,000	73.36%
Mahindra World City Developers Limited, Joint Venture of Holding Company	**1,30,00,000**	**26.00%**	1,30,00,000	25.78%

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares: Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31st March, 2020			
Mahindra Lifespace Developers Limited, the Holding Company	**3,70,00,000**	–	–
Joint Venture of the holding company-Mahindra World City Developers Ltd.	**1,30,00,000**	**–**	**–**
As at 31st March, 2019			
Mahindra Lifespace Developers Limited, the Holding Company	3,70,00,000	–	–
Joint Venture of the holding company-Mahindra World City Developers Ltd	1,30,00,000	–	–

Note No. 12(a) -Other Equity

Particulars	As at 31st March, 2020	As at 31st March, 2019
Retained earnings	**1,513.23**	1,394.77
Debenture Redemption Reserve	**250.00**	1,468.74
Capital Redemption Reserve	**43.50**	**–**
Total Other Equity	**1,806.73**	2,863.51

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Lakh unless otherwise stated

Note No. 12 (b) - Other Equity

	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	Total
Balance as at 1st April, 2019	–	**1,468.74**	**1,394.77**	**2,863.51**
Loss for the year			**(949.95)**	**(949.95)**
Other Comprehensive loss for the year			**(7.07)**	**(7.07)**
Buy Back of Shares			**(80.91)**	**(80.91)**
Buy Back Tax			**(18.85)**	**(18.85)**
Transfer from Debenture Redemption Reserve		(1,218.74)	**1,218.74**	**–**
Transfer to Capital Redemption Reserve (Refer note no 11(i))	43.50		**(43.50)**	**(43.50)**
Balance as at 31st March, 2020	**43.50**	**250.00**	**1,513.23**	**1,806.73**

Retained Earnings: This reserve represents cumulative profits of the Company. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.

Debenture Redemption Reserve (DRR): A debenture redemption reserve is a provision created against issue of debentures to protect investors against the possibility of default by the company. The Company evalauted the DRR required as on March 31, 2020 based on the notification GSR 127(E), dated 19 August 2019, and the surplus of Rs.1,218.74 lakhs has been written back to retained earnings.

Capital Redemption Reserve: The Capital Redemption Reserve is created against Buy Back of shares.

Note No. 13 - Non-Current Borrowings

Particulars	As at 31st March, 2020	As at 31st March, 2019
Measured at amortised cost		
Secured Borrowings:		
Non-Convertible Debentures	**–**	2,497.34
(refer to sub note(ii) below)	**3,000.00**	
Term Loan (refer to sub note(iii) below)		
Total Borrowings	**3,000.00**	2,497.34

i) Details of Long term Borrowings of the Company:

Description of the instrument	Effective Interest Rate used for Discounting Cashflows	Date of Redemption	Amortised cost as at 31st March, 2020	Amortised cost as at 31st March, 2019
Fully Redeemable (All loans taken in INR)				
1. Non Convertible Debentures	9.68%	31-08-2018	**–**	–
2. Non Convertible Debentures	9.68%	31-08-2019	**–**	2,499.25
3. Non Convertible Debentures	9.68%	31-08-2020	**2,499.21**	2,497.34
Total			**2,499.21**	4,996.59

ii) Non-Convertible Debentures(Secured)

The Terms and conditions of the Secured Non Convertible Debentures issued by the Company are summarised below

Series	I	II	III
Face Value of the Debentures (Rs in lakhs)	**2,500.00**	2,500.00	2,500.00
Total Redemption Premium (Rs in lakhs)	**214.32**	299.64	393.68
Rate of Interest Payable Annually	**7%**	**7%**	**7%**
Maturity Date (one time repayment in full including Redemption Premium)	**31-Aug-2018**	**31-Aug-2019**	**31-Aug-2020**

The above Debentures are secured by first ranking pari passu mortgage and charge on specific lands of the Company. The carrying value of these specific Lands is Rs.754.59 Lakhs and is shown as part of "work in Progress" in Inventories Schedule, Refer note No.8. Current maturities in respect of long term borrowings - fully redeemable Non-Convertible debentures have been included in Note 14.

iii) Term Loan (Secured)

Term loan is taken from Axis Bank in the month of August 2019 for a ternure of 3 years, repayable in 2 equal installments starting from 24th month of disbursement. The term loan is secured by first ranking pari passu charge on specific lands of the company. The carrying value of these Lands is Rs. 592.67 lakhs and is shown as part of "work in progress" in Inventories Schedule, refer note no. 8. The interest is 1 yr MCLR+0.25% which is 9.25% as on 31.03.2020 payable at monthly installments.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

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Note No. 14 - Other Financial Liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non Current		
Interest Accrued and not due on borrowings (Redemption Premium)	–	263.77
	–	263.77
Current		
Current maturities of long term debt (Refer Note 13(i))	**2,499.21**	2,499.25
Interest accrued		
Interest Accrued and Not due on borrowings	**148.11**	203.29
Redemption Premium payable on non convertible debentures	**354.44**	263.74
Other liabilities		
Deposits from customers*	**152.64**	178.00
Total Other financial liabilities	**3,154.40**	3,144.28

* refers to amount collected from customers towards "Advance maintenance and Corpus fund" net off amount receivable. Out of the funds collected, the Company has invested in earmarked deposit accounts with banks (Refer Note 10)

Note No. 15 - Current Borrowings

Particulars	As at 31st March, 2020	As at 31st March, 2019
A. Secured Borrowings at amortised cost		
From Banks- Cash Credit Facility	**2,487.39**	2,460.71
Total Secured Borrowings	**2,487.39**	2,460.71
B. Unsecured Borrowings		
Loans from related parties (Refer note no. 30)	**1,395.00**	–
Total Unsecured Borrowings	**1,395.00**	–
Total Current Borrowings	**3,882.39**	2,460.71

Secured Borrowings: The Cash Credit Limit from HDFC Bank Ltd for Rs. 43 crs @ Bank Base Rate + 0.25% p.a. payable on a monthly basis. This facility is secured by hypothecation of book debts and Work in progress.

Unsecured Borrowings: The Loan is taken from M/s Mahindra Residential Developers Limited @ 9.5% pa payable on demand.

Note No. 16 - Trade Payables

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade Payables		
total outstanding dues of micro enterprises and small enterprises (Refer Note 35 (i))	–	55.06
total outstanding dues of creditors other than micro enterprises and small enterprises	**1,268.31**	868.25
Retention Amounts payable	**131.16**	47.52
Total Trade payables	**1,399.47**	970.83

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

The average credit period in the range of 7-31 days as per the agreement with Contractors/Suppliers.

Note No. 17 - Provisions

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non Current Provisions		
Gratuity	**47.81**	–
Leave Encashment	**32.25**	–
Total Non Current Provisions	**80.06**	–
Non Current Provisions		
Gratuity	**5.53**	–
Leave Encashment	**4.23**	–
Defect Liability Provision	**28.64**	30.93
Total Current Provisions	**38.40**	30.93

Details of movement in Other Provisions is as follows:

Particulars	Defect Liability Provision
Balance at 1st April, 2018	44.16
Adjustment as per IND AS 115	(2.23)
Additional provisions recognised	1.91
Amounts used during the year	(12.91)
Balance at 31st March, 2019	**30.93**
Balance at 1st April, 2019	30.93
Additional provisions recognised	0.31
Amounts used during the year	(2.60)
Balance at 31st March, 2020	**28.64**

Defect Liability Provision:

Provision for defect liability represents present value of management's best estimate of the future outflow of economic resources that will be required in respect of residential units given under perpetual lease, the estimated cost of which is accrued during the period of construction, upon lease of units and recognition of related revenue. Management estimates the related provision for future defect liability claims based on historical cost of rectifications and is adjusted regularly to reflect new information. The residential units are generally covered under a defect liability period limited to 5 year from the date of handover of residential units. It is expected that most of these costs will be incurred within two years after the reporting date.

Note No. 18 - Other Current Liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
a. Advances received from customers	**439.30**	421.17
b. Deferred Revenue		
– Other Deferred Revenues	**3,256.44**	733.94
c. Employee related dues	**42.88**	–
d. Statutory dues		
– taxes payable (other than income taxes)	**41.57**	18.30
Total Other Current Liabilities	**3,780.19**	1,173.41

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Note No. 19 - Revenue from Operations

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Income from Projects (Refer note no: 32)	58.92	629.42
Income From Project Management	84.70	–
Total Revenue from Operations	143.62	629.42

Note No. 20 - Other Income

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Interest Income	21.15	100.18
Bank Deposits	21.15	89.11
Others	–	11.07
Guarantee Commission	–	1.67
Cancellation / Transfer income	–	5.93
Dividend from Subsidiary Company	157.00	580.00
Other Income	4.26	–
Total Other Income	182.41	687.78

Note No. 21- Cost of Sales

Cost of Projects

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Inventories at the beginning of the year:		
Finished goods	39.71	–
Transitional adjustment INDAS 115 - (Refer Note no. 19)	–	398.29
Construction Work-in-progress	8,477.80	7,016.83
Stock-in-trade	165.42	50.20
Add: Expenses Incurred during the year		
Land and Construction Costs	2,278.75	1,137.97
Architect & Consultant Fees	27.76	113.77
Project Management Fees	195.72	247.03
Other Expenses	4.82	77.42
Borrowing Costs Inventorised	113.00	–
Inventories at the end of the year:		
Finished goods	–	(39.71)
Construction Work-in-progress	(10,687.29)	(8,477.80)
Stock-in-trade	(575.97)	(165.42)
Total	39.72	358.58

Note No. 22 - Employee Benefits Expense

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Salaries and wages including bonus	254.37	–
Contributions to provident and other funds	15.91	–
Staff welfare expenses	9.37	–
Total Employee Benefits Expense	279.65	–

Note No. 23 - Finance Costs

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
(a) Interest Costs	858.10	710.13
Less: Borrowing costs inventorised*	(113.00)	–
Interest expenses for financial liabilities at amortised cost		
(b) Other borrowing costs	5.90	–
Total Finance Costs	751.00	710.13

Note No. 24 - Other Expenses

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Rent including lease rentals	4.73	4.38
Rates & Taxes	1.10	75.77
Repairs and maintenance - Others	225.76	217.76
Advertisement and Marketing	160.89	458.19
Commission on sales / contracts (net)	2.46	5.99
Expenditure on Corporate Social Responsibility*	4.31	18.58
Defect Liability	0.31	1.91
Staff Deputation Costs	55.91	289.75
Auditors remuneration and out-of-pocket expenses	13.00	12.49
As Auditors	11.00	10.45
For Other services	2.00	1.90
For reimbursement of expenses	–	0.14
Legal and other professional costs	85.40	38.53
Other General Expenses	24.80	49.06
Total Other Expenses	578.67	1,172.41

* Details of expenditure on Corporate Social Responsibility

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Education/Health	2.15	–
Contribution to approved NGO (Nanhi Kali foundation)	2.16	18.58
Total CSR Expense	4.31	18.58

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Note No. 25 - Segment information

Business segments

The Company operates in only one business segment, i.e. 'lease of residential property constructed' based on the nature of the services and products, the risks and returns etc. This has been determined in the manner consistent with the internal reporting provided to the Chairperson regarded as the Chief Operating Decision Maker ("CODM"). The Company operates only in India. The conditions prevailing in India being uniform, no separate geographical disclosure within India is considered necessary.

Note No. 26- Earnings per Share

Basic earnings per share

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

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Loss for the year attributable to owners of the Company	**(949.95)**	(503.07)
Weighted average number of equity shares (in nos)	**5,04,27,869**	5,04,35,000
Basic and Diluted Earning per share (in face value of Rs. 10/- per share) (in Rs.)	**(1.88)**	(1.00)

Note No. 27 - Disclosure of interest in Subsidiaries

(a) Details of the Company's subsidiary at the end of the reporting period are as follows:

Name of the Subsidiary	Principal Activity	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and Voting power held by the Company 31st March, 2020	31st March, 2019	Quoted (Y/N)
Mahindra Residential Developers Limited	Development of Residential Unit	Chennai	100%	100%	No

(b) Summarised financial information in respect of Company's subsidiary. The summarised financial information below represents amounts before intragroup eliminations.

Particulars	Mahindra Residential Developers Limited 31st March, 2020	31st March, 2019
Current Assets	**10,364.93**	11,636.45
Non Current Assets	**1,004.32**	1,029.07
Current Liabilities	**2,230.31**	3,939.86
Equity Interest Attributable to the owners	**9,138.94**	8,725.66
Revenue	**5,676.30**	3,754.29
Expenses	**4,834.47**	3,223.37
Profit before tax for the year	**841.83**	530.92
Profit after tax attributable to the owners of the Company	**602.55**	577.83
Net Cash Flow from operating activities	**3,055.43**	1,297.48
Net Cash Flow/(used in) from investing activities	**(4,368.07)**	766.28
Net Cash Flow used in financing activities	**(224.72)**	(747.62)
Net Cash inflow	**(1,537.36)**	1,316.14

Note No. 28 - Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total debt divided by total equity. Total liabilities and total equity are based on the amounts stated in the financial statements.

The Company is not subject to externally enforced regulation.

Debt-to-equity ratio as of 31st March, 2020 and 31st March, 2019 is as follows:

	31st March, 2020	31st March, 2019
Debt (A)	**9,381.60**	7,457.30
Equity (B)	**6,806.73**	7,907.01
Debt Equity Ratio (A/B)	**1.38**	0.94

Categories of financial assets and financial liabilities

Particulars	Amortised Costs	FVTPL	FVOCI	Total
				As at 31st March, 2020
Non-current Assets				
Investments	**6,629.48**	–	–	**6,629.48**
Other Financial Assets	**0.75**	–	–	**0.75**
Current Assets				
Trade Receivables	**827.76**	–	–	**827.76**
Cash and Cash equivalents	**148.22**	–	–	**148.22**
Bank Balances other than above	**366.00**	–	–	**366.00**
Other Financial Assets	**17.72**	–	–	**17.72**
	7,989.93	–	–	**7,989.93**
Non-current Liabilities				
Borrowings	**3,000.00**	–	–	**3,000.00**
Other Financial Liabilities	–	–	–	–

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Particulars	Amortised Costs	FVTPL	FVOCI	Total
				As at 31st March, 2020
Current Liabilities				
Borrowings	**3,882.39**	–	–	**3,882.39**
Current maturities of long term debt	**2,499.21**	–	–	**2,499.21**
Trade Payables	**1,399.47**	–	–	**1,399.47**
Other Financial Liabilities				–
- Non Derivative Financial Liabilities	**655.19**	–	–	**655.19**
	11,436.26	–	–	**11,436.26**

Particulars	Amortised Costs	FVTPL	FVOCI	Total
				As at 31st March, 2019
Non-current Assets				
Investments	6,629.48	–	–	6,629.48
Other Financial Assets	0.75	–	–	0.75
Current Assets				
Trade Receivables	323.74	–	–	323.74
Cash and Cash equivalents	43.37	–	–	43.37
Bank Balances other than above	421.80	–	–	421.80
Other Financial Assets	7.73	–	–	7.73
	7,426.87	–	–	7,426.87
Non-current Liabilities				
Borrowings	2,497.34	–	–	2,497.34
Other Financial Liabilities	263.77	–	–	263.77
Current Liabilities				
Borrowings	2,460.71	–	–	2,460.71
Current maturities of long term debt	2,499.25			2,499.25
Trade Payables	970.83	–	–	970.83
Other Financial Liabilities	645.03	–	–	645.03
	9,336.93	–	–	9,336.93

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from trade receivables, cash and cash equivalents, mutual Funds & other financial assets.

(ii) Trade Receivables:

The Company's trade receivables include receivables on lease of residential flats and rent maintenance receivable. As per the Company's flat handover policy, a flat is handed over to a customer only upon payment of entire amount of consideration. The rent maintenance receivables are secured by security deposits obtained under the lease agreement. Thus, the Company is not exposed to any credit risk on receivables from sale of residential flats and rent receivables. However owing to COVID-19 pandemic outbreak the Company expects considerable slow down in collections of existing receivables and delay in billing further milestones owing to lockdown.

(iii) Cash and Cash Equivalents & Other Financial Assets

For banks and financial institutions, only high rated banks/institutions are accepted. The Company holds cash and cash equivalents with bank and financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

For other financial assets, the Company assesses and manages credit risk based on reasonable and supportive forward looking information. The Company does not have significant credit risk exposure for these items.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

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

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31st March, 2020				
Non-interest bearing				
Trade Payables	**1,399.47**	–	–	–
Other Current Financial Liabilities	**152.64**	–	–	–
Interest Accrued but not due including premium on NCD	**502.55**	–	–	–
Current maturities of long term debt	**2,499.21**	–	–	–
Variable interest rate instruments				
Short term Borrowing-Principal	**3,882.39**	–	–	–
Long Term Borrowing - Principal	–	**3,000.00**	–	–
Total	**8,436.26**	**3,000.00**	–	–
31st March, 2019				
Non-interest bearing				
Trade Payables	970.83	–	–	–
Other Current Financial Liabilities	178.00	–	–	–
Interest Accrued but not due including premium on NCD	467.03	263.77		
Current maturities of long term debt	2,499.25			
Variable interest rate instruments				
Short term Borrowing-Principal	2,460.71	–	–	–
Fixed interest rate instruments				
Long Term Borrowing - Principal	–	2,497.34	–	
Total	**6,575.82**	**2,761.11**	–	–

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to

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the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement.

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	31st March, 2020	31st March, 2019
Secured Bank Overdraft facility		
- Expiring within one year	**1,812.61**	39.29
Secured Bank Guarantee Limit (sub limit of CC Credit facility)		
- Expiring within one year	**100.00**	100.00
Secured Letter of Credit (sub limit of CC Credit facility)		
- Expiring within one year	**100.00**	100.00

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31st March, 2020				
Non-interest bearing				
Non Current Investment	–	–	–	**6,629.48**
Trade Receivable	**827.76**	–	–	–
Cash and Cash equivalents	**148.22**	–	–	–
Bank balances other than above	**366.00**	–	–	–
Other Non Current Financial Assets	–	–	–	**0.75**
Other Current Financial Assets	**17.72**	–	–	–
Total	**1,359.70**	–	–	**6,630.23**
31st March, 2019				
Non-interest bearing				
Non Current Investment	–	–	–	6,629.48
Trade Receivable	323.74	–	–	–
Cash and Cash equivalents	43.37	–	–	–
Bank balances other than above	421.80	–	–	–
Other Non Current Financial Assets	–	–	–	0.75
Other Current Financial Assets	7.73	–	–	–
Total	796.64	–	–	6,630.23

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated only in India Rupees and hence there is no risk of foreign exchange fluctuations.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company's policy is to keep atleast 60% of its borrowings at fixed rates of interest. At 31 March 2020, 100% of the Company's borrowings are at a fixed rate of interest (31 March 2019: 100%).

Interest rate sensitivity

The sensitivity analysis below has been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's (loss)/profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/ decrease in basis points	Effect on (loss)/profit before tax
31st March, 2020	**INR**	**+100**	**(24.87)**
	INR	**-100**	**24.87**
31st March, 2019	INR	+100	(24.61)
	INR	-100	24.61

29 - Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Lakh unless otherwise stated

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

COVID -19 Impact assessment :The management assessed the Company's future projections in light of the developments due to COVID 19 situation worldwide and has reassessed the impact that it may cause on the Company's financial and operational performance .The Company may experience delays in getting new prospects and signing of lease deeds, and consequent impact on the inflow of receivables, during the lock down period. The construction and development activities are temporarily suspended owing to lock down and the tenure of lock down is not yet certain as on date of approval of these financail statements. This will delay the milestone billings and the overall handover timelines to customers for projects under development. Statutory authorities have considered relexation norms for handover deadlines and the Company At this moment expects no outflow on account delayed payment compensation . The management expects the Company to resume normalcy within a period of 3 to 4 months post lockdown with some impact on overall milestone billings, collections and registrations through the financial year. The Company has credit and term loan facilities available to meet the project costs and pay off the vendors and bankers in the immediate 12 months from the date of approval of these financial statements. The Company expects no additional inflow of capital towards currently planned development. Based on the above assessment, the management is of the view that company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

30. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

a) Names of related parties and nature of relationship where control exists:	Mahindra & Mahindra Limited (Ultimate Holding Company) Mahindra Lifespace Developers Limited (Holding Company)
b) Subsidiary Company	Mahindra Residential Developers Limited (Wholly owned Subsidiary Company)
c) Fellow Subsidiaries & Joint Ventures with whom transactions have been entered during the Year	Mahindra World City Developers Limited (MWCDL) (Joint Venture of Holding Company) Mahindra Integrated Business Solutions Private Limited (MIBS) - (Fellow Subsidiary)

d) Key Managerial Personnel		
Designation	**Name**	**Till**
Manager under the Companies Act	P Vijayan Janardhanan	15th November, 2019

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(Previous year figures in brackets)

Nature of transactions with Related Parties	Ultimate Holding Company	Holding Company	Joint Venture–MWCDL	MIBS–Fellow Subsidiary	Subsidiary
Inter Corporate Deposit repaid					100.00 –
Inter Corporate Deposit taken					1,495.00 –
Dividend Received					157.00 (580.00)
Dividend Paid		– (430.50)	– (149.50)		
Guarantee commission income		– (1.67)			
Interest expense		– –			97.65 –
Reimbursement of Gratuity Leave Encashment & Performance Pay		134.79 –			– –
Administration expenses billed		24.59 (12.32)			16.02 (16.95)
Consultancy charges (Information Technology & Manpower Deputation Charges etc)	6.52 (9.37)	107.53 (537.11)	11.53 –	3.88 –	84.70 –
Sale/Purchase of Materials and Services			1.65 –		(7.21)
Rent, EB & Maintenance charges			222.94 (246.93)		
Marketing expenses		24.57 (25.55)			

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Lakh unless otherwise stated

(Previous year figures in brackets)

Nature of transactions with Related Parties	Ultimate Holding Company	Holding Company	Joint Venture-MWCDL	MIBS-Fellow Subsidiary	Subsidiary
Deposits made (Rent & Maintenance)			66.27 (66.27)		
Inter-corporate deposits payable					1,395.00 –
Other Payables	7.04 (4.28)	361.51 (327.75)	76.13 (72.17)	0.95 –	21.82 –
Trade Receivables					– (4.66)

Note No. 31 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31st March, 2020 Carrying amount	31st March, 2020 Fair value	31st March, 2019 Carrying amount	31st March, 2019 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– Investments in Equity	**6,629.48**	**6,629.48**	6,629.48	6,629.48
– Trade and other receivables	**845.48**	**845.48**	331.47	331.47
– Deposits and similar assets	**0.75**	**0.75**	0.75	0.75
Total	**7,475.71**	**7,475.71**	6,961.70	6,961.70
Financial liabilities				
Financial liabilities held at amortised cost				
– Debentures	–	–	2,497.34	2,497.34
– Term Loan from Bank	**3,000.00**	**3,000.00**	–	–
– Loans from related parties	**1,395.00**	**1,395.00**	–	–
– Borrowings from bank	**2,487.39**	**2,487.39**	2,460.71	2,460.71
– Current maturities of long term debt	**2,499.21**	**2,499.21**	2,499.25	2,499.25
– Trade and other payables	**2,054.66**	**2,054.66**	1,879.63	1,879.63
Total	**11,436.26**	**11,436.26**	9,336.93	9,336.93

Fair value hierarchy as at 31st March, 2020

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Investments in Equity	–	**6,629.48**	–	**6,629.48**
– Trade and other receivables	–	**845.48**	–	**845.48**
– Deposits and similar assets	–	**0.75**	–	**0.75**
Total	–	**7,475.71**	–	**7,475.71**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Termloan from Bank	–	**3,000.00**	–	**3,000.00**
– Loans from related parties	–	**1,395.00**	–	**1,395.00**
– Borrowings from bank	–	**2,487.39**	–	**2,487.39**
– Current maturities of long term debt	–	**2,499.21**	–	**2,499.21**
– Trade and other payables	–	**2,054.66**	–	**2,054.66**
Total	–	**11,436.26**	–	**11,436.26**

Fair value hierarchy as at 31st March, 2019

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Investments in Equity	–	6,629.48	–	6,629.48
– Trade and other receivables	–	331.47	–	331.47
– Deposits and similar assets	–	0.75	–	0.75
Total	–	6,961.70	–	6,961.70
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Debentures	–	2,497.34	–	2,497.34
– Borrowings from bank	–	2,460.71	–	2,460.71
– Current maturities of long term debt	–	2,499.25	–	2,499.25
– Trade and other payables	–	1,879.63	–	1,879.63
Total	–	9,336.93	–	9,336.93

For recurring and non-recurring fair value measurements, if the highest and best use of a nonfinancial asset differs from its current use, an entity shall disclose that fact and why the non-financial asset is being used in a manner that differs from its highest and best use.

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note No. 32- INDAS 115 Disclosures

1 **Contract Balances**

Amounts received before the related performance obligation is satisified are included in the balance sheet (Contract liability) as "Advances received from Customers". Amounts billed for development milestone achieved but not yet paid by the customer are included in the balance sheet under trade receivables.

During the year, the Company recognised Revenue of Rs. 58.92 Lakhs (FY 18-19 Rs. 626.41 lakhs) from opening contract liability (after Ind AS 115 adoption) of Rs. 733.94 Lakhs (FY 18-19 Rs. 683.33 lakhs).

There were no significant changes in the composition of the contract liabilities and Trade receivable during the reporting period other than on account of periodic invoicing and revenue recognition.

Amounts previously recorded as contract liabilities increase due to further milestone based invoices raised during the year and decrease due to revenue recognised during the year on completion of the construction.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Lakh unless otherwise stated

Amounts previously recorded as Trade receivables increase due to further milestone based invoices raised during the year and decrease due to colelctions during the year.

There are no contract assets outstanding at the end of the year.

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31st March, 2020, is Rs. 3,256.44 Lakhs (FY 18-19 Rs. 733.94 lakhs). Out of this, the Company expects to recognize revenue of 100% within the next two year and the remaining thereafter. This includes contracts that can be terminated for convenience with a penalty as per the agreement since, based on current assessment, the occurrence of the same is expected to be remote.

2 Reconciliation of revenue recognized with the contracted price is as follows:

Rs. Lakhs

	Year ended 31st March, 2020	Year ended 31st March, 2019
Contracted price	**58.92**	**629.42**
Adjustments on account of cash discounts or early payment rebates, etc.	–	–
Revenue recognised as per Statement of Profit & Loss	**58.92**	**629.42**

3 Contract costs

Rs. Lakhs

	As at 31st March, 2020	As at 31st March, 2019
Costs to obtain contracts	**26.82**	**13.18**

For the year ended 31st March 2020, amortisation amounting to Rs. 0.56 lakhs (Rs. 4.16 lakhs) was recognised as part of other expenses in the statement of profit or loss. There was no impairment loss in relation to the costs capitalised.

(Also refer note 2.3.2)

Note No. 33 - Employee Benefits

a) Defined Contribution plans

The Company makes Provident fund contribution to defined contribution plans for the employees. Under the scheme, the company is required to contribute a specified percentage of the payroll cost to the fund the benefits. The Company recognized Rs. 15.91 Lakhs (PY Rs. Nil) for Provident fund & Other funds contributions in the statement of profit and Loss. The contributions payable to these plans by the company are at rates specified in the rules of the scheme.

b) Defined Benefit Plans

The Company's obligation towards gratuity is defined benefit plan. The gratuity expense is included under 'Employee Benefit Expenses' in Note 22 Employee benefits expense. The details of actuarial valuation are given below:

Gratuity:

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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

	Rs. Lakhs Gratuity (Unfunded) 2019–20
a. Net Liabilities recognized in the balance sheet	
Present Value of Defined Benefit Obligation	**53.34**
Fair Value of Plan assets	–
Liabilities recognised in the balance sheet	**53.34**
b. Expense recognized in the Statement of Profit and Loss	
Past service cost	–
Current Service cost	**5.68**
Interest cost	**2.39**
Expected return on plan assets	–
Actuarial (gains) / Losses	**10.23**
Total expenses	**18.30**
c. Change in present value of Defined Benefit obligation	
Present Value of the obligation at the beginning of the year	–
Past service cost	–
Current Service cost	**5.68**
Interest Cost	**2.39**
Actuarial (Gains) /Losses	**10.23**
Benefits Paid	–
Present value of the obligation as at the end of the year	**18.30**
d. Principal actuarial assumptions	
Discount Rate	**6.50%**
Expected rate of Salary increase	**10.00%**
Attrition Rate	**10.00%**
Mortality	**LIC (2006–08) Ultimate mortality tables**

e. Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.

	For the year ended 31st March, 2020
Actuarial assumptions for long-term compensated absences	
Discount rate	**6.50%**
Salary escalation	**10.00%**
Attrition	**10.00%**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Lakh unless otherwise stated

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

The Sensitivity of defined benefit obligation to changes in the weighted principle assumptions is

Name of the Subsidiary	Year	Change in Assumption	Impact on defined benefit obligation — Increase in assumption	Impact on defined benefit obligation — Decrease in assumption
Discount Rate	2020	0.50%	50.99	55.88
	2019	0.50%	–	–
Salary Growth Rate	2020	0.50%	55.53	51.12
	2019	0.50%	–	–

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

	As at 31st March, 2020
Year 1	**3.99**
Year 2	**4.05**
Year 3	**4.13**
Year 4	**4.24**
Year 5	**4.21**
Next 5 Years	**21.54**

Note No. 34 - Leases

Ministry of corporate Affairs has notified Ind AS 116 “Leases” which is effective from 01st April, 2019. Pursuant to this, the company has applied this standard to all lease contracts existing on 01st April, 2019 using the retrospective approach with the cumulative effect at the date of initial application. The adoption of the Standard did not have any material impact to the financial results of the Company. Therefore, there is no effect of adopting Ind AS 116 on retained earnings as at 01st April, 2019. Thus, on transition, the adoption of the new standard resulted in recognition of ‘Right of Use’ asset and lease liability is NIL.

The Company has not applied the requirement of IND AS 116 to short-term leases of all assets that have a lease term of 12 months or less. Amount recognised in Statement of Profit and Loss Account is Rs 4.73 lakhs

Note No. 35 - Additional Information to the Financial Statements

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

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as at the reporting date or anytime during the year and hence no interest has been paid or payable accordingly no additional disclosures have been made.

Sl No	Particulars	31st March, 2020	31st March, 2019
1	Dues remaining unpaid		
	Principal	**–**	**55.06**
	Interest	**–**	–
2	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	Principal paid beyond the appointed date	**–**	–
	Interest paid in terms of Section 16 of the MSMED Act	**–**	–
3	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**–**	–
4	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**–**	–
5	Amount of interest accrued and remaining unpaid	**–**	–

Note No. 36 - Other Notes

i. The Company did not have any pending litigation which would impact its financial position;

ii. The Company did not have any material foreseeable losses on long term contracts; the company has not entered into any derivative contracts;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Note No. 37 - Approval of Financial Statements

The aforesaid financial statements have been approved by Company's board of directors and the authorised for issue in the meeting held on 19th April, 2019.

Note No 38 - Event after the reporting period

No material events have occurred after the Balance Sheet date and upto the approval of the financial statements.

Note No 39 - Previous year figures

The figures for previous year have been regrouped/reclassified wherever necessary to conform to current year’s grouping/classification.

For and on behalf of the board of directors of Mahindra Integrated Township Limited

Ankit Shah
Company Secretary

Vimal Agarwal
Non-Executive Non-Independent Director
(DIN: 07296320)

T Sivaranjan kumar
Chief Financial Officer

Sangeeta Prasad
Chairperson
(DIN: 02791944)

R. Santhanam
(DIN: 00237740)
M. S. Jagan
(DIN: 02002827)
Independent Director

Place: Mumbai
Date: 15th April, 2020

Annexure A

Form AOC-I

Salient features of Financial Statements of Subsidiary as per Companies Act, 2013

Name of Subsidiary	Mahindra Residential Developers Limited
The date since when subsidiary was acquired	01st February, 2008
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
Share Capital	25.00
Other Equity	9,113.94
Total Assets	11,369.25
Total Liabilities	2,230.31
Turnover	5,348.64
Profit before taxation	841.83
Provision for taxation	239.28
Profit after taxation	602.55
Proposed Dividend (including dividend distribution tax)	–
Extent of shareholding (in percentage)	**100%**

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KNOWLEDGE TOWNSHIP LIMITED

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Knowledge Township Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its loss and cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report. Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility

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

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

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

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
   e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
   g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors.
   h) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial position.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No.: 105102W

Mr. Ravi Kapoor
Partner
Membership No.: 040404

UDIN: 20040404AAAADW8747
Mumbai, April 20, 2020

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Knowledge Township Limited for the year ended March 31, 2020

1) The Company does not have fixed assets. Hence, para 3(i) of the Order is not applicable to the Company.

2) Company's inventory comprises of Construction work in progress and no material discrepancies were noticed in the same.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2020 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not obtained loans or borrowing from a financial institution, bank or Government. The Company has not raised any money through debentures during the year.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No.: 105102W

Mr. Ravi Kapoor
Partner
Membership No.: 040404

UDIN: 20040404AAAADW8747
Mumbai, April 20, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF Knowledge Township Limited

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

We have audited the internal financial controls over financial reporting of Knowledge Township Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2020. based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No.: 105102W

Mr. Ravi Kapoor
Partner
Membership No.: 040404

UDIN: 20040404AAAADW8747
Mumbai, April 20, 2020

BALANCE SHEET AS AT 31 MARCH 2020

(₹ in Lakhs)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
I ASSETS			
NON-CURRENT ASSETS			
(i) Property, Plant and Equipment	3	**–**	0.03
(ii) Deferred Tax Assets (Net)		**1.30**	
SUB-TOTAL		**1.30**	0.03
CURRENT ASSETS			
(i) Inventories	5	**3,147.30**	2,519.74
(ii) Financial Assets			
(a) Investments	6	**–**	–
(b) Cash and Cash Equivalents	7	**8.65**	105.87
(c) Loans & Advances	8	**12.72**	12.74
(iii) Other Current Assets	9	**3,207.69**	3,667.32
SUB-TOTAL		**6,376.36**	6,305.67
TOTAL ASSETS		**6,377.66**	6,305.70
II EQUITY AND LIABILITIES			
1 EQUITY			
(i) Equity Share Capital	10	**2,100.00**	2,100.00
(ii) Other Equity	11	**263.54**	267.25
SUB-TOTAL		**2,363.54**	2,367.25
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(i) Financial Liabilities			
(a) Borrowings	12	**3,008.00**	2,637.00
(ii) Deferred Tax Liabilities (Net)		**–**	–
SUB-TOTAL		**3,008.00**	2,637.00
3 CURRENT LIABILITIES			
(i) Financial Liabilities			
(a) Borrowings	13	**72.00**	771.00
(b) Trade Payables	14		
- Total Outstanding Dues of Micro Enterpirses and Small Enterprises		**–**	–
- Total Outstanding Dues of Creditors Other than Micro Enterpirses and Small Enterprises		**5.50**	3.75
(c) Other Financial Liabilities	15	**920.17**	518.25
(ii) Current Tax Liabilities (Net)		**8.45**	8.46
SUB-TOTAL		**1,006.12**	1,301.45
TOTAL		**6,377.66**	6,305.70
Significant Accounting Policies	2		

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For B.K.Khare & Co

Chartered Accountants
Firm Registration No. 105102W

Mr. Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai
Date: 20 April, 2020

For and on behalf of the Board of Directors of Knowledge Township Ltd.

Sanjay Srivastava
Director
DIN-08188352

Yadunath S. Dhuri
Company Secretary

Suhas Kulkarni
Director
DIN-00003936

Ritesh A. Tilve
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(₹ in Lakhs)

Particulars	Note No.	Year ended 31 March 2020	Year ended 31 March 2019
I INCOME			
(a) Revenue from Operation		**–**	–
(b) Other Income	16	**2.36**	33.31
Total Income (a+b)		**2.36**	33.31
II EXPENSES			
(a) Cost of Projects	17	**–**	–
(b) Depreciation and amortisation expense	3	**0.03**	0.13
(b) Other expenses	18	**7.34**	11.38
Total Expenses (a+b)		**7.37**	11.51
III Profit/(loss) before tax (I-II)		**(5.01)**	21.80
IV Tax Expense			
(a) Current tax	4	**–**	5.67
(b) Deferred tax	4	**(1.30)**	(2.47)
(c) Short Provision for Tax		**–**	–
Total tax expense		**(1.30)**	3.20
V Profit/(loss) after tax (III-IV)		**(3.71)**	18.60
VI Other comprehensive income		**–**	–
VII Total comprehensive income for the period (V + VI)		**(3.71)**	18.60
VIII Earnings per equity share (for continuing operation):			
(a) Basic Rs. Per share	19	**(0.02)**	0.09
(b) Diluted Rs. Per share	19	**(0.02)**	0.09

Significant Accounting Policies

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For B.K.Khare & Co

Chartered Accountants
Firm Registration No. 105102W

Mr. Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai
Date: 20 April, 2020

For and on behalf of the Board of Directors of Knowledge Township Ltd.

Sanjay Srivastava
Director
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DIN-00003936

Ritesh A. Tilve
Chief Financial Officer

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

(₹ in Lakhs)

Particulars	Note No.	Year ended 31 March 2020	Year ended 31 March 2019
A Cash flows from operating activities			
Profit before tax for the year		**(5.01)**	21.80
Adjustments for:			
Income tax expense recognised in profit or loss		**–**	–
Depreciation and amortisation		**0.03**	0.13
		(4.98)	21.93
Movements in working capital:			
Increase in trade and other receivables		**–**	–
(Increase)/decrease in short term loans and advances		**459.65**	(596.47)
(Increase)/decrease in inventories		**(627.56)**	–
(Decrease)/increase in other liabilities		**403.67**	3.97
		235.76	(592.49)
Cash generated from operations		**230.77**	(570.57)
Income taxes paid		**–**	–
Net cash generated by operating activities		**230.77**	(570.57)
B Cash flows from investing activities			
Change in Investment (Liquid)		**–**	613.11
Net cash (used in)/generated by investing activities		**–**	613.11
C Cash flows from financing activities			
Proceeds from borrowings		**(328.00)**	-
Repayment of borrowings			
Interest paid			
Net cash used in financing activities		**(328.00)**	-
Net increase in cash and cash equivalents		**(97.23)**	42.54
Cash and cash equivalents at the beginning of the year		**105.87**	63.33
Cash and cash equivalents at the end of the year		**8.65**	105.87

Notes:

(a) The above cash flow statement has been prepared under the "Indirect Method" as set out in "Indian Accounting Statdards (IND AS) 7- Statement of Cash Flows

(b) Also refer note no. 7 - Cash & Cash Equivalents

In terms of our report attached.

For B.K.Khare & Co

Chartered Accountants
Firm Registration No. 105102W

Mr. Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai
Date: 20 April, 2020

For and on behalf of the Board of Directors of Knowledge Township Ltd.

Sanjay Srivastava
Director
DIN-08188352

Yadunath S. Dhuri
Company Secretary

Suhas Kulkarni
Director
DIN-00003936

Ritesh A. Tilve
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. General Information

The company was incorporated on August 16, 2007 and is engaged in the business of development of Knowledge City in Pune, Maharashtra. Its parent and ultimate holding company is Mahindra Lifespace Developers Ltd.

The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind-AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis of preparation and presentation

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.4 Revenue recognition

2.4.1 Revenue from Projects

The Company develops and sells residential and commercial properties. Revenue from contracts is recognised when control over the property has been transferred to the customer. An enforceable right to payment does not arise until the development of the property is completed. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer and the development of the property is completed. The revenue is measured at the transaction price agreed under the contract.

The Company invoices the customers for construction contracts based on achieving a series of performance-related milestones.

For certain contracts involving the sale of property under development, the Company offers deferred payment schemes to its customers. The Company adjusts the transaction price for the effects of the significant financing component.

2.4.2 Revenue from Sale of land and other rights

Revenue from Sale of land and other rights is generally a single performance obligation and the Company has determined that this is satisfied at the point in time when control transfers as per the terms of the contract entered into with the buyers, which generally are with the firmity of the sale contracts / agreements. The determination of transfer of control did not change upon the adoption of Ind AS 115.

2.4.3 Contract Costs

- Costs to obtain contracts (“Contract costs”) relate to fees paid for obtaining property sales contracts. Such costs are recognised as assets when incurred and amortised upon recognition of revenue from the related property sale contract.

2.4.4 Dividend and interest income

Dividend income from investment in mutual funds is recognised when the unit holder’s right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

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

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 Current tax

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

2.6.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.6.3 *Current and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.7 *Property, plant and equipment*

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties during construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.8 *Impairment of tangible and intangible assets other than goodwill*

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.9 *Inventories*

Inventories are stated at the lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest & manpower costs and expenses incidental to the projects undertaken by the Company.

2.10 *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.11 *Employee benefits provisions*

Employee benefits provisions are measured and classified into long term and short-term provisions based on Actuarial valuation as per IND AS-19 as on Balance sheet date.

2.12 *Financial Instruments*

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair valuethrough profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate,on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fairvalue through profit or loss are recognised immediately in profit or loss.

2.13 *Financial assets*

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2.13.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

2.13.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.13.3 Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

2.13.4 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.13.5 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.13.6 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Companyneither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If theCompany retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.13.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.14 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.14.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.14.2 Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

2.14.2.1 *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2.14.2.2 *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

2.14.2.3 *Financial Liabilities subsequently measured at amortised cost*

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.14.2.4 *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

2.14.2.5 *Commitments to provide a loan at a below-market interest rate*

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

2.14.2.6 *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2.14.2.7 *Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Significant accounting judgements, estimates and assumptions

3.1 Determining the timing of revenue recognition on the sale of completed and under development property

The Company has generally evaluated and concluded that based on a careful analysis of the rights and obligations under the terms of the contracts relating to the sale of property, the revenue is to be recognised at a point in time when control transfers which coincides with receipt of Occupation Certificate. The Company has generally concluded that the overtime criteria are not met owing to non-enforceable right to payment for performance completed to date and, therefore, recognises revenue at a point in time.

3.2 Determination of performance obligations

With respect to the sale of property, the Company has concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property is to undertake development of property and obtaining the Occupation Certificate. Generally, the Company is responsible for all these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Company accounts for them as a single performance obligation because they are not distinct in the context of the contract.

Note No. 3 - Property, Plant and Equipment

(₹ in Lakhs)

Description of Assets	Office Equipment	Furniture and Fixtures	Total
I. Gross Carrying Amount			
Balance as at 1 April 2019	0.52	0.63	1.14
Additions	–	–	–
Disposals	–	–	–
Balance as at 31 March 2020	**0.52**	**0.63**	**1.14**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2019	0.52	0.60	1.11
Depreciation expense for the year	–	0.03	0.03
Balance as at 31 March 2020	**0.52**	**0.63**	**1.14**
III. Net carrying amount (I-II)	–	–	–

(₹ in Lakhs)

Description of Assets	Office Equipment	Furniture and Fixtures	Total
I. Gross Carrying Amount			
Balance as at 1 April 2018	0.52	0.63	1.14
Additions	–	–	–
Disposals	–	–	–
Balance as at 31 March 2019	**0.52**	**0.63**	**1.14**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2018	0.52	0.60	1.12
Depreciation expense for the year	–	–	–
Balance as at 31 March 2019	**0.52**	**0.60**	**1.12**
III. Net carrying amount (I-II)	**–**	**0.03**	**0.03**

Assets pledged as security and restriction on titles

As on reporting date Company had not pledged any item of PPE as security and there is no restriction on title

Impairment losses recognised in the year:

During the reporting period Company had not recognised any impairment loss on PPE

Method of Depreciations:

Depreciation on tangible fixed assets has been provided on prorata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Note No. 04 - Tax

(a) Current Tax and Deferred Tax

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current Tax:		
In respect of current year	–	5.67
In respect of earlier years	–	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(1.30)**	(2.47)
	(1.30)	3.20

Note No. 5 - Inventories

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Work-in-progress	**3,147.30**	2,519.74
Total Inventories (at lower of cost and net realisable value)	**3,147.30**	2,519.74

Note: Inventory mainly represents land and other related expenses

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 6 - Investments

Fair value of financial assets and financial liabilities that are not measured at fair value

(₹ in Lakhs)

Particular	As at 31 March 2020 QTY	As at 31 March 2020 Amounts* Current	As at 31 March 2020 Amounts* Non Current	As at 31 March 2019 QTY	As at 31 March 2019 Amounts* Current	As at 31 March 2019 Amounts* Non Current
I. *Quoted Investments (specify whether fully paid or partly paid)*						
Investments in Mutual Funds	–	–	–	–	–	–
Total Aggregate Quoted Investments	–	–	–	–	–	–
INVESTMENTS CARRIED AT FVTPL [D]	–	–	–	–	–	–
TOTAL INVESTMENTS CARRIED AT FAIR VALUE [C+D]	–	–	–	–	–	–
Other disclosures						
Aggregate amount of quoted investments	–	–	–	–	–	–
Aggregate amount of Market value of investments	–	–	–	–	–	–

Note No. 7 - Cash and Bank Balances

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents		
(i) Balances with banks	**8.65**	5.87
(ii) Fixed Deposit with Bank (having maturity less than 12 month)	–	100.00
Total Cash and cash equivalent	**8.65**	105.87

Note No. 8 - Loans & Advances

(₹ in Lakhs)

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
a) **Security Deposits**				
- Secured, considered good	–	–	–	–
- Unsecured, considered good	–	–	–	–
- Doubtful	–	–	–	–
Less: Allowance for Credit Losses	–	–	–	–
TOTAL (A)	–	–	–	–
b) **Loans to related parties**				
- Secured, considered good	–	–	–	–
- Unsecured, considered good	–	–	–	–
- Doubtful	–	–	–	–
Less: Allowance for Credit Losses	–	–	–	–
TOTAL (B)	–	–	–	–
a) **Other Loans**				
- Secured, considered good	–	–	–	–
- Unsecured, considered good	**12.72**	–	12.74	–
- Doubtful	–	–	–	–
Less: Allowance for Credit Losses	–	–	–	–
TOTAL	**12.72**	–	12.74	–

Note No. 9 - Other assets

(₹ in Lakhs)

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
(a) **Capital advances**				
(i) Income Accrued & Due	–	–	–	3.73
(ii) Advance Payment for Income Tax	–	**9.93**	–	9.93
(a) **Advances other than capital advances**				
(i) Other advances for purchase of Land (Mainly represents advances given to Land Aggregator)	–	**3,190.68**	–	3,647.23
(ii) Others - Balance with Government Authorities	–	**7.08**	–	6.43
	–	**3,207.69**	–	3,667.32
Total	–	**3,207.69**	–	3,667.32

Note No. 10 - Equity Share Capital

(₹ in Lakhs)

Particulars	As at 31 March 2020 No. of shares	As at 31 March 2020 Amount	As at 31 March 2019 No. of shares	As at 31 March 2019 Amount
Authorised:				
Equity shares of Rs 10 each with voting rights	**50,000,000**	**5000**	50,000,000	5,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs 10 each with voting rights	**21,000,000**	**2100**	21,000,000	2,100
	21,000,000	**2100**	21,000,000	2100

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 11 - Other Equity

b. Other Equity

(₹ in Lakhs)

	Reserves and Surplus Retained Earnings	Total
Opening Balance as on April 01, 2018	248.7	**248.65**
Profit / (Loss) for the period	18.60	**18.60**
Other Comprehensive Income / (Loss)	–	–
Total Comprehensive Income for the year	18.60	**18.60**
Balance as at March 31, 2019	267.25	**267.25**
Profit / (Loss) for the period	(3.71)	**(3.71)**
Other Comprehensive Income / (Loss)	–	–
Total Comprehensive Income for the year	(3.71)	**(3.71)**
Balance as at March 31, 2020	263.54	**263.54**

Note No. 12 - Non- Current Borrowings

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
A. Unsecured Long Borrowings		
(a) Loans repayable on demand		
(1) From Banks	–	–
(2) Optionally Convertible Redeemable Debentures from Related Parties- Non- in total	**3,008.00**	2,637.00
Total Non-Current Borrowings	**3,008.00**	2,637.00

Note No. 13 - Current Borrowings

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
A. Unsecured Short Term Borrowings		
(a) Loans from Related Parties		
(1) Optionally Convertible Redeemable Debentures from Related Parties	–	771.00
(2) Inter Corporate Deposit	**72.00**	–
Total Current Borrowings	**72.00**	771.00

Note No. 14 - Trade Payables

(₹ in Lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Current	**Non Current**	Current	Non Current
Trade payable - Micro and small enterprises	–	–	–	–
Trade payable - Other than micro and small enterprises	**5.50**	–	3.75	–
Total trade payables	**5.50**	–	3.75	–

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Note No. 15 - Other Financial Liabilities

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Other Financial Liabilities Measured at Amortised Cost		
Current		
(a) Other liabilities		
(1) *Current Maturities of Long Term - Bonds/ Debentures (other than matured)*	**400.00**	–
(2) *Interest Accrued and due on loan (from related party repayable on demand)*	**518.25**	518.25
(3) *Interest Accrued and but not due on ICD (from related party repayable on demand)*	**1.93**	–
Total other financial liabilities	**920.17**	518.25

Note No. 16 - Other Income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cost of Projects		
(a) Fixed Deposits interest Income	**2.36**	5.95
(b) Sale of Current Investments - MF- Realised	–	27.36
Total Other Income	**2.36**	33.31

Note No. 17 - Cost of Projects

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cost of Projects		
(a) ***Opening Stock***	**2,519.74**	2,519.74
Add:Expenses during the year		
Land	**487.94**	–
Rates & Taxes - Others	**68.86**	–
Liasoning /Statutory Fees	**68.62**	–
Interest Expense on ICD	**2.14**	–
(b) Sub-Total	**627.56**	**–**
(c) ***Closing Stock***	**3,147.30**	2,519.74
Total Cost of Sales (a+b+c)	–	–

Note No. 18 - Other Expenses

(₹ in Lakha)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Auditors remuneration and out-of-pocket expenses	**0.29**	0.62
(i) As Auditors	**0.29**	0.62
(ii) For Other services	–	–
(b) Other expenses		
(i) Legal and other professional costs	**6.92**	10.69
(ii) Miscellaneous Expenses	**0.13**	0.06
Total Other Expenses	**7.34**	11.38

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 19 - Earnings per Share

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit / (loss) for the year attributable to owners of the Company	**(3,70,976)**	18,60,370
Weighted average number of equity shares	**2,10,00,000**	2,10,00,000
Earnings per share from continuing operations - Basic	**(0.02)**	0.09

Note No. 20 - Financial Instruments

Capital management

The company's capital management objectives are:

- To ensure the company's ability to continue as a going concern
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Debt-to-equity ratio as of 31 March 2020 and 31 March 2019 is as follows:

(₹ in Lakhs)

	31-Mar-20	31-Mar-19
Debt (A)	**3,480.00**	3,408.00
Equity (B)	**2,363.54**	2,367.25
Debt Ratio (A / B)	**1.47**	1.44

Categories of financial assets and financial liabilities

	As at 31 March 2020		
	Amortised Costs	FVTPL	Total
Non-current Assets			
Loans	–	–	–
Current Assets			
Loans & Advances	**12.72**	–	**12.72**
Non-current Liabilities			
Borrowings	**3,008.00**	–	**3,008.00**
Current Liabilities			
Borrowings	**72.00**	–	**72.00**
Trade Payables	**5.50**	–	**5.50**
Other Financial Liabilities			
– Non Derivative Financial Liabilities	**920.17**	–	**920.17**

	As at 31 March 2019		
	Amortised Costs	FVTPL	Total
Current Assets			
Loans	12.74	–	12.74
Non-current Liabilities			
Borrowings	2,637.00	–	2,637.00
Current Liabilities			
Borrowings	771.00	–	
Trade Payables	3.75	–	3.75
Other Financial Liabilities			
– Non Derivative Financial Liabilities	518.25	–	518.25

Note No. 21 - Equity Share Capital

A. Equity share capital

	(₹ in Lakhs)
As at 31 March 2019	**2,100.00**
Changes in equity share capital during the year	–
As at 31 March 2020	**2,100.00**

Note No. 22 - Related Party Transactions

Discription of Relationship	Name of Related Party
Ultimate Holding Company	Mahindra & Mahindra Limited
Parent Company	Mahindra Lifespace Developers Limited
Joint Venture	Mahindra Industrial Park Private Limited (Earlier known as Industrial Cluster Private Limited)

Nature of transactions with Related Parties	For the year ended	Amount
Receiveing of Services (Parent Company)	31-Mar-20	0.90
	31-Mar-19	0.70
Interest on Inter Corporate Deposit taken from Parent Company	31-Mar-20	2.14
	31-Mar-19	–

Nature of Balances with Related Parties	Balance as on	Amount
Interest Accrued on Inter Corporate Deposits from Mahindra Life Space Developers Ltd.	31-Mar-20	520.17
	31-Mar-19	518.25
Inter Corporate Deposit (ICD) from Mahindra Lifespace Developers Limited	31-Mar-20	72.00
	31-Mar-19	–
Against receiveing of services from Mahindra Lifespace Developers Limited	31-Mar-20	3.92
	31-Mar-19	2.55
Unsecured Optionally Convertible Redeemable Debentures (OCRDs) from Mahindra Life Space Developers Ltd.	31-Mar-20	2,637
	31-Mar-19	2,637
Unsecured Optionally Convertible Redeemable Debentures (OCRDs)- III- from Mahindra Industrial Park Private Limited (Earlier known as Industrial Cluster Private Limited)	31-Mar-20	771
	31-Mar-19	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note - 23 - Micro Small and Medium Enterprises Development Act 2006

The amount due to Micro and Small Enterprises as defined in the " Micro, Small and Medium Enterprises Development, Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to Micro and Small Enterprises as at 31 March 2018 are as under:

Disclosures required under Section22 of the Micro Small and Medium Enterprises Development Act 2006

Particulars		**31-Mar-20**	31-Mar-19
(i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
	– Principal amount due to micro and small enterprises	**–**	–
	– Interest due on above	**–**	–
(ii)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**–**	–
(iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	**–**	–
(iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	**–**	–
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	**–**	–

Note No. 24- Segment Reporting

The Company operates in one segment namely Project and Development activity, hence separate segment reporting has not been made under Indian Accounting Standard (Ind- AS 108)-"Operating Segment". The operation of company comprises a single geographical segment, India.

Note No. 25- Comparitives

The figures for previous year have been regrouped wherever necessary to conform to current year's classification.

For and on behalf of the Board of Directors of Knowledge Township Ltd.

For B.K.Khare & Co

Chartered Accountants
Firm Registration No. 105102W

Mr. Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai
Date: 20 April, 2020

Sanjay Srivastava
Director
DIN-08188352

Suhas Kulkarni
Director
DIN-00003936

Yadunath S. Dhuri
Company Secretary

Ritesh A. Tilve
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA RESIDENTIAL DEVELOPERS LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **Mahindra Residential Developers Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, and the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (herein after referred to as "the Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information at the date of this Auditor's Report comprises the information included in the Director's Report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing specified under Section 143 (10) of the Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("CARO 2016" / "Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive income, Statement of Changes in Equity, and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act.
   (e) On the basis of the written representations received from the Directors as on 31st March, 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to

the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. (Refer Notes 25 to the Ind AS financial statements).

ii. The Company did not have any long-term contracts which has any material foreseeable losses. The Company did not have any derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN : 20204764AAAAAX5064

Place: Chennai
Date: 21st April, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Residential Developers Limited** ("the Company") as of 31st March, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls over Financial Reporting

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN : 20204764AAAAAX5064

Place: Chennai
Date: 21st April, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. In respect of its fixed assets (Property, Plant and Equipment (PPE)):

   a) The Company has maintained proper records showing full particulars, including quantitative details and situation of PPE.

   b) The PPE were physically verified during the year by the Management and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

   c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.

ii. In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of title deeds, site visits by the Management and certification of extent of work completion by competent persons, are done at reasonable intervals and no material discrepancies were noticed on physical verification.

iii. According to the information and explanations given to us, the Company had granted unsecured loans to companies covered in the Register maintained under Section 189 of the Companies Act, 2013, in respect of which:

   a) The terms and conditions of the grant of such loans were, in our opinion, prima facie, not prejudicial to the Company's interest.

   b) The schedule of repayment of principal and payment of interest were stipulated and repayments or receipts of principal amounts and interest were regular as per stipulations.

   c) There is no overdue amount remaining outstanding as at the year-end.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v. According to the information and explanations given to us, the Company has not accepted any deposits during the year. There were no unclaimed deposits outstanding at any time during the year.

vi. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under subsection (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the records of the Company and information and explanations given to us, in respect of statutory dues:

   a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Income Tax, Goods and Services Tax ('GST') and other statutory dues applicable to it with the concerned authorities.

   b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income Tax, GST and other material statutory dues in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable.

   c) The details of dues of Income Tax which has not been deposited as on 31st March, 2020 on account of disputes are given below:

Name of the Statue	Nature of dues	Forum where dispute is pending	Period to which Amount relates	Amount unpaid (Rs. In lakhs)
Income Tax Act 1961	Income Tax	Income Tax Appellate Tribunal	AY 2014 -15	365.75

viii. In our opinion and according to the information and explanations given to us, the Company has not taken any loans or borrowings from banks, financial institutions and government or has issued any debentures and hence the reporting under clause (viii) of CARO 2016 is not applicable.

ix. In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of CARO 2016 is not applicable.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such cases by the Management.

xi. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not paid/ provided managerial remuneration covered under the provisions of Section 197 read with Schedule V to the Act and accordingly reporting under clause (xi) of CARO 2016 is not applicable.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of CARO 2016 is not applicable.

xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial Statements as required by the applicable accounting standards.

xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of Section 192 of the Act are not applicable.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN : 20204764AAAAAX5064

Place: Chennai
Date: 21st April, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

All amounts are in Rupees Lakhs unless otherwise stated

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
I ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	3	**10.09**	–
(b) Financial Assets			
(i) Other Financial Assets	4	**23.17**	23.34
(c) Deferred Tax Assets	5	**145.37**	258.62
(d) Other Non-current Assets	6	**825.69**	747.11
Total Non-Current Assets		**1,004.32**	1,029.07
CURRENT ASSETS			
(a) Inventories	7	**4,195.48**	8,247.81
(b) Financial Assets			
(i) Trade Receivables	8	**727.49**	968.22
(ii) Cash and Cash Equivalents	9	**115.24**	1,652.60
(iii) Bank balances other than (ii) above	9	**98.96**	132.54
(iv) Loans	10	**4,595.00**	–
(v) Other Financial Assets	4	**75.99**	10.23
(c) Other Current Assets	6	**556.77**	625.05
Total Current Assets		**10,364.93**	11,636.45
Total Assets		**11,369.25**	12,665.52
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	11	**25.00**	25.00
(b) Other Equity	12	**9,113.94**	8,700.66
Total Equity		**9,138.94**	8,725.66
LIABILITIES			
2 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Trade Payables	13		
total outstanding dues of micro enterprises and small enterprises		**100.87**	80.78
total outstanding dues of creditors other than micro enterprises and small enterprises		**884.00**	1,394.25
(ii) Other Financial Liabilities	14	**81.98**	111.02
(b) Provisions	15	**56.78**	22.32
(c) Other Current Liabilities	16	**1,106.68**	2,331.49
Total Current Liabilities		**2,230.31**	3,939.86
Total Liabilities		**2,230.31**	3,939.86
Total Equity & Liabilities		**11,369.25**	12,665.52
Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 35 are an integral part of these financial statements

In terms of our report attached

For **B K Khare & Co**

Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: April 21, 2020

For and on behalf of the Board of Directors

Mahindra Residential Developers Limited

Mr. Vaibhav Mittal (DIN:02905926) — Chairman

Mr. Vijay Madhav Paradkar (DIN:00149410) — Non-Executive Non-Independent Director

Mr. Vimal Agarwal (DIN:07296320) — Non-Executive Non-Independent Director

Place: Chennai
Date: April 21, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rupees Lakhs unless otherwise stated

Particulars	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
INCOME			
Revenue from operations	17	**5,348.64**	3,671.29
Other income	18	**327.66**	83.00
Total Income		**5,676.30**	3,754.29
EXPENSES			
Cost of Sales	19	**3,945.79**	2,438.99
Finance costs	20	**35.45**	48.40
Depreciation and amortisation expense	3	**1.44**	–
Other expenses	21	**851.79**	735.98
Total Expenses		**4,834.47**	3,223.37
Profit before tax		**841.83**	530.92
Tax expense			
Current tax	22	**200.67**	–
Deferred tax	22	**38.61**	(46.91)
Total tax Expense/(Credit)		**239.28**	(46.91)
Profit after tax for the year		**602.55**	577.83
Other Comprehensive Income		**–**	–
Other Comprehensive Income		**–**	–
Total Comprehensive Income		**602.55**	577.83
Earnings per equity share (of face value ₹ 10/-each):			
Basic/Diluted (in Rs.)	24	**241.02**	231.13
Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 35 are an integral part of these financial statements

In terms of our report attached
For **B K Khare & Co**
Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: April 21, 2020

For and on behalf of the Board of Directors
Mahindra Residential Developers Limited

Mr. Vaibhav Mittal (DIN:02905926) — Chairman

Mr. Vijay Madhav Paradkar (DIN:00149410) — Non-Executive Non-Independent Director

Mr. Vimal Agarwal (DIN:07296320) — Non-Executive Non-Independent Director

Place: Chennai
Date: April 21, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rupees Lakhs unless otherwise stated

Particulars	**Year ended 31st March, 2020**	Year ended 31st March, 2019
Cash flows from operating activities		
Profit before tax for the year	**841.83**	530.92
Adjustments for:		
Finance costs recognised in profit and loss	**35.45**	48.40
Interest Income	**(259.01)**	(41.22)
Depreciation and amortisation of non-current assets	**1.44**	–
Movements in working capital:		
Decrease in trade and other receivables	**240.73**	123.40
Decrease in amounts due from customers under construction contracts	**–**	663.99
Decrease in inventories	**4,052.33**	1,316.43
Decrease in other assets	**142.92**	479.56
Decrease in other Financial Assets	**0.07**	–
Decrease in trade and other payables	**(490.16)**	(575.29)
Decrease in other liabilities	**(64.29)**	(358.30)
Decrease in deferred revenue	**(1,189.56)**	(774.77)
(Increase)/Decrease in provisions	**34.46**	(11.20)
Cash generated from operations	**3,346.21**	1,401.92
Income taxes paid (Net)	**(290.78)**	(104.44)
Net cash generated from operating activities	**3,055.43**	1,297.48
Cash flows from investing activities		
Capital Expenditure	**–**	(11.53)
Interest received	**193.35**	34.56
Bank balances not considered as Cash and Cash Equivalents	**33.58**	743.25
Inter-corporate deposits given to related parties	**(5,495.00)**	(200.00)
Inter-corporate deposits repaid by related parties	**900.00**	200.00
Net cash (used in)/generated from investing activities	**(4,368.07)**	766.28
Cash flows from financing activities		
Dividend paid (including Dividend Distribution Tax)	**(189.27)**	(699.22)
Interest paid	**(35.45)**	(48.40)
Net cash used in financing activities	**(224.72)**	(747.62)
Net (decrease)/increase in cash and cash equivalents	**(1,537.36)**	1,316.14
Cash and cash equivalents at the beginning of the year	**1,652.60**	336.46
Cash and cash equivalents at the end of the year (Refer Note no 9)	**115.24**	1,652.60

The above Cash Flow Statement has been prepared under the "indirect method" as set out in 'Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows'.

Summary of Significant Accounting Policies

The accompanying notes 1 to 35 are an integral part of these financial statements

In terms of our report attached

For **B K Khare & Co**

Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: April 21, 2020

For and on behalf of the Board of Directors

Mahindra Residential Developers Limited

Mr. Vaibhav Mittal (DIN:02905926) — Chairman

Mr. Vijay Madhav Paradkar (DIN:00149410) — Non-Executive Non-Independent Director

Mr. Vimal Agarwal (DIN:07296320) — Non-Executive Non-Independent Director

Place: Chennai
Date: April 21, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rupees Lakhs unless otherwise stated

	Share Capital	Other Equity			
	Equity Share Capital	Securities Premium	Capital Redemption Reserves	Retained Earnings	Total
Balance as at 1st April, 2018	25.00	5,435.33	1.00	3,901.03	9,337.36
INDAS 115 Opening Reserve Adjustment (net ot tax)				(515.31)	(515.31)
Profit for the year	–	–	–	577.83	577.83
Dividend paid (includes Dividend Distribution Tax of Rs. 119.22 lakhs)	–	–	–	(699.22)	(699.22)
Balance as at 31st March, 2019	25.00	5,435.33	1.00	3,264.33	8,700.66

	Share Capital	Other Equity			
	Equity Share Capital	Securities Premium	Capital Redemption Reserves	Retained Earnings	Total
Balance as at 1st April, 2019	25.00	5,435.33	1.00	3,264.33	8,700.66
Profit for the year	–	–	–	602.55	602.55
Dividend paid (includes Dividend Distribution Tax of Rs. 32.27 lakhs)	–	–	–	(189.27)	(189.27)
Balance as at 31st March, 2020	**25.00**	**5,435.33**	**1.00**	**3,677.61**	**9,113.94**

Summary of Significant Accounting Policies

The accompanying notes 1 to 35 are an integral part of these financial statements

The accompanying notes 1 to 35 are an integral part of these financial statements

In terms of our report attached

For **B K Khare & Co**

Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: April 21, 2020

For and on behalf of the Board of Directors

Mahindra Residential Developers Limited

Mr. Vaibhav Mittal (DIN:02905926) — Chairman

Mr. Vijay Madhav Paradkar (DIN:00149410) — Non-Executive Non-Independent Director

Mr. Vimal Agarwal (DIN:07296320) — Non-Executive Non-Independent Director

Place: Chennai
Date: April 21, 2020

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

1. General Information

Mahindra Residential Developers Limited ("the Company") was incorporated on 1st February, 2008.

The Company is a Co-developer, approved under Special Economic Zone Act, 2005, engaged in development of township including residential infrastructure in Mahindra World City SEZ and giving it on perpetual lease. The address of its registered office and principal place of business is Administrative Block, Central Avenue, Mahindra World City, Chengalpet, Kancheepuram – 603 002.

The level of activity carried out by the Company depends on the number of projects handled and accordingly the revenue from operations may not be comparable on a year-to-year basis.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provision of the Companies Act, 2013 ("the Act").

The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in the meeting held on April 21, 2020.

2.2 Basis of measurement

2.2.1 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.2.2 Measurement of Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis as applicable.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.3 Revenue from Contracts and Customers

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.3.1 Revenue from Projects

The Company develops and sells residential and commercial properties. Revenue from contracts is recognised when control over the property has been transferred to the customer. An enforceable right to payment does not arise until the development of the property is completed. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer and the development of the property is completed. The revenue is measured at the transaction price agreed under the contract.

The Company invoices the customers for construction contracts based on achieving a series of performance-related milestones.

For certain contracts involving the sale of property under development, the Company offers deferred payment schemes to its customers. The Company adjusts the transaction price for the effects of the significant financing component.

2.3.2 Contract Costs

Costs to obtain contracts ("Contract costs") relate to fees paid for obtaining property sales contracts. Such costs are recognised as assets when incurred and amortised upon recognition of revenue from the related property sale contract.

2.3.3 Significant accounting judgements, estimates and assumptions

2.3.3.1 Determining the timing of revenue recognition on the sale of completed and under development property

The Company has generally evaluated and concluded that based on a careful analysis of the rights and obligations under the terms of the contracts relating to the sale of property, the revenue is to be recognised at a point in time when control transfers which coincides with receipt of Occupation Certificate. The Company has generally concluded that the over time criteria are not met owing to non-enforceable right to payment for performance completed to date and, therefore, recognises revenue at a point in time.

2.3.3.2 Determination of performance obligations

With respect to the sale of property, the Company has concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property is to undertake development of property and obtaining the Occupation Certificate. Generally, the Company is responsible for all these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Company accounts for them as a single performance obligation because they are not distinct in the context of the contract.

2.3.4 Dividend and interest income

Dividend income from investment in mutual funds is recognised when the unit holder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4 Current versus non-current classification

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Based on the nature of activity carried out by the company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current – Non Current classification of assets & liabilities.

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Borrowings are classified as current if they are due to be settled within 12 months after the reporting period.

2.5 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

2.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.7.1 Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rate that has been enacted or substantively enacted by the end of the reporting period.

2.7.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.7.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.8 Property, plant and equipment (PPE)

PPE are stated in the balance sheet at cost less accumulated depreciation.

Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. PPE held for disposal are valued at estimated net realizable value.

Depreciation on PPE has been provided on pro-rata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Lease hold improvements are amortised over the period of lease/ estimated period of lease.

2.9 Impairment of PPE

At the end of each reporting period, the Company reviews the carrying amounts of its PPE to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.10 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest and manpower costs and expenses incidental to the projects undertaken by the Company.

2.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.12 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.13 Foreign currencies

Transactions in foreign currencies i.e. other than the Company's functional currency are recognised at the rates of exchange prevailing at the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks

2.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.15 Contingent liabilities

Contingent liability is disclosed in case of:

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

b) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets

Contingent assets are disclosed where an inflow of economic benefits is probable.

2.16 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.16.1 Classification and subsequent measurement

2.16.1.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured at either amortised cost or fair value depending on their respective classification.

On initial recognition, a financial asset is classified as - measured at:

- Amortised cost; or
- Fair Value through Other Comprehensive Income (FVTOCI) - debt investment; or
- Fair Value through Other Comprehensive Income (FVTOCI) - equity investment; or
- Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Debt investment at FVTOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for medium or long term strategic purpose.

Equity investments that are not designated as measured at FVTOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Lakhs unless otherwise stated

2.16.1.2 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

2.16.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

2.17 Earnings per Share

Basic/Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

2.18 Goods and Services tax input credit:

Goods and Services tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

2.19 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 1, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements based on estimates and assumptions, which have the significant effect on the amounts recognised in the financial statements.

Taxes

Deferred tax assets are recognised for temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Note No. 3 - Property Plant and Equipment

Description of Assets	Office Equipments	Total
I. Gross Carrying Amount		
Balance as at 1st April, 2019	–	–
Additions	11.53	11.53
Balance as at 31st March, 2020	**11.53**	**11.53**
II. Accumulated depreciation		
Balance as at 1st April, 2019	–	–
Depreciation expense for the year ...	1.44	1.44
Balance as at 31st March, 2020	**1.44**	**1.44**
III. Net carrying amount (I-II)............	**10.09**	**10.09**

Note No. 4 - Other Financial Assets

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non-Current	Current	Non-Current
A) Security Deposits				
– Unsecured, considered good..........	**3.67**	**23.17**	3.57	23.34
TOTAL (A)	**3.67**	**23.17**	3.57	23.34
B) Interest Receivable				
Interest accrued on deposits	**7.84**	–	6.66	–
Interest on Loans and Advances (Refer Note no 10)	**64.48**	–	–	–
TOTAL (B)	**72.32**	–	6.66	–
GRAND TOTAL..........	**75.99**	**23.17**	10.23	23.34

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Lakhs unless otherwise stated

Note No. 5 - Deferred Tax Assets

Particulars	For the Year ended 31st March, 2020			
	Opening Balance	**Utilisation for the year**	**Recognised in profit and Loss**	**Closing Balance**
Tax impact of adjustment pursuant INDAS 115 (Refer Note. 17)	**49.39**	–	(38.61)	10.78
Tax effect of items constituting MAT	–	–	–	–
Minimum Alternate Tax (MAT)	**209.23**	**(74.64)**		134.59
Net Tax Asset	**258.62**	**(74.64)**	(38.61)	145.37

Particulars	For the Year ended 31st March, 2019			
	Opening Balance	**Impact in Opening Retained Earnings (Refer Note No: 17)**	**Recognised in profit and Loss**	**Closing Balance**
Tax impact of adjustment pursuant INDAS 115 (Refer Note. 17)	–	211.71	(162.32)	49.39
Tax effect of items constituting MAT				
Minimum Alternate Tax (MAT)		–	209.23	209.23
Net Tax Asset	–	211.71	46.91	258.62

Note No. 6 - Other assets

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	**Non-Current**	Current	Non-Current
(a) Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**535.02**	–	544.86	–
(ii) Other advances (Mobilisation and Material Advances)	**16.19**	–	7.20	–
(iii) Advance for Capital Goods	–	–	–	11.53
(b) Advance income tax - (Net of Provision for Tax FY 2019-20 Rs. 2,111.34 lakhs, FY 2018-19 Rs. 1,910.87 lakhs)*	–	**825.69**	–	735.58
(c) Prepaid Expenses	**5.56**	–	44.90	–
(d) Security Deposits	–	–	28.09	–
	556.77	**825.69**	625.05	747.11

* Includes amount Rs. 746.30 lakhs paid under protest.(As at 31st March, 2019 Rs. 630.90).

Note No. 7 - Inventories

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
(a) Construction Materials	**250.32**	300.46
(b) Construction Work-in-Progress	**2,316.63**	2,761.05
(c) Finished Goods	**1,628.53**	5,186.30
Total Inventories (at lower of cost and net realisable value)	**4,195.48**	8,247.81

* Construction Work-in-Progress represents materials at site and unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.

Construction materials primarily comprises of include Steel, Cement, Chrome Plated & Sanitary Fixtures and UPVC windows.

The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 3,945.79 lakhs (31st March, 2019: 2,438.99 lakhs).

The Company has availed cash credit facilities which are secured by hypothecation of inventories.

Based on detailed assessment and evaluation of impact of the COVID-19 epidemic, the management concluded that realiseable value of these inventories will not be lower than the carrying value.

Note No. 8 - Trade receivables

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
	Current	Current
Trade receivables		
Unsecured, considered good	**727.49**	968.22
Total	**727.49**	968.22

Refer Note 26 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related financial instrument disclosures.

The average credit period is in the range of 7-31 days on lease of residential property as per the agreement with customers.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Lakhs unless otherwise stated

Note No. 9 - Cash and Bank Balances

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents		
(a) Cash on hand..............................	–	0.01
(b) Cheques on Hand	–	86.44
(c) Balances with banks		
in Current Accounts	**11.87**	37.30
in Cash Credit account................	**3.37**	33.85
Deposits with original maturity of less than three months...	**100.00**	1,495.00
Total Cash and cash equivalents (considered in Statement of Cash Flows)..	**115.24**	1,652.60

Particulars	As at 31st March, 2020	As at 31st March, 2019
Bank Balances other than Cash and cash equivalents		
– in Current Accounts - earmarked*	**2.46**	36.04
– Earmarked Deposit account with scheduled banks#	**96.50**	96.50
Total Other Bank balances	**98.96**	132.54

* Required to be set aside and kept in separate bank account under Tamilndu Real Estate(Regulation and Development) Act, 2016.

\# Earmarked balances with banks refers to Fixed Deposits with bank created out of Corpus and Advance maintenance Charges collected from customers.

Note No. 10 - Loans

Particulars	As at 31st March, 2020	As at 31st March, 2019
Loans to related parties* (Refer note 27)......................................	**4,595.00**	–
Total Loans	**4,595.00**	–

* The Inter Corporte Deposits are given to to meet working capital requirement at an interest rate of 9.5% pa. The loan is unsecured and repayable on demand.

Note No. 11 - Equity Share Capital

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of shares	**Amount**	No. of shares	Amount
Authorised:				
Equity shares of Rs. 10 each with voting rights	**4,50,000**	**45.00**	4,50,000	45.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights...	**2,50,000**	**25.00**	2,50,000	25.00
Total...	**2,50,000**	**25.00**	2,50,000	25.00

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Fresh Issue	Bonus	Other Changes	Closing Balance
(a) Equity Shares with Voting rights*					
Year Ended 31st March, 2020					
No. of Shares...	**2,50,000**	**–**	**–**	**–**	**2,50,000**
Amount in Lakhs..	**25.00**	**–**	**–**	**–**	**25.00**
Year Ended 31st March, 2019					
No. of Shares...	2,50,000	–	–	–	2,50,000
Amount in Lakhs	25.00	–	–	–	25.00

* **Terms/ rights attached to equity shares**: The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share. Dividends are paid in Indian Rupees. The dividends proposed by the Board of Directors are subject to the approval of the shareholders at the Annual General Meeting. Repayment of capital will be in proportion to the number of equity shares held.

(ii) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31st March, 2020 No.	% holding in the class	As at 31st March, 2019 No.	% holding in the class
Equity shares with voting rights:-				
Mahindra Integrated Township Limited, Holding Company	**2,50,000**	**100.00%**	2,50,000	100.00%

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Lakhs unless otherwise stated

(iii) Details of shares held by the holding company:

Particulars	No. of Shares Equity Shares with Voting rights
As at 31st March, 2020	
Mahindra Integrated Township Limited, Holding Company...........	**2,50,000**
As at 31st March, 2019	
Mahindra Integrated Township Limited, Holding Company...........	2,50,000

Note No. 12 - Other Equity

Note No. 12a - Other Equity

Particulars	As at 31st March, 2020	As at 31st March, 2019
Securities premium..	**5,435.33**	5,435.33
Capital Redemption Reserve.........................	**1.00**	1.00
Retained earnings...	**3,677.61**	3,264.33
	9,113.94	8,700.66

Note No. 12b - Other Equity

Particulars	Securities Premium	Capital Redemption Reserves	Retained Earnings	Total
Balance as at 1st April, 2019	5,435.33	1.00	3,264.33	8,700.66
Profit for the year	–	–	602.55	602.55
Dividend paid (including Dividend Distribution Tax of Rs. 32.27 lakhs)	–	–	(189.27)	(189.27)
Balance as at 31st March, 2020........	**5,435.33**	**1.00**	**3,677.61**	**9,113.94**

Retained Earnings: This reserve represents cumulative profits of the Company. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.

Securities Premium: The Securities Premium is created on issue of shares at a premium.

Capital Redemption Reserve: The Capital Redemption Reserve was created against redemption of Preference Shares.

Note No. 13 - Trade Payables

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade payables		
- total outstanding dues of micro enterprises and small enterprises (Refer Note 30 (i))	100.87	80.78
- total outstanding dues of creditors other than micro enterprises and small enterprises.......	802.30	1,195.91
Retention Payable..	81.70	198.34
Total Trade Payables....................................	**984.87**	1,475.03

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Trade Payables include Rs. 240.22 Lakhs payable towards Gannon Dunkerley & Co Ltd (GDCL), who have sought arbitration against the termination of their contract due to non performance. There are claims and counter claims made by both parties and the arbitration is currently in process. Based on professional advice the management does not expect a liability above the amount reflected as trade payables and hence no additional provision is presently considered necessary.

The average credit period is in the range of 7-31 days as per the agreement with Contractors/Suppliers.

Note No. 14 - Other Financial Liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current		
Deposits from Customers*.............................	**81.98**	111.02
Total Other Financial Liabilities....................	**81.98**	111.02

* Refers to amount collected from customers towards "Advance maintenance and Corpus fund". Out of the funds collected, the Company has invested in earmarked deposit accounts with banks (Refer Note 9)

Note No. 15 - Provisions

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current		
Defect Liability Provision.................................	**56.78**	22.32
Total Provisions...	**56.78**	22.32

Details of movement in Other Provisions is as follows:

Particulars	Defect Liability Provision
Balance at 1st April, 2018	51.59
Adjustment as per IND AS 115	(18.07)
Additional provisions recognised	38.40
Amounts used during the year......................................	(49.60)
Balance at 31st March, 2019...	22.32
Balance as at 1st April, 2019.......................................	22.32
Additional provisions recognised	34.46
Balance at 31st March, 2020.......................................	**56.78**

Defect Liability Provision:

Provision for defect liability represents present value of management's best estimate of the future outflow of economic resources that will be required in respect of residential units given under perpetual lease, the estimated cost of which is accrued during the period of construction. Management estimates the related provision for future defect liability claims based on historical cost of rectifications and is adjusted regularly to reflect new information. The residential units are generally covered under a the defect liability period limited to 5 year from the date of handover of residential units. It is expected that most of these costs will be incurred within two years from the reporting date.

Note No. 16 - Other Current Liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
a. Advances received from customers (under Construction Contracts)..........................	**34.91**	64.37
b. Deferred Revenue	**1,065.95**	2,255.51
c. Statutory dues		
– taxes payable (other than income taxes)...	**5.82**	11.61
Total Other Current Liabilities.......................	**1,106.68**	2,331.49

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Note No. 17 - Revenue from Operations

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Income from projects (Refer note no. 30)	5,348.64	3,671.29
Total Revenue from Operations	5,348.64	3,671.29

Note No. 18 - Other Income

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Interest Income on Financial assets that are not designated as Fair Value through Profit and Loss	303.73	68.93
Inter Corporate Deposits (Refer Note 10)	182.39	11.87
Bank Deposits	76.62	29.35
Others*	44.72	27.71
Scrap Sales	–	0.29
Cancellation / Other income	23.93	13.78
Total Other Income	327.66	83.00

* Other Interest Income includes interest income on account of financing component involved in contracts with customers and interest charged on late payment received from customers.

Note No. 19 Cost of Sales

Cost of Projects

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Inventories at the beginning of the year:		
Finished goods	5,186.30	2,955.94
Transitional adjustment INDAS 115 - Refer Note no. 17	–	1,335.07
Construction Work-in-progress	2,761.05	4,140.42
Transitional adjustment INDAS 115 - Refer Note no. 17	–	733.45
Construction Materials	300.46	399.37
Sub Total (A)	8,247.81	9,564.25
Add: Expenses incurred during the year		
Land and Construction Costs	24.20	1,010.05
Architect & Consultant Fees	1.75	20.78
Project Management Fees	48.17	72.93
Other Expenses	1.92	18.79
Sub Total (B)	76.04	1,122.55
Reversal of Provisions during the year	(182.58)	–
Inventories at the end of the year:		
Finished goods	(1,628.53)	(5,186.30)
Construction Work-in-progress	(2,316.63)	(2,761.05)
Construction Materials	(250.32)	(300.46)
Sub Total (C)	(4,195.48)	(8,247.81)
Total (A + B + C)	3,945.79	2,438.99

Note No. 20 - Finance Costs

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Interest Expense	35.45	48.40
Total Finance Costs	35.45	48.40

Note No. 21 - Other Expenses

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Rent including lease rentals	4.01	3.82
Rates and taxes	120.72	71.12
Repairs and maintenance - Others	262.39	68.40
Advertisement and Marketing	190.90	319.80
Commission on sales / contracts (net)	62.46	41.98
Travelling and Conveyance Expenses	18.49	18.35
Defect liability (net)	34.46	38.40
Expenditure on corporate social responsibility (CSR)*	4.79	5.02
Staff Deputation Costs	56.58	72.44
Director Sitting Fee	–	1.00
Auditors remuneration and out-of-pocket expenses	5.35	5.16
As Auditors	3.25	3.25
For Other services	2.10	1.90
For reimbursement of expenses	–	0.01
Other expenses	91.64	90.49
Legal and other professional costs	80.37	78.37
Other General Expenses	11.27	12.12
Total Other Expenses	851.79	735.98

* Details of expenditure on Corporate Social Responsibility

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Education	2.39	2.45
Contribution to approved NGO (Nanhi Kali foundation)	2.40	2.57
Total CSR Expense	4.79	5.02

Note No. 22 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Current Tax:		
In respect of current year	200.67	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	38.61	(46.91)
Total income tax expense / (credit) on continuing operations	239.28	(46.91)

(b) Reconciliation of estimated income tax expense at tax rate to income tax expense reported in Profit or Loss is as follows:

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Profit before tax from continuing operations	841.83	530.92
Income tax expense calculated at 27.82%/29.12%	234.20	–
Effect of income that is exempt from taxation	–	–
Minimum Alternate Tax	–	(209.23)
Others	0.95	–
Deferred Tax (Temporary differences arising out of INDAS 115 - refer note no. 17)	4.13	162.32
Income tax expense / (credit) recognised In profit or loss	239.28	(46.91)

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(c) Amounts on which deferred tax asset has not been created:

Deferred tax assets(MAT Credit) have not been recognised based on the analysis and judgement of the management of the profitability of the existing projects on hand / pipeline and in accordance with the accounting policy consistently followed by the Company and the balance as given below have not been recognised.

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unused tax credits -MAT (with year of expiry of the MAT credit)		
– MAT Credit of FY 2011-12(Expiry-2026-27) ..	**63.12**	63.12
– MAT Credit of FY 2012-13(Expiry-2027-28) ..	**219.44**	219.44
– MAT Credit of FY 2013-14(Expiry-2028-29) ..	**870.18**	870.18
– MAT Credit of FY 2014-15(Expiry-2029-30) ..	**272.26**	272.26
– MAT Credit of FY 2015-16(Expiry-2030-31) ..	**32.94**	32.94
– MAT Credit of FY 2017-18(Expiry-2032-33) ..	**49.60**	49.60
Total	**1,507.54**	1,507.54

Note No. 23 - Segment Reporting

Business segments

The Company operates in only one business segment, i.e. 'lease of land and properties constructed thereon' based on the nature of the services and products, the risks and returns etc. This has been determined in the manner consistent with the internal reporting provided to the Director regarded as the Chief Operating Decision Maker ("CODM"). The Company operates only in India. The conditions prevailing in India being uniform, no separate geographical disclosure within India is considered necessary.

Note No. 24 - Earnings per Share

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Profit for the year attributable to owners of the Company..	**602.55**	577.83
Weighted average number of equity shares (in Nos)..	**2,50,000**	2,50,000
Basic and Diluted Earning per share (in face value of Rs. 10/- per share) (in Rs.)................	**241.02**	231.13

Note No. 25 - Contingent liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
Contingent liabilities (to the extent not provided for)		
Income tax demands (to the extent not recognised in the books)		
FY 2011-12 (Assessment Year 2012-13)	**121.05**	121.05
FY 2012-13 (Assessment Year 2013-14)	**121.39**	148.98
FY 2013-14 (Assessment Year 2014-15)	**869.63**	940.56
Total..	**1,112.07**	1,210.59

The above amount is based on demand raised, which the Company is contesting with the concerned authorities. Outflows, if any, arising out of this claim would depend on the outcome of the decision of the appellate authorities and Company's rights for future appeals.

Note No. 26 - Financial Instruments

Capital management

'The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

'The Company is not subject to externally enforced capital regulation.

Categories of financial assets and financial liabilities

	As at 31st March, 2020			
Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Financial Assets Measured at Amortised Cost.......................	**23.17**	–	–	**23.17**
Current Assets				
Trade Receivables....................	**727.49**	–	–	**727.49**
Cash and Cash equivalents......	**115.24**	–	–	**115.24**
Bank Balances other than above	**98.96**	–	–	**98.96**
Loans & Other Financial Assets	**4,670.99**	–	–	**4,670.99**
	5,635.85	–	–	**5,635.85**
Current Liabilities				
Trade Payables	**984.87**	–	–	**984.87**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**81.98**	–	–	**81.98**
	1,066.85	–	–	**1,066.85**

	As at 31st March, 2019			
Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Financial Assets Measured at Amortised Cost.......................	**23.34**	–	–	**23.34**
Current Assets				
Trade Receivables....................	**968.22**	–	–	**968.22**
Cash and Cash equivalents......	**1,652.60**	–	–	**1,652.60**
Bank Balances other than above	**132.54**	–	–	**132.54**
Loans & Other Financial Assets	**10.23**	–	–	**10.23**
	2,786.93	–	–	**2,786.93**
Current Liabilities				
Trade Payables	**1,475.03**	–	–	**1,475.03**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**111.02**	–	–	**111.02**
	1,586.05	–	–	**1,586.05**

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

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CREDIT RISK

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from trade receivables, cash and cash equivalents, mutual Funds & other financial assets.

(ii) Trade Receivables:

The Company's trade receivables include receivables on lease of residential flats and rent maintenance receivable. As per the Company's flat handover policy, a flat is handed over to a customer only upon payment of entire amount of consideration. The rent maintenance receivables are secured by security deposits obtained under the lease agreement. Thus, the Company is not exposed to any credit risk on receivables from sale of residential flats and rent receivables. However owing to COVID-19 pandemic outbreak the Company expects considerable slow down in collections of existing receivables and delay in billing further milestones owing to lockdown.

(iii) Cash and Cash Equivalents & Other Financial Assets

For banks and financial institutions, only high rated banks/institutions are accepted. The Company holds cash and cash equivalents with bank and financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-2020				
Non Interest Bearing				
Trade Payable	**984.87**	–	–	–
Deposits from Customers	**81.98**	–	–	–
Total	**1,066.85**	–	–	–
31-Mar-2019				
Non Interest Bearing				
Trade Payable	**1,475.03**	–	–	–
Deposits from Customers	**111.02**	–	–	–
Total	**1,586.05**	–	–	–

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement.

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	31st March, 2020	31st March, 2019
Secured Bank Cash Credit facility		
– Expiring within one year	**1,000.00**	1,000.00
Secured Bank Guarantee Limit (sub limit of CC Credit facility)		
– Expiring within one year	**500.00**	500.00
Secured Letter of Credit (sub limit of CC Credit facility)		
– Expiring within one year	**500.00**	500.00

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial Assets				
31st March, 2020				
Non-interest bearing				
Trade Receivables	**727.49**	–	–	–
Security Deposits	**3.67**	–	**23.17**	
Interest receivables	**72.32**	–	–	–
Cash and Cash Equivalents	**115.24**	–	–	–
Bank Balances other than above	**98.96**			
Fixed interest rate instruments				
Loans to Related Parties	**4,595.00**	–	–	–
Total	**5,612.68**	–	**23.17**	–

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Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
31st March, 2019				
Non-interest bearing				
Trade Receivables	968.22	–	–	–
Security Deposits	3.57	–	23.34	–
Interest receivables........	6.66	–	–	–
Cash and Cash Equivalents	1,652.60	–	–	–
Bank Balances other than above....................	132.54			
Fixed interest rate instruments ..	–	–	–	–
Loans to Related Parties	–	–	–	–
Total	2,763.59	–	23.34	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated only in India Rupees and hence there is no risk of foreign exchange fluctuations.

Note No. 27 - Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

COVID -19 Impact assessment:

The management assessed the Company's future projections in light of the developments due to COVID 19 situation worldwide and has reassessed the impact that it may cause on the Company's financial and operational performance. The Company may experience delays in getting new prospects and signing of lease deeds, and consequent impact on the inflow of receivables, during the lock down period. The construction and development activities are temporarily suspended owing to lock down and the tenure of lock down is not yet certain as on date of approval of these financail statements. This will delay the milestone billings and the overall handover timelines to customers for projects under development. Statutory authorities have considered relexation norms for handover deadlines and the Company at this moment expects no outflow on account delayed payment compensation. The management expects the Company to resume normalcy within a period of 3 to 4 months post lockdown with some impact on overall milestone billings, collections and registrations through the financial year. The Company has credit and term loan facilities available to meet the project costs and pay off the vendors and bankers in the immediate 12 months from the date of approval of these financial statements. The Company expects no additional inflow of capital towards currently planned development. Based on the above assessment, the management is of the view that company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

Note No. 28 - Related Party Transactions

a) Names of related parties and nature of relationship where control exists:

Ultimate Parent Company Mahindra & Mahindra Limited (M & M)

Parent of the Holding Company Mahindra Lifespace Developers Limited (MLDL)

Holding Company Mahindra Integrated Township Limited (MITL)

b) Fellow Subsidiary & Joint Venture of MLDL with whom transactions have been entered

Mahindra Integrated Business Solution Limited - Fellow Subsidiary

Mahindra World City Developers Limited (MWCDL) - Joint Venture of MLDL

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Ultimate Holding Company	Parent of Holding Company	Holding company	Fellow Subsidiary	Joint Venture of MLDL
Nature of transactions with Related Parties						
Interest Income	31-Mar-20			97.65		25.02
	31-Mar-19			–		11.87
Dividend paid	31-Mar-20			157.00		
	31-Mar-19			580.00		
Marketing Expenses-sharing expenses	31-Mar-20		30.33			
	31-Mar-19		21.55			
Purchase of Materials and Services	31-Mar-20	0.91		–	2.76	0.38
	31-Mar-19	4.04		7.21	–	–
Manpower Deputation Charges- Expense	31-Mar-20		20.05	84.70		
	31-Mar-19		145.37	–		

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Particulars	For the year ended	Ultimate Holding Company	Parent of Holding Company	Holding company	Fellow Subsidiary	Joint Venture of MLDL
Office Establishment Expenses-Expense	31-Mar-20		6.15	16.02		5.32
	31-Mar-19		4.08	16.95		-
Maintenance Charges- Expense	31-Mar-20					25.73
	31-Mar-19					49.92
Inter Corporate Deposit (ICD) issued	31-Mar-20			1,495.00		2,000.00
	31-Mar-19			–		200.00
Inter Corporate Deposit (ICD) repayment received	31-Mar-20			100.00		–
	31-Mar-19			–		200.00

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Parent of Holding Company	Holding company	Fellow Subsidiary	Joint Venture of MLDL
Deposits	31-Mar-20					23.07
	31-Mar-19					23.07
Interest on ICD receivable	31-Mar-20			21.82		22.52
	31-Mar-19			–		–
Inter corporate deposit given	31-Mar-20			1,395.00		2,000.00
	31-Mar-19			–		–
Other Payables	31-Mar-20	0.83	24.24	–	0.11	14.58
	31-Mar-19	2.09	73.28	4.66	–	0.60

Note No. 29 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31st March, 2020 Carrying amount	31st March, 2020 Fair value	31st March, 2019 Carrying amount	31st March, 2019 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– Loans to related parties	**4,595.00**	**4,595.00**	–	–
– Trade and other receivables	**727.49**	**727.49**	968.22	968.22
– Cash and cash equivalents	**115.24**	**115.24**	1,652.60	1,652.60
– Bank balances other than above	**98.96**	**98.96**	132.54	132.54
– Other Receivables	**72.32**	**72.32**	6.66	6.66
– Deposits and similar assets	**26.84**	**26.84**	26.91	26.91
Total	**5,635.85**	**5,635.85**	2,786.93	2,786.93
Financial liabilities				
Financial liabilities held at amortised cost				
– Other financial Liabilities	**81.98**	**81.98**	111.02	111.02
– Trade and other payables	**984.87**	**984.87**	1,475.03	1,475.03
Total	**1,066.85**	**1,066.85**	1,586.05	1,586.05

Fair value hierarchy as at 31st March, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Loans to related parties	–	4,595.00	–	4,595.00
– Trade and other receivables	–	727.49	–	727.49
– Cash and cash equivalents	–	115.24	–	115.24

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

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	Fair value hierarchy as at 31st March, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
– Bank balances other than above	–	98.96	–	98.96
– Other Receivables	–	72.32	–	72.32
– Deposits and similar assets	–	26.84	–	26.84
Total	–	**5,635.85**	–	5,635.85
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Other financial Liabilities	–	**81.98**	–	**81.98**
– Trade and other payables	–	**984.87**	–	**984.87**
TOTAL	–	**1,066.85**	–	**1,066.85**

	Fair value hierarchy as at 31st March, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	968.22	–	968.22
– cash and cash equivalents	–	1,652.60	–	1,652.60
– Bank balances other than above	–	132.54	–	132.54
– Other Receivables	–	6.66	–	6.66
– deposits and similar assets	–	26.91	–	26.91
Total	–	2,786.93	–	2,786.93
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Other financial Liabilities	–	111.02	–	111.02
– trade and other payables	–	1,475.03	–	1,475.03
Total	–	1,586.05	–	1,586.05

For recurring and non-recurring fair value measurements, if the highest and best use of a nonfinancial asset differs from its current use, an entity shall disclose that fact and why the non-financial asset is being used in a manner that differs from its highest and best use.

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note No. 30 - INDAS 115 Disclosures

1) Contract Balances

Amounts received before the related performance obligation is satisified are included in the balance sheet (Contract liability) as "Advances received from Customers". Amounts billed for development milestone achieved but not yet paid by the customer are included in the balance sheet under trade receivables.

During the year, the Company recognised Revenue of Rs. 1,836.78 Lakhs (FY 18-19 Rs. 1,748.37 lakhs) from opening contract liability (after Ind AS 115 adoption) of Rs. 2,255.51 Lakhs (FY 18-19 Rs. 2,870.26 lakhs.)

There were no significant changes in the composition of the contract liabilities and Trade receivable during the reporting period other than on account of periodic invoicing and revenue recognition.

Amounts previously recorded as contract liabilities increase due to further milestone based invoices raised during the year and decrease due to revenue recognised during the year on completion of the construction.

Amounts previously recorded as Trade receivables increase due to further milestone based invoices raised during the year and decrease due to collections during the year.

There are no contract assets outstanding at the end of the year.

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31st March, 2020, is Rs. 1,065.95 Lakhs (FY 18-19 Rs. 2,255.51 lakhs). Out of this, the Company expects to recognize revenue within the next one year. This includes contracts that can be terminated for convenience with a penalty as per the agreement since, based on current assessment, the occurrence of the same is expected to be remote.

2) Reconciliation of revenue recognized with the contracted price is as follows:

Rs. Lakhs

	Year ended 31st March, 2020	**Year ended 31st March, 2019**
Contracted price	**5,385.01**	3,742.70
Adjustments on account of cash discounts or early payment rebates, etc.	**36.36**	71.41
Revenue recognised as per Statement of Profit & Loss	**5,348.64**	3,671.29

3) Contract costs

Rs. Lakhs

	As at 31st March, 2020	**As at 31st March, 2019**
Costs to obtain contracts	**2.89**	44.90

For the year ended 31st March 2020, amortisation amounting to Rs. 42.23 Lakhs (FY 18-19 Rs. 36.19 lakhs) was recognised as part of other expenses in the statement of profit or loss. There was no impairment loss in relation to the costs capitalised.

(Also refer note 2.3.2)

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Lakhs unless otherwise stated

Note No. 31 - Additional Information to the Financial Statements

i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as at the reporting date or anytime during the year and hence no interest has been paid or payable accordingly no additional disclosures have been made.

Sl No	Particulars	31st March, 2020	31st March, 2019
1	Dues remaining unpaid		
	Principal	**100.87**	80.78
	Interest	**1.31**	–
2	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	Principal paid beyond the appointed date	–	–
	Interest paid in terms of Section 16 of the MSMED Act	–	–
3	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	–	–
4	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	–	–
5	Amount of interest accrued and remaining unpaid	1.31	–

Note No. 32 - Leases

Ministry of corporate Affairs has notified Ind AS 116 “Leases” which is effective from 01st April, 2019. Pursuant to this, the company has applied this standard to all lease contracts existing on 01st April, 2019 using the retrospective approach with the cumulative effect at the date of initial application. The adoption of the Standard did not have any material impact to the financial results of the Company. Therefore, there is no effect of adopting Ind AS 116 on retained earnings as at 01st April, 2019. Thus, on transition, the adoption of the new standard resulted in recognition of ‘Right of Use’ asset and lease liability is NIL.

Note No. 33 - Other Notes

i. The Company has disclosed the impact of pending litigations on its financial position. (Refer Note 25 to the Ind AS financial statements);

ii. The Company did not have any material foreseeable losses on long term contracts; the Company has not entered into any derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Note No. 34 - Event after the reporting period

No material events have occurred after the Balance Sheet date and upto the approval of the financial statements.

Note No. 35 - Previous year figures

The figures for previous year have been regrouped/reclassified wherever found necessary to conform to current year’s grouping/classification.

For and on behalf of the Board of Directors

Mahindra Residential Developers Limited

Mr. Vaibhav Mittal (DIN:02905926)	Chairman
Mr. Vijay Madhav Paradkar (DIN:00149410)	Non-Executive Non-Independent Director
Mr. Vimal Agarwal (DIN:07296320)	Non-Executive Non-Independent Director

Place: Chennai
Date: April 21, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INDUSTRIAL TOWNSHIP (MAHARASHTRA) LIMITED

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Industrial Township (Maharashtra) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its loss and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The company's Board of Directors is responsible for the other information. The other information comprises the Board report. Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

5. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

6. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

    c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

14. As required by section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

    e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

    g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors.

    h) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company does not have any pending litigations which would impact its financial position.

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No:. 105102W

Mr. Ravi Kapoor
Partner
Membership No.: 040404

UDIN: 20040404AAAADX9694
Mumbai, April 20, 2020

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Industrial Township (Maharashtra) Limited for the year ended March 31, 2020

1) The Company did not have any fixed assets during the year. Hence the provisions of the para 3(i) of the Order are not applicable.
2) Company's inventory comprises of Construction work in progress and no material discrepancies were noticed in the same.
3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.
4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.
5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.
6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.
7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2020 on account of sales tax, customs duty, income tax, service tax, GST and cess.
8) The Company has not obtained loans or borrowing from a financial institution, bank or Government. The Company has not raised any money through debentures.
9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.
10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.
12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.
13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.
14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.
15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.
16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No:. 105102W

Mr. Ravi Kapoor
Partner
Membership No.: 040404

UDIN: 20040404AAAADX9694
Mumbai, April 20, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF INDUSTRIAL TOWNSHIP (MAHARASHTRA) LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Industrial Township (Maharashtra) Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No:. 105102W

Mr. Ravi Kapoor
Partner
Membership No.: 040404

UDIN: 20040404AAAADX9694
Mumbai, April 20, 2020

BALANCE SHEET AS AT 31 MARCH 2020

₹ in Lakhs

		Note No.	As at 31 March 2020	As at 31 March 2019
I	**ASSETS**			
	CURRENT ASSETS			
	(i) Inventories	3	**187.18**	438.88
	(ii) Financial Assets			
	(i) Cash and Cash Equivalents	4	**82.32**	42.64
	(iii) Current Tax Assets (Net)		**2.75**	2.75
	SUB-TOTAL		**272.25**	484.27
	TOTAL ASSETS		**272.25**	484.27
II	**EQUITY AND LIABILITIES**			
	EQUITY			
	(i) Equity Share Capital	5	**500.00**	500.00
	(ii) Other Equity	6	**(230.77)**	(18.18)
	SUB-TOTAL		**269.23**	481.82
	LIABILITIES			
	CURRENT LIABILITIES			
	(i) Financial Liabilities			
	(i) Trade Payables	7		
	(a) Total Outstanding Dues of Micro Enterpirses and Small Enterprises		**–**	–
	(b) Total Outstanding Dues of Creditors Other than Micro Enterpirses and Small Enterprises		**2.99**	2.40
	(ii) Other Financial Liabilities	8	**–**	–
	(ii) Other Current Liabilities	9	**0.03**	0.05
	SUB-TOTAL		**3.02**	2.45
	TOTAL		**272.25**	484.27

Significant Accounting Policies 2

The accompanying notes 1 to 15 are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Mr. Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai
Date: 20th, April, 2020

For and on behalf of the Board of Directors of
Industrial Township (Maharashtra) Ltd.

Suhas Kulkarni
Director
DIN-00003936

Vimal Agarwal
Director
DIN-07296320

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

₹ in Lakhs

Particulars		Note No.	As at 31 March 2020	As at 31 March 2019
Continuining Operations				
I	**INCOME**			
	(a) Revenue from operations		–	–
	(b) Other Income		–	–
	Total Income (a+b)		–	–
II	**EXPENSES**			
	(a) Cost of Projects	10a	211.70	–
	(a) Other expenses	10b	0.89	1.47
	Total Expenses		212.59	1.47
III	**Profit/(loss) before tax (I-II)**		(212.59)	(1.47)
IV	**Tax Expense**		–	–
V	**Profit/(loss) after tax (III-IV)**		(212.59)	(1.47)
VI	**Other comprehensive income**		–	–
VII	**Total comprehensive income for the period (V+VI)**		(212.59)	(1.47)
VIII	**Total comprehensive income for the period attributable to:**			
	Owners of the Company		(212.59)	(1.47)
	Non controlling interests		–	–
IX	**Earnings per equity share (face value of Rs. 10/- each):**			
	(a) Basic	11	(4.25)	(0.03)
	(b) Diluted	11	(4.25)	(0.03)

The accompanying notes 1 to 15 are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Mr. Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai
Date: 20th, April, 2020

For and on behalf of the Board of Directors of
Industrial Township (Maharashtra) Ltd.

Suhas Kulkarni
Director
DIN-00003936

Vimal Agarwal
Director
DIN-07296320

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

₹ in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
A Cash flows from operating activities		
Profit before tax for the year	**(212.59)**	(1.47)
Adjustments for:		
Income tax expense recognised in profit or loss		
Movements in working capital:		
Decrease/(Increase) in Inventory	**251.70**	–
Decrease/(Increase) in other assets	**–**	–
(Decrease)/increase in other liabilities	**0.57**	0.22
Total changes in working capital	**252.27**	0.22
Cash generated from operations	**39.67**	(1.25)
Income taxes paid		
Net cash generated by operating activities	**39.67**	(1.25)
B Cash flows from investing activities		
Net cash (used in)/generated by investing activities	**–**	–
C Cash flows from financing activities	**–**	–
Net cash (used in)/generated by financing activities		
Net increase/(decrease) in cash and cash equivalents	**39.67**	(1.25)
Cash and cash equivalents at the beginning of the year	**42.64**	43.90
Cash and cash equivalents at the end of the year	**82.32**	42.64

Notes:

(a) The above cash flow statement has been prepared under the "Indirect Method" as set out in "Indian Accounting Statdards (IND AS) 7- Statement of Cash Flows".

(b) Also refer note no. 4 - Cash & Cash Equivalents

In terms of our report attached.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Mr. Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai
Date: 20th, April, 2020

For and on behalf of the Board of Directors of
Industrial Township (Maharashtra) Ltd.

Suhas Kulkarni
Director
DIN-00003936

Vimal Agarwal
Director
DIN-07296320

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. General Information

The company was incorporated on July 02, 2008 and is engaged in the business of development of Industrial Township, Maharashtra. Its parent and holding company is Mahindra Lifespace Developers Ltd.

The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind-AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.4 Revenue recognition

2.4.1 Revenue from Projects

The Company develops and sells residential and commercial properties. Revenue from contracts is recognised when control over the property has been transferred to the customer. An enforceable right to payment does not arise until the development of the property is completed. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer and the development of the property is completed. The revenue is measured at the transaction price agreed under the contract.

The Company invoices the customers for construction contracts based on achieving a series of performance-related milestones.

For certain contracts involving the sale of property under development, the Company offers deferred payment schemes to its customers. The Company adjusts the transaction price for the effects of the significant financing component.

2.4.2 Revenue from Sale of land and other rights

Revenue from Sale of land and other rights is generally a single performance obligation and the Company has determined that this is satisfied at the point in time when control transfers as per the terms of the contract entered into with the buyers, which generally are with the firmity of the sale contracts / agreements. The determination of transfer of control did not change upon the adoption of Ind AS 115.

2.4.3 Contract Costs

- Costs to obtain contracts ("Contract costs") relate to fees paid for obtaining property sales contracts. Such costs are recognised as assets when incurred and amortised upon recognition of revenue from the related property sale contract.

2.4.4 Dividend and interest income

Dividend income from investment in mutual funds is recognised when the unit holder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.6.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.6.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.7 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties during construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.8 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest & manpower costs and expenses incidental to the projects undertaken by the Company.

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.11 Employee benefits provisions

Employee benefits provisions are measured and classified into long term and short-term provisions based on Actuarial valuation as per IND AS-19 as on Balance sheet date.

2.12 Financial Instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate,on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.13 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

2.13.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

2.13.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.13.3 Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

2.13.4 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.13.5 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.13.6 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.13.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.14 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.14.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.14.2 Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

2.14.2.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2.14.2.2 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or

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- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

2.14.2.3 Financial Liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.14.2.4 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

2.14.2.5 Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

2.14.2.6 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

2.14.2.7 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Significant accounting judgements, estimates and assumptions

3.1 Determining the timing of revenue recognition on the sale of completed and under development property

The Company has generally evaluated and concluded that based on a careful analysis of the rights and obligations under the terms of the contracts relating to the sale of property, the revenue is to be recognised at a point in time when control transfers which coincides with receipt of Occupation Certificate. The Company has generally concluded that the overtime criteria are not met owing to non-enforceable right to payment for performance completed to date and, therefore, recognises revenue at a point in time.

3.2 Determination of performance obligations

With respect to the sale of property, the Company has concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property is to undertake development of property and obtaining the Occupation Certificate. Generally, the Company is responsible for all these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Company accounts for them as a single performance obligation because they are not distinct in the context of the contract.

Note No. 3 - Inventories

₹ in Lakhs

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
(i) Work-in-progress	**187.18**	438.88
Total Inventories (at lower of cost and net realisable value)	**187.18**	438.88

Note:

1. Work in Progress includes Land and its related expenses

2. Note:- The Cost of Projects recognised as an expense Rs. 211.70 lakhs (31st March, 2019: Nil) is in respect of write down of inventory to net realisable value. (Refer Note 10a)

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Note No. 4 - Cash and Bank Balances

₹ in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Cash and cash equivalents		
(a) Balances with banks	**82.32**	42.64
Total Cash and cash equivalent	**82.32**	42.64

Note No. 5 - Equity Share Capital

₹ in Lakhs

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
	No. of shares	**Amount**	No. of shares	Amount
Authorised:				
Equity shares of ₹ 10 each with voting rights	**1,00,00,000**	**1,000**	1,00,00,000	500
Issued, Subscribed and Fully Paid:				
Equity shares of ₹ 10 each with voting rights	**50,00,000**	**500**	50,00,000	500
Total	**50,00,000**	**500**	50,00,000	500

(i) Reconciliation of the number of shares and the amount outstanding.

₹ in Lakhs

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
	No. of shares	**Amount**	No. of shares	Amount
Balance at the Beginning and at the end of the year	**50,00,000**	**500**	50,00,000	500

Terms/rights attached to equity shares with voting rights

The Company has only one class of equity shares having par value of Rs. 10 each p[er share. Each holder of equity shares is entitled to one vote per share and carry a right to dividends.

(ii) Details of shares held by the holding company and its subsidiaries

₹ in Lakhs

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
	No. of shares	**Amount**	No. of shares	Amount
Mahindra Lifespaces Developers Limited (Holding Company)	**50,00,000**	**500**	50,00,000	500

(iii) Details of shares held by each shareholder holding more than 5% shares:

₹ in Lakhs

	Year ended 31 March 2020		Year ended 31 March 2019	
Class of Shares/Name of shareholder	**No. of shares**	**% holding**	No. of shares	% holding
Equity shares with voting rights				
Mahindra Lifespace Developers Limited	**50,00,000**	**100%**	50,00,000	100%
	–	**–**	–	–

Note No. 6 - Other Equity

₹ in Lakhs

	Reserves and Surplus	
	Retained Earnings	**Total**
As at 31 March 2018	(16.71)	(16.71)
Profit/(Loss) for the period	(1.47)	(1.47)
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(1.47)	(1.47)
As at 31 March 2019	**(18.18)**	**(18.18)**
Profit/(Loss) for the period	(212.59)	(212.59)
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(212.59)	(212.59)
As at 31 March 2020	**(230.77)**	**(230.77)**

Note No. 7 - Trade Payables

₹ in Lakhs

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
	Current	**Non-Current**	Current	Non-Current
Trade payable - Micro and small enterprises	**–**	**–**	–	–
Trade payable - Other than micro and small enterprises	**2.99**	**–**	2.40	–
Total trade payables	**2.99**	**–**	2.40	–

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Note No. 8 - Other Financial Liabilities

₹ in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Other Financial Liabilities Measured at Amortised Cost		
Current		
Received from Land Aggregator	**–**	–
Total other financial liabilities	**–**	–

Note No. 9 - Other Liabilities

₹ in Lakhs

Particulars	Year ended 31 March 2020		Year ended 31 March 2019	
	Current	**Non-Current**	Current	Non-Current
(i) Statutory dues – taxes payable (other than income taxes)	**0.03**	**–**	0.05	–
TOTAL OTHER LIABILITIES	**0.03**	**–**	0.05	–

Note No. 10(a) - Cost of Projects

₹ in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Inventories at the beginning of the year:		
Work-in-progress	**438.88**	438.88
	438.88	438.88
Add: Expenses incurred during the year	**–**	–
Less: Proceeds from Land Aggregator	**(40.00)**	–
Inventories at the end of the year:		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

₹ in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Work-in-progress	**187.18**	438.88
	187.18	438.88
Total Cost of Projects	**211.70**	–

Note:-

1. The Cost of Projects recognised as an expense Rs. 211.70 lakhs (31st March, 2019: Nil) is in respect of write down of inventory to net realisable value. (Refer note 3).
2. During the current year company has received Rs. 40 Lakhs from Land Aggregator against reconveyance of Land. The same is reduced from Inventory.

Note No. 10 - Other Expenses

₹ in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(i) Auditors remuneration and out-of-pocket expenses	**0.29**	0.62
(i) As Auditors	**0.29**	0.29
(ii) For other services	–	0.33
(ii) Other expenses		
(i) Legal and Other Professional Charges	**0.58**	0.84
(ii) Miscellaneous Costs	**0.02**	0.01
Total Other Expenses	**0.89**	1.47

Note No. 11 - Earnings per Share

₹ in Lakhs

Note	Particulars	Year ended 31 March 2020 ₹	Year ended 31 March 2019 ₹
	Profit / (loss) for the year attributable to owners of the Company	**(2,12,59,205)**	(1,47,176)
	Weighted average number of equity shares	**50,00,000**	50,00,000
	Earnings per share from continuing operations - Basic & Diluted	**(4.25)**	(0.03)

Note - 12 - Micro Small and Medium Enterprises Development Act 2006

The amount due to Micro and Small Enterprises as defined in the " Micro, Small and Medium Enterprises Development, Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to Micro and Small Enterprises as at 31 March 2018 are as under:

Disclosures required under Section 22 of the Micro Small and Medium Enterprises Development Act 2006"

Particulars	31-Mar-20	31-Mar-19
(i) The principal amount and the interest due there on remaining unpaid to any supplier as at the end of each accounting year		
– Principal amount due to micro and small enterprises	–	–
– Interest due on above	–	–
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	–	–
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	–	–
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	–	–
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	–	–

Note No. 13 - Related Party Transactions

Discription of Relationship	Name of Related Party
Ultimate Holding Company	Mahindra & Mahindra Limited
Parent Company	Mahindra Lifespace Developers Limited

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Parent Company
Nature of transactions with Related Parties		
Receiving of services	**31-Mar-20**	0.28
	31-Mar-19	0.18

Nature of Balances with Related Parties	Balance as on	Parent Company
Against receiveing of services	**31-Mar-20**	1.59
	31-Mar-19	1.27

Note - 14 - Segment Reporting

The Company operates in one segment namely Project and Development activity, hence separate segment reporting has not been made under Indian Accounting Standard (Ind- AS 108)-"Operating Segment". The operation of company comprises a single geographical segment, India.

Note - 15 - Comparitives

The figures for previous year have been regrouped/reclassified wherever necessary to conform to current year's grouping/classification.

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For and on behalf of the Board of Directors of Industrial Township (Maharashtra) Ltd.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Mr. Ravi Kapoor
Partner
Membership No.: 040404

Suhas Kulkarni
Director
DIN-00003936

Vimal Agarwal
Director
DIN-07296320

Place: Mumbai
Date: 20th, April, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
ANTHURIUM DEVELOPERS LIMITED

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Anthurium Developers Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its profit and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The company's Board of Directors is responsible for the other information. The other information comprises the Board report. Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

5. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

6. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

14. As required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors.

h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid remuneration to directors in accordance with the provisions of section 197 of the Act.

i) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN: 20040404AAAADZ4150

Mumbai, April 20, 2020

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Anthurium Developers Limited for the year ended March 31, 2020

1) The Company did not have any fixed assets during the year. Hence the provisions of the para 3(i) of the Order are not applicable.

2) The Company does not have inventory as on March 31, 2020. Hence the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2020 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not obtained loans or borrowing from a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN: 20040404AAAADZ4150

Mumbai, April 20, 2020

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ANTHURIUM DEVELOPERS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Anthurium Developers Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN: 20040404AAAADZ4150
Mumbai, April 20, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

(Amount in ₹)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
I ASSETS			
CURRENT ASSETS			
(a) Inventories	4	–	20,000,000
(b) Financial Assets			
(i) Cash and Cash Equivalents	5a	**304,629**	344,509
(ii) Bank balances other than (ii) above	5b	**2,532,839**	2,558,783
(c) Other Current Assets	6	**278,628**	236,316
SUB-TOTAL		**3,116,096**	23,139,608
TOTAL ASSETS		**3,116,096**	23,139,608
II EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	7	**500,000**	500,000
(b) Other Equity	8	**2,430,534**	1,997,316
SUB-TOTAL		**2,930,534**	2,497,316
LIABILITIES			
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	9	–	20,000,000
(ii) Trade Payables	10		
– total outstanding dues of micro enterprises and small enterprises		–	–
– total outstanding dues of trade payables other than micro enterprises and small enterprises		**5,640**	75,924
(b) Other Current Liabilities	11	**179,922**	566,368
SUB-TOTAL		**185,562**	20,642,292
TOTAL		**3,116,096**	23,139,608

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No:040404

Place : Mumbai
Date : 20th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Suhas Kulkarni
Director (DIN-00003936)

Place : Mumbai
Date : 20th April 2020

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2020

(Amount in ₹)

	Particulars	Note No.	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
	Continuining Operations			
I	**Other Income**	12	**634,623**	817,714
II	**Total Revenue (I)**		**634,623**	817,714
III	**EXPENSES**			
	(i) Other expenses	13	**55,703**	122,966
	Total Expenses (III)		**55,703**	122,966
IV	**Profit/(loss) before tax (II-III)**		**578,920**	694,748
V	**Tax Expense**			
	(i) Current tax	14	**145,703**	178,898
	Total tax expense		**145,703**	178,898
VI	**Profit/(loss) for the period (IV-V)**		**433,218**	515,850
VII	**Total comprehensive income for the period**		**433,218**	515,850
VIII	**Earnings per equity share (From continuing operation):**			
	(i) Basic/Diluted	15	**8.66**	10.32

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No:040404

Place : Mumbai
Date : 20th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Suhas Kulkarni
Director (DIN-00003936)

Place : Mumbai
Date : 20th April 2020

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2020

(Amount in ₹)

Particulars	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
Cash flow from operating activities		
Profit before tax for the year	**578,920**	694,748
Adjustments for:		
Income tax expense recognised in profit or loss	**(145,703)**	(178,898)
Interest income recognised in profit or loss	**(171,913)**	(65,314)
	261,305	450,536
Movements in working capital:		
Decrease in trade and other payables	**(70,284)**	13,899
(Decrease)/increase in other liabilities	**(386,446)**	(843,347)
Cash generated from operations		
Income taxes paid	**(42,312)**	77,944
Net cash generated by operating activities	**(237,737)**	(300,968)
Cash flows from investing activities		
Interest received	**171,913**	65,314
Bank balances not considered as cash and cash equivalents		
- Placed	**25,944**	(2,558,783)
- Matured	**–**	–
Net cash (used in)/generated by investing activities	**197,857**	(2,493,469)
Net cash used in financing activities	**–**	–
Net increase in cash and cash equivalents	**(39,880)**	(2,794,437)
Cash and cash equivalents at the beginning of the year	**344,509**	3,138,946
Cash and cash equivalents at the end of the year	**304,629**	344,509

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No:040404

Place : Mumbai
Date : 20th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Suhas Kulkarni
Director (DIN-00003936)

Place : Mumbai
Date : 20th April 2020

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2020

	(Amount in ₹)
A. Equity Share Capital	
As at 1st April, 2018	500,000
Changes in equity share capital during the year	–
As at 31 March, 2019	500,000
Changes in equity share capital during the year	–
As at 31 March, 2020	**500,000**

B. Other Equity	**Retained earnings (Amount in ₹)**
Balance as at 31st March, 2018	14,81,466
Profit/(Loss) for the year	5,15,850
Other comprehensive income	–
Total comprehensive income	5,15,850
Balance as at 31st March, 2019	19,97,316
Profit/(Loss) for the year	4,33,218
Other comprehensive income	–
Total comprehensive income	4,33,218
Balance as at 31st March, 2020	**24,30,534**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No:040404

Place : Mumbai
Date : 20th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Suhas Kulkarni
Director (DIN-00003936)

Place : Mumbai
Date : 20th April 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

1. Corporate information

Anthurium Developers Limited ("the Company") is a public company incorporated in India on 02 June, 2010 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

2. Significant Accounting Policies

2.1 Statement of compliance and Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (Rs.) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 20th April, 2020.

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Depreciation on assets (other than impaired assets) is calculated on straight line method at the rate of 11.31% p.a. which is based on useful life of about 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the Companies Act, 2013.

2.3 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash–generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash–generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash–generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash–generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash–generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement profit and loss.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first–in–first–out basis and includes overheads on absorption basis, where appropriate.

Financial assets and Liabilities

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of profit or loss.

2.6 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.6.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.6.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

2.7 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.7.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.7.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.7.1.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.8 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9.4 Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short–term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/ (loss) for the year is adjusted for the effects of transactions of non–cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Note No. 4 – Inventories

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Others (Land)	–	20,000,000
Total Inventories (at lower of cost and net realisable value)	–	20,000,000

Note No. 5(a) – Cash and Bank Balances

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents		
(a) Balances with banks	**304,629**	344,509
Total Cash and cash equivalent	**304,629**	344,509

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(b) Other bank balances

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents		
(a) In deposit accounts	**2,532,839**	2,558,783
Total Cash and cash equivalent	**2,532,839**	2,558,783

Note No. 6 – Other assets

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	**Non–Current**	Current	Non–Current
(a) Advances other than capital advances				
(i) Other advances	**266,348**	–	236,316	–
(ii) Interest accrued but not due on term deposit accounts	**12,280**	–	–	–
Total	**278,628**	–	236,316	–

Note No. 7 – Equity Share Capital

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of shares		No. of shares	
Authorised:				
Equity shares of Rs.10 each with voting rights	**100,000**	**1,000,000**	100,000	1,000,000
Equity shares of Rs.10 each with differential voting rights				
Preference shares of Rs.10 each				
Issued, Subscribed and Fully Paid:				
Equity shares of Rs.10 each with voting rights	**50,000**	**500,000**	50,000	500,000
Equity shares of Rs.10 each with differential voting rights				
Preference shares of Rs.10 each				
Issued, Subscribed and Partly Paid:				
Equity shares of Rs.10 each with voting rights	**50,000**	**500,000**	50,000	500,000
Equity shares of Rs.10 each with differential voting rights				
Preference shares of Rs.10 each				
Total	**50,000**	**500,000**	50,000	500,000

Note No. 7 (a) – Equity Share Capital continued

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
(a) Equity Shares with Voting rights						
Year Ended 31 March 2020						
No. of Shares	**50,000**	–	–	–	–	**50,000**
Amount	**500,000**	–	–	–	–	**500,000**
Year Ended 31 March 2019						
No. of Shares	50,000	–	–	–	–	50,000
Amount	500,000	–	–	–	–	500,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

No. of Shares

Particulars	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31st March 2020			
Mahindra Lifespace Developers Ltd. the Holding Company	**50,000**	–	–
As at 31st March 2019			
Mahindra Lifespace Developers Ltd. the Holding Company	50,000	–	–
As at 31st March 2018			
Mahindra Lifespace Developers Ltd. the Holding Company	50,000	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31st March, 2020 Number of shares held	% holding in that class of shares	As at 31st March, 2019 Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Lifespace Developers Ltd.	**50,000**	**100.00%**	50,000	100.00%

Note No. 8 – Other equity

(Amount in ₹)

Particulars	Retained earnings	Total
Balance at 31st March, 2018	**1,481,466**	1,481,466
Profit/(Loss) for the year	515,850	515,850
Other comprehensive income	–	–
Total comprehensive income	515,850	515,850
Balance at 31st March, 2019	**1,997,316**	1,997,316
Profit/(Loss) for the year	433,218	433,218
Other comprehensive income	–	–
Total comprehensive income	433,218	433,218
Balance at 31st March, 2020	**2,430,534**	**2,430,534**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 9 – Current Borrowings

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March 2019
A. Secured Borrowings		
(a) Other Loans	–	20,000,000
Total Current Borrowings	–	20,000,000

Note No. 10 – Trade Payable

(Amount in ₹)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	**Non–Current**	Current	Non–Current
– total outstanding Dues of micro enterprises and small enterprises ...	–	–	–	–
– total outstanding dues of trade payables other than micro enterprises and small enterprises ...	**5,640**	–	75,924	–
Total trade payables	**5,640**	–	75,924	–

Based on the information available with the Company there are no outstanding in respect of Micro, Small and Medium Enterprises as of Balance Sheet date

Note No. 11 – Other Liabilities

(Amount in ₹)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	**Non–Current**	Current	Non–Current
a. Advances received from customers	–	–	462,710	–
b. Provision for expenses	**34,220**	–	–	–
C. Provision for tax				
– taxes payable	**145,703**	–	103,658	–
TOTAL OTHER LIABILITIES	**179,923**	–	566,368	–

Note No. 12 – Other Income

(Amount in ₹)

Particulars	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
(a) Interest Income		
(i) Interest on Bank Deposits	**171,913**	65,314
(b) Rental income from Investment property	**462,710**	752,400
Total Other Income	**634,623**	817,714

Note No. 13 – Other Expenses

(Amount in ₹)

Particulars	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
(a) Auditors remuneration and out–of–pocket expenses		
(i) As Auditors	**34,220**	38,940
(b) Other expenses		
(i) Legal and other professional costs	**14,820**	71,266
(ii) Others	**6,663**	12,760
Total Other Expenses	**55,703**	122,966

Note No. 14 – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

(Amount in ₹)

Particulars	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
Current Tax:		
In respect of current year	**145,703**	179,605
Total income tax expense on continuing operations	**145,703**	179,605

Note No. 15 – Earnings per Share

Note	Particulars	For the Year ended 31st March, 2020 Per Share	For the Year ended 31st March, 2019 Per Share
	Basic Earnings per share		
	From continuing operations	**8.66**	10.32
	From discontinuing operations	–	–
	Total basic earnings per share	**8.66**	10.32
	Diluted Earnings per share		
	From continuing operations	**8.66**	10.32
	From discontinuing operations	–	–
	Total diluted earnings per share	**8.66**	10.32

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	For the year ended 31st March 2020	For the year ended 31st March 2019
Profit/(loss) for the year attributable to owners of the Company	**433,218**	515,850
Less: Preference dividend and tax thereon		
Profit/(loss) for the year used in the calculation of basic earnings per share	**433,218**	515,850

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

	For the year ended 31st March 2020	For the year ended 31st March 2019
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations		
Profits used in the calculation of basic earnings per share from continuing operations	**433,218**	515,850
Weighted average number of equity shares	**50,000**	50,000
Earnings per share from continuing operations – Basic	**8.66**	10.32

Note No. 16 As the Company can continue its current operations with its own cash resources for a period of atleast one year, the accounts of the Company for the year ended 31st March, 2020 have been prepared on the basis of going concern.

Note No. 17 – Financial Instruments

Capital management

The Company's capital management objectives are:

– safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders

– maintain an optimal capital structure to reduce the cost of capital

The Management of the Company monitors the capital structure using debt ratio which is determined as the proportion of total debt to total equity.

Debt ratios are as follows:	**As at 31st March, 2020**	As at 31st March, 2019
Debt (A)	–	20,000,000
Equity (B)	**2,930,534**	2,497,316
Debt Ratio (A/B)	–	8.01

Categories of financial assets and financial liabilities

The following tables shows the carrying amount and fair values of financial assets and financial liabilities by category:

				As at 31st March, 2020
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Current Assets				
Cash and Cash Equivalents	**304,629**	–	–	**304,629**
Other Bank Balances	**2,532,839**	–	–	**2,532,839**
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	**5,640**	–	–	**5,640**

				As at 31st March, 2019
	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Cash and Cash Equivalents	344,509	–	–	344,509
Other Bank Balances	2,558,783	–	–	2,558,783
Current Liabilities				
Borrowings	20,000,000	–	–	20,000,000
Trade Payables	75,924	–	–	75,924

[II] Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is not exposed to credit risk.

B) LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short–, medium– and long–term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non–derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	**Less than 1 Year**	**1–3 Years**	**3 Years to 5 Years**
Non–derivative financial liabilities			
31–Mar–20			
Non–interest bearing			
Trade Payable	5,640	–	–
Long Term Borrowing			
Long Term Borrowing – Principal	–	–	20,000,000
Non–derivative financial liabilities			
31–Mar–19			
Non–interest bearing			
Trade Payable	75,924	–	–
Long Term Borrowing			
Long Term Borrowing – Principal	–	–	20,000,000

C) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

(i) Currency Risk

The Company undertakes transactions denominated only in Indian Rupees and hence, there is no risk of foreign exchnage fluctuations.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have other price risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 18 – Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Fair value of financial assets and financial liabilities that are not measured at fair value

	31–Mar–20		31–Mar–19	
Particulars	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
–trade and other receivables				
–cash & cash equivalents	**304,629**	–	344,509	–
–Other bank balances	**2,532,839**	–	2,558,783	–
–Other Current Assets	**278,628**	–	236,316	–
	3,116,096	–	3,139,608	–
Financial liabilities				
Financial liabilities held at amortised cost				
–loans from related parties	**0**	–	20,000,000	
–trade and other payables	**5,640**	–	75,924	–
Total	**5,640**	–	20,075,924	–

(Amount in ₹)

	Fair value hierarchy as at 31st March, 2020			
Financial assets/financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	**304,629**	–	**304,629**
(ii) Other bank balances	–	**2,532,839**	–	**2,532,839**
Total	–	**2,837,468**	–	**2,837,468**
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Long term loan		–		–
(ii) Trade Payable	–	**75,924**	–	**75,924**
Total	–	**75,924**	–	**75,924**

(Amount in ₹)

	Fair value hierarchy as at 31st March, 2019			
Financial assets/financial liabilities	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash & cash equivalents	–	344,509	–	344,509
Total	–	344,509	–	344,509
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Long term loan		20,000,000		20,000,000
(ii) Trade Payable	–	5,640	–	5,640
Total	–	20,005,640	–	20,005,640

Note: The Group has not disclosed the fair value for financial instruments, because the carrying amounts are a reasonable approximation of fair value.

19. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Holding Company	Mahindra Lifespace Developers Limited

Related parties with whom transactions have taken place during the year

Joint venture of a Holding company	Mahindra Homes Private Limited

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(Amount in ₹)

Nature of transactions with Related Parties	**For the year ended**	**Mahindra Homes Private Limited**
Lease Rentals Revenue – Land	**31–Mar–20**	**462,710**
	31–Mar–19	752,400

The following table provides the balances with related parties as on the relevant date:

Nature of Balances with Related Parties	**Balance as on**	**Mahindra Homes Private Limited**
Prepaid Rent	**31–Mar–20**	–
	31–Mar–19	462,710
Advance / Deposits	**31–Mar–20**	–
	31–Mar–19	20,000,000

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No:040404

Place : Mumbai
Date : 20th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Suhas Kulkarni
Director (DIN-00003936)

Place : Mumbai
Date : 20th April 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA INDUSTRIAL PARK PRIVATE LIMITED.

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of **Mahindra Industrial Park Private Limited.** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its loss and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The company's Board of Directors is responsible for the other information. The other information comprises the Board report. Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

5. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

6. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

14. As required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors.

h) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN: 20040404AAAADY5743

Mumbai, April 23, 2020

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Mahindra Industrial Park Private Limited. for the year ended March 31, 2020

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The title deeds of immovable property are held in the name of the Company.

2) Company's inventory comprises of raw materials and Construction work in progress and no material discrepancies were noticed in the same.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2020 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government or dues of debenture holders.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN: 20040404AAAADY5743

Mumbai, April 23, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA INDUSTRIAL PARK PRIVATE LIMITED.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Industrial Park Private Limited. ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404
UDIN: 20040404AAAADY5743

Mumbai, April 23, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

(Amount in Rs.)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
I ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**1,154,214**	1,037,235
(b) Deferred Tax Assets (Net)		**32,619,535**	3,885,062
(c) Financial Assets			
(i) Other Deposits		**4,795,455**	4,795,455
(d) OCRD's to related party		**84,300,000**	77,100,000
SUB-TOTAL		**122,869,204**	86,817,752
CURRENT ASSETS			
(a) Inventories	5	**1,637,669,353**	1,205,431,412
(b) Financial Assets			
(i) Cash and Cash Equivalents	6a	**7,640,913**	27,768,398
(ii) Bank balances other than (i) above	6b	**8,845,486**	87,292,000
(iii) Loans to Related Party		**175,500,000**	–
(vi) Other Financial Assets		**6,437,967**	–
(c) Other Current Assets	7	**31,985,116**	20,935,617
SUB-TOTAL		**1,868,078,835**	1,341,427,428
TOTAL ASSETS		**1,990,948,039**	1,428,245,180
II EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	8	**500,000**	500,000
(b) Other Equity	9	**(97,637,834)**	(10,116,985)
SUB-TOTAL		**(97,137,834)**	(9,616,985)
LIABILITIES			
NON CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	10	**1,616,950,000**	1,281,880,000
SUB-TOTAL		**1,616,950,000**	1,281,880,000
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	10	**175,500,000**	–
(ii) Trade Payables	11	**24,860,893**	8,700,943
(iii) Other Financial Liabilities	13	**269,838,936**	146,036,186
(b) Other Current Liabilities	12	**936,044**	1,245,036
SUB-TOTAL		**471,135,873**	155,982,165
TOTAL		**1,990,948,039**	1,428,245,180

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Ravi Kapoor
Partner
Membership No: 040404
Place : Mumbai
Date: 23rd April 2020

For and on behalf of the Board of Directors

Sangeeta Prasad **Director** DIN-02791944

Sanjay Srivastava **Director** DIN-08188352

Place : Mumbai
Date: 23rd April 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in Rs.)

Particulars		Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
Continuining Operations				
I	Revenue from operations		**–**	–
II	Other Income		**1,791,611**	4,822,284
III	**Total Revenue (I + II)**		**1,791,611**	4,822,284
IV	**EXPENSES**			
	(a) Employee benefit expense		**5,515,899**	3,303,447
	(b) Depreciation and amortisation expense	4	**211,363**	116,094
	(c) Other expenses	14	**112,319,671**	14,744,302
	Total Expenses (IV)		**118,046,933**	18,163,843
V	**Loss before tax (III - IV)**		**(116,255,322)**	(13,341,559)
VI	**Tax Expense**			
	Deferred tax credit		**(28,734,473)**	(3,885,062)
	Total tax expense		**(28,734,473)**	(3,885,062)
VII	**Loss for the year**		**(87,520,849)**	(9,456,497)
IX	**Earnings per share**			
	(1) Basic/ Diluted Earnings per share (Rs.)	15	**(1,750.42)**	(189.13)

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Ravi Kapoor
Partner
Membership No: 040404
Place : Mumbai
Date: 23rd April 2020

For and on behalf of the Board of Directors

Sangeeta Prasad **Director** DIN-02791944

Sanjay Srivastava **Director** DIN-08188352

Place : Mumbai
Date: 23rd April 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in Rs.)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Cash flows from operating activities		
Loss before tax for the year	**(116,255,322)**	(13,341,559)
Adjustments for:		
Net (gain)/loss arising on financial assets mandatorily measured at market value through profit or loss	**102,100,000**	(2,658,686)
Depreciation and amortisation of non-current assets	**211,363**	116,094
	(13,943,959)	(15,884,151)
Movements in working capital:		
(Increase)/decrease in inventories	**(438,675,908)**	(127,173,077)
(Increase)/decrease in other assets	**(15,092,720)**	(8,266,434)
Increase/(decrease) in trade and other payables	**16,159,950**	(4,895,361)
Increase/(decrease) in provisions	**(308,991)**	(63,264)
(Increase)/decrease in other deposits	**–**	(4,795,455)
(Decrease)/increase in other liabilities	**123,802,750**	100,194,000
Cash generated from operations	**(328,058,878)**	(60,883,742)
Income taxes paid	**–**	–
Net cash generated by operating activities	**(328,058,878)**	(60,883,742)
Cash flows from investing activities		
Inter-corporate Deposit Given	**(175,500,000)**	–
Proceeds from sale of financial assets		152,428,424
Payments for property, plant and equipment	**(328,342)**	(1,141,757)
Net movement in bank deposits	**82,489,736**	(70,030,839)
Net cash (used in)/generated by investing activities	**(93,338,606)**	81,255,828
Cash flows from financing activities		
Proceeds from issue of Non-Convertible debentures	**225,770,000**	–
Loan from related parties	**175,500,000**	5,500,000
Net cash generated from financing activities	**401,270,000**	5,500,000
Net (decrease)/Increase in cash and cash equivalents	**(20,127,485)**	25,872,086
Cash and cash equivalents at the beginning of the year	**27,768,398**	1,896,313
Cash and cash equivalents at the end of the year	**7,640,913**	27,768,398

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Ravi Kapoor
Partner
Membership No: 040404
Place : Mumbai
Date: 23rd April 2020

For and on behalf of the Board of Directors

Sangeeta Prasad **Director** DIN-02791944

Sanjay Srivastava **Director** DIN-08188352

Place : Mumbai
Date: 23rd April 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in Rs.)

A. Equity share capital	
As at 31st March, 2018	500,000
Changes in equity share capital during the year	–
As at 31st March, 2019	500,000
Changes in equity share capital during the year	–
As at 31st March, 2020	**500,000**

a. Equity share capital	**Equity share capital (no. of shares)**
Balance at April 1, 2018	50,000
Changes in equity share capital during the year	–
Balance at March 31, 2019	**50,000**
Balance at April 1, 2019	50,000
Changes in equity share capital during the year	–
Balance at March 31, 2020	50,000
	50,000

B. Other Equity	**Retained earnings (Amount in Rs.)**
Balance as 31 March, 2018 (A)	**(660,488)**
Profit/(Loss) for the year (B)	(9,456,497)
Balance as at 31 March, 2019 (C) = [(A)+(B)]	**(10,116,985)**
Profit/(Loss) for the period (D)	(87,520,849)
Balance as at 31st March, 2020 (E) = [(C)+(D)]	**(97,637,834)**

In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Ravi Kapoor
Partner
Membership No: 040404
Place : Mumbai
Date: 23rd April 2020

For and on behalf of the Board of Directors

Sangeeta Prasad **Director** DIN-02791944

Sanjay Srivastava **Director** DIN-08188352

Place : Mumbai
Date: 23rd April 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2020

1. Corporate information

Mahindra Industrial Park Private Limited ("the Company") is a public company incorporated in India on 29th March, 2013 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is in the business of establishing, acquiring, developing and maintaining Industrial Parks, Technology Parks, Bio-tech Parks, Software Parks, Special Economic zones, Export Processing Zones, Industrial Areas, Industrial estates, Integrated Townships, Residential and/or Commercial Complexes, Housing Facility in India and outside India.

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

2. Significant Accounting Policies

2.1 Statement of compliance and Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. For all periods upto and including the financial year ended 31st March, 2020

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (Rs.) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 23rd April, 2020

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed of, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Depreciation on assets (other than impaired assets) is calculated on straight line method at the rate of 11.31% p.a. which is based on useful life of about 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the Companies Act, 2013.

2.3 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement profit and loss.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first-in-first-out basis and includes overheads on absorption basis, where appropriate.

Financial assets and Liabilities

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of profit or loss.

2.6 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.6.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.6.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2020

or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

2.7 *Financial liabilities and equity instruments*

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.7.1 *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.7.1.1 *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.7.1.2 *Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.8 *Revenue recognition*

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.9 *Taxation*

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 *Deferred tax*

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.3 *Current and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9.4 *Minimum Alternate Tax (MAT):*

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.10 *Cash and cash equivalents*

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 *Cash Flow Statement*

Cash flows are reported using the indirect method, whereby profit/ (loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Note No. 4 - Property, Plant and Equipment

Description of Assets	Office Equipment	Furniture and Fixtures	Computer	Building - Office	Total
I. Gross Carrying Amount					
Balance as at 1st April, 2019	32,000	181,868	87,199	853,488	1,154,555
Additions	–	–	328,342	–	328,342
Balance as at 31st March, 2020	**32,000**	**181,868**	**415,541**	**853,488**	**1,482,897**
II. Accumulated depreciation and impairment					
Balance as at 1st April, 2019	1,766	10,414	10,508	94,632	117,320
Depreciation expense for the year	3,040	17,277	28,883	162,163	211,363
Balance as at 31st March, 2020	**4,806**	**27,691**	**39,391**	**256,795**	**328,683**
III. Net carrying amount (I-II)	**27,194**	**154,177**	**376,150**	**596,693**	**1,154,214**

Description of Assets	Office Equipment	Furniture and Fixtures	Computer	Building - Office	Total
I. Gross Carrying Amount					
Balance as at 1st April, 2018	–	–	12,799	–	12,799
Additions	32,000	181,868	74,400	853,488	1,141,756
Balance as at 31st March, 2019	**32,000**	**181,868**	**87,199**	**853,488**	**1,154,555**
II. Accumulated depreciation and impairment					
Balance as at 1st April, 2018	–	–	1,226	–	1,226
Depreciation expense for the year	1,766	10,414	9,282	94,632	116,094
Balance as at 31st March, 2019	**1,766**	**10,414**	**10,508**	**94,632**	**117,320**
III. Net carrying amount (I-II)	30,234	171,454	76,691	758,856	1,037,235

Note No. 5 - Inventories

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Work in Progress		
(Representing cost of land and related expenditure)	**1,637,669,353**	1,205,431,412
Total Inventories (at lower of cost and net realisable value)	**1,637,669,353**	1,205,431,412

Note No. 6 - Cash and Bank Balances

(a) Cash and cash equivalents

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) Balances with banks	**7,640,913**	27,768,398
Total Cash and cash equivalent	**7,640,913**	27,768,398

(b) Other bank balances

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) In deposit accounts	**8,845,486**	87,292,000
Total other bank balances	**8,845,486**	87,292,000

Note No. 7 - Other assets

(Amount in Rs.)

Particulars		As at 31st March, 2020 Current	As at 31st March, 2019 Current
(a)	**Advances other than capital advances**		
(i)	Balances with government authorities (other than income taxes)	**22,886,208**	15,110,446
(ii)	Other advances	**6,676,883**	885,455
(iii)	Interest accrued but not due on term deposit accounts	**382,435**	4,425,657
(iv)	Advance Payment Of Income Tax	**2,039,590**	514,060
Total		**31,985,116**	20,935,617

Note No. 8 - Equity Share Capital

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of shares	(Amount in Rs.)	No. of shares	(Amount in Rs.)
Authorised:				
Equity shares of Rs.10 each with voting rights	**100,000**	**1,000,000**	100,000	1,000,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs.10 each with voting rights	**50,000**	**500,000**	50,000	500,000
Issued, Subscribed and Partly Paid:				
Equity shares of Rs.10 each with voting rights	**50,000**	**500,000**	50,000	500,000
Total	**50,000**	**500,000**	50,000	500,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the Year.

Particulars	Opening Balance	Closing Balance
(a) Equity Shares with Voting rights*		
Year Ended 31st March 2020		
No. of Shares	**50,000**	**50,000**
Amount	**500,000**	**500,000**
Year Ended 31st March 2019		
No. of Shares	50,000	50,000
Amount	500,000	500,000
Year Ended 31st March 2018		
No. of Shares	50,000	50,000
Amount	500,000	500,000

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

Particulars	No. of Shares Equity Shares with Voting rights
As at 31st March 2020	
Mahindra Lifespace Developers Ltd.	**50,000**
As at 31st March 2019	
Mahindra Lifespace Developers Ltd.	50,000
As at 31st March 2018	
Mahindra Lifespace Developers Ltd.	50,000

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Lifespace Developers Ltd.	**50,000**	**100.00%**	50,000	100.00%

Note No. 9 - Other equity

(Amount in Rs.)

Particulars	Retained earnings	Total
Balance as at 31st March, 2018	(660,488)	(660,488)
Profit/(Loss) for the year	**(9,456,497)**	(9,456,497)
Balance at 31st March, 2019	**(10,116,985)**	(10,116,985)
Profit/(Loss) for the year	(87,520,849)	(87,520,849)
Balance at 31st March, 2020	**(97,637,834)**	(97,637,834)

Note No. 10 - Borrowings

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non Current		
Unsecured (Carried at Fair value through P&L)		
(a) Optionally convertible debentures	**860,500,000**	643,700,000
Unsecured (Carried at ammortised cost)		
(a) Non convertible debentures	**756,450,000**	638,180,000
Total Non current borrowings	**1,616,950,000**	1,281,880,000
Current		
Unsecured (Carried at ammortised cost)		
(a) Loans from related parties	**175,500,000**	–
Total Current Borrowings	**175,500,000**	–

Note No. 11 - Trade Payables

(Amount in Rs.)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non Current	Current	Non Current
Trade payable - Micro and small enterprises	–	–	–	–
Trade payable - Other than micro ans small enterprises	**24,860,893**	–	8,700,943	–
Total	**24,860,893**	–	8,700,943	–

(i) No Companies have been identified under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosure as required by Notification No. G.S.R. 719 (E), dated 16 November, 2007 issued by the Ministry of Corporate Affairs is not applicable.

Note No. 12 - Other Liabilities

(Amount in Rs.)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non- Current	Current	Non- Current
a. Statutory dues - taxes payable (other than income taxes)	**936,044**		1,245,036	–
TOTAL	**936,044**		1,245,036	–

Note No. 13 - Other Financial Liabilities

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current		
(a) Interest accrued	**269,838,936**	146,036,186
Total	**269,838,936**	146,036,186

Note No. 14 - Other Expenses

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Business Promotion Expenses	**4,495,525**	7,528,575
(b) Payments to auditors (including service tax):		
(i) For audit	**150,000**	150,000
(ii) For reimbursement of expenses	**–**	6,600
(c) Other expenses		
(i) Professional Fees	**479,610**	652,614
(ii) GST Input Reversal	**3,102,295**	–
(iii) Travelling & Conveyance	**806,879**	446,318
(iv) Miscellaneous expenses	**473,151**	178,940
(v) IT - Sharing Expenses & Others	**554,275**	117,469
(vi) Bank Charges	**236**	572
(vii) ESOP Charges	**157,699**	157,699
(viii) FVTPL loss on OCRD	**102,100,000**	5,500,000
(ix) Int on late payment of service tax/TDS/GST	**–**	5,515
Total Other Expenses	**112,319,671**	14,744,302

Note No. 15 - Earnings per Share

Particulars	For the period ended 31st March, 2020	For the year ended 31st March, 2019
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	**(1,750.42)**	(189.13)
From discontinuing operations	**–**	–
Total basic earnings per share	**(1,750.42)**	(189.13)
Diluted Earnings per share		
From continuing operations	**(1,750.42)**	(189.13)
From discontinuing operations		
Total diluted earnings per share	**(1,750.42)**	(189.13)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	For the period ended 31st March, 2020	For the year ended 31st March, 2019
Loss for the year attributable to owners of the Company	**(87,520,849)**	(9,456,497)
Loss for the year used in the calculation of basic earnings per share	**(87,520,849)**	(9,456,497)
Loss used in the calculation of basic earnings per share from continuing operations	**(87,520,849)**	(9,456,497)
Weighted average number of equity shares	**50,000**	50,000
Earnings per share from continuing operations - Basic	**(1,750.42)**	(189.13)

Note No. 16 - Related Party Transactions

Related party disclosures as required by Ind As 24 "Related Party Disclosures" are given below.

Enterprises Controlling the Company

1	Mahindra & Mahindra Limited	Entities having joint control/ significant influence over Company
2	Mahindra Lifespace Developers Limited	
3	Mahindra World City (Jaipur) Limited	Other related parties
4	Mahindra Integrated Business Solutions Private Limited	
5	Mahindra Bloomdale Developers Limited	

(Amount in Rs.)

Particulars	**For the year ended**	**Mahindra & Mahindra Limited**	**Mahindra Lifespace Developers Limited**	**Mahindra Integrated Business Solutions Private Limited**	**Mahindra World City (Jaipur) Limited**	**Mahindra Bloomdale Developers Limited**
Nature of transactions with Related Parties						
Deposit Received	31-Mar-20	–	175,500,000	–	–	–
	31-Mar-19	–	–	–	–	–
OCRD Issued	31-Mar-20	–	107,500,000	–	–	–
	31-Mar-19	–	–	–	–	–
Interest on ICD payable	31-Mar-20	–	14,482,650	–	–	–
	31-Mar-19	–	–	–	–	–
ESOP Expenses accounted	31-Mar-20	–	157,699	–	–	–
	31-Mar-19	–	157,699	–	–	–
Professional charges	31-Mar-20	–	8,024,000	97,940	–	–
	31-Mar-19	–	10,950,400	78,200	–	–
ICD given	31-Mar-20	–	–	–	–	175,500,000
	31-Mar-19	–	–	–	–	–
Interest on ICD receivable	31-Mar-20	–	–	–	–	6,437,967
	31-Mar-19	–	–	–	–	–
Reimbursement of expenses accounted	31-Mar-20	163,042	–	–	–	–
	31-Mar-19	231,900	153,760	–	–	–

(Amount in Rs.)

Nature of Balances with Related Parties	**Balances as on**	**Mahindra & Mahindra Limited**	**Mahindra Lifespace Developers Limited**	**Mahindra Integrated Business Solutions Private Limited**	**Mahindra World City (Jaipur) Limited**	**Mahindra Bloomdale Developers Limited**
Payables	31-Mar-20	6,063	196,036,081	12,420	–	–
	31-Mar-19	37,838	157,699	–	–	–
Receivables	31-Mar-20	–	169,878	–	–	181,294,170
	31-Mar-19	–	169,878	–	515,577	–

Notes:

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
2. Related parties have been identified by the Management.

Note No. 17 - Financial Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

		(Amount in Rs.)
	31-Mar-20	31-Mar-19
Equity	**(97,137,834)**	(9,616,985)
Less: Cash and cash equivalents	**7,640,913**	27,768,398
	(104,778,748)	(37,385,383)

Categories of financial assets and financial liabilities

			As at 31st March, 2020
	Amortised Costs	**FVTPL**	**Total**
Current Assets			
Cash and Cash Equivalent	7,640,913		7,640,913
Other Bank Balances	8,845,486		8,845,486
Loans	175,500,000		175,500,000
Non-current Liabilities			
Borrowings	756,450,000	860,500,000	1,616,950,000
Current Liabilities			
Borrowings	175,500,000		175,500,000
Trade Payables	24,860,893		24,860,893

			As at 31st March, 2019
	Amortised Costs	**FVTPL**	**Total**
Current Assets			
Cash and Cash Equivalent	27,768,398		27,768,398.41
Other Bank Balances	87,292,000		87,292,000.00
Non-current Liabilities			
Borrowings	638,180,000	643,700,000.00	1,281,880,000.00
Current Liabilities			
Trade Payables	8,700,943		8,700,943.10

Note No. 18 - Events after the reporting period

No material events have occurred after the Balance Sheet date and upto the approval of financial statements.

Note No. 19 - Previous Year Figures

The figures of previous years have been regrouped/reclassified wherever necessary to confirm to current year's grouping/classification.

For and on behalf of Board of the Directors

Sangeeta Prasad **Director** DIN-02791944

Sanjay Srivastava **Director** DIN-08188352

Place : Mumbai

Date: 23rd April 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

MAHINDRA WATER UTILITIES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Mahindra Water Utilities Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the report of Board of Directors, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are

appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117364W)

Ketan Vora
Partner
Membership No. 100459
UDIN: 20100459AAAAJI8865

Place: Mumbai
Date: April 24, 2020

Report on Internal Controls Over Financial Reporting

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Mahindra Water Utilities Limited on the financial statements for the year ended March 31, 2020)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Water Utilities Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117364W)

Ketan Vora
Partner
Membership No. 100459
UDIN: 20100459AAAAJI8865

Place: Mumbai
Date: April 24, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Mahindra Water Utilities Limited on the financial statements for the year ended March 31, 2020)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 or 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) Having regard to the nature of the Company's business/ activities, reporting under clause (vi) of the Order is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Goods and Services Tax and other material statutory dues in arrears, as at March 31, 2020 for a period of more than six months from the date they became payable. We have been informed that the provisions of Sales Tax, Customs Duty, Excise Duty, Value Added Tax and Cess are not applicable to the Company for the year.

(c) Details of dues of Income-tax which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs.)	Amount Unpaid (Rs.)
Income Tax Act, 1961	Income tax and interest, penalties	Income Tax Appellate Tribunal	FY 2006 – 07	17,13,827	8,56,910
		Assistant Commissioner of Income Tax	FY 2006 – 07	7,58,121	7,58,121
		Assistant Commissioner of Income Tax	FY 2007 – 08	26,88,930	26,88,930
		Appellate Authority – Asst. Commissioner (CPC)	FY 2009 – 10	1,12,220	1,12,220
		Appellate Authority – Asst. Commissioner (CPC)	FY 2012 – 13	5,98,430	5,98,430
		Appellate Authority – Assessing Officer	FY 2013 – 14	48,040	48,040
		Jurisdictional AO Circle 7(2)(1)	FY 2017 – 18	47,230	47,230

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government nor has issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has not paid/provided any managerial remuneration as per the provisions of Section 197 read with Schedule V to the Act and hence, reporting under clause (xi) of the Order is not applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of Section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117364W)

Ketan Vora
Partner
Membership No. 100459
UDIN: 20100459AAAAJI8865

Place: Mumbai
Date: April 24, 2020

BALANCE SHEET AS AT MARCH 31, 2020

	Particulars	Note No.	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
A	**ASSETS**			
	1 Non-current assets			
	(a) Property, Plant and Equipment	4	**88,88,199**	91,51,010
	(b) Financial Assets			
	(i) Trade receivables	5	**–**	1,63,92,470
	(ii) Loans	10	**16,75,00,000**	–
	(iii) Other Financial assets	6	**10,80,177**	9,03,050
	(c) Deferred tax assets (net)	25	**41,15,504**	59,62,280
	(d) Other non-current assets	7	**1,96,91,348**	1,94,53,727
	Total Non - Current Assets		**20,12,75,228**	5,18,62,537
	2 Current assets			
	(a) Financials Assets			
	(i) Investments	8	**3,40,346**	3,24,308
	(ii) Trade receivables	5	**2,54,29,443**	15,09,53,894
	(iii) Cash and cash equivalents	9	**8,54,99,458**	4,44,01,441
	(iv) Bank Balances other than (iii) above	9	**11,98,78,854**	31,04,79,571
	(v) Loans	10	**–**	3,50,00,000
	(vi) Other financial assets	6	**87,86,125**	1,52,00,019
	(b) Other Current Assets	7	**9,49,456**	6,24,368
	Total Current Assets		**24,08,83,682**	55,69,83,601
	Total Assets		**44,21,58,910**	60,88,46,138
B	**EQUITY AND LIABILITIES**			
	1 Equity			
	(a) Equity Share capital	11	**10,00,000**	10,00,000
	(b) Other Equity	12	**40,44,83,870**	57,39,48,319
	Total equity		**40,54,83,870**	57,49,48,319
	LIABILITIES			
	2 Non-current liabilities			
	Provisions	18	**2,77,692**	–
	Total Non - Current Liabilities		**2,77,692**	**–**
	3 Current liabilities			
	(a) Financial Liabilities			
	(i) Trade payables			
	– total outstanding dues of micro enterprises; and small enterprises and	13	**2,939**	–
	– total outstanding dues of creditors other than and micro enterprises and small enterprises	13	**76,30,174**	53,45,605
	(ii) Other financial liabilities	14	**74,54,939**	86,26,364
	(b) Other current liabilities	15	**27,34,254**	28,44,920
	(c) Provisions	16	**90,29,101**	75,34,989
	(d) Current Tax liabilities (net)	17	**95,45,941**	95,45,941
	Total Current Liabilities		**3,63,97,348**	3,38,97,819
	Total Equity and Liabilities		**44,21,58,910**	60,88,46,138
	See accompanying notes to the financial statements	1-41		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place: Mumbai
Date : April 24, 2020

For and on behalf of the Board of Directors

S. Venkatraman Director

Srinath Ramamurthy Director

T. Govindarajan Chief Financial Officer

Place: Mumbai
Date : April 24, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

	Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
			Rupees	Rupees
I.	Revenue from operations	19	**19,33,69,513**	19,42,61,494
II.	Other Income	20	**3,35,39,708**	4,22,12,903
III.	**Total Income (I + II)**		**22,69,09,221**	23,64,74,397
IV.	**EXPENSES**			
	(a) Employee benefits expense	21	**6,82,55,848**	6,60,18,313
	(b) Finance costs	22	**24,004**	46,695
	(c) Depreciation	4	**21,86,527**	22,37,232
	(d) Other expenses	23	**5,94,50,504**	5,89,33,347
	Total Expenses (IV)		**12,99,16,883**	12,72,35,587
V.	**Profit before tax (III - IV)**		**9,69,92,338**	10,92,38,810
VI.	**Tax Expense**			
	(i) Current tax	25	**2,32,97,000**	2,57,66,000
	(ii) Deferred tax		**18,97,724**	47,45,442
	Total tax expense (VI)		**2,51,94,724**	3,05,11,442
VII.	**Profit for the year (V - VI)**		**7,17,97,614**	7,87,27,368
VIII.	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit liabilities/(asset)		**(2,02,410)**	10,353
	Tax relating to items that will not be reclassified to profit or loss		**50,947**	(2,858)
			(1,51,463)	7,495
IX.	**Total comprehensive income for the year (VII + VIII)**		**7,16,46,151**	7,87,34,863
X.	**Earnings per equity share : (Face Value of Rs. 10 each)**	26		
	(i) Basic		**717.98**	787.27
	(ii) Diluted		**717.98**	787.27
	See accompanying notes to the financial statements	1-41		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place: Mumbai
Date : April 24, 2020

For and on behalf of the Board of Directors

S. Venkatraman Director

Srinath Ramamurthy Director

T. Govindarajan Chief Financial Officer

Place: Mumbai
Date : April 24, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

Particulars		For the year ended March 31, 2020		For the year ended March 31, 2019
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Profit before tax		**9,69,92,338**		10,92,38,810
Adjustments for:				
Depreciation and amortisation expense	**21,86,527**		22,37,232	
Gain on disposal of property, plant and equipment	**(1,47,032)**		(1,59,189)	
Finance Cost	**24,004**		46,695	
Provision for doubtful trade receivables written off/ (written back)	**(72,96,243)**		(1,82,20,480)	
Dividend Income	**(16,038)**		(14,267)	
Interest Income from loan to related party	**(68,18,188)**		(28,43,013)	
Interest Income from Bank	**(1,92,16,975)**	**(3,12,83,945)**	(2,08,22,455)	(3,97,75,477)
Operating Profit before Working Capital changes		**6,57,08,393**		6,94,63,333
Movements in working capital				
Decrease in Trade receivables	**14,92,13,164**		12,59,75,767	
(Increase)/ Decrease in Loan and advances, Other Financial assets and Other assets	**9,978**		(4,57,419)	
Increase/(Decrease) Trade payables, Provisions, Other financial liabilities and other liabilities	**25,74,810**	**15,17,97,952**	(9,82,313)	12,45,36,035
Cash generated from operations		**21,75,06,345**		19,39,99,368
Income-tax paid (net of refunds)		**(2,40,46,814)**		(2,82,21,683)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**19,34,59,531**		16,57,77,685
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of property, plant and equipment	**(19,23,716)**		(64,59,960)	
Proceeds from sale of property, plant and equipment	**1,47,032**		2,13,799	
Interest received - Fixed Deposits at Bank	**2,68,91,148**		1,19,44,663	
Interest received - Loan to related party	**55,57,909**		28,16,013	
Loan given to related party	**(16,75,00,000)**		(3,50,00,000)	
Loan repaid by related party	**3,50,00,000**		15,00,00,000	
Increase in other bank balances	**19,06,00,717**		(21,00,35,360)	
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		**8,87,73,090**		(8,65,20,845)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

Particulars		For the year ended March 31, 2020		For the year ended March 31, 2019
	Rupees	Rupees	Rupees	Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Finance costs paid	**(24,004)**		(46,695)	
Dividend paid with dividend distribution tax	**(24,11,10,600)**		(12,05,55,294)	
NET CASH USED IN FINANCING ACTIVITIES		**(24,11,34,604)**		(12,06,01,989)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		**4,10,98,017**		(4,13,45,149)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**4,44,01,441**		8,57,46,590
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**8,54,99,458**		4,44,01,441

Particulars	April 1, 2019	Cash Flow	Non Cash Changes	March 31, 2020
Borrowing - Non Current	–	–	–	–
Borrowing - Current	–	–	–	–
Total	–	–	–	–

The above Cash flow statement has been prepared under the 'Indirect Method' as set out in Indian Accounting Standard (IND AS) 7 'Cash Flow Statement'.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place: Mumbai
Date : April 24, 2020

For and on behalf of the Board of Directors

S. Venkatraman Director
Srinath Ramamurthy Director
T. Govindarajan Chief Financial Officer

Place: Mumbai
Date : April 24, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A. Equity share capital

	Rupees
As at March 31, 2018	10,00,000
Changes in equity share capital during the year	–
As at March 31, 2019	10,00,000
Changes in equity share capital during the year	–
As at March 31, 2020	10,00,000

B. Other Equity

Particulars	Reserves and Surplus		
	Retained earnings	**Items of other comprehensive income - Remeasurements of the defined benefit liabilities/ (asset)**	**Total**
	Rupees	Rupees	Rupees
Balance at March 31, 2018	**61,69,78,316**	**(12,09,566)**	**61,57,68,750**
Profit for the year	7,87,27,368	–	7,87,27,368
Dividend paid during the year	(10,00,00,000)	–	(10,00,00,000)
Dividend Distribution Tax	(2,05,55,294)	–	(2,05,55,294)
Other Comprehensive Income/(Loss) for the year (net of tax)	–	7,495	7,495
Total Comprehensive Income for the year	(4,18,27,926)	7,495	(4,18,20,431)
Balance at March 31, 2019	**57,51,50,390**	**(12,02,071)**	**57,39,48,319**
Profit for the year	7,17,97,614	–	7,17,97,614
Dividend paid during the year	(20,00,00,000)	–	(20,00,00,000)
Dividend Distribution Tax	(4,11,10,600)	–	(4,11,10,600)
Other Comprehensive Income/(Loss) for the year (net of tax)	–	(1,51,463)	(1,51,463)
Total Comprehensive Income for the year	(16,93,12,986)	(1,51,463)	(16,94,64,449)
Balance at March 31, 2020	**40,58,37,404**	**(13,53,534)**	**40,44,83,870**

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Mumbai
Date : April 24, 2020

For and on behalf of the Board of Directors

S. Venkatraman Director

Srinath Ramamurthy Director

T. Govindarajan Chief Financial Officer

Place : Mumbai
Date : April 24, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 1. Corporate information:

Mahindra Water Utilities Limited (the Company) is a public company incorporated in India on August 10, 1999 under the provisions of Companies Act, 1956. The Company is engaged in operation & maintenance of water and sewage system for M/s. New Tirupur Area Development Corporation Limited, Tirupur. The Company is a subsidiary of Mahindra Infrastructure Developers Limited and the ultimate holding company is Mahindra and Mahindra Limited.

Note 2. Significant accounting policies:

2.1 Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis for preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Property, Plant and Equipment:

Property, Plant and Equipment held for use in supply of services or for administrative purposes, are stated in the Balance Sheet at cost less depreciation and accumulated impairment losses, if any. Costs comprise purchase price and attributable costs, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives as determined by the Management, using the straight-line method. Estimated useful life as determined by the Management is in line with that prescribed in Schedule II to the Companies Act 2013. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Assets costing individually less than Rs. 5,000 is fully depreciated in the year of purchase.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.4 Impairment of tangible assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.5 Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable.

i) Income for services is accounted for as and when services are rendered as per terms of the agreement at the contractual rate and there exists no significant uncertainty as to ultimate realisation.

ii) Dividend income from investments is recognised when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

iii) Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.6 Employee benefits

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.7 Lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

2.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in the Statement of Profit and Loss except when they relate to items that are recognised in Other Comprehensive Income, in which case, the current and deferred tax are also recognised in Other Comprehensive Income.

2.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.10 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets at fair value through profit or loss (FVTPL)

Investments in units of Mutual Funds are classified as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Company, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Foreign exchange gains and losses on financial assets

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Note 3 Critical accounting judgements and key sources of estimation uncertainty:

In the application of the Company's accounting policies, which are described in Note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

At the end of the reporting period, there were no key assumptions concerning the future period that may have had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Note 4 - Property, Plant and Equipment

Description of Assets	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
I. Gross carrying amount					
Balance as at March 31, 2018	**26,98,640**	**3,99,260**	**4,92,264**	**35,85,256**	**71,75,420**
Additions during the year ended March 31, 2019	27,68,509	1,86,398	2,88,113	32,16,940	64,59,960
Disposals of Assets during the year ended March 31, 2019	19,51,799	1,48,124	–	10,51,400	31,51,323
Balance as at March 31, 2019	**35,15,350**	**4,37,534**	**7,80,377**	**57,50,796**	**1,04,84,057**
Additions during the year ended March 31, 2020	1,23,244	2,21,774	31,760	15,46,938	19,23,716
Disposal of assets during the year ended March 31, 2020	–	35,500	–	8,67,708	9,03,208
Balance as at March 31, 2020	**36,38,594**	**6,23,808**	**8,12,137**	**64,30,026**	**1,15,04,565**
II. Accumulated depreciation					
Balance as at March 31, 2018	**10,81,054**	**1,96,495**	**3,53,166**	**5,61,813**	**21,92,528**
Depreciation for the year	13,33,160	96,735	1,20,576	6,86,761	22,37,232
Eliminated on disposals of Assets during the year ended March 31, 2019	18,97,189	1,48,124	–	10,51,400	30,96,713
Balance as at March 31, 2019	**5,17,025**	**1,45,106**	**4,73,742**	**1,97,174**	**13,33,047**
Depreciation for the year	10,75,870	1,16,394	36,462	9,57,801	21,86,527
Eliminated on Disposal of assets during the year ended March 31, 2020	–	35,500	–	8,67,708	9,03,208
Balance as at March 31, 2020	**15,92,895**	**2,26,000**	**5,10,204**	**2,87,267**	**26,16,366**
Net carrying amount (I-II)					
Balance as at March 31, 2020	**20,45,699**	**3,97,808**	**3,01,933**	**61,42,759**	**88,88,199**
Balance as at March 31, 2019	29,98,325	2,92,428	3,06,635	55,53,622	91,51,010

Note 5 - Trade receivables

	Particulars	**As at March 31, 2020**		As at March 31, 2019	
		Current	**Non Current**	Current	Non Current
		Rupees	Rupees	Rupees	Rupees
(a)	Trade Receivables considered good - Unsecured;	**2,54,29,443**	**–**	15,09,53,894	1,63,92,470
(b)	Trade Receivables - Credit imparied	**–**	**59,01,592**	–	1,31,97,835
	Less: Allowances for Expected Credit Losses	**–**	**(59,01,592)**	–	(1,31,97,835)
	Total	**2,54,29,443**	**–**	15,09,53,894	1,63,92,470

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Trade receivables

The entire trade receivables balance as at March 31, 2020 and March 31, 2019 are due from M/s. New Tirupur Area Development Corporation Ltd., the sole client of the Company.

The average credit period on invoice for services is 15 days. No interest is charged on trade receivables.

The concentration of credit risk is high, since the entire trade receivables are due from only one client, M/s. New Tirupur Area Development Corporation Ltd.

The Company has incurred expenses towards certain specified categories of maintenance of plant and facilities. As per the terms of the aforementioned agreement with NTADCL, the Company is entitled to reimbursement of the aforesaid expenses, which the Company has also claimed from NTADCL. The Company has not formally received a confirmation on the payment due for such reimbursable services.

Based on further negotiations/ discussions with NTADCL, the company is confident of receiving these payments and hence no further provision has been done in the current year.

Reconciliation of loss allowance provision for Trade Receivables

Particulars	**As at March 31, 2020**	As at March 31, 2019
	Rupees	Rupees
Balance as at beginning of the year	**1,31,97,835**	3,14,18,315
Impairment losses/Gain recognised in the year based on 12 month expected credit losses		
On receivables originated in the year	**–**	–
Other receivables	**(72,96,243)**	(1,82,20,480)
Balance at end of the year	**59,01,592**	1,31,97,835

Note 6 - Other Financial Assets

Particulars	**As at March 31, 2020**		As at March 31, 2019	
	Current	**Non Current**	Current	Non Current
	Rupees	Rupees	Rupees	Rupees
Financial assets at amortised cost				
(a) Interest accrued on deposits with bank	**71,07,785**	**–**	1,47,81,958	–
(b) Interest accrued on Loan to Related Party	**14,58,340**	**–**	1,98,061	–
(c) Balance with bank held as margin money	**–**	**10,51,177**	–	8,74,050
(d) Security deposits	**2,20,000**	**29,000**	2,20,000	29,000
Total	**87,86,125**	**10,80,177**	1,52,00,019	9,03,050

Note 7 - Other assets

Particulars	**As at March 31, 2020**		As at March 31, 2019	
	Current	**Non Current**	Current	Non Current
	Rupees	Rupees	Rupees	Rupees
Advance income tax including fringe benefit tax	**–**	**1,96,91,348**	–	1,89,41,534
Others				
(a) Gratuity Assets (Net of provision)	**–**	**–**	–	5,12,193
(b) Advance to Suppliers	**3,811**	**–**	–	–
(c) Prepaid Expenses	**9,45,645**	–	6,24,368	–
Total	**9,49,456**	**1,96,91,348**	6,24,368	1,94,53,727

Note 8 - Investment

Particulars	**As at March 31, 2020**		As at March 31, 2019	
	No. of units	**Rupees**	No. of units	Rupees
Investments Carried at: Fair Value Through Profit and Loss				
Unquoted Investments				
Investments in Mutual Funds				
HDFC Cash Management Fund of Rs. 10/-each fully paid up	**33,555.491**	**3,40,346**	31,974.208	3,24,308
Total	**33,555.491**	**3,40,346**	31,974.208	3,24,308

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 9 - Cash and Bank Balances

Particulars			As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
(a)	**Balance with Banks**			
	(i)	In Current Account	**19,09,458**	18,76,441
	(ii)	In Deposit Account	**8,35,90,000**	4,25,25,000
			8,54,99,458	4,44,01,441
(b)	**Bank Balances other than above**			
	Balance with Banks			
	Fixed Deposits with maturity greater than 3 months (includes Rs. 16,50,000 (Previous Year Rs. NIL) held as earnest money deposit)		**11,98,78,854**	31,04,79,571
			11,98,78,854	31,04,79,571
			20,53,78,312	35,48,81,012

Note 10 - Loans

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	**Non Current**	Current	Non Current
	Rupees	Rupees	Rupees	Rupees
Loans Receivables considered good - Unsecured				
Loan to related party	**–**	**16,75,00,000**	3,50,00,000	–
Total	**–**	**16,75,00,000**	3,50,00,000	–

Note - 11 Equity Share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Nos	Rupees	Nos	Rupees
Authorised shares:				
Equity Shares of Rs. 10 each	**1,00,000**	**10,00,000**	1,00,000	10,00,000
	1,00,000	**10,00,000**	1,00,000	10,00,000
Issued, subscribed and fully paid-up shares:				
Equity Shares of Rs. 10 each	**1,00,000**	**10,00,000**	1,00,000	10,00,000
	1,00,000	**10,00,000**	1,00,000	10,00,000

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity:	As at March 31, 2020		As at March 31, 2019	
	Nos	Rupees	Nos	Rupees
Opening Balance	**1,00,000**	**10,00,000**	1,00,000	10,00,000
Closing Balance	**1,00,000**	**10,00,000**	1,00,000	10,00,000

Terms/rights attached to equity shares

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of shares held by the holding company:

Particulars	As at March 31, 2020	As at March 31, 2019
	Number of shares	Number of shares
Mahindra Infrastructure Developers Limited, the holding company	**98,999**	98,999

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	**% holding**	Number of shares	% holding
Mahindra Infrastructure Developers Limited	**98,999**	**99%**	98,999	99%

Note 12 - Other Equity

Particulars	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
Retained Earnings		
As per last balance sheet	**57,39,48,319**	61,57,68,750
Add: Profit for the year	**7,17,97,614**	7,87,27,368
Dividend paid during the year	**(20,00,00,000)**	(10,00,00,000)
Dividend Distribution Tax	**(4,11,10,600)**	(2,05,55,294)
Other Comprehensive Income/(Loss) for the year (net of tax)	**(1,51,463)**	7,495
Balance As at March 31, 2020	**40,44,83,870**	57,39,48,319

Retained Earnings represent the cumulative profits of the Company and the effects of remesurement of defined benefit obligations. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

Note - 13 Trade Payables

Particulars	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
Total outstanding dues of Micro and Small enterprises	**2,939**	–
Total outstanding dues of creditors other than micro and small enterprises	**76,30,174**	53,45,605
Total	**76,33,113**	53,45,605

Note:

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Average credit period on purchase of certain goods from suppliers is one month. No interest is charged on the outstanding balance.

Note - 14 Other financial Liabilities

Particulars	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
Loans Receivables considered good - Secured		
(a) Payable to employees	**70,86,364**	83,71,364
(b) Deposits received from Service providers	**2,55,000**	2,55,000
(c) Retention Money	**1,13,575**	–
Total	**74,54,939**	86,26,364

Note:

Payable to employees represents amounts payable towards Salary, performance pay and bonus.

Deposits received from Service providers are security deposits received from the service providers as a security towards non-performance of their contract obligations, if any.

Retention Money received on 10% of actual final value of work executed, which is for six months from the date of completion of entire scope of work, this will be considered as Defects Liability period. On successful completion of DLP without any defects, the retention money shall be released.

Note - 15 Other Current Liabilities

Particulars	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
(a) Statutory Dues - Taxes payable (other than income taxes)	**27,14,534**	28,09,712
(b) Interest payable u/s 234B of the Income Tax Act	**19,720**	35,208
Total	**27,34,254**	28,44,920

Note - 16 Provisions

Particulars	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
Provision for employee benefits		
Compensated absences	**90,29,101**	75,34,989
Total	**90,29,101**	75,34,989

Note - 17 Current Tax Liabilities (net)

Particulars	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
Provision for tax (net of advance tax)	**95,45,941**	95,45,941
Total	**95,45,941**	95,45,941

Note - 18 Provisions

Particulars	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
Provisions for Gratuity	**2,77,692**	–
Total	**2,77,692**	–

Note - 19 Revenue from Operations

Particulars	For the Year ended March 31, 2020 Rupees	For the Year ended March 31, 2019 Rupees
(a) Revenue from rendering of services	**18,63,00,000**	18,63,00,000
(b) Revenue from ancilliary services	**70,69,513**	79,61,494
Total	**19,33,69,513**	19,42,61,494

Note - 20 Other Income

Particulars	For the Year ended March 31, 2020 Rupees	For the Year ended March 31, 2019 Rupees
(a) Interest Income on financial assets carried at amortised cost		
(i) Bank deposits	**1,92,16,975**	2,08,22,455
(ii) Loan to related party	**68,18,188**	28,43,013
(b) Dividend Income	**16,038**	14,267
(c) Provision for doubtful debts written back	**72,96,243**	1,82,20,480
(d) Gain on Sale of Property, plant and equipment	**1,47,032**	1,59,189

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars		For the Year ended March 31, 2020 Rupees	For the Year ended March 31, 2019 Rupees
(e)	Interest on Income Tax Refund	**–**	79,970
(f)	Miscellaneous Income	**45,232**	73,529
Total		**3,35,39,708**	4,22,12,903

Note - 21 Employee Benefits Expenses

Particulars		For the Year ended March 31, 2020 Rupees	For the Year ended March 31, 2019 Rupees
(a)	Salaries and wages	**6,28,24,122**	6,08,04,605
(b)	Contribution to provident and other funds (See below Note)	**34,13,842**	27,99,819
(c)	Staff welfare expenses	**20,17,884**	24,13,889
Total		**6,82,55,848**	6,60,18,313

Note:

Salaries and wages include: Salaries, wages, bonus, compensated absences and all other amounts payable to employees in respect of services rendered as per their employment terms under a contract of service/employment.

Contribution to provident fund and other funds includes contributions to Provident Fund, ESI, Labour Welfare Fund and gratuity fund with LIC.

Note - 22 Finance Cost

Particulars	For the Year ended March 31, 2020 Rupees	For the Year ended March 31, 2019 Rupees
Interest expense - interest on delayed/ deferred payment of income tax	**24,004**	46,695
Total	**24,004**	46,695

Note - 23 Other Expenses

Particulars		For the Year ended March 31, 2020 Rupees	For the Year ended March 31, 2019 Rupees
(a)	Rent including lease rentals	**3,30,000**	3,30,000
(b)	Rates and taxes	**2,83,319**	68,000
(c)	Insurance	**14,99,590**	7,64,767
(d)	Repairs and maintenance - Machinery	**11,45,006**	13,55,008
(e)	Repairs and maintenance - Others	**13,93,315**	16,35,463
(f)	Legal and professional charges	**5,77,297**	13,96,732
(g)	Travelling and Conveyance Expenses	**9,38,882**	8,19,173
(h)	Printing & Stationery	**4,16,370**	5,27,710
(i)	Postage and telephone	**7,19,683**	8,95,422
(j)	Subcontracting, Hire and Service Charges	**3,82,64,192**	3,70,56,466
(k)	Expenditure on Corporate Social Responsibilty (CSR) under section 135 of the Companies Act, 2013.	**22,73,187**	18,11,028
(l)	Vehicle running expenses	**75,38,222**	88,04,273
(m)	Payment to auditors (refer Note (i) below)	**12,01,927**	12,05,235
(n)	Directors Fee	**90,000**	90,000
(o)	Miscellaneous Expenses	**27,79,514**	21,74,070
Total		**5,94,50,504**	5,89,33,347

Note (i)

Payment to Auditors:	For the Year ended March 31, 2020 Rupees	For the Year ended March 31, 2019 Rupees
Payment to auditors (net of GST input credit)		
For Statutory audit	**8,70,000**	8,70,000
For Certification and other services	**3,30,000**	3,30,000
For Out of pocket expenses	**1,927**	5,235
Total	**12,01,927**	12,05,235

Note - 24 Contingent liabilities, Contingent Assets and commitments

Contingent liabilities (to the extent not provided for)

	As at March 31, 2020 Rupees	As at March 31, 2019 Rupees
Contingent liabilities		
Claims against the Company not acknowledged as debt		
Income tax demands disputed for various assessment years, on account of disallowance of certain expenses, where the Company has preferred appeal with the higher authorities	**52,73,098**	52,73,098
	52,73,098	52,73,098

In respect of items mentioned above the timing of outflow of economic benefits cannot be ascertained.

There are no Contingent Assets and Commitments at the end of each reporting periods

Note - 25 Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended March 31, 2020 Rupees	Year ended March 31, 2019 Rupees
Current Tax:		
In respect of current year	**2,32,97,000**	2,57,66,000
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**24,65,662**	48,49,232
Adjustments due to changes in tax rates	**(5,67,938)**	(1,03,790)
	18,97,724	47,45,442
Total income tax expense	**2,51,94,724**	3,05,11,442

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(b) Income tax recognised in other Comprehensive income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Rupees	Rupees
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit Liabilities/(assets)	**(50,947)**	2,858
Total	**(50,947)**	2,858
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**(50,947)**	2,858
Total	**(50,947)**	2,858

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Rupees	Rupees
Profit before tax	**9,69,92,338**	10,92,38,810
Income tax expense calculated at 25.170% (2019: 27.820%)#	**2,44,12,971**	3,03,90,236
Reduction in tax rate	**(5,67,938)**	(1,03,790)
Effect of income that is exempt from taxation	**(4,037)**	(3,969)
Effect of expenses that is non-deductible in determining taxable profit	**13,53,728**	2,28,965
Income tax expense recognised In profit or loss	**2,51,94,724**	3,05,11,442

The tax rate used for the March 31, 2020 and March 31, 2019 in reconciliations above is the corporate tax rate of 25.170% for FY 2019-20 and 27.820% for FY 2018-19 (including surcharge and cess) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(d) Movement of Deferred Tax

Particulars	For the Year ended March 31, 2020			
	Opening Balance	Recognised in profit and Loss	Recognised in Other comprehensive income	Closing Balance
	Rupees	Rupees	Rupees	Rupees
Tax effect of items constituting deferred tax assets				
Property, Plant and Equipment	**2,29,792**	**(35,370)**	–	**1,94,422**
Employee Benefits	**1,07,107**	**(13,978)**	–	**93,129**
Expenses allowable on actual payment	**20,96,235**	**1,76,391**	–	**22,72,626**
Provisions	**36,71,639**	**(21,86,207)**	–	**14,85,432**
Gratuity Provision	**(1,42,492)**	**1,61,440**	**50,947**	**69,895**
Net Tax Asset/ (Liabilities)	**59,62,281**	**(18,97,724)**	**50,947**	**41,15,504**

Particulars	For the Year ended March 31, 2019			
	Opening Balance	Recognised in profit and Loss	Recognised in Other comprehensive income	Closing Balance
	Rupees	Rupees	Rupees	Rupees
Tax effect of items constituting deferred tax liabilities				
Gratuity Assets	**1,89,879**	**(50,245)**	**2,858**	**1,42,492**
(A)	**1,89,879**	**(50,245)**	**2,858**	**1,42,492**
Tax effect of items constituting deferred tax assets				
Property, Plant and Equipment	**3,00,114**	**(70,322)**	–	**2,29,792**
Employee Benefits	**1,10,960**	**(3,853)**	–	**1,07,107**
Expenses allowable on actual payment	**18,32,696**	**2,63,539**	–	**20,96,235**
Provisions	**86,56,689**	**(49,85,050)**	–	**36,71,639**
(B)	**1,09,00,459**	**(47,95,686)**	–	**61,04,773**
Net Tax Asset/ (Liabilities) (B-A)	**1,07,10,580**	**(47,45,441)**	**(2,858)**	**59,62,281**

Note - 26 Earnings per Share

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
	Rupees	Rupees
	Per Share	Per Share
Basic Earnings per share	**717.98**	787.27
Diluted Earnings per share	**717.98**	787.27
	717.98	787.27

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Rupees	Rupees
Profit for the year attributable to owners of the Company	**7,17,97,614**	7,87,27,368
Earning used in the calculation of basic and diluted earnings per share	**7,17,97,614**	7,87,27,368
Weighted average number of equity shares for the purposes of basic and diluted earnings per share (Face value per share Rs. 10)	**1,00,000**	1,00,000
Earnings per share - Basic & Diluted	**717.98**	787.27

Note - 27 Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity presented on the face of the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	31-Mar-20	31-Mar-19
Equity	**40,54,83,870**	57,49,48,319
Less : Cash and Bank Balances	**(20,53,78,312)**	(35,48,81,012)
	20,01,05,558	22,00,67,307

Categories of financial assets and financial liabilities

				As at March 31, 2020
	Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
	Rupees	Rupees	Rupees	Rupees
Non-current Assets				
Trade Receivables	–	–	–	–
Loans and advances	**10,80,177**	–	–	**10,80,177**
Current Assets				
Investments	–	**3,40,346**	–	**3,40,346**
Trade Receivables	**2,54,29,443**	–	–	**2,54,29,443**
Cash and Cash Equivalents	**8,54,99,458**	–	–	**8,54,99,458**
Other Bank Balances	**11,98,78,854**	–	–	**11,98,78,854**
Loans and advances	–	–	–	–
Other Financial Assets				
– Non Derivative Financial Assets	**87,86,125**	–	–	**87,86,125**
Current Liabilities				
Trade Payables	**76,30,174**	–	–	**76,30,174**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**74,54,939**	–	–	**74,54,939**

				As at March 31, 2019
	Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
	Rupees	Rupees	Rupees	Rupees
Non-current Assets				
Trade Receivables	1,63,92,470	–	–	1,63,92,470
Loans and advances	9,03,050	–	–	9,03,050
Current Assets				
Investments	–	3,24,308	–	3,24,308
Trade Receivables	15,09,53,894	–	–	15,09,53,894
Cash and Cash Equivalents	4,44,01,441	–	–	4,44,01,441
Other Bank Balances	31,04,79,571	–	–	31,04,79,571
Loans and advances	3,50,00,000	–	–	3,50,00,000
Other Financial Assets				
– Non Derivative Financial Assets	1,52,00,019	–	–	1,52,00,019
Current Liabilities				
Trade Payables	53,45,605	–	–	53,45,605
Other Financial Liabilities				
– Non Derivative Financial Liabilities	86,26,364	–	–	86,26,364

** The Company considers that the carrying amount of these financial instruments recognised in the financials statements approximate their fair values.

Fair value of investments

Investments represent investment by the Company in units of HDFC Cash Management Fund. The closing value at the end of each accounting period represents NAV as per HDFC Cash Management Fund and hence no separate fair valuation.

Financial Risk Management Framework

The Company's activities expose it to financial risks - credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

Credit risk management

(i) Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The company has only one client for whom the operation and maintenance services are rendered. The Company has reached a settlement with its customers and has a approved payment schedule in place and also revenue terms for the future period.

(ii) The Company has invested in units of HDFC Cash Management Fund which has the NAV of Rs. 3,40,346 as at the end of the reporting period(Previous year Rs. 3,24,308). HDFC has been regular in dividend payments and the credit risk on the investment is minimal.

The Company is not subject to any externally imposed capital requirements.

There is no change in estimation techniques or significant assumptions during the reporting period.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amounts disclosed in the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
	Rupees	Rupees	Rupees	Rupees
Non-derivative financial liabilities				
31-Mar-20				
Non-interest bearing	**1,50,85,113**	–	–	–
Total	**1,50,85,113**	–	–	–
31-Mar-19				
Non-interest bearing	1,39,71,969	–	–	–
Total	1,39,71,969	–	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	Rupees	Rupees	Rupees	Rupees
Non-derivative financial assets				
31-Mar-20				
Non-interest bearing	**23,99,34,226**	–	–	**10,80,177**
Total	**23,99,34,226**	–	–	**10,80,177**
31-Mar-19				
Non-interest bearing	55,63,59,233	1,63,92,470	–	9,03,050
Total	55,63,59,233	1,63,92,470	–	9,03,050

Note - 28 Fair Value Measurement

Fair Valuation Techiques and Inputs used - recurring Items

Financial assets/ financial liabilities measured at Fair value	Fair value as at March 31, 2020	March 31, 2019	Fair value hierarchy	Valuation technique(s) and key input(s)
	Rupees	Rupees		
Financial assets				
Investments				
Mutual fund investments	**3,40,346**	3,24,308	Level -1	Net asset value published by HDFC Mutual Fund
Total financial assets	**3,40,346**	3,24,308		

Note - 29 Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 24,42,434/- (2019 : Rs. 17,29,921/-) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under-perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increase in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan particpants will increase the plan's liability.

Note: An entity shall disclose description of any plan amendments, curtailments and settlements.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at 31-Mar-20	31-Mar-19
Discount rate(s)	**6.85%**	7.70%
Expected rate(s) of salary increase	**8.00%**	8.00%
Expected rate of return on plan assets	**6.85%**	7.70%

Attrition rate

Age (Years)	Valuation as at **31-Mar-20**	31-Mar-19
21 - 30	**10.00%**	10.00%
31 - 40	**5.00%**	5.00%
41 - 50	**3.00%**	3.00%
51 - 59	**1.00%**	1.00%

Defined benefit plans – as per actuarial valuation on March 31, 2020

Particulars	Funded Plan Gratuity **2020**	2019
	Rupees	Rupees
Amounts recognised in the Statement of Profit and Loss are as follows:		
1. Current service cost	**7,41,357**	7,27,822
2. Past Service Credit	**–**	–
3. Interest on net defined benefit liability/ (asset)	**(39,439)**	(54,097)
Components of defined loss benefit costs recognised in profit or loss	**7,01,918**	6,73,725
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**11,077**	54,216

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Funded Plan Gratuity 2020 Rupees	2019 Rupees
Actuarial (gains) and losses arising from changes in financial assumptions	**7,58,506**	1,20,188
Actuarial (gains) and losses arising from changes in demographic assumptions	**–**	266
Actuarial (gains) and losses arising from experience adjustments	**(5,67,173)**	(1,83,710)
Change in asset ceiling, excluding amounts included in interest expenses	**–**	(1,313)
Components of defined benefit costs recognised in other comprehensive income	**2,02,410**	(10,353)
I. Net Asset/(Liability) recognised in the Balance Sheet as at March 31,		
1. Present value of defined benefit obligation as at March 31,	**87,11,920**	73,66,597
2. Fair value of plan assets as at March 31,	**84,34,228**	78,78,790
3. Surplus/(Deficit)	**(2,77,692)**	5,12,193
4. Amount not recognised due to asset limit	**–**	–
5. Current portion of the above	**–**	–
6. Non current portion of the above	**(2,77,692)**	5,12,193
II. Change in the obligation during the year ended March 31,		
1. Present value of defined benefit obligation at the beginning of the year	**73,66,597**	66,84,418
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	–
3. *Expenses Recognised in Profit and Loss Account*		
- Current Service Cost	**7,41,357**	7,27,822
- Past Service Cost	**–**	–
- Interest Expense/(Income)	**5,39,626**	5,14,343
4. *Recognised in Other Comprehensive Income*		
Remeasurement (gains)/losses		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	266
ii. Financial Assumptions	**7,58,506**	1,20,188
iii. Experience Adjustments	**(5,67,173)**	(1,83,710)
5. Benefit payments	**(1,26,993)**	(4,96,730)
6. Others (Specify)	**–**	–
7. Present value of defined benefit obligation at the end of the year	**87,11,920**	73,66,597
III. Change in fair value of plan assets during the year ended March 31,		
1. Fair value of plan assets at the beginning of the year	**78,78,790**	73,74,778
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	–
3. *Expenses Recognised in Profit and Loss Account*		
– Expected return on plan assets	**5,79,065**	5,68,536
4. *Recognised in Other Comprehensive Income*		
Remeasurement gains/(losses)		
– Actual Return on plan assets in excess of the expected return	**(11,077)**	(54,216)
5. Contributions by employer (including benefit payments)	**1,14,443**	4,86,422
6. Benefit payments	**(1,26,993)**	(4,96,730)
7. Fair value of plan assets at the end of the year	**84,34,228**	78,78,790
IV. The Major categories of plan assets		
– Insurer managed funds (Non Quoted Value)	**84,34,228**	78,78,790

Notes:

The current service cost and net interest expenses for the year is included in the “Employee benefits expenses” line item in the statement of profit and loss.

The remeasurernent of the net defined benefit liability is Included in other comprehensive income.

V The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Impact on defined benefit obligation	
		Increase in assumption	**Decrease in assumption**
Discount rate	2020	78,30,285	97,56,095
	2019	66,19,007	82,51,091
Salary growth rate	2020	97,33,703	78,31,422
	2019	82,39,619	66,14,509

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

VI Maturity profile of defined benefit obligation:

	2020	2019
Expected benefits for year 1	**7,74,327**	7,16,941
Expected benefits for year 2	**2,85,026**	2,76,772
Expected benefits for year 3	**5,34,786**	2,74,326
Expected benefits for year 4	**4,83,405**	5,21,509
Expected benefits for year 5	**12,84,521**	4,72,500
Expected benefits for year 6	**3,53,032**	12,62,925
Expected benefits for year 7	**2,46,559**	3,39,945
Expected benefits for year 8	**4,31,648**	2,35,373
Expected benefits for year 9	**7,36,100**	4,15,326
Expected benefits for year 10	**1,67,84,662**	1,67,88,611

VII Plan Assets

The fair value of Company’s pension plan asset as of March 31, 2020 and 2019 category are as follows:

	2020	2019
Asset category:		
Cash and cash equivalents	**–**	–
Debt instruments (quoted)	**–**	–
Debt instruments (unquoted)	**–**	–
Equity instruments (quoted)	**–**	–
Deposits with Insurance companies	**84,34,228**	78,78,790
	84,34,228	78,78,790

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

The weighted average duration of the defined benefit obligation as at March 31, 2020 is 10.99 years (2019: 11.01 years)

VIII. Experience Adjustments :

	Year ended 2020	2019	2018	2017	2016
	Gratuity				
1. Defined Benefit Obligation	87,11,920	73,66,597	66,84,418	55,74,480	52,92,339
2. Fair value of plan assets	84,34,228	78,78,790	73,74,778	56,31,497	60,23,517
3. Surplus/(Deficit)	(2,77,692)	5,12,193	6,90,360	57,017	7,31,178
4. Experience adjustment on plan liabilities [(Gain)/Loss]	(5,67,173)	(1,83,710)	(2,13,107)	11,97,367	1,31,342
5. Experience adjustment on plan assets [Gain/(Loss)]	11,077	54,216	(1,09,471)	43,622	(26,012)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note - 30 Related Party Transactions

Name of the related party	Relationship
Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Lifespace Developers Limited	Parent of the Holding Company
Mahindra Infrastructure Developers Limited	Holding Company

Note: Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

List of other related parties & relationships

Name of the related party	Relationship
Mahindra & Mahindra Financial Services Limited	Fellow subsidiary
Mahindra Retail Limited	Fellow subsidiary
Mahindra Rural Housing Finance Limited	Fellow subsidiary
Mahindra Logistics Limited	Fellow subsidiary
Mahindra Engineering & Chemical Products Limited	Fellow subsidiary

Details of transaction between the Company and its related parties are disclosed below:

Nature of transactions with Related Parties	Mahindra & Mahindra Limited	Mahindra & Mahindra Financial Services Limited	Mahindra Infrastucture Developers Limited	Mahindra Retail Limited	Mahindra Rural Housing Finance Limited	Mahindra Engineering & Chemical Products Limited	Mahindra Logistics Limited	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Loan to related party	–	8,75,00,000	–	–	8,00,00,000	–	–	16,75,00,000
	(–)	(3,50,00,000)	(–)	(–)	(–)	(–)	(–)	(3,50,00,000)
Repayment of loan by related party	–	3,50,00,000	–	–	–	–	–	3,50,00,000
	(–)	(–)	(–)	(15,00,00,000)	(–)	(–)	(–)	(15,00,00,000)
Interest on loan to related party	–	57,86,504	–	–	10,31,684	–	–	68,18,188
	(–)	(2,20,068)	(–)	(26,22,945)	(–)	(–)	(–)	(28,43,013)
Revenue-Income from services rendered	–	–	–	–	–	–	4,55,000	4,55,000
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Dividend paid	–	–	19,79,98,000	–	–	–	–	19,79,98,000
	(–)	(–)	(9,89,99,000)	(–)	(–)	(–)	(–)	(9,89,99,000)
Travelling Expenses	15,929	–	–	–	–	–	–	15,929
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Professional Charges	2,71,784	–	–	–	–	–	–	2,71,784
	(2,53,281)	(–)	(–)	(–)	(–)	(–)	(–)	(2,53,281)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Nature of transactions with Related Parties	Mahindra & Mahindra Limited	Mahindra & Mahindra Financial Services Limited	Mahindra Infrastucture Developers Limited	Mahindra Retail Limited	Mahindra Rural Housing Finance Limited	Mahindra Engineering & Chemical Products Limited	Mahindra Logistics Limited	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Safety Consumbles	–	–	–	–	–	8,680	–	8,680
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Software expenses	4,08,005	–	–	–	–	–	–	4,08,005
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Training Fee	1,53,604	–	–	–	–	–	–	1,53,604
	(63,967)	(–)	(–)	(–)	(–)	(–)	(–)	(63,967)

Nature of Balances with Related Parties	Mahindra & Mahindra Limited	Mahindra & Mahindra Financial Services Limited	Mahindra Infrastucture Developers Limited	Mahindra Retail Limited	Mahindra Rural Housing Finance Limited	Mahindra Engineering & Chemical Products Limited	Mahindra Logistics Limited	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Trade payables	2,52,526	–	–	–	–	–	–	2,52,526
	(84,054)	(–)	(–)	(–)	(–)	(–)	(–)	(84,054)
Loan to related party	–	8,75,00,000	–	–	8,00,00,000	–	–	16,75,00,000
	(–)	(3,50,00,000)	(–)	(–)	(–)	(–)	(–)	(3,50,00,000)
Interest Accrued on Loan to related party	–	6,65,751	–	–	7,92,589	–	–	14,58,340
	(–)	(2,20,068)	(–)	(–)	(–)	(–)	(–)	(2,20,068)

Note:

Previous year's figures are in brackets.

Trade payables to related parties represent dues on account of services rendered and do not contain guarantee transactions.

Note 31 - Disclosure pursuant to Ind AS 115 "Revenue from Contracts with Customers" :

	Particular	For the year ended March 31, 2020	For the year ended March 31, 2019
1	Details of revenue from contract with customer recognised by the Company, net of indirect taxes in its statement of Profit and loss.		
	Rendering of Services	**19,33,69,513**	19,42,61,494
2	Impairment loss on trade receivables recognised/(written back) in the Statement of profit and loss based on evaluation under Ind AS 109	**(72,96,243)**	(1,82,20,480)
3	**Disaggregate Revenue**		

Particular	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue based on market or customer type		
Government/bodies established by Government	**19,33,69,513**	19,42,61,494
Other than Government	**–**	–
	19,33,69,513	19,42,61,494
Revenue based on its geographical location		
Within India	**19,33,69,513**	19,42,61,494
Overseas locations	**–**	–
	19,33,69,513	19,42,61,494
Revenue based on its timing of recognition		
Point in time	**–**	–
Over a period of time	**19,33,69,513**	19,42,61,494
	19,33,69,513	19,42,61,494

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

4 **Reconciliation of revenue from contract with customer**

Particular	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Revenue from contract with customer as per the contract price	**19,33,69,513**	19,42,61,494
Adjustments made to contract price on account of :-		
Discounts/Rebates/Incentives	**–**	–
Sales Returns/Reversals	**–**	–
Deferrment of revenue	**–**	–
Changes in estimates of variable consideration	**–**	–
Recognition of revenue from contract liability out of opening balance of contract liability	**–**	–
Any other adjustments	**–**	–
Revenue from contract with customer as per the statement of Profit and Loss	**19,33,69,513**	19,42,61,494

5 **Breakup of Revenue into contracts entered in previous year and in current year**

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Revenue from PO/ contract/agreement entered into in previous year	**19,33,69,513**	19,42,61,494
Revenue from New PO/ contract/agreement entered into in current year	**–**	–
Total Revenue recognised during the period	**19,33,69,513**	19,42,61,494

Note - 32 Disclosure under Section 186(4) of the Companies Act, 2013:

Name	**Nature**	**Given during the year (Rs.)**	**Closing Balance (Rs.)**	**Period**	**Rate of Interest**	**Purpose**
Mahindra & Mahindra Financial Services Limited	Loan	15,75,00,000	8,75,00,000	(a)10.02.20 to 09.02.22 (b) 04.03.20 to 04.03.22	7.50%	Business
Mahindra Rural Housing Finance Limited	Loan	13,00,00,000	8,00,00,000	10.02.2020 to 10.02.2022	7.90%	Business

Note - 33 Corporate Social Responsibility

(a) Gross amount required to be spent by the company during the year - Rs. 18,66,330

(b) Amount spent during the year on (give categories):

Particulars	**Amount spent**	**Amount yet to be paid**	**Total Amount**
Education of the Girl Children	9,33,000	–	**9,33,000**
Promotion of Education	13,40,187	–	**13,40,187**
Total	**22,73,187**	**–**	**22,73,187**

Note - 34

The Company's business activity is that of an Operations and Maintenance (O&M) Contractor. All activities of the company revolve around its main business. The company operates only in India. There is a single operating segment as defined by Indian Accounting Standard 108 "Operating Segments".

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note - 35

The Company has entered into operating lease arrangements for warehouse. The lease is cancellable and for a period of 11 months, renewable by mutual consent. Lease payments recognised in the Statement of Profit and loss is Rs. 3,30,000/- (Previous year Rs. 3,30,000/-)

Note - 36

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Note - 37

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable to the Company from April 1, 2020.

Note - 38

In respect of the current year, the Board at its meeting held on April 24, 2020 has recommended a dividend of Rs. 2,600 per share on equity shares of Rs. 10 each subject to approval by shareholders at the Annual General Meeting. The same has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members as on the date of approval by the shareholders ("the record date"). The total estimated equity dividend to be paid is Rs. 26,00,00,000.

Note - 39

The Company considered the impact of COVID-19 on the assumptions and estimates used in the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting periods presented and determined that there were no material adverse impacts on the financial statements of the Company for the year ended March 31, 2020.

Note - 40

No material events have occurred after the balance sheet date and upto the approval of the financial statements.

Note - 41

The financial statements were approved for issue by the Board of Directors on April 24, 2020.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place: Mumbai
Date : April 24, 2020

For and on behalf of the Board of Directors

S. Venkatraman Director

Srinath Ramamurthy Director

T. Govindarajan Chief Financial Officer

Place: Mumbai
Date : April 24, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of

MAHINDRA WORLD CITY DEVELOPERS LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **Mahindra World City Developers Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (herein after referred to as "the Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, the loss and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Emphasis of Matter

Without qualifying our opinion, attention is invited to Note 28 to the Ind AS financial statements on the disputed income tax cases under litigation. The management, taking into consideration the merits of the case and supporting judgements and the Special Leave petition filed with the Hon'ble Supreme Court which has been accepted, is of the view that no provision is presently considered necessary in respect of the unfavourable order passed by the Hon'ble High Court of Madras, dismissing the appeal filed by the Company on certain Income Tax Disputes relating to earlier years. Our opinion is not qualified in respect of this matter.

Information other than the Financial Statements and Auditor's Report thereon

The Company's management and Board of Directors are responsible for the other information. The other information at the date of this Auditor's Report comprises the information included in the Director's Report including annexures, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing specified under Section 143 (10) of the Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related

to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("CARO 2016"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, based on our audit we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive income, Statement of Changes in Equity, and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act.

   (e) On the basis of the written representations received from the Directors as on 31 March 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. (Refer Note 28 to the Ind AS financial statements).

      ii. The Company did not have any long-term contracts which has any material foreseeable losses. The Company did not have any derivative contracts.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN : 20204764AAAAAZ9231

Place: Chennai
Date: 22 April 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra World City Developers Limited** ("the Company") as of 31 March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls over Financial Reporting

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN : 20204764AAAAAZ9231

Place: Chennai
Date: 22 April 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. In respect of its fixed assets (Property, Plant and Equipment (PPE)):

   a) The Company has maintained proper records showing full particulars, including quantitative details and situation of PPE.

   b) Most of the PPE were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all PPE at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

   c) With respect to immovable properties of land that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the original title deeds/Land Delivery Receipts (LDR's) issued by Government provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.

ii. In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of title deeds are done at reasonable intervals and no material discrepancies were noticed on physical verification.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of Act and hence reporting under clause (iii) of CARO 2016 is not applicable.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of making investments. The Company has not granted any loans nor provided any guarantees and securities.

v. According to the information and explanations given to us, the Company has not accepted any deposits during the year. There were no unclaimed deposits outstanding at any time during the year.

vi. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under subsection (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

   a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Goods and Services Tax ("GST"), Cess and other material statutory dues applicable to it with the appropriate authorities.

   b) There were no undisputed amounts payable in respect of Provident Fund, Income Tax, GST, Cess and other material statutory dues in arrears as at 31st March 2020 for a period of more than six months from the date they became payable.

   c) The details of dues of Income Tax and Service Tax which has not been deposited as on 31st March 2020 on account of disputes are given below:

Name of Statue	Nature of Dues	Forum where dispute is pending	Period to which the Amount relates	Amount Unpaid (Rs. in Lakhs)
Income Tax Act, 1961	Income Tax	Honourable Supreme court of India	AY 2011-12	171.45
Finance Act, 1994	Service Tax	CESTAT	2008-2017	365.82

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not taken any loans or borrowings from government and has not issued any debentures.

ix. In our opinion and according to the information and explanations given to us, the term loan has been applied by the Company during the year for the purpose for which they are obtained other than temporary deployment pending application. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments).

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such cases by the Management.

xi. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not paid/provided managerial remuneration covered under the provisions of Section 197 read with Schedule V to the Act and accordingly reporting under clause (xi) of CARO 2016 is not applicable.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of CARO 2016 is not applicable.

xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN : 20204764AAAAAZ9231

Place: Chennai
Date: 22 April 2020

BALANCE SHEET AS AT 31 MARCH, 2020

(Amounts in INR Lakhs)

Particulars	Note No.	As at 31 March, 2020	As at 31 March, 2019
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3	**3,227.75**	3,599.36
(b) Capital Work in Progress	3	**27.00**	-
(c) Intangible assets	3	**-**	-
(d) Financial Assets			
(i) Investments			
(a) Investments in Associate	4	**1,300.00**	1,300.00
(b) Investments in Joint Venture	4	**10,200.00**	10,200.00
(ii) Other Financial Assets	5	**4.53**	4.03
(e) Other Non-current Assets	6	**2,205.58**	1,856.74
		16,964.86	16,960.13
Current assets			
(a) Inventories	7	**27,599.37**	27,008.35
(b) Financial assets			
(i) Trade Receivables	8	**564.86**	1,650.97
(ii) Cash and Cash Equivalents	9	**171.32**	110.28
(iii) Other Financial Assets	5	**34.24**	84.23
(c) Other Current Assets	6	**3,379.52**	3,391.74
		31,749.31	32,245.57
Total Assets		**48,714.17**	49,205.70
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	10	**2,000.00**	2,000.00
(b) Other Equity	11	**12,057.44**	13,160.31
Total Equity		**14,057.44**	15,160.31
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12A	**24,237.16**	20,327.33
(ii) Other Financial Liabilities	13	**1.42**	1.09
(b) Other Liabilities	14	**1,399.18**	1,408.67
(c) Deferred Tax Liabilities (Net)	15	**1,763.65**	2,218.73
(d) Provisions	16	**28.23**	35.66
Total Non-current liabilities		**27,429.64**	23,991.48
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12B	**5,816.97**	8,520.09
(ii) Trade Payable			
total outstanding dues of micro enterprises and small enterprises	17	**75.58**	48.23
total outstanding dues of creditors other than micro enterprises and small enterprises	17	**754.46**	1,027.77
(iii) Other Financial Liabilities	13	**40.98**	28.72
(b) Other Current Liabilities	14	**507.47**	422.40
(c) Provisions	16	**31.63**	6.70
Total Current Liabilities		**7,227.09**	10,053.91
Total Liabilities		**34,656.73**	34,045.39
Total Equity and Liabilities		**48,714.17**	49,205.70
Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 39 are an integral part of the financial statements.

In terms of our Report of even date
For **B.K. Khare & Co.**
Chartered Accountants

For and on behalf of the board of directors of
Mahindra World City Developers Limited

A K Nanda
Chairman
(DIN:00010029)

Sangeeta Prasad
Director
(DIN: 02791944)

Place: Chennai
Date: 22nd April 2020

Vimal Agarwal
Business Head (CEO)

Bharathy K
Chief Financial Officer

A Muthukumaran
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

(Amounts in INR Lakhs)

Particulars	Note No.	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Income			
I. Revenue from operations	18	4,219.23	13,306.68
II. Other income	19	139.12	269.56
III. Total income (I + II)		4,358.35	13,576.24
Expenses			
(a) Cost of Projects			
Cost of Projects	20	571.23	5,317.92
Operation & Maintenance Expenses	21	1,743.55	1,663.06
(b) Employee Benefits Expense	22	411.27	322.29
(c) Depreciation/Amortisation Expense	3	382.87	383.35
(d) Finance Costs	23	1,848.23	2,125.63
(e) Other expenses	24	702.81	1,031.05
IV. Total Expenses		5,659.96	10,843.30
V. (Loss)/Profit before tax (III) - (IV)		(1,301.61)	2,732.94
Tax expenses			
Current tax	15	–	1,060.00
Deferred tax	15	(471.27)	(240.51)
Income tax relating to earlier years(net)		27.12	279.00
VI. Total tax expense		(444.15)	1,098.49
VII. (Loss)/ Profit for the year (V - VI)		(857.46)	1,634.45
Other Comprehensive (Loss) / Income			
Items that will not be reclassified to profit or loss			
(a) Remeasurement of the defined benefit plans		(6.06)	2.19
(b) Income tax relating to Items that will not be reclassified to profit or loss		(1.76)	0.64
VIII. Other Comprehensive (loss)/Income for the year		(4.30)	1.55
Total Comprehensive (Loss)/Income for the year (VII + VIII)		(861.76)	1,636.00
Earnings per equity share (face value of Rs. 10/- each)	27		
Basic & Diluted earnings per share (Rs.)		(4.29)	8.17
Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 39 are an integral part of the financial statements.

In terms of our Report of even date
For **B.K. Khare & Co.**
Chartered Accountants

For and on behalf of the board of directors of
Mahindra World City Developers Limited

A K Nanda
Chairman
(DIN:00010029)

Sangeeta Prasad
Director
(DIN: 02791944)

Place: Chennai
Date: 22nd April 2020

Vimal Agarwal
Business Head (CEO)

Bharathy K
Chief Financial Officer

A Muthukumaran
Company Secretary

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2020

(Amounts in INR Lakhs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Cash flow from operating activities		
(Loss)/Profit before tax for the year	**(1,307.67)**	2,732.94
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	**382.87**	383.35
Profit on sale of plant, property and equipment	**–**	(8.26)
Finance Costs	**1,848.23**	2,125.63
Interest Income	**(1.16)**	(1.03)
Dividend Income	**–**	(149.50)
Operating Profit before working capital changes	**922.27**	5,083.13
Working Capital changes:		
Decrease in Inventories	**532.66**	5,266.32
Decrease/(Increase) in Trade Receivables	**1,086.11**	(1,221.94)
Decrease in Financial Assets	**49.99**	8.82
(Increase)/Decrease in Other Assets	**(24.93)**	55.67
(Decrease)/Increase in Trade payables	**(245.99)**	146.22
Increase/(Decrease) in Financial Liabilities	**12.59**	(111.74)
Increase in Other Liabilities	**75.58**	246.50
Increase in Provisions	**17.50**	19.25
Cash generated from operations	**2,425.78**	9,492.23
Direct taxes paid (net of refunds)	**(320.85)**	(495.07)
Net cash generated by operating activities (A)	**2,104.93**	8,997.16
Cash flows from investing activities		
Purchase of property, plant and equipment (PPE)	**(38.25)**	(237.20)
Proceeds from sale of PPE	**–**	8.26
Increase in Bank Deposits not considered Cash and Cash Equivalents	**(0.50)**	(4.03)
Interest received		
Related parties	**–**	–
Others	**1.16**	1.03
Dividend Received	**–**	149.50
Net cash used in investing activities (B)	**(37.59)**	(82.44)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2020 (Cont'd)

(Amounts in INR Lakhs)

Particulars	**For the year ended 31 March, 2020**	For the year ended 31 March, 2019
Cash flows from Financing activities		
Proceeds of short term borrowings from related party	**2,000.00**	200.00
Repayment of short term borrowings from related party	**–**	(200.00)
Dividend paid	**(200.00)**	–
Dividend distribution tax paid	**(41.11)**	–
Proceeds from long term borrowings	**5,400.00**	27,100.00
Repayment of long term borrowings	**(1,532.37)**	(32,663.28)
Interest Paid	**(2,929.70)**	(3,300.70)
Net cash generated from/(used in) Financing activities (C)	**2,696.82**	(8,863.98)
Net increase in cash and cash equivalents (A + B + C)	**4,764.16**	50.74
Cash and cash equivalents at the beginning of the year	**(8,409.81)**	(8,460.55)
Cash and cash equivalents at the end of the year (Refer Note 9)	**(3,645.65)**	(8,409.81)

Summary of Significant Accounting Policies 2

The accompanying notes 1 to 39 are an integral part of the financial statements.

Change in Liabilities arising from financing activities

Particulars	**As at 01st April, 2019**	**Cash Flow**	**Other Adjustments**	**As at 31st March, 2020**
Non Current Borrowings (Refer Note 12A)	20,327.33	3,867.63	42.20	24,237.16
Current Borrowings (Refer Note 12B)	–	2,000.00	–	2,000.00
Total	**20,327.33**	**7,525.43**	**42.20**	**27,894.96**

The above Cash Flow Statement has been prepared under the "indirect method" as set out in 'Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows'.

The accompanying notes 1 to 39 are an integral part of the financial statements.

In terms of our Report of even date
For **B.K. Khare & Co.**
Chartered Accountants

For and on behalf of the board of directors of
Mahindra World City Developers Limited

A K Nanda
Chairman
(DIN:00010029)

Sangeeta Prasad
Director
(DIN: 02791944)

Place: Chennai
Date: 22nd April 2020

Vimal Agarwal
Business Head (CEO)

Bharathy K
Chief Financial Officer

A Muthukumaran
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2020

A. Equity Share Capital

Particulars	No. of Shares	Amount in Lakhs
Equity Shares of Rs. 10 each issued, subscribed and fully paid		
As at 1 April 2018	2,00,00,000	2,000.00
Changes in share capital	–	–
As At 31 March 2019	2,00,00,000	2,000.00
Changes in share capital	–	–
As At 31 March 2020	**2,00,00,000**	**2,000.00**

B. Other Equity

(Amounts in INR Lakhs)

Particulars	Other Equity			Total
	General Reserve (Note 11)	Capital Redemption Reserve (Note 11)	Retained earnings (Note 11)	
As at 1 April 2018	345.00	6,500.00	4,679.31	11,524.31
Profit for the year	–	–	1,634.45	1,634.45
Other Comprehensive Income*	–	–	1.55	1.55
As at 31 March 2019	345.00	6,500.00	6,315.31	13,160.31
Loss for the year	–	–	(857.46)	(857.46)
Other Comprehensive (Loss)*	–	–	(4.30)	(4.30)
Dividend Payout including DDT	–	–	(241.11)	(241.11)
As at 31 March 2020	**345.00**	**6,500.00**	**5,212.44**	**12,057.44**

* Remeasurement gains/(losses) net of taxes on defined benefit plans during the year is recognised as part of retained earnings

The accompanying notes 1 to 39 are an integral part of the financial statements.

In terms of our Report of even date
For **B.K. Khare & Co.**
Chartered Accountants

For and on behalf of the board of directors of
Mahindra World City Developers Limited

A K Nanda
Chairman
(DIN:00010029)

Sangeeta Prasad
Director
(DIN: 02791944)

Place: Chennai
Date: 22nd April 2020

Vimal Agarwal
Business Head (CEO)

Bharathy K
Chief Financial Officer

A Muthukumaran
Company Secretary

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

1. General Information

Mahindra World City Developers Limited ("the Company") was incorporated on February 19, 1997. The Company is in the business of land development for industrial, commercial and residential use. The Company acquires land and incurs expenditure on its development and related infrastructure facilities for lease/sale. The Company also maintains the Industrial Park for which it collects operation and maintenance charges from the lessees. The Company has developed and operates an integrated business city "Mahindra World City" at Chengalpattu taluk near Chennai.

Promoted in a Public Private Partnership by the Mahindra Group and Tamilnadu Industrial Development Corporation Limited (A Government of Tamil Nadu Undertaking), Mahindra World City surpasses the conventional definition of a business space - it is a business eco-system, carefully linked and integrated to function with efficiency. Mahindra World City, Chennai is India's first integrated City and Corporate India's first operational SEZ.

Etching its name on India's business map, Mahindra World City Chennai, has attracted corporate giants such as BMW, B.Braun, Capgemini, Holiday Inn Express, Infosys, BASF, Lincoln Electric, Parker Hannifin, Renault-Nissan, Tesa SE, Federal Mogul, Fujitec, NTN Corporation, Timken, TVS Group of Companies and Wipro among others.

The Registered office of the company is located at Ground Floor, Mahindra Towers, 17/18, Patulous Road, Chennai, Tamil Nadu -600 002.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in their meeting held on April 22, 2020.

2.2 Basis of Measurement

2.2.1 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.2.2 Exemption from preparation of consolidated financial statements

The Company has investments in an Associate and a Joint venture. The Holding company, Mahindra Lifespaces Developers Limited, having its registered office at 5th floor, Mahindra Towers, Worli, Mumbai 400 018 are presenting the consolidated financial statements. The Company has therefore availed the exemption under paragraph 4(a) of Ind AS 110 having satisfied the conditions for exemption from preparing consolidated financial statements as per Companies (Accounts) Amendments Rules, 2016 and thereby does not present consolidated financial statements.

Consequently, the accounting policies mentioned herein relate to the standalone financial statements of the Company.

2.2.3 Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 Inputs for the asset or liability that are not based on observable market data(unobservable inputs)

2.2.4 Current versus non-current classification

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Based on the nature of activity carried out by the company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 1 year for the purpose of Current – Non Current classification of assets & liabilities.

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

— Expected to be realised or intended to be sold or consumed in normal operating cycle

— Held primarily for the purpose of trading

— Expected to be realised within twelve months after the reporting period, or

— Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

— It is expected to be settled in normal operating cycle

— It is held primarily for the purpose of trading

— It is due to be settled within twelve months after the reporting period, or

— There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Borrowings are classified as current if they are due to be settled within 12 months after the reporting period.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.3.1 Land Lease Premium

Land lease premium is recognized as income upon creation of leasehold rights in favour of the lessee or upon an agreement to create leasehold rights with handing over of possession.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

2.3.2 Sale of land

Revenue from Sale of land and other rights is generally a single performance obligation and the Company has determined that this is satisfied at the point in time when control transfers as per the terms of the contract entered into with the buyers, which generally are with the firmity of the sale contracts/agreements.

2.3.3 Project Management fee

Project Management Fees receivable on fixed period contracts is accounted over the tenure of the contract/ agreement. Where the fee is linked to the input costs, revenue is recognised as a proportion of the work completed based on progress claims submitted. Where the management fee is linked to the revenue generation from the project, revenue is recognised on the percentage of completion basis. .

2.3.4 Income from Operation & Maintenance (O&M)

Income from operation & maintenance charges and water charges are recognized on an accrual basis as per terms of the agreement with the lessees.

2.3.5 Dividend and interest income

Dividend income from investments from Joint ventures and Associates is recognised when the unit holder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.4.1 The Company as a Lessor

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.4.2 The Company as a Lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. The assets given by the Company on operating leases are capitalised in the books as fixed assets. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.5 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.5.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

2.5.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.5.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

2.7 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Furniture & Fixtures and Office equipment's are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation on tangible fixed assets has been provided on pro-rata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

2.8 Impairment of tangible and intangible asset other than Goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash generating unit, as the case may be, is estimated and the impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Work in progress includes cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

2.10 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/ (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.12 Provisions, contingent liabilities and contingent assets

2.12.1 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.12.2 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.12.3 Contingent liabilities

Contingent liability is disclosed in case of:

a. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

b. a present obligation arising from past events, when no reliable estimate is possible.

2.12.4 Contingent assets

Contingent assets are disclosed where an inflow of economic benefits is probable.

2.13 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.14 Foreign currency transactions and translations

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets/liabilities are translated at exchange rates prevailing on the date of settlement or at the year-end as applicable, and gain/loss arising out of such translation is adjusted to the profit and loss account.

2.15 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.15.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for Financial assets at fair value through other comprehensive income (FVTOCI) debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

The Management assessed that fair value of cash and short-term deposits, trade receivables, other current assets, trade payables, book overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

2.15.2 The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair-value of the financial-instruments factor the uncertainties arising out of COVID-19, where applicable.

2.15.3 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at financial assets at fair value through profit or loss ("FVTPL"). Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.15.4 Financial assets at fair value through profit or loss (FVTPL)

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right Offsetting Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.15.5 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

In addition the Company has also considered credit reports and other credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19. The Company believes that the carrying amount of allowance for expected credit loss with respect to trade receivables, unbilled revenue and other financial assets is adequate.

2.15.6 *Derecognition of financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.15.7 *Foreign exchange gains and losses*

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency, denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.16 *Financial liabilities and equity instruments*

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.16.1 *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.16.1.1 ***Financial liabilities***

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2.16.1.2 ***Financial liabilities subsequently measured at amortised cost***

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.16.1.3 ***Derecognition of financial liabilities***

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.17 ***Employee benefits***

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.18 ***Earnings per Share***

Basic/Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

2.19 ***Insurance Claims***

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.20 ***Goods and Services tax input credit***

Goods and Services tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing/utilising the credits.

2.21 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2.1 to 2.20, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of trade receivables including unbilled

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

receivables, goodwill, intangible assets and investments. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Since December 2019, COVID - 19, a new strain of Coronavirus, has spread globally, including India. This event significantly affects economic activity worldwide and, as a result, could effect the operations and results of the Company. The impact of the Coronavirus on our business will depend on future developments that cannot be reliably predicted, including action to contain or treat the disease and multiple its impact on the economies of the affected carrier among others.

The impact of the global health pandemic, might be different from the estimated is as the date of approval of these financial results and the Company will closely monitor any material changes to future economic conditions.

3. Property, Plant and Equipment

(Amounts in INR Lakhs)

Description of Assets	Land - Freehold	Buildings - (Own use)	Plant and Equipments	Office equipments	Furniture and fixtures	Vehicles	Computers	Total
I. Gross Carrying Amount								
Balance as at 1 April, 2018	195.05	2,474.70	2,491.96	125.01	502.29	52.20	54.44	5,895.65
Additions	–	272.08	2.75	12.85	29.69	–	4.01	321.38
Disposals	–	–	–	–	–	(38.17)	–	(38.17)
Balance as at 31 March, 2019	**195.05**	**2,746.78**	**2,494.71**	**137.86**	**531.98**	**14.03**	**58.45**	**6,178.86**
II. Accumulated depreciation								
Balance as at 1 April, 2018	–	619.06	1,256.77	80.71	186.12	51.67	39.99	2,234.32
Depreciation expense for the year	–	98.32	195.97	20.99	59.99	0.53	7.55	383.35
Eliminated on disposal of assets	–	–	–	–	–	(38.17)	–	(38.17)
Balance as at 31 March, 2019	**–**	**717.38**	**1,452.74**	**101.70**	**246.11**	**14.03**	**47.54**	**2,579.50**
III. Net carrying amount (I-II)								
Balance as at 31 March, 2019	**195.05**	**2,029.40**	**1,041.97**	**36.16**	**285.87**	**–**	**10.91**	**3,599.36**
Balance as at 31 March, 2018	**195.05**	**1,855.64**	**1,235.19**	**44.30**	**316.17**	**0.53**	**14.45**	**3,661.33**
I. Gross Carrying Amount								
Balance as at 1 April, 2019	195.05	2,746.78	2,494.71	137.86	531.98	14.03	58.45	6,178.86
Additions	–	–	–	10.80	–	–	0.45	11.25
Disposals	–	–	–	–	–	–	–	–
Balance as at 31 March, 2020	**195.05**	**2,746.78**	**2,494.71**	**148.66**	**531.98**	**14.03**	**58.90**	**6,190.11**
II. Accumulated depreciation								
Balance as at 1 April, 2019	–	717.38	1,452.74	101.70	246.11	14.03	47.54	2,579.50
Depreciation expense for the year	–	102.63	190.64	20.99	62.88	–	5.72	382.86
Eliminated on disposal of assets	–	–	–	–	–	–	–	–
Balance as at 31 March, 2020	**–**	**820.01**	**1,643.38**	**122.69**	**308.99**	**14.03**	**53.26**	**2,962.36**
III. Net carrying amount (I-II)								
Balance as at 31 March, 2020	**195.05**	**1,926.77**	**851.33**	**25.97**	**222.99**	**–**	**5.64**	**3,227.75**
Balance as at 31 March, 2019	**195.05**	**2,029.40**	**1,041.97**	**36.16**	**285.87**	**–**	**10.91**	**3,599.36**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

Intangible Assets

(Amounts in INR Lakhs)

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April, 2018	59.16	59.16
Additions	–	–
Disposals	–	–
Balance as at 31 March, 2019	**59.16**	**59.16**
II. Accumulated amortisation		
Balance as at 1 April, 2018	59.16	59.16
Amortisation expense for the year	–	–
Eliminated on disposal of assets	–	–
Balance as at 31 March, 2019	**59.16**	**59.16**
III. Net carrying amount (I-II)		
Balance as at 31 March, 2019	–	–
Balance as at 31 March, 2018	–	–

(Amounts in INR Lakhs)

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April, 2019	59.16	59.16
Additions	–	–
Disposals	–	–
Balance as at 31 March, 2020	**59.16**	**59.16**
II. Accumulated amortisation		
Balance as at 1 April, 2019	59.16	59.16
Amortisation expense for the year	–	–
Eliminated on disposal of assets	–	–
Balance as at 31 March, 2020	**59.16**	**59.16**

(Amounts in INR Lakhs)

Description of Assets	Computer Software	Total
III. Net carrying amount (I-II)		
As At 31 March, 2020	–	–
As At 31 March, 2019	–	–

Refer note 2 for Company's policy on recognition and measurement of Property Plant , Equipment, Intangible and Depreciation/amortisation methods used.

Movement of Capital Work in Progress

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Opening Balance	–	99.69
Additions	**27.00**	214.13
Subtotal	**27.00**	313.82
Capitalised during the year	–	(313.82)
Closing Balance	**27.00**	–

4. **Investments**

Particulars	As at 31 March, 2020	As at 31 March, 2019
Cost		
Unquoted Investments (all fully paid)		
Investments in Associate	**1,300.00**	1,300.00
Mahindra Integrated Township Limited		
1,30,00,000 Shares @ INR 10 Per Share		
Investments in Joint Venture	**10,200.00**	10,200.00
Mahindra Industrial Park chennai Limited		
10,20,00,000 Shares @ INR 10 Per Share		
Total Unquoted Investments at Cost	**11,500.00**	11,500.00

5. **Other Financial assets**

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Non-current	Current	Non-current	Current
Advances,Considered good				
Advances for purchase of land - unsecured	–	**34.05**	–	34.05
Unsecured, considered good unless stated otherwise				
Fixed deposits under lien	**4.53**	–	4.03	–
Recoverable Expense*	–	**0.19**	–	50.18
Total Other assets	**4.53**	**34.24**	4.03	84.23

*31st March-19: Recoverable Expense represents excess interest on Overdraft charged and acknowledged by HDFC Bank Limited.

6. **Other Assets**

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Non-current	Current	Non-current	Current
Advances				
Advances to employees	–	**0.16**	–	–
Advances for purchase of land - secured***	–	**3,347.04**	–	3,347.04
Advances to suppliers considered good	–	**13.37**	–	–
	–	**3,360.57**	–	3,347.04

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Non-current	**Current**	Non-current	Current
Others				
Advance income-tax (Net of Provision for Tax FY 2019-20 Rs. 3101.47 lakhs, FY 2018-19 Rs. 4,131.76 lakhs)*	**2,112.40**	–	1,800.71	–
Security Deposits	**60.28**	**3.50**	56.03	3.50
Prepaid Expenses	–	**15.45**	–	9.85
Balances with statutory/government authorities (Other than Income tax)**	**32.90**	–	–	31.35
	2,205.58	**18.95**	1,856.74	44.70
Total Other Assets	**2,205.58**	**3,379.52**	1,856.74	3,391.74

* 31-03-2020: Advance income-tax includes payments made under protest Rs. 433.78 Lakhs and Refunds issued by the income tax department and adjusted by department Rs. 692.52 lakhs.
31-03-2019: Advance income-tax includes payments made under protest Rs. 353.16 Lakhs, Refunds issued by the income tax department and adjusted by department Rs. 692.52 lakhs and provision for income tax netted of Rs. Rs.210.26 Lakhs.

** 31-03-2020 and 31-3-2019: Balances with Government authorities includes payment of Rs. 29.79 Lakhs made under protest against service tax demands.

*** Advance for purchase of Land is secured by equitable Mortgage by deposit of title deeds of 39.19 acres of land at Varadarajapuram , Kancheepuram Dist. Tamilnadu.

7. Inventories

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Work in progress (representing cost of land and related expenditure)	**27,573.70**	26,991.17
Inventory	**25.67**	17.18
Total Inventories	**27,599.37**	27,008.35

(i) The Cost of inventories recognised as expenses during the year in respect of continuing operations was INR 571.23 Lakhs (31st March 2019 was INR 5,317.92 Lakhs).

(ii) The Carrying amount of inventories pledged as security for liabilities - Refer note 12 A Non Current Borrowings.

(iii) Mode of Valuation of Inventories is Cost or Net Realisable Value whichever is lower.

(iv) Borrowing costs inventorised relates to interest on borrowings referred in Notes 12A and 12B considered in the ratio of land inventories pending to be developed to the total inventories.

(v) Based on detailed assessment and evaluation of impact of the COVID-19 epidemic, the management concluded that the realiseable value of these inventories will not be lower than the carrying value as stated above.

8. Trade Receivables

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Trade Receivables:		
Unsecured Considered Good	**564.86**	1,650.97
Receivables with significant credit risk	**71.25**	58.02
Less: Provision for expected credit losses	**(71.25)**	(58.02)
Total Trade Receivables	**564.86**	1,650.97

Trade receivables are non-interest bearing and the average credit period on service rendered is as per the terms of the service agreement with clients. Credit period allowed to customers varies between 7 days to 30 days.

Refer Note No.31 for Credit Risk Management on Receivables.

9. Cash and Cash Equivalents

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Cash and cash equivalents		
Balances with banks:		
– On current accounts	**171.27**	110.15
Cash on hand	**0.05**	0.13
Total Cash and cash equivalents	**171.32**	110.28

Reconciliation of Cash and Cash Equivalents

Particulars	As at 31 March, 2020	As at 31 March, 2019
Total Cash and Cash Equivalents as per Balance Sheet	**171.32**	110.28
Overdraft with Banks (Note 12B)	**(3,816.97)**	(8,520.09)
Total Cash and Cash Equivalents as per Statement of Cashflow	**(3,645.65)**	(8,409.81)

10. Equity

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Authorized shares		
2,50,00,000 Ordinary Equity Shares of Rs.10 each with Voting rights	**2,500.00**	2,500.00
50,00,000 Unclassified Shares of Rs.10 each with Voting rights	**500.00**	500.00
65,00,000 Cumulative Redeemable preference shares of Rs. 100 each	**6,500.00**	6,500.00
	9,500.00	9,500.00
Issued, subscribed and fully paid-up shares		
2,00,00,000 Ordinary Equity Shares of Rs.10 each with Voting rights	**2,000.00**	2,000.00
Total issued, subscribed and fully paid-up share capital	**2,000.00**	2,000.00

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Changes during the year	Closing Balance
Ordinary Equity Shares			
Year Ended 31 March, 2020			
No. of Shares	**2,00,00,000**	–	2,00,00,000
Amount	**2,000.00**	–	2,000.00
Year Ended 31 March, 2019			
No. of Shares	**2,00,00,000**	–	2,00,00,000
Amount	**2,000.00**	–	2,000.00

(a) Terms/ rights attached to equity shares

The Company has only one class of Equity Shares having a par value of Rs. 10/- per share. Each holder of Equity Shares is entitled to one vote per share. Dividends are paid in Indian Rupees. The dividends proposed by the Board of Directors are subject to the approval of the shareholders at the Annual General Meeting. Repayment of capital will be in proportion to the number of equity shares held.

Repayment of capital will be in proportion to the number of equity shares held.

(ii) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31 March, 2020		As at 31 March, 2019	
	No.	% holding in the class	No.	% holding in the class
Equity shares with voting rights				
– Mahindra Lifespace Developers Limited	**1,77,99,999**	**89%**	1,77,99,999	89%
– Tamilnadu Industrial Development Corporation Limited	**22,00,000**	**11%**	22,00,000	11%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

11. Other Equity

(Amounts in INR Lakhs)

Particulars	Other Equity			
	General Reserve	Capital Redemption Reserve	Retained earnings	Total
Balance as at 1 April, 2018	345.00	6,500.00	4,679.31	11,524.31
Profit for the year	–	–	1,634.45	1,634.45
Other Comprehensive Income	–	–	1.55	1.55
Balance as at 31 March, 2019	345.00	6,500.00	6,315.31	13,160.31
Loss for the year	–	–	(857.46)	(857.46)
Other Comprehensive (Loss)	–	–	(4.30)	(4.30)
Dividend Payout including DDT	–	–	(241.11)	(241.11)
Balance as at 31 March, 2020	**345.00**	**6,500.00**	**5,212.44**	**12,057.44**

General Reserve: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. Items included under General Reserve shall not be reclassified back into the Statement of Profit & Loss.

Capital Redemption Reserve: The Capital Redemption Reserve was created against redemption of Preference Shares.

Retained Earnings: This reserve represents cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

12A. Non current borrowings

Details of Long term Borrowings of the Company:

(Amounts in INR Lakhs)

Description of the instrument	Currency of Loan	Coupon Rate	Repayment Bullet (or) Instalment	Number of Instalments	Date of earliest Redemption (or) Conversion	Amortised cost as at 31 March, 2020	Amortised cost as at 31 March, 2019
A. Secured Borrowings:							
a) Term Loans							
(i) From Financial Institution							
HDFC Limited - Term Loan	INR	9.10% to 12%	75% of Sales/ lease proceeds and Instalment	12	Aug-21	**24,237.16**	20,327.33
Total Secured Borrowings						**24,237.16**	20,327.33
Total Non Current Borrowings						**24,237.16**	20,327.33

Term Loan from Financial Institution - Secured Borrowings

HDFC Term Loan - Sanctioned amount INR 32,500.00 Lakhs From HDFC Ltd carries an interest of HDFC CPLR - 895 points. Principal to be repaid in 8 equal quarterly instalments , commencing from August 2021, after a moratorium of 38 months. Current prevailing rate of interest is 9.95%. Further, It is mandatory to prepay Principal using 75% of Land lease/sale proceeds from the date of availing this term loan.

The Term loans is secured by equitable Mortgage by deposit of title deeds of 60.438 acres of land at Mahindra World City , Chengalpattu with carrying value of INR 2,652 Lakhs and 236.027 acres of land in NH16 near Ponneri/Gummidipundi with a carrying value of INR 19,588 Lakhs.

There are no defaults in case of either interest or principal with respect to payments for the above borrowings.

Terms of Repayment of terms loans are as under

As at 31 March, 2020

(Amounts in INR Lakhs)

Particulars	Amount Outstanding	Terms of Repayment	Rate of Interest
HDFC Limited Term Loan (Secured)	**24,237.16**	Principal to be repaid in 8 equal quarterly instalments, commencing from Aug 2021, after a moratorium of 38 months. Current prevailing rate of interest is 9.95%.	9.95%
Total	**24,237.16**		

As at 31 March, 2019

Particulars	Amount Outstanding	Terms of Repayment	Rate of Interest
HDFC Limited Term Loan (Secured)	**20,327.33**	Principal to be repaid in 8 equal quarterly instalments, commencing from Aug 2021, after a moratorium of 38 months. Current prevailing rate of interest is 10.40%.	10.40%
Total	**20,327.33**		

12B. Current borrowings (Amortised cost)

Details of Current Borrowings of the Company:

(Amounts in INR Lakhs)

Description of the instrument	Currency of Loan	Coupon Rate	As at 31 March, 2020	As at 31 March, 2019
A. Unsecured Borrowings at amortised cost:				
HDFC Bank Limited - Overdraft of INR 25 Crores (PY INR 50 Crores)	INR	9.35%	**2,159.17**	3,706.49
Axis Bank Limted - Overdraft of INR 25 Crores (PY INR 50 Crores)			–	4,813.60
Mahindra Residential Developers Limited - ICD Loan repayable within 1 year	INR	9.50%	**2,000.00**	–
Total Unsecured Borrowings			**4,159.17**	8,520.09
B. Secured Borrowings at amortised cost:				
Axis Bank Limted - Overdraft of INR 25 Crores	INR	8.60%	**1,657.80**	–
Total Secured Borrowings			**1,657.80**	–
Total Current borrowings			**5,816.97**	8,520.09

Axis Bank Overdraft is secured during the current financial year:

– by First pari passu charge of current assets of the Company excluding inventories.

– by Second/Residual charge on Lands mortgaged to HDFC Limited for Term loan availed. (Refer note no. 12A)

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

13. Other Financial Liabilities at amortised cost

(Amounts in INR Lakhs)

Particulars	As at March 31, 2020 Non-current	As at March 31, 2020 Current	As at March 31, 2019 Non-current	As at March 31, 2019 Current
Deposits				
Security deposits received from lessees	**1.42**	–	1.09	–
	1.42	–	1.09	–
Others				
Payable on purchase of PPE	–	**5.00**	–	5.00
Earnest money deposit	–	**2.80**	–	2.80
Rental/Other deposit from customers	–	**33.18**	–	20.92
	–	**40.98**	–	28.72
Total Other Financial Liabilities	**1.42**	**40.98**	1.09	28.72

14. Other liabilities

(Amounts in INR Lakhs)

Particulars	As at March 31, 2020 Non-current	As at March 31, 2020 Current	As at March 31, 2019 Non-current	As at March 31, 2019 Current
Advance from customers	–	**392.00**	–	67.00
Statutory dues payable	–	**23.39**	–	248.96
Deferred Income	**952.00**	**88.25**	1,025.72	106.44
Unearned Income	**447.18**	**3.83**	382.95	–
Total Other Liabilities	**1,399.18**	**507.47**	1,408.67	422.40

15. Income Tax

(a) Income Tax recognised in profit or loss

(Amounts in INR Lakhs)

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Current Tax:		
In respect of current year	–	1,060.00
Deferred Tax	**(471.27)**	(240.51)
Income tax of earlier years	**27.12**	279.00
Total income tax (credit)/expense on income from operations	**(444.15)**	1,098.49

(b) Reconciliation of estimated income tax expense at tax rate to income tax expense reported in Profit or Loss is as follows:

(Amounts in INR Lakhs)

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Profit before tax	**(1,301.61)**	2,732.94
Income tax expense calculated at statutory rate***	**(379.00)**	796.00
Disallowance u/s 14A for expense incurred on investment	**33.49**	33.49
Dividend income exempt from tax	–	(44.00)
Changes based on return of income filed for the year	**(114.41)**	279.00
Impact of difference between depreciation as per Income tax act book depreciation	**41.38**	32.12
Non deductible exepenses under income tax	**15.26**	–
Changes in Deferred tax asset/Liability due to Effective rate changes	–	–
Others- Provision for Doubtful debts, Provisions	**(40.87)**	1.88
	(444.15)	1,098.49
Income tax (credit) / expense recognised In profit or loss	**(444.15)**	1,098.49

*** The Tax Rate used for 31st March 2020 and 31st March 2019 reconciliations above are the corporate tax rate of 29.12% payable by Corporate Entities in India on taxable profits under Indian Income Tax Act laws.

(c) Movement in deferred tax balances

(Amounts in INR Lakhs)

Particulars	For the Year ended 31 March, 2020 Opening Balance	For the year	Earlier year Adjustments	Closing Balance
Tax effect of items constituting deferred tax Liabilities				
Property, Plant and Equipment	**481.37**	**(135.50)**	–	**345.87**
Interest Inventorised	**2,361.92**	**(56.89)**	–	**2,305.03**
FVTPL Financials Asset & Liabilties	**38.88**	**(22.70)**	–	**16.18**
Total Deferred Tax Liabilities	**2,882.17**	**(215.09)**	–	**2,667.08**
Tax effect of items constituting deferred tax assets				
Section 43B disallowances	**12.33**	**5.09**	–	**17.42**
Business loss	–	**179.00**	–	**179.00**
Unabsorbed depreciation loss	–	**70.01**	–	**70.01**
Provision for doubtful debts	**16.90**	**3.85**	–	**20.75**
MAT Credit	**634.21**	–	–	**634.21**
MAT credit utilised during the year	–	–	–	**(17.96)**
Total Deferred Tax Asset	**663.44**	**257.95**	–	**903.43**
Net Deferred Tax Liabilities	**2,218.73**	**(473.04)**	–	**1,763.65**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

(Amounts in INR Lakhs)

Particulars	For the Year ended 31 March, 2019 Opening Balance	For the year	Earlier year Adjustments	Closing Balance
Tax effect of items constituting deferred tax Liabilities				
Property, Plant and Equipment	**475.04**	**64.06**	**(57.73)**	**481.37**
Interest Inventorised	**1,636.84**	**(245.75)**	**970.83**	**2,361.92**
FVTPL Financials Asset & Liabilties	**92.10**	**(53.22)**	**–**	**38.88**
Total Deferred Tax Liabilities	**2,203.98**	**(234.91)**	**913.10**	**2,882.17**
Tax effect of items constituting deferred tax assets				
Section 43B disallowances	**23.84**	**4.95**	**(16.46)**	**12.33**
Provision for doubtful debts	**16.90**	**–**	**–**	**16.90**
MAT Credit	**840.00**	**–**	**274.15**	**1,114.15**
MAT credit utilised during the year	**–**	**–**	**–**	**(479.94)**
FVTPL Financials Asset & Liabilties	**272.10**	**–**	**(272.10)**	**–**
Total Deferred Tax Asset	**1,152.84**	**4.95**	**(14.41)**	**663.44**
Net Deferred Tax Liabilities	**1,051.14**	**(239.86)**	**927.51**	**2,218.73**

16. Provisions

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2020 Non-current	As at 31 March, 2020 Current	As at 31 March, 2019 Non-current	As at 31 March, 2019 Current
Employee Benefits (Refer note 29)				
Gratuity	**–**	**28.17**	13.36	3.82
Leave Encashment	**28.23**	**3.46**	22.30	2.88
Total Provisions	**28.23**	**31.63**	35.66	6.70

17. Trade Payables

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Trade payable - Micro and small enterprises*	**75.58**	48.23
Trade payable - Other than micro and small enterprises	**754.46**	1,027.77
	830.04	1,076.00

* (i) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. Usually, Credit period with vendors varies from 15 days to 30 days.

(ii) Refer Note 34 for Disclosures on Micro and Small Enterprises.

18. Revenue from Operations

(Amounts in INR Lakhs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Land Lease Premium	**466.70**	7,529.70
Sale of land	**912.45**	2,863.25
Rental income	**74.79**	82.92
Operation and maintenance income	**2,338.96**	2,411.69
Club membership fees	**68.06**	67.79
Club Annual subscription fees	**60.45**	56.24
Club operating income	**245.66**	223.09
Project Management Fees	**52.16**	72.00
Total Revenue from operations	**4,219.23**	13,306.68

19. Other Income

(Amounts in INR Lakhs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Other non operating income		
Transfer Fees	**4.85**	50.21
Dividend Income	**–**	149.50
Liability no longer required written back	**25.78**	–
Profit on sale of PPE	**–**	8.26
Interest on Bank Fixed deposits	**1.16**	1.03
Miscellaneous Income	**107.33**	60.56
Total Other Income	**139.12**	269.56

20. Cost of Projects

(Amounts in INR Lakhs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Inventories at the beginning of the year		
Work-in-progress	**26,991.17**	30,920.74
Add: Expenses Incurred during the year		
Land and Construction Costs	30.08	50.60
Interest Cost	1,123.68	1,337.75
Less: Inventories at the end of the year		
Work-in-progress	**27,573.70**	26,991.17
Total Cost of Projects	**571.23**	5,317.92

21. Operation & Maintenance Expenses

(Amounts in INR Lakhs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Repairs & Maintenance	**291.65**	324.84
Security	**266.93**	237.39
Electrical & Mechanical Maintenance	**462.69**	379.36
Housekeeping	**177.06**	174.11
Power & Fuel	**214.30**	196.66
Landscaping maintenance	**117.16**	110.32
Rates & Taxes	**67.85**	108.07
Bus shuttle	***95.47***	99.42
Other Expenses	**50.44**	32.89
Total Operation & Maintenance expenses	**1,743.55**	1,663.06

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

22. Employee Benefits expense

(Amounts in INR Lakhs)

Particulars	**For the year ended 31 March, 2020**	For the year ended 31 March, 2019
Salaries and wages including bonus*	**371.74**	288.72
Contributions to provident and other funds	**17.78**	13.12
Staff welfare expenses	**21.75**	20.45
Total Employee benefits expense	**411.27**	322.29

* Includes charge for Equity Stock options recovered by Mahindra Lifespaces Developers Limited amounting to Rs. 4.83 Lakhs (Previous Year Rs. 5.06 Lakhs)

23. Finance Costs

(Amounts in INR Lakhs)

Particulars	**For the year ended 31 March, 2020**	For the year ended 31 March, 2019
(a) Interest expense on:		
(i) Term loan	**2,350.92**	2,585.54
(ii) Loan from Related parties	**25.02**	11.87
(iii) Cash Credit Limited	**566.59**	861.92
(iv) Other Interest	**29.38**	4.07
Less: Interest inventorised	**(1,123.68)**	(1,337.77)
Net Finance Cost	**1,848.23**	2,125.63

24. Other expenses

(Amounts in INR Lakhs)

Particulars	**For the year ended 31 March, 2020**	For the year ended 31 March, 2019
Power and fuel	**75.68**	81.63
Rent including lease rentals	**10.64**	10.60
Repairs and maintenance	**37.39**	62.40
Insurance	**13.13**	27.19
Rates and taxes	**8.42**	16.18
Communication	**28.85**	14.66
Travelling and conveyance	**23.00**	31.34
Printing and stationery	**4.25**	5.78
Business promotion	**93.00**	300.18
Office Maintenance expenses	**38.65**	45.39
Legal and professional	**98.48**	158.45
Payments to auditors*	**11.60**	10.60
Directors sitting fees	**1.00**	2.00
Director Commission	–	27.00
Donations	–	1.76
Services outsourced	**137.38**	111.43
Allowances for expected credit losses	**13.23**	–
Corporate Social Responsibility (CSR) activities (refer Note No 25)	**23.01**	11.05
Club expenses	**83.87**	111.63
Miscellaneous expenses	**1.23**	1.78
Total Other expenses	**702.81**	1,031.05

(Amounts in INR Lakhs)

*** Payment to auditor (excluding taxes)**	**For the year ended 31 March, 2020**	For the year ended 31 March, 2019
Statutory Audit	**8.50**	7.50
Certification and Other Services	**3.10**	3.10
	11.60	10.60

25. Expense on Corporate Social Responsibility

(Amounts in INR Lakhs)

Particulars	**For the year ended 31 March, 2020**	For the year ended 31 March, 2019
Contribution to Nanhi Kali foundation	**11.51**	5.53
Support to School for Enhancing Quality of Education	**2.04**	5.52
Supporting Primary Health Centre	**7.74**	–
Awareness programmes - Solid waste management & others	**1.72**	–
	23.01	11.05

26. Segment information

Business segments

The Company operates in only one business segment, i.e. 'lease of land and properties constructed' based on the nature of the services and products, the risks and returns etc. This has been determined in the manner consistent with the internal reporting provided to the Manager regarded as the Chief Operating Decision Maker ("CODM"). The Company operates only in India. The conditions prevailing in India being uniform, no separate geographical disclosure within India is considered necessary.

27. Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(Amounts in INR Lakhs)

Particulars	**For the year ended 31 March, 2020**	For the year ended 31 March, 2019
(Loss)/Profit for the year attributable to owners of the Company	**(857.46)**	1,634.45
Weighted average number of equity shares (in Nos)	**2,00,00,000**	2,00,00,000
Earnings per share from continuing operations - Basic and Diluted (in Rs.)((face value of Rs.10/- each)	**(4.29)**	8.17

28. Contingent liabilities & Capital Commitments

(Amounts in INR Lakhs)

Particulars	**As at 31 March, 2020**	As at 31 March, 2019
Contingent liabilities (to the extent not provided for)		
Tax on Borrowing costs disallowed A. Income Tax Notice received for FY 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14: Tax on borrowing costs inventorised in books but claimed as expenditure under Income Tax and disputed by the department - Rs. 3556.96 lakhs (for the years ended March 31, 2010, March 31, 2011, March 31, 2012, March 31, 2013 and March 31, 2014 is Rs.332.49 Lakhs , Rs. 596.07 Lakhs, Rs. 757.43 Lakhs, 887.48 lakhs and Rs. 983.49 Lakhs respectively). However, even if this liability crystallizes, there would be future tax benefits available on account of timing differences and Impact has been quantified only to the extent of Interest cost and impact arising out of difference in income tax rates.	**860.50**	816.61
B. Disallowance of expenditure under section 14A on investments in FY 2010-11, 2012-13 and 2013-14.	**76.28**	76.28

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Other Matters disputed in the above years		
The above amount is based on demand raised, which the Company is contesting with the concerned authorities. Outflows, if any, arising out of this claim would depend on the outcome of the decision of the appellate authorities and Company's rights for future appeals. No reimbursements are expected.		
Service tax demands received	**493.21**	462.99
Total Contingent Liabilities	**1,429.99**	1,355.88

The above amount is based on demand raised, which the Company is contesting with the concerned authorities. Outflows, if any, arising out of this claim would depend on the outcome of the decision of the appellate authorities and Company's rights for future appeals.

29. Employee Benefits

a) Defined Contribution plans

The Company makes Provident fund contribution to defined contribution plans for the employees. Under the scheme, the company is required to contribute a specified percentage of the payroll cost to the fund the benefits. The Company recognized Rs. 17.78 Lakhs (PY Rs. 13.12 Lakhs) for Provident fund & Other funds contributions in the statement of profit and Loss. The contributions payable to these plans by the company are at rates specified in the rules of the scheme.

b) Defined Benefit Plans

The Company's obligation towards gratuity is defined benefit plan. The gratuity expense is included under 'Employee Benefit Expenses' in Note 22 Employee benefits expense. The company has funded the gratuity Liability through LIC Scheme. The details of actuarial valuation are given below:

Gratuity:

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund. Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk

The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

(Amounts in INR Lakhs)

		Gratuity (Funded) 2019-20	2018-19
a.	**Net Liabilities recognized in the balance sheet**		
	Net Liabilities recognized in the balance sheet	**53.69**	41.37
	Fair Value of Plan assets...	**25.52**	24.19
	Liabilities recognised in the balance sheet................	**28.17**	17.18
b.	**Expense recognized in the Statement of Profit and Loss**		
	Past service cost..	–	–
	Current Service cost..	**3.66**	2.85
	Interest cost..	**3.02**	2.16
	Expected return on plan assets...................................	**(1.44)**	(2.19)
	Actuarial (gains)/Losses	**5.75**	7.86
	Total expenses...	**10.99**	10.68
c.	**Change in present value of Defined Benefit obligation**		
	Present Value of the obligation at the beginning of the year	**41.37**	28.64
	Past service cost..	–	–
	Current Service cost..	**3.66**	2.85
	Interest Cost	**3.02**	2.16
	Actuarial (Gains) /Losses...	**5.75**	7.86
	Benefits Paid..	**(0.11)**	(0.14)
	Present value of the obligation as at the end of the year...	**53.69**	41.37
d.	**Change in fair value of plan assets**		
	Present value of plan assets as the beginning of the year....	**24.19**	22.14
	Expected return on plan assets...................................	**1.44**	2.19
	Contributions made...	–	–
	Benefits paid and Charges	**(0.11)**	(0.14)
	Present value of plan assets at the end of the year....	**25.52**	24.19
e.	**Principal actuarial assumptions**		
	Discount Rate	**6.47%**	7.30%
	Expected return on plan assets...................................	**6.47%**	7.30%
	Expected rate of Salary increase.................................	**10.00%**	10.00%
	Attrition Rate..	**10.00%**	10.00%
	Mortality	LIC (2006-08) Ultimate mortality tables	
f.	**Estimate of amount of contribution in the immediate next year**..	**28.17**	17.18

g. Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.

h. Basis used to determine expected rate of return - The Gratuity Fund is managed by the Life Insurance Corporation of India and they have not made available the information on major categories of plan assets and the expected rate of return on each class of plan assets.

(Amounts in INR Lakhs)

i.	Experience adjustment as provided by actuary:	for the years 2019-20	2018-19	2017-18	2016-17	2015-16
	Present value of DBO	**41.37**	28.64	24.02	36.99	35.97
	Fair value of plan assets	**25.52**	24.19	22.14	24.36	31.98
	Funded status [Surplus/ (Deficit)]	–	–	–	–	–
	Experience gain/(loss) adjustments on plan liabilities	**(1.44)**	(2.19)	(1.01)	(2.11)	(2.12)
	Experience gain/(loss) adjustments on plan assets	**(0.32)**	0.52	(0.51)	0.72	0.87

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Actuarial assumptions for long-term compensated absences		
Discount rate	**6.47%**	7.30%
Expected return on plan assets	**6.47%**	7.30%
Salary escalation	**10.00%**	10.00%
Attrition	**10.00%**	10.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(Amounts in INR Lakhs)

	Year	Change in Assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount Rate	**2020**	0.50%	52.18	55.28
	2019	0.50%	40.25	42.56
Salary Growth Rate	**2020**	0.50%	54.60	52.79
	2019	0.50%	42.06	40.58

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

(Amounts in INR Lakhs)

	As at 31 March, 2020	As at 31 March, 2019
Year 1	5.01	4.16
Year 2	4.86	4.10
Year 3	19.13	3.88
Year 4	3.31	16.46
Year 5	3.29	2.33
Next 5 Years	23.73	17.76

Plan of Assets

The fair value of Company's pension plan asset as of 31 March, 2020 and 31 March, 2019 by category are as follows:

Asset Category	As at 31 March, 2020	As at 31 March, 2019
Deposits with Insurance companies	100%	100%

30. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

COVID -19 Impact assessment :
The Company assessed its performance and future projections in light of the developments due to COVID 19 situation worldwide and has reassessed the impact that it may cause on the Company's financial and operational performance .The Company may experience delay in getting new prospects and signing of lease deeds which may have an impact on the inflow of funds during the lock down period. There could be delay in inflow of Operations and Maintenance income. The company's operations of Club room renting and other services provided in the club has been suspended post COVID -10 outbreak uas per government mandate and is expected to resume operations post lock down period. The management expects the company to resume normalcy within a period of 3 to 4 months post lockdown with some impact on overall operations, collections and deals closure through the financial year. The Company has sufficient working capital facilities to meet the Operations expenses and pay off the vendors and bankers in the immediate 12 months from the date of approval of these financial statements . Based on the above assessment, the management is of the view that Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

31. Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total debt divided by total equity. Total liabilities and total equity are based on the amounts stated in the financial statements.

The Company is not subject to externally enforced regulation.

Debt-to-equity ratio as of 31st March, 2020 and 31st March, 2019 is as follows:

(Amounts in INR Lakhs)

	31 March, 2020	31 March, 2019
Debt (A)	**30,054.13**	28,847.42
Equity (B)	**14,057.44**	15,160.31
Debt Equity Ratio (A/B)	**2.14**	1.90

Categories of financial assets and financial liabilities

(Amounts in INR Lakhs)

As at 31 March, 2020

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investment in Associates	**1,300.00**	–	–	**1,300.00**
Investment in Joint Ventures	**10,200.00**	–	–	**10,200.00**
Other Financial Assets	**4.53**	–	–	**4.53**
Current Assets				
Trade Receivables	**564.86**	–	–	**564.86**
Cash and Cash equivalents	**171.32**	–	–	**171.32**
Other Financial Assets	**34.24**	–	–	**34.24**
	12,274.95	–	–	**12,274.95**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

(Amounts in INR Lakhs)

As at 31 March, 2020

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Liabilities				
Borrowings	**24,237.16**	–	–	**24,237.16**
Other Financial Liabilities	**1.42**	–	–	**1.42**
Current Liabilities				
Borrowings	**5,816.97**	–	–	**5,816.97**
Trade Payables	**830.04**	–	–	**830.04**
Other Financial Liabilities				–
– Non Derivative Financial Liabilities	**40.98**	–	–	**40.98**
	30,926.57	–	–	**30,926.57**

(Amounts in INR Lakhs)

As at 31 March, 2019

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investment in Associates	1,300.00	–	–	1,300.00
Investment in Joint Ventures	10,200.00	–	–	10,200.00
Other Financial Assets	4.03	–	–	4.03
Current Assets				
Trade Receivables	1,650.97	–	–	1,650.97
Cash and Cash equivalents	110.28	–	–	110.28
Other Financial Assets	84.23	–	–	84.23
	13,349.51	–	–	13,349.51
Non-current Liabilities				
Borrowings	20,327.33	–	–	20,327.33
Other Financial Liabilities	1.09	–	–	1.09
Current Liabilities				
Borrowings	8,520.09	–	–	8,520.09
Trade Payables	1,076.00	–	–	1,076.00
Other Financial Liabilities				–
– Non Derivative Financial Liabilities	28.72	–	–	28.72
	29,953.23	–	–	29,953.23

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

The amount of trade receivable from Land leasing, Industrial park maintenance service and property leasing activities as appearing in the balance sheet of the company shows the amount due from the customers to whom the Industrial park Maintenance charges, water charges and property Lease services are provided. Company executes Land leasing agreement with customers only entire lease premium is paid by customers and hence no risk of credit loss in dues relating to Land leasing premium. Further, As per the company's policy, every customer has to deposit 3 to 6 months of Maintenance charges and/or monthly lease rentals with the company and as per the terms of the agreement with the customer's, company is entitled to adjust the pending dues against the deposits taken from customer and hence, company is not exposed to any credit loss risk. Further there has been no instance in past which shows that the company has written off any significant any dues pending and is not exposed to a credit risk. During the year to the extent where recoverability of debt is doubtful the company has made provision for expected credit loss.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(Amounts in INR Lakhs)

Particulars	**Less than 1 Year**	**1–3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial liabilities				
31 March, 2020				
Non-interest bearing				
Trade Payable	**830.04**	–	–	–
Capital Creditors	**5.00**	–	–	–
Other Financial Liabilities	**35.98**	–	–	**1.42**
Variable interest rate instruments				
Short term Borrowing – Principal	**5,816.97**	–	–	–
Loan term Borrowing – Principal	–	**20,174.66**	**4,062.50**	–
Total	**6,688.00**	**20,174.66**	**4,062.50**	**1.42**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

(Amounts in INR Lakhs)

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
31 March, 2019				
Non-interest bearing				
Trade Payable	1,076.00	–	–	–
Capital Creditors	5.00	–	–	–
Other Financial Liabilities	23.72	–	–	1.09
Variable interest rate instruments				
Short term Borrowing - Principal	8,520.09	–	–	–
Loan term Borrowing - Principal	–	–	20,327.33	–
Total	9,624.81	–	20,327.33	1.09

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement.

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

(Amounts in INR Lakhs)

Particulars	31 March, 2020	31 March, 2019
Secured Bank Overdraft facility		
– Expiring within one year	**1,163.03**	1,459.91
Secured Bank Guarantee Limit (sub limit of CC Credit facility)		
– Expiring within one year	**20.00**	20.00
	1,183.03	1,479.91

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amounts in INR Lakhs)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31 March, 2020				
Non-interest bearing				
Non Current Investment	–	–	–	**11,500.00**
Security Deposits	–	–	–	–
Trade Receivables	**564.86**	–		
Cash and Cash equivalents	**171.32**	–	–	–
Other Current Financial Assets	**34.24**	**4.53**	–	–
Total	**770.42**	**4.53**	–	**11,500.00**
31 March, 2019				
Non-interest bearing				
Non Current Investment	–	–	–	11,500.00
Trade Receivables	1,650.97	–	–	–
Cash and Cash equivalents	110.28	–	–	–
Other Current Financial Assets	84.23	4.03	–	–
Total	1,845.48	4.03	–	11,500.00

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated only in India Rupees and hence there is no risk of foreign exchange fluctuations.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

		(Amounts in INR Lakhs)	
Year	**Currency**	**Increase/ decrease in basis points**	**Effect on financials**
31 March, 2020	INR	+100	300.54
	INR	-100	(300.54)
31 March, 2019	INR	+100	288.47
	INR	-100	(288.47)

32. Related party transactions

Details of related parties:

Description of relationship	
Holding Company	Mahindra Lifespaces Developers Limited (MLDL)
Joint Venture	Mahindra Industrial Park Chennai Ltd (MIPCL)
Associate	Mahindra Integrated Township Limited (MITL)
Associate	Mahindra Residential Developers Limited (MRDL)
Key Management Personnel (KMP)	
Business Head	Mr. Jayant B Manmadkar (Resigned as on 30th April 19) Mr. Vimal Agarwal (with effect from 15th October, 2019)

Details of related party transactions during the year ended 31st March, 2020 and balances outstanding as at 31st March, 2020:

(Amounts in INR Lakhs)

Transactions during the year	Holding Company (MLDL)	Joint Venture (MIPCL)	Associate (MITL)	Associate (MRDL)
Land Sale	–	449.80	–	–
	–	(2,863.25)	–	–
Operation and maintenance Income	–	–	219.81	19.78
	–	–	(221.81)	(22.94)
Water charges	–	–	3.13	5.95
	–	–	(8.74)	(20.98)
Club income	0.49	0.88	1.65	0.37
	–	(0.36)	(3.04)	–
Services Provided	–	55.21	11.53	5.32
	–	(72.00)	(13.35)	–
Service received	21.96	13.20	–	–
	(18.00)	(12.00)	–	–
Dividend Received	–	–		–
	–	–	(149.50)	–
Dividend Paid	178.00	–		–
	–	–	–	–
Reimbursement of expenses- Given	–	3.97	–	–
	–	–	–	–
Reimbursement of expenses- Taken	–	38.64	–	–
	–	(435.54)	–	–
ESOP Costs	4.83	–	–	–
	(5.06)	–	–	–
Interest Paid	–	–	–	25.02
	–	–	–	(11.87)
Inter Corporate Deposit received	–	–	–	2,000.00
	–	–	–	(200.00)
Intercorporate Deposit/Term loan repaid	–	–	–	–
	–	–	–	(200.00)

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

(Amounts in INR Lakhs)

Transactions during the year	Holding Company (MLDL)	Joint Venture (MIPCL)	Associate (MITL)	Associate (MRDL)
Balance Outstanding as at the year end				
Internal corporate deposits(ICD) payable	–	–	–	2,000.00
	–	–	–	–
Security Deposits taken	–	–	66.27	23.07
	–	–	(66.27)	(23.07)
Receivables	–	3.34	76.14	14.57
	–	(1.36)	(72.17)	(0.60)
Payables	16.21	–	–	22.52
	(11.93)	–	–	–

Note: Figures in bracket relates to the previous year

33. Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– investments in Equity	**11,500.00**	**11,500.00**	11,500.00	11,500.00
– trade and other receivables	**564.86**	**564.86**	1,650.97	1,650.97
– deposits and similar assets	**38.77**	**38.77**	88.26	88.26
Total	**12,103.63**	**12,103.63**	13,239.23	13,239.23
Financial liabilities				
Financial liabilities held at amortised cost				
– Long term loans from Financial Institutions	**24,237.16**	**24,237.16**	20,327.33	20,327.33
– OD limits from Bank	**3,816.97**	**3,816.97**	8,520.09	8,520.09
– Loans from related parties	**2,000.00**	**2,000.00**	–	–
– Trade and other payables	**830.04**	**830.04**	1,076.00	1,076.00
– Other Financial Liabilities	**42.40**	**42.40**	29.81	29.81
Total	**30,926.57**	**30,926.57**	29,953.22	29,953.22

Fair value hierarchy as at 31 March, 2020

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– investments in Equity	–	**11,500.00**	–	11,500.00
– trade and other receivables	–	**564.86**	–	**564.86**
– deposits and similar assets	–	**38.77**	–	**38.77**
Total	–	**12,103.63**	–	**12,103.63**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Long term loans from Financial Institutions	–	**24,237.16**	–	24,237.16
– OD limits from Bank	–	**3,816.97**	–	3,816.97
– loans from related parties	–	**2,000.00**	–	2,000.00
– trade and other payables	–	**830.04**	–	830.04
– Other Financial Liabilities	–	**42.40**	–	42.40
Total	–	**30,926.57**	–	**30,926.57**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

Fair value hierarchy as at 31 March, 2019

(Amounts in INR Lakhs)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– investments in Equity	–	**11,500.00**	–	11,500.00
– trade and other receivables	–	**1,650.97**	–	**1,650.97**
– deposits and similar assets	–	**88.26**	–	**88.26**
Total	–	**13,239.23**	–	**13,239.23**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Long term loans from Financial Institutions	–	**20,327.33**	–	20,327.33
– OD limits from Bank	–	**8,520.09**	–	8,520.09
– Trade and other payables	–	**1,076.00**	–	1,076.00
– Other Financial Liabilities	–	**29.81**	–	29.81
Total	–	**29,953.22**	–	**29,953.22**

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

34. Additional Information to the Financial Statements

i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as at the reporting date or anytime during the year and hence no interest has been paid or payable accordingly no additional disclosures have been made.

		(Amounts in INR Lakhs)	
Si. No.	Particulars	**As at 31 March, 2020**	As at 31 March, 2019
1	Dues remaining unpaid		
	Principal	**75.58**	48.23
	Interest	**–**	–
2	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	Principal paid beyond the appointed date	**–**	–
	Interest paid in terms of Section 16 of the MSMED Act	**–**	–
3	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year		–
4	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises		–
5	Amount of interest accrued and remaining unpaid		–

35. Other Notes

i. The Company has disclosed the impact of pending litigations on its financial position in these Ind AS financial statements (Refer Note 28 to the Ind AS financial statements).

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The company did not have any material foreseeable losses on long term contracts. The company has not entered into any derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

36. Leases

Ministry of corporate Affairs has notified Ind AS 116 " Leases" which is effective from 01st April, 2019. Pursuant to this, the company has applied this standard to all lease contracts existing on 01st April, 2019 using the retrospective approach with the cumulative effect at the date of initial application. The adoption of the Standard did not have any material impact to the financial results of the Company. Therefore, there is no effect of adopting Ind AS 116 on retained earnings as at 01st April, 2019. Thus, on transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset and lease liability is NIL.

The Company has not applied the requirement of IND AS 116 to short-term leases of all assets that have a lease term of 12 months or less. Amount recognised as expense in Statement of Profit and Loss is Rs. 10.64 Lakhs.

37. Events after the Reporting period

No material events have occurred after the Balance sheet date and up to the approval of Financial statements.

38. Regrouping and Reclassification

Previous period/year figures have been regrouped/reclassified where found necessary, to conform to current period/year classification.

39. Approval of Financial Statements

The financial statements were approved for issue by the board of directors in the meeting on 22 April, 2020.

The accompanying notes 1 to 39 are an integral part of the financial statements.

For and on behalf of the board of directors of
Mahindra World City Developers Limited

A K Nanda
Chairman
(DIN:00010029)

Sangeeta Prasad
Director
(DIN: 02791944)

Place: Chennai
Date: 22nd April 2020

Vimal Agarwal
Business Head (CEO)

Bharathy K
Chief Financial Officer

A Muthukumaran
Company Secretary

Annexure A

Form AOC-I

Salient features of Financial Statements of Subsidiary as per Companies Act, 2013

Nature	**ASSOCIATES**	**JOINT VENTURES**
Name of Subsidiary	**Mahindra Integrated Township Limited**	**Mahindra Industrial park chennai Limited**
The date since when subsidiary was acquired	04th May, 2006	22nd Dec, 2014
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA
Share Capital	5,000.00	17,000.00
Reserves & Surplus	1,806.73	315.99
Total Assets	22,141.64	32,116.68
Total Liabilities	15,334.91	14,800.69
Investments	6,629.48	–
Turnover	326.03	4,050.68
Profit/(Loss) before taxation	(1,344.79)	223.23
Provision for taxation	(381.45)	84.68
Profit/(Loss) after taxation	(957.02)	138.55
Proposed Dividend	–	–
Extent of shareholding (in percentage)	26.00%	60.00%

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA WORLD CITY (JAIPUR) LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **Mahindra World City (Jaipur) Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash flows for the year ended on that date, and notes to the Ind AS financial statements and summary of the significant accounting policies and other explanatory information (herein after referred to as "the Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS Financial Statement in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information at the date of this Auditor's Report comprises the information included in the Director's Report including annexures, but does not include the Standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing specified under Section 143 (10) of the Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The

risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order" / "CARO 2016"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, based on our audit we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive income, Statement of Changes in Equity, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act.

   (e) On the basis of the written representations received from the Directors as on 31 March 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. (Refer Note 30 to the Ind AS financial statements).

      ii. The Company did not have any long-term contracts which has any material foreseeable losses. The Company did not have any derivative contracts.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
Chennai, April 17, 2020 *UDIN : 20204764AAAAAV7088*

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra World City (Jaipur) Limited** ("the Company") as of 31 March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls over Financial Reporting

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN : 20204764AAAAAV7088

Chennai, April 17, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its fixed assets (Property, Plant & Equipment (PPE)) and Investment Properties:

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of PPE and investment properties.

b) Most of the PPE and investment properties were physically verified during the year by the Management in accordance with a regular programme of verification, which, in our opinion, provides for physical verification of PPE and investment properties at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) With respect to the leasehold land on which the properties are constructed by the Company, based on examination of the registered lease deeds provided to us, we report that the lease agreements are in the name of the Company as at the balance sheet date where the company is the lessee in the agreement.

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of lease deeds, physical verification of materials, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. There were no unclaimed deposits outstanding at any time during the year.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under subsection (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' Stale Insurance, Income-tax, Cess, Goods and Services Tax and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Cess, Goods and Services Tax and other material statutory dues in arrears as applicable as at 31 March 2020 for a period of more than six months from the date they became payable.

(c) The details of dues of Urban Land Tax and Income Tax which have not been deposited as on 31 March 2020 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the Amount relates	Amount unpaid (Rs. In Lakhs)
Jaipur Development Authority Act 1982	Urban assessment /Shahri Jamabandi	Jaipur Development Authority	2006-16	32,179.39
Income Tax Act, 1961	Income Tax Demand	Commissioner of Income Tax (Appeals)	AY 2011-12	25.71

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to debenture holders and Banks. The Company has not taken any loans or borrowings from financial institutions and government.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such cases by the Management.

(xi) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not paid / provided managerial remuneration covered under the provisions of Section 197 read with Schedule V to the Act and accordingly reporting under clause (xi) of CARO 2016 is not applicable.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN : 20204764AAAAAV7088

Chennai, April 17, 2020

MAHINDRA WORLD CITY (JAIPUR) LIMITED
CIN N0. U45209RJ2005PLC021207

BALANCE SHEET AS AT 31ST MARCH, 2020

		Note No.	As at 31st March, 2020	Rs. in Lakhs As at 31st March, 2019
I	**ASSETS**			
1	**NON-CURRENT ASSETS**			
	(a) Property, Plant and Equipment	3	**5,980.55**	6,431.22
	(b) Capital Work-in-Progress		**148.63**	133.68
	(c) Investment Property	4	**8,406.07**	8,610.10
	(d) Intangible Assets	5	**–**	–
	(e) Financial Assets			
	(i) Loans	6	**116.06**	112.92
	(ii) Other Financial Assets	7	**–**	–
	(f) Other Non-current Assets	8	**560.05**	1,262.06
	SUB-TOTAL		**15,211.36**	16,549.98
2	**CURRENT ASSETS**			
	(a) Inventories	9	**50,012.26**	48,401.01
	(b) Financial Assets			
	(i) Trade Receivables	10	**2,694.61**	690.63
	(ii) Cash and Cash Equivalents	11	**1,180.61**	4,422.82
	(iii) Bank Balances other than (ii) above	11	**1,858.68**	2,503.63
	(iv) Other Financial Assets	7	**27.66**	89.57
	(c) Other Current Assets	8	**444.88**	369.52
	SUB-TOTAL		**56,218.70**	56,477.18
	TOTAL ASSETS (1 + 2)		**71,430.06**	73,027.16
II	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Share Capital	12	**15,000.00**	15,000.00
	(b) Other Equity	13	**15,425.21**	15,399.52
	SUB-TOTAL		**30,425.21**	30,399.52
	LIABILITIES			
2	**NON-CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	14	**16,200.96**	22,580.71
	(ii) Other Financial Liabilities	15	**2.33**	85.69
	(b) Provisions	16	**3,049.34**	3,865.84
	(c) Deferred Tax Liabilities (Net)	17	**1,302.25**	1,345.88
	(d) Other Non-current Liabilities	18	**798.45**	707.00
	SUB-TOTAL		**21,353.33**	28,585.12
3	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	14	**2,044.68**	18.52
	(ii) Trade Payables	19		
	- Total outstanding dues of micro enterprises and small enterprises		**46.05**	13.82
	- Total outstanding dues of creditors other than micro enterprises and small enterprises		**1,403.30**	1,226.95
	(iii) Other Financial Liabilities	15	**12,812.90**	9,560.03
	(b) Provisions	16	**2,121.47**	1,639.17
	(c) Other Current Liabilities	18	**1,223.12**	1,584.03
	SUB-TOTAL		**19,651.52**	14,042.52
	TOTAL EQUITY AND LIABILITIES (1 + 2 +3)		**71,430.06**	73,027.16
	Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 38 are an integral part of these financial statements

In terms of our report attached

For B.K. Khare & Co.
Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: April 17, 2020

For and on behalf of the Board of Directors

Maheswar Sahu
Director
(DIN : 00034051)

Sangeeta Prasad
Director
(DIN : 02791944)

Sanjay Srivastava
Chief Executive Officer

Asfar Khan
Chief Financial Officer

Bijal Parmar
Company Secretary

Place: Jaipur
Date: April 17, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

Rs. in Lakhs

	Particulars	Note No.	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
I	Revenue from operations	20	10,652.92	13,352.45
II	Other income	21	305.32	165.37
III	**Total Income (I + II)**		10,958.24	13,517.82
IV	**EXPENSES**			
	(a) Cost of Sales			
	- Cost of Projects	22	1,525.72	2,242.42
	- Operation & Maintenance expenses	23	1,680.01	1,720.16
	(b) Employee benefits expense	24	514.66	435.25
	(c) Finance costs	25	2,583.76	2,487.65
	(d) Depreciation and amortisation expense	3 & 4	654.70	699.34
	(e) Other expenses	26	714.26	676.48
	Total Expenses- (IV)		7,673.11	8,261.30
V	**Profit before tax (III - IV)**		3,285.13	5,256.52
VI	**Tax Expense**			
	(1) Current tax	27	581.31	1,143.21
	(2) Deferred tax	27	(40.93)	180.62
	Less: MAT Credit entitlement		–	(536.17)
	Total tax expense- (VI)		540.38	787.66
VII	**Profit after tax (V - VI)**		2,744.75	4,468.86
VIII	**Other comprehensive income**		(6.57)	6.89
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plans		(9.27)	9.72
	(b) Income tax relating to item that will not be reclassified to profit or loss		2.70	(2.83)
IX	**Total comprehensive income for the year (VII + VIII)**		2,738.18	4,475.75
XI	**Earnings per share (Face Value of Rs. 10/- each)**			
	(1) Basic/ Diluted Earnings per share (Rs.)	28	1.83	2.98
	Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 38 are an integral part of these financial statements

In terms of our report attached
For B.K. Khare & Co.
Chartered Accountants

P. Shankar Raman
Partner
Place: Chennai
Date: April 17, 2020

For and on behalf of the Board of Directors

Maheswar Sahu
Director
(DIN : 00034051)

Sangeeta Prasad
Director
(DIN : 02791944)

Sanjay Srivastava
Chief Executive Officer

Asfar Khan
Chief Financial Officer

Bijal Parmar
Company Secretary

Place: Jaipur
Date: April 17, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

Rs. in Lakhs

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash flows from operating activities		
Profit before tax for the year	**3,285.13**	5,256.52
Non-cash adjustment to reconcile profit before tax to net cash flows		
Finance costs recognised in profit or loss	**2,583.76**	2,487.65
Interest Income	**(228.05)**	(99.81)
Investment income recognised in profit or loss	**–**	(63.84)
Depreciation and amortisation of non-current assets	**654.70**	699.34
Operating Profit before working capital changes	**6,295.54**	8,279.86
Movements in working capital:		
(Increase) / Decrease in trade and other receivables	**(2,003.98)**	799.82
Decrease/ (Increase) in inventories	**255.31**	(91.98)
(Increase) / Decrease in other Non Current and current assets	**(42.37)**	135.33
Increase Financial Assets- Loans	**(3.14)**	(1.61)
Increase in trade and other payables	**208.58**	5.36
(Decrease)/ Increase in financial liabilities	**(310.94)**	52.83
(Decrease)/ Increase in other liabilities	**(269.46)**	161.40
Increase/ (Decrease) in Provisions	**184.28**	(102.52)
Cash generated from operations	**4,313.82**	9,238.49
Income taxes (refund)/paid, net	**129.37**	(1,222.45)
Net cash generated by operating activities	**4,443.19**	8,016.04
Cash flows from investing activities		
Capital expenditure	**(103.47)**	(181.25)
Payments to acquire financial assets	**644.95**	(21,061.10)
Proceeds from sale of financial assets	**–**	19,290.48
Interest & Investment Income received	**245.60**	23.68
Net cash generated from/(used in) investing activities	**787.08**	(1,928.19)
Cash flow from financing activities		
Proceeds from borrowings	**2,026.16**	29,168.95
Repayment of borrowings	**(5,500.00)**	(27,800.00)
Dividend Paid (including dividend distribution tax)	**(2,712.49)**	(2,712.49)
Interest Paid	**(2,286.15)**	(765.29)
Net cash used in financing activities	**(8,472.48)**	(2,108.83)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

Rs. in Lakhs

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Net (decrease) / increase in cash and cash equivalents	**(3,242.21)**	3,979.02
Cash and cash equivalents at the beginning of the year	**4,422.82**	443.80
Cash and cash equivalents at the end of the year	**1,180.61**	4,422.82
Components of cash and cash equivalents		
Cash on hand	**0.65**	0.65
With banks		
- on current account	**634.38**	442.17
- on cheques on hand	**473.85**	–
- on deposit account	**71.73**	3,980.00
Total cash and cash equivalents (Note 11)	**1,180.61**	4,422.82

₹ in Lakhs

Change in Liability arising from financing activities **Particulars**	**A** **As at 31 March, 2020**	B As at 31 March, 2019
Non Current Borrowings (Refer Note 14 A)	**16,200.96**	22,580.71
Current Borrowings (Refer Note 14 B)	**2,044.68**	18.52
Current maturities of Long term debt (Refer Note 15)	**7,108.38**	5,496.36
Total	**25,354.02**	28,095.59
Cash flows (A - B)		**(2,741.57)**
EIR adjustment to the above		**(732.27)**
Cash flows, net as per Financing Activities for the year ended 31 March, 2020		**(3,473.84)**

Summary of Significant Accounting Policies (Note 2).
The accompanying notes 1 to 38 are an integral part of these financial statements.

Notes:
The above Cash Flow Statement has been prepared under the “Indirect method” as set in ‘Indian Accounting Standard (IND AS) - Statement of Cash Flows’.

In terms of our report attached
For B.K. Khare & Co.
Chartered Accountants

P. Shankar Raman
Partner
Place: Chennai
Date: April 17, 2020

For and on behalf of the Board of Directors

Maheswar Sahu
Director
(DIN : 00034051)

Sangeeta Prasad
Director
(DIN : 02791944)

Sanjay Srivastava
Chief Executive Officer

Asfar Khan
Chief Financial Officer

Bijal Parmar
Company Secretary

Place: Jaipur
Date: April 17, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

Rs. in Lakhs

Particulars	Share Capital	Reserves and Surplus			
	Equity Share Capital	Debenture Redemption Reserve	Capital Redemption Reserve	Retained Earnings	Total
Balance as at - April 1, 2018	15,000.00	1,875.00	5,000.00	6,761.26	28,636.26
Profit for the year				4,468.86	4,468.86
Other Comprehensive Income net of taxes*				6.89	6.89
Dividend paid on Equity Shares				(2,250.00)	(2,250.00)
Dividend Distribution Tax				(462.49)	(462.49)
Transfer to Debenture Redemption Reserve		2,036.66		(2,036.66)	–
Transfer to Retained Earnings		(500.00)		500.00	–
Balance as at - March 31, 2019	**15,000.00**	**3,411.66**	**5,000.00**	**6,987.86**	**30,399.52**

Particulars	Share Capital	Reserves and Surplus			
	Equity Share Capital	Debenture Redemption Reserve	Capital Redemption Reserve	Retained Earnings	Total
Balance as at - April 1, 2019	15,000.00	3,411.66	5,000.00	6,987.86	30,399.52
Profit for the year				2,744.75	2,744.75
Other Comprehensive Income net of taxes*				(6.57)	(6.57)
Dividend paid on Equity Shares				(2,250.00)	(2,250.00)
Dividend Distribution Tax				(462.49)	(462.49)
Transfer to Debenture Redemption Reserve		(968.97)		968.97	–
Balance as at - 31 March, 2020	**15,000.00**	**2,442.69**	**5,000.00**	**7,982.52**	**30,425.21**

* Remeasurement gains/ (losses) net of taxes on defined benefit plans during the year is recognised as part of retained earnings.

In terms of our report attached
For B.K. Khare & Co.
Chartered Accountants

P. Shankar Raman
Partner
Place: Chennai
Date: April 17, 2020

For and on behalf of the Board of Directors

Maheswar Sahu
Director
(DIN : 00034051)

Sangeeta Prasad
Director
(DIN : 02791944)

Sanjay Srivastava
Chief Executive Officer

Asfar Khan
Chief Financial Officer

Bijal Parmar
Company Secretary

Place: Jaipur
Date: April 17, 2020

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2020

1. General Information

Mahindra World City (Jaipur) Limited ("the Company") is engaged in the business of development of an Industrial park with Special Economic Zone (SEZ) and Domestic Tariff Area (DTA). The Company acquires land under lease, incurs expenditure on its development and related infrastructure facilities and gives them on a long-term lease for industrial, commercial and residential use. The Company also maintains the Industrial Park for which it collects operation and maintenance charges from the lessees.

The registered office of the Company is located at 4th Floor, 411, Neelkanth Tower, Bhawani Singh Road, C-Scheme, Jaipur – 302001, Rajasthan.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provisions of the Companies Act, 2013 ("the Act"). The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in the meeting held on 17th April, 2020.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Measurement of Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.3.1 Land Lease Premium

Land lease premium is recognized as income upon creation of leasehold rights in favour of the lessee or upon an agreement to create leasehold rights with handing over of possession.

2.3.2 Income from properties

Income from properties and other assets given under operating lease is recognised based on the terms of lease agreement on a straight-line basis over the non-cancellable lease period.

2.3.3 Income from Operations and Maintenance (O&M)

Income from operation & maintenance charges and water charges are recognized over time on an accrual basis as per terms of the agreement with the lessees.

2.3.4 Other income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4 Current versus non-current classification

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Based on the nature of activity carried out by the Company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of Current – Non Current classification of assets & liabilities.

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Borrowings are classified as current if they are due to be settled within 12 months after the reporting period.

2.5 Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2020

to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

2.5.1 The Company as a Lessee

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

2.5.2 Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rate that has been enacted or substantively enacted by the end of the reporting period.

2.6.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.6.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.8 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, construction costs and allocated interest & manpower costs and expenses incidental to the projects undertaken by the Company.

2.9 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.10 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties used in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method.

Depreciation on tangible fixed assets has been provided on pro-rata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for certain assets as indicated below:

Certain plant and equipment are depreciated over a period of 12 years based on technical evaluation of useful life by management.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.11 Investment Property:

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for

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such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, Investment properties are measured in accordance with requirement of IND AS 16 for cost model.

Investment property includes leasehold land and building. Depreciation on investment property has been provided on pro-rata basis, on the straight-line method as per the useful life of such property. Buildings are depreciated over the period of 60 years considering this period as the useful life for the Company.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated at the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.12 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also, allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.13 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.14 Provisions, contingent liabilities and contingent assets

2.14.1 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.14.2 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.14.3 Contingent liabilities

Contingent liability is disclosed in case of:

a. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

b. a present obligation arising from past events, when no reliable estimate is possible.

2.14.4 Contingent assets

Contingent assets are disclosed where an inflow of economic benefits is probable.

2.15 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.16 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.16.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2020

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for Fair Value through Other Comprehensive Income (FVTOCI) debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

2.16.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.16.3 Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument by- instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments
- that the Company manages together and has a recent actual pattern of short term
- profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or
- a financial guarantee.

2.16.4 Financial assets at fair value through profit or loss (FVTPL)

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right Offsetting Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.16.5 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2020

recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.16.6 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.16.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency, denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.16.8 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.16.9 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.16.9.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2.16.9.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2020

the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.16.9.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.17 Foreign currency transactions and translations

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets / liabilities are translated at exchange rates prevailing on the date of settlement or at the year-end as applicable, and gain / loss arising out of such translation is adjusted to the profit and loss account.

2.18 Earnings per Share

Basic / Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

2.19 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences etc.

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.20 Insurance Claims:

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.21 Goods and Services tax input credit:

Goods and Services tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

2.22 Use of estimates and judgements

The Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods. if the revision affects both current and future periods.

Key sources of estimation uncertainty

Management has made the following judgements based on estimates and assumptions, which have the significant effect on the amounts recognised in the financial statements:

A. Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This re-assessment may result in change in depreciation expense in future periods.

B. Actuarial Valuation

The determination of Group's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

C. COVID -19 Impact assessment:

The Company assessed its performance and future projections in light of the developments due to COVID 19 situation worldwide and has reassessed the impact that it may cause on the Company's financial and operational performance. The Company may experience delay in getting new prospects and signing of lease deeds which may have an impact on the inflow of funds during the lock down period. There could be delay in inflow of Operations and Maintenance income. The management expects the company to resume normalcy within a period of 3 to 4 months post lockdown with some impact on overall operations, collections and deals closure through the financial year. The Company has sufficient working capital facilities to meet the operational expenses and pay off the vendors and bankers in the immediate 12 months from the date of approval of these financial statements. Based on the above assessment, the management is of the view that Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2020

All amounts are in Lakhs unless otherwise stated

Note No. 3 - Property, Plant and Equipment

Carrying Amounts of:	**As at 31st March, 2020**	As at 31st March, 2019
Land - Lease hold	**19.19**	19.41
Buildings	**4,979.07**	5,135.19
Plant & Equipment	**964.49**	1,217.04
Office Equipment	**7.42**	11.77
Furniture and Fixtures	**8.97**	41.70
Vehicles	**–**	0.66
Computers	**1.41**	5.45
Total	**5,980.55**	**6,431.22**

Description of Assets	Land - Leasehold	Buildings	Plant & Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Computers	Total
I. Gross Carrying Amount								
Balance as at 1 April 2019	20.55	5,974.88	2,903.02	49.44	1,490.45	42.48	68.78	**10,549.60**
Additions	–	–	–	–	–	–	–	**–**
Disposals	–	–	–	–	–	–	4.20	**4.20**
Balance As at 31 March, 2020	**20.55**	**5,974.88**	**2,903.02**	**49.44**	**1,490.45**	**42.48**	**64.58**	**10,545.40**
II. Accumulated depreciation and impairment								
Balance as at 1 April 2019	1.14	839.69	1,685.98	37.67	1,448.75	41.82	63.33	**4,118.38**
Depreciation expense for the year	0.22	156.12	252.55	4.35	32.73	0.66	4.04	**450.67**
Disposals	–	–	–	–	–	–	4.20	**4.20**
Balance As at 31 March, 2020	**1.36**	**995.81**	**1,938.53**	**42.02**	**1,481.48**	**42.48**	**63.17**	**4,564.85**
III. Net carrying amount (I-II)	**19.19**	**4,979.07**	**964.49**	**7.42**	**8.97**	**–**	**1.41**	**5,980.55**

Description of Assets	Land - Leasehold	Buildings	Plant & Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Computers	Total
I. Gross Carrying Amount								
Balance as at 1st April, 2018	20.55	5,764.36	2,903.02	49.44	1,490.13	42.48	62.04	**10,332.02**
Additions	–	210.52	–	–	0.32	–	6.74	**217.58**
Balance as at 31 March 2019	**20.55**	**5,974.88**	**2,903.02**	**49.44**	**1,490.45**	**42.48**	**68.78**	**10,549.60**
II. Accumulated depreciation and impairment								
Balance as at 1st April 2018	0.91	686.82	1,420.05	31.96	1,385.99	40.26	58.46	**3,624.45**
Depreciation expense for the year	0.23	152.87	265.93	5.71	62.76	1.56	4.87	**493.93**
Balance as at 31 March 2019	**1.14**	**839.69**	**1,685.98**	**37.67**	**1,448.75**	**41.82**	**63.33**	**4,118.38**
III. Net carrying amount (I-II)	**19.41**	**5,135.19**	**1,217.04**	**11.77**	**41.70**	**0.66**	**5.45**	**6,431.22**

Note:

The depreciation methods used and the useful lives or the depreciation rates used are as per the Accounting policy. Refer notes 1 and 2

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2020

All amounts are in Lakhs unless otherwise stated

Note No. 4 - Investment Property

Carrying Amounts of:	As at 31st March, 2020	As at 31st March, 2019
Completed Investment Properties (Net Value)	**8,406.07**	8,610.10

Description of Assets	Land	Buildings	Total
I. Gross Carrying Amount			
Balance as at 1 April 2019	370.04	10,052.34	10,422.38
Balance As at 31 March, 2020	**370.04**	**10,052.34**	**10,422.38**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2019	46.28	1,766.00	1,812.28
Addition	3.68	200.35	204.03
Balance As at 31 March, 2020	**49.96**	**1,966.35**	**2,016.31**
III. Net carrying amount (I-II)	**320.08**	**8,085.99**	**8,406.07**

Description of Assets	Land	Buildings	Total
I. Gross Carrying Amount			
Balance as at 1 April 2018	370.04	10,052.34	10,422.38
Balance As at 31 March, 2019	**370.04**	**10,052.34**	**10,422.38**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2018	42.60	1,564.27	1,606.87
Addition	3.68	201.73	205.41
Balance as at 31 March, 2019	**46.28**	**1,766.00**	**1,812.28**
III. Net carrying amount (I-II)	**323.76**	**8,286.34**	**8,610.10**

Fair value disclosure on Company's investment properties

(i) The Company's investment properties consist of land and building with current rentable area of 4.30 Lakhs sq. ft. Management determined that the investment properties consist of two classes of assets – Land and Building – based on the nature, characteristics and risks of each property.

(ii) As at 31 March 2020 and 31 March 2019, the fair values of the properties are Rs. 17,254.21 Lakhs and Rs. 17,930.62 Lakhs respectively (Level 3). These valuations are based on valuations performed by Purshotam Khandelwal who is registered with an authority which governs the valuers in India and has appropriate qualification and experience in the valuation of properties.

(iii) The Company has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Description of valuation techniques used and key inputs to valuation on investment properties:

Valuation technique- Income Approach Method

Significant unobservable Inputs	Range (weighted average) As at 31st March, 2020	As at 31st March, 2019
Annual Rental	**1,684.26**	1,951.72
Less: Repairs & Maintenance & Mgmt Exp, Insurace Etc. 15%	**253.00**	292.76
Net Annual Rental	**1,431.26**	1,658.96
Capitalized Net Yield	**10.00%**	10.00%
Net Annual Income	**14,312.60**	16,589.66
Total Built Up area (Sq Ft area)	**430,672**	430,672
Rented Built Up Area	**374,641**	404,634
Area under Possession MWCJ	**56,031**	26,038
Market Rate /Sq ft Rs. 5250 yr 2019-20 Rs. 5150 Yr 2018-19	**2,941.61**	1,340.96
Total Market Value	**17,254.21**	**17,930.62**
Realisable Value 75%	**12,940.66**	13,447.96
Realisable Value (in CR)	**129.41**	134.48
Distress Sale Value 50%	**8,627.11**	8,965.31
Distress Sale Value (In CR)	**86.27**	89.65

Basis of Valuation Method:- Valuation is carried out by income approach method (also called Yield Method) is adopted in which appropriate rate of return is capitalised to reach the market value of the property of the portion rent out and sales comparable method use for the portion under owner Possession.

The depreciation methods used and the useful lives or the depreciation rates used are as per the Accounting policy. Refer notes 1 and 2

Note No. 5 - Intangible Assets

Carrying Amounts of:	As at 31st March, 2020	As at 31st March, 2019
Other Intangible Assets	–	–

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April 2019	52.03	52.03
Balance as at 31 March 2020	**52.03**	**52.03**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2019	52.03	52.03
Balance as at 31 March 2020	**52.03**	**52.03**
III. Net carrying amount (I-II)	–	–

Description of Assets	Computer Software	Total
Intangible Assets		
I. Gross Carrying Amount		
Balance as at 1 April 2018	52.03	52.03
Balance as at 31 March, 2019	**52.03**	**52.03**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2018	52.03	52.03
Balance as at 31 March, 2019	**52.03**	**52.03**
III. Net carrying amount (I-II)	–	–

Note: The depreciation methods used and the useful lives or the depreciation rates used are as per the Accounting policy. Refer notes 1 and 2.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2020

All amounts are in Lakhs unless otherwise stated

Note No. 6 - Loans

Particulars	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current	As at 31st March, 2019 Current	As at 31st March, 2019 Non-Current
Security Deposits				
- Unsecured, considered good	–	116.06	–	112.92
Total	–	116.06	–	112.92

Note No. 7 - Other Financial Assets

Particulars	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current	As at 31st March, 2019 Current	As at 31st March, 2019 Non-Current
Financial assets at amortised cost				
a) Interest Accrued	27.66	–	89.57	–
Total	27.66	–	89.57	–

Note No. 8 - Other Non - Current Assets

Particulars	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current	As at 31st March, 2019 Current	As at 31st March, 2019 Non-Current
(a) Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	107.67	82.91	45.08	82.91
(ii) Income Tax Assets (Net)	–	63.32		732.34
(iii) Taxes paid under Protest (Refer note 30)	–	406.88	–	413.31
(iv) Prepaid Expenses	54.29	6.94	24.03	29.08
(v) Advance to vendors	266.39	–	275.76	–
(vi) Others*	16.53	–	24.65	4.42
Total	444.88	560.05	369.52	1,262.06

* Others mainly includes recoverable from vendors and unbilled revenue.

Note No. 9 - Inventories

Particulars	As at 31st March, 2020	As at 31st March, 2019
Inventories (Work-in-progress)	50,012.26	48,401.01
Total Inventories	50,012.26	48,401.01
Included in above:		
Land Cost	19,881.71	20,272.85
Development Cost	30,130.55	28,128.16
Total	50,012.26	48,401.01

(i) The cost of inventories recognised as an expense during the year was 1,525.72 Lakhs (31 March 2019: 2,242.42 Lakhs).

(ii) The carrying amount of inventories is pledged as security for liabilities. Refer Note No. 14 - Borrowings.

(iii) Mode of valuation of inventories is cost or net realisable value, whichever is less. Refer note 2.8.

(iv) Based on detailed assessment and evaluation of impact of the COVID-19 epidemic, the management concluded that the realiseable value of these inventories will not be lower than the carrying value as stated above.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2020

All amounts are in Lakhs unless otherwise stated

Note No. 10 - Trade Receivables

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	**Non Current**	Current	Non Current
Trade receivables				
(a) Unsecured, considered good	**2,694.61**	**–**	690.63	–
TOTAL	**2,694.61**	**–**	690.63	–

(i) Trade receivables are dues in respect of services rendered in the normal course of business.

(ii) The average credit period in the range of 7-60 days on service rendered is as per the terms of the service agreement with clients.

Note No. 11 - Cash and Cash Equivalents

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents		
(a) Balances with banks	**634.38**	442.17
(b) Cash on hand	**473.85**	–
(c) Cash on hand	**0.65**	0.65
(c) Fixed Deposits with original maturity less than 3 months	**71.73**	3,980.00
Total Cash and cash equivalents (considered in Cash Flow Statement)	**1,180.61**	4,422.82
Other Bank Balances		
(a) Earmarked balances with banks	**13.90**	12.33
(b) Balances with Banks:		
(i) Fixed Deposits	**1,844.78**	2,491.30
Total Other Bank balances	**1,858.68**	2,503.63
Grand Total	**3,039.29**	6,926.45

Note No. 11 a. Fixed deposit is earmarked for availing overdraft facility of Rs. 9.00 Lakhs with State Bank of India. The overdraft facility is unutilised as on 31.03.2020 (Previous year- Nil).

Note No. 12 - Share Capital

Particulars	As at 31st March, 2020	As at 31st March, 2019
Authorised Share Capital:		
150,000,000 fully paid equity shares of Rs 10 each	**15,000.00**	15,000.00
50,000,000 Preference shares of Rs 10 each	**5,000.00**	5,000.00
Issued, Subscribed and Fully Paid:		
150,000,000 Equity shares of 10 each	**15,000.00**	15,000.00
Total	**15,000.00**	15,000.00

(a) Terms/ rights attached to equity shares:

(i) The Company has only one class of Equity shares having a par value of Rs 10/- per share. Each holder of Equity Shares is entitled to one vote per share and carry right to dividends.

(ii) The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

(iii) Repayment of capital will be in proportion to the number of equity shares held.

(b) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Particulars	Opening Balance	Other Changes	Closing Balance
Equity Shares with Voting rights*			
Year Ended 31 March 2020			
No. of Shares	150,000,000	–	150,000,000
Amount	15,000	–	15,000
Year Ended 31 March, 2019			
No. of Shares	150,000,000	–	150,000,000
Amount	15,000	–	15,000

* Terms/ rights attached to equity shares are mentioned in note 13 (a).

- There were no Preference shares issued during the year or outstanding as on 31 March 2020 and 2019

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2020

All amounts are in Lakhs unless otherwise stated

(c) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
- Mahindra Lifespace Developers Limited	**111,000,000**	**74%**	111,000,000	74%
- Rajasthan State Industrial Development and Investment Corporation Limited	**39,000,000**	**26%**	39,000,000	26%

Note No. 13 (a) - Other Equity

Particulars	As at 31st March, 2020	As at 31st March, 2019
Retained earnings	**7,982.52**	6,987.86
Capital redemption reserve	**5,000.00**	5,000.00
Debenture redemption reserve	**2,442.69**	3,411.66
Total	**15,425.21**	15,399.52

Note No. 13 (b) - Other Equity

Particulars	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	Total
As at 1 April, 2019	**5,000.00**	**3,411.66**	**6,987.86**	**15,399.52**
Profit for the year	–	–	2,744.75	2,744.75
Other Comprehensive Income	–	–	(6.57)	(6.57)
Total Comprehensive Income for the year	**5,000.00**	**3,411.66**	**9,726.04**	**18,137.70**
Dividend paid on Equity Shares	–	–	(2,250.00)	(2,250.00)
Dividend Distribution Tax	–	–	(462.49)	(462.49)
Transfers to Debenture Redemption Reserve	–	(968.97)	968.97	–
As at 31 March, 2020	**5,000.00**	**2,442.69**	**7,982.52**	**15,425.21**

Capital Redemption Reserve: The Capital Redemption Reserve was created against redemption of Preference Shares.

Debenture Redemption Reserve: A debenture redemption reserve is a provision created against issue of debentures to protect investors against the possibility of default by the company.

Pursuant to Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014 (amended vide notification dated 16th August, 2019), an amount of Rs. 968.97 Lakhs being the excess DRR in the books of accounts have been transferred to Retained Earnings.

Retained Earnings: This reserve represents cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.

Note No. 14 - Borrowings

Particulars	As at 31st March, 2020	As at 31st March, 2019
A. Non- Current Borrowings		
Measured at amortised cost		
I. Secured Borrowings:		
(a) Bonds / Debentures- Refer note 14 A- I (a)	**–**	2,998.05
Total Secured Borrowings	**–**	2,998.05
II. Unsecured Borrowings:		
- Other Loans- Refer note 14 A- II	**16,200.96**	19,582.66
Total Unsecured Borrowings	**16,200.96**	19,582.66
Total Non- Current Borrowings	**16,200.96**	22,580.71
B. Short Term Borrowings		
Secured Borrowings		
Loans repayable on demand		
- From Banks	**2,044.68**	18.52
Total Secured Borrowings	**2,044.68**	18.52

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2020

All amounts are in Lakhs unless otherwise stated

Summary of Borrowing Arrangements:

Note - 14 A- I - (a) 10.90% Redeemable Non Convertible Debentures

The Company has issued, on 19th December' 2015 10.90%- 650 Redeemable Secured Non Convertible Debentures of Rs. 10 Lakhs each aggregating to Rs. 65 Crores repayable in 3, 4 and 5 years in the ratio of 31:31:38 respectively as below :-

Particulars	Series I *	Series II *	Series III
Face Value (Rs.)	1,000,000	1,000,000	1,000,000
No. of Debentures	200	200	250
Total Value (Rs.)	200,000,000	200,000,000	250,000,000
Maturity Date	19-Dec-17	19-Dec-18	19-Dec-19

These Debentures are secured by way of first pari passu charge along with the debenture holders of Rs. 60 Crore (Out of 150 Crores issued in July'16) on the assets of the project (excluding specified assets) by way of constructive mortgage, through deposit of the title deeds with the Debenture Trustee.

The company has to maintain minimum fixed asset coverage ratio (FACR) of 1.25 X at all times during the currency of debentures.

All the series of the issue have been duly repaid on the maturity dates.

Note - 14 A- I - (b) 9.48% Redeemable Non Convertible Debentures

The Company has issued, on 7th July' 2016, 150 Redeemable Secured Non Convertible Debentures of Rs. 10 Lakhs each aggregating to Rs. 150 Crores repayable in 3, 4 and 5 years in the ratio of 20:20:60 respectively as below:-

Particulars	Series I*	Series II	Series III **
Face Value (Rs.)	1,000,000	1,000,000	1,000,000
No. of Debentures	300	300	900
Total Value (Rs.)	300,000,000	300,000,000	900,000,000
Coupon Rate (%)	N.A.	N.A.	9.48%
Interest Repayment	N.A.	N.A.	Annual
Redemption Premium (Rs.)	93,469,500	131,090,300	N.A.
Maturity Date	8-Jul-19	7-Jul-20	7-Jul-21**

- First ranking pari passu charge on the specified Mortgaged Assets of the Company along with the NCD holder of Rs. 65 Crore by way of constructive mortgage, through deposit of the title deeds with the Debenture Trustee.
- The Company shall ensure that the requisite security cover of 1.25x to the Secured Obligations shall be maintained throughout the tenor of the Debentures and this Deed.

* Series I of the issue has been duly repaid on the due date.

** Series III of Rs. 90 Cr. was pre- paid on 14th December' 2017 with redemption premium charges of Rs. 232 Lakhs.

Note - 14 A- II. The Company has issued, on 5th July' 2018 - unsecured, unlisted, redeemable, non-convertible debentures as below:-

Particulars	Series 1A	Series 1B	Series B	Total
Face Value (Rs.)	100.00	100.00	100.00	
No. of Debentures	6,622,870	12,856,160	1,947,903	**21,426,933**
Total Face Value (Value in Lakhs)	6,622.87	12,856.16	1,947.90	**21,426.93**
Discount on issue	10%	10%	Nil	**Nil**
Total Issue Value (Value in Lakhs)	**5,960.59**	**11,570.54**	**1,947.90**	**19,479.03**

The key terms series 1A are as below:

(a) Coupon on each Series 1A Debenture shall accrue on a quarterly basis at the end of each quarter of a Financial Year, and shall become due and payable to the holders of Series 1A Debentures quarterly subject to availability of Distributable Cash as determined by Distribution committee. The Company shall redeem the relevant Series 1A Debentures in the in accordance with the Distribution Waterfall and Distribution Waterfall Mechanism.

The key terms series 1B are as below:

(a) Coupon on each Series 1B Debenture shall accrue on a quarterly basis at the end of each quarter of a Financial Year, and shall become due and payable to the holders of Series 1B Debentures quarterly subject to availability of Distributable Cash as determined by Distribution committee. The Company shall redeem the relevant Series 1B Debentures in the in accordance with the Distribution Waterfall and Distribution Waterfall Mechanism.

The key terms series B are as below:

(a) Coupon on each Series B Debenture shall accrue on a quarterly basis at the end of each quarter of a Financial Year, and shall become due and payable to the holders of Series B Debentures quarterly subject to availability of Distributable Cash as determined by Distribution committee. The Company shall redeem the relevant Series B Debentures in the in accordance with the Distribution Waterfall and Distribution Waterfall Mechanism.

Non- Current Borrowings Oustanding Summary

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
9.48% Redeemable Non Convertible Debentures	**–**	2,998.05
Non- Convertible Debentures- IFC	**16,200.96**	19,582.66
Total	**16,200.96**	22,580.71

Note - 14 B. The cash credit facility carries interest rate in the range of 8.60% p.a. to 9.20% p.a. and is secured against trade receivables.

Note No. 15 - Other Financial Liabilities

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
Other Financial Liabilities Measured at Amortised Cost		
Non-Current		
(a) Security Deposits	**2.33**	85.69
Total Non Current Other financial liabilities measured at amortised cost	**2.33**	85.69
Current		
a) Current maturities of long-term debt (Refer 14)	**7,108.38**	5,496.36
b) Interest Accrued but not due (Note - 14 A- I and II.)	**4,296.08**	2,339.13
c) Other liabilities		
(1) Capital Creditors	**45.66**	134.18
(2) Security Deposits from lessees	**1,327.35**	1,550.06
(3) Others	**35.43**	40.30
Total Current Other financial liabilities measured at amortised cost	**12,812.90**	9,560.03
Total other financial liabilities	**12,815.23**	9,645.72

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Current maturities Oustanding Summary

Particulars	As at 31st March, 2020	As at 31st March, 2019
9.48% Redeemable Non Convertible Debentures	3,000.00	2,999.99
10.90% Redeemable Non Convertible Debentures	–	2,496.37
Non- Convertible Debentures- IFC	4,108.38	–
Total	7,108.38	5,496.36

Note No. 16 - Provisions

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non-Current	Current	Non-Current
(a) Provision for employee benefits				
- Gratuity	1.94	77.24	1.33	53.34
- Leave encashment	31.42	35.42	29.51	26.59
(b) Other Provisions				
(1) Premium payable of redemption of Non-convertible Debentures (refer note 14 A-I- b)	1,223.87	–	853.45	895.47
(2) Provision for cost of sale	864.24	2,936.68	754.88	2,890.44
Total Provisions	2,121.47	3,049.34	1,639.17	3,865.84

Note- 16 a. Long term employee benefit expense provision includes provision for leave encashment and gratuity.

Note- 16 b. The Other Provisions are not subject to discounting, considering no fixed timeline to incur cash outflow.

Note No. 17: Deferred Tax Liabilities (Net)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred Tax Liabilities	1,994.34	2,032.44
Deferred Tax Assets	(692.09)	(686.56)
Total	1,302.25	1,345.88

(i) Movement in deferred tax balances

Particulars	For the Year ended 31st March, 2020		
	Opening Balance	For the year	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	2,032.44	(39.40)	1,993.04
Others- (unbilled debtors)	–	1.30	1.30
A	2,032.44	(38.10)	1,994.34
Tax effect of items constituting deferred tax assets			
Provisions for Leave Encashment & Gratuity	32.00	10.51	42.51
Other Items	5.00	(4.98)	0.02
Minimum Alternate Credit Entitlement	649.56	–	649.56
B	686.56	5.53	692.09
Net Tax Liabilities (A - B)	1,345.88	(43.63)	1,302.25

Particulars	For the Year ended 31st March, 2019		
	Opening Balance	For the year	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	1,851.00	181.44	2,032.44
	1,851.00	181.44	2,032.44
Tax effect of items constituting deferred tax assets			
Provisions for Leave Encashment & Gratuity	33.01	(1.01)	32.00
Other Items (Unbilled Debtors)	6.00	(1.00)	5.00
Minimum Alternate Credit Entitlement	113.39	536.17	649.56
	152.40	534.16	686.56
Net Tax Liabilities	1,698.60	(352.72)	1,345.88

* Deferred tax (Charge) / Credit recognised in Other comprehensive income on Remeasurements of the defined benefit plans is Rs 2.70 Lakhs (Previous Year-Rs (2.83) Lakhs).

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2020

All amounts are in Lakhs unless otherwise stated

Note No. 18 - Other Liabilities

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non-Current	Current	Non-Current
a. Advances received from customers	1,174.43		1,545.68	
b. Statutory dues				
- taxes payable (other than income taxes)	39.18		38.35	
c. Others	9.51	798.45		707.00
TOTAL OTHER LIABILITIES	1,223.12	798.45	1,584.03	707.00

18 (a) Others represent the rent free deposits received from customers treated as Advance income.

Note No. 19 - Trade Payables

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non-Current	Current	Non-Current
Total outstanding dues of micro enterprises and small enterprises - Refer Note no. 31	46.05	–	13.82	–
total outstanding dues of creditors other than micro enterprises and small enterprises	1,403.30	–	1,226.95	–
Total trade payables	1,449.35	–	1,240.77	–

- Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.
- The average credit period in the range of 0-60 days on goods/service received is as per the terms of the agreement with vendors.
- The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

Note No. 20 - Revenue from Operations

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Revenue from rendering of services:		
(i) Land Lease Premium	5,884.64	9,082.12
(ii) Property Rentals- eVolve	1,954.29	1,928.38
(iii) Income from Operation and Maintenance	2,489.39	2,341.95
(iv) Others	324.60	–
Total Revenue from Operations	10,652.92	13,352.45

22. (a) During the year, the company has leased 23.34 (previous year 46.19) acres of land on long term basis. Of this 3.82 (previous year 26.71) acres in Special Economic Zone (SEZ) and 19.52 (previous year 19.48) acres is in the Non Special economic Zone (Non SEZ).

22. (b) Others represent Provision made in earlier years for onerous contract reversed consequent to termination of contract.

Note No. 21 - Other Income

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Interest Income		
(1) Interest on Bank Deposits	183.69	79.32
(2) Others	50.54	20.49
(b) Net gain/(loss) arising on financial assets designated as at FVTPL	–	63.84
(c) Miscellaneous Income*	71.09	1.72
Total Other Income	305.32	165.37

* Miscellaneous income for year ended 31st March, 2020 represents Liabilities no longer required written back.

Note No. 22 - Cost of Projects

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cost of Projects:		
Opening Stock:		
Work-in-progress	48,401.01	46,750.54
Sub-Total (a)	48,401.01	46,750.54
Add: Expenses incurred during the year		
Land Cost	–	–
Civil, Electrical, Contracting etc.	662.86	2,075.38
Finance Costs	1,866.56	1,558.49
Overheads allocated	282.95	259.02
Sub-Total (b)	2,812.37	3,892.89
Less: Closing Stock:		
Work in progress	50,012.26	48,401.01
Sub-Total (c)	50,012.26	48,401.01
Re- grouping of CoC Revision	324.60	
Total (a+b-c)	1,525.72	2,242.42

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All amounts are in Lakhs unless otherwise stated

Note No. 23 - Operation & Maintenance expenses

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Site Electricity & Diesel Expenses	**224.17**	248.34
(b) Repairs & Maintenance Expenses	**300.53**	425.65
(c) Security Charges	**197.17**	208.10
(d) Landscaping/ Water Charges	**559.40**	455.40
(e) Cleaning/Housekeeping Charges	**309.16**	277.34
(f) Organization Expenses	**48.63**	63.62
(g) Insurance Expenses	**11.00**	11.80
(h) Legal & Professional Fees	**0.03**	0.04
(i) Rates & Taxes	**9.12**	10.21
(j) Other Miscellaneous Expenses	**20.80**	19.66
Total Operation and Maintenance Expense	**1,680.01**	1,720.16

Note No. 24 - Employee Benefits Expense

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Salaries and wages, including bonus*	**736.51**	621.89
(b) Contribution to provident and other funds	**41.78**	38.85
(c) Staff welfare expenses	**15.46**	21.90
Total Employee Benefit Expense	**793.75**	682.64
Less : Allocated to projects	**(279.09)**	(247.39)
Total Net Employee Benefit Expense	**514.66**	435.25

* Includes cost for Employee Stock Options of Mahindra Lifespaces Developers Limited issued to employees of the Company aggregating to Rs 7.51 Lakhs (Previous Years-Rs 9.13 Lakhs).

Note No. 25 - Finance Costs

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Interest expense	**4,315.70**	3,975.91
(b) Other borrowing cost	**4.79**	6.84
(c) Other interest costs	**129.83**	63.39
Total finance costs	**4,450.32**	4,046.14
Less : Allocated to projects	**(1,866.56)**	(1,558.49)
Total finance costs	**2,583.76**	2,487.65

25 a.The interest is inventorised on borrowings referred to in Note- 14- A II. and in the ratio of undeveloped inventory to the total inventory.

25 b.The Other interest cost includes interest on cash credit Limit utilisation of Rs. 112.84 Lakhs for the year ended March 31, 2020 (Previous year- Rs. 56.75 Lakhs).

Note No. 26 - Other Expenses

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Rent including lease rentals	**14.23**	16.10
(b) Rates and taxes	**3.57**	2.85
(c) Insurance	**21.86**	15.10
(d) Repairs and Maintenance	**22.16**	20.65
(e) Electricity Charges	**10.71**	10.06
(f) Travelling & Conveyance	**52.11**	68.40
(g) Legal & Professional Fees	**48.86**	56.72
(h) Printing & Stationery	**4.73**	5.93
(i) Communication	**6.36**	7.99
(j) Advertisement, Marketing & Business Development	**269.75**	258.93
(k) Auditors Remuneration (refer note 26 (a))	**17.93**	16.68
(l) Expenditure on Corporate Social Responsibility	**110.71**	88.69
(m) Development Management Fees	**126.72**	**113.74**
(n) Miscellaneous Expenses	**8.42**	6.27
Total Gross Other Expenses	**718.12**	688.11
Less : Allocated to projects/Capitalised	**(3.86)**	(11.63)
Total Net Other Expenses	**714.26**	676.48

Note No. 26 (a) - Auditors Remuneration

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Payments to the auditors comprises:		
Statutory Audit	**10.00**	9.50
Other services	**7.85**	7.10
Reimbursement of expenses	**0.08**	0.08
Total	**17.93**	16.68

Note No. 27 - Current Tax and Deferred Tax

Income Tax recognised in profit or loss

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Current Tax:		
In respect of current year	**581.31**	1,143.21
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(40.93)**	(355.55)
Total income tax expense on continuing operations	**540.38**	787.66

The total Income tax computation to be reconciled with your book profit.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2020

All amounts are in Lakhs unless otherwise stated

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit before Tax	**3,285.13**	5,256.52
Income Tax @ 29.12% for the year	**956.63**	1,530.70
Effect of expenses that is non-deductible in determining taxable profit :		
CSR Expense (net of deduction u/s 80G allowed)	**27.51**	7.65
Deduction u/s 80IAB	**(365.59)**	(970.21)
Others	**(78.17)**	219.52
Total	**540.38**	787.66
Income tax expense recognised in statement of profit and loss	**540.38**	787.66

Note No. 28 - Earnings per Share

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit for the year attributable to owners of the Company	**2,744.75**	4,468.86
Weighted average number of equity shares (No's)	**15,00,00,000**	15,00,00,000
Basic and diluted earnings per share (In rupees per share) of Face Value- Rs. 10 Per Share	**1.83**	2.98

Note No. 29 - Segment information

The Company operates in only one business segment, i.e. 'lease of land and properties constructed thereon' based on the nature of the services and products, the risks and returns etc. This has been determined in a manner consistent with the internal reporting provided to the Chief Executive Officer of the Company who are regarded as Chief Operating Decision Maker ("CODM"). The Company operates only in India and considering that the conditions prevailing in India being uniform, no separate geographical disclosure within India is considered necessary.

Note - 30 - Contingent liabilities and commitments

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) Contingent liabilities (to the extent not provided for)		
(a) Other Matters disputed:		
Shahri Jamabandi (Urban Assessment/Ground rent demanded by Jaipur Development Authority, Government of Rajasthan)	**32,179.39**	32,179.39
Note : The above amount is based on demand raised, which the Company is contesting with the concerned authorities. Outflows, if any, arising out of this claim would depend on the outcome of the decision of the appellate authorities and Company's rights for future appeals. No reimbursements are expected.		
(b) Other money for which the Company is contingently liable (Income Tax Matter under appeal)	**32.16**	32.16
(c) Rajasthan Entry Tax	**–**	14.14
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**–**	–

Note - 31 - Disclosures required under Section 22 of the Micro Small and Medium Enterprises Development Act 2006

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Dues remaining unpaid	**46.05**	13.82
- Principal	**46.05**	13.82
- Interest	**-**	-
(b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year	**–**	–
- Principal paid beyond the appointed date	**–**	–
- Interest paid in terms of Section 16 of the MSMED Act	**–**	–
(c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**–**	–
(d) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**–**	–
(e) Amount of interest accrued and remaining unpaid	**–**	–

(i) Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

(ii) There are no overdue amounts any time during the year and hence no interest amount is due or paid during the year.

Note No. 32 - Leases

Ministry of corporate Affairs has notified Ind AS 116 "" Leases"" which is effective from 01st April, 2019. Pursuant to this, the company has applied this standard to all lease contracts existing on 01st April, 2019 using the retrospective approach with the cumulative effect at the date of initial application. The adoption of the Standard did not have any material impact to the financial results of the Company. Therefore, there is no effect of adopting Ind AS 116 on retained earnings as at 01st April, 2019. Thus, on transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset and lease liability is NIL.

The Company has not applied the requirement of IND AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. Amount recognised in statement of Profit and Loss Account is Rs 15,12,640.

Details of operating leasing arrangements as lessor

The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period of 2 to 3 years for the building and 9 yrs and 5 months for interiors from 2008 to 2020 and may be renewed for a further period of 2 terms of 5 years each based on mutual agreement of the parties.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2020

All amounts are in Lakhs unless otherwise stated

Particulars	As at 31st March, 2020	As at 31st March, 2019
Future minimum lease payments		
Not later than one year	**64.40**	425.27
Later than one year and not later than five years	**–**	179.24
Later than five years	**–**	–

Note No. 33 - Employee benefits

Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk

The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk

A decrease in the bond interest rate will increase the plan liability

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at 31st March, 2020	31st March, 2019
Discount rate(s)	**6.77%**	7.69%
Expected rate(s) of salary increase	**9.00%**	9.00%
Attrition Rate	**5.00%**	5.00%
Average Longevity	**IALM (2012-14) Ultimate**	IALM (2006-08) Ultimate

Retirement age is assumed to be 60 years.

Defined benefit plans – As per Actuarial Valuation

Particulars	Defined Benefit Plan Gratuity 31st March, 2020	31st March, 2019
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Current Service Cost	**11.60**	11.03
Net interest expense	**4.15**	3.92
Components of defined benefit costs recognised in profit or loss	**15.75**	14.95
Actuarial (Gain)/Loss on obligation	**10.94**	(9.72)
Components of defined benefit costs recognised in other comprehensive income	**10.94**	(9.72)
Total	**26.69**	5.23
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**79.18**	54.67
2. Surplus/(Deficit)	**(79.18)**	(54.67)
3. Current portion of the above	**1.94**	1.33
4. Non current portion of the above	**77.24**	53.34
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**54.67**	54.86
2. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**11.60**	11.03
- Interest Expense (Income)	**4.15**	3.92
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses):		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	2.46
ii. Financial Assumptions	**8.43**	(1.19)
iii. Experience Adjustments	**2.51**	(10.99)
5. Benefit payments	**(2.18)**	(5.42)
7. Present value of defined benefit obligation at the end of the year	**79.18**	54.67

The sensitivity of the defined benefit obligation to changes by in the weighted principal assumptions is:

Principal assumptions	Year	Impact on defined benefit obligation: Increase in assumption by 1%	Decrease in assumption by 1%
Discount rate	2020	70.08	89.89
	2019	48.29	62.19
Salary growth rate	2020	89.49	70.22
	2019	61.98	48.35

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

All amounts are in Lakhs unless otherwise stated

Note No. 34 - Related Party Transactions

Description of relationship	Names of related parties	Description of relationship	Names of related parties
Entities having joint control/ significant influence over Company	Mahindra & Mahindra Limited Mahindra Lifespace Developers Limited Rajasthan State Industrial Development and Investment Corporation Limited	**Fellow Subsidiaries**	Mahindra World City Developers Limited Mahindra Integrated Business Solutions Private Limited Mahindra Susten Private Limited Mahindra EPC Irrigation Industries Ltd Mahindra Consulting Engineers Limited Mahindra Holidays & Resorts India Limited Mahindra Defence Systems Limited Mahindra Industrial Park Private Limited
Key Management Personnel (KMP)	Mr. Sanjay Srivastava - Chief Executive Officer	**Associate of Ultimate Holding Company**	Tech Mahindra Limited

Details of transaction between the Company and its related parties are disclosed below:

Nature of transactions with Related Parties	For the year ended	Mahindra & Mahindra Limited	Mahindra Lifespace Developers Limited	Rajasthan State Industrial Development and Investment Corporation Limited	Mahindra Integrated Business Solutions Private Limited	Mahindra Susten Private Limited	Mahindra Consulting Engineers Limited	Tech Mahindra Limited	Mahindra Defence Systems Limited	Mahindra World City Developers Limited	Mahindra Industrial Private Limited	Mahindra EPC Irrigation Industries Ltd	Mr. Sanjay Srivastava
Rendering of services	31-Mar-20	40.04	0.65			0.11		0.12	0.12			–	
	31-Mar-19	41.44	3.54			0.12		0.12	0.12	–	–		–
Receiving of services	31-Mar-20	25.45	180.66		4.10			–	–	0.03		1.00	
	31-Mar-19	19.07	142.63	–	2.52		–	–	–	0.04	–	53.30	–
Finance arrangements:													
Inter Corporate Deposits taken	31-Mar-20												
	31-Mar-19	5,000.00	–	–	–	–	–	5,000.00	–	–	–	–	–
Inter Corporate Deposits paid back	31-Mar-20	–	–	–	–	–	–		–	–	–	–	–
	31-Mar-19	5,000.00	5,800.00	–	–	–	–	5,000.00	–	–	–	–	–
Interest on Inter Corporate Deposits	31-Mar-20	–	–	–	–	–	–	–	–	–	–	–	–
	31-Mar-19	19.32	138.82	–	–	–	–	19.32	–	–	–	–	–
Reimbursement made to parties	31-Mar-20	0.25	–	–	–	–	–	–	–	–	–	–	–
	31-Mar-19	14.42	–	–	–	–	–	–	–	–	7.96	–	–
Remuneration	31-Mar-20	–	–	–	–	–	–	–	–	–	–	–	163.73
	31-Mar-19	–	–	–	–	–	–	–	–	–	–	–	149.36
Equity Shares Dividend Paid	31-Mar-20	–	1,665.00	585.00	–	–	–	–	–	–	–	–	–
	31-Mar-19	–	1,665.00	585.00	–	–	–	–	–	–	–	–	–

Particulars	Balance as on	Mahindra & Mahindra Limited	Mahindra Lifespace Developers Limited	Rajasthan State Industrial Development and Investment Corporation Limited	Mahindra Integrated Business Solutions Private Limited	Mahindra Susten Private Limited (Formerly known as Mahindra EPC Services Private Limited)	Mahindra Consulting Engineers Limited	Tech Mahindra Limited	Mahindra Defence Systems Limited	Mahindra World City Developers Limited	Mahindra Industrial Private Limited	EPC Industries Ltd	Mr. Sanjay Srivastava
Trade payables	31-Mar-20	1.74	232.71	–	0.19	–	–	–	–	–	–	27.16	–
	31-Mar-19	6.10	20.70	–	–	–	–	–	–	–	5.16	40.54	–
Loans & advances taken (MOU Advance)	31-Mar-20	–	–	–	–	–	–	570.00	–	–	–	–	–
	31-Mar-19	–	–	–	–	–	–	570.00	–	–	–	–	–
Trade Receivable	31-Mar-20	0.25	11.65	–	–	0.12	–	0.34	0.04	–	–	–	–
	31-Mar-19	1.76	–	–	0.56	0.11	–	0.20	–	–	–	–	–
Deposits Payables	31-Mar-20	8.40	–	–	–	–	–	–	–	–	–	–	–
	31-Mar-19	8.40	–	–	–	–	–	–	–	–	–	–	–
Advance / Deposit to Vendor	31-Mar-20	–	–	254.86	–	–	–	–	–	–	–	–	–
	31-Mar-19	–	–	254.86	–	–	–	–	–	–	–	–	–

Note: As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management Personnel is not ascertained separately, and therefore, not included above.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2020

All amounts are in Lakhs unless otherwise stated

Note No. 35 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31st March, 2020		31st March, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost:				
- Trade Receivables	**2,694.61**	**2,694.61**	690.63	690.63
- Cash and Cash Equivalents	**1,180.61**	**1,180.61**	4,422.82	4,422.82
- Other Bank Balances	**1,858.68**	**1,858.68**	2,503.63	2,503.63
- Loans	**116.06**	**116.06**	112.92	112.92
- Other Financial Assets	**27.66**	**27.66**	89.57	89.57
Total financial assets	**5,877.62**	**5,877.62**	7,819.57	7,819.57
Financial liabilities				
Financial liabilities held at amortised cost:				
- Borrowings	**18,245.64**	**18,245.64**	22,599.23	22,599.23
- Trade Payables	**1,449.35**	**1,449.35**	1,240.77	1,240.77
- Other Financial Liabilities	**12,815.23**	**12,815.23**	9,645.72	9,645.72
Total	**32,510.22**	**32,510.22**	33,485.72	33,485.72

Note No. 36 - Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31 March 2020, 31 March 2019 is as follows:

	31st March, 2020	31st March, 2019
Debt (A)*	**25,354.02**	28,095.59
Equity (B)	**30,425.21**	30,399.52
Debt Equity Ratio (A/B)	**0.83**	0.92

* Debt includes Borrowings (Note No. 14 - Borrowings) and Current maturities of long-term debt (Note No. 15 - Other Financial Liabilities)

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2020

All amounts are in Lakhs unless otherwise stated

Categories of financial assets and financial liabilities

As at 31st March, 2020

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Loans	116.06			116.06
Current Assets				
Trade Receivables	2,694.61			2,694.61
Cash and Cash Equivalents	1,180.61			1,180.61
Other Bank Balances	1,858.68			1,858.68
Other Financial Assets				
- Non Derivative Financial Assets	27.66			27.66
Non-current Liabilities				
Borrowings	16,200.96			16,200.96
Other Financial Liabilities				
- Non Derivative Financial Liabilities	2.33			2.33
Current Liabilities				
Borrowings	2,044.68			2,044.68
Trade Payables	1,449.35			1,449.35
Other Financial Liabilities				
- Non Derivative Financial Liabilities	12,812.90			12,812.90

As at 31st March, 2019

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Loans	112.92			112.92
Current Assets				
Trade Receivables	690.63			690.63
Cash and Cash Equivalents	4,422.82			4,422.82
Other Bank Balances	2,503.63			2,503.63
Loans				
- Non Derivative Financial Assets	89.57			89.57
Non-current Liabilities				
Borrowings	22,580.71			22,580.71
Other Financial Liabilities				
- Non Derivative Financial Liabilities	85.69			85.69
Current Liabilities				
Borrowings	18.52			18.52
Trade Payables	1,240.77			1,240.77
Other Financial Liabilities				
– Non Derivative Financial Liabilities	9,560.03			9,560.03

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counter party defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company enteres into an agreement with each customer. The agreement has a termination clause by which the Company can terminate the agreement and secure the receivable. The trade redeivables are also reviewed by the Management regularly and necessary actions are taken in order to collect any amount outstanding from customers. Being a Develper, a unit needs certain NOC and permission in respect of commencement and operation of the business and as per the agreement signed with customer, the developer gives the required NOC and permission after clearing the outstanding dues alongwith interest.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Customer creditibility is researched before leasing the land to ensure only credit worthiness of the clients.

The credit risk on liquid funds is limited because the counterparties are banks and debt mutual funds with high credit-ratings assigned.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2020

All amounts are in Lakhs unless otherwise stated

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	More than 5 years
Non-derivative financial liabilities				
31-Mar-20				
Non-interest bearing	1,408.44	–	–	*765.92
Trade payable	1,449.35	–	–	–
Loans repayable on demand from Bank	2,044.68			
Fixed interest rate instruments				
9.48% Redeemable Non Convertible Debentures	3,000.00		–	–
Redeemable Non Convertible Debentures	8,404.46	17,318.55	–	–
Total	**16,306.93**	**17,318.55**	**–**	**765.92**
31-Mar-19				
Non-interest bearing	1,724.54	–	–	*823.87
Trade payable	1,240.77	–	–	
Loans repayable on demand from Bank	18.52			
Fixed interest rate instruments				
10.90% Redeemable Non Convertible Debentures	2,576.89	–	–	–
9.48% Redeemable Non Convertible Debentures	3,000.00	3,000.00	–	–
Redeemable Non Convertible Debentures	2,262.24	15,700.00	5,726.93	–
Total	**10,822.96**	**18,700.00**	**5,726.93**	**823.87**

* Security deposit payable on 17th August, 2105

Note No. 37 - Events after the reporting period

No material events have occurred after the Balance Sheet date and upto the approval of financial statements.

Note No. 38 - Previous Year Figures

The figures of previous years have been regrouped/reclassified wherever necessary to conform to current year's grouping/classification.

In terms of our report attached

For B.K. Khare & Co.
Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: April 17, 2020

For and on behalf of the Board of Directors

Maheswar Sahu
Director
(DIN : 00034051)

Sangeeta Prasad
Director
(DIN : 02791944)

Sanjay Srivastava
Chief Executive Officer

Asfar Khan
Chief Financial Officer

Bijal Parmar
Company Secretary

Place: Jaipur
Date: April 17, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Bloomdale Developers Limited

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Mahindra Bloomdale Developers Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its profit and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The company's Board of Directors is responsible for the other information. The other information comprises the Board report. Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

5. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

6. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

14. As required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors.

h) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784
UDIN: 20044784AAAAAS1838

Mumbai, April 23, 2020

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Mahindra Bloomdale Developers Limited for the year ended March 31, 2020

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The title deeds of immovable property are held in the name of the Company.

2) Company's inventory comprises of raw materials and Construction work in progress and no material discrepancies were noticed in the same.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has prescribed maintenance of Cost records under section 148(1) of the Act and such accounts and records have been appropriately made and maintained.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) According to the information and explanations given to us, dues of goods and service tax, income tax, sales tax, service tax, excise duty, customs duty and value added tax which have not been deposited on account of any dispute are as follows:

Name of Statute	Amount in Rupees	Period to which amount relates	Forum where pending
Service Tax	28,09,911	April 2016 – June 2017	Commissioner of Central Excise (Appeals)
Service Tax	6,42,393	April 2016 – June 2017	CESTAT, Mumbai
Service Tax	8,78,881	April 2016 – June 2017	Commissioner of Central Excise (Appeals)
MVAT	42,00,648	FY 2010-11	Joint Commissioner (Appeals)

8) The Company has not obtained loans or borrowing from a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784
UDIN: 20044784AAAAAS1838

Mumbai, April 23, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA BLOOMDALE DEVELOPERS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Bloomdale Developers Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784
UDIN: 20044784AAAAAS1838

Mumbai, April 23, 2020

BALANCE SHEET AS AT 31 MARCH, 2020

Particulars	Note No.	As at 31 March, 2020	As at 31 March, 2019
			Rupees in Lakhs
I ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**13.13**	33.36
(b) Financial Assets			
(i) Loans	7	**254.60**	240.40
(c) Deferred Tax Assets (Net)	6	**612.50**	887.84
(d) Non-Current Tax Assets (Net)		**142.82**	97.00
SUB-TOTAL		**1,023.05**	1,258.60
CURRENT ASSETS			
(a) Inventories	10	**12,560.13**	16,232.66
(b) Financial Assets			
(i) Trade Receivables	11	**1,318.90**	692.23
(ii) Cash and Cash Equivalents	12	**677.25**	252.95
(iii) Bank Balances other than (ii) above	12	**45.65**	305.29
(iv) Loans	7	**–**	–
(v) Other Financial Assets	8	**3.96**	2.91
(c) Other Current Assets	9	**591.22**	847.84
SUB-TOTAL		**15,197.11**	18,333.89
TOTAL ASSETS		**16,220.16**	19,592.49
II EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	13	**5.00**	5.00
(b) Other Equity		**(352.87)**	(682.60)
SUB-TOTAL		**(347.87)**	(677.60)
LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
Borrowings	14	**7,584.53**	2,474.56
(b) Provisions	15	**20.72**	14.10
SUB-TOTAL		**7,605.25**	2,488.66
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	16	**–**	1,651.63
(ii) Trade Payables	18		
– Total outstanding dues of Micro Enterprises and Small Enterprises		**–**	–
– Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		**1,078.40**	4,321.25
(iii) Other Financial Liabilities	17	**1,480.53**	2,044.62
(b) Provisions	15	**95.14**	94.45
(c) Other Current Liabilities	19	**6,308.71**	9,669.47
SUB-TOTAL		**8,962.78**	17,781.43
TOTAL		**16,220.16**	19,592.49
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the Financial Statements

As per our report attached hereto

For **B.K.Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 44784

Place : Mumbai
Date : April 23, 2020

For and on behalf of the Board of Directors of Mahindra Bloomdale Developers Limited

Sangeeta Prasad
Director DIN NO. 02791944

Place : Mumbai
Date : April 23, 2020

Suhas Kulkarni
Director DIN NO. 00003936

Place : Mumbai
Date : April 23, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

Rupees in Lakhs

Particulars	Note No.	Year ended 31 March, 2020	Year ended 31 March, 2019
Continuing Operations			
INCOME			
Revenue from operations	20	9,905.30	9,314.27
Other Income	21	22.40	36.42
Total Income		9,927.70	9,350.69
EXPENSES			
(a) Operating Expenses	22	8,260.26	7,557.43
(b) Employee benefit expense	23	92.66	118.56
(c) Finance Cost	24	–	–
(d) Depreciation and amortisation expense	4	9.87	51.86
(e) Other expenses	25	947.58	613.41
Total Expenses		9,310.37	8,341.26
Profit/(loss) before exceptional items and tax		617.33	1,009.43
Tax Expense			
(1) Current tax		–	–
(2) Deferred tax	5	275.81	293.00
Total tax expense		275.81	293.00
Profit/(loss) after tax from continuing operations		341.52	716.43
Profit/(loss) for the period		341.52	716.43
Other Comprehensive Income		–	–
A (i) Items that will not be recycled to profit or loss		–	–
(a) Changes in revaluation surplus		–	–
(a) Remeasurements of the defined benefit liabilities/(asset) (Net of taxes)		1.90	2.34
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.48)	(0.68)
Total Comprehensive Income for the period		340.10	714.76
Earnings per equity share			
(1) Basic and diluted	26	683.04	1,432.85
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the Financial Statements

As per our report attached hereto

For **B.K.Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 44784
Place : Mumbai
Date : April 23, 2020

For and on behalf of the Board of Directors of Mahindra Bloomdale Developers Limited

Sangeeta Prasad
Director DIN NO. 02791944
Place : Mumbai
Date : April 23, 2020

Suhas Kulkarni
Director DIN NO. 00003936
Place : Mumbai
Date : April 23, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2020

Rupees in Lakhs

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Cash flows from operating activities		
Profit before tax for the year	**617.33**	1,009.43
Adjustments for:		
Finance costs recognised in profit or loss	**–**	–
IND AS 115 opening impact on Reserve & Deferred Tax	**–**	(2,125.04)
Depreciation and amortisation of non-current assets	**9.87**	51.86
Movements in working capital:		
Increase in trade and other receivables	**(640.87)**	106.14
(Increase)/decrease in inventories	**3,672.53**	(9,325.29)
(Increase)/decrease in other assets	**255.57**	2,355.93
Decrease in trade and other payables	**(7,160.39)**	7,439.80
Cash generated from operations	**(3,245.97)**	(487.19)
Income taxes paid	**(47.72)**	(71.72)
Net cash generated by operating activities	**(3,293.68)**	(558.90)
Cash flows from investing activities		
Payments for property, plant and equipment	**–**	(2.54)
Proceeds from maturity of bank deposits	**259.64**	(265.74)
Net cash (used in)/generated by investing activities	**259.64**	(268.28)
Cash flows from financing activities		
Proceeds from borrowings	**7,959.96**	–
Repayment of borrowings	**(4,501.63)**	(286.13)
Net cash used in financing activities	**3,458.33**	(286.13)
Net increase in cash and cash equivalents	**424.29**	(1,113.32)
Cash and cash equivalents at the beginning of the year	**252.95**	1,366.25
Cash and cash equivalents at the end of the year	**677.26**	252.96

Summary of significant accounting policies

The accompanying notes are an integral part of the Financial Statements

As per our report attached hereto

For **B.K.Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 44784
Place : Mumbai
Date : April 23, 2020

For and on behalf of the Board of Directors of Mahindra Bloomdale Developers Limited

Sangeeta Prasad
Director DIN NO. 02791944
Place : Mumbai
Date : April 23, 2020

Suhas Kulkarni
Director DIN NO. 00003936
Place : Mumbai
Date : April 23, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2020

A. Equity share capital

Rs. In Lakhs

Particulars	Total
As at 1 April, 2018	5.00
Changes in equity share capital during the year	–
As at 31 March, 2019	5.00
Changes in equity share capital during the year	–
As at 31 March, 2020	5.00

B. Other Equity

Rs. In Lakhs

Particulars	Retained Earnings	Other Comprehensive Income-Acturial Gain/Loss	Total
As at 31 March, 2018	99.92	2.84	102.76
Profit / (Loss) for the period	716.43	–	716.43
Other Comprehensive Income / (Loss)	–	(1.66)	(1.66)
Impact of INDAS 115 on opening reserve	(1,500.13)	–	(1,500.13)
As at 31 March, 2019	(683.78)	1.18	(682.60)
Profit / (Loss) for the period	341.52	–	341.52
Other Comprehensive Income / (Loss)	–	(1.42)	(1.42)
Other Adjustment (Accumulated Depreciation impact on Reserve)	(10.37)	–	(10.37)
As at 31 March, 2020	**(352.62)**	**(0.24)**	**(352.87)**

The accompanying notes are an integral part of the Financial Statements

As per our report attached hereto

For **B.K.Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 44784
Place : Mumbai
Date : April 23, 2020

For and on behalf of the Board of Directors of
Mahindra Bloomdale Developers Limited

Sangeeta Prasad
Director DIN NO. 02791944
Place : Mumbai
Date : April 23, 2020

Suhas Kulkarni
Director DIN NO. 00003936
Place : Mumbai
Date : April 23, 2020

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. General Information

Mahindra Bloomdale Developers Limited (Earlier known as Mahindra Bebanco Developers Limited), a wholly own subsidiary of Mahindra Lifespace Developers Ltd.

The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activity of the Company is development of residential complexes in MIHAN Nagpur.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind-AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.4 Revenue recognition

2.4.1 Revenue from Projects

The Company develops and sells residential and commercial properties. Revenue from contracts is recognised when control over the property has been transferred to the customer. An enforceable right to payment does not arise until the development of the property is completed. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer and the development of the property is completed. The revenue is measured at the transaction price agreed under the contract.

The Company invoices the customers for construction contracts based on achieving a series of performance-related milestones.

For certain contracts involving the sale of property under development, the Company offers deferred payment schemes to its customers. The Company adjusts the transaction price for the effects of the significant financing component.

2.4.2 Revenue from Sale of land and other rights

Revenue from Sale of land and other rights is generally a single performance obligation and the Company has determined that this is satisfied at the point in time when control transfers as per the terms of the contract entered into with the buyers, which generally are with the firmity of the sale contracts / agreements. The determination of transfer of control did not change upon the adoption of Ind AS 115.

2.4.3 Contract Costs

- Costs to obtain contracts (“Contract costs”) relate to fees paid for obtaining property sales contracts. Such costs are recognised as assets when incurred and amortised upon recognition of revenue from the related property sale contract.

2.4.4 Dividend and interest income

Dividend income from investment in mutual funds is recognised when the unit holder’s right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.6.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.6.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.7 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties during construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.8 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest & manpower costs and expenses incidental to the projects undertaken by the Company.

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.11 Employee benefits provisions

Employee benefits provisions are measured and classified into long term and short-term provisions based on Actuarial valuation as per IND AS-19 as on Balance sheet date.

2.12 Financial Instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.13 *Financial assets*

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.13.1 *Classification of financial assets*

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of ‘Reserve for debt instruments through other comprehensive income’. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

2.13.2 *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

2.13.3 *Investments in equity instruments at FVTOCI*

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the ‘Reserve for equity instruments through other comprehensive income’. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

2.13.4 *Financial assets at fair value through profit or loss (FVTPL)*

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.13.5 *Impairment of financial assets*

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.13.6 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.13.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.14 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.14.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

2.14.2 Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

2.14.2.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2.14.2.2 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

2.14.2.3 Financial Liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability,

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.14.2.4 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

2.14.2.5 Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

2.14.2.6 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

2.14.2.7 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Significant accounting judgements, estimates and assumptions

3.1 Determining the timing of revenue recognition on the sale of completed and under development property

The Company has generally evaluated and concluded that based on a careful analysis of the rights and obligations under the terms of the contracts relating to the sale of property, the revenue is to be recognised at a point in time when control transfers which coincides with receipt of Occupation Certificate. The Company has generally concluded that the overtime criteria are not met owing to non-enforceable right to payment for performance completed to date and, therefore, recognises revenue at a point in time.

3.2 Determination of performance obligations

With respect to the sale of property, the Company has concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property is to undertake development of property and obtaining the Occupation Certificate. Generally, the Company is responsible for all these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Company accounts for them as a single performance obligation because they are not distinct in the context of the contract.

NOTE NO. 4 - PROPERTY, PLANT AND EQUIPMENT

Rs. In Lakhs

Description of Assets	Buildings – Leasehold	Office Equipment	Furniture and Fixtures	Computers	Total
I. Gross Carrying Amount					
Balance as at 1 April 2019	255.23	18.66	41.47	38.39	353.75
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
Balance as at 31 March 2020	**255.23**	**18.66**	**41.47**	**38.39**	**353.75**
II. Accumulated depreciation and impairment					
Balance as at 1 April 2019	250.42	15.82	21.03	33.11	320.39
Depreciation expense for the year	3.00	0.74	2.89	3.23	9.87
Other Adjustment	1.80	1.01	7.77	(0.22)	10.37
Balance as at 31 March 2020	**255.23**	**17.58**	**31.69**	**36.12**	**340.62**
III. Net carrying amount (I–II)	**0.00**	**1.08**	**9.78**	**2.27**	**13.13**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Rs. In Lakhs

Description of Assets	Buildings – Leasehold	Office Equipment	Furniture and Fixtures	Computers	Total
I. Gross Carrying Amount					
Balance as at 1 April 2018	255.23	18.66	40.88	36.45	351.21
Additions	–	–	0.59	1.94	2.54
Disposals	–	–	–	–	–
Balance as at 31 March 2019	**255.23**	**18.66**	**41.47**	**38.39**	**353.75**
II. Accumulated depreciation and impairment					
Balance as at 1 April 2019	206.61	15.04	18.15	28.72	268.53
Depreciation expense for the year	43.81	0.79	2.87	4.39	51.86
Balance as at 31 March 2018	**250.42**	**15.82**	**21.03**	**33.11**	**320.39**
III. Net carrying amount (I-II)	**4.81**	**2.83**	**20.45**	**5.28**	**33.36**

Impairment losses recognised in the year:

During the reporting period Company had not recognised any impairment loss on PPE.

Method of Depreciation:

Depreciation on tangible fixed assets has been provided on prorata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 or estimated useful life, whichever is lower. Sales office & the sample flat/show unit (Leasehold Building) cost, its furniture and office equipments are amortised over a period of 5 years.

NOTE NO. 5 - INCOME TAXES

(a) Income Tax recognised in profit or loss

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Current Tax:		
In respect of current year	–	–
In respect of prior years	–	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	155.38	293.00
Adjustments due to changes in tax rates	120.43	–
Total income tax expense on continuing operations	275.81	293.00

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Profit before tax from continuing operations	617.33	1,009.43
Income tax expense calculated at 25.17% (PY @29.12%)	155.38	293.94
Reduction in tax rate	24.38	–
Changes in recognised deductible temporary differences	96.05	–
Others	–	(0.94)
Income tax expense recognised In profit or loss from continuing operations	275.81	293.00

The tax rate used for the 31 March 2020 and 31 March 2019 reconciliations above is the corporate tax rate of 22% and 25% respectively (plus Surcharge Plus EC plus SHEC) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

NOTE NO. 6: DEFERRED TAX (NET)

(i) Movement in deferred tax balances

Rs. In Lakhs

Particulars	Opening Balance	For the Year ended 31 March, 2020 Recognised in profit and Loss	Recognised in OCI	Recognised in Equity	Closing Balance
Tax effect of items constituting deferred tax assets					
Property, Plant and Equipment	35.00	(4.75)	–	–	30.25
IND AS 115 Impact on opening Reserve	618.81	(83.94)	–	–	534.87
Carryforward Tax Loss	278.56	(193.17)	–	–	85.39
Employee Benefits	3.46	(0.47)	0.48	–	3.47
	935.84	(282.32)	0.48	–	653.99
Tax effect of items constituting deferred tax liabilities					
Other Items	(48.00)	6.51	–	–	(41.49)
	(48.00)	6.51	–	–	(41.49)
Net Tax Asset/(Liabilities)	887.84	(275.81)	0.48	–	612.50

Rs. In Lakhs

Particulars	Opening Balance	For the Year ended 31 March, 2019 Recognised in profit and Loss	Recognised in OCI	Recognised in Equity	Closing Balance
Tax effect of items constituting deferred tax assets					
Property, Plant and Equipment	35.00	–	–	–	35.00
IND AS 115 Impact on opening Reserve	–	–	–	618.81	618.81
Carryforward Tax Loss	571.56	(293.00)			278.56
Employee Benefits	2.78	–	0.68	–	3.46
Other Temporary Differences (please specify)					
	609.34	(293.00)	0.68	618.81	935.84
Tax effect of items constituting deferred tax liabilities					
Other Items	(48.00)	–	–	–	(48.00)
	(48.00)	–	–	–	(48.00)
Net Tax Asset/(Liabilities)	561.34	(293.00)	0.68	618.81	887.84

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note No. 7 - Financial Assets

Rs. In Lakhs

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
Loans				
(a) Secured, considered good	–	–	–	–
(b) Unsecured, considered good				–
(i) Security Deposits	–	254.60	–	240.40
Total	–	254.60	–	240.40

Note No. 8 - Other Financial Assets

Rs. In Lakhs

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
Financial assets at amortised cost				
(i) Interest Accrued on Fixed Deposits	3.96	–	2.91	–
Total	3.96	–	2.91	–

Note No. 9 - Other Current Assets

Rs. In Lakhs

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
(i) Advance to vendors	462.71	–	167.30	–
(ii) Balances with government authorities (other than income taxes)	2.39	–	209.70	–
(iii) Prepaid Expenses	126.12	–	470.84	–
Total	591.22	–	847.84	–

Note No. 10 - Inventories

Rs. In Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Raw Material	176.10	189.10
Construction Work in progress	12,190.41	15,590.69
Finished Goods	193.62	452.85
Total Inventories (at lower of cost and net realisable value)	12,560.13	16,232.64

Note-(a) Construction Work in Progress represents materials at site and unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.

Note No. 11 - Trade receivables

Rs. In Lakhs

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
Trade receivables				
(a) Secured, considered good	–	–	–	–
(b) Unsecured, considered good	1,318.90	–	692.23	–
(c) Which have significant increase in credit risk	–	–	–	–
(d) Credit Impaired	–	–	–	–
Total	1,318.90	–	692.23	–
Of the above, trade receivables from:				
- Related Parties	–	–	–	–
- Others	1,318.90	–	692.23	–
Total	1,318.90	–	692.23	–

Note (a)- No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Note No. 12 - Cash and Bank Balances

Rs. In Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents		
Balances with banks	677.25	252.95
Cash on hand	–	–
Total Cash and cash equivalent	677.25	252.95
Other Bank Balances		
Balances with Banks:		
(i) On Margin Accounts	45.65	305.29
(ii) Fixed Deposits with maturity greater than 3 months	–	–
Total Bank Balances other than above	45.65	305.29

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note No. 13 - Equity Share Capital

Rs. In Lakhs

Particulars	As at 31 March 2020 No. of shares	As at 31 March 2020 Amount	As at 31 March 2019 No. of shares	As at 31 March 2019 Amount
Authorised:				
Equity shares of Rs.10 each with voting rights	**50,000**	**5.00**	50,000	5.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs.10 each with voting rights	**50,000**	**5.00**	50,000	5.00
Total	**50,000.00**	**5.00**	50,000.00	5.00

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rs. In Lakhs

Particulars	Opening Balance	Fresh Issue	Bonus	Closing Balance
Equity Shares with Voting rights				
Year Ended 31 March 2020				
No. of Shares	50,000	–	–	50,000
Amount	5.00	–	–	5.00
Year Ended 31 March 2019				
No. of Shares	50,000	–	–	50,000
Amount	5.00	–	–	5.00

(ii) Terms/ Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of Rs 10/- per share. Each holder of Equity Shares is entitled to one vote per share. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

No. of Shares

Particulars	Equity Shares with Voting rights
As at 31 March 2020	
Mahindra Lifespaces Developers Limited, the Holding Company	50,000
As at 31 March 2019	
Mahindra Lifespaces Developers Limited, the Holding Company	50,000

Note No. 14 - Non-Current Borrowings

Rs. In Lakhs

Particulars	Rate of Interest	As at 31 March 2020	As at 31 March 2019
A. Unsecured Borrowings - at amortised Cost			
(a) Loans from related parties			
- Mahindra Lifespaces Developers Limited	9.20%	**3,929.53**	2,474.56
- Mahindra Industrial Developers Limited	8.90%	**1,900.00**	–
- Mahindra Industrial Park Private Limited	9.25%	**1,755.00**	–
Total Unsecured Borrowings	–	**7,584.53**	2,474.56

Note No. 15 - Provisions

Rs. In Lakhs

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
(a) Provision for employee benefits	**2.14**	**20.72**	1.45	14.10
(b) Other Provisions				
(i) Defect Liability provision	**93.00**	–	93.00	–
Total	**95.14**	**20.72**	94.45	14.10

Note (a)- Provision for defect liability represents present value of management's best estimate of the future outflow of economic resources that will be required in respect residential units given under perpectual lease, the extimated cost of which is accrued during the period of construction, upon sale of units and recognition of related revenue. Management estimates the related provision for future defect liability claims based on historical cost of rectifications and is adjusted regularly to reflect new information. The residential units are generally covered under the defect liability period limited to 5 years from the date of handover of residential units.

Note No. 16 - Current Borrowings

Rs. In Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
A. Secured Borrowings		
(i) From Banks- Cash Credit	**–**	1,651.63
Total	**–**	1,651.63

Note (a)- The cash credit facility from bank Rs. Nil (PY Rs. 1651.63 Lakhs) is secured by First pari passu charge by way of mortgage on the Propery / Project and second charge over escrow of receivables from Project Rate of interest is base rate plus 0.70%.

Note No. 17 - Other Financial Liabilities

Rs. In Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Current		
Interest accrued on borrowings	**420.74**	1,304.96
Society Maintainence deposits (Net)	**709.62**	319.49
Retention Money	**350.17**	420.17
Total	**1,480.53**	2,044.62

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note No. 18 - Trade Payables

Rs. In Lakhs

	As at 31 March 2020		As at 31 March 2019	
Particulars	**Current**	**Non-Current**	Current	Non-Current
Trade payable - Micro and small enterprises*	**0.97**	**–**	–	–
Trade payable - Other than micro and small enterprises	**1,077.42**	–	4,321.25	–
	1,078.40	**–**	4,321.25	–

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

*This information has been determined to the extent such parties have been identified on the basis of intimation received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Based on the information available with the Company dues outstanding in respect to Micro, Small and Medium Enterprises as of Balance Sheet Date are shown as above.

Note No. 19 - Other Liabilities

Rs. In Lakhs

	As at 31 March 2020		As at 31 March 2019	
Particulars	**Current**	**Non-Current**	Current	Non-Current
a. Advances received from customers	**6,272.76**	**–**	9,623.91	–
b. Statutory dues				
Tax Deducted at sources	**35.26**	–	44.96	–
Provident Fund Payable	**0.67**	–	0.57	–
Professional Tax Payable	**0.03**	–	0.03	–
	6,308.71	**–**	9,669.47	–

Note No. 20 - Revenue from Operations

Rs. In Lakhs

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
(a) Income from Projects	**9,905.30**	9,314.27
Total	**9,905.30**	9,314.27

1. Contract Balances

Amounts received before the related performance obligation is satisfied are included in the balance sheet (Contract liability) as "Advances received from Customers". Amounts billed for development milestone achieved but not yet paid by the customer are included in the balance sheet under trade receivables.

During the year, the Company recognised Revenue of Rs. 6,726.89 lakhs from opening contract liability (after Ind AS 115 adoption) of Rs. 9,623.91 lakhs and during previous year company recognised revenue of Rs. 7588.29 Lakhs from opening contract liability (after Ind AS 115 adoption) of Rs. 13504.46 Lakhs.

There were no significant changes in the composition of the contract liabilities and Trade receivable during the reporting period other than on account of periodic invoicing and revenue recognition.

Amounts previously recorded as contract liabilities increase due to further milestone based invoices raised during the year and decrease due to revenue recognised during the year on completion of the construction.

Amounts previously recorded as Trade receivables increase due to further milestone based invoices raised during the year and decrease due to collections during the year.

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2020, is Rs. 14277.74 lakhs (PY Rs. 18744.00 Lakhs). Out of this, the Company expects to recognize revenue of around 50% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience with a penalty as per the agreement since, based on current assessment, the occurrence of the same is expected to be remote.

Rs. Lakhs

2. Reconciliation of revenue recognized with the contracted price is as follows:	**Year ended March 31, 2020**	Year ended March 31, 2019
Contracted price	**10,257.01**	9,471.35
Input Tax Credit	**351.71**	157.08
Adjustments on account of cash discounts or early payment rebates, etc.	**–**	–
Revenue recognised as per Statement of Profit & Loss	**9,905.30**	9,314.27

Rs. Lakhs

3. Contract Costs	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Costs to obtain contracts	**126.44**	**470.84**

For the year ended 31 March 2020, amortisation amounting to Rs 700.54 lakhs (PY Rs. 115.85 Lakhs) was recognised as Subvention Interest, Compensation to Customers and Brokerage cost in note no. 25 - Other Expenses. There were no impairment loss in relation to the costs capitalised.

Note No. 21 - Other Income

Rs. In Lakhs

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
(a) Interest Income		
(i) On Bank Deposits	**7.37**	27.28
(b) Miscellaneous Income	**15.03**	9.14
Total	**22.40**	36.42

Note No. 22 Operating Expenses

Rs. In Lakhs

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
Cost of materials consumed	**8,260.26**	7,557.43

Note No. 23 - Employee Benefits Expense

Rs. In Lakhs

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
Salaries and wages, including bonus	**130.97**	152.91
Contribution to provident and other funds	**9.64**	6.54
Staff welfare expenses	**7.98**	13.50
Less : Allocated to projects	**(55.92)**	(54.40)
Total	**92.66**	118.56

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note No. 24 - Finance Cost

Rs. In Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest on Income Tax	–	–
Interest -Others	–	–
Interest on Loan from related parties	569.86	238.35
Interest on Borrowings	–	–
Interest on Cash Credit	33.29	216.64
Less: Allocated to Projects	(603.15)	(454.99)
Total	–	–

Note No. 25 - Other Expenses

Rs. In Lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
Repairs and Maintenance		
Others	19.83	23.51
Legal and Professional Fee	19.70	39.53
Advertisement and Marketing Expenses	139.67	218.93
Subvention Interest	394.29	100.06
Compensation to customers	234.07	141.47
Brokerage	72.19	15.79
Remuneration to auditors:		
For Statutory Audit Fees	5.50	5.00
For Tax Audit Fees	0.83	0.75
For Other Services	1.65	2.50
Corporate Social Responsibility Expenditure	0.24	–
Miscellaneous Expenses	59.61	65.86
Total	947.58	613.41

Note No. 26 - Earnings per Share

Basic and Diluted Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Rs. In Lakhs

	For the year ended 31 March 2020	For the year ended 31 March, 2019
Profit / (loss) for the year attributable to owners of the Company	341.52	716.43
Weighted average number of equity shares	50,000	50,000
Earnings per share - Basic and Diluted (₹)	683.04	1,432.85

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Particulars	For the year ended 31 March 2020	For the year ended 31 March, 2019
Opening No. of Equity Shares	50,000	50,000
Additions	–	–
Closing No. of Equity Shares	50,000	50,000
Weighted average number of equity shares used in the calculation of Basic and diluted EPS	50,000	50,000

Note No. 27 - Financial Instruments

Capital management

The Company's capital management objectives are:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital.

The Management of the Company monitors the capital structure using debt equity ratio which is determined as the proportion of total debt to total equity.

Particulars	As at 31 March, 2020	As at 31 March, 2019
Debt (A)	7,584.52	4,126.20
Equity (B)	(347.87)	(677.60)
Debt Ratio (A / B)	(21.80)	(6.09)

Categories of financial assets and financial liabilities

The following tables shows the carrying amount and fair values of financial assets and financial liabilities by category:

Rs. In Lakhs

As at 31 March, 2020

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Loans	254.60	–	–	254.60
Current Assets				
Trade Receivables	1,318.90	–	–	1,318.90
Other Bank Balances	45.65	–	–	45.65
Loans	–	–	–	–
Other Financial Assets				
- Non Derivative Financial Assets	3.96	–	–	3.96
Non-current Liabilities				
Borrowings	7,584.53	–	–	7,584.53
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	–	–	–	–
Other Financial Liabilities				
- Non Derivative Financial Liabilities	1,480.53	–	–	1,480.53

Rs. In Lakhs

As at 31st March, 2019

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Loans	240.40	–	–	240.40
Current Assets				
Trade Receivables	692.23	–	–	692.23
Other Bank Balances	305.29	–	–	305.29
Loans	–	–	–	–
Other Financial Assets				
- Non Derivative Financial Assets	2.91	–	–	2.91
Non-current Liabilities				
Borrowings	2,474.56	–	–	2,474.56
Current Liabilities				
Borrowings	1,651.63	–	–	1,651.63
Trade Payables	4,321.25	–	–	4,321.25
Other Financial Liabilities				
- Non Derivative Financial Liabilities	2,044.62	–	–	2,044.62

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factor.

CREDIT RISK

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents, investments carried at amortised cost, deposits with banks and financial institutions as well as credit exposures to customers including outstanding receivables.

Trade Receivables:

The Companys trade receivables include receivables on sale of residential flats. As per the Company's flat handover policy, a flat is handed over to a customer only upon payment of entire amount of consideration. Thus, the Company is not exposed to any credit risk on receivables from sale of residential flats.

Balances with Banks, mutual funds and other financial assets:

For banks and financial institutions, only high rated banks/institutions are accepted. The Company holds cash and cash equivalents with bank and financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

For other financial assets, the Company assesses and manages credit risk based on reasonable and supportive forward looking information. The Company does not have significant credit risk exposure for these items.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs. In Lakhs

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years
31-Mar-20			
Non-current Liabilities			
Borrowings	–	7,584.53	–
Current Liabilities			
Borrowings	–	–	–
Trade Payables	–	–	–
Other Financial Liabilities			
- Non Derivative Financial Liabilities	1,480.53	–	–
Total	**1,480.53**	**7,584.53**	**–**

Rs. In Lakhs

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years
31-Mar-19			
Non-current Liabilities			
Borrowings	–	2,474.56	–
Current Liabilities			
Borrowings	1,651.63	–	–
Trade Payables	4,321.25	–	–
Other Financial Liabilities			
- Non Derivative Financial Liabilities	2,044.62	–	–
Total	**8,017.50**	**2,474.56**	**–**

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31 March, 2020	As at 31 March, 2019
Secured Cash Credit facility		
- Expiring within one year	**–**	148.37
	–	148.37

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. In Lakhs

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years
31 March 2020			
Non-current Assets			
Loans		254.60	
Current Assets			
Trade Receivables	1,318.90		
Other Bank Balances	45.65		
Loans	–		
Other Financial Assets	3.96		
- Non Derivative Financial Assets			
Total	**1,368.51**	**254.60**	**–**
31 March 2019			
Non-current Assets			
Loans		240.40	
Current Assets			
Trade Receivables	692.23		
Other Bank Balances	305.29		
Loans	–		
Other Financial Assets	2.91		
- Non Derivative Financial Assets			
Total	**1,000.44**	**240.40**	**–**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and floating rate loans and borrowings.

Note No. 28 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31-Mar-20 Carrying amount	31-Mar-20 Fair value	31-Mar-19 Carrying amount	31-Mar-19 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
- Loans (Non-Current)	**254.60**	**254.60**	240.40	240.40
- Trade Receivables	**1,318.90**	**1,318.90**	692.23	692.23
- Cash and Cash Equivalents	**677.25**	**677.25**	252.95	252.95
- Other Bank Balances	**45.65**	**45.65**	305.29	305.29
- Other Financial Assets	**3.96**	**3.96**	2.91	2.91
- Loans (Current)	**–**	**–**	–	–
Total	**2,300.37**	**2,300.37**	1,493.79	1,493.79
Financial liabilities				
Financial liabilities held at amortised cost				
- Non-Current Borrowings	**7,584.53**	**7,584.53**	2,474.56	2,474.56
- Borrowings	**–**	**–**	1,651.63	1,651.63
- Trade Payables	**1,078.40**	**1,078.40**	4,321.25	4,321.25
- Other Financial Liabilities	**1,480.53**	**1,480.53**	2,044.62	2,044.62
Total	**10,143.45**	**10,143.45**	10,492.07	10,492.07

Fair value hierarchy as at 31st March, 2020

Particulars	Level 1	Level 2	Level 3
Financial assets			
Financial assets carried at Amortised Cost			
- Trade Receivables	–	1,318.90	–
- Cash and Cash Equivalents	–	677.25	–
- Other Bank Balances	–	45.65	–
- Other Financial Assets	–	3.96	–
- Loans	–	–	–
Total	**–**	**2,045.76**	**–**
Financial liabilities			
Financial liabilities held at amortised cost			
- Non-Current Borrowings	–	7,584.53	–
- Borrowings	–	–	–
- Trade Payables	–	1,078.40	–
- Other Financial Liabilities	–	1,480.53	–
Total	–	10,143.45	–

Fair value hierarchy as at 31st March, 2019

Particulars	Level 1	Level 2	Level 3
Financial assets			
Financial assets carried at Amortised Cost			
- Trade Receivables	–	692.23	–
- Cash and Cash Equivalents	–	252.95	–
- Other Bank Balances	–	305.29	–
- Other Financial Assets	–	2.91	–
- Loans	–	–	–
Total	**–**	**1,253.39**	**–**
Financial liabilities			
Financial liabilities held at amortised cost			
- Non-Current Borrowings	–	2,474.56	–
- Borrowings	–	1,651.63	–
- Trade Payables	–	4,321.25	–
- Other Financial Liabilities	–	2,044.62	–
Total	**–**	**10,492.07**	**–**

29 Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating Rs. 9.64 lakhs (2019 : Rs.6.54 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Principal Actuarial Assumptions

Particulars	**Year ended 31st March 2020 Rs**	Year ended 31 March 2019 Rs
Discount rate	**6.70%**	7.60%
Retirement age	**60 years**	60 years
Average Mortality	**IALM (2012-14) Ultimate**	IALM (2006-08) Ultimate
Salary escalation	**10.00%**	**10.00%**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Reconciliation of Benefit Obligation

Change in defined benefit obligations (DBO)	As at 31 March 2020	As at 31 March 2019
Present value of DBO at beginning of the year	**8.36**	6.74
Current service cost	**1.92**	1.85
Transfer In/ (Out)	**0.15**	(2.98)
Interest cost	**0.64**	0.41
Actuarial (gains) / losses	**1.89**	2.34
Past Service Cost	**–**	–
Benefits paid	**–**	–
Present value of DBO at the end of the year	**12.96**	8.36

Expenses recognised in the statement of profit and loss

Components of employee benefit expenses	Year ended 31 March 2020	Year ended 31 March 2019
Current service cost	**1.92**	1.85
Past Service Cost	**–**	
Interest cost	**0.64**	0.41
Total expense recognised in the statement of profit and loss	**2.56**	**2.26**

Components of other comprehensive income	Year ended 31 March 2020	Year ended 31 March 2019
Actuarial Loss on obligation	**1.90**	2.21
Components of defined benefit costs recognised in other comprehensive income	**1.90**	**2.21**

Net Asset/(Liability) recognised in the Balance Sheet	Year ended 31 March 2020	Year ended 31 March 2019
Present value of defined benefit obligation as at 31st March	**12.96**	8.36
Fair value of plan assets as at 31st March	**–**	–
Surplus/(Deficit)	**(12.96)**	(8.36)
Current portion of the above	**(0.86)**	(0.55)
Non current portion of the above	**(12.10)**	(7.81)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption			Impact on defined benefit obligation	
		Changes in assumption	PO as on Valuation date on account of increase in assumption	PO as on Valuation date on account of decrease in assumption
Discount rate	2020	1.00%	11.92	14.15
	2019	1.00%	7.73	9.08
Salary growth rate	2020	1.00%	13.92	12.07
	2019	1.00%	8.97	7.80

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

Note - 30 - Micro Small and Medium Enterprises Development Act 2006

The amount due to Micro and Small Enterprises as defined in the " Micro, Small and Medium Enterprises Development, Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to Micro and Small Enterprises as at 31 March 2018 are as under:

Disclosures required under Section22 of the Micro Small and Medium Enterprises Development Act 2006

Particulars	31-Mar-20	31-Mar-19
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	–	–
- Interest due on above	–	–
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	–	–
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	–	–
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	–	–
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	–	–

Note No. 31- Related Party Disclosures

(a) Related Parties where control exists

(i) Ultimate Holding Company

Mahindra & Mahindra Company

(ii) Holding Company

Mahindra Lifespace Developers Limited (wholly owned subsidiary w.e.f. May 29, 2018)

(b) Other Parties with whom transaction have taken place during the year

(i) Fellow Subsidiaries

Mahindra Integrated Business Solutions Private Limited

Mahindra Industrial Developers Limited

(ii) Joint Ventures

Mahindra Industrial Park Private Limited

Note: Related parties have been identified by the Management.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Details of related party transactions and balances outstanding as at 31 March, 2020:

Rs in Lakhs

Nature of transactions	Ultimate Holding Company (Mahindra & Mahindra Limited)		Holding Company (Mahindra Lifespace Developers Limited)		Fellow Subsidiary (Mahindra Integrated Business Solutions Private Limited)	
	Year Ended 31st Mar 2020	Year Ended 31st Mar 2019	Year Ended 31st Mar 2020	Year Ended 31st Mar 2019	Year Ended 31st Mar 2020	Year Ended 31st Mar 2019
Transactions during FY 19-20						
(Income)/Expenses						
Purchase of services	9.37	13.71	17.99	20.59	6.87	5.09
Inter corporate deposit taken	–	–	4,304.96	–	–	–
Interest on ICD	–	–	459.73	227.78	–	–
Inter corporate deposit repaid	–	–	2,850.00	–	–	–
Outstandings as on Balance Sheet date						
Liabilty/(Asset)						
Payable Towards Mark Up	–	–	201.28	603.48	–	–
Payable Towards ICD Interest	–	–	321.62	1,304.96	–	–
Payable Towards Purchase of services	0.45	12.41	–	–	0.15	0.41
Other Advances Recoverable	–	–	–	–	–	–
Mobilisation Advance Recoverable	–	–	–	–	–	–
Payable Towards ICD	–	–	3,929.52	2,474.56	–	–

Rs in Lakhs

Nature of transactions	Joint Venture (Mahindra Industrial Park Private Ltd)		Fellow Subsidiary (Mahindra Industrial Developers Limited)	
	Year Ended 31st Mar 2020	Year Ended 31st Mar 2019	Year Ended 31st Mar 2020	Year Ended 31st Mar 2019
Transactions during FY 19-20				
(Income)/Expenses				
Purchase of services	–	–	–	–
Inter corporate deposit taken	1,755.00	–	1,900.00	–
Interest on ICD	64.38	–	45.75	–
Inter corporate deposit repaid	–	–	–	–
Outstandings as on Balance Sheet date				
Liabilty/(Asset)				
Payable Towards Mark Up	–	–	–	–
Payable Towards ICD Interest	57.94	–	41.18	–
Payable Towards Purchase of services	–	–	–	–
Other Advances Recoverable	–	–	–	–
Mobilisation Advance Recoverable	–	–	–	–
Payable Towards ICD	1,755.00	–	1,900.00	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note No. 32-Continget Liabilities

Particulars	**31-Mar-20**	31-Mar-19
(i) Income Tax Matter under appeal		
Rectification order from the IT office pending towards Refunds claimed by the company	**43.20**	43.20
(ii) Indirect Tax Matters under appeal		
VAT and Service Tax claims disputed by the Company relating to issues of applicability. Company is pursuing the matter with the appropriate Appellate Authorities	**42.01**	**85.64**

Note No. 33 - Segment Reporting

The Company operates in one segment namely Project and Development activity, hence separate segment reporting has not been made under Indian Accounting Standard (Ind- AS 108)-"Operating Segment". The operation of company comprises a single geographical segment, India.

Note No. 34- Unhedged Foreign Currency Exposure

The Company has no foreign currency exposure during the current year and previous year.

Note No. 35- Comparatives

The figures for previous year have been regrouped/reclassified wherever necessary to conform to current year's grouping/classification.

The accompanying notes are an integral part of the Financial Statements

As per our report attached hereto

For **B.K.Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 44784
Place : Mumbai
Date : April 23, 2020

For and on behalf of the Board of Directors of
Mahindra Bloomdale Developers Limited

Sangeeta Prasad
Director DIN NO. 02791944
Place : Mumbai
Date : April 23, 2020

Suhas Kulkarni
Director DIN NO. 00003936
Place : Mumbai
Date : April 23, 2020

INDEPENDENT AUDITOR'S REPORT

To The Members of Mahindra Industrial Park Chennai Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Mahindra Industrial Park Chennai Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- Based on the work we have performed, we conclude that we have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position (Refer Note 33(i) to the financial statements).

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Geetha Suryanarayanan
Partner
(Membership No. 29519)
(UDIN: 20029519AAAABI8326)

Place: Chennai
Date: April 30, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph "f" under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Industrial Park Chennai Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place: Chennai
Date: April 30, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative detail and situation of the property, plant and equipment/fixed assets.

(b) The fixed assets were physically verified during the year by the Management and there were no discrepancies identified during such verification.

(c) Immovable properties of land, whose title deeds have been pledged as security for loans are held in the name of the Company as per the Memorandum of Deposit of Title deeds executed by the Company and confirmed by the banker.

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventories, physical verification of materials and verification of title deeds, site visits by the Management, measurement of land under development and certification of extent of work completion by competent persons are at reasonable intervals and no material discrepancies were noticed on such verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. There were no deposits outstanding at any time during the year.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Goods and Service tax, Income Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Goods and Service tax, Service Tax, Income Tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) There are no dues of Income tax, Service Tax and Goods and Services tax as at March 31, 2020 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions. The Company has not issued any debentures. The Company has not taken loans or borrowings from banks and government.

(ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, since the Company has not paid/provided managerial remuneration under the provisions of section 197 read with Schedule V to the Companies Act, 2013, reporting under this Clause is not currently applicable.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place: Chennai
Date: April 30, 2020

BALANCE SHEET AS AT MARCH 31, 2020

(Amounts in INR)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	4a	**8,70,25,891**	8,77,27,635
(b) Capital Work in Progress	4b	**15,11,32,553**	3,75,23,142
(c) Financial Assets			
(i) Other Financial Assets	5	**6,58,342**	2,98,955
(d) Deferred Tax Asset	6	**1,42,59,924**	2,27,27,679
		25,30,76,710	14,82,77,411
Current assets			
(a) Inventories	7	**2,85,61,14,598**	2,87,55,38,219
(b) Financial Assets			
(i) Trade Receivables	8	**8,25,17,400**	–
(ii) Cash and Cash Equivalents	9	**1,08,48,176**	1,30,06,525
(iii) Other Financial Assets	5	**7,891**	2,110
(c) Other current assets	10	**91,03,347**	1,36,48,411
		2,95,85,91,412	2,90,21,95,265
Total Assets		**3,21,16,68,122**	3,05,04,72,676
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	11	**1,70,00,00,000**	1,70,00,00,000
(b) Other Equity			
(i) Securities Premium	12	**9,00,00,000**	9,00,00,000
(ii) Retained Earnings	12	**(5,84,01,503)**	(7,22,56,544)
Total Equity		**1,73,15,98,497**	1,71,77,43,456
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	13A	**1,12,30,06,793**	1,16,02,56,101
(ii) Other Financial Liabilities	14	**20,84,455**	5,00,000
(b) Provisions	15	**9,41,380**	9,78,715
		1,12,60,32,628	1,16,17,34,816
Current liabilities			
(a) Financial Liabilities			
(i) Short Term Loans	13B	**12,00,00,000**	–
(ii) Trade Payable			
Total outstanding dues of micro enterprises and small enterprises	16	**1,87,235**	69,274
Total outstanding dues of creditors other than micro enterprises and small enterprises	16	**1,92,98,363**	3,75,64,731
(iii) Other Financial Liabilities	14	**20,51,25,920**	13,12,96,261
(b) Provisions	15	**76,071**	2,56,793
(c) Other Current Liabilities	17	**93,49,408**	18,07,345
		35,40,36,997	17,09,94,404
Total Equity and Liabilities		**3,21,16,68,122**	3,05,04,72,676

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Geetha Suryanarayanan
Partner

Place: Chennai
Date: April 30, 2020

For and on behalf of the board of directors of
Mahindra Industrial Park Chennai Limited

Sangeeta Prasad
Director
(DIN: 02791944)

Sanjay Srivastava
Director
(DIN: 08188352)

Vaibhav Mittal
Business Head (CEO)

Chaitanya Cherukuri
Chief Financial Officer

Aman J Desai
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Amounts in INR)

Particulars	Note No.	**For the year ended 31 March 2020**	For the year ended 31 March 2019
Income			
Revenue from Operations	18	**40,50,67,500**	47,77,50,000
Other Income	19	**–**	35,788
Total income		**40,50,67,500**	47,77,85,788
Expenses			
Project Development Expenses		**18,32,17,244**	66,61,58,150
(Increase)/Decrease in inventories of work-in-progress and Construction materials	20	**1,94,23,621**	(37,20,35,516)
Employee Benefits Expenses	21	**3,26,12,622**	3,01,55,428
Depreciation Expenses	4	**7,08,544**	11,77,119
Finance Cost	22	**10,64,96,017**	13,05,65,147
Other expenses	23	**4,02,86,656**	3,64,26,012
		38,27,44,704	49,24,46,340
Profit/(Loss) before tax		**2,23,22,796**	(1,46,60,552)
Tax expenses			
Current tax	6	**–**	–
Deferred tax	6	**84,67,755**	(41,46,882)
Total tax expenses/(Credit)		**84,67,755**	(41,46,882)
Profit/(Loss) for the year (A)		**1,38,55,041**	(1,05,13,670)
Other Comprehensive Income		**–**	–
Other Comprehensive Income for the year (B)		**–**	–
Total Comprehensive Income for the year (A+B)		**1,38,55,041**	(1,05,13,670)
Earnings per equity share	24		
Basic & Diluted			
Equity Shares [nominal value of share Rs 10 (March 31, 2019: Rs 10)]		**0.08**	(0.06)

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Geetha Suryanarayanan
Partner

Place: Chennai
Date: April 30, 2020

For and on behalf of the board of directors of
Mahindra Industrial Park Chennai Limited

Sangeeta Prasad
Director
(DIN: 02791944)

Sanjay Srivastava
Director
(DIN: 08188352)

Vaibhav Mittal
Business Head (CEO)

Chaitanya Cherukuri
Chief Financial Officer

Aman J Desai
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(Amounts in INR)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flow from operating activities		
Profit/(Loss) for the year	**2,23,22,796**	(1,46,60,552)
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Depreciation	**7,08,544**	11,77,119
Interest Expense	**10,64,96,017**	13,05,65,147
Unrealized Foreign Exchange loss	**4,43,551**	–
Profit from sale of fixed assets	**–**	(35,788)
Operating Profit/(Losses) before working capital changes	**12,99,70,908**	11,70,45,926
Working Capital changes and other adjustments:		
(Decrease)/Increase in Trade payables	**(1,85,91,958)**	14,35,621
Increase/(Decrease) in Other Current Liabilities	**75,42,063**	(61,48,281)
Increase/(Decrease) in Other Financial Liabilities- Current	**3,69,03,009**	6,50,27,689
Increase/(Decrease) in Other Financial Liabilities- Non Current	**15,84,455**	5,00,000
(Decrease)/Increase in Provisions	**(2,18,057)**	(17,13,976)
(Increase) in Trade receivables	**(8,25,17,400)**	–
Decrease/(Increase) in Inventories	**1,94,23,621**	(37,20,35,516)
(Increase)/Decrease Other Financial assets	**(3,65,168)**	(2,98,955)
(Increase)/Decrease Other Current Assets	**89,40,895**	1,87,83,216
Cash generated from/(used in) operations	**10,26,72,368**	(17,74,04,276)
Direct taxes paid (net of refunds)	**(43,95,831)**	–
Net cash from/ (used in) Operating activities (A)	**9,82,76,537**	(17,74,04,276)
Cash flows from Investing activities		
Payments for property, plant and equipment	**(8,61,89,996)**	(1,96,72,879)
Proceeds from disposal of property, plant and equipment	**–**	**79,083**
Net cash used in Investing activities (B)	**(8,61,89,996)**	(1,95,93,796)
Cash flows from Financing activities		
Proceeds from Inter Corporate Deposit	**20,00,00,000**	4,50,00,000
Repayment of Inter Corporate Deposit	**(8,00,00,000)**	**(4,50,00,000)**
Proceeds from Borrowings	**22,50,00,000**	48,35,00,000
Repayment of Borrowings	**(25,07,00,000)**	**(20,00,00,000)**
Interest Paid	**(10,85,44,890)**	(7,72,73,826)
Net cash (used in)/ from in Financing activities (C)	**(1,42,44,890)**	20,62,26,174
Net (decrease)/increase in cash and cash equivalents (A + B + C)	**(21,58,349)**	92,28,102
Cash and cash equivalents at the beginning of the period	**1,30,06,525**	37,78,423
Cash and cash equivalents at the end of the period	**1,08,48,176**	1,30,06,525
Components of cash and cash equivalents		
Cash on hand	**–**	–
With banks		
– on current account	**48,48,176**	20,06,525
– Deposit with original maturity of less than three months	**60,00,000**	1,10,00,000
Total cash and cash equivalents	**1,08,48,176**	1,30,06,525

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Geetha Suryanarayanan
Partner

Place: Chennai
Date: April 30, 2020

For and on behalf of the board of directors of
Mahindra Industrial Park Chennai Limited

Sangeeta Prasad
Director
(DIN: 02791944)

Sanjay Srivastava
Director
(DIN: 08188352)

Vaibhav Mittal
Business Head (CEO)

Chaitanya Cherukuri
Chief Financial Officer

Aman J Desai
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A. Equity Share Capital

Particulars	No. of Shares	Amount in INR
Equity Shares of Rs. 10 each issued, subscribed and fully paid		
As at 1 April, 2018	17,00,00,000	1,70,00,00,000
Issued during the year	–	–
At 31 March, 2019	**17,00,00,000**	**1,70,00,00,000**
Issued during the year	–	–
As at 31 March, 2020	**17,00,00,000**	**1,70,00,00,000**

B. Other Equity

Amounts in INR

Particulars	Reserves and Surplus		
	Securities Premium	Retained earnings	Total
As at 1 April, 2018	9,00,00,000	(6,17,42,874)	2,82,57,126
Loss for the year	–	(1,05,13,670)	(1,05,13,670)
Other Comprehensive Income/(Loss)	–	–	–
As at 31 March, 2019	**9,00,00,000**	**(7,22,56,544)**	**1,77,43,456**
Profit for the year	–	1,38,55,041	1,38,55,041
Other Comprehensive Income/(Loss)	–	–	–
As at 31 March, 2020	**9,00,00,000**	**(5,84,01,503)**	**3,15,98,497**

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Geetha Suryanarayanan
Partner

Place: Chennai
Date: April 30, 2020

For and on behalf of the board of directors of
Mahindra Industrial Park Chennai Limited

Sangeeta Prasad
Director
(DIN: 02791944)

Sanjay Srivastava
Director
(DIN: 08188352)

Vaibhav Mittal
Business Head (CEO)

Chaitanya Cherukuri
Chief Financial Officer

Aman J Desai
Company Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. General Information

Mahindra Industrial Park Chennai Limited ("the Company") was incorporated on December 22, 2014. The Company is in the business of land development for industrial, commercial and residential use. The Company acquires land and incurs expenditure on its development and related infrastructure facilities for lease/sale. The Company is developing a 260-acre Industrial Park in North Chennai on NH 15.

The Company is a joint venture between Mahindra World City Developers Limited and Sumitomo Corporation SC of Japan.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with IND AS notified under the Companies (Indian Accounting Standards) Rules, 2015 to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 (to the extent notified and applicable). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 Basis of preparation and presentation

The financial statements of the company have been prepared on the assumption of going concern basis Refer 2.12 –COVID 19 assessment for the basis of evaluation made by the management.

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.3.1 Land Lease Premium

Land lease premium is recognized as income upon creation of leasehold rights in favour of the lessee or upon an agreement to create leasehold rights with handing over of possession.

2.3.2 Income from sale of land

Revenue from sale is recognized upon transfer of title to the acquirer.

2.3.3.Income from O&M

Income from operation & maintenance charges and water charges are recognized on an accrual basis as per terms of the agreement with the lessees.

2.3.4.Dividend and interest income

Dividend income from investment in mutual funds is recognised when the unit holder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.4.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates applicable for the financial year.

2.4.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.4.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.5 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.6 Goods and Services Tax (GST)

GST credit on materials purchased/services availed for construction/ Input services are taken into account at the time of purchase. GST input credit is accounted for in the books in the period in which the underlying service/goods received is accounted and when there is no uncertainty in availing/ utilising the credits. GST credit on purchase of capital items wherever applicable are taken into account as and when the assets are acquired. The GST credits so taken are utilised for payment of GST on sale of land. The unutilised GST credit is carried forward in the books.

2.7 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Work in progress includes cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

2.9 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.10 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/ (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.11.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.12 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.13 Foreign currency transactions and translations

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets/liabilities are translated at exchange rates prevailing on the date of settlement or at the year-end as applicable, and gain/loss arising out of such translation is adjusted to the Statement of profit and loss.

2.14 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.14.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of ‘Reserve for debt instruments through other comprehensive income’. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All other financial assets are subsequently measured at fair value.

2.14.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

2.14.3 Financial assets at fair value through profit or loss (FVTPL)

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.14.4 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.14.5 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.15 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.15.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.15.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

2.15.1.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.15.1.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.16 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognized in the other comprehensive income is reflected immediately in the retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

4 a. Property, Plant and Equipment

Current Year 2019-20:

(Amounts in INR)

Description of Assets	Land*	Vehicles	Plant & Machinery	Electronic Equipment	Furniture & Fixtures	Computers	Total
I. Gross Carrying Amount							
Balance as at 1 April, 2019	8,62,85,761	–	6,59,165	5,59,188	5,57,952	5,34,802	8,85,96,868
Additions	–	–	–	6,800	–	–	6,800
Disposals	–	–	–	–	–	–	–
Balance as at 31 March, 2020	**8,62,85,761**	**–**	**6,59,165**	**5,65,988**	**5,57,952**	**5,34,802**	**8,86,03,668**
II. Accumulated depreciation and impairment							
Balance as at 1 April, 2019	–	–	2,52,884	1,97,122	2,14,054	2,05,173	8,69,233
Depreciation expense for the year	–	–	2,02,863	1,69,378	1,71,714	1,64,589	7,08,544
Eliminated on disposal of assets	–	–	–	–	–	–	–
Balance as at 31 March, 2020	**–**	**–**	**4,55,747**	**3,66,500**	**3,85,768**	**3,69,762**	**15,77,777**
III. Net carrying amount (I-II)							
Balance as at 31 March, 2020	**8,62,85,761**	**–**	**2,03,418**	**1,99,488**	**1,72,184**	**1,65,040**	**8,70,25,891**

Previous Year 2018-19:

Description of Assets	Land*	Vehicles	Plant & Machinery	Electronic Equipment	Furniture & Fixtures	Computers	Total
I. Gross Carrying Amount							
Balance as at 1 April, 2018	8,62,85,761	11,28,750	6,59,165	4,60,988	5,57,952	5,34,802	8,96,27,418
Additions	–	–	–	98,200	–	–	98,200
Disposals	–	(11,28,750)	–	–	–	–	(11,28,750)
Balance as at 31 March, 2019	**8,62,85,761**	**–**	**6,59,165**	**5,59,188**	**5,57,952**	**5,34,802**	**8,85,96,868**
II. Accumulated depreciation and impairment							
Balance as at 1 April, 2018	–	6,09,642	50,021	34,982	42,340	40,584	7,77,569
Depreciation expense for the year	–	4,75,813	2,02,863	1,62,140	1,71,714	1,64,589	11,77,119
Eliminated on disposal of assets	–	(10,85,455)	–	–	–	–	(10,85,455)
Balance as at 31 March, 2019	**–**	**–**	**2,52,884**	**1,97,122**	**2,14,054**	**2,05,173**	**8,69,233**
III. Net carrying amount (I-II)							
Balance as at 31 March, 2019	**8,62,85,761**	**–**	**4,06,281**	**3,62,066**	**3,43,898**	**3,29,629**	**8,77,27,635**

Refer notes on accounts for Company's policy on recognition and measurement of Property Plant , Equipment and Depreciation Methods used.

* These lands are given under mortgage to HDFC Limited against the term loan facility. Refer note no. 13A (iii)

4 b. Capital work in progress

Movement of Capital work in progress

(Amounts in INR)

Particulars	31 March 2020	31 March 2019
Opening Balance	**3,75,23,142**	3,17,763
Additions	**11,32,27,473**	3,34,32,661
Advances made to vendors towards capital assets procurement	**3,81,938**	37,72,718
Subtotal	**15,11,32,553**	3,75,23,142
Capitalised during the year	–	–
Closing Balance	**15,11,32,553**	**3,75,23,142**

5. Other Financial assets

(Amounts in INR)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Non-current	Current	Non-current	Current
Interest accrued on Fixed Deposit	–	**7,891**	–	**2,110**
Security Deposits	**6,58,342**	–	**2,98,955**	–
Total Other Financial assets	**6,58,342**	**7,891**	**2,98,955**	**2,110**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

6. Income Tax

(a) Income Tax recognised in profit or loss

(Amounts in INR)

Particulars	31 March 2020	31 March 2019
Current Tax:		
In respect of current year	–	–
Unrecognised tax loss used to reduce current tax expense	–	–
Deferred Tax:	**84,67,755**	(41,46,882)
Total income tax expense on income from operations	**84,67,755**	(41,46,882)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

(Amounts in INR)

Particulars	31 March 2020	31 March 2019
Profit/(Loss) before tax	**2,23,22,796**	(1,46,60,552)
Applicable Income tax rate	**25.17%**	29.12%
Expected Income tax expense	**56,18,201**	(42,69,153)
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect in deferred tax asset due to changes in tax rates in current year	**30,84,471**	(1,96,620)
Effect of other permanent differences	**25,168**	–
Others	**(2,60,085)**	3,18,891
Reported income tax expense	**84,67,755**	(41,46,882)

(c) Movement in deferred tax balances

(Amounts in INR)

Particulars	For the Year ended 31 March 2020 Opening Balance	Recognised in Profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax Liability				
Total Deferred Tax Liability	–	–	–	–
Tax effect of items constituting deferred tax assets				
On Expenses allowed on payment basis	**3,59,780**	**(1,03,708)**	–	**2,56,072**
Carry Forward of Losses	**2,22,84,533**	**(85,96,075)**	–	**1,36,88,458**
Property, Plant and Equipment	**83,366**	**2,32,028**	–	**3,15,394**
Total Deferred Tax Asset	**2,27,27,679**	**(84,67,755)**	–	**1,42,59,924**
Net Deferred Tax Asset	**2,27,27,679**	**(84,67,755)**	–	**1,42,59,924**

Particulars	For the Year ended 31 March 2019 Opening Balance	Recognised in Profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax Liability				
Total Deferred Tax Liability	–	–	–	–
Tax effect of items constituting deferred tax assets				
On Expenses allowed on payment basis	**7,55,398**	**(3,95,618)**	–	**3,59,780**
Carry Forward of Losses	**1,75,02,955**	**47,81,578**	–	**2,22,84,533**
Interest Rate capitalisation-ICDS	**1,96,620**	**(1,96,620)**	–	–
Property, Plant and Equipment	**1,25,824**	**(42,458)**	–	**83,366**
Total Deferred Tax Asset	**1,85,80,797**	**41,46,882**	–	**2,27,27,679**

As per IND AS -12 , Taxes on Income, Deferred tax assets shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Management expects with reasonable probability to generate adequate taxable profits to set off the carry forward losses in the near future.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

7. Inventories

(Amounts in INR)

Particulars	As at 31 March 2020	As at 31 March 2019
Work in progress		
(representing cost of land and development expenditure including borrowing costs)	**2,84,99,94,874**	2,86,67,98,548
Materials in stock	**61,19,724**	87,39,671
Total Inventories	**2,85,61,14,598**	2,87,55,38,219

7.1 Inventories are stated at the lower of cost and net realisable value. Based on detailed assessment and evaluation of impact of the COVID-19 pandemic, the management concluded that the realisable value of these inventories will not be lower than the carrying value as stated above.

7.2 Part of these lands included under work in progress are given under mortgage to HDFC Limited against the term loan facility. Refer note no. 13A(iii)

7.3 The Cost of projects charged to Statement of Profit and Loss in respect of lands given on lease during the year is INR. 28,02,92,553 (Previous Year: INR 41,18,16,469).

8. Trade Receivables

(Amounts in INR)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade Receivables:		
Unsecured Considered Good	8,25,17,400	–
Total Trade Receivables	**8,25,17,400**	–

The above receivable is from an existing lessee; The company has been informed that consequent to the lock down, necessary approvals is pending from Reserve Bank of India which is impacting timely settlement by the lessee. The Company has given extended credit towards the receivable based on the payment commitment from the lessee.

9. Cash and bank balances

(Amounts in INR)

Particulars	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents		
Balances with banks:		
– On current account	**48,48,176**	20,06,525
– Deposits with original maturity of less than three months	**60,00,000**	1,10,00,000
Cash on hand	–	–
Total Cash and cash equivalents	**1,08,48,176**	1,30,06,525

10. Other current assets

(Amounts in INR)

Particulars	As at 31 March 2020	As at 31 March 2019
Advances to suppliers		
Unsecured considered good	–	14,43,401
	–	14,43,401
Others		
Prepaid expenses	**11,29,360**	2,79,699
Balances with statutory/government authorities	–	84,55,434
Income tax balances	**78,65,708**	34,69,877
Other Receivables	**1,08,279**	–
Total Other current Assets	**91,03,347**	1,36,48,411

11. Share capital

(Amounts in INR)

Particulars	As at 31 March 2020	As at 31 March 2019
Authorized shares		
17,00,00,000 Ordinary Equity Shares of INR10 each	**1,70,00,00,000**	1,70,00,00,000
	1,70,00,00,000	1,70,00,00,000
Issued, subscribed and fully paid-up shares		
17,00,00,000 Ordinary Equity Shares of INR10 each	**1,70,00,00,000**	1,70,00,00,000
Total issued, subscribed and fully paid-up share capital	**1,70,00,00,000**	1,70,00,00,000

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

(Amounts in INR)

Particulars	Opening Balance	Changes during the year	Closing Balance
Equity Shares			
Year Ended March 31, 2019			
No. of Shares	17,00,00,000	–	17,00,00,000
Amount	1,70,00,00,000	–	1,70,00,00,000
Year Ended March 31, 2020			
No. of Shares	**17,00,00,000**	–	**17,00,00,000**
Amount	**1,70,00,00,000**	–	**1,70,00,00,000**

(a) Terms/ rights attached to equity shares

The Company has only one class of Equity Shares having a par value of INR 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

The dividends if any proposed by the Board of Directors are subject to the approval of the shareholders at the Annual General Meeting.

Repayment of capital will be in proportion to the number of equity shares held.

(ii) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31 March 2020 No.	As at 31 March 2020 % holding in the class	As at 31 March 2019 No.	As at 31 March 2019 % holding in the class
Equity shares with voting rights				
Mahindra World City Developers Limited	**10,20,00,000**	**60%**	10,20,00,000	60%
Sumitomo Corporation, Japan	**6,80,00,000**	**40%**	6,80,00,000	40%
(The above Enterprises have joint control over the Company)				

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

12. Other Equity

(Amounts in INR)

Particulars	Reserves and Surplus: Securities Premium	Reserves and Surplus: Retained earnings	Total
As at 1 April, 2018	9,00,00,000	(6,17,42,874)	2,82,57,126
(Loss) for the year	–	(1,05,13,670)	(1,05,13,670)
Other Comprehensive Income	–	–	–
As at 31 March, 2019	9,00,00,000	(7,22,56,544)	1,77,43,456
Profit for the year	–	1,38,55,041	1,38,55,041
Other Comprehensive Income	–	–	–
As at 31 March, 2020	**9,00,00,000**	**(5,84,01,503)**	**3,15,98,497**

13A. Non current borrowings

Details of Long term Borrowings of the Company:

(Amounts in INR)

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	Repayment Bullet (or) Instalment	Number of Instalments	Amortised cost as at 31 March 2020	Amortised cost as at 31 March 2019
A. Secured Borrowings:							
a) Term Loans							
(1) From HDFC Limited	INR	11.58%	10% - 12%	Quarterly Instalment	16	–	21,23,80,237
(2) From HDFC Limited	INR	9.95%	9.5% - 12%	Quarterly Instalment	16	**1,12,30,06,793**	94,78,75,864
Total Secured Borrowings						**1,12,30,06,793**	1,16,02,56,101
Total non current borrowings						**1,12,30,06,793**	1,16,02,56,101

Term Loan from HDFC Limited

(i) Term Loan 1: This term Loan carried an interest of HDFC CPLR - 740 points, i.e. @ 11.95% payable at every month end and the principal was to be repaid in 16 equal quarterly instalments, commencing from Feb 2022, after a moratorium of 72 months. This loan is was entirely repaid on 10th April, 2019 out of lease proceeds received.

(ii) Term Loan 2: This term Loan carries an interest of HDFC CPLR - 825 points. Principal is to be repaid in 16 equal quarterly instalments, commencing from June 2023, after a moratorium of 72 months. Current rate of interest is 10.25% payable annually at the end of September. During the year, in November 2019, HDFC Ltd has mandated opening of an Escrow account in which all lease proceeds shall be deposited, of which 30% shall be adjusted against the principal outstanding. While the Company is in the process of opening an Escrow account as at the balance sheet date, based on the above covenant, 30% of lease premium since received has been used in repayment of principal.

(iii) The loans are secured by equitable Mortgage by deposit of title deeds of 176.93 acres of land in Gummidipoondi and Ponneri Taluk with carrying value on INR 21795 Lakhs (PY 193.81 acres with a carrying value of INR 17045 Lakhs).

13B. Short Term Loan (Amortised cost)

(Amounts in INR)

Description of the instrument	Currency of Loan	Coupon Rate	As at 31 March 2020	As at 31 March 2019
A. Unsecured Borrowings at amortised cost:				
From Mahindra Residential Developers Limited - Loan repayable on demand after 3 months from the date of draw down	INR	9.50%	12,00,00,000	–
Total Unsecured Borrowings			**12,00,00,000**	–
Total Short Term Loans			**12,00,00,000**	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

14. Other Financial liabilities

(Amounts in INR)

Particulars	As at 31 March 2020	As at 31 March 2019
Non Current		
Security Advances received	**20,84,455**	5,00,000
	20,84,455	5,00,000
Current		
Capital Creditors*	**4,01,31,448**	1,76,30,701
Interest Accrued but not due on borrowings	**6,30,63,775**	4,86,37,871
Accrued Expenses	**8,89,30,697**	6,50,27,689
Security deposit received from Customer	**1,30,00,000**	–
	20,51,25,920	13,12,96,261
Total Other Financial Liabilities	**20,72,10,375**	13,17,96,261

* Capital creditors include payables to vendors registered under MSMED Act INR 25,52,804/- (Previous year INR 15,90,216/-)

15. Provisions

(Amounts in INR)

Particulars	As at 31 March 2020	As at 31 March 2019
Non Current		
Provision for Gratuity	**5,02,660**	6,18,932
Provision for Compensated Absences	**4,38,720**	3,59,783
Total Non Current Provisions	**9,41,380**	9,78,715
Current		
Provision for Gratuity	**28,141**	1,60,725
Provision for Compensated Absences	**47,930**	96,068
Total Current Provisions	**76,071**	2,56,793

16. Trade Payables

(Amounts in INR)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade payable - Micro and small enterprises	**1,87,235**	69,274
Trade payable - Other than micro and small enterprises	**1,92,98,363**	3,75,64,731
	1,94,85,598	3,76,34,005

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 as at the balance sheet or any time during the year. Accordingly there is no interest paid or payable. The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.

17. Other Current Liabilities

(Amounts in INR)

Particulars	As at 31 March 2020	As at 31 March 2019
Statutory dues payable	93,49,408	18,07,345
Total Other Current Liabilities	**93,49,408**	18,07,345

18. Revenue from Operations

(Amounts in INR)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Land Lease Premium	40,50,17,500	47,77,50,000
Other Operating income	50,000	–
Total Revenue from Operations	**40,50,67,500**	47,77,50,000

19. Other Income

(Amounts in INR)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit on sale of asset	–	35,788
Total Other Income	–	35,788

20. (Increase)/Decrease in inventories of work-in-progress and materials in stock

(Amounts in INR)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening Stock		
Work-in-progress*	**2,86,67,98,548**	2,49,25,20,414
Materials in stock	**87,39,671**	1,09,82,289
Total Opening Stock	**2,87,55,38,219**	2,50,35,02,703
Closing Stock		
Work-in-progress*	**2,84,99,94,874**	2,86,67,98,548
Materials in stock	**61,19,724**	87,39,671
Total Closing Stock	**2,85,61,14,598**	2,87,55,38,219
Total (Increase)/Decrease in inventories of work-in-progress and materials in stock	**1,94,23,621**	(37,20,35,516)

*Work-in-progress includes cost of land, development expenditure and borrowing costs inventorised.

21. Employee Benefits Expense

(Amounts in INR)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries & Wages	**3,10,89,570**	2,82,16,641
Contribution to provident and other funds	**5,37,350**	5,39,083
Staff welfare expenses	**9,85,702**	13,99,704
Total Employee Benefits Expense	**3,26,12,622**	3,01,55,428

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

22. Finance Costs

(Amounts in INR)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest on Term Loan	**10,54,50,242**	12,95,61,584
Interest on loan- others	**59,71,244**	10,03,563
Less: Interest cost transferred to CWIP	**(49,25,469)**	–
Total*	**10,64,96,017**	13,05,65,147
* Of the above, interest cost added to Work in progress inventory	**7,69,70,647**	11,70,42,748
Interest earned out of temporary parking of borrowed funds and netted off against this expense:	**4,94,726**	3,21,473

Analysis of Interest Expenses by Category

(Amounts in INR)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest Expenses		
On Financial Liability at Amortised Cost	**11,14,21,486**	13,05,65,147

23. Other expenses

(Amounts in INR)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Rent*	**8,28,000**	8,04,000
Insurance expenses	**3,15,653**	4,40,036
Legal and professional fees	**56,29,276**	55,54,633
Payment to auditor (Refer details below)	**9,58,007**	9,00,000
Commission	**1,82,25,787**	2,14,98,750
Foreign Exchange Loss	**18,29,181**	–
Advertisement, Marketing & Business Development	**79,06,257**	31,44,657
Travelling & Conveyance	**25,27,442**	18,93,954
Directors Sitting fees	**2,00,000**	2,40,000
Printing & Stationery	**2,21,190**	1,95,321
Rates & Taxes incl. ROC filing fees	**6,678**	2,72,327
Repairs & Maintenance	**6,53,334**	6,28,798
Communication and network expenses	**8,50,008**	8,34,609
Donations	**1,00,000**	–
Bank Charges	**12,714**	14,223
Miscellaneous Expenses	**23,129**	4,704
Total Other expenses	**4,02,86,656**	3,64,26,012

*towards operating lease of premises occupied by the company, cancellable at the option of both the parties to the lease.

(Amounts in INR)

Payment to auditor (excluding taxes)	For the year ended 31 March 2020	For the year ended 31 March 2019
Audit Fees	**7,00,000**	7,00,000
Certification and Other Services	**2,00,000**	2,00,000
Out of Pocket Expenses	**58,007**	–
	9,58,007	9,00,000

24. Earnings per share (EPS)

(Amounts in INR)

Particulars	31 March 2020 Per Share	31 March 2019 Per Share
Basic/Diluted Earnings per share		
From continuing operations (INR) per share	**0.08**	(0.06)
Total basic/diluted earnings per share	**0.08**	(0.06)

Basic/Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	31 March 2020	31 March 2019
Profit/(Loss) for the year attributable to owners of the Company	**1,38,55,041**	(1,05,13,670)
Weighted average number of equity shares	**17,00,00,000**	17,00,00,000
Earnings per share from continuing operations - Basic/Diluted	**0.08**	(0.06)

25. Employee Benefits

a) Defined Contribution plans

The Company makes Provident fund contribution to defined contribution plans for the employees. Under the scheme, the company is required to contribute a specified percentage of the payroll cost to fund the benefits. The Company recognized INR 5,37,350 (Previous Year : INR 5,59,083) for Provident fund & Other funds contributions in the Statement of Profit and Loss. The contributions payable to these plans by the company are at rates specified in the rules of the scheme.

b) Defined Benefit Plans

The Company's obligation towards gratuity is defined benefit plan. The gratuity expense is included under 'Employee Benefit Expenses' in Note 21 Employee benefits expense. The details of actuarial valuation are given below:

(Amounts in INR)

		Gratuity (Un–Funded) 2019–20	2018–19
i.	**Net Asset/ (Liability) recognized in the balance sheet**		
	Present Value of Defined Benefit Obligation	**5,30,801**	7,79,657
	Fair Value of Plan assets	–	–
	Liability (Asset) recognised in the balance sheet	**5,30,801**	7,79,657
ii.	**Expense recognized in the Statement of Profit & Loss**		
	Past service cost	–	–
	Current Service cost	**1,20,782**	1,16,050
	Interest cost	**36,645**	65,153
	Expected return on plan assets	–	–
	Actuarial (gains)/Losses	**1,11,983**	5,18,582
	Total expenses	**2,69,410**	6,99,785
iii.	**Amounts recognized in other comprehensive income**	–	–
iv.	**Change in present value of Defined Benefit obligation**		
	Present Value of the obligation at the beginning of the year	**7,79,657**	16,34,680
	Past service cost	–	–
	Current Service cost	**1,20,782**	1,16,050
	Interest Cost	**36,645**	65,153
	Actuarial (Gains) /Losses	**1,11,983**	5,18,582
	Benefits Paid	**(5,18,266)**	(15,54,808)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Amounts in INR)

	Gratuity (Un–Funded) 2019–20	2018–19
Present value of the obligation as at the end of the year	**5,30,801**	7,79,657

v. **Principal actuarial assumptions**

	2019–20	2018–19
Discount Rate	**6.50%**	7.04%
Salary Growth Rate	**10.00%**	10.00%
Attrition rate	**10.00%**	20.00%

vi Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Year	Change in Assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount Rate	**2020**	**0.50%**	**5,04,726**	**5,59,216**
	2019	0.50%	15,81,339	16,91,431
Salary Growth Rate	**2020**	**0.50%**	**5,59,214**	**5,04,235**
	2019	0.50%	16,61,716	16,08,152

Maturity profile of defined benefit obligation:

	2019-20	2018-19
Year 1	**24,317**	1,42,733
Year 2	**24,082**	1,25,482
Year 3	**28,198**	1,10,311
Year 4	**36,007**	99,039
Year 5	**45,710**	89,389
Next 5 Years	**2,21,642**	3,08,504

c) **Compensated Absences**

The key assumptions used in the computation of provision for long term compensated absences as per the Actuarial Valuation are as given below:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Discount rate	**6.50%**	7.04%
Salary Growth rate	**10.00%**	10.00%
Attrition rate	**10.00%**	20.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

26. Related party disclosures

Names of related parties and related party relationship

Enterprises having joint control over the Company:	Mahindra World City Developers Limited Sumitomo Corporation, Japan
Entity in which director is interested:	ASA & Associates, LLP
Key managerial persons:	
Chief Financial Officer	Chaitanya Cherukuri
Company Secretary	Mr. Aman Desai
Business Head	Mr Shyam Kalyanasundaram (Upto 31 January 2019) Mr.Vaibhav Mittal (wef 19 April,2019)

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(Amounts in INR)

Nature of transactions with Related Parties	For the year ended	Mahindra World City Developers Limited	Sumitomo Corporation, Japan	ASA & Associates, LLP	KMP
Purchase of Land	**31-Mar-20**	**4,49,80,000**	–	–	–
	31-Mar-19	28,63,25,000	–	–	–
Professional services received	**31-Mar-20**	**52,16,000**	–	–	–
	31-Mar-19	72,00,000	–	5,00,000	–
Commission	**31-Mar-20**	–	**1,82,25,787**	–	–
	31-Mar-19	–	2,14,98,750	–	–
Professional services charged	**31-Mar-20**	**13,20,000**	–	–	–
	31-Mar-19	12,00,000	–	–	–
Others Services received	**31-Mar-20**	**3,93,343**	–	–	–
	31-Mar-19	7,45,496	–	–	–
Reimbursement of Expenses-Given	**31-Mar-20**	**38,64,107**	–	–	–
	31-Mar-19	4,28,43,977	–	–	–
Reimbursement of Expenses-Taken	**31-Mar-20**	**3,96,659**	–	–	–
	31-Mar-19	–	–	–	–
Sale of Fixed Asset (Car)	**31-Mar-20**	–	–	–	–
	31-Mar-19	–	–	–	79,068

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Amounts in INR)

Nature of transactions with Related Parties	For the year ended	Mahindra World City Developers Limited	Sumitomo Corporation, Japan	ASA & Associates, LLP	KMP
Managerial remuneration					
- Business Head	**31-Mar-20**	–	–	–	**72,63,804**
	31-Mar-19	–	–	–	79,61,184
- Company Secretary	**31-Mar-20**	–	–	–	**7,63,578**
	31-Mar-19	–	–	–	5,89,808
- Chief Financial Officer	**31-Mar-20**	–	–	–	**21,77,545**
	31-Mar-19	–	–	–	17,59,476

The following table provides the balances with related parties as on the relevant date:

(Amounts in INR)

Nature of Balances with Related Parties	Balance as on	Mahindra World City Developers Limited	Sumitomo Corporation, Japan
Payable	**31-Mar-20**	**3,34,363**	**86,99,583**
	31-Mar-19	1,35,614	1,93,48,875

27 Fair Values

The following tables show the carrying amount and fair values of financial assets and financial liabilities by categories:

(Amounts in INR)

	Carrying Value		Fair value as at	
Particulars	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Financial assets				
Cash and Cash Equivalents	**1,08,48,176**	1,30,06,525	**1,08,48,176**	1,30,06,525
Other Financial Assets	**6,66,233**	3,01,065	**6,66,233**	3,01,065
Trade Receivables	**8,25,17,400**	–	**8,25,17,400**	–
Total financial assets	**9,40,31,809**	1,33,07,590	**9,40,31,809**	1,33,07,590
Financial liabilities				
Borrowings	**1,12,30,06,793**	1,16,02,56,101	**1,12,30,06,793**	1,16,02,56,101
Short Term Loans	**12,00,00,000**	–	**12,00,00,000**	–
Trade Payables	**1,94,85,598**	3,76,34,005	**1,94,85,598**	3,76,34,005
Other Financial Liabilities	**20,72,10,375**	13,17,96,261	**20,72,10,375**	13,17,96,261
Total financial liabilities	**1,46,97,02,766**	1,32,96,86,367	**1,46,97,02,766**	1,32,96,86,367

The management assessed that the fair value of cash and cash equivalents, trade receivables, other financial assets and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the Company's interest-bearing borrowings are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

28. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Management's impact assessment on the COVID -19 pandemic:

The company assessed its performance and future business projections in light of the developments post the epidemic outbreak worldwide and has reassessed the impact that it may cause on the company's financial and operational performance .The company may experience a delay in getting new prospects and signing of lease deeds, which may have an impact on the inflow of receivables, during the lock down period. However, the management expects the company to resume normalcy within a period of 3 to 4 months post lockdown with some impact on overall collections through the financial year. The company has sufficient inflows and term loan facilities available to meet the project costs and pay off the vendors and bankers in the immediate 12 months from the date of approval of these financial statements . The company expects no additional inflow of capital towards currently planned development. Based on the above assessment, the management is of the view that company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the significant effect on the amounts recognised in the financial statements:

Estimates

Estimation uncertainty relating to the global health pandemic on COVID-19

In assessing the recoverability of receivables and contract costs, the Company has considered internal and external information up to the date of approval of these financial statements including Government policies, commitments made during the Global Investors' Meet in Tamilnadu, credit reports and economic forecasts. The Company has

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Taxes

Deferred tax assets are recognised for unused tax losses and other temporary differences leading to deferred tax assets to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Estimation of net realisable value for inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value of inventories under construction is assessed with reference to the market prices at the reporting date less estimated costs to complete the construction and less an estimate of the time value of money to the date of completion if material. The market prices bear reference to the recent selling prices. The costs to complete the construction are estimated by management.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

29 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company's objective when managing capital are to :

- safeguard their ability to continue as a going concern, so that they can continue to provide return for shareholders and benefits for other stakeholders and
- Maintain an optimal capital structure to reduce the weighted cost of capital.

In order to maintain or adjust the capital structure , the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, or sell non-core assets to reduce the debt.

The Company is not subject to any externally imposed capital requirements.

Debt-to-equity ratio as of 31 March, 2020 and 31 March, 2019 is as follows:

(Amounts in INR)

	31-Mar-2020	31-Mar-2019
Debt (A)	**1,30,60,70,568**	1,20,88,93,972
Equity (B)	**1,73,15,98,497**	1,71,77,43,456
Debt Equity Ratio (A/B)	**0.75**	0.70

Categories of financial assets and financial liabilities

(Amounts in INR)

	As at 31 March 2020			
	Amortised Costs	FVTPL	FVOCI	Total
Non- Current Assets				
Other financial assets	**6,58,342**	–	–	**6,58,342**
Current Assets				
Trade Receivables	**8,25,17,400**	–	–	**8,25,17,400**
Cash and Cash equivalents	**1,08,48,176**	–	–	**1,08,48,176**
Other financial assets	**7,891**	–	–	**7,891**
	9,40,31,809	–	–	**9,40,31,809**
Non-current Liabilities				
Borrowings	**1,12,30,06,793**	–	–	**1,12,30,06,793**
Other financial liabilities	**20,84,455**	–	–	**20,84,455**
Current Liabilities				
Short Term Loan	**12,00,00,000**	–	–	**12,00,00,000**
Trade Payables	**1,94,85,598**	–	–	**1,94,85,598**
Other financial liabilities	**20,51,25,920**	–	–	**20,51,25,920**
	1,46,97,02,766	–	–	**1,46,97,02,766**

(Amounts in INR)

	As at 31 March 2019			
	Amortised Costs	FVTPL	FVOCI	Total
Non- Current Assets				
Other financial assets	2,98,955	–	–	2,98,955
Current Assets				
Cash and Cash equivalents	1,30,06,525	–	–	1,30,06,525
Other financial assets	2,110	–	–	2,110
	1,33,07,590	–	–	1,33,07,590

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Amounts in INR)

	As at 31 March 2019			
	Amortised Costs	FVTPL	FVOCI	Total
Non-current Liabilities				
Borrowings	1,16,02,56,101	–	–	1,16,02,56,101
Other financial liabilities	5,00,000	–	–	5,00,000
Current Liabilities				
Trade Payables	3,76,34,005	–	–	3,76,34,005
Other financial liabilities	13,12,96,261	–	–	13,12,96,261
	1,32,96,86,367	–	–	1,32,96,86,367

30 Financial Risk Management Framework

The Company's principal financial liabilities comprises of borrowings, The Company's principal financial liabilities comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and cash equivalents that are directly derived out of equity.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

Credit risk arises when a counterparty defaults on its contractual obligations to pay, resulting in financial loss to the Company.

Credit risk related to financial instruments

Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy. The Company has not created any Investments of surplus funds in any other instruments as of date and hence the company is not exposed to any credit risk in this respect.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(Amounts in INR)

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-20				
Trade and other payables	**1,94,85,598**	–	–	–
Variable interest rate instruments	**12,00,00,000**	–	**1,14,08,00,000**	–
Total	**13,94,85,598**	–	**1,14,08,00,000**	–
31-Mar-19				
Trade and other payables	**3,76,34,005**	–	–	–
Variable interest rate instruments*	–	–	**1,16,65,00,000**	–
Total	**3,76,34,005**	–	**1,16,65,00,000**	–

*Of the above INR 20 cr repaid on April 10 , 2019

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The Company undertakes transactions denominated in foreign currencies only for the purchases of the components which are required to be imported for carry out the construction activities; consequently, exposures to exchange rate fluctuations arise, but the same is very nominal in nature as compared to the size of the operations if the Company.

The Company manages its foreign currency risk by forward contracts that are expected to occur within a maximum 12 month from the entering of a contract.

The Company's exposure to foreign currency changes for all other currencies is not material.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

As at 31st March, 2020 and 31st March, 2019 100% of borrowings are at Variable rate.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(Amounts in INR)

	Increase/ decrease in basis points	Effect on financial statements* (Increase)/ Decrease
31-Mar-20		
INR	**+50**	(63,04,000)
INR	**-50**	63,04,000
31-Mar-19		
INR	+50	(58,32,500)
INR	-50	58,32,500

* Since the finance cost of the company is being capitalised to qualifying assets, the impact as above will be on the carrying value of inventory.

31. Capital & other Commitments

Estimated amount of contracts remaining to be executed towards construction of capital assets as at March 31, 2020 - INR 2,04,83,473 (As at March 31, 2019- INR 10,79,73,227).

32. Segment information

Based on the internal reporting provided to the Chief Operating Decision Maker (CODM), business of acquiring, development and maintenance of industrial parks is the only reportable segment of the Company. Accordingly, the amounts appearing in these financial statements relate to this operating segment. Further the company does not have any separate geographic segment other than India.

33 Other Notes

i. The Company does not have any pending litigations which will impact its financial position as at March 31, 2020.

ii. The Company does not have any long-term contracts requiring provision for any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has not made any donations to Political parties during the year.

v. As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013, the provisions relating to Corporate Social Responsibility (CSR) are currently not applicable to the Company.

vi. The Company has an unhedged foreign exchange exposure as at March 31, 2020 as follows:

Particulars	**Currency**	**Amount in Foreign Currency**	Amount in INR.
Trade Payable	**USD**	**1,14,975**	86,99,583

34 Approval of financial statements

The above financial statements presented by the management for the year ended 31 March, 2020 were reviewed by the Board of Directors at their meeting held on 15 April, 2020 and approved by them on 30 April, 2020 upon review of the audited financial statements.

For and on behalf of the board of directors of
Mahindra Industrial Park Chennai Limited

Sangeeta Prasad Director (DIN: 02791944)	Sanjay Srivastava Director (DIN: 08188352)	
Vaibhav Mittal Business Head (CEO)	Chaitanya Cherukuri Chief Financial Officer	Aman J Desai Company Secretary

Place: Chennai
Date: April 30, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA HOMES PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Mahindra Homes Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (''IND AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 27 of the financial statements, which describes that the potential impact of COVID-19 pandemic on the financial statements of the Company are dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report, but does not include financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

      In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any managerial remuneration during the year, hence section 197 of the Act related to the managerial remuneration is not applicable.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in the financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
Membership No. 100459
(UDIN: 20100459AAAAJL7842)

Place: Mumbai
Date: 8th May 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Homes Private Limited** ("the Company") as of 31st March, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
Membership No. 100459
(UDIN: 20100459AAAAJL7842)

Place: Mumbai
Date: 8th May 2020

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the members of Mahindra Homes Private Limited of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, Plant and Equipment).

(b) The fixed assets (Property Plant and Equipment) were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets (Property Plant and Equipment) at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the Company does not have any immovable properties of freehold or leasehold land and building other than administrative block and project facilities, temporarily constructed at project sites and capitalized as Buildings, hence reporting under clause (i)(c) of the Order is not applicable.

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of title deeds, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

(iv) The Company has not granted any loans or provided guarantees, under the provisions of Section 185 of the Act. Provisions of Section 186 are not applicable to the Company, it being a Company engaged in the business of providing infrastructure facilities.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and the provisions of Sections 73 to 76 of the Companies Act, 2013 are not applicable and hence reporting under clause 3 (v) of Order is also not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Income Tax, Goods and Service Tax, Sales Tax, Service Tax, Customs Duty, Value added tax, cess and other material statutory dues applicable to it to the appropriate authorities. The provisions of Provident Fund, Employees’ State Insurance and Excise Duty are not applicable to the operations of the Company.

(b) There were no undisputed amounts payable in respect of Income tax, Goods and Service tax, Sales Tax, Service Tax, Customs Duty, Value added tax ,cess and other material statutory dues in arrears as at 31 March, 2020 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Goods and Service tax and Value added tax which have not been deposited as on 31 March, 2020 on account of disputes except as given below:

Name of the Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount In Rs. Lakhs
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	FY 2013-14	30.06 #
Finance Act, 1994	Service Tax	Joint Commissioner	FY 2015-16 to FY 2017-18	153.76
Finance Act, 1994	Service Tax	Joint Commissioner	FY 2014-15 to FY 2017-18	74.58

Net of Rs 7.51 lakhs paid under protest

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to Banks and dues to debenture holders. The Company has not taken any loans or borrowings from financial institutions and government.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid or provided any managerial remuneration during the year , hence compliance with the provisions of Section 197, read with Schedule V of the Act are not applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us, in terms of Rule 4 of the Companies (Appointment and qualification of Directors) Rules, 2014 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, provisions of Section 177 of the Act are not applicable to the Company.

In our opinion and according to the information and explanations given to us, the Company has complied with other provisions of Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares of fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding Company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
Membership No. 100459
(UDIN: 20100459AAAAJL7842)

Place: Mumbai
Date: 8th May 2020

BALANCE SHEET AS AT MARCH 31, 2020

(Rs. in Lakh)

	Note No.	**As at March 31, 2020**	As at March 31, 2019
I ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3	**19.24**	120.31
(b) Other Financial Assets	9	**84.38**	54.68
(c) Deferred Tax Assets (Net)	4	**–**	2,241.01
(d) Other Non-current assets	5	**734.91**	385.84
Total Non-current Assets		**838.53**	2,801.84
2 Current assets			
(a) Inventories	6	**62,164.11**	86,760.77
(b) Financial assets			
(i) Trade Receivables	7	**2,398.50**	1,529.58
(ii) Cash and Cash Equivalents	8	**3,199.79**	1,722.69
(iii) Bank Balances other than (ii) above	8	**4,256.62**	1,861.90
(iv) Other Financial Assets	9	**8.42**	26.26
(c) Other current assets	5	**30,061.97**	53,541.91
Total Current Assets		**102,089.41**	145,443.11
TOTAL ASSETS (1+2)		**102,927.94**	148,244.95
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share capital	10	**95.14**	82.33
(b) Other Equity	11	**42,571.01**	(2,513.93)
Total Equity		**42,666.15**	(2,431.60)
Liabilities			
2 Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12	**3,000.00**	70,034.00
Total Non-Current Liabilities		**3,000.00**	70,034.00
3 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12	**4,728.12**	5,158.15
(ii) Trade Payables			
Total outstanding dues of micro enterprises and small enterprises and	13	**473.34**	–
Total outstanding dues of creditors other than micro enterprises and small enterprises	13	**5,701.71**	5,699.30
(iii) Other financial liabilities	14	**35,342.56**	43,510.28
(b) Other Current Liabilities	16	**10,755.38**	26,068.08
(c) Provisions	15	**218.97**	165.03
(d) Current Tax Liabilities (Net)	17	**41.71**	41.71
Total Current Liabilities		**57,261.79**	80,642.55
TOTAL EQUITY & LIABILITIES (1+2+3)		**102,927.94**	148,244.95

Summary of Significant Accounting Policies
The accompanying notes 1 to 33 are an integral part of these financial statements.

As per our report of even date
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:- 117366W/W-100018

Ketan Vora
Partner

Place: Mumbai
Date: May 8, 2020

For and on behalf of the board of directors of
Mahindra Homes Private Limited

Sangeeta Prasad
DIN 02791944

Place: Mumbai
Date: May 8, 2020

Rahul Gupta
DIN 08295798

Place: Mumbai
Date: May 8, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Lakh)

		Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I	**Income**			
	(a) Revenue from operations	18	**42,155.70**	39,058.73
	(b) Other income	19	**411.25**	304.90
	Total income (a+b)		**42,566.95**	39,363.63
II	**Expenses**			
	(a) Construction Expenses incurred	20A	**28,910.63**	66,732.99
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20B	**24,596.65**	(36,163.41)
	(c) Finance Cost	22	**1,883.08**	2,235.89
	(d) Depreciation Expense	3	**104.35**	166.03
	(e) Other expenses	21	**3,767.48**	2,502.97
	Total Expenses (a+b+c+d+e)		**59,262.19**	35,474.47
III	**(Loss)/ Profit Before Tax (I-II)**		**(16,695.24)**	3,889.16
IV	**Tax expenses**			
	(a) Current tax	4a	**–**	–
	(b) Deferred tax	4a	**2,241.01**	1,169.87
	Total tax expense (a+b)		**2,241.01**	1,169.87
	(Loss)/Profit After Tax (III-IV)		**(18,936.25)**	2,719.29
V	**Other Comprehensive Income (B)**		**–**	–
	Total Comprehensive (Loss)/Income for the year (V+VI)		**(18,936.25)**	2,719.29
VI	**Earnings per equity share (Face value: Rs 10/share)**			
	Basic			
	(a) Class B Equity Shares (In Rs.)	23	**(19,381)**	4,196
	(b) Class C Equity Shares (In Rs.)	23	**(56,898)**	349,523
	Diluted			
	(a) Class B Equity Shares (In Rs.)	23	**(19,381)**	4,196
	(b) Class C Equity Shares (In Rs.)	23	**(56,898)**	7,310
	Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 33 are an integral part of these financial statements.

As per our Report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:- 117366W/W-100018

Ketan Vora
Partner

Place: Mumbai
Date: May 8, 2020

For and on behalf of the board of directors of
Mahindra Homes Private Limited

Sangeeta Prasad
DIN 02791944

Place: Mumbai
Date: May 8, 2020

Rahul Gupta
DIN 08295798

Place: Mumbai
Date: May 8, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Lakh)

		For the year ended March 31, 2020	For the year ended March 31, 2019
A	**Cash flow from operating activities**		
	(Loss)/ Profit Before Tax	**(16,695.24)**	3,889.16
	Adjustments for:		
	Provision for Defect Liabilities	**53.95**	40.53
	Depreciation	**104.35**	166.03
	Finance Costs	**1,883.08**	2,235.89
	Interest Income from Fixed Deposits	**(204.45)**	(72.46)
	Adjustment of Inventories on account of Net realisable value	**19,640.90**	–
	Gain on sale of current investments	**–**	(41.15)
	Operating (Loss)/ Profit before working capital changes	**4,782.59**	6,217.99
	Changes in working capital:		
	Decrease in trade and other payables	**(14,836.96)**	(35,152.49)
	Decrease in trade and other receivables	**22,581.32**	23,736.95
	Decrease in inventories	**6,904.32**	18,827.02
	Cash generated from operations	**19,431.27**	13,629.48
	Income taxes paid	**(349.07)**	(683.71)
	Net cash generated by operating activities (A)	**19,082.20**	12,945.77
B	**Cash flows from Investing activities**		
	Payment to acquire property, plant and equipment	**(3.28)**	(12.81)
	Purchase of current investments	**–**	(3,863.10)
	Proceeds from Sale of current investments	**–**	3,904.25
	Interest received	**222.28**	46.21
	Changes in earmarked balances with banks	**(340.05)**	(584.69)
	Bank deposits (net)	**(2,054.66)**	(1,254.39)
	Net cash used in Investing activities (B)	**(2,175.71)**	(1,764.53)
C	**Cash flows from Financing activities**		
	Repayment of Borrowings	**(8,175.02)**	(7,867.39)
	Interest Paid	**(7,254.37)**	(2,345.31)
	Net cash flow used in Financing activities (C)	**(15,429.39)**	(10,212.70)
	Net increase in cash and cash equivalents (A + B + C)	**1,477.10**	968.54
	Cash and cash equivalents at the beginning of the year	**1,722.69**	754.15
	Cash and cash equivalents at the end of the year	**3,199.79**	1,722.69

Summary of Significant Accounting Policies (Refer note 2)

The accompanying notes 1 to 33 are an integral part of these financial statements.

Changes in Liability arising from Financing activities

Particulars	As at April 1, 2019	Cash Flow	**As at March 31, 2020**
Non Current Borrowings (Refer Note 12)	6,000.00	(3,000.00)	**3,000.00**
Current Borrowings (Refer Note 12)	5,158.15	(430.03)	**4,728.12**
Current maturities of Long term debt (Refer note 14)	7,744.99	(4,744.99)	**3,000.00**
Total	18,903.14	(8,175.02)	**10,728.12**

Notes

1 The above cash flow statement has been prepared under the 'Indirect method' as set out in "Indian Accounting Standard (Ind AS) - 7 Statement of Cash Flows".

2 Also refer Note no. 8 - Cash and Bank Balances

As per our Report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:- 117366W/W-100018

Ketan Vora
Partner

Place: Mumbai
Date: May 8, 2020

For and on behalf of the board of directors of
Mahindra Homes Private Limited

Sangeeta Prasad
DIN 02791944

Place: Mumbai
Date: May 8, 2020

Rahul Gupta
DIN 08295798

Place: Mumbai
Date: May 8, 2020

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED MARCH 31, 2020

A. Equity Share Capital

(Rs. in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the Beginning of the year	**82.33**	82.33
Add: Issued during the year (refer note 10)	**12.81**	–
Balance at the end of the year	**95.14**	82.33

B. Other Equity

(Rs. in Lakh)

Particulars	Equity component of compound financial instruments *	Securities Premium	Retained earnings	Debenture Redemption Reserve#	Total
As at March 31 2018	0.00	194.96	1,597.57	812.50	2,605.03
Profit for the year	–	–	2,719.29	–	2,719.29
Transfer to Debenture Redemption Reserve	–	–	(812.50)	812.50	–
Adjustment relating to cumulative effect of applying IND AS 115 - Revenue from Contracts with Customers	–		(7,838.25)	–	(7,838.25)
As at March 31 2019	**0.00**	**194.96**	**(4,333.89)**	**1,625.00**	**(2,513.93)**
(Loss) for the year	–	–	(18,936.25)	–	(18,936.25)
Transfer from Debenture Redemption Reserve#	–	–	1,025.00	(1,025.00)	–
Securities Premium received on conversion of Optionally Convertible Debentures (OCD) and Compulsory Convertible Debentures (CCD)		64,021.19	–	–	64,021.19
As at March 31 2020	**0.00**	**64,216.15**	**(22,245.14)**	**600.00**	**42,571.01**

Summary of Significant Accounting Policies (refer note 2)

The accompanying notes 1 to 33 are an integral part of the financial statements.

* **Equity component of compound financial instruments:** This amount relates to equity component of convertible preference shares as per the requirements of Ind AS 32. The liability component of preference shares is NIL (Refer Note no. 11). The equity component is Rs 20/- (Previous year Rs 20/-)

\# **Debenture redemption reserve (DRR):** Pursuant to Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014 (amended vide notification dated August, 16, 2019) an amount of Rs 1,025 lakhs has been transferred from Debenture Redemption Reserve to Retained earnings.

As per our Report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:- 117366W/W-100018

Ketan Vora
Partner

Place: Mumbai
Date: May 8, 2020

For and on behalf of the board of directors of
Mahindra Homes Private Limited

Sangeeta Prasad
DIN 02791944

Place: Mumbai
Date: May 8, 2020

Rahul Gupta
DIN 08295798

Place: Mumbai
Date: May 8, 2020

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. General Information

Mahindra Homes Private Limited is a private company domiciled in India and was incorporated on June 2, 2010 under the provisions of the Companies Act, 1956 applicable in India. The registered office of the company is located at 5th Floor, Mahindra Tower, Worli, Mumbai – 400018. The company is engaged in the business of development of residential complexes. The Company is currently engaged in the development of residential projects in Gurgaon & Bangalore.

2. Significant accounting policies

2.1 Statement of compliance and basis of preparation and presentation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provisions of the act.

These aforesaid financial statements were approved by Company's Board of Directors and authorised for issue in the meeting held on May 8, 2020.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Measurement of Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.3 Current versus non-current classification

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Based on the nature of activity carried out by the company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current – Non Current classification of assets & liabilities.

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle

  Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Borrowings are classified as current if they are due to be settled within 12 months after the reporting period.

2.4 Revenue from Contracts with Customers

2.4.1 Revenue from Projects

- The Company develops and sells residential and commercial properties. Revenue from contracts is recognised when control over the property has been transferred to the customer. An enforceable right to payment does not arise until the development of the property is completed. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer and the development of the property is completed i.e. Completed contract method of accounting as per IND AS 115 when (a) the seller has transferred to the buyer all significant risks and rewards of ownership and the seller retains no effective control of the real estate to a degree usually associated with ownership, (b) The seller has effectively handed over possession of the real estate unit to the buyer forming part of the transaction; (c) No significant uncertainty exists regarding the amount of consideration that will be derived from real estate sales; and (d) It is not unreasonable to expect ultimate collection of revenue from buyers. The revenue is measured at the transaction price agreed under the contract.
- The Company invoices the customers for construction contracts based on achieving performance-related milestones.
- For certain contracts involving the sale of property under development, the Company offers deferred payment schemes to its customers. The Company adjusts the transaction price for the effects of the significant financing component.
- Costs to obtain contracts ("Contract costs") relate to fees paid for obtaining property sales contracts. Such costs are recognised as assets when incurred and amortised upon recognition of revenue from the related property sale contract.
- Contract assets is the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.4.2 Dividend and Interest income

Dividend income from investment in mutual funds is recognised when the unit holder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.5 Foreign exchange transactions and translation

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

2.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred

2.7 Leases

The Company had to change its accounting policies as a result of adopting Ind AS 116. This is disclosed in Note 24.

Till March 31, 2019

Company as a Lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue

With effect from April 1, 2019:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. Identification of a lease requires significant judgment.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Company as a lessee

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term and a corresponding lease liability at the lease commencement date i.e. the date at which the leased asset is available for use by the Company. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

2.8 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.8.1 Current tax

Current tax payable is determined as the amount of tax payable in respect of taxable profit for the year. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

2.8.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.8.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9 Property, plant and equipment

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Furniture and Fixtures and Office equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation on tangible fixed assets is provided on pro-rata basis on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for certain assets as indicated below -

	Useful lives estimated by the management (years)
Computers	3 to 6
Furniture	5
Building - Office/Commercial constructed at site	5

2.10 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash generating unit, as the case may be, is estimated and the impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.11 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest & manpower costs and expenses incidental to the projects undertaken by the Company.

2.12 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.13 Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS - 33 on 'Earnings per Share'.

Basic earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all diluted potential equity shares except where the results are anti- dilutive.

2.14 Provisions and Contingent Liabilities

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions and contingent liabilities are reviewed at each Balance Sheet date.

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2.14.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.14.2 Contingent liabilities

Contingent liability is disclosed in case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- a present obligation arising from past events, when no reliable estimate is possible.

2.14.3 Contingent assets

Contingent assets are disclosed where an inflow of economic benefits is probable.

2.15 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.15.1 Classification and subsequent movement

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on their respective classification.

On initial recognition, a financial asset is classified as – measured at:

– Amortised cost; or

– Fair Value through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All Financial assets are not classified as measured at amortised cost or FVTOCI or measured at FVTPL.

Financial Assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment loss. Interest income and impairment loss are recognised in the statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

2.15.2 Impairment of financial assets

The Company applies the expected credit loss (ECL) model for recognising impairment loss on financial assets.

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the party does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2.15.3 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised

2.16 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.16.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of directly attributable transaction costs.

2.16.2 Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

2.16.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment

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of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.17 Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has legally enforceable rights to set off the amount and it intended either to settle them on a net basis or to realise the assets and settle liability simultaneously.

3. Use of estimates and judgements

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

In the process of applying the Company's accounting policies, management has made the following judgements, which have the significant effect on the amounts recognised in the financial statements.

A. Estimation of net realisable value for inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value of inventories under construction is assessed with reference to the market prices at the reporting date less estimated costs to complete the construction and less an estimate of the time value of money to the date of completion if material. The market prices bear reference to the recent selling prices. The costs to complete the construction are estimated by management.

B. Useful lives of Depreciable/amortisable assets

The Company reviews the useful life of depreciable/amortisable assets at the end of each reporting period. This re-assessment may result in change in depreciation expense in future periods.

C. Taxes

Deferred tax assets are recognised for unused tax losses and other temporary differences leading to deferred tax assets to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

D. Determining the timing of revenue recognition on the sale of completed and under development property

The Company has evaluated and generally concluded that the recognition of revenue over the period of time criteria are not met owing to non-enforceable right to payment for performance completed to date and, therefore, recognises revenue at a point in time. The Company has further evaluated and concluded that based on the analysis of the rights and obligations under the terms of the contracts relating to the sale of property, the revenue is to be recognised at a point in time when control transfers which coincides with receipt of Occupation Certificate.

E. Determination of performance obligations

With respect to the sale of property, the Company has concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property is to undertake development of property and obtaining the Occupation Certificate. Generally, the Company is responsible for all these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Company accounts for them as a single performance obligation because they are not distinct in the context of the contract.

3. Property, Plant and Equipment

(Rs. in Lakh)

Description of Assets	Building	Office Equipments	Furniture and Fixtures	Computers	Total
I. Gross Carrying Amount					
Balance as at April 1, 2019	452.19	114.99	238.35	53.25	858.77
Additions during the year	–	–	–	3.28	3.28
Deductions during the year	–	–	–	–	–
Balance as at March 31, 2020	**452.19**	**114.99**	**238.35**	**56.52**	**862.05**
II. Accumulated depreciation and impairment					
Balance as at April 1, 2019	402.63	87.93	204.89	43.00	738.46
Depreciation expense for the year	49.55	16.67	31.61	6.52	104.35
Deductions/adjustments during the year	–	–	–	–	–
Balance as at March 31, 2020	**452.18**	**104.59**	**236.50**	**49.53**	**842.81**
III. Net carrying amount (I-II)					
Balance as at March 31, 2020	**0.01**	**10.39**	**1.85**	**7.00**	**19.24**
At March 31, 2019	**49.55**	**27.06**	**33.46**	**10.25**	**120.31**

(Rs. in Lakh)

Description of Assets	Building	Office equipments	Furniture and Fixtures	Computers	Total
I. Gross Carrying Amount					
Balance as at April 1, 2018	452.19	112.12	238.35	44.20	846.86
Additions during the year	–	2.86	–	9.05	11.91

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(Rs. in Lakh)

Description of Assets		Building	Office equipments	Furniture and Fixtures	Computers	Total
	Deductions during the year	–	–	–	–	–
	Balance as at March 31, 2019	**452.19**	**114.99**	**238.35**	**53.25**	**858.77**
II.	**Accumulated depreciation and impairment**					
	Balance as at April 1, 2018	311.62	66.65	157.15	37.01	572.44
	Depreciation expense for the year	91.01	21.28	47.74	5.99	166.03
	Deductions/adjustments during the year	–	–	–	–	–
	Balance as at March 31, 2019	**402.63**	**87.93**	**204.89**	**43.00**	**738.46**
III.	**Net carrying amount (I-II)**					
	At March 31, 2019	**49.55**	**27.06**	**33.46**	**10.25**	**120.31**

4. Tax Expense

(a) Tax Expense recognised in profit & loss

(Rs. in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Tax:		
In respect of current year origination and reversal of temporary differences	**–**	–
Deferred Tax:		
Provision for Defect Liabilities	**48.03**	(14.24)
Adjustment relating to cumulative effect of applying IND AS 115 - Revenue from Contracts with Customers	**1,994.39**	1,225.84
Other temporary differences	**48.21**	(16.01)
Impact of difference in carrying amount of Property, Plant & Equipment	**150.38**	(25.72)
Total income tax expense	**2,241.01**	1,169.87

(b) Reconciliation of estimated income tax expense at tax rate to income tax expense reported in the Statement of Profit and Loss is as follows:

(Rs. in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(Loss)/ Profit before tax	**(16,695.24)**	3,889.16
Income tax expense calculated at the statutory rate of 29.12% (29.12% for the previous year)	**(4,861.65)**	1,132.52
Changes in recognised deductible temporary differences	**–**	31.87
Effect of expenses that are not deductible in determining taxable profits	**17.96**	10.84
Deductions under Chapter VI A	**–**	(5.36)
Carried Forward business loss	**–**	–
Non recognition on deferred tax asset on current year loss	**4,843.70**	–
Derecognition of carried forward Deferred Tax Asset	**2,241.01**	–
	2,241.01	1,169.87
Income tax expense recognised in profit or loss	**2,241.01**	1,169.87

4c Deferred Tax Assets (Net)

(i) Movement in deferred tax balances

(Rs. in Lakh)

Particulars	For the year ended 31 March 2020			
	Opening Balance as at April 1, 2019	**Recognised in profit and Loss**	**Adjusted in Opening Retained Earnings**	**Closing Balance as at March 31, 2020**
<u>Tax effect of items constituting deferred tax assets</u>				
Fiscal allowance on Property, Plant and Equipment	**150.38**	**(150.38)**	**–**	**–**
Provision for Defect Liabilities	**48.03**	**(48.03)**	**–**	**–**
Adjustment relating to cumulative effect of applying IND AS 115 - Revenue from Contracts with Customers	**1,994.39**	**(1,994.39)**	**–**	**–**
Other Temporary Differences	**48.21**	**(48.21)**	**–**	**–**
	2,241.01	**(2,241.01)**	**–**	**–**
Total	**2,241.01**	**(2,241.01)**	**–**	**–**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in Lakh)

Particulars	For the year ended 31 March 2019			
	Opening Balance as at April 1, 2018	Recognised in profit and Loss	Adjusted in Opening Retained Earnings	Closing Balance as at March 31, 2019
Tax effect of items constituting deferred tax assets				
Fiscal allowance on Property, Plant and Equipment	124.66	25.72	–	150.38
Provision for Defect Liabilities	33.79	14.24	–	48.03
Adjustment relating to cumulative effect of applying IND AS 115 - Revenue from Contracts with Customers	–	(1,225.84)	3220.23	1,994.39
Other Temporary Differences	32.20	16.01	–	48.21
	190.66	(1,169.87)	3,220.23	2,241.01
Total	190.66	(1,169.87)	3,220.23	2,241.01

5. Other assets

(Rs. in Lakh)

Particulars	**As at 31 March, 2020**		As at 31 March, 2019	
	Non-current	**Current**	Non-current	Current
Advances other than capital advances				
Balances with government authorities (other than income taxes)	**–**	**1,036.57**	–	2,043.75
Prepaid Expenses	**–**	**620.26**	–	1,847.68
Income Tax Assets (Net)	**734.91**	**–**	385.84	–
Collaboration Advance	**–**	**26,778.10**	–	47,861.09
Other Advances #	**–**	**1,627.04**	–	1,789.39
Total	**734.91**	**30,061.97**	385.84	53,541.91

Other Advances comprises of Project Advances given to vendors.

6. Inventories (at lower of cost and net realisable value)

(Rs. in Lakh)

Particulars	**As at March 31, 2020**	As at March 31, 2019
Raw Materials	**1,250.06**	1,117.41
Construction work-in-progress*	**42,711.11**	61,693.30
Stock in Trade	**18,202.94**	23,950.06
Total	**62,164.11**	86,760.77

* Construction Work-in-Progress represents materials at site and construction cost incurred for the projects.

The Company is executing residential projects at NCR and Bengaluru. The residential project in NCR is a Joint Development with the land owner. The project saw a successful launch in 2015 in a buoyant market. The market has thereafter seen muted demand and declining prices. During the year the company also saw significant cancellations of earlier bookings. Consequently, while valuing its balance inventory as per its accounting policies, the Company has taken an impact of Rs 19,641 lakh. This has been done considering uncertain market conditions.

The Company has availed cash credit facilities, short term loans and borrowed through Non-Convertible Debentures, which are secured by hypothecation of inventories.

7. Trade Receivables

(Rs. in Lakh)

Particulars	**As at March 31, 2020**	As at March 31, 2019
Considered good- unsecured	**2,398.50**	1,529.58
Total	**2,398.50**	1,529.58

Trade Receivables includes an amount due from a director of Rs Nil (Previous Year- Rs 28.04 Lakhs)

8. Cash and bank balances

(Rs. in Lakh)

Particulars	**As at March 31, 2020**	As at March 31, 2019
Cash and cash equivalents		
Cash on hand	**–**	0.06
Cheques on hand	**37.61**	605.44
Balances with banks:		
– On current accounts	**708.26**	937.63

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
– Fixed deposits with original maturity of less than three months	**2,453.92**	179.56
Total Cash and cash equivalent (considered in Statement of Cash Flows)	**3,199.79**	1,722.69
Bank Balances other than Cash and cash equivalents		
Balances with Banks:		
– Earmarked Balances	**924.74**	584.69
– Fixed deposits with original maturity greater than 3 months	**3,331.88**	1,277.21
Total Other Bank balances	**4,256.62**	1,861.90

9. Other Financial assets

(Rs. in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Other Financial assets at amortised cost				
Unsecured, considered good unless stated otherwise				
Interest accrued	**–**	**8.42**	–	26.26
Security Deposit with Government Authorities	**84.38**	**–**	54.68	–
Total	**84.38**	**8.42**	54.68	26.26

10. Equity Share capital

(Rs. in Lakh)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Authorised				
Ordinary Equity Shares of Rs.10 each	**100,000**	**10.00**	100,000	10.00
Class A Equity Shares of Rs.10 each	**1,550,000**	**155.00**	1,550,000	155.00
Class B Equity Shares of Rs.10 each	**116,500**	**11.65**	116,500	11.65
Class C Equity Shares of Rs.10 each	**116,500**	**11.65**	116,500	11.65
Series A 0.01% Optionally Convertible Redeemable Preference Shares (OCRPS) of Rs.10 each	**250**	**0.03**	250	0.03
0.01% Compulsorily Convertible Preference Shares (CCPS) of Rs.10 each	**250**	**0.02**	250	0.02
Series B 0.01% Optionally Convertible Redeemable Preference Shares (OCRPS) of Rs.10 each	**116,500**	**11.65**	116,500	11.65
	2,000,000	**200.00**	2,000,000	200.00
Issued, subscribed and fully paid-up shares				
Class A Equity Shares of Rs 10 each	**822,507**	**82.25**	822,507	82.25
Class B Equity Shares of Rs 10 each	**64,423**	**6.44**	389	0.04
Class C Equity Shares of Rs 10 each	**64,423**	**6.44**	389	0.04
Total	**951,353**	**95.14**	823,285	82.33

(i) Reconciliation of the number of shares and outstanding amount

(Rs. in Lakh)

Particulars	Opening Balance	Issued during the year	Closing Balance
(a) Equity Shares without Voting rights			
Class B equity shares			
Year Ended 31 March 2020			
No. of Shares	**389**	**64,034**	**64,423**
Amount	**0.04**	**6.40**	**6.44**
Year Ended 31 March 2019			
No. of Shares	389	–	389
Amount	0.04	–	0.04
Class C equity shares			
Year Ended 31 March 2020			
No. of Shares	**389**	**64,034**	**64,423**
Amount	**0.04**	**6.40**	**6.44**

(Rs. in Lakh)

Particulars	Opening Balance	Issued during the year	Closing Balance
Year Ended 31 March 2019			
No. of Shares	389	–	389
Amount	0.04	–	0.04
(b) Equity Shares with Voting rights			
Class A equity shares			
Year Ended 31 March 2020			
No. of Shares	**822,507**	**–**	**822,507**
Amount	**82.25**	**–**	**82.25**
Year Ended 31 March 2019			
No. of Shares	822,507	–	822,507
Amount	82.25	–	82.25
(c) Preference Shares			
Series A 0.01% Optionally Convertible Redeemable Preference Shares (OCRPS)			
Year Ended 31 March 2020			

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in Lakh)

Particulars	Opening Balance	Issued during the year	Closing Balance
No. of Shares	**1**	**–**	**1**
Amount*	**0.00**	**–**	**0.00**
Year Ended 31 March 2019			
No. of Shares	1	–	1
Amount*	0.00	–	0.00
0.01% Compulsorily Convertible Preference Shares (CCPS)			
Year Ended 31 March 2020			
No. of Shares	**1**	**–**	**1**
Amount*	**0.00**	**–**	**0.00**
Year Ended 31 March 2019			
No. of Shares	1	–	1
Amount*	0.00	–	0.00

This Note covers the equity component of the issued convertible preference shares

* Represents Rs 20/- (As at March 31, 2019 Rs 20/-)

(a) Terms/ rights attached to equity shares

The Company has three classes of equity shares. The details are as follows :-

Each holder of Class A Equity Share is entitled to one vote per share, shall not carry any dividend and shall not carry any economic rights. The Series A Equity Shares shall rank subordinate to the Compulsorily Convertible Preference Shares, the Series A OCRPS, the Series B OCRPS, the Series A Debentures, the Series B Debentures, the Series B Equity Shares and the Series C Equity Shares with respect to distribution rights and rights on liquidation, dissolution and winding up of the affairs of the Company.

Each holder of Class B Equity Share shall be non voting and entitled to dividend. The economic rights on Series B Equity Shares shall be for the entire Series B as a whole, with economic rights equal to 50% of the total economic rights of the Shareholders of the Company, until the Series B shareholder has achieved a 17% Internal Rate of Return (IRR) on the Investment Subscription Amount. On achieving 17% IRR by the Series B shareholder, the Series B Equity Shares to carry 35% share of the total economic rights of the Shareholders of the Company.

Each holder of Class C Equity Share shall be non voting and entitled to dividend. The economic rights on Series C Equity Shares shall be for the entire Series C as a whole, with economic rights equal to 50% of the total economic rights of the Shareholders of the Company, until the Series C shareholder has achieved a 17% IRR on the Investment Subscription Amount. On achieving 17% IRR by Series C shareholder, the Series C Equity Shares to carry 65% share of the total economic rights of the Shareholders of the Company.

(b) Terms of conversion/ redemption of Optionally Convertible Redeemable Preference Shares (OCRPS)

The Series A OCRPS shall carry a dividend, as and when declared, at the rate of 0.01% per annum (“Fixed Dividends”). The Series A OCRPS shall be non-cumulative and not carry any voting rights. One Series A OCRPS shall convert to one Series A Equity Share at the conversion Ratio at the option of the holder of the Series A OCRPS. The Series A OCRPS shall be optionally redeemable at par. In the event of liquidation of the Company, Series A OCRPS shall be deemed to have been converted into Series A Equity Shares.

(c) Terms of conversion/ redemption of Compulsorily Convertible Preference Shares (CCPS)

CCPS shall carry a dividend, as and when declared, at the rate of 0.01% per annum (Fixed Dividend). The CCPS shall be non-cumulative and shall not carry any voting rights. One CCPS Share shall convert to one Series B Equity Share. The CCPS shall be deemed to have automatically and mandatorily converted to Series B Equity Shares at the Conversion Ratio at the expiry of 12 years from the date of allotment. CCPS can be voluntarily converted to Series B Equity Shares at the option of the holder. In the event of liquidation of the Company, the CCPS shall be deemed to have been converted into Series B Equity Shares.

Note on Issue of Class B and Class C Equity Shares on conversion of Compulsory Convertible Debentures (CCD) and Optionally Convertible Debentures (OCD) during the year

During the year ended March 31, 2020, the company has converted 3,20,17,000 Series A Compulsory Convertible Debentures and 3,20,17,000 Series B Optionally Convertible Debentures and allotted to Actis Mahi Holdings (Singapore) Private Limited fully paid-up 64,034 Series B Equity Shares (non-voting rights) of the face value of Rs 10 each and to Mahindra Lifespace Developers Limited fully paid-up 64,034 Series C Equity Shares (non-voting rights) of the face value of Rs 10 each respectively.

Particulars	Aggregate Number of Shares	
	As at March 31, 2020	As at March 31, 2019
<u>**Series B and Series C Equity Shares**</u>		
Fully paid up pursuant to contract(s) without payment being received in cash		
Fully Paid Series C Equity Shares by way of conversion of Optionally Convertible Debentures (OCD) during the year	**64,034**	–
Fully Paid Series B Equity Shares by way of conversion of Compulsory Convertible Debentures (CCD)	**64,034**	–

(ii) Details of shares held by the holding company, the ultimate holding company and its subsidiaries

Particulars	Class A Equity shares with voting rights	Class C Equity shares without voting rights	Series A 0.01% Optionally Convertible Redeemable Preference Shares (OCRPS)
As at 31st March 2020			
Mahindra Lifespace Developers Ltd - the holding company			
No. of Shares	**616,879**	**64,423**	**1**
As at 31st March 2019			
Mahindra Lifespace Developers Ltd - the holding company			
No. of Shares	616,879	389	1

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(iii) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No.	**% holding in the class**	No.	% holding in the class
Equity shares without voting rights:-				
Class C equity Shares	64,423	100%	389	100%
Mahindra Lifespace Developers Limited - Enterprise having joint control over the Company				
Class B equity Share	64,423	100%	389	100%
Actis Mahi Holdings (Singapore) Private Limited - Enterprise having joint control over the Company				
Equity shares with voting rights				
Class A equity Share	616,879	75%	616,879	75.00%
Mahindra Lifespace Developers Limited - Enterprise having joint control over the Company				
Class A equity Shares	205,628	25%	205,628	25.00%
Actis Mahi Holdings (Singapore) Private Limited - Enterprise having joint control over the Company				
Preference Shares				
Optionally Convertible Redeemable Preference Shares (OCRPS)- Series A	1	100%	1	100%
Mahindra Lifespace Developers Limited - Enterprise having joint control over the Company				
Compulsorily Convertible Preference Shares (CCPS)- Series B	1	100%	1	100%
Actis Mahi Holdings (Singapore) Private Limited - Enterprise having joint control over the Company				

(iv) Shares reserved for issue under options

For details of shares reserved for issue on conversion of OCRPS and CCPS, please refer note 10 (b) and 10 (c) respectively regarding terms of conversion/ redemption of preference shares.

11. Other Equity

(Rs. in Lakh)

Particulars	**As at March 31, 2020**	As at March 31, 2019
Securities premium	**64,216.15**	194.96
Retained earnings	**(22,245.14)**	(4,333.89)
Debenture redemption reserve#	**600.00**	1,625.00
Equity component of compound financial instruments*	**0.00**	0.00
Other Equity Total	**42,571.01**	(2,513.93)

* **Equity component of compound financial instruments:** This amount relates to equity component of convertible preference shares as per the requirements of Ind AS 32. The liability component of preference shares is NIL. The equity component is Rs 20/- (March 31, 2019 - Rs 20/-)

Debenture redemption reserve (DRR): Pursuant to Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014 (amended vide notification dated August, 16, 2019) an amount of Rs 1,025 lakhs has been transferred from Debenture Redemption Reserve to Retained earnings.

Description of the nature and purpose of Other Equity:

Securities Premium: The Securities Premium Reserve is created on issue of shares at a premium

Debenture Redemption Reserve: Debenture Redemption Reserve is a Statutory Reserve (as per Companies Act, 2013) created out of profits of the Company available for payment of dividend for the purpose of redemption of Debentures issued by the Company. On completion of redemption, the reserve is transferred to retained earnings.

Retained earnings: This reserve represents cumulative profits/losses of the Company. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.

12. Borrowings

(Rs. in Lakh)

Particulars	**As at March 31, 2020**	As at March 31, 2019
A. Secured Borrowings (Carried at Amortised cost)		
a) Term Loans		
(i) From banks	–	4,744.99
Instalments due in less than 1 year - classified as current maturities of long term debt	–	(4,744.99)
Total Secured Borrowings	–	–
b) Non-Convertible Debentures (Carried at Amortised cost)		
300 8.5% Series I Debentures of Rs 10,00,000/- each	–	3,000.00
300 8.5% Series II Debentures of Rs 10,00,000/- each	**3,000.00**	3,000.00
300 8.5% Series III Debentures of Rs 10,00,000/- each	**3,000.00**	3,000.00
Instalments due in less than 1 year - classified as current maturities of long term debt	**(3,000.00)**	(3,000.00)
	3,000.00	6,000.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
B. Un-Secured Borrowings (Carried at Amortised cost)		
a) Debentures		
3,20,17,000 14.00% Series A Debentures of Rs. 100/- each (Refer Note 25 - Related Party Transactions)	–	32,017.00
3,20,17,000 14.00% Series B Debentures of Rs. 100/- each (Refer Note 25 - Related Party Transactions)	–	32,017.00
Total Un-Secured Borrowings	–	64,034.00
Total non current borrowings	**3,000.00**	70,034.00
C. Loans repayable on demand (Secured) (Carried at Amortised Cost)		
(i) From banks	**4,728.12**	5,158.15
	4,728.12	5,158.15
Total current borrowings	**4,728.12**	5,158.15
Total borrowings	**7,728.12**	75,192.15

A. a) Term Loan from Bank (HDFC Bank Ltd)

Secured Term loan carries interest rate in the range of 9.10% to 9.50% per annum (Previous Year- 8.90%-9.50% per annum). The Loan is repayable in 8 equal quarterly instalments commencing from 24 months from the first drawdown date viz. March 31, 2016. The first repayment shall be date falling 27 months from the first drawdown date. The loan is secured against

i) a first ranking mortgage on the Land, building and Development Rights of the Luminare project under the collaboration agreement

ii) a first ranking charge by way of hypothecation over the (a) all rights, title, interest, benefits, claims and demands whatsoever of the Borrower in the permits, approvals and clearances of the Borrower relating to the Gurgaon Project; (b) all rights, title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee, performance bond, corporate guarantee and bank guarantee provided by any Person under the Gurgaon Project Documents; and (c) all rights, title, interest, benefits, claims and demands whatsoever of the Borrower in any Insurance Policies in relation to the Gurgaon Project (including any proceeds from such Insurance Policies).

iii) a first ranking pari passu charge by way of hypothecation (pari passu only with the Security Interest created/to be created to secure the working capital facility), over the Receivables of Bengaluru and Gurgaon Project including security deposit to land owners.

Non-Convertible Debentures (NCD)

A. b) Series I, II and III Secured, Unlisted, Rated, Redeemable Non-Convertible Debentures (‘NCD’)

The Series I, II and III Secured, Unlisted, Rated, Redeemable Non-Convertible Debentures (‘NCD’) shall bear a coupon rate of 8.50% payable annually. The tenor for the Series I NCDs is 2 years from the deemed date of allotment, i.e. date of redemption is December 15, 2019; for Series II, it is 3 years from the deemed date of allotment, i.e. date of redemption is December 15, 2020 and for Series III debentures, it is 4 years from the deemed date of allotment, i.e. date of redemption is December 15, 2021. All 3 series of NCDs shall be redeemed at par, with the scheduled redemption being on ‘Bullet at Maturity’ terms.

The NCDs are secured by first pari-passu charge over identified movable/immovable properties providing a minimum security cover of 1.25x at all times during the currency of the debentures; security cover to be calculated on annual basis based on ratio of Market Value of the Security created on first pari-passu charge along with the existing holders on security/outstanding amount.

Terms and conditions of OCDs & CCDs

B. a) Series A Debentures - Compulsory Convertible Debenture (CCD)

The Series A Debentures shall earn simple interest of 14% per annum payable quarterly. Interest shall become due and payable only on availability of distributable cash. Interest on the Series A Debentures shall be cumulative and payable until the Series A Debentures are converted into Series B Equity Shares. One Series A Debenture shall convert to one Series B Equity Share. The conversion of the Series A Debentures shall at all times be made at the conversion price of Rs 50,000. Series A Debentures can be converted to Series B Equity Shares at the Conversion Ratio with the consent of all Shareholders. All Series A Debentures , to the extent outstanding, shall automatically and mandatorily convert to Series B Equity Shares at the Conversion Price upon the expiry of 12 years from the date of allotment. In the event of liquidation of the Company, the Series A debentures shall be deemed to have been converted into Series B equity shares. The Series B Equity Shares issued on conversion of the Series A Debentures shall rank pari passu in all respects with the Series C Equity Shares, respectively, in issue on the relevant date of conversion, with reference to all rights and benefits, including but not limited to voting rights, dividends, stock splits, bonus and/or rights issuance.

Series B Debentures - Optionally Convertible Debenture (OCD)

The Series B Debentures shall earn simple interest at a rate of 14% per annum payable quarterly. Interest shall become due and payable only on availability of distributable cash. Interest on the Series A Debentures shall be cumulative and payable until the Series B Debentures are converted into Series B OCRPS. One Series B Debenture shall convert to one Series B OCRPS. The conversion of the Series B Debentures shall at all times be made at the conversion price of Rs 50,000. Series B Debentures can be converted to Series B OCRPS at the Conversion Ratio with the consent of all Shareholders. In the event of liquidation of the Company, the Series B debentures shall be deemed to have been converted into Series C equity shares. The Series C Equity Shares issued on conversion of the Series B Debentures shall rank pari passu in all respects with the Series B Equity Shares, respectively, in issue on the relevant date of conversion, with reference to all rights and benefits, including but not limited to voting rights, dividends, stock splits, bonus and/or rights issuance. Series B Debentures shall be redeemable at issue price or at a premium with the consent of all Shareholders and in accordance with the terms of the shareholders agreement.

Note on Conversion of OCD & CCD

During the year ended March 31, 2020, the company has converted 3,20,17,000 Series A Compulsory Convertible Debentures and 3,20,17,000 Series B Optionally Convertible Debentures and allotted to Actis Mahi Holdings (Singapore) Private Limited fully paid-up 64,034 Series B Equity Shares (non-voting rights) of the face value of Rs 10 each and to Mahindra Lifespace Developers Limited fully paid-up 64,034 Series C Equity Shares (non-voting rights) of the face value of Rs 10 each respectively.

C. Loans repayable on demand from banks (Secured)

Axis Bank Ltd (sanctioned limit of Rs 90 crores)

Overdraft facility from Axis Bank Ltd carries interest rate in the range of 8.45% to 9.10% p.a. The facility is secured by first ranking pari passu charge by way of hypothecation (pari passu only with the security interest created/to be created to secure the working capital facilities availed by the Company) over the receivables, including security deposit to land owners, second charge over the land, building and development rights of Luminare project.

HDFC Bank Ltd (sanctioned limit of Rs 30 crores)

Overdraft facility from HDFC Bank carries interest rate of 9.15% p.a. The facility is secured by first pari passu charge (pari passu along with other

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

lenders for current facility) on receivables to the extent of Borrower's share (75% of receivables) pertaining to Gurgaon project and receivable of Bengaluru project, present and future to be shared pari-passu with Rupee Term Loan facility.

13. Trade Payables

(Rs. in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payable - micro and small enterprises*	**473.34**	–
Trade payable - Other than micro and small enterprises	**5,701.71**	5,699.30
Total	**6,175.04**	5,699.30

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

* This information has been determined to the extent such parties have been identified on the basis of the intimation received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

Additional Disclosure in relation to Micro, Small and Medium enterprises

Particulars	As at March 31, 2020	As at March 31, 2019
a) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	**473.34**	–
b) The amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	**–**	–
c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**–**	–
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	**–**	–
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**–**	–
	473.34	–

14. Other Financial liabilities

(Rs. in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Carried at Amortised Cost		
Interest accrued	**32,342.56**	35,765.29
Current maturities of long term debt	**3,000.00**	7,744.99
Total	**35,342.56**	43,510.28

15. Provisions

(Rs. in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Other Current Provisions		
Provision for Defect Liabilities	**218.97**	165.03
Total	**218.97**	165.03

Defect Liability Provisions:

Provision for defect liability represents present value of management's best estimate of the future outflow of economic resources that will be required in respect of residential units when control over the property has been transferred to the customer, the estimated cost of which is accrued during the period of construction, upon sale of units and recognition of related revenue. Management estimates the related provision for future defect liability claims based on historical cost of rectifications and is adjusted regularly to reflect new information. The residential units are generally covered under a the defect liability period limited to 5 year from the date when control over the property has been transferred to the customer.

The movement in provision for defect liabilities is as follows:

(Rs. in Lakh)

Particulars	Provision for Defect Liability
Balance at March 31, 2018	124.49
Additional provisions recognised	40.53
Amounts utilised during the year	–
Balance at March 31, 2019	165.02
Additional provisions recognised	53.95
Amounts utilised during the year	–
Balance at March 31, 2020	**218.97**

16. Other Current liabilities

(Rs. in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Advances received from customers	**9,754.00**	23,968.32
Statutory dues payable*	**76.64**	1,515.09
Advance towards Society Maintenance	**924.74**	584.68
Total	**10,755.38**	26,068.08

* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

17. Current tax liability (net)

(Rs. in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Current tax liability (net of Advance tax paid)	**41.71**	41.71

18. Revenue from Operations

(Rs. in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from Contracts with Customers		
Revenue from Projects	**42,155.70**	39,058.73
Total	**42,155.70**	39,058.73

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Revenue from operations for the year ended March 31, 2020 is net of Rs 46.72 Lakhs (March 31, 2019 -Rs 253.48 Lakhs) towards input tax credit benefits passed on to the customers as per the provisions of section 171 on Anti-Profiteering of CGST Act, 2017. The treatment is as per the prevailing Indian Accounting Standards.

Notes

a) **Contract Balances**

i) Amounts received before the related performance obligation is satisfied are included in the balance sheet (Contract liability) as “Advances received from Customers” in note 16- Other Current Liabilities. Amounts billed for development milestone achieved but not yet paid by the customer are included in the balance sheet under trade receivables in note 7- Trade Receivables

ii) During the year, the Company recognised Revenue of Rs. 5,086.01 lakhs from opening contract liability (after Ind AS 115 adoption) of Rs 36,841.70 lakhs (recognised in previous year- Rs 21,080.85 Lakhs). Contract Liability of Rs 4,812.34 Lakhs cancelled during the year.

iii) There were no significant changes in the composition of the contract liabilities and Trade receivable during the reporting period other than on account of periodic invoicing, sales cancellations and revenue recognition.

iv) Amounts previously recorded as contract liabilities increase due to further milestone based invoices raised during the year and decrease due to revenue recognised during the year on completion of the construction.

v) Amounts previously recorded as Trade receivables increase due to further milestone based invoices raised during the year and decrease due to collections during the year.

vi) There are no contract assets outstanding at the end of the year.

vii) The aggregate amount of the transaction price allocated to the performance obligations that are completely or partially unsatisfied as at March 31, 2020, is Rs. 24,614.30 lakhs. Out of this, the Company expects, based on current projections, to recognize revenue of around 100% within the next one year. This includes contracts that can be terminated for convenience with a penalty as per the agreement since, based on current assessment, the occurrence of the same is expected to be remote.

b) **Reconciliation of revenue recognised with the contracted price is as follows:**

(Rs. in Lakh)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Contracted price	42,401.80	39,556.60
Adjustments on account of cash discounts or early payment rebates, deferred payment schemes etc.	(246.10)	(497.87)
Revenue recognised as per Statement of Profit & Loss	42,155.70	39,058.73

c) **Contract Costs**

(Rs. in Lakh)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Contract costs included in Prepaid expenses in Note 5- Other Assets	512.11	1,423.68

The Company incurs commissions that are incremental costs of obtaining a contract with a customer. Previously, all such costs were expensed immediately when incurred. Under Ind AS 115, the Company recognises the incremental costs of obtaining a contract as assets under Prepaid Expenses under note no. 5 - Other Assets and amortises it upon completion of the related property sale contract.

For the year ended March 31, 2020, amortisation amounting to Rs. 1394.70 lakhs was recognised as brokerage cost in note 21- Other expenses. There was no impairment loss in relation to the costs capitalised.

19. Other Income

(Rs. in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income on Bank Deposits	**204.45**	72.46
Interest income on account of financing component involved in contracts with customers	**199.38**	188.03
Gain on sale of current investments	**–**	41.15
Miscellaneous Income	**7.42**	3.26
Total Other Income	**411.25**	304.90

20A. Construction Expenses incurred

(Rs. in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Adjustment relating to cumulative effect of applying IND AS 115 - Revenue from Contracts with Customers (a)	**–**	47,740.95
Add: Expenses incurred during the year		
Civil, Electricals, Contracting, etc.	**26,309.96**	10,609.47
Rates and taxes	**261.07**	200.91
Legal & Professional Fees	**250.80**	734.92
Interest costs allocated	**1,948.57**	7,249.48
Power and fuel cost	**39.59**	39.21
Other Project Administration Cost	**46.69**	117.52
Construction Expenses incurred during the year (b)	**28,856.68**	18,951.50
Provision for Defect Liability (c)	**53.95**	40.53
Total Construction Expenses incurred (a+b+c)	**28,910.63**	66,732.99

20B. Changes in inventories of finished goods, work-in-progress and stock-in-trade

(Rs. in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening Stock		
Work-in-progress	**61,693.30**	49,575.50
Raw Material	**1,117.41**	1,021.86
Stock in Trade	**23,950.06**	–
Total Opening Stock	**86,760.77**	50,597.36
Closing Stock		
Work-in-progress	**42,711.11**	61,693.30
Raw Material	**1,250.06**	1,117.41
Stock in Trade	**18,202.94**	23,950.06
Total Closing Stock	**62,164.11**	86,760.77
Changes in inventories of finished goods, work-in-progress and stock-in-trade	**24,596.65**	(36,163.41)

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21. Other expenses

(Rs. in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Advertisement, Marketing & Business Development	**889.26**	750.57
Commission & Brokerage	**1,394.70**	403.95
Legal and other professional costs	**203.44**	729.08
Payment to auditors #	**23.07**	21.29
Repairs & Maintenance	**241.83**	157.68
Rent	**3.14**	7.52
Rates & Taxes	**166.84**	327.99
Travelling & Conveyance	**4.80**	7.71
Printing & Stationery	**0.90**	7.52
Miscellaneous Expenses	**726.94**	30.86
Expenditure on Corporate Social Responsibility (CSR) under section 135 of the Companies Act 2013 (Refer details below)	**61.68**	36.79
Power & Fuel	**50.87**	22.01
Total	**3,767.48**	2,502.97

#Payment to auditors		For the year ended March 31, 2020	For the year ended March 31, 2019
(a)	**To Statutory Auditors**		
	For Audit	**12.32**	10.00
	For Taxation Matters	**5.60**	5.00
	For Other Services	**1.70**	3.40
	For Reimbursement of expenses	**2.35**	1.79
(b)	**To Cost Auditors for cost audit**	**1.10**	1.10
		23.07	21.29

Expenditure on Corporate Social Responsibility (CSR) under section 135 of the Companies Act 2013		For the year ended March 31, 2020	For the year ended March 31, 2019
(a)	Gross amount required to be spent by the Company	**61.68**	36.85
(b)	Amount spent during the year:	**61.68**	36.79
	(i) Construction/acquisition of any asset	**–**	–
	(ii) Purposes other than (i) above	**61.68**	36.79
		61.68	36.79

22. Finance Costs

(Rs. in Lakh)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
a)	Interest Costs		
	Interest expense for financial liabilities at amortised cost	**3,700.27**	9,452.83
	Less: Allocated to Projects	**(1,948.57)**	(7,249.48)
b)	Interest cost due to discounting to customers	**131.38**	32.54
Total		**1,883.08**	2,235.89

23. Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/(loss) attributable to equity holders of the Company (after adjusting for interest on the convertible Debentures and dividend on preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the profit/(loss) and share data used in the basic and diluted EPS computations:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(Loss)/Profit after tax for the year (in Rs Lakh)	**(18,936.25)**	2,719.29
Weighted average number of Class A equity shares in calculating EPS*	**822,507**	822,507
Weighted average number of Class B equity shares in calculating EPS	**64,423**	389
Weighted average number of Class C equity shares in calculating EPS	**33,281**	389
Conversion of Compulsory Convertible Debentures	**–**	64,034
Face Value of Class B Equity Shares	**10**	10
Face Value of Class C Equity Shares	**10**	10
Earnings per Class B Equity share - Basic	**(19,381)**	4,196
Earnings per Class C Equity share - Basic	**(56,898)**	349,523
Earnings per Class B Equity share - Diluted (refer note I & II))	**(19,381)**	4,196
Earnings per Class C Equity share - Diluted (refer note I & II))	**(56,898)**	7,310

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net profit/(loss) for the year, used in the calculation of basic earning per share (in Rs Lakh)	**(18,936.25)**	2,719.29
Add: Interest on convertible debentures (net) - adjusted for attributable taxes (in Rs Lakh)	**–**	6,699.11
Profit for the year used in the calculation of diluted earnings per share	**(18,936.25)**	9,418.40
Weighted average number of equity shares used in calculating basic EPS	**97,704**	778
Effect of dilution:		
Convertible Preference Share	**1**	1
Compulsory Convertible debentures and Optionally Convertible debentures	**–**	128,068
Weighted average number of equity shares in the calculation of diluted EPS	**97,705**	128,847

* As Class A Equity Shares does not carry any dividend and economic rights, therefore the same has not been considered in calculation of Basic & Diluted EPS.

Note I- In calculating the Earnings per share the effect of dilution on account of outstanding Convertible Preference Share is ignored since the results are anti-dilutive

Note II- In previous year while calculating the earning per share the effect of dilution for Class B equity shares on account of outstanding 14% OCD and 14% CCD is ignored since the results are anti-dilutive

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

24. Changes in accounting policies

A. Transition to Ind AS 116

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the ‘retrospective approach with the cumulative effect at the date of initial application’. However, there is no impact on transition to Ind AS 116. Also, the application of Ind AS 116 did not have impact on the financials results for the year ended March 31, 2020 of the Company.

B. As lessee

The company has entered into operating lease arrangements for land for construction of project and marketing office. The lease was non-cancellable for a period of 8 months.

Expense of Rs 3.14 lakhs relating to short term lease for the year ended March 31, 2020 is included in “Rent” of Note 21 “Other Expenses”

(Rs. in Lakh)

Future minimum lease commitments of non cancellable lease	**For the year ended 31st March, 2019**
not later than one year	4.63
later than one year and not later than five years	–
later than five years	–
More than five years	–
Total future minimum lease commitments of non cancellable lease	**4.63**
Expenses recognised in the Statement of Profit and Loss	
Minimum Lease Payments	7.52

25. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Enterprises having joint control over the Company	Mahindra Lifespace Developers Limited
	Actis Mahi Holdings (Singapore) Private Limited (Formerly known as SCM Real Estate (Singapore) Pvt. Limited)
Other Related parties with whom transactions have taken place	
Subsidiary of a company having joint control over the Company	Anthurium Developers Limited
Holding company of enterprise having joint control over the Company	Mahindra & Mahindra Limited
Subsidiary of Holding company of enterprise having joint control over the Company	Mahindra Defence Systems Limited
	Mahindra Intertrade Limited
	Mahindra Integrated Business Solutions Private Limited
Key managerial personnel	
Director	Mr. Ashish Balram Singh

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(Rs. in Lakh)

Nature of transactions with Related Parties	For the year ended	Mahindra Lifespace Developers Limited	Actis Mahi Holdings (Singapore) Private Limited	Mahindra & Mahindra Limited	Mahindra Defence Systems Limited	Mahindra Integrated Business Solutions Private Limited	Mahindra Intertrade Limited	Ashish Balram Singh (Director)	Ramesh Ranganathan (Director)	Anthurium Developers Limited
Interest Expense	**31-Mar-20**	**1,220.35**	**1,222.17**	–	–	–	–	–	–	–
	31-Mar-19	3,584.23	3,584.23	–	–	–	–	–	–	–
Receiving of Services	**31-Mar-20**	**190.65**	–	**11.73**	–	**3.64**	–	–	–	**4.63**
	31-Mar-19	1,250.68	–	26.23	–	2.01	0.75	–	–	7.52
Conversion of Optionally Convertible Debentures/ Compulsorily Convertible Debentures (refer note 12)	**31-Mar-20**	**(32,017.00)**	**(32,017.00)**	–	–	–	–	–	–	–
	31-Mar-19	–	–	–	–	–	–	–	–	–
Sale of Goods	**31-Mar-20**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	31-Mar-19	**–**	**–**	**–**	**–**	**–**	**–**	**403.76**	**135.66**	**–**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The following table provides the balances with related parties as on the relevant date:

(Rs. in Lakh)

Nature of Balances with Related Parties	Balance as on	Mahindra Lifespace Developers Limited	Actis Mahi Holdings (Singapore) Private Limited	Mahindra & Mahindra Limited	Mahindra Defence Systems Limited	Mahindra Integrated Business Solutions Private Limited	Mahindra Intertrade Limited	Ashish Balram Singh (Director)	Ramesh Ranganathan (Director)	Anthurium Developers Limited
Long Term Borrowings	**31-Mar-20**	–	–	–	–	–	–	–	–	–
	31-Mar-19	32,017.00	32,017.00	–	–	–	–	–	–	–
Payables	**31-Mar-20**	**16,180.79**	**16,125.78**	**2.38**	**0.02**	–	**0.76**	–	–	–
	31-Mar-19	17,989.15	17,749.39	12.47	0.02	–	0.75	0.10	–	–
Receivables	**31-Mar-20**	–	–	–	–	–	–	–	–	–
	31-Mar-19	–	–	–	–	0.06	–	28.04	–	204.63

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

26 - Financial Instruments

Capital management

The Company's capital management objectives are:

safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders

maintain an optimal capital structure to reduce the cost of capital

The Management of the Company monitors the capital structure using debt equity ratio which is determined as the proportion of total debt to total equity.

(Rs. in Lakh)

	March 31, 2020	March 31, 2019
Debt	**10,728.12**	18,903.14
Cash and bank balances	**(6,531.66)**	(2,999.90)
Net Debt (A)*	**4,196.46**	15,903.24
Equity (B)	**42,666.15**	(2,431.60)
Debt Ratio (A/B)	**0.10**	(7)

* Since the Series A and Series B debentures are issued by the company are subscribed by the share-holders, the Debt-equity ratio of the company is reviewed by the management based on the external debt only.

Categories of financial assets and financial liabilities

The following tables shows the carrying amount of financial assets and financial liabilities by category:

(Rs. in Lakh)

Particulars	Amortised Costs As at March 31, 2020	Amortised Costs As at March 31, 2019	FVTPL As at March 31, 2020	FVTPL As at March 31, 2019
Financial assets				
Non-Current Assets				
Other Financial Assets-Non Derivative Financial Assets	**84.38**	54.68	**–**	–
Current Assets				
Trade Receivables	**2,398.50**	1,529.58	**–**	–
Cash and Cash Equivalents	**3,199.79**	1,722.69	**–**	–
Other Bank Balances	**4,256.62**	1,861.90	**–**	–
Other Financial Assets-Non Derivative Financial Assets	**8.42**	26.26	**–**	–
Total financial assets	**9,947.72**	5,195.11	**–**	–
Financial liabilities				
Non-Current Liabilities				
Borrowings	**3,000.00**	70,034.00	**–**	–
Current liabilities				
Borrowings	**4,728.12**	5,158.15	**–**	–
Trade Payables	**6,175.04**	5,699.30	**–**	–
Other financial liabilities-Non Derivative Financial Liabilities	**35,342.56**	43,510.28	**–**	–
Total financial liabilities	**49,245.72**	124,401.73	**–**	–

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factor.

CREDIT RISK

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents, mutual funds and other financial assets.

Trade Receivables

The Company's trade receivables include receivables on sale of residential flats. As per the Company's flat handover policy, a flat is handed over to a customer only upon payment of entire amount of consideration. Thus, the Company is not exposed to any credit risk on receivables from sale of residential flats.

Cash and Cash Equivalents & Other Financial Assets

For banks and financial institutions, only high rated banks/institutions are accepted. The Company holds cash and cash equivalents with bank and financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For other financial assets, the Company assesses and manages credit risk based on reasonable and supportive forward looking information. The Company does not have significant credit risk exposure for these items.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of directors who have established an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

(Rs. in Lakh)

Particulars	Less than 1 Year	1-3 Years
Non-derivative financial liabilities		
As at March 31, 2020		
Borrowings	**7,728.12**	**3,000.00**
Trade Payables	**6,175.04**	**–**
Other financial liabilities	**32,342.56**	**–**
Total	**46,245.72**	**3,000.00**
As at March 31, 2019		
Borrowings	12,903.14	70,034.00
Trade Payable	5,699.30	–
Other financial liabilities	35,765.29	–
Capital Creditors	–	–
Total	**54,367.73**	**70,034.00**

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

Currency Risk

Foreign currency risk is the risk that the fair value or the future cash flows of an exposure will fluctuate because of changes in the foreign exchange rate. The Company undertakes transactions in foreign currencies only for purchase of components which are required to be imported to carry out construction activities or for travelling and sales promotion activities; consequently, exposing to exchange rate fluctuations, but the same is not material in nature as compared to the size of the operations of the Company.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's financial statements are affected through the impact on floating rate borrowings, as follows:

(Rs. in Lakh)

	Increase/ decrease in basis points	Effect on financial statements*
As at March 31, 2020		
INR	**+100**	**(47.28)**
INR	**-100**	**47.28**
As at March 31, 2019		
INR	+100	(99.03)
INR	-100	99.03

* The effect as mentioned above will have impact on the carrying value of Inventories and Profit/(Loss) Before Tax.

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

(Rs. in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured Bank Overdraft facility		
Expiring within one year	**7,271.88**	9,711.33
Total	**7,271.88**	9,711.33

27 - Impact of COVID 19 (Global Pandemic)

The Company is actively monitoring the impact of the global health pandemic on its financial condition, liquidity, operations, suppliers, industry, and workforce. The Company has used the principles of prudence in applying judgments, estimates and assumptions based on the current estimates. In assessing the recoverability of assets such as inventories, financial assets and other assets, based on current indicators of future economic conditions, the Company expects to recover the carrying amounts of its assets. The extent to which COVID-19 impacts the operations will depend on future developments which remain uncertain.

28. Capital & other Commitments

At March 31, 2020, the company has commitments of Rs. 2,075 lakhs (Previous year Rs. 4,800 lakhs) relating to further security deposit payable towards Joint Development Agreement.

29. Segment information

The Company is engaged only in the business of development of property and related activities in India. It has no other reportable segments as per the terms of Indian Accounting Standards (Ind AS) 108 on Segment Reporting.

No single customer contributed 10% or more to the company's revenue for year ended March 31, 2020 and year ended March 31, 2019.

30 - Contingent Liabilities

(Rs. in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Claims against the companies not acknowledged against as debt-		
i) Claims received from vendors not acknowledged as debt	**–**	350.0
ii) Income Tax matters Under Appeal (net of amount paid as protest- Rs 7.51 Lakhs)	**30.06**	35.82

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax claims in respect of certain expenses disallowed by the Income Tax Department. The company is pursuing the matter with the appropriate appellate authorities.		
iii) Indirect Tax matters under dispute	**228.34**	17.1
Input Service Tax claims disallowed by the Service Tax Department. Company is pursuing the matter with the appropriate appellate authorities.		

31 - Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

32. - Events after the reporting period

No material events have occurred after the Balance Sheet date and upto the approval of the Financial Statements

33. - Previous Year Figures

The figures for the previous year have been regrouped wherever necessary to confirm to current year's grouping.

For and on behalf of the board of directors of
Mahindra Homes Private Limited

Sangeeta Prasad	**Rahul Gupta**
DIN No. 02791944	*DIN No. 08295798*
Place: Mumbai	*Place: Mumbai*
Date: May 8, 2020	*Date: May 8, 2020*

INDEPENDENT AUDITOR'S REPORT

To The Members of Mahindra Happinest Developers Limited

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Mahindra Happinest Developers Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("IND AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its loss, total comprehensive loss , its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 34 of the financial statements, which describes that the potential impact of COVID-19 pandemic on the financial statements of the Company are dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report, but does not include financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting

a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

      In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any managerial remuneration during the year, hence section 197 of the Act related to the managerial remuneration is not applicable.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial position
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
(Membership No. 100459)
(UDIN: 20100459AAAAJK6635)

Place: Mumbai
Date: 6th May, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Happinest Developers Limited (Formerly known as Mahindra Happinest Developers Private Limited) ('the Company') as of 31st March, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
(Membership No. 100459)
(UDIN: 20100459AAAAJK6635)

Place: Mumbai
Date: 6th May, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Mahindra Happinest Developers Limited of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, Plant and Equipment).

(b) The fixed assets (Property Plant and Equipment) were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets (Property Plant and Equipment) at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the Company does not have any immovable properties of freehold or leasehold land and building other than sales and projects office and sales gallery, temporarily constructed at the project site and capitalized as Buildings, hence reporting under clause (i)(c) of the Order is not applicable

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of title deeds, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

(iv) The Company has not granted any loans or provided guarantees, under the provisions of Section 185 of the Act. Provisions of Section 186 are not applicable to the Company, it being a Company engaged in the business of providing infrastructure facilities.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and the provisions of Sections 73 to 76 of the Companies Act, 2013 are not applicable and hence reporting under clause 3 (v) of Order is also not applicable.

(vi) The Company is not required to maintain the cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Goods and Service Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities. The provisions of Employees' State Insurance, Excise Duty, Service Tax and Value added tax are not applicable to the operations of the Company.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Service tax, cess and other material statutory dues in arrears as at 31 March, 2020 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Goods and Service tax and Customs Duty which have not been deposited as on 31 March, 2020 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to a financial institute and dues to debenture holders. The Company has not taken any loans or borrowings from government.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. The money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid or provided any managerial remuneration during the year, hence compliance with the provisions of Section 197, read with Schedule V of the Act are not applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us, in terms of Rule 4 of the Companies (Appointment and qualification of Directors) Rules, 2014 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, provisions of Section 177 of the Act are not applicable to the Company.

In our opinion and according to the information and explanations given to us, the Company has complied with other provisions of Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has made preferential allotment of Series 2 Optionally Convertible Redeemable Preference Shares and Series 2 Optionally Convertible Redeemable Debentures during the year.

In respect of the above issue, we further report that:

a) The requirement of Section 42 of the Companies Act, 2013 , as applicable has been complied with, and

b) The amounts raised have been applied by the Company during the period for the purposes for which funds were raised.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding Company or persons connected with them and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
(Membership No. 100459)
(UDIN: 20100459AAAAJK6635)

Place: Mumbai
Date: 6 May, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

(₹ in Lakh)

	Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
	ASSETS			
I	**Non-Current Assets**			
	(a) Property, Plant and Equipment	3	**527.05**	52.39
	(b) Right of use assets	4	**155.53**	–
	(c) Other Intangible assets	5	**6.91**	–
	(d) Intangible Assets under development		**4.72**	–
	(e) Financial assets			
	(i) Investments	6	**–**	198.17
	(ii) Other Financial assets	7	**200.92**	–
	(f) Deferred Tax Assets (Net)	8	1,160.80	–
	Total Non-Current Assets		**2,055.93**	250.56
II	**Current Assets**			
	(a) Inventories	9	**23,424.30**	9,303.02
	(b) Financial assets			
	(i) Cash and Cash Equivalents	10	**1,374.19**	572.22
	(ii) Bank Balances other that (i) above	10	**2.30**	–
	(iii) Other Financial Assets	11	**102.39**	84.32
	(c) Other current assets	12	**2,033.72**	3,937.04
	Total Current Assets		**26,936.90**	13,896.60
	Total Assets (I +II)		**28,992.83**	14,147.16
	EQUITY AND LIABILITIES			
I	**Equity**			
	(a) Equity Share Capital	13	**10.00**	10.00
	(b) Other Equity	14	**(2,357.77)**	(1,400.40)
	Total Equity		**(2,347.77)**	(1,390.40)
	Liabilities			
II	**Non-Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	15	**18,964.79**	10,701.85
	(b) Provisions	16	**48.56**	–
	Total Non-Current Liabilities		**19,013.35**	10,701.85
III	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Trade Payables:	17		
	Total outstanding dues of micro enterprises and small enterprises and		**30.51**	–
	Total outstanding dues of creditors other than micro enterprises and small enterprises		**1,265.98**	1,163.83
	(ii) Lease Liabilities	18	**159.54**	–
	(b) Other Current Liabilities	19	**10,862.37**	3,671.88
	(c) Provisions	16	**8.85**	–
	Total Current Liabilities		**12,327.25**	4,835.71
	Total Equity and Liabilities (I+II+III)		**28,992.83**	14,147.16
	Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 38 are an integral part of these financial statements.

As per our Report of even date attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Ketan Vora
Partner
Place: Mumbai
Date: 6th May, 2020

For and on behalf of the Board of Directors of
Mahindra Happinest Developers Ltd.

Arvind Subramanian
Director
DIN - 02551935

Sangeeta Prasad
Director
DIN - 02791944

Place: Mumbai
Date: 22nd April, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakh)

	Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
	Income			
I	Revenue from Operations	20	**70.75**	–
II	Other Income	21	**69.52**	13.45
III	**Total Income (I + II)**		**140.27**	13.45
	Expenses			
	Construction Expenses Incurred	22A	**14,121.28**	2,850.84
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	22B	**(14,121.28)**	(2,850.84)
	Employee Benefits Expense	23	**386.74**	–
	Finance Cost	24	**21.45**	5.10
	Depreciation and Amortisation Expense	3, 4 &5	**246.49**	17.56
	Other Expenses	25	**1,612.44**	1,138.01
IV	**Total Expense**		**2,267.12**	1,160.67
V	**(Loss) Before Tax (III- IV)**		**(2,126.85)**	(1,147.22)
VI	**Tax Expense/(Credit)**			
	Current tax		**–**	–
	Deferred tax	26 (a)	**(1,160.80)**	–
	Total Tax Expense/(Credit)		**(1,160.80)**	–
VII	**(Loss) After Tax (V- VI)**		**(966.05)**	(1,147.22)
	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit plans		**12.25**	–
	Income tax relating to Items that will not be reclassified to profit or loss	26 (b)	**(3.57)**	–
VIII	**Total Other Comprehensive Income for the year**		**8.68**	–
IX	**Total Comprehensive Income/(Loss) for the year**		**(957.37)**	(1,147.22)
X	**Earnings per Equity Share [Face value of Rs 10 each]**	24		
	Basic (in Rs.)		**(966.05)**	(1,147.22)
	Diluted (in Rs.)		**(966.05)**	(1,147.22)
	Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 38 are an integral part of these financial statements.

As per our Report of even date attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Ketan Vora
Partner
Place: Mumbai
Date: 6th May, 2020

For and on behalf of the Board of Directors of
Mahindra Happinest Developers Ltd.

Arvind Subramanian
Director
DIN - 02551935
Place: Mumbai
Date: 22nd April, 2020

Sangeeta Prasad
Director
DIN - 02791944

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH , 2020

(₹ in Lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash flows from operating activities		
Loss before Tax	**(2,126.85)**	(1,147.22)
Adjustments for:		
Depreciation on property plant & equipments and Amortisation of Other Intangible assets	**246.49**	17.56
Finance Costs recognised in profit and loss	**21.45**	5.10
Interest Income	**(37.45)**	(2.77)
Gain arising on financial assets designated at Fair Value Through Profit or Loss	**–**	(8.17)
Net loss arising on financial liabilities designated at Fair Value through Profit or Loss (FVTPL)	**493.41**	258.50
Operating Loss before working capital changes	**(1,402.95)**	(877.00)
Changes in:		
Increase in trade and other payables	**7,425.28**	4,061.54
(Increase) in Inventories	**(13,408.62)**	(2,850.84)
Decrease/(Increase) in Other receivables	**1,883.92**	(3,789.69)
Net cash (used in) Operating activities (A)	**(5,502.37)**	(3,455.99)
Cash flows from Investing activities		
Payment to acquire property, plant and equipment, Other intangible assets and intangible assets under development	**(556.92)**	(16.69)
Payment to acquire non current investments	**–**	(190.00)
Payment to acquire financial assets	**(190.00)**	
Proceeds on sale of non current investments	**200.10**	–
Changes in earmarked balances and margin accounts with banks	**(2.30)**	–
Interest received	**18.18**	2.75
Net cash (used in) Investing activities (B)	**(530.94)**	(203.94)
Cash flows from Financing activities		
Proceeds from Issue of Securities	**6,253.47**	–
Proceeds from Borrowings	**1,500.00**	6,449.85
Repayment of Borrowings	**–**	(2,557.19)
Interest Paid	**(734.10)**	(93.18)
Payment of lease Liabilites	**(184.09)**	–
Net cash flow generated from Financing activities (C)	**6,835.28**	3,799.48
Net increase in cash and cash equivalents (A + B + C)	**801.97**	139.55
Cash and cash equivalents at the beginning of the year	**572.22**	432.67
Cash and cash equivalents at the end of the year	**1,374.19**	572.22

Summary of Significant Accounting Policies (Refer note 2)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH , 2020 (COUNT.)

Change in Liability arising from financing activities

(₹ in Lakh)

Particulars	As at 31 March, 2019	Cashflow	**As at 31 March, 2020**
Non Current Borrowings (Refer Note 15)	10,701.85	8,262.94	**18,964.79**
Less:-Net loss arising on financial liabilities designated at Fair Value through Profit or Loss (FVTPL) and EIR impact of non current borrowings	(258.50)	(509.47)	**(767.97)**
Total	10,443.35	7,753.47	**18,196.82**

Notes:

1. The above cash flow statement has been prepared under the 'Indirect method' as set out in Indian Accounting Standard (Ind AS) 7- Statement of Cash Flows.
2. Also refer note 10- Cash and cash equivalents

The accompanying notes 1 to 38 are an integral part of these financial statements.

As per our Report of even date attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Ketan Vora
Partner
Place: Mumbai
Date: 6th May, 2020

For and on behalf of the Board of Directors of
Mahindra Happinest Developers Ltd.

Arvind Subramanian
Director
DIN - 02551935
Place: Mumbai
Date: 22nd April, 2020

Sangeeta Prasad
Director
DIN - 02791944

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity Share Capital

(₹ in Lakh)

Particulars	Note No	As at 31st March, 2020	As at 31st March, 2019
Balance at the beginning of the year	13	10.00	10.00
Add: Issue of equity shares	13	–	–
Balance at the end of the year		**10.00**	**10.00**

B. Other Equity

(₹ in Lakh)

	Retained Earnings	Total
As at 31st March, 2018	(253.18)	(253.18)
Loss for the year	(1,147.22)	(1,147.22)
Other Comprehensive Income	–	–
Total Comprehensive Income / (Loss) for the year	(1,147.22)	(1,147.22)
As at 31st March, 2019	**(1,400.40)**	**(1,400.40)**
Loss for the year	(966.05)	(966.05)
Other Comprehensive Income net of taxes*	8.68	8.68
Total Comprehensive Income / (Loss) for the year	(957.37)	(957.37)
As at 31st March, 2020	**(2,357.77)**	**(2,357.77)**

* Remeasurement gains/(losses) net of taxes on defined benefit plans during the year is recognised as part of retained earnings.

Summary of Significant Accounting Policies (Refer note 2)

The accompanying notes 1 to 38 are an integral part of these financial statements.

As per our Report of even date attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Ketan Vora
Partner
Place: Mumbai
Date: 6th May, 2020

For and on behalf of the Board of Directors of
Mahindra Happinest Developers Ltd.

Arvind Subramanian
Director
DIN - 02551935
Place: Mumbai
Date: 22nd April, 2020

Sangeeta Prasad
Director
DIN - 02791944

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020

1. General Information

Mahindra Happinest Developers Limited ("The Company") (Formerly known as Mahindra Happinest Developers Pvt. Ltd.) was incorporated on 6th September, 2017 under the provisions of the Companies Act, 2013. It was converted to a public limited company on 26th September, 2017.

The registered office of the company is located at 5th Floor, Mahindra Tower, Worli, Mumbai – 400018. The company is engaged in the business of development of residential complexes. The company is currently engaged in development of residential projects in Palghar and Kalyan near Mumbai.

2. Significant Accounting Policies

2.1 Statement of compliance and basis of preparation and presentation

The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provision of the act. The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in the meeting held on 22nd April, 2020. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Measurement of Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.4 Revenue from contracts with customers

2.4.1 Revenue from Projects

i. The Company develops and sells residential and commercial properties. Revenue from contracts is recognised when control over the property has been transferred to the customer. An enforceable right to payment does not arise until the development of the property is completed. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer and the development of the property is completed i.e. Completed contract method of accounting as per IND AS 115 when (a) the seller has transferred to the buyer all significant risks and rewards of ownership and the seller retains no effective control of the real estate to a degree usually associated with ownership, (b) The seller has effectively handed over possession of the real estate unit to the buyer forming part of the transaction; (c) No significant uncertainty exists regarding the amount of consideration that will be derived from real estate sales; and (d) It is not unreasonable to expect ultimate collection of revenue from buyers. The revenue is measured at the transaction price agreed under the contract.

ii. The Company invoices the customers for construction contracts based on achieving performance-related milestones.

iii. For certain contracts involving the sale of property under development, the Company offers deferred payment schemes to its customers. The Company adjusts the transaction price for the effects of the significant financing component.

iv. Costs to obtain contracts ("Contract costs") relate to fees paid for obtaining property sales contracts. Such costs are recognised as assets when incurred and amortised upon recognition of revenue from the related property sale contract.

2.4.2 Dividend and interest income

Dividend income from investment in mutual funds is recognised when the unit holder's right to receive payment has been established

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.5 Current versus non-current classification

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Based on the nature of activity carried out by the company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current – Non Current classification of assets & liabilities.

The Company presents assets and liabilities in the balance sheet based on current/ noncurrent classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax asset and liabilities are classified as non-current asset and liabilities.

Borrowings and investment are classified as current if they are due to be settled within 12 months after the reporting period.

2.6 Leasing

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

2.6.1 The Company as a Lessee

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the remeasurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to shortterm leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

2.7 Employee Benefits

2.7.1 Defined Contribution Plan

The Company's contribution paid/payable during the year to Provident Fund and Superannuation Fund is recognised in profit or loss.

2.7.2 Defined Benefit Plan

The liability or assets recognised in the Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The defined benefit obligation is calculated by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows with reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the employee benefit expenses in the Statement of Profit and Loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in Statement of Profit and Loss as past service cost.

2.7.3 Remeasurement gains/losses

Remeasurement of defined benefit plans, comprising of actuarial gains or losses, return on plan assets excluding interest income are recognised immediately in balance sheet with corresponding debit or credit to other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent period. They are included in Retained Earnings in the Statement of Changes in Equity and in the Balance Sheet.

Remeasurement gains or losses on long term compensated absences that are classified as other long term benefits are recognised in profit or loss.

2.7.4 Short-term and other long-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of expected future payments to be made in respect of services provided by employees up the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit and Loss.

2.8 Cash and Cash Equivalents

Cash and cash equivalent in the Balance sheet comprise cash at banks and cash on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

2.9 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS - 33 on 'Earnings per Share'. Basic earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all diluted potential equity shares except where the results are anti- dilutive.

2.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.11 Income Taxes

Income Tax expense represents the sum of tax currently payable and deferred tax

2.11.1 Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rate that has been enacted or substantially enacted by the end of the reporting period.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

2.11.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.11.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.12 Property, plant and equipment

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Furniture & Fixtures and Office equipment's are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation on tangible fixed assets has been provided on pro-rata basis, on the straightline method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for certain assets as indicated below:

Lease hold improvements are amortised over the period of lease/estimated period of lease.

Vehicles used by employees are depreciated over the period of 4 years considering this period as the useful life of the vehicle for the Company.

Sales office and the sample flat/ show unit cost at site is amortised over 5 years or the duration of the project (as estimated by management) whichever is lower.

Fixed Assets held for disposal are valued at estimated net realizable value.

2.13 Intangible Assets

2.13.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.13.2 Derecognition of Intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

2.13.3 Useful lives of Intangible assets

Estimated useful lives of the intangible assets are as follows:

Software 3 years

2.14 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash generating unit, as the case may be, is estimated and the impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cashgenerating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.15 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, construction costs and allocated interest & manpower costs and expenses incidental to the projects undertaken by the Company.

2.16 Provisions and contingent liabilities

2.16.1 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. Provisions and contingent liabilities are reviewed at each Balance Sheet date.

2.16.2 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.16.3 Contingent liabilities

Contingent liability is disclosed in case of:

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

b) a present obligation arising from past events, when no reliable estimate is possible.

2.17 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.17.1 Classification and subsequent measurement

2.17.1.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured at either amortised cost or fair value depending on their respective classification.

On initial recognition, a financial asset is classified as - measured at:

- Amortised cost; or
- Fair Value through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

2.17.1.2 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

2.17.1.3 Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

2.17.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.17.3 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

2.17.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has legally enforceable rights to set off the amount and it intended either to settle them on a net basis or to realise the assets and settle liability simultaneously.

3. Use estimates and judgement

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

In the process of applying the Company's accounting policies, management has made the following judgements based on estimates and assumptions, which have the significant effect on the amounts recognised in the financial statements:

A. Useful lives of property, plant and equipment

The Company reviews the useful life of depreciable / amortisable assets at the end of each reporting period. This re-assessment may result in change in depreciation expense in future periods.

B. Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets, liabilities and share based payments are disclosed in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

C. Actuarial Valuation

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

D. Taxes

Deferred tax assets are recognised for temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

E. Determining the timing of revenue recognition on the sale of completed and under development property

The Company has generally evaluated and concluded that based on a careful analysis of the rights and obligations under the terms of the contracts relating to the sale of property, the revenue is to be recognised at a point in time when control transfers which coincides with receipt of Occupation Certificate. The Company has generally concluded that the over time criteria are not met owing to non-enforceable right to payment for performance completed to date and, therefore, recognises revenue at a point in time, when control transfers which coincides with receipt of Occupation Certificate.

F. Determination of performance obligations

With respect to the sale of property, the Company has concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property is to undertake development of property and obtaining the Occupation Certificate. Generally, the Company is responsible for all these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Company accounts for them as a single performance obligation because they are not distinct in the context of the contract.

3. Property, Plant and Equipment

(₹ in Lakh)

Description of Assets	Leasehold Improvements	Office equipments	Furniture and fixtures	Computers	Building	Vehicles	Total
I. Gross Carrying Amount							
Balance as at 1st April, 2019	20.12	24.75	16.77	11.67	–	–	73.31
Additions during the year	–	59.94	176.26	46.49	238.86	22.74	544.29
Deductions during the year	–	–	–	–	–	–	–
Balance as at 31st March, 2020	**20.12**	**84.69**	**193.03**	**58.16**	**238.86**	**22.74**	**617.60**
II. Accumulated depreciation							
Balance as at 1st April, 2019	7.70	8.01	4.17	1.04	–	–	20.92
Depreciation expense for the year	4.02	9.55	19.93	12.58	20.80	2.75	69.63
Deductions/Adjustments during the year	–	–	–	–	–	–	–
Balance as at 31st March, 2020	**11.72**	**17.56**	**24.10**	**13.62**	**20.80**	**2.75**	**90.55**
III. Net carrying amount (I-II)	**8.40**	**67.13**	**168.93**	**44.54**	**218.06**	**19.99**	**527.05**

(₹ in Lakh)

Description of Assets	Leasehold Improvements	Office equipments	Furniture and fixtures	Computers	Building	Vehicles	Total
I. Gross Carrying Amount							
Balance as at 1st April, 2018	20.12	19.64	16.72	0.14	–	–	56.62
Additions during the year	–	5.11	0.05	11.53	–	–	16.69
Deductions during the year	–	–	–	–	–	–	–
Balance as at 31st March, 2019	**20.12**	**24.75**	**16.77**	**11.67**	**–**	**–**	**73.31**
II. Accumulated depreciation							
Balance as at 1st April, 2018	0.99	1.53	0.82	0.02	–	–	3.36
Depreciation expense for the year	6.71	6.48	3.35	1.02	–	–	17.56
Deductions/Adjustments during the year	–	–	–	–	–	–	–
Balance as at 31st March, 2019	**7.70**	**8.01**	**4.17**	**1.04**	**–**	**–**	**20.92**
III. Net carrying amount (I-II)	**12.42**	**16.74**	**12.60**	**10.63**	**–**	**–**	**52.39**

4. Right of use assets

(₹ in Lakh)

Description of Assets	As at 31st March, 2020	As at 31st March, 2019
Buildings		
I. Gross Carrying Amount		
Balance as at 1st April, 2019	39.86	–
Additions during the year	291.52	–
Deductions during the year	–	–
Balance as at 31st March 2020	**331.38**	**–**
II. Accumulated depreciation		
Balance as at 1st April, 2019	–	–
Amortisation expense for the year	175.85	–
Deductions during the year	–	–
Balance as at 31st March 2020	**175.85**	**–**
III. Net carrying amount (I-II)	**155.53**	**–**

5. Intangible Assets

(₹ in Lakh)

Description of Assets	As at 31st March, 2020	As at 31st March, 2019
Software		
I. Gross Carrying Amount		
Balance as at 1st April, 2019	–	–
Additions during the year	7.92	–
Deductions during the year	–	–
Balance as at 31st March 2020	**7.92**	**–**
II. Accumulated depreciation		
Balance as at 1st April, 2019	–	–
Amortisation expense for the year	1.01	–
Deductions during the year	–	–
Balance as at 31st March 2020	**1.01**	**–**
III. Net carrying amount (I-II)	**6.91**	**–**

6. Investments

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Measured at Fair Value through Profit and Loss (FVTPL)		
Unquoted Investments (all fully paid)		
Investment in Mutual Fund	–	198.17
Total Investments	**–**	**198.17**
Carrying amount of unquoted investment	**–**	**190.00**

7. Other Financial assets

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Financial Assets at amortised cost		
Bank deposit under lien	190.00	–
Accrued interest	10.92	–
Total Other Financial assets	**200.92**	**–**

8. Deferred Tax Assets (Net)

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred Tax Liabilities	–	–
Deferred Tax Assets	1,160.80	–
Total Non Current Investments	**1,160.80**	**–**

Deferred Tax assets/(liabilities) in relation to:

(₹ in Lakh)

Particulars	Opening Balance as at 1st April, 2019	Recognised in P&L	Recognised in Other Comprehensive Income	Closing Balance as at 31st March, 2020
Fiscal allowance on Property, Plant and Equipment and Other Intangible Assets	–	6.26	–	**6.26**
Provision for Employee Benefits	–	5.42	(3.57)	**1.84**
Disallowance u/s 43(B) of the Income tax Act, 1961	–	21.92		**21.92**
Carried forward of Business Loss	–	777.04	–	**777.04**
Other Temporary differences	–	353.74	–	**353.74**
Total	**–**	**1,164.37**	**(3.57)**	**1,160.80**

9. Inventories (at lower of cost and net realisable value)

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Raw Materials	722.41	251.10
Construction work-in-progress	22,701.89	9,051.92
Total	**23,424.30**	**9,303.02**

a) Construction Work in Progress represents materials at site and cost of actual work incurred on the projects.

b) Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.

c) The company has availed term loan, which is secured by hypothecation of inventories of Palghar Project.

10. Cash and bank balances

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents		
Cheques on hand	33.19	116.13
Balances with banks:		
– On current accounts	317.35	456.09
– Fixed Deposits with Original maturity of less than 3 months	1,023.65	–
Total Cash and cash equivalent (considered in Statement of Cash Flows)	**1,374.19**	**572.22**
Bank Balances other than Cash and cash equivalents		
(a) Balances with Banks:		
(i) Earmarked balances	2.30	–
Total Other Bank Balances	**2.30**	**–**

11. Other Financial assets

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Financial assets at amortised cost		
Interest accrued	8.37	0.02
Security Deposits- unsecured, considered good	94.02	84.30
Total	**102.39**	**84.32**

12. Other Current assets

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advances other than capital advances:		
Balances with government authorities (Other than income taxes)	445.36	417.15
Income Tax Assets	2.86	0.27
Prepaid Expenses	499.56	215.17
Other Advances #	1,085.94	3,304.45
Total	**2,033.72**	**3,937.04**

\# Other Advances mainly include project advances given to vendors and towards purchase of land in the previous year

13. Equity Share capital

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Authorised:		
100,000 Equity shares of Rs 10 each with voting rights	10.00	10.00
	10.00	**10.00**
Issued, Subscribed and Fully Paid:		
100,000 Equity shares of Rs 10 each with voting rights	10.00	10.00
Total	**10.00**	**10.00**

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	**₹ in Lakh**	No. of Shares	₹ in Lakh
Balance at the beginning of the year	1,00,000	10.00	1,00,000	10.00
Add: Issue during the year	–	–	–	–
Balance at the end of the year	**1,00,000**	**10.00**	1,00,000	10.00

Terms/ rights attached to equity shares with voting rights

The Company has only one class of equity shares having face value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share and carry a right to dividends. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

(ii) Details of shares held by the holding company and its subsidiaries (as per Companies Act 2013)

Particulars	Equity Shares with Voting rights
As at 31st March, 2020	
Mahindra Lifespace Developers Limited	**51,000**
As at 31st March, 2019	
Mahindra Lifespace Developers Limited	**51,000**

Other than above shares, no shares are held by any subsidiaries or associates of the Holding Company.

(iii) Details of shareholders holding more than 5% shares in the company

	As at 31st March, 2020		As at 31st March, 2019	
Name of the shareholder	**No.**	**% holding**	No.	% holding
Equity shares with voting rights				
Mahindra Lifespace Developers Limited:	51,000	51%	51,000	51%
HDFC Capital Affordable Real Estate Fund I:	49,000	49%	49,000	49%

14. Other Equity

Particulars	As at 31st March, 2020 (₹ in Lakh)	As at 31st March, 2019
Retained earnings	(2,357.77)	(1,400.40)
Total	**(2,357.77)**	**(1,400.40)**

Description of the nature and purpose of other equity

Retained Earnings: This reserve represents cumulative losses of the Company and effects of remeasurement of defined benefit obligations. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.

15. Borrowings

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
A. Non Current Secured Borrowings- at amortised cost		
a) Term Loan		
Loan from other party	7,965.91	6,449.85
Total Secured Borrowings	**7,965.91**	6,449.85
B. Non Current Unsecured Borrowings- at Fair value:		
a) Debentures		
2,76,00,000 Series 1 (Previous year 2,76,00,000) and 3,68,84,230 Series 2 (Previous year Nil), 15% Optionally Convertible Redeemable Debentures (“OCRD”) of Rs. 10/- each (Refer note 33 & 35)	7,663.18	3,148.00
b) Preference Shares		
12,33,500 Series 1 (Previous year 12,33,500) and 25,65,044 Series 2 (Previous year Nil) Optionally Convertible Redeemable Preference Shares (“OCRPS”) of face value of Rs. 10/- each (Refer note 33 & 35)	3,335.70	1,104.00
Total Unsecured Borrowings	**10,998.88**	**4,252.00**
Total Non Current Borrowings	**18,964.79**	**10,701.85**

A. Non Current Secured Borrowings- at amortised cost:

a) Term Loan from other party is repayable in 8 equal instalment starting from year 4 from the date of drawdown viz July 2018. The facility is fully secured against first charge over land, movable & immovable property, current assets and cash flow of Palghar Project. Term loan carries floating interest rate which is linked to 1 year MCLR of ICICI Bank Ltd and interest rate is in the range of 9.95% p.a. to 9.70% p.a. (previous year rate range 9.45% p.a. to 9.70% p.a.)

B. Terms and conditions of Series 1 and Series 2 Optionally Convertible Debenture (OCDs)

a) Series 1 and Series 2 Debentures are unsecured, unlisted, redeemable and optionally convertible debentures. The issue price of each Series 1 & Series 2 Debenture is Rs.10 (face value Rs.10). The Series 1 and Series 2 Debentures shall earn, interest of 15% per annum compounded annually. Interest on each Series 1 and Series 2 Debentures shall be accrued, due and payable to the holders of Series 1 & Series 2 Debentures subject to availability of Distributable Cash and on obtaining an approval from the Distributions Committee and the board of directors of the Company. Each Series 1 and Series 2 debentures constitutes a direct obligation of the Company and shall at all times rank pari passu inter se (without any preference or priority of one over the other or others of them).

At the time of redemption of Series 1 and Series 2 Debentures on a Redemption Date (not latter than 9 years from the date of allotment), the Company shall pay the holders of Series 1 and Series 2 Debentures an Interest determined by the Distributions Committee and such Interest shall become due and payable on the date of which it is determined by the Distributions Committee without the need for an approval from the Board.

At the option of the holder of the Series 1 and Series 2 Debentures, if the then outstanding Series 1 and Series 2 Debentures cannot be redeemed in full then, with the prior written unanimous approval of all the holders of the Series 1 and Series 2 Debentures, the Series 1 and Series 2 Debentures shall be converted into equity shares of the Company, in accordance with such formula as may be determined between the Company and the holder of the Series 1 and Series 2 Debentures, but at a price which is not less than fair market value of the equity shares at the time of such conversion.

Terms and conditions of Series 1 and Series 2 Optionally Convertible redeemable Preference Shares (OCRPS)

b) Series 1 and Series 2 Preference Shares are unsecured, unlisted, redeemable, optionally convertible preference shares. The issue price of each Series 1 & Series 2 Preference Shares is Rs.100 (face value Rs.10). The Series 1 and Series 2 Preference Shares shall not be entitled to any voting rights, other than as prescribed under Applicable Law and the articles of association of the Company. Each Series 1 and Series 2 Preference Share constitutes a direct obligation of the Company and shall at all times rank pari passu inter se (without any preference or priority of one over the other or others of them).

Series 1 and Series 2 Preference Shares shall be eligible to receive Redemption Premium which shall be paid along with Redemption of Series 1 and Series 2 Preference Shares ((not latter than 9 years from the date of allotment). Redemption Premium shall mean a premium not exceeding 15% per annum compounded annually from the date of subscription of the Series 1 and Series 2 Preference Shares that is being redeemed. The payment of Redemption Premium shall be subject to the Distributable Cash as determined by the Distribution Committee. The Redemption Premium shall be accrued, due and payable only on Redemption Date and proportionate to the Series 1 and Series 2 Preference Shares so being redeemed.

At the option of holder of the Series 1 and Series 2 Preference Shares, if the then outstanding Series 1 and Series 2 Preference Shares cannot be redeemed in full then, with the prior written unanimous approval of all the holders of the Series 1 and Series 2 Preference Shares, the Series 1 and Series 2 Preference Shares shall be converted into equity shares of the Company, in accordance with such formula as may be determined by the Company and the holder of the Series 1and Series 2 Preference Shares, but at a price which is not less than fair market value of the equity shares at the time of such conversion.

At the time of conversion, the holder of Preference Shares will be entitled to equity shares of the Company up to the principal amount (i.e. issue price) of the outstanding OCRPS

16. Provisions

(₹ in Lakh)

Particulars	As at 31st March, 2020 Current	As at 31st March, 2020 Non Current	As at 31st March, 2019 Current	As at 31st March, 2019 Non Current
Provision for employee benefits (Refer Note- 32)				
- Gratuity	**4.71**	**28.56**	–	–
- Leave Encashment	**4.14**	**20.00**	–	–
Total Provisions	**8.85**	**48.56**	**–**	–

17. Trade Payables

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Total outstanding dues of micro enterprises and small enterprises*	30.51	–
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,265.98	1,163.83
Total	**1,296.49**	1,163.83

	Particulars	As at 31st March, 2020	As at 31st March, 2019
a)	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	**30.51**	–
b)	The amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	**–**	–
c)	The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**–**	–
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year	**–**	–
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**–**	–

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

* This information has been determined to the extent such parties have been identified on the basis of intimation received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as at the reporting date or anytime during the year and hence no interest has been paid or payable.

18. Lease Liabilities

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current		
Financial Liabilities carried at Amortised Cost		
Lease Liabilities	159.54	–
Total	**159.54**	**–**

19. Other Current liabilities

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advances received from customers	10,789.52	3,640.64
Statutory dues payable*	72.85	31.24
Total	**10,862.37**	**3,671.88**

* There are no amounts due and outstanding to be credited to the Investor Education and Protection fund.

20. Revenue from Operations

(₹ in Lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Revenue from Contract with Customers		
Revenue from Projects	70.75	–
Total Revenue from operations	**70.75**	**–**

Refer Note 29 for IND AS 115 disclosures

21. Other Income

(₹ in Lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest Income on Bank Deposits	37.45	2.77
Interest Income on unwinding on lease security deposits	6.30	–
Gain arising on financial assets measured at Fair Value through Profit or Loss	–	8.17
Miscellaneous Income	25.77	2.51
Total Other Income	**69.52**	**13.45**

22A. Construction Expenses incurred

(₹ in Lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Expenses incurred during the year:		
Cost of land and related cost	8,696.50	–
Civil, Electricals, Contracting, etc.	3,763.16	1,708.75
Rates and taxes	–	2.60
Legal, Consultant & Professional Fees	594.36	609.17
Employee Benefits Expense Allocated	210.36	–
Interest Costs Allocated	728.11	493.02
Power and fuel cost	38.67	5.15
Other Project Administration Cost	90.12	32.15
Total	**14,121.28**	**2,850.84**

22B. Changes in inventories of finished goods, stock -in- trade and work-in-progress

(₹ in Lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Opening Stock		
Raw Material	251.10	–
Work-in-progress	9,051.92	6,452.18
Total Opening Stock	**9,303.02**	**6,452.18**
Closing Stock		
Raw Material	722.41	251.10
Work-in-progress	22,701.89	9,051.92
Total Closing Stock	**23,424.30**	**9,303.02**
Total	**(14,121.28)**	**(2,850.84)**

23. Employee Benefits Expense

(₹ in Lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries and wages including bonus	559.96	–
Contribution to provident and other funds	21.53	–
Staff welfare expenses	15.61	–
Less: Allocated to projects	(210.36)	–
Total	**386.74**	**–**

24. Finance Costs

(₹ in Lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest on Loan from related party	–	93.97
Interest on Term Loan	712.63	399.05
Interest on Bank Overdraft	2.72	3.82
Interest on lease liabilities	18.73	1.28
Less: Allocated to projects	(712.63)	(493.02)
Total	**21.45**	**5.10**

Analysis of Interest Expenses by Category

(₹ in Lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest Expenses		
On Financial Liability at Amortised Cost	715.35	496.84
On Financial Liabilities at FVTPL	**–**	–

25. Other expenses

(₹ in Lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Advertising Marketing & Business Development	719.50	242.51
Legal and Other Professional costs	57.52	46.18
Power & Fuel	4.30	15.05
Repairs and Maintenance	28.12	16.64
Rent, Rates & Taxes	12.40	87.79
Development Management Fees	162.07	386.84
Subscription & Membership Fees	13.84	6.44
Security Charges	6.15	12.14
Travelling and Conveyance Expenses	65.44	20.50
Printing & Stationery	15.19	6.62
Net Loss arising on financial liabilities designated at Fair Value through Profit or Loss (FVTPL)$	493.41	258.50
Payment to Auditors #	16.39	21.05
Miscellaneous Expenses	18.11	17.75
Total	**1,612.44**	**1,138.01**

(₹ in Lakh)

# Payment to Auditors (excluding taxes)	For the year ended 31st March, 2020	For the year ended 31st March, 2019
For Audit	9.00	9.00
For Taxation matters	3.00	5.00
For Other Services	4.25	6.96
For Reimbursement of expenses	0.14	0.09
Total	**16.39**	**21.05**

$ Net Loss arising on financial liabilities designated at Fair Value through Profit or Loss (FVTPL) includes a gain of Rs.333.34 lakh (31st March, 2019 Rs. 129.50 lakhs) resulting from decrease in fair value of Series 1 & Series 2 Optionally Convertible Redeemable Preference Shares (OCRPS).

26. Income Taxes

(a) Income Tax recognised in profit or loss

(₹ in Lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Current Tax		
In respect of current year	–	–
Deferred Tax		
In respect of current year origination and reversal of temporary differences	(1,160.80)	–
Total	**(1,160.80)**	**–**

(b) Income tax recognised in Other Comprehensive income

(₹ in Lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit plans	3.57	–
Total	**3.57**	**–**

(c) Reconciliation of estimated income tax expense at tax rate to income tax expense reported in Profit or Loss is as follows:

(₹ in Lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Loss before tax	(2,126.85)	–
Income tax expense calculated at 29.12% (Previous year Nil)	(619.33)	–
Effect of income that is non allowable in determining taxable profit	619.32	–
Business Loss	(777.04)	–
Changes in recognised deductible temporary differences	(383.75)	–
Total	**(1,160.80)**	**–**

27. Earnings per share (EPS)

Basic and diluted EPS amounts are calculated by dividing the (loss) for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

The following reflects the loss and share data used in the basic and diluted EPS computations:

(₹ in Lakh)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Loss after tax (Rs. in Lakh)	(966.05)	(1,147.22)
Weighted average number of equity shares	1,00,000	1,00,000
Face Value of Equity Shares (in Rs.)	10	10
Earnings per Equity share - Basic (in Rs.)	(966.05)	(1,147.22)
Earnings per Equity share - Diluted (in Rs.)	(966.05)	(1,147.22)

28. Leases

A Transition to Ind AS 116

Ministry of corporate Affairs has notified Ind AS 116 “” Leases”” which is effective from 01st April, 2019. Pursuant to this, the company has applied this standard to all lease contracts existing on 01st April, 2019 using the retrospective approach with the cumulative effect at the date of initial application. On that date, the Company recognised a lease liability measured at the present value of the remaining lease payments using the lessee’s incremental borrowing rate as at 01st April, 2019 and corresponding Right of Use (ROU) asset measured at an amount equivalent to lease liability. Therefore, there is no effect of adopting Ind AS 116 on retained earnings as at 01st April, 2019, with no restatement of comparative information. Comparatives for the quarter, year ended 31st March, 2020 and year ended 31st March, 2019 will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31st March, 2019. Thus, on transition, the adoption of the new standard resulted in recognition of ‘Right of Use’ asset of Rs. 39.86 lakhs, and a lease liability of Rs. 38.13 lakhs.

In view of this, the operating lease rent which was hitherto accounted under ‘Other expenses’ in previous periods has now been accounted as depreciation and finance costs. Accordingly the loss for the year ended 31st March, 2020 is higher by Rs. 9.48 lakhs (net). To this extent, the performance of the current year is not comparable with previous year’s results. The financial results for year ended 31st March, 2020 results in an increase of Rs. 175.85 lakhs in depreciation for the right of use assets and increase of Rs. 12.26 lakhs respectively in finance costs on lease liability and decrease in operating lease rent cost of Rs. 174.85 lakhs and decrease of Rs. 3.78 lakhs in brokerage cost.

The Statement of Assets and Liabilities for year ended 31st March, 2020 results in an increase of Rs. 155.53 Lakhs, and Rs.159.54 Lakhs in Right of use assets and Current Lease Labilities respectively.

B Transition date reconciliation required by para C12(b) of Ind AS 116

(₹ in Lakh)

	Particulars	For the year ended 31st March, 2020
A.	Operating lease commitments disclosure as per Ind AS 17 as of March 31, 2019	40.09
	Weighted average incremental borrowing rate	8.32%
B.	Present value using incremental borrowing rate as on April 1, 2019	38.13
	Total lease liabilities on transition date	**38.13**

C As lessee

The company has entered into operating leases arrangement for its regional office and sales & marketing office. The regional office lease have a non-cancellable life of two years with renewal option included in the contracts.

(₹ in Lakh)

Maturity Analysis - Contractual Undiscounted Cash Flow	For the year ended 31st March, 2020
Less than one year	165.19
One to Three years	–
Three to five years	–
More than five years	–
Total discounted lease liabilities at Balance sheet date	**159.54**

During the year the company has incurred Rs. 184.09 lacs against lease rental payments of two premises which is classified as Lease Liability payment as per IND AS 116.

Expense of Rs 6.92 lakh relating to leases of low-value assets for the year ended March 31, 2020 is inlcuded in Note 25 “Other Expenses”

29. Disclosures as per IND AS 115

(1) Contract Balances

(a) Amounts received before the related performance obligation is satisfied are included in the balance sheet (Contract liability) as “Advances received from Customers/Income received in Advance” in note no. 19- Other Current Liabilities.

(b) During the year, the Company recognised Revenue of Rs. Nil (previous year Nil) from opening contract liability (after Ind AS 115 adoption) of Rs 3640.64 lakhs (previous year Rs 496.17 lakhs).

(c) There were no significant changes in the composition of the contract liabilities during the reporting period other than on account of periodic invoicing and one new project opened for sale.

(d) Amounts previously recorded as contract liabilities increased due to further milestone based invoices raised during the year and one new project opened for sale.

(e) There are no contract assets outstanding at the end of the year.

(f) The aggregate amount of the transaction price allocated to the performance obligations that are completely or partially unsatisfied as at March 31, 2019, is Rs. 41,276.54 lakhs (previous year Rs. 11,425.68 lakhs). Out of this, the Company expects, based on current projections, to recognize revenue of around 26% (previous year Nil) within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience with a penalty as per the agreement since, based on current assessment, the occurrence of the same is not expected to be material.

(2) Contract costs

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Contract costs included in Prepaid expenses in Note no. 12- Other Current Assets	**494.49**	213.44

(a) The Company incurs commissions & incentives that are incremental costs of obtaining a contract with a customer. Previously, all such costs were expensed immediately when incurred. Under Ind AS 115, the Company recognises the incremental costs of obtaining a contract as assets under Prepaid Expenses under Note no. 12 - Other Current Assets and amortises it upon completion of the related property sale contract.

30. Capital Commitments

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Capital Commitment : Estimated value of contracts remaining to be executed on capital account and not provided for	27.14	–
Total	**27.14**	**–**

31. Related parties disclosures

Names of related parties and related party relationship
Related parties where control exists

Enterprises having joint control over the Company	Mahindra Lifespace Developers Ltd.
	HDFC Capital Affordable Real Estate Fund I

Other Related parties with whom transactions have taken place during the year

Holding Company of Enterprise exercising joint control over the Company	Mahindra & Mahindra Ltd.
Associate of Holding Company of Enterprise exercising joint control over the Company	Tech Mahindra Ltd.
Subsidiary of Holding Company of Enterprise exercising joint control over the Company	a) Mahindra Integrated Business Solutions Pvt. Ltd b) Mahindra Intertrade Ltd c) Mahindra Retail Ltd.
Key Managerial Personnel	Mr. Arvind Subramanian

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant period:

(₹ in Lakh)

Nature of transactions with Related Parties	Year Ended	Mahindra Lifespace Developers Ltd	HDFC Capital Affordable Real Estate Fund I	Mahindra & Mahindra Ltd.	Mahindra Integrated Business Solutions Pvt. Ltd.	Mahindra Intertrade Ltd	Key Managerial Personnel	Mahindra Retail Ltd.	Tech Mahindra Ltd.
Issue of 15% Optionally Convertible Redeemable Series 2 Debentures ("OCD")	**31-Mar-20**	**922.11**	**2,766.32**	**–**	**–**	**–**	**–**	**–**	**–**
	31-Mar-19	–	–	–	–	–	–	–	–
Issue of 15% Optionally Convertible Redeemable Series 2 Preference Shares (OCRPs)	**31-Mar-20**	**641.26**	**1,923.78**	**–**	**–**	**–**	**–**	**–**	**–**
	31-Mar-19	–	–	–	–	–	–	–	–
Inter corporate deposit repaid	**31-Mar-20**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	31-Mar-19	–	–	–	–	–	–	–	2,500.00
Purchase of Goods	**31-Mar-20**	**–**	**–**	**–**	**–**	**–**	**–**	**1.88**	**–**
	31-Mar-19	–	–	–	–	–	–	–	–
Receiving of services	**31-Mar-20**	**334.54**	**–**	**–**	**72.05**	**–**	**–**	**–**	**–**
	31-Mar-19	813.70	–	–	18.22	0.61	–	–	–
Interest on Inter corporate deposit	**31-Mar-20**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	31-Mar-19	–	–	–	–	–	–	–	93.97
Reimbursement made to parties	**31-Mar-20**	**115.51**	**–**	**20.39**	**–**	**–**	**4.43**	**–**	**–**
	31-Mar-19	103.97	–	11.87	–	–	–	–	–
Reimbursement received from parties	**31-Mar-20**	**82.13**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	31-Mar-19	–	–	–	–	–	–	–	–

The following table provides the balances with related parties as on balance sheet date:

(₹ in Lakh)

Nature of Balances with Related Parties	Balance as at	Mahindra Lifespace Developers Ltd	HDFC Capital Affordable Real Estate Fund I	Mahindra & Mahindra Ltd.	Mahindra Integrated Business Solutions Pvt. Ltd.	Mahindra Intertrade Ltd	Mahindra Retail Ltd.
Long Term Borrowings - Series 1 & Series 2 debentures (OCDs)	**31-Mar-20**	**1,612.11**	**4,836.32**	**–**	**–**	**–**	**–**
	31-Mar-19	690.00	2,070.00	–	–	–	–
Long Term Borrowings - Series 1 & Series 2 preference Shares (OCRPs)	**31-Mar-20**	**949.66**	**2,848.88**	**–**	**–**	**–**	**–**
	31-Mar-19	308.40	925.10	–	–	–	–
Payables	**31-Mar-20**	**20.14**	**–**	**4.18**	**4.89**	**–**	**1.98**
	31-Mar-19	656.74	–	1.56	9.16	0.69	–

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

32. Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating Rs. 21.53 lakhs (31st March, 2019 : Nil) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the amount calculated as per the Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The scheme is unfunded as on March 31, 2020. The Company intends to start contributing to a plan fund from financial year 2020-21.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

<u>**Investment risk**</u>

The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

<u>**Interest risk**</u>

A decrease in the bond interest rate will increase the plan liability.

<u>**Longevity risk**</u>

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

<u>**Salary risk**</u>

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	As at 31st March, 2020	31st March, 2019
Discount rate(s)	5.68%	NA
Expected rate(s) of salary increase	5.00%	NA
Attrition Rate	0 to 42: 16%	NA
Mortality	IALM (2012-14) ULT.	NA
Retirement age of the employees is assumed to be 60 years.		

Defined benefit plans – as per actuarial valuation on 31st March, 2020

(₹ in Lakh)

Particulars	Un-funded Gratuity Plan For the year ended 31st March, 2020	For the year ended 31st March, 2019
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	8.27	–
Past service cost and (gains)/losses on transfer of employees from holding company as at 1st August, 2019	35.78	–
Net interest expense	1.46	–
Components of defined benefit costs recognised in profit or loss	**45.51**	**–**
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	–	–
Actuarial (gains)/loss arising from demographic assumptions	(4.11)	–
Actuarial (gains)/loss arising from changes in financial assumptions	(7.42)	–
Actuarial (gains)/loss arising from experience adjustments	(0.72)	–
Components of defined benefit costs recognised in other comprehensive income	**(12.25)**	**–**
Total	**33.26**	**–**

(₹ in Lakh)

Particulars		Un-funded Gratuity Plan For the year ended 31st March, 2020	For the year ended 31st March, 2019
I.	**Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2020**		
1.	Present value of defined benefit obligation as at 31st March, 2020	33.27	–
2.	Fair value of plan assets as at 31st March, 2020	–	–
3.	Surplus/(Deficit)	(33.27)	–
4.	Current portion of the above	(4.71)	–
5.	Non current portion of the above	(28.56)	–
II.	**Movements in the present value of the defined benefit obligation are as follows.**		
1.	Present value of defined benefit obligation on transfer of employees from holding company as at 1st August, 2019	35.78	–
2.	Add/(Less) on account of Scheme of Arrangement/Business	–	–
	Transfer	–	–
3.	Expenses Recognised in Profit and Loss Account		
	- Current Service Cost	8.27	–
	- Past Service Cost	–	–
	- Interest Cost	1.46	–
4.	Recognised in Other Comprehensive Income		
	Remeasurement gains / (losses)		
	- Actuarial Gain (Loss) arising from:		
	i. Demographic Assumptions	(4.11)	–
	ii. Financial Assumptions	(7.42)	–
	iii. Experience Adjustments	(0.72)	–
5.	Benefit payments	–	–
6.	**Present value of defined benefit obligation at the end of the year**	33.26	–

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(₹ in Lakh)

Principal Assumptions		Changes in assumption (%)	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	**2020**	**1.00%**	**31.66**	**35.05**
	2019	1.00%	–	–
Salary growth rate	**2020**	**1.00%**	**34.33**	**32.30**
	2019	1.00%	–	–

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

Maturity profile of defined benefit obligation:

	31st March, 2020	31st March, 2019
Within 1 year	4.71	–
1 - 2 year	4.66	–
2 - 3 year	4.12	–
3 - 4 year	4.21	–
4 - 5 year	3.95	–
5 - 10 years	12.98	–

The weighted average age considered for defined benefit obligation as at 31st March 2020 is 34.72 years (31st March, 2019: NA)

33. Financial Instruments

Capital management

The Company's capital management objectives are-

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital

The Management of the Company monitors the capital structure using debt equity ratio which is determined as the proportion of total debt to total equity.

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Debt	7,965.91	6,449.85
Cash and Bank Balances	(1,577.41)	(572.22)
Net Debt (A)	**6,388.50**	**5,877.63**
Total Equity (B)	**(2,347.77)**	**(1,390.40)**
Debt Ratio (A/B)	**(2.72)**	**(4.23)**

* Since Optionally Convertible Debentures and Optionally Convertible Redeemable Preference shares issued by the company are subscribed by the share-holders, the Debt-equity ratio of the company is reviewed by the management based on the external debt only.

Categories of financial assets and financial liabilities

The following tables shows the carrying amount of financial assets and financial liabilities by category:

As at 31st March, 2020

(₹ in Lakh)

Particulars	Amortised Costs	FVTPL	Total
Non-Current Assets			
Other Financial assets	200.92	–	200.92
Current Assets			
Cash and Bank Balances	1,376.49	–	1,376.49
Other Financial Assets - Non derivative financial asset	102.39	–	102.39
Non-current Liabilities			
Borrowings	7,965.91	10,998.88	18,964.79
Current Liabilities			
Lease Liabilities	159.54	–	159.54
Trade Payables	1,296.49	–	1,296.49

As at 31st March, 2019

(₹ in Lakh)

Particulars	Amortised Costs	FVTPL	Total
Non- Current Assets			
Investments	–	198.17	198.17
Current Assets			
Cash and Bank Balances	572.22	–	572.22
Other Financial Assets - Non derivative financial asset	84.32	–	84.32
Non-current Liabilities			
Borrowings	6,449.85	4,252.00	10,701.85
Current Liabilities			
Trade Payables	1,163.83	–	1,163.83

34. COVID-19

The Company is actively monitoring the impact of the global health pandemic on its financial condition, liquidity, operations, suppliers, industry, and workforce. The Company has used the principles of prudence in applying judgments, estimates and assumptions based on the current estimates. In assessing the recoverability of assets such as inventories, financial assets and other assets, based on current indicators of future economic conditions, the Company expects to recover the carrying amounts of its assets. The extent to which COVID-19 impacts the operations will depend on future developments which remain uncertain.

35. Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents, mutual funds and other financial assets.

Trade Receivables

The Company's trade receivables include receivables on sale of residential flats. As per the Company's flat handover policy, a flat is handed over to a customer only upon payment of entire amount of consideration. Thus, the Company is not exposed to any credit risk on receivables from sale of residential flats.

Cash and cash equivalents, mutual fund and other financial assets

For Cash and bank balances only high rated banks are accepted. The Company holds cash and cash equivalents with banks which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

The Company holds mutual funds with financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its mutual funds have low credit risk based on external credit ratings of the counterparties.

For other financial assets, the Company assesses and manages credit risk based on reasonable and supportive forward looking information. The Company does not have significant credit risk exposure for these items.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of Directors who have established an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

(₹ in Lakh)

Particulars	Less than 1 Year	1 Year to 3 Years	3 Year to 5 Years
Non-derivative financial liabilities			
As at 31st March, 2020			
Trade and other payables	1,228.87	227.16	–
Non-Current Secured Borrowings	–	6,970.17	995.74
Series 1 and Series 2 Optionally Convertible Redeemable Preference Shares ("OCRPs")	–	1,837.00	1,498.70
15% Series 1 and Series 2 Optionally Convertible Redeemable Debenture ("OCD")	–	7,663.18	–
Total	**1,228.87**	**16,697.51**	**2,494.44**

(₹ in Lakh)

Particulars	Less than 1 Year	1 Year to 3 Years	3 Year to 5 Years
Non-derivative financial liabilities			
As at 31st March, 2019			
Trade and other payables	1,163.83	–	–
Current unsecured borrowings	–		6,449.85
Series 1 Optionally Convertible Redeemable Preference Shares ("OCRPs")	–	–	1,104.00
15% Series 1 Optionally Convertible Redeemable Debenture ("OCD")	–	–	3,148.00
Total	**1,163.83**	**–**	**10,701.85**

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

(₹ in Lakh)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Secured Term Loan		
- Expiring within one year	–	1,500.00
Unsecured Bank Overdraft facility		
- Expiring within one year	300.00	300.00
Total	**300.00**	**1,800.00**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

CURRENCY RISK

Foreign currency risk is the risk that the fair value or the future cash flows of an exposure will fluctuate because of changes in the foreign exchange rate. The Company undertakes transactions denominated in foreign currencies only for the purchases of the components which are required to carry out the construction activities. The Company manages its foreign currency risk by forward contracts that are expected to occur within a maximum 12 month from the entering of a contract.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and floating rate loans and borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	**Increase/ decrease in basis points**	**(₹ in Lakh)**
As at 31st March, 2020	INR	+100	(79.66)
	INR	-100	79.66
As at 31st March, 2019	INR	+100	(64.50)
	INR	-100	64.50

Fair Valuation Techniques and Inputs used - Recurring Items

(₹ in Lakh)

Financial liabilities measured at Fair value	**Fair value as at 31st March, 2020**	**Fair value hierarchy**	**Valuation Technique(s)**	**Key input(s) used**
Borrowings				
Series 1 and Series 2 Optionally Convertible Redeemable Debenture ("OCD")	7,663.18	Level 3	Income Approach - Discounted Cash Flow	For Discounted Cash Flow - Companies Financial projections. These include forecasts of balance sheet, statement of profit and loss along with underlying assumptions.
Series 1 and Series 2 Optionally Convertible Redeemable Preference Shares ("OCRPS")	3,335.70	Level 3	Income Approach - Discounted Cash Flow	For Discounted Cash Flow - Companies Financial projections. These include forecasts of balance sheet, statement of profit and loss along with underlying assumptions.
Total	**10,998.88**			

(₹ in Lakh)

Financial assets and liabilities measured at Fair value	**Fair value as at 31st March, 2019**	**Fair value hierarchy**	**Valuation Technique(s)**	**Key input(s) used**
Financial assets				
Mutual fund investments	198.17	Level 1	Unquoted Market price	Not applicable as Level 1 hierarchy
Borrowings				
Series 1 Optionally Convertible Redeemable Debenture ("OCD")	3,148.00	Level 3	Income Approach - Discounted Cash Flow	For Discounted Cash Flow - Companies Financial projections. These include forecasts of balance sheet, statement of profit and loss along with underlying assumptions.
Series 1 Optionally Convertible Redeemable Preference Shares ("OCRPS")	1,104.00	Level 3	Income Approach - Discounted Cash Flow	For Discounted Cash Flow - Companies Financial projections. These include forecasts of balance sheet, statement of profit and loss along with underlying assumptions.
Total	**4,450.17**			

Significant unobservable inputs used in level 3 fair value measurements

(₹ in Lakh)

Financial assets measured at Fair value	**Fair value as at 31st March, 2020**	Fair value as at 31st March, 2019	**Fair value hierarchy**	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value and sensitivity**
Borrowings					
Series 1 and Series 2 Optionally Convertible Redeemable Debenture ("OCD")	7,663.18	3,148.00	Level 3	Interest Rates to discount future cash flow, Financial Projections	Any change (increase/ decrease) in the discount factor, financial projections etc. would entail corresponding change in the valuation
Series 1 and Series 2 Optionally Convertible Redeemable preference shares ("OCRPS")	3,335.70	1,104.00	Level 3	Interest Rates to discount future cash flow, Financial Projections	Any change (increase/ decrease) in the discount factor, financial projections etc. would entail corresponding change in the valuation

Except for the above, carrying value of Other financial assets / liabilities represent reasonable estimate of fair value.

36. Segment information

The Company is engaged only in the business of development of property and related activities in India. It has no other reportable segments as per the terms of Indian Accounting Standards (Ind AS) 108 on Segment Reporting.

37. Events after the reporting period

No material events have occurred after the Balance Sheet date and upto the approval of the financial statements.

38. Previous year figures

The figures for previous year have been regrouped wherever necessary to confirm to current year's classification.

(For and on behalf of the Board of Directors of)
Mahindra Happinest Developers Ltd.

Arvind Subramanian	**Sangeeta Prasad**
Director	Director
DIN - 02551935	DIN - 02791944
Place: Mumbai	
Date: 22nd April, 2020	

INDEPENDENT AUDITORS' REPORT

To the Members of **MAHINDRA KNOWLEDGE PARK (MOHALI) LIMITED**

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of **MAHINDRA KNOWLEDGE PARK (MOHALI) LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2020, and the Statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the **Companies Act, 2013** ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss and Cash Flow for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the financial statements

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The board of directors is also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design

and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure "1"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The balance sheet and the statement of profit and loss dealt with by this report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the **Companies (Accounts) Rules, 2014**;

e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure 2**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting and;

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

   a) The Company does not have any pending litigations which would impact its financial position;

   b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

   c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Giriraj Bang & Company
Chartered Accountants
Firm registration No.: 129434W

Giriraj Bang
Proprietor
Membership No. : 111840
UDIN: 20111840AAAABB3590

Mumbai, April 24, 2020

ANNEXURE – 1 TO THE AUDITORS REPORT

The annexure referred to in independent auditors report to the members of the Company on the financial statements for the year ended 31 March 2020. We report that:

(i) The Company does not have fixed assets and, accordingly, the requirements under paragraph 4 (i) (a),(b) and (c) are not applicable to the Company.

(ii) The Company's business does not have inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.

(v) The Company has not accepted any deposits from the public.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax, Goods and Service Tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, Goods and Service Tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax, Goods and Service Tax and cess which have not been deposited on account of any dispute.

(viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.

(ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management and on an overall examination of the balance sheet, we report that monies raised by way term loans were applied for the purposes for which those were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.

(xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xi) of the order are not applicable to the Company and hence not commented upon.

(xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.

(xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For Giriraj Bang & Company
Chartered Accountants
Firm registration No.: 129434W

Giriraj Bang
Proprietor
Membership No. : 111840
UDIN: 20111840AAAABB3590

Mumbai, April 24, 2020

ANNEXURE – 2 TO THE AUDITORS REPORT

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA KNOWLEDGE PARK (MOHALI) LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of MAHINDRA KNOWLEDGE PARK (MOHALI) LIMITED

We were engaged to audit the internal financial controls over financial reporting of MAHINDRA KNOWLEDGE PARK (MOHALI) LIMITED ("the Company") as of March 31, 2020, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Giriraj Bang & Company
Chartered Accountants
Firm registration No.: 129434W

Giriraj Bang
Proprietor
Membership No. : 111840
UDIN: 20111840AAAABB3590

Mumbai, April 24, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

(Amount in ₹)

	Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
I	**ASSETS**			
	Non-current assets		–	–
	Total Non-current assets (I)		–	–
	Current assets			
	(a) Financial assets			
	(i) Cash and cash equivalents	4	2,666	2,666
	(b) Other current assets	5	9,293	–
	Total current assets (II)		11,959	2,666
	TOTAL ASSETS {(I)+(II)}		11,959	2,666
II	**EQUITY AND LIABILITIES**			
	EQUITY			
	(a) Equity share capital	6	130	130
	(b) Other equity	7	(12,243,177)	(12,202,810)
	Total equity (III)		(12,243,047)	(12,202,680)
	LIABILITIES			
	NON-CURRENT LIABILITIES			
	(a) Financial liabilities			
	(i) Borrowings	8	500,000	500,000
	Total Non-current liabilities (IV)		500,000	500,000
	Current liabilities			
	(a) Financial liabilities			
	(i) Trade payables	9		
	— total outstanding dues of micro enterprises and small enterprises		–	–
	— total outstanding dues of trade payables other than micro enterprises and small enterprises		11,755,006	11,693,546
	(b) Other current liabilities	10	–	11,800
	Total current liabilities (V)		11,755,006	11,705,346
	Total equity and liabilities {(III)+(IV)+(V)}		11,959	2,666

See accompanying notes forming part of the financial statements

In terms of our report attached

For Giriraj Bang & Company
Chartered Accountants
Firm registration No.: 129434W

Giriraj Bang
Proprietor
Membership No.: 111840

Place : Mumbai
Date : 24th April, 2020

For and on behalf of Board of Directors

Feroze Baria
Director (DIN 03315262)

Ulhas Bhosale
Director (DIN 08217384)

Place : Mumbai
Date : 24th April, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in ₹)

	Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
I	Revenue from operations		–	–
II	Other income		–	–
III	**Total income (I+II)**		–	–
IV	**Expenses**			
	(a) Other expenses	11	40,367	54,382
	Total Expenses (IV)		40,367	54,382
V	**Loss before tax (III-IV)**		(40,367)	(54,382)
VI	**Tax Expense**			
	(1) Current tax		–	–
	(2) Deferred tax		–	–
	Total tax expense		–	–
VII	**Loss for the period (V-VI)**		(40,367)	(54,382)
VIII	**Other comprehensive income**		–	–
IX	**Total comprehensive income for the year (VII+VIII)**		(40,367)	(54,382)
X	**Earnings per equity share**			
	Basic/Diluted	12	(3,105.12)	(4,183.23)

See accompanying notes forming part of the financial statements

In terms of our report attached

For Giriraj Bang & Company
Chartered Accountants
Firm registration No.: 129434W

Giriraj Bang
Proprietor
Membership No.: 111840

Place : Mumbai
Date : 24th April, 2020

For and on behalf of Board of Directors

Feroze Baria
Director (DIN 03315262)

Ulhas Bhosale
Director (DIN 08217384)

Place : Mumbai
Date : 24th April, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in ₹)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Cash flows from operating activities		
Loss for the year	**(40,367)**	(54,382)
	(40,367)	(54,382)
Movements in working capital:		
Decrease in trade and other payables	**61,460**	42,582
(Increase)/decrease in other current assets	**(9,293)**	–
(Decrease)/increase in other current liabilities	**(11,800)**	11,800
Income taxes paid	**–**	–
Net cash (used in)/generated by operating activities	**–**	–
Cash flows from investing activities		
Net increase in cash and cash equivalents	**–**	–
Cash and cash equivalents at the beginning of the year	**2,666**	2,666
	2,666	2,666
Cash and cash equivalents at the end of the year	**2,666**	2,666

See accompanying notes forming part of the financial statements

In terms of our report attached

For Giriraj Bang & Company
Chartered Accountants
Firm registration No.: 129434W

Giriraj Bang
Proprietor
Membership No.: 111840

Place : Mumbai
Date : 24th April, 2020

For and on behalf of Board of Directors

Feroze Baria
Director (DIN 03315262)

Ulhas Bhosale
Director (DIN 08217384)

Place : Mumbai
Date : 24th April, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity share capital **(Amount in ₹)**

As at 31st March, 2018	**130**
Changes in equity share capital during the year	–
As at 31st March, 2019	**130**
Changes in equity share capital during the year	–
As at 31st March, 2020	**130**

B. Other Equity

	Retained earnings (Amount in ₹)
As at 31st March, 2018	**(12,148,428)**
Loss for the year	(54,382)
Other Comprehensive Loss	–
As at 31st March, 2019	**(12,202,810)**
Loss for the year	(40,367)
Other Comprehensive Loss	–
As at 31st March, 2020	**(12,243,176)**

See accompanying notes forming part of the financial statements

In terms of our report attached

For Giriraj Bang & Company
Chartered Accountants
Firm registration No.: 129434W

Giriraj Bang
Proprietor
Membership No.: 111840

Place : Mumbai
Date : 24th April, 2020

For and on behalf of Board of Directors

Feroze Baria
Director (DIN 03315262)

Ulhas Bhosale
Director (DIN 08217384)

Place : Mumbai
Date : 24th April, 2020

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate information

Mahindra Knowledge Park (Mohali) Limited ("the Company") is a public company incorporated in India on 11 July, 1994 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at Fortis Heart Institute, Sector 62 Mohali, Chandigarh, Punjab.

2. Significant Accounting Policies

2.1 Statement of compliance and Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (Rs.) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 24th April, 2020.

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Depreciation on assets (other than impaired assets) is calculated on straight line method at the rate of 11.31% p.a. which is based on useful life of about 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the Companies Act, 2013.

2.3 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement profit and loss.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first-in-first-out basis and includes overheads on absorption basis, where appropriate.

Financial assets and Liabilities

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of profit or loss.

2.6 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.6.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.6.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

2.7 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.7.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.7.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.7.1.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.8 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9.4 Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Note No. 4 - (a) Cash and cash equivalents

(Amount in ₹)

Particulars	As at 31st March 2020	As at 31st March 2019
(a) Balance with bank	**2,666**	2,666
Total Cash and cash equivalents	**2,666**	2,666

Note No. 5 - Other Current assets

(Amount in ₹)

Particulars	As at 31st March 2020	As at 31st March 2019
(a) Prepaid Expenses	**9,293**	–
Total Other Current assets	**9,293**	–

Note No. 6 - Equity Share Capital

Particulars	As at 31st March 2020		As at 31st March 2019	
	No. of shares	Amount in ₹	No. of shares	Amount in ₹
Authorised:				
Equity shares of ₹10 each with voting rights	**1,000,000**	**10,000,000**	1,000,000	10,000,000
Issued, Subscribed and Fully Paid:				
Equity shares of ₹10 each with voting rights	**13**	**130**	13	130
Total	**13**	**130**	13	130

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Closing Balance
(a) Equity Shares with Voting rights*			
Year Ended 31 March 2020			
No. of Shares	13	–	13
Amount	130	–	130
Year Ended 31 March 2019			
No. of Shares	13	–	13
Amount	130	–	130

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share.In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company.The Distribution will be in proportion to the amount paid up on equity shares held by the shareholders.

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	As at 31st March 2020 Number of shares held	% holding in that class of shares	As at 31st March 2019 Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Lifespace Developers Limited	**6**	**46.15%**	6	46.15%
Mr. A Vishwanth	**1**	**7.69**	1	7.69
Mr. Rajkumar Andley	**1**	**7.69**	1	7.69
Mr. Vivek Kejriwal	**1**	**7.69**	1	7.69
Mr. Pawan Kumar	**1**	**7.69**	1	7.69
Mr. Chandra Prakash Bhatia	**1**	**7.69**	1	7.69
Mr. Neerak Saroj	**1**	**7.69**	1	7.69
Mr. Alok Kumar Mishra	**1**	**7.69**	1	7.69

Note No. 7 - Other Equity

(Amount in ₹)

Particulars	Retained earnings	Total
As at 31st March, 2018	**(12,148,428)**	**(12,148,428)**
Loss for the period	(54,382)	(54,382)
Other Comprehensive Loss	–	–
As at 31st March, 2019	**(12,202,810)**	**(12,202,810)**
Loss for the period	(40,367)	(40,367)
Other Comprehensive Loss	–	–
As at 31st March, 2020	**(12,243,177)**	**(12,243,177)**

Note No. 8 - Non-Current Borrowings

(Amount in ₹)

Particulars	As at 31st March 2020	As at 31st March 2019
Measured at amortised cost		
A. Secured Borrowings:	**–**	–
Total Secured Borrowings	**–**	–
B. Unsecured Borrowings - at amortised Cost		
(a) Other Loans		
Redeemable preference share capital	**500,000**	500,000
Total Unsecured Borrowings	**500,000**	500,000
Total Borrowings	**500,000**	500,000

Note No. 9 - Trade Payables

(Amount in ₹)

Particulars	As at 31st March 2020	As at 31st March 2019
	Current	Current
Trade payable -total outstanding Dues of micro enterprises and small enterprises	–	–
Trade payable - Other than micro and small enterprises	11,755,006	11,693,546
Total trade payables	**11,755,006**	11,693,546

Note:

Based on the information available with the Company there are no outstanding in respect of Micro, Small and Medium Enterprises as of Balance Sheet date

Note No. 10 - Other current liabilities

(Amount in ₹)

Particulars	As at 31st March 2020	As at 31st March 2019
	Current	Current
a. Others		
Expenses Payable	–	11,800
Total Other Current Liabilities	–	11,800

Note No. 11 - Other Expenses

(Amount in ₹)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Professional charges........	26,429	44,882
(b) Stamp & Filing Fees	4,288	3,600
(c) Payments to auditors (including GST):		
(i) For audit........	5,900	5,900
(d) Miscellaneous expenses........	3,750	–
Total Other Expenses	**40,367**	54,382

Note No. 12 - Earnings per Share

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Net loss for the period........	(40,367)	(54,382)
(b) Nominal value per share........	10	10
(c) Weighted average number of equity shares (No.)........	13	13
(d) Basic/Diluted earning per share........	(3,105.12)	(4,183.23)

Note No. 13 - Related Party Transactions

Related party disclosures as required by IND AS 24 "Related Party Disclosures" are given below.

Enterprises Controlling the Company

1	Mahindra & Mahindra Limited	Ultimate Holding Company

Group Company

2	Mahindra Infrastructure Developers Limited

Particulars	For the year ended	Ultimate Holding Company	Holding Company	Group Company
Nature of transactions with Related Parties				
Paid to creditors outstanding balance	31-Mar-20	–	–	36,707
	31-Mar-19	–	–	63,238

Nature of Balances with Related Parties	Balances as on	Ultimate Holding Company	Holding Company	Group Company
Payables	31-Mar-20	859,205	–	158,706
	31-Mar-19	859,205	–	121,369

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
2. Related parties have been identified by the Management.

Note No. 14 - Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31st March 2020, 31st March 2019 is as follows:

	31-Mar-20	31-Mar-19
Debt (A)........	500,000	500,000
Equity (B)	(12,243,047)	(12,202,680)
Debt Ratio (A/B)........	**(0.04)**	(0.04)

Categories of financial assets and financial liabilities

As at 31st March 2020

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments........	–			–
Current Assets				
Other Bank Balances........	2,666			2,666
Non-current Liabilities				
Borrowings........	500,000			500,000
Current Liabilities				
Borrowings	–			–
Trade Payables	11,755,006			11,755,006

(Amount in ₹)

As at 31st March 2019

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	–			–
Current Assets				
Trade Receivables	–			–
Other Bank Balances	2,666			2,666
Non-current Liabilities				
Borrowings	500,000			500,000
Current Liabilities				
Trade Payables	11,693,546			11,693,546

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk list all such risks as applicable>. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

Credit risk arises when a counterparty defaults on its contractual obligations to pay, resulting in financial loss to the Company.

Credit risk related to financial instruments

Credit risk from balances with banks and financial institutions is managed by Treasury in accordance with the Company's policy. Investments of surplus funds are made only by investment them in mutual funds. Hence the company is not exposed to any credit risk in this respect.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	**INR**	**INR**	**INR**
Non-derivative financial liabilities				
31-Mar-20				
Trade Payable	**62,077**	**980,574**	**10,712,354**	**–**
Total	**62,077**	**980,574**	**10,712,354**	**–**
31-Mar-19				
Trade Payable	63,856	917,336	10,712,354	–
Total	**63,856**	**917,336**	**10,712,354**	**–**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated only in India Rupees and hence there is no risk of foreign exchnage fluctuations.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Note No. 15 - Fair Value Measurement

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying Value		**Fair value as at**	
Particulars	**31-Mar-20**	31-Mar-19	**31-Mar-20**	31-Mar-19
Financial assets				
Investments	**–**	–	**–**	–
Trade Receivables	**–**	–	**–**	–
Other Bank Balances	**2,666**	2,666	**2,666**	2,666
Total financial assets	**2,666**	2,666	**2,666**	2,666
Financial liabilities				
Trade Payable	**11,755,006**	11,693,546	**11,755,006**	11,693,546
Total financial liabilities	**11,755,006**	11,693,546	**11,755,006**	11,693,546

The management assessed that Investment in cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

Quantitative disclosures fair value measurement hierarchy for assets as at 31st March 2020: **(Amount in)**

	Date of Valuation	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets					
Assets measured at Fair Value:					
Investments		–	–	–	–
Trade Receivables		–	–	–	–
Other Bank Balances		–	2,666	–	2,666
Total		**–**	**2,666**	**–**	**2,666**
Financial liabilities					
Liabilities measured at fair value:					
Trade Payable		–	11,755,006	–	11,755,006
Total		**–**	**11,755,006**	**–**	**11,755,006**

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2019:

	Date of Valuation	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets					
Assets measured at Fair Value:					
Investments		–	–	–	–
Trade Receivables		–	–	–	–
Other Bank Balances		–	2,666	–	2,666
Total		**–**	**2,666**	**–**	**2,666**
Financial liabilities					
Liabilities measured at fair value:					
Trade Payable		–	11,693,546	–	11,693,546
Total		**–**	**11,693,546**	**–**	**11,693,546**

There have been no transfers between Level 1 and Level 2 during year ended 31 March 2020.

Note No. 16: Previous period's figures have been regrouped/reclassified wherever necessary to correspond with the current period's classification/disclosure.

In terms of our report attached

For Giriraj Bang & Company
Chartered Accountants
Firm registration No.: 129434W

Giriraj Bang
Proprietor
Membership No.: 111840

Place : Mumbai
Date : 24th April, 2020

For and on behalf of Board of Directors

Feroze Baria
Director (DIN 03315262)

Ulhas Bhosale
Director (DIN 08217384)

Place : Mumbai
Date : 24th April, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Deep Mangal Developers Private Limited

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of **M/s. Deep Mangal Developers Private Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2020 and the Statement of Profit and Loss and statement of cash flows for the year then ended, the Statement of Changes in Equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and its Loss and cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the standards on auditing (SAs) specified under Section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Information other than the financial statements and auditors' report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the financial statements

The Company's Board of Directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies

Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial statements;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
FRN: 117246W

Mukesh Maheshwari
Partner
Membership No. : 049818
UDIN:20049818AAAABK7513

Place: Mumbai
Date: 20.04.2020

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2020:

i. In respect of its fixed assets:

As per information provided by the Company to us, it does not have any fixed asset as on 31st March, 2020. Accordingly, paragraph 3 (i) of the Order is not applicable to the Company.

ii. In respect of its inventories:

A) The Company is having inventory and work in progress; and it is physically verified by its management at reasonable intervals.

B) Procedures adopted by the Company's management for physical verification of inventories are adequate and reasonable according to the size and nature of its business.

iii. Loan given by Company:

The Company has not granted secured or unsecured loans to Companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013.

iv. Loan to Directors and investment by company:

The Company has not given any loans, made any investment nor issued any guarantees and securities. Hence the provisions of section 185 and 186 of the Companies Act, 2013 are not applicable.

v. Deposits:

The Company has not accepted any deposits from the public within the meaning of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there-under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. Cost Records:

The maintenance of cost records as specified under subsection (1) of the section 148 of the Act are not applicable to the Company and hence relevant provisions of the Order is not applicable.

vii. Statutory Dues:

According to information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including income tax, Goods and Service Tax (GST), and other material statutory dues, as applicable, with the appropriate authorities and there are no outstanding as on the last day of the financial year concerned for a period of more than six months. The Company has no obligation under Provident Fund and Employee State Insurance Rules. Payment of Sales Tax, Wealth Tax, Customs and Excise duties and Value Added Tax is not applicable to the Company during the period of Audit period.

viii. Repayment of Loans:

According to the records of the company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of any loans. The Company has also not issued any debentures as at the balance sheet date.

ix. Utilisation of IPO & further public offer:

The Company has not raised any money by way of initial public offer or further public offer and no term loan was raised by the Company.

x. Reporting of Fraud:

During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance fraud by the Company or any fraud on the Company by its offices or employees, nor noticed or reported during the year.

xi. Approval of Managerial Remuneration:

According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the Audit Period. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.

xii. Nidhi Company:

The Company is not a Nidhi Company and so relevant clause is not applicable.

xiii. Related Party Transaction:

During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us all transactions with related parties have been disclosed in the financial statements.

xiv. Private Placements or Preferential Issues:

The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. Non – cash Transactions:

The Company has not entered into any non-cash transactions with directors or persons connected with any director of the Company.

xvi. Register under RBI Act 1934:

The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **R. Jaitlia and Co.**
Chartered Accountants
FRN 117246W

Mukesh Maheshwari
Partner
Membership No. : 049818
UDIN:20049818AAAABK7513

Place: Mumbai
Date: 20.04.2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF DEEP MANGAL DEVELOPERS PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Deep Mangal Developers Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
FRN: 117246W

Mukesh Maheshwari
Partner
Membership No. : 049818
UDIN:20049818AAAABK7513

Place: Mumbai
Date: 20.04.2020

BALANCE SHEET AS AT 31ST MARCH, 2020

(Amount in ₹)

	Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
I	**ASSETS**			
	Non-current assets			
	(a) Financial Assets			
	(i) Investments	4	**5,010**	5,010
	Total Non-current assets (I)		**5,010**	5,010
	Current assets			
	(a) Inventories	5	**25,551,561**	21,459,505
	(b) Financial Assets			
	(i) Cash and Cash Equivalents	6	**219,730**	77,052
	(c) Other Current Assets	7	**642,251**	–
	Total current assets (II)		**26,413,542**	21,536,557
	TOTAL ASSETS		**26,418,552**	21,541,567
II	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity Share Capital	8	**100,700**	100,700
	(b) Other Equity	9	**(3,772,052)**	(3,034,488)
	Total equity (III)		**(3,671,352)**	(2,933,788)
	Liabilities			
	Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	10	**10,968,583**	4,555,000
	(ii) Trade payables	11		
	– total outstanding dues of micro enterprises and small enterprises		**–**	–
	– total outstanding dues of trade payables other than micro enterprises and small enterprises		**18,271,367**	18,145,170
	(iii) Other Financial Liabilities	12	**602,779**	1,713,583
	(b) Other Current Liabilities	13	**247,175**	61,602
	Total current liabilities (IV)		**30,089,904**	24,475,355
	TOTAL		**26,418,552**	21,541,567

See accompanying notes forming part of the financial statements

In terms of our report attached.

For R Jaitalia & Co.
Chartered Accountants
Firm Registration No:117246W

Mukesh Maheshwari
Partner
Membership No:49818

Place: Mumbai
Date: 20th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Suhas Kulkarni
Director (DIN-00003936)

Place: Mumbai
Date: 20th April 2020

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2020

(Amount in ₹)

	Particulars	Note No.	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
I	Revenue from operations		–	–
II	Other Income		–	–
III	**Total Revenue (I + II)**		–	–
IV	**EXPENSES**			
	(a) Finance cost	14	**669,758**	391,010
	(b) Other expenses	15	**67,807**	966,401
	Total Expenses (IV)		**737,565**	1,357,411
	Loss before tax (III-IV)		**(737,565)**	(1,357,411)
V	**Loss for the period (IV)**		**(737,565)**	(1,357,411)
VI	**Other comprehensive income**		–	–
VII	**Total comprehensive income for the period (V +VI)**		**(737,565)**	(1,357,411)
VIII	**Earnings per equity share**			
	Basic/Diluted	16	**(732.44)**	(1,347.98)

See accompanying notes forming part of the financial statements.

In terms of our report attached.

For R Jaitalia & Co.
Chartered Accountants
Firm Registration No:117246W

Mukesh Maheshwari
Partner
Membership No:49818

Place: Mumbai
Date: 20th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Suhas Kulkarni
Director (DIN-00003936)

Place: Mumbai
Date: 20th April 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in ₹)

Particulars	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
Cash flows from operating activities		
Profit before tax for the year	**(737,565)**	(1,357,411)
Adjustments for:		
Movements in working capital:		
(Increase)/decrease in inventories	**(4,092,056)**	–
(Increase)/decrease in other assets	**(642,251)**	–
Increase in trade and other payables	**126,197**	–
(Decrease)/increase in other liabilities	**(925,231)**	1,333,825
Net cash generated by operating activities	**6,270,905**	(23,586)
Cash flows from investing activities		
Net cash (used in)/generated by investing activities	**–**	–
Cash flows from financing activities	**–**	–
Proceeds from borrowings	**6,413,583**	–
Net cash used in financing activities	**6,413,583**	–
Net increase in cash and cash equivalents	**142,678**	(23,586)
Cash and cash equivalents at the beginning of the year	**77,052**	100,638
	219,730	77,052
Cash and cash equivalents at the end of the year	**219,730**	77,052

See accompanying notes forming part of the financial statements

In terms of our report attached.

For R Jaitalia & Co.
Chartered Accountants
Firm Registration No:117246W

Mukesh Maheshwari
Partner
Membership No:49818

Place: Mumbai
Date: 20th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Suhas Kulkarni
Director (DIN-00003936)

Place: Mumbai
Date: 20th April 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity Share Capital

	(Amount in ₹)
As at 31st March, 2018	**100,700**
Changes in equity share capital during the year	–
As at 31st March, 2019	**100,700**
Changes in equity share capital during the year	–
As at 31st March, 2020	**100,700**

a. Equity share capital

	Equity share capital (no. of shares)
Balance at 31st March, 2018	**1,007**
Changes in equity share capital during the year	–
Issue of equity shares	
Balance at 31st March, 2019	**1,007**
Changes in equity share capital during the year	
Issue of equity shares	–
Balance at 31st March, 2020	**1,007**

Other equity

Particulars	**Retained earnings**
Balance at 31st March, 2018	**(1,677,077)**
Profit/(Loss) for the year	(1,357,411)
Other comprehensive income	–
Total comprehensive income	(1,357,411)
Balance at 31st March, 2019	**(3,034,488)**
Profit/(Loss) for the year	(737,565)
Other comprehensive income	–
Total comprehensive income	(737,565)
Balance at 31st March, 2020	**(3,772,052)**

See accompanying notes forming part of the financial statements

In terms of our report attached.

For R Jaitalia & Co.
Chartered Accountants
Firm Registration No:117246W

Mukesh Maheshwari
Partner
Membership No:49818

Place: Mumbai
Date: 20th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Suhas Kulkarni
Director (DIN-00003936)

Place: Mumbai
Date: 20th April 2020

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate information

Deep Mangal Developers Private Limited ("the Company") is a public company incorporated in India on 25 May, 1989 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

2. Significant Accounting Policies

2.1 Statement of compliance and Basis of preparation and presentation

The Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provision of the act. The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in the meeting held on 20th April, 2020.

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Depreciation on assets (other than impaired assets) is calculated on straight line method at the rate of 11.31% p.a. which is based on useful life of about 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the Companies Act, 2013.

2.3 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement profit and loss.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first-in-first-out basis and includes overheads on absorption basis, where appropriate.

Financial assets and Liabilities

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of profit or loss.

2.6 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.6.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.6.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

2.7 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.7.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.7.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.7.1.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.8 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9.4 Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/ (loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Note No. 4 - Investments

Particulars	Face Value (₹)	As at 31st March, 2020 N0s.	As at 31st March, 2020 Amount in ₹	As at 31st March, 2019 Nos.	As at 31st March, 2019 Amount in ₹
A. Investments carried at cost or deemed cost					
I. Unquoted Investments (all fully paid)					
Investments in Preference shares					
- of associate					
7% Non-cumulative redeemable participating optionally convertible preference shares in Moonshine Construction Private Limited	**10**	**500**	**5,000**	500	5,000
Moonshine Construction Private Limited	**10**	**1**	**10**	1	10
TOTAL INVESTMENTS			**5,010**		5,010

Note No. 5 - Inventories

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
a) Work-in-progress	**25,551,561**	21,459,505
Total Inventories (at lower of cost and net realisable value)	**25,551,561**	21,459,505

Statement of changes in Inventory

Particulars	As at 31st March, 2020	As at 31st March, 2019
Opening inventory (WIP)	**21,459,505**	21,459,505
Additions during the year:		
Survey fees	**2,924,500**	–
Government fees	**524,000**	–
Legal expenses	**643,556**	–
Closing Inventory (WIP)	**25,551,561**	21,459,505

Note No. 6 - Cash and Bank Balances

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents		
a) Balances with banks	**219,730**	77,052
Total Cash and cash equivalent	**219,730**	77,052

Note No. 7 - Other Current Assets

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) GST Input Tax Credit	**526,410**	–
(b) GST Reverse charge	**115,841**	–
Total Other Current Assets	**642,251**	–

Note No. 8 - Equity Share Capital

Particulars	As at 31st March, 2020 Number of shares	As at 31st March, 2020 ₹	As at 31st March, 2019 Number of shares	As at 31st March, 2019 ₹
(a) Authorised				
Equity shares of ₹ 100 each with voting rights	**5,000**	**500,000**	5,000	500,000
	5,000	**500,000**	5,000	500,000
(b) Issued, subscribed and fully paid-up shares				
Equity shares of ₹ 100 each	**1,007**	**100,700**	1,007	100,700
	1,007	**100,700**	1,007	100,700

Notes (i) to (iv) below

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March, 2020 Number of shares	As at 31st March, 2020 ₹	As at 31st March, 2019 Number of shares	As at 31st March, 2019 ₹
Opening balance	**1,007**	**100,700**	1,007	100,700
Add: Issued during the year	**–**	**–**	–	–
Closing balance	**1,007**	**100,700**	1,007	100,700

The company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

(ii) Terms/rights attached to equity shares:

The Company is having only one class of equity shares having par value of ₹ 10 each. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the amount paid up on equity shares held by the shareholders.

(iii) Details of shares held by the holding company:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Mahindra Lifespace Developers Limited, the holding company	**177**	177

(iv) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	% holding	Number of shares	% holding
Mahindra Lifespace Developers Limited the holding company,	**177**	**17.58%**	177	17.58%
Mahindra World City (Maharashtra) Limited	**830**	**82.42%**	830	82.42%

Note No. 9 - Other Equity

(Amount in ₹)

Particulars	Retained earnings	Total
Balance at 31st March, 2018	**(1,677,077)**	**(1,677,077)**
Profit/(Loss) for the year	(1,357,411)	(1,357,411)
Other comprehensive income	–	–
Total comprehensive income	(1,357,411)	(1,357,411)
Balance at 31st March, 2019	**(3,034,488)**	**(3,034,488)**
Profit/(Loss) for the year	(737,565)	(737,565)
Other comprehensive income	–	–
Total comprehensive income	(737,565)	(737,565)
Balance at 31st March 2020	**(3,772,052)**	**(3,772,052)**

Note No. 10 - Current Borrowings

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
A. Unsecured Borrowings		
(i) Loans from related parties*	**10,963,583**	4,550,000
(ii) Deposits	**5,000**	5,000
Total Unsecured Borrowings	**10,968,583**	4,555,000
Total Current Borrowings	**10,968,583**	4,555,000

* The Unsecured Inter Corporate Deposit taken from Mahindra Lifespace Developers Limited @ 9.20% p.a

Note No. 11 - Trade Payables

(Amount in ₹)

Particulars	As at 31st March, 2020 Current	As at 31st March, 2019 Current
Trade payable -total outstanding Dues of micro enterprises and small enterprises	–	–
Trade payable - Other than micro and small enterprises	**18,271,367**	18,145,170
Total Trade Payables	**18,271,367**	18,145,170

Based on the information available with the Company there are no outstanding in respect of Micro, Small and Medium Enterprises as of Balance Sheet date

Note No. 12 - Other Financial Liabilities

(Amount in ₹)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Other Financial Liabilities Measured at Amortised Cost		
Current		
(i) Interest accrued but not due on Borrowings	**602,779**	1,713,583
Total other financial liabilities	**602,779**	1,361,675

Note No. 13 - Other Liabilities

(Amount in ₹)

Particulars	As at 31st March, 2020 Current	As at 31st March, 2019 Current
a. Statutory dues		
– taxes payable (other than income taxes)	**247,175**	39,102
b. Other Current Liablities	**–**	22,500
Total Other Liabilities	**247,175**	61,602

Note No. 14 - Finance Cost

(Amount in ₹)

Particulars	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
(a) Interest expense	**669,758**	391,010
Total finance cost	**669,758**	391,010

Note No. 15 - Other Expenses

(Amount in ₹)

Particulars	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
(a) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**15,340**	15,340
(b) Other expenses		
(i) Legal and other professional costs	**35,140**	945,789
(ii) Others	**17,327**	5,272
Total Other Expenses	**67,807**	966,401

Note No. 16 - Earnings Per Share

Particulars	For the Year ended 31st March, 2020	For the Year ended 31st March, 2019
(a) Net loss for the period	**(737,565)**	(1,357,411)
(b) Nominal value per share	**10**	10
(c) Weighted average number of equity shares (No.)	**1,007**	1,007
(d) Basic/Diluted earning per share	**(732.44)**	(1,347.98)

Note No. 17 - Related Party Transactions

Related party disclosures as required by Ind As 24 "Related Party Disclosures" are given below.

Enterprises Controlling the Company

1	Mahindra & Mahindra Limited	Ultimate Holding Company
2	Mahindra Lifespace Developers Limited	Holding Company

Particulars	For the year ended	Ultimate Holding Company	Holding Company
Nature of transactions with Related Parties			
Inter Corproate Deposits received	31-Mar-20	–	6,413,583
	31-Mar-19	–	1,000,000
Interest on ICD	31-Mar-20	–	669,758
	31-Mar-19	–	391,010

Nature of Balances with Related Parties	Balances as on	Ultimate Holding Company	Holding Company
Payables (ICD and Interest on ICD)	31-Mar-20	–	11,566,362
	31-Mar-19	–	6,263,583
Other payables	31-Mar-20	–	18,059,592
	31-Mar-19	–	18,059,592

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
2. Related parties have been identified by the Management.

Note No. 18

The accounts of the Company for the year ended 31st March, 2020 have been prepared on the basis of going concern.

Note No. 19 - Financial Instruments

[I] Capital management

The Company's capital management objectives is to ensure the Company's ability to continue as a going concern

The capital structure of the Company consists of equity.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

[II] Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primary trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

(i) Financial instruments and cash deposits:

Credit risk from balances with banks is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with bank.

B) LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

(Amount in ₹)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above	Total	Carrying Value
Non-derivative financial liabilities						
31st March, 2020						
Other financial laibilities	**602,779**	**–**	**–**	**–**	**602,779**	**602,779**
Total	**602,779**	**–**	**–**	**–**	**602,779**	**602,779**
31st March, 2019						
Other financial liabilities	351,908	1,361,675	–	–	1,713,583	1,713,583
Total	**351,908**	**1,361,675**	**–**	**–**	**1,713,583**	**1,713,583**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amount in ₹)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above	Total	Carrying Value
Non-derivative financial assets						
31st March, 2020						
Non interest rate bearing	**219,730**	**–**	**–**	**–**	**219,730**	**219,730**
Fixed interest rate bearing	**–**	**–**	**–**	**–**	**–**	**–**
Total	**219,730**	**–**	**–**	**–**	**219,730**	**219,730**
31st March, 2019						
Non interest rate bearing	77,052	–	–	–	77,052	77,052
Fixed interest rate bearing	–	–	–	–	–	–
Total	**77,052**	**–**	**–**	**–**	**77,052**	77,052

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

(i) Currency Risk

The Company undertakes transactions denominated only in Indian Rupees and hence, there is no risk of foreign exchnage fluctuations.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have significant exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have significant other price risk.

Note No. 20 - Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 Inputs:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 Inputs:

Level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval
- implied volatilities
- credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 Inputs:

Level 3 inputs inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

(Amount in ₹)

Financial assets/financial liabilities	Fair value hierarchy as at 31st March, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	219,730	–	219,730
(ii) Other financial assets	–	5,010	–	5,010
Total	**–**	**224,740**	**–**	**224,740**
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Borrowings	–	10,968,583	–	10,968,583
(ii) Trade payables	–	18,271,367	–	18,271,367
(iii) Other Financial Liabilities	–	602,779	–	602,779
Total	**–**	**29,842,729**	**–**	**29,842,729**

(Amount in ₹)

Financial assets/financial liabilities	Fair value hierarchy as at 31st March, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	77,052	–	100,638
(ii) Other financial assets	–	5,010	–	5,010
Total	**–**	**82,062**	**–**	**105,648**
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Borrowings	–	4,555,000	–	4,555,000
(ii) Trade payables	–	18,145,170	–	18,145,170
(iii) Other Financial Liabilities	–	1,713,583	–	1,713,583
Total	**–**	**24,413,753**	**–**	**24,413,753**

In terms of our report attached.

For R Jaitalia & Co.
Chartered Accountants
Firm Registration No:117246W

Mukesh Maheshwari
Partner
Membership No:49818

Place: Mumbai
Date: 20th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Suhas Kulkarni
Director (DIN-00003936)

Place: Mumbai
Date: 20th April 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
MOONSHINE CONSTRUCTION PRIVATE LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of **M/s. Moonshine Construction Private Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2020 and the Statement of Profit and Loss and statement of cash flows for the year then ended, the Statement of Changes in Equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and its Loss and cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the standards on auditing (SAs) specified under Section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Information other than the financial statements and auditors' report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the financial statements

The Company's Board of Directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report

expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
FRN: 117246W

Mukesh Maheshwari
Partner
Membership No.: 049818
UDIN: 20049818AAAABN4833

Place: Mumbai
Date: 27.04.2020

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

   Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2020:

i. In respect of its fixed assets:

As per information provided by the Company to us, it does not have any fixed assets. Accordingly, paragraph 3 (i) of the Order is not applicable to the Company.

ii. In respect of its inventories:

The Company does not have inventory. Accordingly, clause 3(ii) of the Order is not applicable.

iii. Loan given by Company:

The Company has not granted secured or unsecured loans to Companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013.

iv. Loan to Directors and investment by company:

The Company has not given any loans, made any investment nor issued any guarantees and securities. Hence the provisions of section 185 and 186 of the Companies Act, 2013 are not applicable.

v. Deposits:

The Company has not accepted any deposits from the public within the meaning of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there-under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. Cost Records:

The maintenance of cost records as specified under subsection (1) of the section 148 of the Act are not applicable to the Company and hence relevant provisions of the Order is not applicable.

vii. Statutory Dues:

According to information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including income tax, Goods and Service Tax (GST), and other material statutory dues, as applicable, with the appropriate authorities and there are no outstanding as on the last day of the financial year concerned for a period of more than six months. The Company has no obligation under Provident Fund and Employee State Insurance Rules. Payment of Sales Tax, Wealth Tax, Customs and Excise duties and Value Added Tax is not applicable to the Company during the period of Audit period.

viii. Repayment of Loans:

According to the records of the company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of any loans. The Company has also not issued any debentures as at the balance sheet date.

ix. Utilisation of IPO & further public offer:

The Company has not raised any money by way of initial public offer or further public offer and no term loan was raised by the Company.

x. Reporting of Fraud:

During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance fraud by the Company or any fraud on the Company by its offices or employees, nor noticed or reported during the year.

xi. Approval of Managerial Remuneration:

According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the Audit Period. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.

xii. Nidhi Company:

The Company is not a Nidhi Company and so relevant clause is not applicable.

xiii. Related Party Transaction:

During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us all transactions with related parties have been disclosed in the financial statements.

xiv. Private Placements or Preferential Issues:

The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. Non – cash Transactions:

The Company has not entered into any non-cash transactions with directors or persons connected with any director of the Company.

xvi. Register under RBI Act 1934:

The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
FRN 117246W

Mukesh Maheshwari
Partner
Membership No.: 049818
UDIN: 20049818AAAABN4833

Place: Mumbai
Date: 27.04.2020

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MOONSHINE CONSTRUCTION PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **Moonshine Construction Private Limited** (“the Company”) as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
FRN: 117246W

Mukesh Maheshwari
Partner
Membership No.: 049818
UDIN: 20049818AAAABN4833

Place: Mumbai
Date: 27.04.2020

BALANCE SHEET FOR THE PERIOD ENDED 31ST MARCH 2020

(Amount in ₹)

	Note No.	As at 31st March 2020	As at 31st March 2019
I ASSETS			
NON-CURRENT ASSETS			
(a) Financial Assets			
(i) Investments	4	**25,000**	25,000
Total Non-Current Assets (I)		**25,000**	25,000
CURRENT ASSETS			
(a) Financial Assets			
(i) Cash and Cash Equivalents	5	**46,804**	4,771
(ii) Bank balances other than (i) above	5	**–**	73,447
(b) Other Current Assets	6	**9,293**	447
Total Current Assets (II)		**56,097**	78,665
Total Assets [(I)+(II)]		**81,097**	103,665
II EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	7	**210**	210
(b) Other Equity	8	**(3,130,054)**	(3,073,682)
Total equity (III)		**(3,129,844)**	(3,073,472)
LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	9	**99,790**	99,790
Total Non-current liabilities (IV)		**99,790**	99,790
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	10	**2,665,000**	2,665,000
(ii) Trade Payables	11		
– total outstanding dues of micro enterprises and small enterprises		**–**	–
– total outstanding dues of trade payables other than micro enterprises and small enterprises		**404,063**	381,484
(iii) Other Financial Liabilities	12	**40,686**	28,063
(b) Other Current Liabilities	13	**1,402**	2,800
Total current liabilities (V)		**3,111,151**	3,077,347
Total equity and liabilities [(III)+(IV)+(V)]		**81,097**	103,665

See accompanying notes forming part of the financial statements.

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants
Firm Registration No: 117246W

Mukesh Maheshwari
Partner
Membership No: 49818

Place: Mumbai
Date: 27th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Vinay Mohan Srivastva
Director (DIN-01172665)

Place: Mumbai
Date: 27th April 2020

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH 2020

(Amount in ₹)

	Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
	Continuing Operations			
I	Revenue from operations		–	–
II	Other Income	14	**1,684**	3,434
III	**Total Revenue (I + II)**		**1,684**	3,434
IV	**EXPENSES**			
	(i) Finance cost	15	**14,025**	16,682
	(ii) Other expenses	16	**44,032**	60,696
	Total Expenses (III-IV)		**58,057**	77,378
V	**Loss for the period (IV)**		**(56,373)**	(73,944)
VI	**Loss before tax**		**(56,373)**	(73,944)
VII	**Other comprehensive income**		**–**	–
VIII	**Total comprehensive income for the period (VI + VII)**		**(56,373)**	(73,944)
IX	**Earnings per equity share (from continuing and discontinued operations):**			
	Basic/Diluted	17	**(2,684.40)**	(3,521.12)

See accompanying notes forming part of the financial statements.

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants
Firm Registration No: 117246W

Mukesh Maheshwari
Partner
Membership No: 49818

Place: Mumbai
Date: 27th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Vinay Mohan Srivastva
Director (DIN-01172665)

Place: Mumbai
Date: 27th April 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

(Amount in ₹)

Particulars	As at 31st March 2020	As at 31st March 2019
Cash flows from operating activities		
Profit before tax for the year	**(56,373)**	(73,944)
Adjustments for:		
Investment income recognised in profit or loss	**(1,684)**	(3,434)
	(58,057)	(77,378)
Movements in working capital:		
(Increase)/decrease in other assets	**64,602**	(3,434)
(Decrease)/increase in other liabilities	**33,804**	(13,007)
Net cash generated by operating activities	**40,349**	(93,819)
Cash flows from investing activities		
Interest received	**1,684**	3,434
Net cash (used in)/generated by investing activities	**1,684**	3,434
Net increase in cash and cash equivalents	**42,033**	(90,385)
Cash and cash equivalents at the beginning of the year	**4,771**	95,156
	46,804	4,771
Cash and cash equivalents at the end of the year	**46,804**	4,771

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants
Firm Registration No: 117246W

Mukesh Maheshwari
Partner
Membership No: 49818

Place: Mumbai
Date: 27th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Vinay Mohan Srivastva
Director (DIN-01172665)

Place: Mumbai
Date: 27th April 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2020

A. Equity Share Capital

As at 1 April, 2018	210
Changes in equity share capital during the year	–
As at 31 March, 2019	210
Changes in equity share capital during the year	–
As at 31 March, 2020	**210**

a. Equity share capital

	Equity share capital (no of shares)
Balance at 31 March, 2018	21
Changes in equity share capital during the year	
Issue of equity shares	–
Balance at 31 March, 2019	21
Changes in equity share capital during the year	
Issue of equity shares	–
Balance at 31 March, 2020	21

Particulars	**Retained earnings**
Balance at 31 March, 2018	**(2,999,738)**
Profit/(Loss) for the period	(73,944)
Other comprehensive income	–
Total comprehensive income	(73,944)
Balance at 31 March, 2019	**(3,073,682)**
Profit/(Loss) for the period	(56,373)
Other comprehensive income	**–**
Total comprehensive income	(56,373)
Balance at 31 March, 2020	**(3,130,054)**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants
Firm Registration No: 117246W

Mukesh Maheshwari
Partner
Membership No: 49818

Place: Mumbai
Date: 27th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Vinay Mohan Srivastva
Director (DIN-01172665)

Place: Mumbai
Date: 27th April 2020

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate information

Moonshine Construction Private Limited ("the Company") is a private limited company incorporated in India on 16 May, 1996 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

2. Significant Accounting Policies

2.1 Statement of compliance and Basis of preparation and presentation

The Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provision of the act. The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in the meeting held on 27th April, 2020.

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Depreciation on assets (other than impaired assets) is calculated on straight line method at the rate of 11.31% p.a. which is based on useful life of about 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the Companies Act, 2013.

2.3 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement profit and loss.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first-in-first-out basis and includes overheads on absorption basis, where appropriate.

Financial assets and Liabilities

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of profit or loss.

2.6 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.6.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.6.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

2.7 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.7.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.7.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.7.1.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.8 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9.4 Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/ (loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 4 - Investments

Particulars	Face Value (₹)	As at 31st March 2020 Nos.	Amount in ₹	As at 31st March 2019 Nos.	Amount in ₹
A. Investments carried at cost or deemed cost					
Investments in Preference shares					
Preference shares - Mahindra World City Maharashtra Limited	10	**2,500**	**25,000**	2,500	25,000
Total Investments (A)			**25,000**		25,000

Note No. 5 - Cash and Bank Balances

(Amount in ₹)

Particulars	As at 31st March 2020	As at 31st March 2019
Cash and cash equivalents		
(a) Balances with banks	**46,804**	4,771
Total Cash and cash equivalent	**46,804**	4,771
Other Bank Balances		
(b) Balances with Banks:		
(i) In deposit accounts	**–**	73,447
Total Other Bank balances	**–**	73,447
Total Other Bank balances	**46,804**	78,218

Note No. 6 - Other assets

(Amount in ₹)

Particulars	As at 31st March 2020 Current	As at 31st March 2019 Current
(a) Advances other than capital advances		
(i) Interest accrued but not due on term deposit accounts	**–**	447
(ii) Prepaid expenses	**9,293**	
	9,293	447

Note No. 7 - Equity share capital

Particulars	As at 31st March 2020 Number of shares	₹	As at 31st March 2019 Number of shares	₹
(a) Authorised				
Equity shares of ₹ 10 each with voting rights	**21**	**210**	21	210
	21	**210**	21	210
(b) Issued, subscribed and fully paid-up shares				
Equity shares of ₹ 10 each	**21**	**210**	21	210
	21	**210**	21	210

Notes (i) to (iv) below

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March 2020 Number of shares	₹	As at 31st March 2019 Number of shares	₹
Opening balance	**21**	**210**	21	210
Add: Issued during the year	**–**	**–**	–	–
Closing balance	**21**	**210**	21	210

The company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

(ii) Terms/rights attached to equity shares:

The Company is having only one class of equity shares having par value of ₹ 10 each. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the amount paid up on equity shares held by the shareholders.

(iii) Details of shares held by:

Particulars	As at 31st March 2020	As at 31st March 2019
Mahindra World City Maharashtra Limited	**20**	20

(iv) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31st March 2020 Number of shares	% holding	As at 31st March 2019 Number of shares	% holding
Mahindra World City Maharashtra Limited	**20**	**95.24%**	20	95.24%

Note No. 8 - Other equity

(Amount in ₹)

Particulars	Retained earnings	Total
Balance at 31st March, 2018	**(2,999,738)**	**(2,999,738)**
Profit/(Loss) for the period	(73,944)	(73,944)
Other comprehensive income	**–**	**–**
Total comprehensive income	(73,944)	(73,944)

(Amount in ₹)

Particulars	Retained earnings	Total
Balance at 31st March, 2019	**(3,073,682)**	**(3,073,682)**
Profit/(Loss) for the period	(56,373)	(56,373)
Other comprehensive income	–	–
Total comprehensive income	(56,373)	(56,373)
Balance at 31st March, 2020	**(3,130,054)**	**(3,130,054)**

Note No. 9 - Non-Current Borrowings

(Amount in ₹)

Particulars	As at 31st March 2020	As at 31st March 2019
Measured at amortised cost*		
A. Unsecured Borrowings - at amortised Cost		
(i) Other Loans		
Redeemable preference share capital	**99,790**	99,790
Total Unsecured Borrowings	**99,790**	99,790
Total Borrowings	**99,790**	99,790

Note No. 10 - Current Borrowings

(Amount in ₹)

Particulars	As at 31st March 2020	As at 31st March 2019
A. Unsecured Borrowings		
(i) Loans from related parties*	**150,000**	150,000
(ii) Loans from others	**2,515,000**	2,515,000
Total Unsecured Borrowings	**2,665,000**	2,665,000
Total Current Borrowings	**2,665,000**	2,665,000

*The Unsecured Inter Corporate Deposit taken from Mahindra Lifespace Developers Limited @ 9.20% p.a

Note No. 11 - Trade Payables

(Amount in ₹)

Particulars	As at 31st March 2020	As at 31st March 2019
– Trade payable -total outstanding Dues of micro enterprises and small enterprises	**–**	–
– Trade payable - Other than micro and small enterprises	**404,063**	381,484
Total Trade Payables	**404,063**	381,484

Note:

Based on the information available with the Company there are no outstanding in respect of Micro, Small and Medium Enterprises as of Balance Sheet date

Note No. 12 - Other current liabilities

(Amount in ₹)

Particulars	As at 31st March 2020	As at 31st March 2019
Current		
(a) Interest accrued but not due on Inter Corporate Deposit	**40,686**	28,063
Total Other Current Liabilities	**40,686**	28,063

Note No. 13 - Other Financial Liabilities

(Amount in ₹)

Particulars	As at 31st March 2020	As at 31st March 2019
a. Others		
Statutory remittances (withholding taxes, service tax, etc.)	**1,402**	2,800
Total Other Financial Liabilities	**1,402**	2,800

Note No. 14 - Other Income

(Amount in ₹)

Particulars	As at 31st March 2020	As at 31st March 2019
(a) Interest Income		
(i) Interest on Bank Deposits	**1,684**	3,434
Total Other Income	**1,684**	3,434

Note No. 15 - Finance Cost

(Amount in ₹)

Particulars	As at 31st March 2020	As at 31st March 2019
(a) Interest expense	**14,025**	16,682
Total Finance Cost	**14,025**	16,682

Note No. 16 - Other Expenses

(Amount in ₹)

Particulars	As at 31st March 2020	As at 31st March 2019
(a) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**15,340**	15,340
(b) Other expenses		
(i) Legal and other professional costs	**21,329**	40,996
(ii) Others	**7,363**	4,360
Total Other Expenses	**44,032**	60,696

Note No. 17 - Earnings per Share

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Net loss for the period	**(56,373)**	(73,944)
(b) Nominal value per share	**10**	10
(c) Weighted average number of equity shares (No.)	**21**	21
(d) Basic/Diluted earning per share	**(2,684.40)**	(3,521.12)

Note No. 18 - Related Party Transactions

Related party disclosures as required by Ind As 24 "Related Party Disclosures" are given below.

Enterprises Controlling the Company

(Amount in ₹)

1	**Mahindra Lifespace Developers Limited**	**Holding Company**

Particulars	For the year ended	Holding Company
Nature of transactions with Related Parties		
Interest on ICD	31-Mar-20	**14,025**
	31-Mar-19	15,301
Nature of Balances with Related Parties	**Balances as on**	**Holding Company**
Payables (ICD and Interest on ICD)	31-Mar-20	**190,686**
	31-Mar-19	178,063

Notes:

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
2. Related parties have been identified by the Management.

Note No. 19 - The accounts of the Company for the year ended 31 March, 2020 have been prepared on the basis of going concern.

Note No. 20 - Financial Instruments

[I] Capital management

The Company's capital management objectives is to ensure the Company's ability to continue as a going concern.

The capital structure of the Company consists of equity.

The Company does not have any borrowings.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

[II] Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primary trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

(i) Trade receivables

Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date and the Company measures the loss allowances at an amount equal to lifetime expected credit lossess. The Company does not hold collateral as security.

(ii) Financial instruments and cash deposits:

Credit risk from balances with banks is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with bank.

(B) LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

(Amount in ₹)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above	Total	Carrying Value
Non-derivative financial						
31-Mar-20						
Trade Payable	**37,919**	**366,144**	**–**	**–**	**404,063**	**404,063**
Total	**37,919**	**366,144**	**–**	**–**	**404,063**	**404,063**
31-Mar-19						
Trade Payable	27,670	353,814	–	–	381,484	381,484
Total	**27,670**	**353,814**	**–**	**–**	**381,484**	**381,484**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amount in ₹)

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 years and above	Total	Carrying amount
Non-derivative financial assets						
31st March, 2020						
Non interest rate bearing	**46,804**	**–**	**–**	**–**	**46,804**	**46,804**
Fixed interest rate bearing	**–**	**–**	**–**	**–**	**–**	**–**
Total	**46,804**	**–**	**–**	**–**	**46,804**	**46,804**
31st March, 2019						
Non interest rate bearing	4,771	–	–	–	4,771	4,771
Fixed interest rate bearing	73,447	**–**	**–**	**–**	73,447	73,447
Total	**78,218**	**–**	**–**	**–**	**78,218**	**78,218**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

(i) Currency Risk

The Company undertakes transactions denominated only in Indian Rupees and hence, there is no risk of foreign exchange fluctuations.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have significant exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have significant other price risk.

Note No. 21 - Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 Inputs:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 Inputs:

Level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval
- implied volatilities
- credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 Inputs:

Level 3 inputs inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

(Amount in ₹)

Financial assets/financial liabilities	Fair value hierarchy as at 31st March 2020 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	46,804	–	46,804
(ii) Other bank balances	–	–	–	–
Total	–	46,804	–	46,804
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Non Current Borrowings	–	99,790	–	99,790
(ii) Current Borrowings	–	26,65,000	–	26,65,000
(iii) Trade payables	–	4,04,063	–	4,04,063
(iv) Other Financial Liabilities	–	40,686	–	40,686
Total	–	32,09,539	–	32,09,539

(Amount in ₹)

Financial assets/financial liabilities	Fair value hierarchy as at 31st March 2019 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	4,771	–	4,771
(ii) Other bank balances	–	73,447	–	73,447
Total	–	78,218	–	78,218
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Non Current Borrowings	–	99,790	–	99,790
(ii) Current Borrowings	–	26,65,000	–	26,65,000
(iii) Trade payables	–	3,81,484	–	3,81,484
(iv) Other Financial Liabilities	–	28,063	–	28,063
Total	–	31,74,337	–	31,74,337

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants
Firm Registration No: 117246W

Mukesh Maheshwari
Partner
Membership No: 49818

Place: Mumbai
Date: 27th April 2020

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Vinay Mohan Srivastva
Director (DIN-01172665)

Place: Mumbai
Date: 27th April 2020

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAHINDRA CONSULTING ENGINEERS LIMITED

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS financial statements of **MAHINDRA CONSULTING ENGINEERS LIMITED** ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2020, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year ended on that date, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (herein after referred to as "the Standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. Weare independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountantsof India ("ICAI") togetherwith the ethical requirements that are relevant to our audit of the Standalone Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriateto provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information at the date of this Auditor's Report comprises the information included in the Director's Report including annexures, but does not include the Standalone Ind AS financial statements and our auditor's report thereon.

- Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing specified under Section 143 (10) of the Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("CARO 2016" / "Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive income, Standalone Statement of Changes in Equity, and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the Directors as on March 31, 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.

h) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements. (Refer Note 33 to the Ind AS financial statements).

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co**
Chartered Accountants
(Firm’s Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN: 20204764AAAABB7933

Place: Chennai
Date: May 06, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **MAHINDRA CONSULTING ENGINEERS LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls over Financial Reporting

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co**
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN: 20204764AAAABB7933

Place: Chennai
Date: May 06, 2020

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its fixed assets (property, plant and equipment / PPE)

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of PPE.

(b) Most of the PPE were physically verified during the year by the Management in accordance with a regular programme of verification, which, in our opinion, provides for physical verification of all the PPE at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of CARO 2016 is not applicable.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of CARO 2016 is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 and hence reporting under clause (iii) of CARO 2016 is not applicable.

(iv) The Company has not granted any loans or provided guarantees and hence compliance of Sections 185 and 186 is not applicable. In our opinion and according to the information and explanation given to us, the Company has not made any investments or given guarantees or securities during the year.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. There were no unclaimed deposits outstanding anytime during the year.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi), Maintenance of Cost records of the CARO 2016 is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of Income tax which has not been deposited as on March 31, 2020, on account of disputes is given below:

Nature of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Unpaid (Rs.)
Income Tax Act	Income Tax	Income tax Appellate Tribunal	AY 1997-98	2,628,231

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from government and financial institutions and has not issued any debentures

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of CARO 2016 is not applicable.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such cases by the Management.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of CARO 2016 is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Ind AS financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or subsidiary company or persons connected with them and hence provisions of Section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B. K. Khare & Co**
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN: 20204764AAAABB7933

Place: Chennai
Date: May 06, 2020

STANDALONE BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Note No	As at 31-Mar-20	In Rupees As at 31-Mar-19
I. Assets			
1 Non-current assets			
(a) Property, plant and equipment	4(i)	**37,19,861**	42,20,829
(b) Intangible assets	4(ii)	**–**	–
(c) Financial assets			
(i) Investments	5	**1**	1
(ii) Other financial assets	6	**14,12,649**	4,40,000
(d) Other non-current assets	7	**2,17,25,864**	1,64,05,948
(e) Deferred tax assets (net)	8	**54,83,148**	49,51,697
Sub-total		**3,23,41,523**	2,60,18,475
2 Current assets			
(a) Financial assets			
(i) Trade receivables	9	**5,52,32,824**	5,64,51,516
(ii) Cash and cash equivalents	10	**58,84,283**	1,22,27,861
(iii) Bank balances other than(ii) above	10	**2,78,73,906**	33,35,994
(iv) Other Financial Assets	6	**76,92,428**	86,90,812
(b) Other current assets	11	**14,62,70,551**	12,76,56,294
Sub-total		**24,29,53,992**	20,83,62,477
TOTAL ASSETS		**27,52,95,515**	23,43,80,952
II. Equity and Liabilities			
1 Equity			
(a) Equity share capital	12	**1,89,05,900**	1,89,05,900
(b) Other equity	13	**15,73,21,524**	14,74,50,306
Sub-total		**17,62,27,424**	16,63,56,206
Liabilities			
2 Non-current liabilities			
(a) Provisions	14	**65,16,657**	58,61,872
Sub-total		**65,16,657**	58,61,872
3 Current liabilities			
(a) Financial liabilities			
(i) Trade payables	15		
– total outstanding dues of Micro enterprises and small enterprises		**–**	–
– total outstanding dues of Creditors other than Micro enterprises and small enterprises		**5,79,82,601**	4,87,92,637
(ii) Borrowings	16	**1,69,86,316**	–
(b) Provisions	14	**55,40,951**	31,98,905
(c) Other current liabilities	17	**1,20,41,566**	1,01,71,332
Sub-total		**9,25,51,434**	6,21,62,874
Total liabilities		**9,90,68,091**	6,80,24,746
TOTAL EQUITY AND LIABILITIES		**27,52,95,515**	23,43,80,952

See accompanying notes forming part of the standalone financial statements

In terms of our report attached
For **B.K. Khare & Co**
Chartered Accountants

P Shankar Raman
Partner

Place: Chennai
Date: May 06, 2020

For and on behalf of the Board

B. Suresh
CEO & Managing Director

Parag C Shah
Director

Place: Mumbai
Date: May 06, 2020

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

In Rupees

Particulars	**Note No**	**For the year ended 31-Mar-20**	For the year ended 31-Mar-19
Revenue			
Revenue from operations	18	**20,75,06,830**	17,07,28,495
Other Income	19	**25,51,757**	29,86,785
Total Revenue		**21,00,58,587**	17,37,15,280
Expenses:			
(a) Employee benefits expense	20	**8,81,27,902**	6,27,97,654
(b) Finance costs	21	**3,30,837**	–
(c) Depreciation and amortization expense	22	**10,03,236**	7,00,971
(d) Other expenses	23	**10,52,45,518**	9,68,69,166
Total Expenses		**19,47,07,493**	16,03,67,791
Profit before tax		**1,53,51,094**	1,33,47,489
Tax Expense			
(a) Current tax		**48,76,000**	59,20,000
(b) Deferred tax		**(2,53,500)**	(19,29,518)
Total tax expense		**46,22,500**	39,90,482
Profit after tax for the year		**1,07,28,594**	93,57,007
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit obligation		**(11,35,327)**	(78,144)
Income tax relating to items that will not be reclassified to profit or loss		**2,77,951**	21,740
Remeasurement of defined benefit obligation - net of tax		**(8,57,376)**	(56,404)
Total comprehensive income for the year		**98,71,218**	93,00,603
Earnings per equity share (of Rs. 10/- each)			
Basic & diluted	25	**5.67**	4.92

See accompanying notes forming part of the standalone financial statements

In terms of our report attached
For **B.K. Khare & Co**
Chartered Accountants

P Shankar Raman
Partner

Place: Chennai
Date: May 06, 2020

For and on behalf of the Board

B. Suresh
CEO & Managing Director

Parag C Shah
Director

Place: Mumbai
Date: May 06, 2020

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

In Rupees

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
A. Cash flows from operating activities		
Profit before tax for the year	**1,53,51,094**	1,33,47,489
Adjustments for:		
Interest Income recognized in profit or loss	**(4,49,751)**	(2,67,489)
Bad Debts written off	**3,23,09,057**	2,39,17,244
Provision for doubtful receivables	**17,66,109**	60,12,935
Depreciation and amortization of non-current assets	**10,03,236**	7,00,971
Net unrealized foreign exchange gain	**(8,11,236)**	(11,55,196)
Interest on cash credit from banks	**21,148**	–
Operating Profit before working capital changes	**4,91,89,657**	4,25,55,954
Movements in working capital:		
Increase in trade and other receivables	**(2,92,38,440)**	(3,01,61,954)
Increase in other assets	**(2,12,95,596)**	(2,05,851)
Increase in trade and other payables	**91,89,963**	1,28,23,704
Increase in provisions	**18,61,504**	9,14,926
Increase / (Decrease) in other liabilities	**18,70,234**	(38,54,602)
Cash generated from operations	**1,15,77,322**	2,20,72,177
Income taxes paid	**(1,01,95,915)**	(97,80,801)
Net cash generated by operating activities	**13,81,407**	1,22,91,376
B. Cash flows from investing activities		
Proceeds on sale of financial assets	**–**	370
Interest received	**3,50,027**	3,18,393
Capital expenditure	**(5,02,268)**	(35,13,076)
Bank Deposits Placed	**(2,45,37,912)**	(14,09,707)
Net cash used in investing activities	**(2,46,90,153)**	(46,04,020)
C. Cash flows from financing activities		
Proceeds from short term borrowings	**1,69,86,316**	–
Payment for buy-back of shares	**–**	(42,90,600)
Interest paid on Cash Credit account (OD)	**(21,148)**	–
Net cash generated from / (used in) financing activities	**1,69,65,168**	(42,90,600)
Net (decrease) / increase in cash and cash equivalents	**(63,43,578)**	33,96,756
Cash and cash equivalents at the beginning of the year	**1,22,27,861**	88,31,105
Cash and cash equivalents at the end of the year (Refer Note 10)	**58,84,283**	1,22,27,861

See accompanying notes forming part of the standalone financial statements

In terms of our report attached
For **B.K. Khare & Co**
Chartered Accountants

P Shankar Raman
Partner

Place: Chennai
Date: May 06, 2020

For and on behalf of the Board

B. Suresh
CEO & Managing Director

Parag C Shah
Director

Place: Mumbai
Date: May 06, 2020

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A. Equity share capital

	As at 31-Mar-20	As at 31-Mar-19
Issued, subscribed and Paid up		
1,890,590 (Previous year: 1,890,590 shares) equity shares of Rs. 10 each	**1,89,05,900**	1,89,05,900
Balance as at beginning / end of the year	**1,89,05,900**	1,89,05,900

B. Other equity

In Rupees

	Reserves and Surplus						Items of other comprehensive income	
Particulars	**Capital Reserve**	**Securities Premium**	**Capital Redemption Reserve**	**General Reserve**	**Shares Options Outstanding Account (ESOS)**	**Retained Earnings**	**Other items of Other Comprehensive Income (Defined Benefit Obligation)**	**Total**
As at April 1, 2018	**16,27,959**	**90,54,900**	**17,46,600**	**1,88,27,744**	**12,47,393**	**11,07,63,242**	**(14,27,535)**	**14,18,40,303**
Profit for the year						93,57,007		93,57,007
Adjustment on:-								
Other Comprehensive Loss							(56,404)	(56,404)
Buyback of shares		(36,90,600)						(36,90,600)
Transfer to capital redemption reserve			6,00,000	(6,00,000)				–
Exercise of employee stock options				6,70,000	(6,70,000)			–
Employee stock options lapsed				5,77,393	(5,77,393)			–
As at March 31, 2019	**16,27,959**	**53,64,300**	**23,46,600**	**1,94,75,137**	**–**	**12,01,20,249**	**(14,83,939)**	**14,74,50,306**
Profit for the year						1,07,28,594		1,07,28,594
Adjustment on:-								
Other Comprehensive Loss							(8,57,376)	(8,57,376)
As at March 31, 2020	16,27,959	53,64,300	23,46,600	1,94,75,137	–	13,08,48,843	(23,41,315)	15,73,21,524

See accompanying notes forming part of the standalone financial statements

In terms of our report attached
For **B.K. Khare & Co**
Chartered Accountants

P Shankar Raman
Partner

Place: Chennai
Date: May 06, 2020

For and on behalf of the Board

B. Suresh
CEO & Managing Director

Parag C Shah
Director

Place: Mumbai
Date: May 06, 2020

Notes to the Standalone financial statements as at and for the year ended March 31, 2020

1. General Information

Mahindra Consulting Engineers Limited (MACEL/Company) was incorporated on October 26, 1993.

The Company is a multidisciplinary engineering consultancy organization providing Engineering, Project Advisory Services and Infrastructure Consulting. The sectors of operation covers urban infrastructure, industrial infrastructure, water and wastewater, environment, transportation sector, tourism infrastructure, renewable energy, sustainable development studies, buildings and structures, industrial plants and systems, agribusiness and food infrastructure, social infrastructure, institutional studies. The Company offers wide range of services in both domestic and international market right from project conceptualization, market demand, feasibility studies, planning, design, engineering, project management, Public Private Partnership (PPP) transaction advisory etc. across several sectors. The clientele base includes Central Government, State Government, Public Sector Undertakings, Infrastructure Development Agencies, Private Sector, Financial Institutions, International Consulting firms, etc.

2. Significant Accounting Policies

2.1. Statement of compliance

The Standalone financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2. Basis of preparation and presentation

The Standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Standalone financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116 and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3. Exemption from preparation of Consolidated Financial Statements

The Company has investments in a Subsidiary. The Holding company, Mahindra and Mahindra Limited, having its registered office at Gateway Building, Apollo Bunder, Mumbai are presenting the consolidated financial statements. The Company has therefore availed the exemption under paragraph 4(a) of Ind AS 110 having satisfied the conditions for exemption from preparing consolidated financial statements as per Companies (Accounts) Amendments Rules, 2016 and thereby does not present consolidated financial statements.

Consequently, the accounting policies mentioned herein relate to the standalone financial statements of the Company.

2.4. Revenue recognition

a. The Company recognizes revenue on the percentage of completion method, which involves technical estimates with respect to costs to completion, of each contract/activity. The percentage of completion of a contract is determined considering the proportion that contract costs incurred to measure the efforts or work performed up to the reporting date bear to the estimated total contract costs estimated.

   Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

b. Revenue from project supervision/maintenance services (included under consultancy) is recognized based on agreed terms of contract, covers personnel costs of employees deputed for the project, materials used, and includes appropriate overheads and margins.

2.5. Other income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.6. Foreign currencies

In preparing the Standalone financial statements of the Company, transactions in currencies other than the entity's functional currency, which is Indian Rupee, are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 2.19 below for hedging accounting policies)

2.7. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.7.1. Current tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

2.7.2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.7.3. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.8. Tangible and Intangible assets

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of Property, Plant and Equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying assets up to the date the asset is ready for its intended use. Subsequent expenditure on assets after its purchase/ completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. When an asset is scrapped or otherwise disposed of, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2.9. Impairment of assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognized.

2.10. Cash flow statement

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows from operating activities are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated based on the available information.

2.11. Depreciation and amortization

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Assets individually costing less than Rs.5000/- are fully depreciated in the year of purchase.

The estimated useful life for the other categories of assets are as given below:

Computers	3 years
Furniture & fixtures	10 years
Office equipment	5 years
Vehicles	8 years

2.12. Investments in equity and subsidiaries

Investments are valued at cost less impairment losses, if any. The carrying values of investments at each balance sheet date are reviewed for impairment if any indication of impairment exists.

2.13. Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund and compensated absences.

Defined contribution plans

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out by an independent actuary at the end of each reporting period. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur.

Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Curtailment gains and losses are accounted for as past service costs. Past service cost is recognized in profit or loss in the period of a plan amendment.

The obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflow expected to be made by the group in respect of services provided by employees up to the reporting date.

2.14. Share based payments

During the year ended March 31, 2010, the Employee Stock Option Scheme ("Scheme") was formulated by the Remuneration / Compensation Committee of the Directors of the Company. Employee Stock Options granted on or after March 31, 2010 are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India. Since there were no unvested options as on the transition date (i.e. April 1, 2015) the Company has availed the exemption not to present the share based payments at their fair value under Ind AS 102 - Share based payments

2.15. Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.16. Goods and services tax input credit

Goods and Services Tax Input Credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilizing the credits.

2.17. Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Based on the nature of services / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

The Company present the assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed it, in its normal operating cycle
- Held preliminarily for the purpose of trade
- Expected to be realized within 12 months from the end of the reporting period or
- cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current

A liability is current when it is:

- Expected to be settled in the normal operating cycle
- Held preliminarily for the purpose of trade
- Due to be settled within 12 months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for atleast 12 months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Borrowings are classified as current if they are due to be settled within 12 months after the reporting period.

2.18. Provisions

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognized in the Standalone financial statements.

2.19. Financial instruments

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

2.20. Financial assets

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual right:

  (i) to receive cash or another financial asset from another entity; or

  (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the Company; All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets

Impairment of financial assets recorded at amortised costs

The Company has used reasonable and supportable information to determine the credit risk on financial assets recorded at amortized cost and provides for impairment loss based on best estimate basis as prescribed under Ind AS 109.

2.20.1. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.20.2. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

2.21. Financial liabilities and equity instruments

2.21.1. Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.21.2. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.21.3. Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities are subsequently measured at amortized cost using the effective interest method.

2.21.4. Derecognition of financial assets and financial liabilities

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

2.21.5. Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

2.21.6. Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 1, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Note No. 4 - (i) Property, plant and equipment

In Rupees

Description of Assets	Computers	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Block					
Balance as at 1 April, 2019	39,26,269	20,34,854	1,05,869	55,29,738	**1,15,96,730**
Additions during the year	4,25,374	76,894	–	–	**5,02,268**
Disposals of Assets	5,40,920	4,21,962	–	–	**9,62,882**
Balance as at 31 March, 2020	**38,10,723**	**16,89,786**	**1,05,869**	**55,29,738**	**1,11,36,116**
II. Accumulated depreciation and impairment					
Balance as at 1 April, 2019	35,15,396	15,29,017	65,777	22,65,711	**73,75,901**
Depreciation / amortization expense for the year	3,44,473	2,22,625	7,391	4,28,747	**10,03,236**
Eliminated on disposal of assets	5,40,920	4,21,962	–	–	**9,62,882**
Balance as at 31 March, 2020	**33,18,949**	**13,29,680**	**73,168**	**26,94,458**	**74,16,255**
Net block (I-II)					
Balance as at 31 March, 2020	**4,91,774**	**3,60,106**	**32,701**	**28,35,280**	**37,19,861**
I. Gross Block					
Balance as at 1 April, 2018	38,24,924	20,15,249	1,05,869	21,74,612	**81,20,654**
Additions during the year	1,38,345	19,605	–	33,55,126	**35,13,076**
Disposals of Assets	37,000	–	–	–	**37,000**
Balance as at 31 March, 2019	**39,26,269**	**20,34,854**	**1,05,869**	**55,29,738**	**1,15,96,730**
II. Accumulated depreciation and impairment					
Balance as at 1 April, 2018	32,56,088	13,15,336	58,420	20,81,716	**67,11,560**
Depreciation / amortization expense for the year	2,95,938	2,13,681	7,357	1,83,995	**7,00,971**
Eliminated on disposal of assets	36,630	–	–	–	**36,630**
Balance as at 31 March, 2019	**35,15,396**	**15,29,017**	**65,777**	**22,65,711**	**73,75,901**
Net block (I-II)					
Balance as at 31 March, 2019	**4,10,873**	**5,05,837**	**40,092**	**32,64,027**	**42,20,829**

Note No. 4 - (ii) Intangible assets

In Rupees

Description of Assets	Technical Knowhow	Total
Intangible Assets		
Cost		
Balance as at 1 April, 2019	40,69,438	40,69,438
Additions during the year	–	–
Balance as on 31 March 2020	40,69,438	40,69,438
II. Accumulated depreciation and impairment		
Balance as at 1 April, 2019	40,69,438	40,69,438
Additions during the year		–
Balance as on 31 March 2020	40,69,438	40,69,438
Net block (I-II)	–	–
Balance as on 31 March 2020	–	–

Description of Assets	Technical Knowhow	Total
Intangible Assets		
Cost		
Balance as at 1 April, 2018	40,69,438	40,69,438
Additions during the year	–	–
Balance as at 31 March, 2019	40,69,438	40,69,438
II. Accumulated depreciation and impairment		
Balance as at 1 April, 2018	40,69,438	40,69,438
Additions during the year		–
Balance as at 31 March, 2019	40,69,438	40,69,438
Net block (I-II)	–	–
Balance as at 31 March, 2019	–	–

Note No. 5 - Investments

In Rupees

Particulars	As at 31-Mar-20		As at 31-Mar-19	
	Current	Non-Current	Current	Non-Current
At cost				
Unquoted investment (fully paid)				
Investment in equity instruments				
Subsidiary				
Mahindra Namaste Limited (90,10,000 Shares, face value of Rs.10 each)	–	**1**	–	1
TOTAL	–	**1**	–	1

Note No. 6 - Other financial assets

In Rupees

Particulars	As at 31–Mar–20		As at 31–Mar–19	
	Current	Non–Current	Current	Non–Current
Security Deposits	**10,82,000**	**7,36,008**	15,40,108	4,40,000
Fixed deposits held as security against contracts	–	**6,76,641**	–	–
Interest accrued on fixed deposits	**2,55,428**	–	1,55,704	–
Other receivables	**63,55,000**	–	69,95,000	–
TOTAL	**76,92,428**	**14,12,649**	86,90,812	4,40,000

Note No. 7 - Other assets

In Rupees

Particulars	As at 31-Mar-20 Current	As at 31-Mar-20 Non-Current	As at 31-Mar-19 Current	As at 31-Mar-19 Non-Current
Advance Income tax (Net of Provision for Tax Rs. 11,12,00,300, 31-March-19 Rs.10,63,24,300)	–	**2,17,25,864**	–	1,64,05,948
TOTAL	–	**2,17,25,864**	–	1,64,05,948

Note No. 8 - Deferred tax assets

In Rupees

Particulars	As at 31-Mar-20	As at 31-Mar-19
Deferred tax assets	**54,83,148**	49,51,697
Net deferred tax assets	**54,83,148**	49,51,697

Deferred tax assets as on 31.03.2020

In Rupees

Particulars	Balance as on 01.04.2019	CY charge / credit thru PL	CY charge / credit thru OCI	Balance as on 31.03.2020
On difference between book balance and tax balance of Property, plant and equipment	**4,05,415**	**(89,124)**	–	3,16,291
Provision for compensated absences and gratuity and retirement benefits	**25,20,707**	**1,53,285**	**2,77,951**	29,51,943
Allowance for doubtful debts	**20,25,575**	**1,89,339**	–	22,14,914
Total	**49,51,697**	**2,53,500**	**2,77,951**	54,83,148

Deferred tax assets as on 31.03.2019

In Rupees

Particulars	Balance as on 01.04.2018	CY charge / credit thru PL	CY charge / credit thru OC	Balance as on 31.03.2019
On difference between book balance and tax balance of Property, plant and equipment	**3,97,177**	**8,238**	–	4,05,415
Provision for compensated absences and gratuity and retirement benefits	**22,50,485**	**2,48,482**	**21,740**	25,20,707
Allowance for doubtful debts	**3,52,777**	**16,72,798**	–	20,25,575
Total	**30,00,439**	**19,29,518**	**21,740**	49,51,697

Effective Tax rate Vs Corporate tax rate reconciliation

In Rupees

Particulars	As at 31-Mar-20	As at 31-Mar-19
Profit Before Tax for the year	**1,53,51,094**	1,33,47,489
Current Tax - at statutory rates	**37,58,255**	37,13,272
Impact of permanent differences		
- Rate difference from PY (27.820% - 24.482%)	**5,94,133**	–
Other adjustments		
- income tax paid - buy back of shares	**10,994**	2,28,508
- Bonus paid difference	**(8,241)**	24,494
- 80JJA	**(11,458)**	–
- roundoff adjustments	**866**	2,468
Total tax expense	**43,44,549**	39,68,742

Note No. 9 - Trade receivables

Particulars	As at 31-Mar-20 Current	As at 31-Mar-20 Non-Current	As at 31-Mar-19 Current	As at 31-Mar-19 Non-Current
Trade receivables -				
- Unsecured Considered good	**5,65,61,745**	–	5,77,90,416	–
Allowance for doubtful receivables	**13,28,921**	–	13,38,900	–
- Increase in credit Risk	–	–	10,30,710	–
Allowance for doubtful receivables- Increase in credit risk	–	–	10,30,710	–
- Credit impaired	**16,94,642**	–	16,94,642	–
Allowance for doubtful receivables - credit impaired	**16,94,642**	–	16,94,642	–
TOTAL	**5,52,32,824**	–	5,64,51,516	–

Trade Receivables breakup

Particulars	As at 31-Mar-20 Current	As at 31-Mar-20 Non-Current	As at 31-Mar-19 Current	As at 31-Mar-19 Non-Current
Of the above, trade receivables from:				
– Related Parties	**4,05,000**	–	2,02,960	–
– Others	**5,48,27,824**	–	5,62,48,556	–
TOTAL	**5,52,32,824**	–	5,64,51,516	–

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and the average credit period on service rendered is as per the terms of the service agreement with clients. Credit period allowed to customers varies between 07 days to 45 days.

Refer Note 28 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related financial instrument disclosures.

Note No.10 - Cash and bank balances

Particulars	As at 31-Mar-20	As at 31-Mar-19
Cash & Cash equivalents		
Cash on hand	–	–
Funds in transit	–	38,78,901
Balances with banks		
In current accounts	**58,84,283**	83,48,960
TOTAL	**58,84,283**	1,22,27,861
Other Bank balances		
In deposit accounts more than 3 months and less than 12 months maturity	**2,59,32,049**	4,10,412
In earmarked accounts		
Deposits with clients	**19,41,857**	29,25,582
TOTAL	**2,78,73,906**	33,35,994

Note No. 11 - Other current assets -Unsecured Considered good unless otherwise stated

Particulars	As at 31-Mar-20	As at 31-Mar-19
Prepaid expenses	**8,51,548**	6,98,504
Advances to employees	**6,23,619**	16,839
TOTAL (a)	**14,75,167**	7,15,343
Due from customers- Unbilled revenue	**15,08,18,934**	13,01,57,703
Less: Provision for loss allowance on dues from customers	**60,23,550**	32,16,752
TOTAL (b)	**14,47,95,384**	12,69,40,951
Total (a+b)	**14,62,70,551**	12,76,56,294

Note No. 11(a) - Unbilled revenue

Particulars	As at 31-Mar-20	As at 31-Mar-19
i) Contract revenue recognized for the year	**18,66,41,192**	15,18,89,135
ii) In respect of contracts in progress as at 31 March 2020 / 2019 , the aggregate costs incurred and recognized profits (net) up to the year end	**43,65,73,500**	33,53,92,461
ii) Retention money for contracts in progress	**95,207**	95,207

Note No.12 : Equity share capital

In Rupees

Particulars	As at 31-Mar-20	As at 31-Mar-19
Authorized		
4,000,000 equity shares of Rs.10 each (Previous year: 4,000,000 shares)	**4,00,00,000**	4,00,00,000
Issued, Subscribed & Paid-up		
1,890,590 (Previous year: 1,890,590 shares) equity shares of Rs. 10 each	**1,89,05,900**	1,89,05,900
Notes:		
(i) The Company has only one class of equity shares having a par value of Rs. 10/-. Each holder is entitled to one vote per equity share		
(ii) The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting		
(iii) Repayment of capital will be in proportion to the number of equity shares held	**1,89,05,900**	1,89,05,900

Note

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of reporting period:

Name of Shareholder	For the year ended 31-March-2020 Number of shares held	Share capital	For the year ended 31-March-2019 Number of shares held	Share capital
Opening Balance	**18,90,590**	**1,89,05,900**	19,50,590	1,95,05,900
Less: Buy back of shares	–	–	(60,000)	(6,00,000)
Closing Balance	**18,90,590**	**1,89,05,900**	18,90,590	1,89,05,900

ii) Details of shares held by each shareholder holding more than 5% shares:

Name of Shareholder	As at 31-Mar-20 Number of shares held	% holding	As at 31-Mar-19 Number of shares held	% holding
Mahindra & Mahindra Ltd and its nominees (Holding Company)	**11,51,000**	**60.88%**	11,51,000	60.88%
Mahindra Consulting Engineers Employees Stock Option Trust (MCET)	**5,87,882**	**31.10%**	5,87,882	31.10%
B.Suresh	**1,00,000**	**5.29%**	1,00,000	5.29%

iii) Details of shares held by holding company:

Name of Shareholder	As at 31-Mar-20 Number of shares held	% holding	As at 31-Mar-19 Number of shares held	% holding
Mahindra & Mahindra Ltd and its nominees (Holding Company)	**11,51,000**	**60.88%**	11,51,000	60.88%

Note No. 13

b. Other equity

In Rupees

Particulars	Reserves and Surplus						Items of other comprehensive income	
	Capital Reserve	Securities Premium	Capital Redemption Reserve	General Reserve	Shares Options Outstanding Account (ESOS)	Retained Earnings	Other items of Other Comprehensive Income (Defined Benefit Obligation)	Total
As at 1 April 2018	16,27,959	90,54,900	17,46,600	1,88,27,744	12,47,393	11,07,63,242	(14,27,535)	**14,18,40,303**
Profit for the year						93,57,007		**93,57,007**
Adjustment on:-								
Other Comprehensive Loss							(56,404)	**(56,404)**
Buyback of shares		(36,90,600)						**(36,90,600)**
Transfer to capital redemption reserve consequent to buyback			6,00,000	(6,00,000)				–
Exercise of employee stock options				6,70,000	(6,70,000)			–
Employee stock options lapsed				5,77,393	(5,77,393)			–
As at March 31, 2019	**16,27,959**	**53,64,300**	**23,46,600**	**1,94,75,137**	–	**12,01,20,249**	**(14,83,939)**	**14,74,50,306**
Profit for the year						**1,07,28,594**		**1,07,28,594**
Adjustment on:-								
Other Comprehensive Loss							**(8,57,376)**	**(8,57,376)**
As at March 31, 2020	**16,27,959**	**53,64,300**	**23,46,600**	**1,94,75,137**	–	**13,08,48,843**	**(23,41,315)**	**15,73,21,524**

Description of the nature and purpose of Other Equity

General reserve: In the year of declaration of dividend the company transfers such amounts from the current profits to the reserves as deemed appropriate by the Board of Directors.

Capital Redemption Reserve: Capital Redemption Reserve was created against Buyback of Shares as required under Companies Act, 2013

Securities Premium Account: The Securities Premium is created on issue of shares at a premium.

Share Option Outstanding Account: It is a part of the Shareholders equity and is transferred to Share Capital, Share Premium or General Reserves over the vesting period

Retained Earnings: This reserve represents cumulative profits of the Company. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.

Note No. 14 : Provisions

In Rupees

Particulars	As at 31-Mar-20		As at 31-Mar-19	
	Current	Non-Current	Current	Non-Current
Provision for employee benefits :				
Compensated absences	**18,72,609**	**65,16,657**	12,34,172	58,61,872
Gratuity Payable	**22,58,652**	–	11,49,893	–
Retirement benefits	**14,09,690**	–	8,14,840	–
TOTAL	**55,40,951**	**65,16,657**	31,98,905	58,61,872

Note No. 15 : Trade payables

In Rupees

Particulars	As at 31-Mar-20 Current	As at 31-Mar-20 Non-Current	As at 31-Mar-19 Current	As at 31-Mar-19 Non-Current
Trade payable - Micro and small enterprises	–	–	–	–
Trade payable - Other than micro and small enterprises				
Amounts payable to related parties	**3,47,68,355**	–	2,86,90,209	–
Other payables	**2,32,14,246**	–	2,01,02,428	–
TOTAL	**5,79,82,601**	–	4,87,92,637	–

(i) Trade Payables are payables in respect of the amount due on account of services received in the normal course of business. Usually, Credit period with vendors varies from 07 days to 30 days.

(ii) Refer Note 32 for Disclosures on Micro and Small Enterprises.

Note No. 16: Short term Borrowings

In Rupees

Particulars	As at 31-Mar-20	As at 31-Mar-19
(i) Cash credit facilities from Bank (secured)	**1,69,86,316**	–
TOTAL	**1,69,86,316**	–

The Company has availed Cash Credit facilities of Rs.1,69,86,316 out of the sanctioned limit of Rs.200,00,000/- from Federal Bank. These are primarily secured by exclusive charge on current assets including receivables. These Borrowings carry an interest rate of MCLR plus spread.

Note No. 17: Other current liabilities

In Rupees

Particulars	As at 31-Mar-20	As at 31-Mar-19
Advance from customers	**71,08,618**	53,97,176
Statutory dues (PF, ESIC, TDS, Service tax / GST, etc)	**49,32,948**	47,74,156
TOTAL	**1,20,41,566**	1,01,71,332

Note No.18 - Revenue from operations

In Rupees

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
(a) Revenue from consulting services	**20,60,15,152**	17,01,91,284
(b) Revenue from EPC Contracts	**14,91,678**	5,37,211
TOTAL	**20,75,06,830**	17,07,28,495
Note: The above excludes GST as applicable	**1,38,01,053**	1,68,65,159
Breakup of international & domestic revenue		
Revenue from International projects	**15,90,17,046**	7,88,99,649
Revenue from Domestic projects	**4,84,89,784**	9,18,28,846
Total	**20,75,06,830**	17,07,28,495

Note No.19 - Other income

In Rupees

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
(a) Interest Income	**4,49,751**	2,67,489
(b) Net gain on foreign currency transactions	**10,97,850**	15,17,786
(c) Rental income	**10,04,156**	12,01,510
TOTAL	**25,51,757**	29,86,785

Note 18 Contd : Revenue information

Disaggregation of revenue

(i) The following table provides information about disaggregated revenue by primary geographical market, major product line and timing of revenue recognition, and includes a reconciliation of the disaggregated revenue with reportable segments:

Disaggregation based on customer base

Particulars	For the year ended March 31, 2020 Government	For the year ended March 31, 2020 Non Government	For the year ended March 31, 2020 Total	For the year ended March 31, 2019 Government	For the year ended March 31, 2019 Non Government	For the year ended March 31, 2019 Total
Primary geographical markets:						
India	**2,67,90,600**	**2,16,99,184**	**4,84,89,784**	6,83,50,392	2,34,78,454	9,18,28,846
Neighbouring countries	**2,35,25,764**	**–**	**2,35,25,764**	2,46,79,642	–	2,46,79,642
Africa	**13,44,33,400**	**10,57,882**	**13,54,91,282**	5,00,41,526	41,78,481	5,42,20,007
Total	**18,47,49,764**	**2,27,57,066**	**20,75,06,830**	**14,30,71,560**	**2,76,56,935**	**17,07,28,495**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Timing of revenue recognition		
Products & services transferred at point in time	**2,08,65,638**	1,88,39,360
Products & services transferred over time	**18,66,41,192**	15,18,89,135
Total	**20,75,06,830**	17,07,28,495

Contract balances

(ii) The following table provides information about receivables, contract assets and contract liabilities from contracts with customers :

Particulars	As at March 31, 2020	As at March 31, 2019
Receivables	**5,65,61,745**	5,77,90,416
Short-term contract assets	**15,08,18,934**	13,01,57,703

Note No.20 - Employee benefits expense

In Rupees

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
(a) Salaries and wages, including bonus	**8,34,20,565**	5,81,89,939
(b) Contribution to provident and other funds (Refer Note 27)	**26,45,310**	26,32,841
(c) Staff welfare expenses	**20,62,027**	19,74,874
TOTAL	**8,81,27,902**	6,27,97,654

Note No. 21 - Finance costs

In Rupees

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Interest paid on Advance from Clients	**3,09,689**	–
Interest paid on Cash Credit account (OD)	**21,148**	–
TOTAL	**3,30,837**	**–**

Note No.22 - Depreciation and amortization expense

In Rupees

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Depreciation of property, plant and equipment	**10,03,236**	7,00,971
TOTAL	**10,03,236**	**7,00,971**

Note No.23 - Other expenses

In Rupees

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
(a) Sub contractors' costs	**1,52,64,787**	1,43,05,989
(b) Consortium project costs	**2,00,45,811**	1,45,16,901
(c) Project maintenance expenses	**–**	16,09,178
(d) Rent	**48,80,417**	53,12,637
(e) Rates and taxes	**53,531**	8,53,114
(f) Repairs and maintenance-others	**16,08,038**	14,01,890
(g) Power and fuel	**8,55,527**	8,13,486
(h) Commision to Director	**3,00,000**	3,00,000
(i) Professional charges	**63,66,537**	52,50,278
(j) Postage, telephone and fax	**9,42,853**	9,79,036
(k) Insurance	**7,06,695**	8,30,219
(l) Printing and stationery	**10,99,091**	8,14,873
(m) Traveling & conveyance expenses	**1,65,71,796**	1,71,85,618
(n) Vehicle expenses	**7,13,463**	8,00,687
(o) Bad debts written off	**3,23,09,057**	2,39,17,244
(p) Allowance for doubtful receivables, Net	**(10,40,689)**	27,96,183
(q) Provision for loss allowance on dues from customers	**28,06,798**	32,16,752
(r) Miscellaneous expenses	**17,61,806**	19,65,081
TOTAL	**10,52,45,518**	9,68,69,166

Amount paid / payable to the statutory auditors (included under professional charges in Note 23)

In Rupees

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Statutory Audit fees	**6,25,000**	7,50,000
TOTAL	**6,25,000**	7,50,000

Note No. 24 - Segment information

The Managing Director & CEO is also the Chief Operating Decision Maker (CODM) and reviews the performance of the Company.

The CODM monitors the operating results of the business for the purpose of making decisions about resource allocation and performance assessment using profit or loss and return on capital employed.

The Company has a single reportable business segment viz. income from consultancy services for the purpose of Accounting Standard 108 on Segment Reporting.

Geographic information

The Company is domiciled in India. The amount of its revenue from external customer broken down by location of the customers and information about its non-current assets other than financial instruments, deferred tax assets, post employment benefit asset by location are detailed below:

In Rupees

Geographic information	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Revenue from external customers		
India	**4,84,89,784**	9,18,28,846
Outside India	**15,90,17,046**	7,88,99,649
Total revenue per statement of profit or loss	**20,75,06,830**	17,07,28,495

In Rupees

Non-current operating assets:	As at 31-Mar-20	As at 31-Mar-19
India	**2,54,45,724**	2,06,26,777
Outside India	**–**	–
TOTAL	**2,54,45,724**	2,06,26,777

Non-current assets for this purpose consist of property, plant and equipment, investment properties and intangible assets.

Information about major customers

During the year ended 31st March 2020, total income from two outside India customers constituted 42% of total revenue and no single customer contributed 10% or more to the Company's revenue for 2018-19

Note No.25 - Earnings per Share

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

In Rupees

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Profit for the year after tax	**1,07,28,594**	93,57,007
Weighted average number of equity shares	**18,90,590**	19,02,590
Earnings per share - Basic & Diluted (of Rs. 10 each)	**5.67**	4.92

Note No. 26 - Disclosure of interest in Subsidiaries

(a) Details of the Company's subsidiaries at the end of the reporting period are as follows:

Name of the Subsidiary	Principal Activity	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and Voting power held by the Company 31-Mar-20	31-Mar-19	Quoted (Y/N)
Mahindra Namaste Limited	Capacity building and training	Place of Incorporation – Mumbai Place of Operation – Chennai	**100%**	100%	No

Note No. 27 - Employee benefits

(a) Defined Contribution Plan

a) The Company has recognized Rs. 20,07,582 (Previous Year Rs.19,60,980) towards Company's Contribution to Provident Fund and Nil (Previous Year NIL) towards Company's Contribution to Superannuation Fund in the Statement of Profit and Loss.

(b) Defined Benefit Plans:

Gratuity

Gratuity payable as per Payment of Gratuity Act, 1972. In terms of the same Gratuity is computed by multiplying last drawn salary (Basic salary) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Gratuity Act provides for a vesting period of 5 years for withdrawal and retirement and ceiling of Rs.20,00,000/-. However if the enterprise has more favourable terms in these regard, the same is to be adopted.

Investment risk

The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at 31-Mar-20	31-Mar-19
Expected rate(s) of salary increase	**5%**	5%
Average Longevity	**11.80**	12.30

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, priority and other relevant factor, such as supply and demand in the employment market.

Defined benefit plans – as per actuarial valuation on March 31, 2020

In Rupees

Particulars	Funded Plan Gratuity for the year ended 31-Mar-20	31-Mar-19
Ia. Expense recognized in the Statement of Profit and Loss for the year ended 31st March:	**5,82,573**	5,87,727
1. Current service cost	**5,18,161**	5,10,420
2. Past Service Credit	–	–
3. Interest cost	**64,412**	77,307
Ib. Included in other Comprehensive Income	**11,35,327**	78,144
1. Return on plan assets	**10,37,408**	53,160
2. Actuarial (Gain)/Loss on account of:		
– Demographic Assumptions		
– Financial Assumptions	**97,919**	24,984
– Experience Adjustments		
Amounts recognized in comprehensive income in respect of these defined benefit plans are as follows:		
Current Service Cost	**5,18,161**	5,10,420
Past service cost and (gains)/ losses from settlements		
Net interest expense	**64,412**	77,307
Components of defined benefit costs recognized in profit or loss	**5,82,573**	5,87,727
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)		
Actuarial gains and loss arising form changes in financial assumptions	**10,37,408**	53,160
Actuarial gains and loss arising form experience adjustments	**97,919**	24,984
Others (describe) (expected return on plan assets)		
Components of defined benefit costs recognized in other comprehensive income	**11,35,327**	78,144
Total	**17,17,900**	6,65,871
I. Net Asset/(Liability) recognized in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**98,81,187**	87,74,242
2. Fair value of plan assets as at 31st March	**76,22,535**	76,24,379
3. Surplus/(Deficit)	**(22,58,652)**	(11,49,863)
4. Current portion of the above	**(22,58,652)**	(11,49,863)
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**87,74,242**	77,00,920
2. Expenses Recognized in Profit and Loss Account		
– Current Service Cost	**5,18,161**	5,10,420
– Past Service Cost		
– Interest Expense (Income)	**6,27,593**	5,89,885
3. Recognized in Other Comprehensive Income		
Remeasurement gains / (losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions		
ii. Financial Assumptions		
iii. Experience Adjustments	**10,37,408**	53,160
4. Benefit payments	**(10,76,217)**	(80,143)
5. Present value of defined benefit obligation at the end of the year	**98,81,187**	87,74,242
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**76,24,379**	61,76,928
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer		
3. Expenses Recognized in Profit and Loss Account		
– Expected return on plan assets	**5,63,181**	5,12,578
4. Recognized in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actual Return on plan assets in excess of the expected return	**(97,919)**	(24,984)
– Others (specify)		
5. Contributions by employer (including benefit payments recoverable)	**6,09,111**	10,40,000
6. Benefit payments	**(10,76,217)**	(80,143)
7. Fair value of plan assets at the end of the year	**76,22,535**	76,24,379

Particulars		Funded Plan Gratuity for the year ended 31-Mar-20	In Rupees 31-Mar-19
IV.	**The Major categories of plan assets**		
	– Plan assets by category		
	With Insurer	**76,22,535**	76,24,379
		100%	100%
V.	**Actuarial assumptions**		
	1. Discount rate	**6.67%**	7.62%
	2. Expected rate of return on plan assets	**6.67%**	7.62%
	3. Attrition rate	**3.00%**	3.00%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

			Impact on defined benefit obligation	
Principal assumption		**Changes in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	**2020**	+/- 0.50%	**1,01,53,661**	**1,01,45,115**
	2019	+/- 0.50%	90,31,312	90,20,830
Salary growth rate	**2020**	+/- 0.50%	**96,30,290**	**96,19,910**
	2019	+/- 0.50%	85,40,171	85,28,218

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognized in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs.22,00,000/- to the gratuity trusts during the next financial year of 2021.

Maturity profile of defined benefit obligation:

	31-Mar-20	31-Mar-19
Within 1 year	**4,19,552**	3,78,018
1 - 2 year	**56,98,589**	48,65,071
2 - 3 year	**2,07,540**	2,10,985
3 - 4 year	**2,13,536**	2,20,077
4 - 5 year	**2,19,773**	2,26,463
5 - 10 years	**24,65,722**	22,33,903

The weighted average duration of the defined benefit obligation as at 31 March 2020 is ***5.7 years*** (2019: 6.0 years)

VIII. Experience Adjustments :

	Year Ended 2020	2019	2018 Gratuity	2017	2016
1. Defined Benefit Obligation	**98,81,187**	87,74,242	77,00,920	67,62,565	50,35,128
2. Fair value of plan assets	**76,22,535**	76,24,379	61,76,928	57,50,927	40,01,413
3. Surplus/ (Deficit)	**(22,58,652)**	(11,49,863)	(15,23,992)	(10,11,638)	(10,33,715)
4. Experience adjustment on plan liabilities [(Gain)/ Loss]	**(5,71,144)**	(14,890)	(1,42,603)	(8,14,990)	(3,82,925)
5. Experience adjustment on plan assets [Gain/ (Loss)]	**(97,919)**	(24,984)	36,408	(62,318)	(44,642)

Note No. 28 - Financial Instruments

Capital management

The Company manages its capital risk in order to maximize shareholders' profit by maintaining optimal capital structure. There is no change in the overall capital risk management strategy of the Company compared to last year. The Company manages its funding requirements fully through internal accruals. During the year, the Company has renewed the credit limit facility amounting to Rs.2.00 Crores and Rs.10.00 Crores for fund and non fund based respectively. The company has utilised fund based facility to the extent of Rs.170 lakhs during the year.

As at 31st March, 2020
In Rupees

	Amortized Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	**1**			**1**
Other Financial Assets	**14,12,649**			**14,12,649**
Current Assets				
Trade Receivables	**5,52,32,824**			**5,52,32,824**
Cash and Cash equivalents	**58,84,283**			**58,84,283**
Other bank balances	**2,78,73,906**			**2,78,73,906**
Other Financial Assets	**76,92,428**	–	–	**76,92,428**
	9,80,96,091	–	–	**9,80,96,091**

As at 31st March, 2020
In Rupees

	Amortized Costs	FVTPL	FVOCI	Total
Non-current Liabilities				
Borrowings	–	–	–	–
Other Financial Liabilities	–	–	–	–
Current Liabilities				
Borrowings	**1,69,86,316**	–	–	**1,69,86,316**
Trade Payables	**5,79,82,601**	–	–	**5,79,82,601**
Other Financial Liabilities	–			–
	7,49,68,917	–	–	**7,49,68,917**

Categories of financial assets and financial liabilities

As at 31st March, 2019
In Rupees

	Amortized Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	1	–	–	1
Other Financial Assets	4,40,000	–	–	4,40,000
Current Assets				
Trade Receivables	5,64,51,516	–	–	5,64,51,516
Cash and Cash equivalents	1,22,27,861	–	–	1,22,27,861
Other bank balances	33,35,994	–	–	33,35,994
Other Financial Assets	86,90,812	–	–	86,90,812
	8,11,46,184	–	–	**8,11,46,184**
Non-current Liabilities				
Borrowings	–	–	–	–
Other Financial Liabilities	–	–	–	–
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	4,87,92,637	–	–	4,87,92,637
Other Financial Liabilities	–			–
	4,87,92,637	–	–	**4,87,92,637**

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company enters into an agreement with each customer. The trade receivables are also reviewed by the Management regularly and necessary actions are taken in order to collect any amount outstanding from customers.

Allowance for credit loss receivables, amounts due from customers and carry forward as current assets and allowance towards credit impaired receivables have been provided based on expected credit loss estimates by the management, based on past experience and on specific case to case basis on credit impaired receivables, current portfolio of customers and economic conditions in the geographies from where the customer operates etc.

LIQUIDITY RISK

(i) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-20				
Non-interest bearing				
Trade Payable	**5,79,82,601**	–	–	–
Total	**5,79,82,601**	–	–	–
31-Mar-19				
Non-interest bearing				
Trade Payable	4,87,92,637	–	–	–
Total	**4,87,92,637**	–	–	–

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

In Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31-Mar-20				
Non-interest bearing				
Non Current Investment	–	–	–	**1**
Trade Receivable	**5,52,32,824**	–	–	–
Cash and Cash equivalents	**58,84,283**	–	–	–
Bank balances	**2,78,73,906**			
Other Non Current Financial Assets		**2,31,38,513**	–	–
Other Current Financial Assets	**76,92,428**		–	–
TOTAL	**9,66,83,441**	**2,31,38,513**	–	**1**
31-Mar-19				
Non-interest bearing				
Non Current Investment	–	–	–	1
Trade Receivable	5,64,51,516	–	–	–
Cash and Cash equivalents	1,22,27,861	–	–	–
Bank balances	33,35,994			
Other Non Current Financial Assets		4,40,000	–	–
Other Current Financial Assets	86,90,812		–	–
TOTAL	**8,07,06,183**	**4,40,000**	–	**1**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

CURRENCY RISK

The company is yet to formulate its risk mitigation policies and accordingly the Company has not hedged its exposures in foreign currencies

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period and remain unhedged are as follows.

Particulars	Currency	31-Mar-20	31-Mar-19
Trade Receivables	USD	**3,35,211**	4,94,322
	OMR	**7,062**	26,769

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Currency	Change in rate	Effect on profit before tax
31-Mar-20	USD	+10%	33,521
	USD	-10%	(33,521)
	EUR	+9%	–
	EUR	-9%	–
31-Mar-19	USD	+10%	49,432
	USD	-10%	(49,432)
	EUR	+9%	–
	EUR	-9%	–

Note No. 29 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

In Rupees

Particulars	31-Mar-20		31-Mar-19	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortized Cost				
– investments in Equity	1	1	1	1
– loans to related parties	–	–	–	–
– trade and other receivables	**5,52,32,824**	**5,52,32,824**	5,64,51,516	5,64,51,516
TOTAL	**5,52,32,825**	**5,52,32,825**	5,64,51,517	5,64,51,517
Financial liabilities				
Financial liabilities held at amortized cost				
– trade and other payables	**5,79,82,601**	**5,79,82,601**	4,87,92,637	4,87,92,637
TOTAL	**5,79,82,601**	**5,79,82,601**	4,87,92,637	4,87,92,637

Particulars	Fair value hierarchy as at 31st March, 2020 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortized Cost				
– investments in Equity		1		1
– loans to related parties		–		–
– trade and other receivables	–	**5,52,32,824**	–	**5,52,32,824**
TOTAL	–	**5,52,32,825**	–	**5,52,32,825**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	**5,79,82,601**	–	**5,79,82,601**
TOTAL	–	**5,79,82,601**	–	**5,79,82,601**

Particulars	Fair value hierarchy as at 31st March, 2019 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortized Cost				
– investments in Equity		1		1
– loans to related parties		–		–
– trade and other receivables		5,64,51,516		5,64,51,516
TOTAL		**5,64,51,517**	–	**5,64,51,517**

Particulars	Fair value hierarchy as at 31st March, 2019 Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables		4,87,92,637	–	4,87,92,637
TOTAL		**4,87,92,637**	–	**4,87,92,637**

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note No.30 - Related party disclosures

a) Names of related parties and nature of relationship

Sl. No.	Particulars	Nature of relationship
1	Mahindra & Mahindra Limited	Holding Company
2	Mahindra Consulting Engineers Employees Stock Option Trust	Employee Welfare Trust
3	Mahindra Namaste Limited	Subsidiary
4	Mahindra Lifespace Developers Limited *	Fellow Subsidiary
5	Mahindra Industrial Park Chennai Limited *	Fellow Subsidiary
6	Mr. B. Suresh, CEO & Managing Director	Key Managerial Personnel (KMP)

* only those parties with whom there were trasactions.

b) Details of related party transactions during the year ended 31-03-2020 and balances outstanding as at 31-03-2020

In Rupees

S. No.	Nature of transaction	For the year ended	Holding Company Mahindra & Mahindra Ltd.	Subsidiary Mahindra Namaste Ltd.	Fellow Subsidiaries Mahindra Lifespaces Developers Ltd.	Fellow Subsidiaries Mahindra Industrial Park Chennai Ltd.	Welfare Trust Mahindra Consulting Engineers Employees Stock Option Trust	KMP
1	2		3	4	5	6	7	8
1	Income from consultancy services	31-03-2020	–	48,49,484	–	1,48,99,476	–	–
		31-03-2019	(18,36,000)	(40,16,599)	(–)	(1,28,49,550)	(–)	(–)
2	Reimbursement of expenses	31-03-2020	19,24,218	52,75,868	–	–	–	–
		31-03-2019	(19,80,225)	(47,86,321)	(–)	(–)	(–)	(–)
3	Rent expense	31-03-2020	40,16,624	–	–	–	–	–
		31-03-2019	(48,06,041)	(–)	(–)	(–)	(–)	(–)
4	Rent income	31-03-2020	–	10,04,156	–	–	–	–
		31-03-2019	(–)	(12,01,510)	(–)	(–)	(–)	(–)
5	Consortium project cost - Professional charges	31-03-2020	–	1,81,10,000	–	–	–	–
		31-03-2019	(–)	(1,42,00,000)	(–)	(–)	(–)	(–)
6	Managerial Remuneration	31-03-2020	–	–	–	–	–	1,96,49,359
		31-03-2019	(–)	(–)	(–)	(–)	(–)	(1,13,01,620)
7	Outstanding as at year end							
	Payables	31-03-2020	3,25,06,686	21,64,574	97,095	–	–	–
		31-03-2019	(2,61,01,135)	(24,91,979)	(97,095)	(–)	(–)	(–)
	Receivables	31-03-2020	–	–	–	4,05,000	–	–
		31-03-2019	(–)	(–)	(–)	(2,02,960)	(–)	(–)

Note No.31. Employee Stock Option Scheme ("ESOS")

Mahindra Consulting Engineers Employees Stock Option Trust ("the Trust") had purchased 490,000 shares of the Company from the market during 2006. During the year ended 31 March, 2010, the Employee Stock Option Scheme ("Scheme") was formulated by the Remuneration/Compensation Committee of the Directors of the Company. Under the said Scheme, the Trust will grant options to eligible employees and directors of the Company and its Holding Company (Beneficiaries), whereby the Beneficiaries will be entitled to acquire the equity shares lying with the Trust pursuant to the Options granted and vested in them in accordance with the Scheme and accordingly the said shares lying with the Trust will get transferred to the Beneficiaries upon due exercise of the options granted. In accordance with the said Scheme, shares held by the Trust have been granted to the Beneficiaries on 31 March, 2010.

(i) The details of the Employees' Stock Option Scheme are as under:

Date of grant	March 31, 2010
Type of Arrangement	Equity settled option plan administered through Employee Stock Option Trust
Number of Options Granted	3,19,000
Number of Options lapsed during the year	-
Number of option lapsed upto March 31, 2019	0
Vesting period	4 years
Vesting Conditions	25% each on expiry of 12, 24, 36 and 48 months from the date of grant
Exercise Period	Within a period of five (5) years from the date of vesting
Exercise Price	Rs.10/-
Method of Settlement	By issue of one equity share each for every option exercised.
No. of options exercisable in each tranche.	Minimum of 100 and a maximum of all options vested till that date.
Number of options vested upto March 31, 2019	2,71,708
Number of options exercised and allotted upto March 31, 2019	2,71,708
Number of options outstanding as at March 31, 2019	0

(ii) The company had adopted the intrinsic value method in accounting for employee cost on account of ESOS. The intrinsic value of the shares based on the valuation obtained from an independent Valuer is Rs. 43.50 per equity share as at March 31, 2010 based on the Discounted Cash Flow Method.

(iii) In accordance with the Guidance Note issued by the Institute of Chartered Accountants of India, the difference between the intrinsic value of Rs. 43.50 and the exercise price per share of Rs.10 on options granted amounting to Rs. 9,679,591/- has been charged to Statement of Profit and Loss over the vesting period of the options as employee compensation cost and is being carried forward as Employees Options Outstanding account and disclosed separately in the Balance Sheet. As and when the options are exercised and the shares are transferred to the eligible employees by the Trust, the corresponding amount would be transferred from Share Options Outstanding Account to the General Reserve. There is no options exercised in the current year.

(iv) The fair value of options, based on the valuation of the independent Valuer as on the date of Grant i.e. March 31, 2010 is Rs. 35.24 per share.

(v) Since there were no unvested options as on the transition date (i.e. April 1. 2015) the Company has availed the exemption not to present the share based payments at their fair value under Ind AS 102 - Share based payments.

Note No. 32 - Additional Information to the Financial Statements

i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as at the reporting date or anytime during the year and hence no interest has been paid or payable accordingly no additional disclosures have been made.

In Rupees

Sl. No.	Particulars	As at 31-Mar-2020	As at 31-Mar-2019
1.	Dues remaining unpaid		
	- Principal	–	–
	- Interest	–	–
2.	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year	–	–
	Principal paid beyond the appointed date		
	Interest paid in terms of Section 16 of the MSMED Act		
3.	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	–	–
4.	Further interest due and payable even in the succeeding years until such date when the interest due as above are actually paid to the small enterprises	–	–
5.	Amount of interest accrued and remaining unpaid		

ii) Earnings in foreign exchange (on accrual basis)

In Rupees

Particulars	For the year ended 31-Mar-2020	For the year ended 31-Mar-2019
Consultancy fees	**15,90,17,046**	7,88,99,649
TOTAL	**15,90,17,046**	7,88,99,649

iii) Expenditure in foreign currency (on accrual basis)

In Rupees

Particulars	For the year ended 31-Mar-2020	For the year ended 31-Mar-2019
Consultancy fees	**57,99,405**	48,15,176
Travel	**28,49,621**	30,02,985
TOTAL	**86,49,026**	78,18,161

Note No. 33 - Contingent Liabilities

Income Tax dues - arising out of disallowance of expenses relating to financial year 2013-14 with tax impact of approximately Rs. 22,69,000 - being contested by Company at Commissioner of Income tax (Appeals).

Note No. 34 - New Ind AS effective for the year

The Company has adopted IND AS 116 with effect from 1 April, 2019. The adoption of the Standard did not have any material impact to the financial results of the Company.

Note No. 35 - Other Notes

i. The Company did not have any other pending litigation which would impact its financial position - other than as disclosed in Note 33 above.

ii. The Company did not have any material foreseeable losses on long term contracts and the Company has not entered into any derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The provisions of Section 135 of Companies Act, 2013 are not applicable to the Company in the current year.

v. Donations made to political parties - Rs. Nil (Previous year -Rs. Nil)

vi. No material events have occurred after the Balance Sheet date and up to the approval of the financial statements

vii. From December 2019, COVID - 19, has spread globally, including India. This event has significantly affected economic activity globally and in India. For FY20 financial reporting, the Company has used the principles of prudence in applying judgments, estimates and assumptions in significant areas like estimating the remaining useful life of the tangible assets, cost to complete provision for long term contracts, evaluating the long term contracts for any onerous elements, recoverability of receivables including unbilled receivables, provision for receivables, provision for warranties, the impact of cancellation or modifications to the terms of the revenue contracts, cancellation or deferment of revenue contracts, penalties due to non-fulfilment of legal service obligations, fair valuation of financial assets and liabilities etc. The Company has considered internal and external information up to the date of approval of these financial statements, and the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as on the date of approval of these financial statements. The Company will continue to closely monitor any material changes arising out of COVID -19 on its operations and its financial performance.

Note No. 36 - Approval of standalone financial statements

The financial statements were approved for issue by the Board of Directors on 06 May, 2020.

For and on behalf of the Board of Directors

B. Suresh
CEO & Managing Director

Parag C Shah
Director

Place: Mumbai
Date: May 06, 2020

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Mahindra Holidays & Resorts India Limited ("the Company"), which comprise the standalone balance sheet as at March 31, 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters'

I) Revenue from Contracts with Customers under Ind AS 115
See note 3 (C), 36 and 52 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
The Company has a unique business model and its revenue comprises of numerous individual transactions and also multiple streams of revenue with its members. In accordance Ind AS 115 (a) the membership fees and (b) incremental costs to obtain a contract with a customer, are recognised over the effective membership period. The application of the accounting standard on revenue recognition, involves certain judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations and the appropriateness of the basis used to recognize revenue over a period. Incremental costs are those that would not have been incurred if the contract was not obtained. The Company has applied significant judgement in identifying the expenses which can be treated as incremental cost of acquiring new members.	Our procedures included the following: - Evaluating the appropriate accounting policy in accordance with Ind AS 115 for membership contracts entered with customers - Evaluating and testing the identification of expenses incurred by the Company, which can get classified as incremental costs of acquisition. - Evaluating the process followed by the Company and evaluating the data used for the purpose of identifying and determining the effective membership period after considering breakage i.e customer's unexercised rights and comparing the basis with historical experience of utilization of memberships. - Evaluating the process followed by the Company and evaluating the data used for the purpose of deferral of revenue due to uncertainty of collection based on historical trends and considering factors impacting future collections. - Testing the processes and controls instituted for recognition of revenue and incremental costs of acquisition, over the effective membership period. Involving our IT specialists to test the controls in the IT system for recording revenue as per Ind AS 115. - Assessing the adequacy of the Company's disclosures in accordance with the requirements of Ind AS 115.

II) Contingent liabilities See note 43 to the standalone financial statements	
The key audit matter	**How the matter was addressed in our audit**
The Company has significant tax litigations for both direct and indirect taxes. There is a high level of judgement required in estimating the level of provisioning and appropriateness of disclosure of those litigations in the financial statements. The value of the litigations together with the level of judgement involved make its accounting treatment a significant matter for our audit.	Our audit procedures included the following: - Examining the list of outstanding litigation against the Company. - Inquiring and obtaining explanation for movement during the year. - Reading the latest correspondence between the Company and the various tax/legal authorities for significant matters for evaluation. - Discussing the status of significant litigation with the Company's senior management personnel and assessing their responses. - Examining external opinions obtained by the Company from external advisors. - Involving our tax specialists, and discussing with the Company's tax officers, their views and strategies on significant cases, as well as the related technical grounds relating to their conclusions based on applicable tax laws. - Assessing the decisions and rationale for provisions made or for decisions not to record provisions or make disclosures.

III) Leases in accordance with Ind AS 116 See note 3 (A), 5, 26, 31 and 53 to the standalone financial statements	
The key audit matter	**How the matter was addressed in our audit**
Ind AS 116 on leases is effective from April 1, 2019 - The Company has a large number of leasing arrangements both within India and overseas. - The application of the new accounting standard on lease, involves certain judgements relating to determination of incremental borrowing rate, determination of leases to which Ind AS 116 applies, determination of lease period and selection of transition option. - The value of the transition adjustment in relation to Ind AS 116 together with the level of judgement involved make its accounting treatment a significant matter for our audit.	Our audit procedures included the following: - Assessing and testing new processes and controls in respect of Ind AS 116; - Assessing the Company's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business; - Evaluating the reasonableness of management's key judgements and estimates made in preparing the transition adjustments. - Evaluating the completeness, accuracy and relevance of data used in preparing the transition adjustments. - Reassessing management's calculation on remeasurement of lease liabilities. - Testing completeness of the lease data by reconciling the Company's operating lease commitments as at March 31, 2019 to data used in computing the opening ROU asset and the lease liabilities as at April 1, 2019. - On a statistical sample, assessing the key terms and conditions of each lease with the underlying lease contracts; and - On a statistical sample, evaluating computation of lease liabilities and challenging the key estimates such as, discount rates and the lease term. - Assessing and testing the presentation and disclosures relating to Ind AS 116 including, disclosures relating to transition.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations as at March 31, 2020 on its financial position in its standalone financial statements - Refer Note 43 to the standalone financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

   iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in these financial statements since they do not pertain to the financial year ended March 31, 2020.

   (C) With respect to the matter to be included in the Auditor's Report under section 197(16):

   In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co LLP
Chartered Accountants
(Firm's Registration No: 101248W/W–100022)

Koosai Lehery
Partner
(Membership No. 112399)
UDIN: 20112399AAAAAU2326

Mumbai, May 9, 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT - MARCH 31, 2020

(Referred to in our report of even date)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the management during the year. In our opinion, and according to information and explanations given to us, no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the registered sale deeds and Court orders approving schemes of arrangements/ amalgamations provided to us by the Company, the title deeds of immovable properties are held in the name of the Company except for the following which are not held in the name of the Company:

Sr. No.	Total no. of cases	Type of Assets	Gross Block as at March 31, 2020	Net Block as at March 31, 2020	Remarks
1	3	Freehold land	680,450,168	680,450,168	Received on merger of the erstwhile Companies. Company is in the process of transferring the title deeds.
2	3	Building	533,897,786	445,372,858	Received on merger of the erstwhile Companies. Company is in the process of transferring the title deeds

ii. The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.

iii. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to the loans given, investments made, guarantees given and security provided.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. In our opinion and according to the information and explanations given to us, having regard to the nature of the Company's business/activities, paragraph 3(vi) of the Order is not applicable to the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and services tax, Provident fund, Employees' state insurance, Income-tax, Sales-tax, Luxury tax, Value added tax, Duty of customs, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Goods and services tax, Provident fund, Employees' state insurance, Income-tax, Sales-tax, Luxury tax, Value added tax, Duty of customs, Cess and other material statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no dues of Goods and services tax, Sales tax, Value added tax and Duty of customs which have not been deposited on account of any dispute. The following disputed dues in respect of Income-tax, Luxury tax and Service tax have not been deposited by the Company with the appropriate authorities:

Name of the Statute	Nature of the Dues	Forum where dispute is pending	Period to which amount relates	Amount* (₹ in Lakhs)
Income Tax Act, 1961	Income tax, Interest and Penalty	High Court	AY 1999 to 2011	31,251
Income Tax Act, 1961	Income tax, Interest and Penalty	ITAT	AY 2010 AY 2012 to 2016	42,212
Income Tax Act, 1961	Income tax, Interest and Penalty	Commissioner of Income Tax-Appeals	AY 2017	9,929
Finance Act, 1994	Service Tax, Interest and Penalty	Supreme Court	FY 2005 to 2008	287
		Appellate Authorities	FY 2007 to 2016	3,926
Tamil Nadu Luxury Tax Act	Luxury Tax	Deputy Commissioner	FY 2003 to 2006	64
		Commissioner-Appeals	FY 2011 to 2012	17
Kerala Luxury Tax Act	Luxury Tax	Intelligence officer-Debikulam	FY 2009 to 2011	659
		Appeallate Commissioner	FY 2010 to 2016	3,088
		High Court	FY 2012 to 2015	1,706
Uttarakhand Luxury Tax Act	Luxury Tax	Appellate Commissioner	FY 2013	34
Maharashtra Luxury Tax Act	Luxury Tax	Commissioner of Commercial taxes	FY 2013 to 2014	42
Rajasthan Luxury Tax Act	Luxury Tax	High Court	FY 2011 to 2017	1,763
Rajasthan Value Added Tax Act	Value Added Tax	High Court	FY 2015 to 2017	15
Kerala Value Added Tax Act	Value Added Tax	Assistant Commissioner	FY 2013 to 2014	23

* net of amounts paid under protest.

viii. According to the information and explanations given to us, and based on the records of the Company, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company did not have any outstanding loans or borrowing from financial institutions or government or debenture holders during the year.

ix. According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

x. According to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Ind AS financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. According to information and explanations given to us, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For B S R & Co LLP
Chartered Accountants
(Firm's Registration No: 101248W/W–100022)

Koosai Lehery
Partner
(Membership No. 112399)
UDIN: 20112399AAAAAU2326

Mumbai, May 9, 2020

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENT OF MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED FOR THE YEAR ENDED MARCH 31, 2020

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2 (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Holidays & Resorts India Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co LLP
Chartered Accountants
(Firm's Registration No: 101248W/W–100022)

Koosai Lehery
Partner
(Membership No. 112399)
UDIN: 20112399AAAAAU2326

Mumbai, May 9, 2020

STANDALONE BALANCE SHEET AS AT MARCH 31, 2020

All amounts are in ₹ lakhs unless otherwise stated

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, Plant and Equipment	4	**183,451.81**	179,322.41
Right of Use Asset	5	**17,426.53**	–
Capital work-in-progress		**23,606.27**	21,818.13
Other intangible assets	6	**394.95**	605.65
Intangible assets under development		**725.21**	400.11
Financial Assets			
Investments			
Investments in subsidiaries	7	**9,532.75**	9,532.75
Other Investments	7	**388.96**	383.23
Trade receivables	8	**49,438.05**	56,142.51
Loans	9	**4,415.41**	4,663.84
Other financial assets	10	**9,089.73**	1,383.98
Deferred Tax Assets (Net)	11	**47,237.69**	64,956.64
Other non-current tax assets (Net)	12	**18,227.70**	16,705.65
Deferred Acquisition Cost	13	**66,516.39**	64,283.21
Other non-current assets	14	**3,286.19**	4,294.59
		433,737.64	424,492.70
Current assets			
Inventories	15	**472.29**	562.73
Financial Assets			
Investments	16	**39,294.82**	31,183.08
Trade receivables	17	**118,750.18**	105,948.77
Cash and cash equivalents	18	**1,463.48**	2,625.22
Other bank balances	19	**19,168.12**	98.68
Loans	20	**4,478.67**	3,539.22
Other financial assets	21	**14,400.57**	27,514.03
Deferred Acquisition Cost	22	**4,831.47**	4,559.42
Other current assets	23	**5,334.38**	4,434.29
		208,193.98	180,465.44
		641,931.62	604,958.14
EQUITY AND LIABILITIES			
Equity			
Equity share capital	24	**13,292.38**	13,289.98
Other equity	25		
Reserves & Surplus		**70,983.97**	63,770.62
Revaluation Reserve		**73,759.44**	73,759.44
Other Comprehensive Income		**(147.89)**	(93.28)
Transition Difference		**(140,272.59)**	(121,044.68)
		4,322.93	16,392.10
		17,615.31	29,682.08
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings- Lease liabilities	26	**13,545.23**	–
Other financial liabilities	27	**547.68**	694.24
Provisions	28	**694.07**	578.68
Deferred Tax Liabilities	11	**22,401.70**	22,401.70
Other non-current liabilities			
Contract Liability-Deferred Revenue	29	**499,640.79**	476,633.26
		536,829.47	500,307.88
Current liabilities			
Financial Liabilities			
Trade payables	30		
Total outstanding dues of micro enterprises and small enterprises; and		**124.92**	61.11
Total outstanding dues of creditors other than micro enterprises and small enterprises		**17,669.57**	16,328.31
Lease Liabilities	31	**5,180.94**	–
Other financial liabilities	32	**9,276.46**	8,250.98
Provisions	33	**606.90**	549.41
Other current liabilities			
Contract Liability-Deferred Revenue	34	**52,232.87**	47,298.51
Others	35	**2,395.18**	2,479.86
		87,486.84	74,968.18
		641,931.62	604,958.14

See accompanying notes to the financial statements

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Koosai Lehery
Partner

Membership Number: 112399

Place: Mumbai
Date: May 9, 2020

For and on behalf of the Board of Directors

Arun Nanda
Chairman
DIN: 00010029

Kavinder Singh
Managing Director & CEO
DIN: 06994031

Akhila Balachandar
Chief Financial Officer

Dhanraj Mulki
Company Secretary

Place: Mumbai
Date: May 9, 2020

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in ₹ lakhs unless otherwise stated

Particulars	Note No.	**Year ended March 31, 2020**	Year ended March 31, 2019
Revenue			
Revenue from operations	36	**97,700.53**	91,829.15
Other income	37	**6,011.25**	4,514.70
Total Revenue		**103,711.78**	96,343.85
Expenses			
Employee benefits expense	38	**27,268.65**	24,849.96
Finance costs	39	**1,599.31**	2.19
Depreciation and amortisation expense	4, 5 & 6	**10,166.79**	5,140.50
Other expenses	40	**52,282.29**	56,333.96
Total Expenses		**91,317.04**	86,326.61
Profit before tax		**12,394.74**	10,017.24
Tax expense excluding impact of change in tax rate			
Current tax	41	**2,520.37**	2,201.66
Deferred tax	41	**722.88**	1,429.35
		3,243.25	3,631.01
Profit after tax for the year excluding impact of change in tax rate		**9,151.49**	6,386.23
One time impact on Tax expense (Current and Deferred) due to change in tax rate	41	**19,972.94**	–
Profit / (Loss) after tax for the year		**(10,821.45)**	6,386.23
Other comprehensive income			
Items that will not be reclassified subsequently to profit or (loss)			
Remeasurements of the defined benefit asset		**(72.98)**	(13.34)
Freehold land revaluation		**–**	96,339.40
Income taxes related to items that will not be reclassified to profit or (loss)		**18.37**	(22,404.86)
Net other comprehensive income not to be reclassified subsequently to profit or (loss)		**(54.61)**	73,921.20
Total comprehensive income for the year		**(10,876.06)**	80,307.43
Earnings per equity share :			
(face value of ₹ 10 per share)			
Basic ₹ per share	42	**(8.14)**	4.81
Diluted ₹ per share	42	**(8.14)**	4.80

See accompanying notes to the financial statements
In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Koosai Lehery
Partner
Membership Number: 112399

Place: Mumbai
Date: May 9, 2020

For and on behalf of the Board of Directors

Arun Nanda
Chairman
DIN: 00010029

Kavinder Singh
Managing Director & CEO
DIN: 06994031

Akhila Balachandar
Chief Financial Officer

Dhanraj Mulki
Company Secretary

Place: Mumbai
Date: May 9, 2020

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

STATEMENT OF CHANGES IN EQUITY

All amounts are in ₹ lakhs unless otherwise stated

Particulars	**Share Capital**	**Other Equity**									**Total**
		Reserves & Surplus						**Revaluation Reserve**	**Other Comprehensive Income Actuarial Gain / (Loss)**	**Transition Difference**	
	Equity Share Capital	**Capital Reserve**	**Securities Premium**	**General Reserve**	**Share Options Outstanding Account**	**Capital Redemption Reserve**	**Retained Earnings**				
Balance at the beginning of the reporting year - April 1, 2019	**13,289.98**	**44.75**	**10,312.39**	**10,381.68**	**1,265.90**	**145.80**	**41,620.10**	**73,759.44**	**(93.28)**	**(121,044.68)**	**29,682.08**
Profit for the year	–	–	–	–	–	–	9,151.49	–	–	–	9,151.49
Effect of change in tax rate	–	–	–	–	–	–	(2,197.00)	–	–	(17,775.94)	(19,972.94)
Effect of change in tax rate on Ind AS 116 impact	–	–	–	–	–	–	–	–	–	218.18	218.18
Additions during the year	–	–	–	–	209.58	–	–	–	–	–	209.58
Issue of shares by ESOP Trust	2.40	–	49.28	–	–	–	–	–	–	–	51.68
Impact on account of transition to Ind AS 116 (refer note no 3(A))	–	–	–	–	–	–	–	–	–	(1,670.15)	(1,670.15)
OCI component of actuarial gains/(losses) (Net of taxes)	–	–	–	–	–	–	–	–	(54.61)	–	(54.61)
Balance at the end of the reporting year - March 31, 2020	**13,292.38**	**44.75**	**10,361.67**	**10,381.68**	**1,475.48**	**145.80**	**48,574.59**	**73,759.44**	**(147.89)**	**(140,272.59)**	**17,615.31**

Particulars	Share Capital	Other Equity									Total
		Reserves & Surplus						Revaluation Reserve	Other Comprehensive Income Actuarial Gain/(Loss)	Transition Difference	
	Equity Share Capital	Capital Reserve	Securities Premium	General Reserve	Share Options Outstanding Account	Capital Redemption Reserve	Retained Earnings				
Balance at the beginning of the reporting year - April 1, 2018	13,275.95	44.75	10,067.68	10,381.68	1,117.45	145.80	41,495.85	–	(84.60)	–	76,444.56
Profit for the year	–	–	–	–	–	–	6,386.23	–	–	–	6,386.23
Additions during the year	–	–	–	–	148.45	–	–	–	–	–	148.45
Fresh Issue of shares	11.00	–	182.60	–	–	–	–	–	–	–	193.60
Issue of shares by ESOP Trust	3.03	–	62.11	–	–	–	–	–	–	–	65.14
Revaluation of Freehold Land (refer note no 3(B))(Net of Taxes)	–	–	–	–	–	–	–	73,937.70	–	–	73,937.70
Sale of Land	–	–	–	–	–	–	178.26	(178.26)	–	–	–
Impact on account of transition to Ind AS 115 (refer note no 3(C))	–	–	–	–	–	–	–	–	–	(121,044.68)	(121,044.68)
OCI component of actuarial gains/(losses) (Net of taxes)	–	–	–	–	–	–	–	–	(8.68)	–	(8.68)
Dividends (Including Dividend Distribution Tax)	–	–	–	–	–	–	(6,440.24)	–	–	–	(6,440.24)
Balance at the end of the reporting year - March 31, 2019	13,289.98	44.75	10,312.39	10,381.68	1,265.90	145.80	41,620.10	73,759.44	(93.28)	(121,044.68)	29,682.08

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Koosai Lehery
Partner

Membership Number: 112399

Place: Mumbai
Date: May 9, 2020

For and on behalf of the Board of Directors

Arun Nanda
Chairman
DIN: 00010029

Kavinder Singh
Managing Director & CEO
DIN: 06994031

Akhila Balachandar
Chief Financial Officer

Dhanraj Mulki
Company Secretary

Place: Mumbai
Date: May 9, 2020

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in ₹ lakhs unless otherwise stated

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net Profit before tax for the year	**12,394.74**	10,017.24
	Adjustments for:		
	Finance costs	**1,599.31**	2.19
	Interest income	**(3,042.91)**	(1,430.59)
	Dividend income	**–**	(31.84)
	Depreciation and amortisation of non-current assets	**10,166.79**	5,140.50
	Net Loss on disposal of property, plant and equipment	**108.80**	167.15
	Gain due to change in lease arrangements	**(43.27)**	–
	Net foreign exchange (gain)/loss	**(94.06)**	32.49
	Net Gain on sale of investment	**(239.05)**	(735.51)
	Net Gain on Investments carried at FVTPL	**(2,398.42)**	(2,006.90)
	Equity-settled share-based payments	**209.58**	148.45
		6,266.77	1,285.94
	Operating profit before working capital changes	**18,661.51**	11,303.18
	Movements in working capital:		
	(Increase) / Decrease in trade and other receivables	**(9,582.97)**	5,051.46
	Decrease in inventories	**90.44**	70.76
	Increase in trade payables	**1,400.79**	762.58
	Increase in provisions	**99.90**	65.26
	Increase in contract liability-deferred revenue	**27,941.89**	18,589.60
	Increase in other liabilities	**709.50**	1,367.89
		20,659.55	25,907.55
	Cash generated from operations	**39,321.06**	37,210.73
	Income taxes paid	**(6,221.05)**	(7,160.65)
	NET CASH GENERATED FROM OPERATING ACTIVITIES	**33,100.01**	30,050.08
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Interest received	**2,336.29**	193.48
	Dividend income	**–**	31.84
	ICD given to related parties	**(1,040.00)**	(1,600.00)
	ICD repayments by related parties	**190.26**	348.55
	Placement of fixed deposits and other deposits	**(38,809.45)**	(25,150.00)
	Proceeds from maturity of fixed deposits and other deposits	**26,040.00**	1,250.00
	Payments for property, plant and equipment and intangibles	**(10,998.66)**	(15,033.29)
	Proceeds from disposal of property, plant and equipment	**8.03**	331.99
	Proceeds from disposal of investment	**45,700.00**	63,224.89
	Purchase of investment	**(51,180.00)**	(47,164.96)
	NET CASH USED IN INVESTING ACTIVITIES	**(27,753.53)**	(23,567.50)
C.	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Proceeds from issue of equity share capital	**–**	193.60
	Proceeds from borrowings	**1,527.98**	3,813.94
	Repayment of borrowings	**(1,527.98)**	(3,813.94)
	Payment of lease liabilities	**(4,908.91)**	–
	Dividends paid to owners of the Company (Including dividend distribution tax)	**–**	(6,437.20)
	Interest paid on borrowings	**(1.22)**	(2.19)
	Interest paid on lease liabilities	**(1,598.09)**	–
	NET CASH USED IN FINANCING ACTIVITIES	**(6,508.22)**	(6,245.79)
	NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**(1,161.74)**	236.79
	Cash and cash equivalents at the beginning of the year	**2,625.22**	2,388.43
	Cash and cash equivalents at the end of the year (Refer note no 18)	**1,463.48**	2,625.22

See accompanying notes to the financial statements
In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Koosai Lehery
Partner

Membership Number: 112399

Place: Mumbai
Date: May 9, 2020

For and on behalf of the Board of Directors

Arun Nanda
Chairman
DIN: 00010029

Kavinder Singh
Managing Director & CEO
DIN: 06994031

Akhila Balachandar
Chief Financial Officer

Dhanraj Mulki
Company Secretary

Place: Mumbai
Date: May 9, 2020

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1 Corporate Information

The Company was incorporated on September 20, 1996, and is in the business of selling vacation ownership and providing holiday facilities.

2(a) Significant accounting policies

(i) Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

(ii) Basis of preparation and presentation

The financial statements of the Company have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

All amounts have been rounded off to the nearest lakhs, unless stated otherwise.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

(iii) Revenue recognition

a. Revenue from sale of Vacation Ownership

The Company's business is to sell vacation ownership and provide holiday facilities to members for a specified period each year, over a number of years, for which membership fee is collected either in full upfront, or on a deferred payment basis.

Revenue from Membership fees

The Company recognises the membership fees over the tenure of membership as the performance obligation is fulfilled over the tenure of membership (33 years / 25 years / 10 years or any other tenure applicable to the respective member). The Company will recognise revenue on a straight line basis over the tenure of membership after considering the expected customer unexercised rights from date of admission of each member. The revenue which will be recognised in future periods are disclosed under other liabilities – contract liability - deferred revenue - vacation ownership. Revenue from consumer offers and other benefits provided on membership are recognized as and when such benefits are provided to members at its respective fair value.

Discounts and other incentives provided to the customer's are reduced from the overall contract value. Incremental costs of acquisition of the members are deferred over the period of effective membership in line with revenue deferral. Incremental costs are those that would not have been incurred if the contract was not obtained. Such cost which will be amortised in the future period are disclosed under deferred acquisition cost.

Revenue from Annual subscription fees

Annual subscription fee dues from members are recognized as income on accrual basis and fees pertaining to the period beyond the date of the Balance Sheet is grouped under Other liabilities - Deferred revenue – Annual subscription fee.

Interest income on deferred payment plans

Interest revenue is recognised only to the extent that a contract asset (or receivable) or a contract liability is recognised in accounting for a contract with the customer. Also refer accounting policy for financial instruments (note no xv)

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue with respect to instalments/contracts where there is an uncertainty about collectability, is deferred (even though the membership is not cancelled). The estimation of such revenues where there is uncertainty in collection has been made by the Company based on past trends of year-wise cancellation of memberships and considering factors impacting future collections.

b. Income from resorts include income from room rentals, food and beverages, etc. and is recognized when services are rendered.

(iv) Leases

The Company has adopted Ind AS 116, Leases (which replaces earlier standard Ind AS 17) using the modified retrospective method, the effect of which is recognised at the date of initial application (i.e. April 1, 2019) and has been reported under transition difference in Other Equity.

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the present value of future lease liability. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the period of lease term. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates in the country of domicile of these leases.

In the previous year under Ind AS 17 - Rental expense pertaining to properties taken on operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(v) Foreign currencies

The financial statements of the Company are presented in Indian Rupees (₹), which is the Company's functional currency. In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Under previous GAAP, paragraph 46A of AS 11, The Effects of Changes in Foreign Exchange Rates, provided an accounting treatment to Companies with respect to exchange differences arising on restatement of long-term foreign currency monetary items. Exchange differences in respect of items other than those related to acquisition of depreciable assets, could be accumulated in a foreign currency monetary item translation difference account ('FCMITDR'), and amortised over the balance period of such long term monetary item. Ind AS provides an option to Company to continue the above accounting treatment in respect of long term foreign currency items recognised in the financial statements for the period ending immediately before the beginning of the first Ind As reporting period. The Company has elected this option.

(vi) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

(vii) Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund and compensated absences.

Defined contribution plans

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out by an independent actuary at the end of each reporting period. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments; settlements);
- Net interest expense or income; and
- Re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Curtailment gains and losses are accounted for as past service costs. Past service cost is recognized in profit or loss in the period of a plan amendment.

The obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflow expected to be made by the Company in respect of services provided by employees upto the reporting date.

(viii) Share based payment arrangements

Equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date.

Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 24.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to Share options outstanding account in Reserves & Surplus.

(ix) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxes are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on the tax rates and the tax laws enacted or substantively enacted as at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. In the previous year, Deferred tax assets (DTA) include Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which is likely to give future economic benefits in the form of availability of set off against future income tax liability.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

(x) Property, plant and equipment (PPE)

Buildings held for use in the supply or production of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is valued at Fair value based on valuations by external independent valuers at sufficient regularity.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the revaluation reserve.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

PPE in the course of construction for supply, production or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees, other directly attributable expenses and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Category of Asset	Estimated useful lives
Leasehold Building	Period of lease
Buildings (other than those mentioned below)	30 - 60 years
Floating cottages (grouped under buildings)	25 years
Plant & equipment	5 - 15 years
Furniture and Fixtures (other than those mentioned below)	5 - 10 years
Furniture and Fixtures (in Club Mahindra Holiday World)	3 years
Vehicles (other than those mentioned below)	8 years
Motor vehicles/other assets provided to employees	4/5 years
Office equipment	5 years

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit and loss.

(xi) Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Category of Asset	Estimated useful lives
Computer Software and website development cost	3 years

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in statement of profit and loss when the asset is derecognized.

(xii) Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in statement of profit and loss.

(xiii) Inventories

Inventories are carried at the lower of cost and net realizable value. Costs of inventories are determined on moving weighted average basis. Cost includes the purchase price, non-refundable taxes and delivery handling cost. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(xiv) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(xv) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in statement of profit and loss.

Interest income from other financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognized when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(xvi) Financial assets

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual right:

- (i) to receive cash or another financial asset from another entity; or
- (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the Company.

(d) a contract that will or may be settled in the Company's own equity instruments and is:

- (i) a non-derivative for which the Company is or may be obliged to receive a variable number of the entity's own equity instruments; or
- (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at "fair value through profit or loss (FVTPL)" on initial recognition):

the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments (except for debt instruments that are designated as at FVTPL on initial recognition) that meet the following conditions are subsequently measured at "fair value through other comprehensive income (FVTOCI)":

the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Interest income is recognized in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

A debt instrument that meets the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Debt instruments classified as FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The Company has not designated any debt instrument as at FVTPL.

Equity

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Equity instruments at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend earned on the financial asset and is included under 'Other income'. Dividend on financial assets at FVTPL is recognized when the Company's right to receive the dividends is established and the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Investments in equity instruments of subsidiaries, joint ventures and associates are measured at cost.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, and other contractual rights to receive cash or other financial asset not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses considering the nature of industry and the deferred payment schemes operated.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Foreign exchange gains and losses on financial assets

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognized in profit or loss.

Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income.

(xvii) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

A financial liability is any liability that is:

(a) a contractual obligation :

   (i) to deliver cash or another financial asset to another entity; or

   (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or

(b) a contract that will or may be settled in the Company's own equity instruments and is:

   (i) a non-derivative for which the Company is or may be obliged to deliver a variable number of the Company's own equity instruments; or

   (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the Company offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Apart from the aforesaid, the equity conversion option embedded in a convertible bond denominated in foreign currency to acquire a fixed number of the Company's own equity instruments is an equity instrument if the exercise price is fixed in any currency.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

a) it has been incurred principally for the purpose of repurchasing it in the near term; or

b) on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

c) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

a) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

b) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or

c) it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' / 'Other expenses' line item as appropriate.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognized in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included under 'Finance costs'.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and

- the amount initially recognized less, when appropriate, the cumulative amount of income recognized.

Foreign exchange gains and losses on financial liabilities

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains are determined based on the amortised cost of the instruments and are recognized in "Other income" and losses are recognised in "Finance Cost" to the extent it is related to borrowings.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in statement of profit and loss.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in statement of profit and loss.

(xviii) Cash flow statements

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows from operating activities are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated based on the available information.

(xix) Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

(xx) Insurance Claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

(xxi) Operating cycle

Based on the nature of services / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2(b) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below :

a. Share based payments

The entity initially measures the cost of equity settled transactions with employees using the Black Scholes model to determine the fair value of the options granted. Estimating the fair value of the share options granted require determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for the share based payment transactions are disclosed in Note 24.

b. Defined benefit plans (gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the gratuity obligation are disclosed in Note 44.

c. Intangible assets under development

The Company capitalizes intangibles under development in accordance with the accounting policy. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed.

d. Life time Expected credit losses

Life time expected credit loss allowance is computed based on historical credit loss experience and adjusted for forward-looking information on collection.

e. Estimation towards revenue deferred due to uncertainty of collection

The quantum of revenue deferred due to uncertainty of collection is computed based on past trends of year-wise cancellation of memberships and considering factors impacting future collections.

f. Significant financing component

Given the nature of vacation ownership business, the Company has determined that membership fee does not include a significant financing component. Where the payment is received in installments, the Company charges appropriate interest to the members.

g. Customer unexercised rights

The Company considers the expected Customers unexercised rights, while determining the effective membership period over which the membership fee needs to be recognised. This customer unexercised right is computed based on past trend of utilisation of membership by the customer.

h. Litigation for taxation matters

The company is subject to tax litigation, the outcome of which is subject to many uncertainties inherent in litigation such as interpretation of legislation, outcome of appeals etc. Litigation provisions are reviewed at each accounting period and revisions made for the change in facts and circumstances.

i. Fair valuation of Freehold land

Freehold land is measured at Fair value based on valuations by external independent valuers using the market approach at sufficient regularity.

j. Leases

The Company makes an assessment on the expected lease term on a lease-by lease basis as per the contract period. Further, discount rate is based on the incremental borrowing rate of the company at the time of commencement of lease.

All amounts are in ₹ lakhs unless otherwise stated

3 Changes in significant accounting policies

A) Leases

This is the first set of the Company's annual financial statements in which Ind AS 116 Leases has been applied. Changes to significant accounting policies are described below:

The Company has applied the modified retrospective approach as per para C5(b) of Ind AS 116 to existing Leases as on April 1, 2019 and the cumulative effect of applying this standard is recognised at the date of initial application i.e. April 1, 2019 in accordance with para C7 of Ind AS 116 as an adjustment to the Transition Difference under other equity. This has resulted in recognising a right-of-use asset of ₹ 19,736.60 lakhs and a corresponding lease liability of ₹ 21,183.10 lakhs by adjusting Transition Difference (other equity) net of taxes of ₹ 1,670.15 lakhs as at April 1, 2019 (This is further adjusted for the effect of change in tax rate) b) Due to the application of Ind AS 116 a lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The nature of expenses related to these leases has changed as Ind AS 116 replaced the operating lease expense (i.e. rent) with depreciation charge for ROU assets and interest expense on lease liabilities.

The following tables summarise the impact of adopting Ind AS 116 on the statement of profit and loss for the year ended March 31, 2020:

All amounts are in ₹ lakhs unless otherwise stated

Sl. No.	Particulars	As reported	Impact of Ind AS 116	Year ended March 31, 2020 Amount without adoption of Ind AS 116	Year ended March 31, 2019 Amount without adoption of Ind AS 116
1.	**Profit prior to Rent, Finance cost, Depreciation and amortisation expense and taxes**	**30,911.60**	**(13.48)**	**30,898.12**	28,177.10
2.	Less : Rent	**(6,750.76)**	**(6,429.99)**	**(13,180.75)**	(13,017.17)
3.	**Profit prior to Finance cost, Depreciation and amortisation expense and taxes**	**24,160.84**	**(6,443.47)**	**17,717.37**	15,159.93
4.	Less: Finance cost	**(1,599.31)**	**1,598.09**	**(1.22)**	(2.19)
5.	Less: Depreciation and amortisation expense	**(10,166.79)**	**5,116.53**	**(5,050.26)**	(5,140.50)
6.	**Profit before tax (3-4-5)**	**12,394.74**	**271.15**	**12,665.89**	10,017.24

B) Revaluation of freehold land (Change in previous year)

As at September 30, 2018, the Company has changed its accounting policy with respect to measurement of freehold land. According to the revised policy, freehold land is revalued and measured at fair value, based on periodic valuation done by external independent valuer using market approach. Any revaluation surplus is recorded in OCI and credited to Revaluation reserve in other equity. This revaluation surplus is not available for distribution to shareholders.

Particulars	**(₹ in lakhs)**
Revaluation surplus as at March 31, 2019	96,161.14
Deferred tax on the above revaluation	(22,401.70)
As at March 31, 2019	**73,759.44**

The carrying amount of freehold land as at March 31, 2019 under cost and revaluation model are given below:

Block of asset	**Revaluation Model (₹ in lakhs)**	**Cost Model (₹ in lakhs)**
Freehold Land	112,875.64	16,714.49

C) Adoption of Ind AS 115 - Revenue from Contracts with Customers (Change in previous year)

The Company had applied Ind AS 115 Revenue from Contracts with Customers. Changes to significant accounting policies are described below:

The Company has applied the modified retrospective approach as per para C3(b) of Ind AS 115 to contracts that were not completed as on April 1, 2018 and the cumulative effect of applying this standard was recognised at the date of initial application i.e. April 1, 2018 in accordance with para C7 of Ind AS 115 as an adjustment to the other equity. The transitional adjustment of ` 121,044.68 lakhs (net of deferred tax) has been stated as Transition Difference under other equity based on the requirements of the Ind AS 115. b) Due to the application of Ind AS 115, membership fees and incremental cost to obtain and/or fulfill a contract with a customer, as applicable, is recognised over the effective membership period. The previous standard permitted the upfront recognition of the non refundable admission fees on sale of membership.

All amounts are in ₹ lakhs unless otherwise stated

Note No. 4 - Property Plant and Equipment

Description of Assets	**Land - Freehold**	**Buildings - Freehold**	**Buildings - Leasehold**	**Plant and Equipment**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles**	**Total**
I. Gross Block								
Balance as at April 1, 2019	112,875.63	64,862.54	156.09	22,669.44	2,262.66	15,348.11	1,246.80	219,421.27
Additions	27.34	5,397.53	–	2,377.50	143.96	853.44	63.63	8,863.40
Disposals	–	(14.94)	–	(238.99)	(26.22)	(52.72)	(45.15)	(378.02)
Others (reclassification)	–	–	–	(0.78)	0.78	–	–	–
Balance as at March 31, 2020	**112,902.97**	**70,245.13**	**156.09**	**24,807.17**	**2,381.18**	**16,148.83**	**1,265.28**	**227,906.65**
II. Accumulated depreciation								
Balance as at April 1, 2019	–	10,244.99	156.09	14,531.25	1,998.71	12,479.21	688.61	40,098.86
Depreciation for the year	–	1,246.18	–	2,129.03	133.86	971.38	136.76	4,617.21
Eliminated on disposal of assets	–	(4.57)	–	(155.62)	(22.40)	(46.25)	(32.39)	(261.23)
Others (reclassification)	–	–	–	(0.75)	0.75	–	–	–
Balance as at March 31, 2020	**–**	**11,486.60**	**156.09**	**16,503.91**	**2,110.92**	**13,404.34**	**792.98**	**44,454.84**
Net block (I-II)								
Balance as at March 31, 2020	**112,902.97**	**58,758.53**	**–**	**8,303.26**	**270.26**	**2,744.49**	**472.30**	**183,451.81**
Balance as at March 31, 2019	112,875.63	54,617.55	–	8,138.19	263.95	2,868.90	558.19	179,322.41

Description of Assets	Land - Freehold	Buildings - Freehold	Buildings - Leasehold	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Block								
Balance as at April 1, 2018	16,657.33	64,236.46	156.09	22,532.85	2,411.22	15,300.01	1,202.56	122,496.52
Additions	198.90	680.83	–	1,722.67	138.47	283.10	133.54	3,157.51
Revaluation (refer note 3 (B))	96,161.14	–	–	–	–	–	–	96,161.14
Disposals	(141.74)	(54.75)	–	(1,586.74)	(285.57)	(235.55)	(89.56)	(2,393.91)
Others (reclassification)	–	–		0.66	(1.46)	0.55	0.26	–
Balance as at March 31, 2019	112,875.63	64,862.54	156.09	22,669.44	2,262.66	15,348.11	1,246.80	219,421.26
II. Accumulated depreciation								
Balance as at April 1, 2018	–	9,033.16	156.09	14,004.16	2,146.02	11,681.22	624.28	37,644.93
Depreciation for the year	–	1,222.59	–	2,009.53	139.01	1,015.42	140.41	4,526.96
Eliminated on disposal of assets	–	(10.76)	–	(1,484.04)	(284.42)	(217.53)	(76.28)	(2,073.03)
Others (reclassification)	–	–	–	1.60	(1.90)	0.10	0.20	–
Balance as at March 31, 2019	–	10,244.99	156.09	14,531.25	1,998.71	12,479.21	688.61	40,098.86
Net block (I-II)								
Balance as at March 31, 2019	112,875.63	54,617.55	–	8,138.19	263.95	2,868.90	558.19	179,322.41
Balance as at March 31, 2018	16,657.33	55,203.30	–	8,528.69	265.20	3,618.79	578.28	84,851.59

All amounts are in ₹ lakhs unless otherwise stated

Note No. 5 - Right of Use Asset

Description of Assets	Right of Use Asset
I. Gross Block	
Balance as at April 1, 2019 (On Transition to Ind AS 116)*	19,736.60
Additions	3,259.91
Deletions	(453.46)
Balance as at March 31, 2020	**22,543.05**
II. Accumulated depreciation	
Amortisation expense for the year	5,116.52
Balance as at March 31, 2020	**5,116.52**
Net block (I-II)	
Balance as at March 31, 2020 (refer note 3(A) and 53)	**17,426.53**
Balance as at March 31, 2019	–

* Pertains to lease of resorts and office properties

Note No. 6 - Other Intangible Assets

Description of Assets	Computer Software & Website development cost
I. Gross Block	
Balance as at April 1, 2019	7,243.90
Additions	222.36
Balance as at March 31, 2020	**7,466.26**
II. Accumulated depreciation	
Balance as at April 1, 2019	6,638.25
Amortisation expense for the year	433.06
Balance as at March 31, 2020	**7,071.31**
Net block (I-II)	
Balance as at March 31, 2020	**394.95**
Balance as at March 31, 2019	605.65

Description of Assets	Computer Software & Website development cost
I. Gross Block	
Balance as at April 1, 2018	7,005.97
Additions	237.93
Balance as at March 31, 2019	**7,243.90**
II. Accumulated depreciation	
Balance as at April 1, 2018	6,024.71
Amortisation expense for the year	613.54
Balance as at March 31, 2019	**6,638.25**
Net block (I-II)	
Balance as at March 31, 2019	**605.65**
Balance as at March 31, 2018	981.26

Note No. 7 - Non-Current Investments

Particulars	Face value	Currency	As at March 31, 2020		As at March 31, 2019	
			Quantity	Amount	Quantity	Amount
Unquoted Investments at Cost (fully paid)						
In Equity Instruments of Subsidiaries						
Heritage Bird (M) Sdn. Bhd.	1	MYR	**300,002**	**40.27**	300,002	40.27
Mahindra Hotels and Residences India Ltd.	10	₹	**49,994**	**5.00**	49,994	5.00
Gables Promoters Private Limited	10	₹	**65,000,000**	**6,543.78**	65,000,000	6,543.78
MH Boutique Hospitality Limited	100	THB	**49,000**	**95.38**	49,000	95.38
Infinity Hospitality Group Company Limited	100	THB	**734,850**	**2,681.11**	734,850	2,681.11
MHR Holdings (Mauritius) Limited	1	EUR	**145,000**	**115.10**	145,000	115.10
Arabian Dreams Hotel Apartments LLC	100	AED	**147**	**52.11**	147	52.11
				9,532.75		9,532.75

All amounts are in ₹ lakhs unless otherwise stated

Particulars	Face value	Currency	As at March 31, 2020 Quantity	As at March 31, 2020 Amount	As at March 31, 2019 Quantity	As at March 31, 2019 Amount
Unquoted Investments at FVTPL (fully paid)						
In Equity Instruments of other entities						
Mahindra World City Developers Ltd.	10	₹	**1**	**0.00**	1	0.00
Mahindra Hotels and Resorts Limited (cost of investment ₹ 1/-)	10	₹	**20,011**	**0.00**	20,011	0.00
Nreach Online Services Private Limited	10	₹	**5,738**	**300.00**	5,738	300.00
In Preference Instruments of other entities						
Guestline Hospitality Management and Developement Services Limited (25,000 7% non-cumulative redeemable participating optionally convertible preference shares of ₹ 10/- each)	10	₹	**25,000**	**88.96**	25,000	83.23
				388.96		383.23
Aggregate book value of unquoted investments				**9,921.71**		9,915.98

Notes:

The preference shares of Guestline Hospitality Management and Developement Services Limited can be redeemed at par at the option of the investee at any time after five years but before twenty years from the date of allotment viz. January 14, 2003 or at the option of the holder be convertible into fully paid equity shares of the face value of ₹ 10 each anytime after thirty six months from the date of allotment.

Note No. 8 - Non-Current Trade Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	**49,438.05**	56,142.51
	49,438.05	56,142.51

Note No. 9 - Non-Current Loans (Unsecured, Considered good)

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits	**4,408.01**	4,656.44
Loans to related parties (refer note no 51)	**7.40**	7.40
	4,415.41	4,663.84

Note No. 10 - Other Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost		
Guarantee commission receivable from related parties (refer note no 51)	**1,589.73**	1,357.39
Bank deposit with more than 12 months maturity	**–**	26.59
Other Deposits *	**7,500.00**	–
	9,089.73	1,383.98

* It consists of ₹ 6,500 lakhs deposit with related party

Note No. 11 (a) - Deferred Tax Assets (Net)

Particulars	As at March 31, 2020	As at March 31, 2019
Tax effect of items constituting deferred tax liabilities		
Property, Plant and Equipment (excluding land)	**6,183.88**	8,150.34
Deferred Acquisition Cost	**17,956.83**	24,698.64
Fair valuation of financial assets	**1,426.82**	1,142.94
Tax effect of items constituting deferred tax assets		
Employee Benefits	**308.00**	360.05
Deferred Revenue	**71,164.05**	94,651.83
Receivables / Revenue derecognition	**645.20**	895.81
Lease Arrangements	**633.34**	–
Income tax loss	**–**	760.95
MAT Credit Entitlement	**–**	2,197.00
Provisions	**41.78**	58.01
Fair valuation of financial assets	**12.85**	24.91
Net Deferred Tax Asset	**47,237.69**	64,956.64

Note No. 11 (b) - Deferred Tax Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Fair valuation of Land	**22,401.70**	22,401.70
	22,401.70	22,401.70

All amounts are in ₹ lakhs unless otherwise stated

Note No. 12 - Other Non-Current Tax Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Advance Income tax	**18,227.70**	16,705.65
(Net of provisions up to the reporting date)		
	18,227.70	16,705.65

Note No. 13 - Deferred Acquisition Cost

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Acquisition Cost (refer note 2(a)(iii))	**66,516.39**	64,283.21
	66,516.39	64,283.21

Note No. 14 - Other Non-Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Advances	**2,885.14**	3,290.07
Prepayments	**137.12**	389.04
Duty paid under protests	**263.93**	615.48
	3,286.19	4,294.59

Note No. 15 - Inventories (At lower of cost and net realisable value)

Particulars	As at March 31, 2020	As at March 31, 2019
Food and beverages	**111.82**	90.06
Operating supplies	**360.47**	472.67
	472.29	562.73
Cost of food and beverages recognised as an expense during the year (Refer Note 40)	**3,531.43**	3,298.04

Note No. 16 - Current Investments

Particulars	As at March 31, 2020 Units	As at March 31, 2020 Amount	As at March 31, 2019 Units	As at March 31, 2019 Amount
Unquoted Investments at FVTPL (all fully paid)				
Investments in Mutual Funds				
HDFC Banking and PSU Debt Fund Direct Growth	**8,368,759**	**1,408.09**	8,368,759	1,275.17
HDFC Banking and PSU Debt Fund Regular Growth	**8,407,362**	**1,388.99**	8,407,363	1,263.58
IDFC Corporate Bond Fund Regular Plan Growth	**14,043,341**	**1,935.35**	14,043,341	1,788.04
IDFC Corporate Bond Fund Direct Plan Growth	**34,982,465**	**4,884.46**	34,982,465	4,498.88
Birla Sun Life Floating Rate Fund-Long Term Plan Growth	**966,662**	**2,399.08**	966,662	2,220.75
Birla Sun Life Floating Rate Fund-Long Term Plan Growth Direct	**948,356**	**2,392.66**	948,356	2,209.94
HDFC Floating Rate Income Fund Short Term Plan Wholesale Growth	**6,936,919**	**2,435.73**	6,936,919	2,254.71
HDFC Floating Rate Income Fund Short Term Plan Wholesale Direct Plan Growth	**6,696,488**	**2,369.38**	6,696,488	2,189.99
ICICI Prudential Flexible Income Growth	**269,270**	**1,043.02**	269,270	965.95
ICICI Prudential Flexible Income Direct Plan Growth	**609,780**	**2,380.40**	609,780	2,202.34
Mahindra Liquid Fund - Dir - Growth	**505,763**	**6,517.67**	146,170	1,770.73
Kotak Liquid Direct Plan Growth	**108,150**	**4,848.40**	108,151	4,092.77
Kotak Treasury Advantage Fund Regular Plan Growth	**7,506,213**	**2,409.01**	7,506,214	2,249.73
Kotak Treasury Advantage Fund Regular Direct Plan Growth	**7,202,341**	**2,366.24**	7,202,341	2,200.50
Mahindra Ultra Short Term Yojana – Direct Growth	**50,000**	**516.34**	–	–
Aggregate book value of unquoted investments	**97,601,870**	**39,294.82**	97,192,279	31,183.08

Note No. 17 - Current Trade Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	**118,750.18**	105,948.77
Unsecured, credit impaired	**113.97**	113.97
Less: Impairment loss allowance	**(113.97)**	(113.97)
	118,750.18	105,948.77

Note No. 18 - Cash and Cash Equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks	**1,423.60**	2,519.90
Cash on hand	**39.88**	105.32
	1,463.48	2,625.22

All amounts are in ₹ lakhs unless otherwise stated

Note No. 19 - Other Bank Balances

Particulars	As at March 31, 2020	As at March 31, 2019
Earmarked balances with banks (Unpaid Dividend)	**8.30**	9.88
Bank Deposits with maturity greater than three months and less than twelve months	**19,159.82**	88.80
	19,168.12	98.68

Note No. 20 - Loans (Unsecured, Considered good)

Particulars	As at March 31, 2020	As at March 31, 2019
Loans to related parties (refer note no 51)	**4,453.54**	3,515.82
Loans and advances to employees	**25.13**	23.40
	4,478.67	3,539.22

Note No. 21 - Other Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost		
Other receivables from related parties (refer note no 51)	**3.41**	28.67
Interest accrued but not due	**1,507.16**	1,585.36
Other Deposits*	**12,890.00**	25,900.00
	14,400.57	27,514.03

* It consists of ₹ 1,590 lakhs deposit with related party

Note No. 22 - Deferred Acquisition Cost

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred Acquisition Cost (refer note 2(a)(iii))	**4,831.47**	4,559.42
	4,831.47	4,559.42

Note No. 23 - Other Current Assets

Particulars	As at March 31, 2020	As at March 31, 2019
With Government authorities (excluding income taxes)	**3,869.54**	2,781.72
Prepayments	**357.07**	874.34
Advance to suppliers:		
Considered good *	**1,107.77**	778.23
Considered doubtful *	**250.00**	250.00
Less: Provision for doubtful advances	**(250.00)**	(250.00)
	5,334.38	4,434.29

* Both include advances given to related parties - ₹ 250 lakhs

Note No. 24 - Equity Share Capital

Particulars	As at March 31, 2020 No. of shares	As at March 31, 2020 Amount	As at March 31, 2019 No. of shares	As at March 31, 2019 Amount
Authorised:				
Equity shares of ₹ 10 each with voting rights	**150,000,000**	**15,000.00**	150,000,000	15,000.00
Issued, Subscribed and Fully Paid:				
Equity shares of ₹ 10 each with voting rights	**133,553,784**	**13,355.38**	133,553,784	13,355.38
Treasury Shares (par value)	**(630,040)**	**(63.00)**	(654,040)	(65.40)
	132,923,744	**13,292.38**	132,899,744	13,289.98

Treasury shares represents equity shares of ₹ 10/- each fully paid up, allotted to Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust ('ESOP Trust') but not exercised by employees.

24 a) Terms / rights attached to equity shares:

i) The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity share is entitled to one vote per share.

ii) Repayment of capital will be in proportion to the number of equity shares held.

iii) The dividends proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting.

iv) With the adoption of new revenue recognition policy in accordance with Ind AS 115 in the previous year, the Company had to change its revenue recognition policy. Consequently, the Deferred Revenue and Deferred Costs had to be recomputed and that resulted in a Transition Difference. The Company is profitable and has healthy cash flows and has declared dividends every year since 2006. The Company has sought clarification from Ministry of Corporate Affairs (MCA) that this Transition Difference ought not to be considered for the purpose of calculation of dividend, under section 123(1) of the Companies Act, 2013. The declaration of dividend, if any shall be subject to clarification from MCA.

All amounts are in ₹ lakhs unless otherwise stated

24 b) Shares in the Company held by Holding Company

Name of shareholder	No. of Shares	% held as at March 31, 2020	No. of Shares	% held as at March 31, 2019
Mahindra & Mahindra Limited (Holding Company)	**89,890,615**	**67.31%**	89,890,615	67.31%

24 c) Details of shares held by each shareholder holding more than 5% shares:

Name of shareholder	No. of Shares	% held as at March 31, 2020	No. of Shares	% held as at March 31, 2019
Mahindra & Mahindra Limited	**89,890,615**	**67.31%**	89,890,615	67.31%
HDFC Trustee Company Limited	**11,461,397**	**8.58%**	11,045,929	8.27%

24 d) The reconciliation of the number of shares outstanding as at March 31, 2020 and March 31, 2019 is set out below:-

		As at March 31, 2020		As at March 31, 2019
Particulars	**No. of Shares**	**In ₹ lakhs**	No. of Shares	In ₹ lakhs
Number of shares at the beginning	**132,899,744**	**13,289.98**	132,759,494	13,275.95
Add: Shares issued on exercise of employee stock options	**24,000**	**2.40**	140,250	14.03
Number of shares at the end	**132,923,744**	**13,292.38**	132,899,744	13,289.98

The Board of Directors at its meeting held on May 19, 2017 had approved issue of bonus shares in the proportion of 1:2, i.e. 1(one) bonus equity share of ` 10/- each for 2(two) fully paid up equity shares which was allotted on July 12, 2017 on approval being received in the shareholder's meeting.

24 e) i) Under the Employee Stock Option Scheme ("ESOS 2006") equity shares are allotted to the ESOP Trust set up by the Company. The ESOP Trust holds these shares for the benefit of the eligible employees/directors as defined under the scheme and transfers these shares to them as per the recommendation of the remuneration committee.

ii) The Company formulated the Employee Stock Option Scheme ("ESOS 2014"), under which the Company has the option to issue and allot the shares either directly to the eligible employees/directors or through the ESOP Trust. To the extent allotted, ESOP Trust would hold these shares for the benefit of the eligible Employees/Directors as defined under the scheme and would transfer the shares to them as per the recommendation of the remuneration committee.

iii) The details of the Employees' Stock Option Schemes are as under:

Type of Arrangement	ESOS 2006 - Equity settled option plan administered through Employee Stock Option Trust.
	ESOS 2014 - Equity settled option plan issued directly/administered through Employee Stock Option Trust.
Method of Settlement	By issue of shares at Exercise Price.

Particulars	Date of Grant	Original Exercise price (in ₹)	Adjusted Exercise Price upon issue of Bonus shares	Average Exercise Price (in ₹)	Vesting period (in Yrs)	No. of options granted	Contractual life	Vesting condition	No. of options exercisable in each tranche
Grant I (ESOS 2006)	15/07/2006	16.00	N.A.	6.00	5	759,325	6 yrs from the date of grant	refer note (a) below	
Grant II (ESOS 2006)	30/03/2007	52.00	N.A.	19.50	4	122,235			Minimum of 25 and a maximum of all the options vested but not exercised till that date.
Grant III (ESOS 2006)	11/01/2007	52.00	N.A.	19.50	4	56,700			
Grant V (ESOS 2006)	11/01/2008	52.00	34.67	52.00	4	261,590			
Grant VI (ESOS 2006)	21/02/2012	370.00	N.A.	370.00	4	400,000			
Grant VII (ESOS 2006)	21/02/2012	323.00	215.33	215.33	4	186,500			
Grant VIII (ESOS 2006)	31/01/2013	323.00	215.33	215.33	4	130,000			
Grant IX (ESOS 2006)	29/01/2014	253.00	N.A.	253.00	4	35,000		25% each on expiry of 12,24,36 and 48 months from the date of grant.	
Grant I (ESOS 2014)	22/01/2015	264.00	176.00	176.00	4	620,000	5 yrs from the date of each vesting		
Grant II (ESOS 2014)	27/10/2015	365.00	243.33	243.33	4	110,000			
Grant III (ESOS 2014)	18/02/2016	370.00	246.67	246.67	4	200,000			
Grant IV (ESOS 2014)	31/01/2017	406.00	270.67	270.67	4	80,000			
Grant V (ESOS 2014)	02/08/2017	410.00	N.A.	410.00	4	60,000			refer note (b) below
Grant VI (ESOS 2014)	15/05/2019	234.00	N.A.	234.00	4	145,000			
Grant VII (ESOS 2014)	31/07/2019	226.00	N.A.	226.00	4	45,000			
Grant VIII (ESOS 2014)	04/11/2019	215.00	N.A.	215.00	4	60,000			
Grant IX (ESOS 2014)	04/11/2019	215.00	N.A.	215.00	4	300,000			
Grant X (ESOS 2014)	01/02/2020	238.00	N.A.	238.00	4	300,000			

Notes:

(a) 35%, 30%, 15%, 10% and 10% on expiry of 12,24,36,48 and 60 months from the date of grant respectively.

(b) Minimum of 100 and a maximum of all the options vested but not exercised till that date.

All amounts are in ₹ lakhs unless otherwise stated

iv) Summary of Stock options (including bonus shares)

Particulars	Date of Grant	Options outstanding as on April 1, 2019	Options granted during the year	Options augmented upon issue of Bonus shares	Options vested during the year	Options exercised during the year	Options lapsed during the year	Options outstanding as on March 31, 2020	Options vested but not exercised
Grant I (ESOS 2006)	15/07/2006				Closed				
Grant II (ESOS 2006)	30/03/2007				Closed				
Grant III (ESOS 2006)	11/01/2007				Closed				
Grant V (ESOS 2006)	11/01/2008				Closed				
Grant VI (ESOS 2006)	21/02/2012				Closed				
Grant VII (ESOS 2006)	21/02/2012	20,624	–	–	–	–	–	20,624	20,624
Grant VIII (ESOS 2006)	31/01/2013	132,750	–	–	–	24,000	–	108,750	108,750
Grant IX (ESOS 2006)	29/01/2014				Closed				
Grant I (ESOS 2014)	22/01/2015	600,000	–	–	–	–	–	600,000	600,000
Grant II (ESOS 2014)	27/10/2015	165,000	–	–	30,000	–	45,000	120,000	120,000
Grant III (ESOS 2014)	18/02/2016	150,000	–	–	75,000	–	–	150,000	150,000
Grant IV (ESOS 2014)	31/01/2017	60,000	–	–	15,000	–	–	60,000	45,000
Grant V (ESOS 2014)	02/08/2017	60,000	–	–	15,000	–	30,000	30,000	15,000
Grant VI (ESOS 2014)	15/05/2019	–	145,000	–	–	–	–	145,000	–
Grant VII (ESOS 2014)	31/07/2019	–	45,000	–	–	–	45,000	–	–
Grant VIII (ESOS 2014)	04/11/2019	–	60,000	–	–	–	–	60,000	–
Grant IX (ESOS 2014)	04/11/2019	–	300,000	–	–	–	–	300,000	–
Grant X (ESOS 2014)	01/02/2020	–	300,000	–	–	–	–	300,000	–
Total		**1,188,374**	**850,000**	**–**	**135,000**	**24,000**	**120,000**	**1,894,374**	**1,059,374**

The fair value of options as certified by independent valuer as of the respective dates of grant i.e. February 21, 2012 is ₹ 129.93 for Grant VII (ESOS 2006), January 31, 2013 is ₹ 94.43 for Grant VIII (ESOS 2006), January 22, 2015 is ₹ 97.24 for Grant I (ESOS 2014), October 27, 2015 is ₹ 158.85 for Grant II (ESOS 2014), February 18, 2016 is ₹ 126.91 for Grant III (ESOS 2014), January 31, 2017 is ₹ 150.35 for Grant IV (ESOS 2014), August 2, 2017 is ₹ 161.83 for Grant V (ESOS 2014), May 15, 2019 is ₹ 82.36 for Grant VI (ESOS 2014), July 31, 2019 is ₹ 84.92 for Grant VII (ESOS 2014), November 4, 2019 is ₹ 85.97 for Grant VIII (ESOS 2014), November 4, 2019 is ₹ 85.97 for Grant IX (ESOS 2014) and February 1, 2020 is ₹ 85.97 for Grant X (ESOS 2014).

The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

Grant details	Grant Date	Risk free interest rate	Expected life	Expected volatility	Expected dividend yield
Grant VII (ESOS 2006)	21/02/2012	8.00%	6.00	33%	₹ 4.00
Grant VIII (ESOS 2006)	31/01/2013	7.78%	3.50	31%	1.38%
Grant IX (ESOS 2006)	29/01/2014	8.81%	3.50	29%	1.66%
Grant I (ESOS 2014)	22/01/2015	7.74%	3.50	29%	1.48%
Grant II (ESOS 2014)	27/10/2015	7.52%	3.50	30%	1.01%
Grant III (ESOS 2014)	18/02/2016	7.51%	3.50	34%	1.15%
Grant IV (ESOS 2014)	31/01/2017	6.40%	3.50	35%	1.22%
Grant V (ESOS 2014)	02/08/2017	6.31%	3.00	45%	0.42%
Grant VI (ESOS 2014)	15/05/2019	6.83%	3.00	38%	0.00%
Grant VII (ESOS 2014)	31/07/2019	6.05%	3.00	38%	0.00%
Grant VIII (ESOS 2014)	04/11/2019	5.74%	3.00	38%	0.00%
Grant IX (ESOS 2014)	04/11/2019	5.74%	3.00	38%	0.00%
Grant X (ESOS 2014)	01/02/2020	5.74%	3.00	38%	0.00%

The weighted average share price at the date of exercise for options was ₹ 237.69 per share (March 31, 2019 ₹ 320.09 per share) and weighted average remaining contractual life for the share options outstanding as at March 31, 2020 was 5.94 years (March 31, 2019 2.84 years)

All amounts are in ₹ lakhs unless otherwise stated

Note No. 25 - Other Equity

Particulars	As at March 31, 2020	As at March 31, 2019
General reserve	**10,381.68**	10,381.68
Securities premium	**10,361.67**	10,312.39
Share options outstanding account	**1,475.48**	1,265.90
Retained earnings	**48,574.59**	41,620.10
Capital reserve	**44.75**	44.75
Capital redemption reserve	**145.80**	145.80
Reserves & Surplus	**70,983.97**	63,770.62
Revaluation Reserve	**73,759.44**	73,759.44
Other Comprehensive Income-Actuarial Loss	**(147.89)**	(93.28)
Transition Difference	**(140,272.59)**	(121,044.68)
	4,322.93	16,392.10

Notes :

a) **General reserve**: The general reserve is used from time to time to transfer net profits from retained earnings for appropriation purposes.

b) **Securities Premium**: Securities premium is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, write-off equity related expenses like share issue expenses etc.

c) **Share Option Outstanding Account**: The Company has share option schemes under which options to subscribe the shares of the Company have been granted to certain eligible employees. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

d) **Capital Reserve**: Capital Reserves are mainly the reserves created during business combination for the gain on bargain purchase and common control mergers. It is not available for distribution as dividend.

e) **Capital Redemption Reserve**: The capital redemption reserve is used towards issue of fully paid bonus shares of the Company.

f) **Revaluation Reserve**: The revaluation reserve is credited on account of revaluation of freehold land. It is not available for distribution as dividend.

g) **Transition Difference**: The Cumulative effect of applying Ind AS 115 Revenue from Contract with Customers, Ind AS 116 Leases and change in income tax rate resulting in re-measurement of accumulated deferred tax balances on the effect of applying Ind AS 115 and Ind AS 116 is recognised as an adjustment to other equity, by separately disclosing it in Transition Difference. Subsequent impact of unwinding of transition adjustments of Ind AS 115 and Ind AS 116 is included in retained earnings.

Note No. 26 - Borrowings- Lease Liabilities (At amortised cost)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease Liabilities	**13,545.23**	–
	13,545.23	–

Note No. 27 - Other Financial Liabilities (At amortised cost)

Particulars	As at March 31, 2020	As at March 31, 2019
Retention Money	**547.68**	694.24
	547.68	694.24

Note No. 28 - Non-Current Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits – Compensated absences	**694.07**	578.68
	694.07	578.68

Note No. 29 - Other Non-Current Liabilities - Contract Liability - Deferred Revenue

Particulars	As at March 31, 2020	As at March 31, 2019
Contract Liability – Deferred Revenue – Vacation ownership	**499,640.79**	476,633.26
	499,640.79	476,633.26

Note No. 30 - Trade Payables

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises (Refer Note No. 49)	**124.92**	61.11
Total outstanding dues of creditors other than micro enterprises and small enterprises	**17,669.57**	16,328.31
	17,794.49	16,389.42

Micro and small enterprises have been identified by the Company on the basis of the information available with the Company.

Note No. 31 - Lease Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Lease liabilities	**5,180.94**	–
	5,180.94	–

Note No. 32 - Other Financial Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Creditors for capital supplies/services	**953.73**	670.73
Guarantee liability	**143.92**	320.49
Commission payable to non-whole time directors	**129.00**	105.00
Unpaid Dividends *	**8.30**	9.88
Employee benefits payable	**4,734.48**	4,572.85
Other payables	**3,307.03**	2,572.03
	9,276.46	8,250.98

* There are no amounts due and outstanding to be transferred to Investor Education and Protection Fund as at March 31, 2020

All amounts are in ₹ lakhs unless otherwise stated

Note No. 33 - Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
- Gratuity (refer note 44)	**77.18**	97.72
- Compensated absences	**529.72**	451.69
	606.90	549.41

Note No. 34 - Other Current Liabilities - Contract Liability - Deferred Revenue

Particulars	As at March 31, 2020	As at March 31, 2019
Contract Liability – Deferred Revenue – Vacation Ownership	**37,496.69**	34,111.51
Contract Liability – Deferred Revenue – Annual subscription fee	**14,736.18**	13,187.00
	52,232.87	47,298.51

Note No. 35 - Other Current Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Taxes (excluding income taxes) and other statutory dues	**2,395.18**	2,479.86
	2,395.18	2,479.86

Note No. 36 - Revenue from Operations

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from contract with customers		
Vacation Ownership Income	**34,670.75**	31,546.67
Income from resorts :		
Room rentals	**4,801.89**	4,630.57
Food and beverages	**13,578.32**	12,941.55
Wine and liquor	**431.64**	444.96
Others	**4,016.09**	3,953.73
Annual subscription fee	**29,130.08**	26,139.56
	86,628.77	79,657.04
Other operating revenue		
Interest income on instalment sales	**10,098.94**	11,441.61
Miscellaneous income	**972.82**	730.50
	11,071.76	12,172.11
	97,700.53	91,829.15

Note No. 37 - Other Income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income on Financial Assets at Amortised Cost		
On deposits with bank	**860.19**	8.97
On other deposits	**1,802.33**	1,062.01
On loans/deposits with related parties (refer Note No. 51)	**321.45**	143.76
Others	**58.94**	215.85
Dividend Income		
Dividend income from current investments	**–**	31.84
Net gain arising on financial assets designated as at FVTPL	**2,637.47**	2,742.41
Gain due to change in lease arrangements	**43.27**	–
Guarantee Commission from related parties (refer Note No. 51)	**287.60**	309.86
	6,011.25	**4,514.70**

Note No. 38 - Employee Benefits Expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages, including bonus	**23,891.03**	21,522.61
Contribution to Provident and other funds	**1,668.29**	1,577.41
Equity-settled share-based payments	**209.58**	148.45
Staff welfare expenses	**1,499.75**	1,601.49
	27,268.65	24,849.96

Note No. 39 - Finance Costs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest on Lease Liabilities	**1,598.09**	–
Interest on short-term borrowings	**1.22**	2.19
	1,599.31	2.19

Note No. 40 - Other Expenses

Particulars		Year ended March 31, 2020		Year ended March 31, 2019
Cost of food and beverages consumed				
Opening stock	**90.06**		96.43	
Add: Purchases	**3,553.19**		3,291.67	
Less: Closing stock	**111.82**		90.06	
		3,531.43		3,298.04
Operating supplies		**3,761.09**		3,616.80
Power & Fuel		**3,611.51**		3,767.16
Rent including lease rentals		**6,750.76**		13,017.17
Rates and taxes		**771.81**		661.84
Insurance		**488.53**		367.93

All amounts are in ₹ lakhs unless otherwise stated

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Repairs and maintenance		
Buildings	**1,647.90**	1,606.95
Plant & equipment	**477.42**	446.59
Others	**1,452.18**	1,649.15
Advertisement	**753.22**	652.52
Sales promotion	**14,562.65**	12,867.42
Travelling and Conveyance	**2,547.03**	2,470.69
Commission and other customer offers	**3,489.02**	3,396.76
Net loss on foreign currency transactions	**4.28**	32.49
Auditor's remuneration and out-of-pocket expenses		
For Statutory audit	**58.00**	53.00
For Other services	**44.28**	33.12
For reimbursement of expenses	**2.96**	3.27
Directors fees	**39.70**	43.50
Commission to non whole time directors	**129.00**	105.00
Legal and other professional costs	**2,538.78**	2,555.70
Communication	**1,055.91**	1,158.26
Software charges	**179.65**	149.77
Service charges	**1,324.92**	1,367.35
Bank charges	**544.37**	502.40
Corporate Social Responsibility (CSR) expenditure (refer note no 47)	**365.15**	411.60
Loss on sale of property, plant and equipment (net)	**108.80**	167.15
Miscellaneous expenses	**2,041.94**	1,932.33
	52,282.29	56,333.96

Note No. 41 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current Tax:		
In respect of current year	**2,520.37**	2,201.66
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**722.88**	1,429.35
One time impact on Tax expense (Current & Deferred) due to change in tax rate	**19,972.94**	–
Total income tax expense on continuing operations	**23,216.19**	3,631.01

The Special Bench of the Income Tax Appellate Tribunal (ITAT) has, after considering the relevant facts pertaining to the Company, by its order dated May 26, 2010 upheld the contention of the Company that in the Company's case 60% of the membership fees should be considered chargeable to tax in the year of enrolment of a member whereas the balance 40% should be charged on pro rata basis over the period of membership. The Department's appeal against the said order is pending before Madras High Court. Consequently, the Company has continued to provide for income tax by computing income by applying the order of the ITAT.

The Company has been advised that after the introduction of Section 43CB with effect from April 1, 2017 the revenue from membership fees is chargeable as per ICDS IV. The Company is further advised that as per the said ICDS the revenue from membership fees is chargeable to tax by spreading the entire fees over the membership period. The Company has, accordingly, filed its Return of Income from Assessment Year 2017-18 as per ICDS and proposes to make a similar claim in the Return of Income for the Financial Year 2019-20. However in the books of accounts, the Company has continued to make its provision for tax on the basis of the order of the ITAT. Further on the basis that the Company will exercise the option to avail of the concessional tax rate as per Section 115BAA, the Company has estimated the current tax liability for the Financial Year 2019-20 and has accordingly, made provision for current tax at ₹ 2,520.37 lakhs. If the tax liability is computed applying ICDS IV the liability for current tax and corresponding payment for advance tax will be significantly lower. Due to the adoption of concessional tax rate, the Company has remeasured the carrying balance of MAT credit entitlement and accumulated deferred tax asset which has resulted in a one-time additional charge of ₹ 19,972.94 lakhs in standalone books of accounts for the year ended March 31, 2020.

(b) Income tax recognised in other Comprehensive income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current/Deferred Tax		
Remeasurement of defined benefit obligations and freehold land revaluation	**18.37**	(22,404.36)
	18.37	(22,404.36)
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**(18.37)**	22,404.36
	(18.37)	22,404.36

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax	**12,394.74**	10,017.24
Income tax expense calculated at 25.168%/34.944%	**3,119.51**	3,500.42
Effect of income that is exempt from taxation	**–**	(11.13)
Effect of change in tax rate	**19,972.94**	(13.09)
Effect of expenses that is non-deductible in determining taxable profit	**123.74**	154.81
Income tax expense recognised in statement of profit and loss	**23,216.19**	3,631.01

The tax rate used for the March 31, 2020 and March 31, 2019 reconciliations above is at the corporate tax rate plus surcharges and cess (applicable rate @ 25.168% for March 31, 2020 and 34.944% for March 31, 2019) payable by company on taxable profits under Indian Income Tax Laws.

(i) Movement in deferred tax balances

All amounts are in ₹ lakhs unless otherwise stated

Particulars	For the Year ended March 31, 2020					
	Opening Balance	**Effect of Transition to Ind AS 116**	**Change in Tax Rate**	**Other changes recognised in profit and Loss**	**Recognised in OCI**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities						
Property, Plant and Equipment	**(30,552.05)**	**–**	**2,280.16**	**(313.69)**	**–**	**(28,585.58)**
Deferred Cost	**(24,698.64)**	**–**	**6,909.74**	**(167.93)**	**–**	**(17,956.83)**
Fair valuation of financial assets	**(1,142.93)**	**–**	**319.75**	**(603.63)**	**–**	**(1,426.81)**
	(56,393.62)	**–**	**9,509.65**	**(1,085.25)**	**–**	**(47,969.22)**
Tax effect of items constituting deferred tax assets						
Employee Benefits	**360.05**	**–**	**(100.73)**	**48.68**	**–**	**308.00**
Receivables / Revenue derecognition	**895.81**	**–**	**(250.61)**	**–**	**–**	**645.20**
Deferred Revenue	**94,651.83**	**–**	**(26,479.99)**	**2,992.21**	**–**	**71,164.05**
Income tax loss	**760.95**	**–**	**(212.88)**	**(548.07)**	**–**	**–**
MAT Credit Entitlement	**2,197.00**	**–**	**–**	**(2,197.00)**	**–**	**–**
Provisions	**58.01**	**–**	**(16.23)**	**–**	**–**	**41.78**
Fair valuation of financial assets	**24.91**	**–**	**(6.97)**	**(5.09)**	**–**	**12.85**
Leases	**–**	**779.87**	**(218.18)**	**71.64**	**–**	**633.33**
	98,948.56	**779.87**	**(27,285.59)**	**362.37**	**–**	**72,805.21**
Net Tax Asset / (Liabilities)	**42,554.94**	**779.87**	**(17,775.94)**	**(722.88)**	**–**	**24,835.99**

On September 20, 2019, the Government of India, vide the Taxation laws (Amendment) Ordinance 2019, inserted Section 115BAA in the Income Tax Act, 1961, which provides domestic Companies an option to pay Corporate Tax at reduced rate effective April 1, 2019 subject to certain conditions. During the current year, the Company has decided to exercise the option of lower tax rate available under Section 115BAA of the Income Tax Act, 1961, as introduced by Taxation Laws (Amendment) Ordinance, 2019, with effect from FY 2019-2020. Accordingly, the Company has recognised the provision for income tax for year ended March 31, 2020 and remeasured the accumulated deferred tax asset at March 31, 2020 based on the rate prescribed under Section 115BAA. The resultant impact has been taken through the statement of profit and loss. The re-measurement of accumulated deferred tax has resulted in a one-time additional deferred tax asset remeasurement charge of ₹ 17,775.94 lakhs and current tax asset charge (MAT Credit Entitlement) of ₹ 2,197 lakhs in the books of accounts totalling the one time impact as ₹ 19,972.94 lakhs.

Particulars	For the Year ended March 31, 2019					
	Opening Balance	Effect of Transition to Ind AS 115	Change in Tax Rate	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities						
Property, Plant and Equipment	(7,802.43)	–	–	(347.92)	(22,401.70)	(30,552.05)
Deferred Cost	–	(23,141.03)	–	(1,557.61)	–	(24,698.64)
Fair valuation of financial assets	(437.39)	–	–	(705.54)	–	(1,142.93)
	(8,239.82)	(23,141.03)	–	(2,611.06)	(22,401.70)	(56,393.62)
Tax effect of items constituting deferred tax assets						
Employee Benefits	339.24	–	–	20.81	–	360.05
Receivables / Revenue derecognition*	9,220.49	(4,452.96)	–	(3,871.72)	–	895.81
Deferred Revenue	–	92,631.75	–	2,020.07	–	94,651.83
Income tax loss	–	–	–	760.95	–	760.95
MAT Credit Entitlement	–	–	–	2,197.00	–	2,197.00
Provisions	–	–	–	58.01	–	58.01
Fair valuation of financial assets	28.32	–	–	(3.41)	–	24.91
	9,588.05	88,178.79	–	1,181.71	–	98,948.56
Net Tax Asset / (Liabilities)	1,348.23	65,037.76	–	(1,429.35)	(22,401.70)	42,554.94

* During the previous year the company had cancelled contracts where there was uncertainty of collection from customers. Consequently the corresponding receivables and deferred revenue relating to those customers were written off. These were fully provided by the company and pursuant to the write off the current tax expense is lower in the previous year and the corresponding deferred tax asset recognised, was utilised.

All amounts are in ₹ lakhs unless otherwise stated

Note No. 42 - Earnings per Share

Basic earnings per share

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit / (Loss) for the year after tax	**(10,821.45)**	6,386.23
Weighted average number of equity shares (in lakhs)	**1,329.04**	1,328.71
Earnings per share - Basic in ₹ per share	**(8.14)**	4.81

Diluted earnings per share

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit / (Loss) for the year after tax	**(10,821.45)**	6,386.23
Weighted average number of equity shares (in lakhs)	**1,330.11**	1,329.70
Earnings per share - Diluted in ₹ per share	**(8.14)**	4.80

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Weighted average number of equity shares used in the calculation of Basic EPS	**1,329.04**	1,328.71
Add: Effect of ESOPs	**1.07**	0.99
Weighted average number of equity shares used in the calculation of Diluted EPS	**1,330.11**	1,329.70

Note No. 43 - Contingent liabilities and commitments

Contingent liabilities (to the extent not provided for)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Income Tax matters:		
Claims against the Company not acknowledged as debt (for matters disputed by the Company)		
pertaining to Revenue Recognition (timing difference*) pending before the CIT(A)/ITAT (Company appeal)	**52,652.65**	52,652.65
interest included in the above	**13,584.11**	13,584.11
pertaining to other matters (mainly timing differences*), pending before the CIT(A)/ITAT (Company appeal)	**5,153.63**	5,153.63
interest included in the above	**1,086.96**	1,086.96
Matters decided in favour of the Company, (but under appeal by the Department)		
pertaining to Revenue Recognition (timing difference*) pending before the Madras High Court (Department appeal) excluding interest	**27,140.61**	27,140.61
(b) Service Tax matters:		
claimed on interest on instalments and other items (inclusive of penalty where quantified in demand)*	**3,367.53**	3,080.32

* For matters pertaining to timing differences, if liability were to crystallise, there would be future tax benefits, except to the extent of tax rate differences and interest, if any.

Notes:

1) The above amounts are based on demands raised, which the Company is contesting with the concerned authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the Company's rights for future appeals. No reimbursements are expected.
2) In respect of above matters, it is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flows if any.
3) The Company has received show cause notices from service tax authorities of ₹ 21,991.33 lakhs (Previous year ₹ 21,017.00 lakhs). Company has filed its detailed reply and is confident that no payment is expected to be made for this notices.

(c) Luxury Tax matters:

In respect of certain States, the Company has received demands for payment of luxury tax for member stay at resorts as summarised below:

Particulars	As at March 31, 2020	As at March 31, 2019
Demands raised (inclusive of penalty)	**6,735.55**	6,735.55

The Company has challenged the above demands before various appellate authorities / High Court, the outcome of which is pending. For all such matters, the Company has made cumulative provisions for ₹ 675.10 lakhs (Previous year ₹ 675.10 lakhs) on a best estimate basis.

The above demands include demands raised by Kerala Luxury Tax authorities in respect of which the Kerala High Court (single bench) has upheld the Constitutional validity of the levy and has allowed the department to proceed with the assessment while setting aside penalty orders. The Company has filed an writ appeal before the Divisional Bench of the Kerala High Court challenging the order of the single bench. The Company had also filed SLP with the Supreme Court wherein order has been passed permitting the tax authorities to proceed with the assessments but restricted the tax authorities for making any demand pursuant to the assessment till the disposal of the appeal before the Divisional Bench of the Kerala High Court.

The provision of ₹ 675.10 lakhs (Previous year ₹ 675.10 lakhs) referred to above includes ₹ 473 lakhs (Previous year ₹ 473 lakhs) on the account of demand raised by Kerala Tax Authorities.

All amounts are in ₹ lakhs unless otherwise stated

(d) Guarantees given for its subsidaries:

Particulars	As at March 31, 2020	As at March 31, 2019
Amount of guarantees given (Euro)	**637.50**	778.50
Outstanding amount against guarantees (Euro)	**578.70**	709.70
Amount of guarantees given (THB)	**1,620.00**	1,620.00
Outstanding amount against guarantees (THB)	**1,410.00**	1,480.00
Amount of guarantees given (₹)	**56,737.58**	63,974.97
Outstanding amount against guarantees (₹)	**51,364.43**	58,328.11

(e) Other matters under appeal (Property related)

(i) The Government of Kerala through the Sub Collector, District of Devikulam issued an Order dated July 3, 2007 cancelling the assignment of land underlying the Munnar resort and directed repossession of land on the ground that it is agricultural land and cannot be used for commercial purposes. The Company had filed an appeal before the Commissioner of Land Revenue, Trivandrum against the said Order stating that the Patta issued does not specify that the land should be used only for agricultural purpose. The Commissioner of Land Revenue, Trivandrum vide his Order dated November 22, 2007 dismissed the appeal filed by the Company and cancelled the assignment of land underlying the Munnar Resort and further directed repossession of land on the ground that it is agricultural land and cannot be used for commercial purposes. The Company had filed a writ petition before the Kerala High Court against the said Order. The writ Petition has been disposed of by an Order dated May 21, 2019. Against the said Order, the company has filed a Writ Appeal and by an order dated June 19, 2019, the Court granted an interim stay of all further proceedings. The matter is currently pending before Kerala High Court.

(ii) With respect to certain claims of neighbouring property owners, the Company filed a suit in the Civil Court, Pune seeking inter-alia permanent injunction against them disturbing the possession of the Company's resort property at Lonavala, Maharashtra and obtained an ad-interim stay. In another development, notwithstanding these proceedings, the neighbouring property owner obtained an order from the local Mamlatdar's Court for alleged access to his property through the resort property. The Company obtained a stay against the said order of the Mamlatdar. All matters with respect to the neighbouring property owner are currently pending before the Civil Court, Pune. Further, on account of the cancellation of the Non-Agricultural land conversion order by the Collector, Pune on the basis of complaint made by the said neighbouring owner and subsequently confirmed by the Additional Divisional Commissioner, Pune, the Company has also filed another Civil Suit at Civil Court, Pune against State of Maharashtra and Others, inter alia, seeking declaration that the proceedings and Orders in respect of cancellation of the NA status of the land underlying the resort property at Lonavala are not enforceable and also sought other reliefs. Ad-interim stay has been granted against State of Maharashtra and the Collector, Pune not to give effect to the Orders of NA cancellation and the matter is pending for further hearing.

(f) Other matters

(i) The Company engaged a building contractor for construction of a resort. As the construction did not proceed as per agreed timelines the Company terminated the contract. The contractor has claimed ₹ 1,256.15 lakhs as damages for termination of the Contract. The Company has made a counter claim of ₹ 2,003.56 lakhs towards liquidated damages and other losses. The matter has been heard by the Arbitrator and is reserved for Orders.

(ii) The Regional Provident Fund Commissioner, Chennai had issued Summons initiating proceedings under Section 7A of the Employees Provident Fund Act for failing to remit contributions on allowances relating to employees for the period from March 2011 to February 2013 in respect of Indian employees and from April 2010 to February 2013 in respect of international employees. The PF Authorities have made a claim of ₹ 189.93 lacs. The Company has filed a Writ Petition No 2408/2014 before the Madras High Court and the Court has granted an Interim stay of the above proceedings.

(iii) The Company had acquired the entire shareholding of erstwhile Holiday on Hill Resort Private Limited (erstwhile subsidiary) in the year 2012 and subsequently it was amalgamated with the Company. In the year 2013, a Show Cause Notice was issued by the Collector, Solan to the erstwhile subsidiary under the provisions of Section 118 of HP Tenancy and Land Reforms Act, 1972 (the Act) alleging that the sale by the erstwhile subsidiary was in violation of the provisions of the Act and has required the erstwhile subsidiary to show cause why the said land should not be confiscated. The erstwhile subsidiary had responded to the said show cause notice, inter alia, submitting that it has not violated any provisions of the Act in as much as the Company has acquired only the shareholding of the erstwhile subsidiary from its shareholders and no property has been sold to the Company. The matter has been disposed off by an Order dated December 12, 2017 passed by the Financial Controller (Appeals), HP, Shimla in Revision Application preferred by the Company. The State of Himachal Pradesh has challenged the Order dated December 12, 2017 by filing a Writ Petition in the High Court of Himachal Pradesh at Shimla. The Company has filed its reply to the Writ Petition. The Writ Petition is pending.

(g) With respect to member complaints pending before various consumer forum and other matters: Estimated amount of claims ₹ 466.98 lakhs (As at March 31, 2019: ₹ 532.36 lakhs).

(h) Capital commitment:

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**4,628.56**	3,943.85

(i) Employees' Provident Funds and Miscellaneous Provisions Act, 1952 : In February 2019, the Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligation for past periods. Accordingly, based on legal advice the Company had made a provision for provident fund contribution from the date of the Supreme Court order.

Note No. 44 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating ` 1,327.12 lakhs (2019: ` 1,107.18 lakhs) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans (Gratuity)

The Company has a funded Gratuity Scheme for its employees and gratuity liability has been provided based on the actuarial valuation done at the year end. The Gratuity scheme of the Company is funded with the Life Insurance Corporation of India.

All amounts are in ₹ lakhs unless otherwise stated

Defined benefit plans – as per actuarial valuation on March 31, 2020 and March 31, 2019:

Particulars	Funded Plan Gratuity 2020	2019
Ia. Expense recognised in the Statement of Profit and Loss for the year ended March 31:		
Current service cost	**146.51**	149.06
Net Interest cost	**6.46**	6.19
Components of defined benefit costs recognised in profit & loss	**152.97**	155.25
Ib. Included in other Comprehensive Income:		
Difference between actual and expected return on plan assets	**6.77**	4.83
Actuarial (Gain)/Loss on account of :		
Demographic Assumptions	**(0.02)**	(32.08)
Financial Assumptions	**38.29**	37.41
Experience Adjustments	**27.94**	3.18
Components of defined benefit costs recognised in other comprehensive income	**72.98**	13.34
I. Net Liability recognised in the Balance Sheet as at March 31:		
1. Present value of defined benefit obligation as at March 31	**882.21**	723.74
2. Fair value of plan assets as at March 31	**805.03**	626.02
3. Deficit	**(77.18)**	(97.72)
II. Change in the obligation during the year ended March 31:		
Present value of defined benefit obligation at the beginning of the year	**723.74**	626.49
Expenses Recognised in the Statement of Profit and Loss		
– Current Service Cost	**146.51**	149.06
– Interest Expense	**47.87**	46.95
Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)	**–**	–
Actuarial Gain / (Loss) arising from:		
Change in Demographic Assumptions	**(0.02)**	(32.08)
Financial Assumptions	**38.29**	37.41
Experience Adjustments	**27.94**	3.18
Benefit payments	**(102.12)**	(107.26)
Present value of defined benefit obligation at the end of the year	**882.21**	723.75
III. Change in fair value of assets during the year ended March 31:		
Fair value of plan assets at the beginning of the year	**626.02**	543.88
Expenses Recognised in the Statement of Profit and Loss		
Expected return on plan assets	**41.40**	40.76
Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
Difference between actual and expected return on plan assets	**(6.77)**	(4.83)
Contributions by employer (including benefit payments recoverable)	**246.50**	153.47
Benefit payments	**(102.12)**	(107.26)
Fair value of plan assets at the end of the year	**805.03**	626.02
IV. Major categories of plan assets :		
Deposits with Insurance companies	**805.03**	626.02

The significant actuarial assumptions (estimated for adequate coverage of the obligation on a prudent basis), are as under:

Particulars	Valuation as at March 31, 2020	March 31, 2019
Discount rate(s)	**5.15%**	6.60%
Expected rate(s) of salary increase	**5.00%**	5.00%
Expected rate of return on plan assets	**5.15%**	6.60%
Attrition	**25%-45%**	25%-45%
Mortality table	**IALM 2012-14**	IALM 2006-08

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	**2019-2020**	**0.50%**	13.60	(14.01)
	2018-2019	**0.50%**	10.67	(10.98)
Salary growth rate	**2019-2020**	**0.50%**	(13.96)	13.68
	2018-2019	**0.50%**	(11.10)	10.88
Attrition rate	**2019-2020**	**0.50%**	49.65	(66.19)
	2018-2019	**0.50%**	31.04	(31.21)
Mortality rate	**2019-2020**	**0.50%**	(0.04)	0.04
	2018-2019	**0.50%**	(0.06)	0.06

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute ₹ 215.17 lakhs (Previous Year ₹ 210.11 lakhs) to the gratuity trust during the next financial year of 2020-21.

V. Maturity profile of defined benefit obligation:

Particulars	2020	2019
Within 1 year	**258.27**	239.52
1 - 2 year	**200.25**	160.49
2 - 3 year	**167.65**	131.86
3 - 4 year	**126.41**	106.28
4 - 5 year	**86.98**	77.48
> 5 years	**172.98**	151.19

Plan Assets

The fair value of Company's pension plan asset as of March 31, 2020 and March 31, 2019 by category are as follows:

Particulars	2020	2019
Asset category:		
Contributions placed with Insurance companies...	**805.03**	626.02
	100%	100%

The weighted average duration of the defined benefit obligation as at March 31, 2020 is 3 years (March 31, 2019: 3 years)

VI. Experience Adjustments:

	Year ended				
	2020	2019	2018	2017	2016
Particulars			Gratuity		
Defined Benefit Obligation......	**882.21**	723.74	626.49	464.85	402.09
Fair value of plan assets.........	**805.03**	626.02	543.88	448.91	397.79
Surplus/(Deficit)...................	**(77.18)**	(97.72)	(82.61)	(15.94)	(4.30)
Experience adjustment on plan liabilities [(Gain)/ Loss]..........	**(66.21)**	(8.50)	(77.78)	(27.54)	8.41
Experience adjustment on plan assets [Gain/ (Loss)]............	**(6.77)**	(4.83)	(31.66)	23.05	(23.86)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(c) Defined Benefit Plans (Compensated absences)

The amount recognized as an expense in respect of compensated absences is ₹ 370.56 lakhs (Previous Year: ₹ 244.71 lakhs).

Note No. 45 - Financial Instruments

Capital management

The Company's key objective in managing its financial structure is to maximize value for shareholders, reduce cost of capital, while at the same time ensuring that the Company has the financial flexibility required to continue its expansion. The Company manages its financial structure majorly through internal accruals and makes any necessary adjustments in light of prevailing economic conditions. In this context, the capital structure of the Company consists only of equity. Equity comprises issued share capital, reserves and retained earnings as set out in the statement of changes in equity.

Categories of financial assets and financial liabilities

	As at March 31, 2020			
Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	–	**388.96**	–	**388.96**
Trade Receivables	**49,438.05**	–	–	**49,438.05**
Loans	**4,415.41**	–	–	**4,415.41**
Other Financial Assets				
– Non Derivative Financial Assets	**9,089.73**	–	–	**9,089.73**
Current Assets				
Investments	–	**39,294.82**	–	**39,294.82**
Trade Receivables	**118,750.18**	–	–	**118,750.18**
Cash and cash equivalents	**1,463.48**	–	–	**1,463.48**
Other Bank Balances	**19,168.12**	–	–	**19,168.12**
Loans	**4,478.67**	–	–	**4,478.67**
Other Financial Assets				
– Non Derivative Financial Assets	**14,400.57**	–	–	**14,400.57**
Non-current Liabilities				
Borrowings- Lease liabilities	**13,545.23**	–	–	**13,545.23**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**547.68**	–	–	**547.68**
Current Liabilities				
Trade Payables	**17,794.49**	–	–	**17,794.49**
Lease liabilities	**5,180.94**	–	–	**5,180.94**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**9,276.46**	–	–	**9,276.46**

	As at March 31, 2019			
Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	–	383.23	–	383.23
Trade Receivables	56,142.41	–	–	56,142.41
Loans	4,663.84	–	–	4,663.84
Other Financial Assets				
– Non Derivative Financial Assets	1,383.98	–	–	1,383.98
Current Assets				
Investments	–	31,183.08	–	31,183.08
Trade Receivables	105,948.77	–	–	105,948.77
Cash and Cash Equivalents	2,625.22	–	–	2,625.22
Other Bank Balances	98.68	–	–	98.68
Loans	3,539.22	–	–	3,539.22
Other Financial Assets				
– Non Derivative Financial Assets	27,514.03	–	–	27,514.03
Non-current Liabilities				
Other Financial Liabilities				
– Non Derivative Financial Liabilities	694.24	–	–	694.24
Current Liabilities				
Trade Payables	16,389.42	–	–	16,389.42
Other Financial Liabilities				
– Non Derivative Financial Liabilities	8,250.98	–	–	8,250.98

All amounts are in ₹ lakhs unless otherwise stated

Financial Risk Management Framework

The Company has a robust business risk management process to identify, evaluate and mitigate risks impacting business of the Company. This framework seeks to create transparency, minimise adverse impact on the business objectives and enhance the Company's competitive advantage. This also defines the risk management approach across the enterprise at various levels including documentation and reporting. Risk management forms an integral part of the Company's Business Plan. The Company has adequate internal processes to assess, monitor and manage financial risks. These risks include credit risk, liquidity risk and market risk.

Risk	Exposure primarily from	Measurement	Management
Credit risk	Trade receivables	Ageing analysis, Credit assessment	Assessment of customer credit worthiness at inception and through the credit period
Liquidity risk	Capital commitments	Cash flow forecast	Availability of committed credit lines and borrowing facilities

(i) Credit risk management

A significant portion of the Company's sales of Vacation Ownerships are by way of deferred payment schemes where the customer is obligated to pay the membership fee in Equated Monthly Instalments (EMIs) and the ensuing credit risk is managed by the Company in the following manner:

(a) preliminary assessment of customer credit worthiness, ensuring realisation of minimum down payment and adherence to internal KYC norms;

(b) collecting post dated instruments such as cheques, Automated Clearing House (ACH) mandates, standing credit card instructions from the customers at inception to ensure security cover.

From an accounting perspective, revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Company. The Company also assesses lifetime expected credit loss by using appropriate models, as prescribed by Ind AS 109, using past trends of collections and historical credit loss experience. The categorisation of the receivables into its ageing buckets for the purposes of estimating the expected loss allowance has been profiled based on the longest overdue of that member, for example, if a member has one instalment overdue for say 12 months, the entire receivable of the member is aggregated into that ageing bucket and the credit loss allowance is determined after taking into account the credits against the member under "Contract liability- Deferred Revenue - Vacation ownership fee" (refer note 29 and note 34).

The allowances for credit loss and for revenue deferred at inception referred to above, carried at the end of every reporting period, are tested for adequacy and appropriately dealt with.

The credit loss allowance carried by the Company is as under:

Particulars	March 31, 2020	March 31, 2019
Carrying value of receivables (refer note 8 and 17)*	**168,302.20**	162,205.25
Credit loss allowance	**113.97**	113.97
Loss allowance (%)	**0.07%**	0.07%

* With effect from FY 2015-16, the Company, in accordance with Ind AS, is deferring revenue at inception based on trends as explained and accordingly the credit loss allowance reflects a declining trend. The amounts deferred at inception and the credit loss allowance are adjusted from the carrying value of receivables (refer note 8 and 17) in the same proportion, except in cases where the allowance is directly attributable to a particular contract.

Reconciliation of credit loss allowance adjusted from Trade Receivables

Particulars	Amount
Balance as at March 31, 2019	113.97
Allowance for credit loss recognised during the year	–
Amounts written off during the year	–
Balance as at March 31, 2020	**113.97**

Particulars	Amount
Balance as at March 31, 2018	3,173.41
Allowance for credit loss recognised during the year	–
Amounts written off during the year	(3,059.44)
Balance as at March 31, 2019	**113.97**

(ii) Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities (predominantly trade payables, retention payables, etc) with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities as at March 31, 2020				
Trade Payables	**17,794.49**	–	–	–
Lease Liabilities	**6,468.70**	**8,313.01**	**5,161.90**	**2,849.30**
Other Financial Liabilities	**9,132.54**	**547.68**	–	–
Financial guarantee contracts	**51,364.43**	–	–	–
Total	**84,760.16**	**8,860.69**	**5,161.90**	**2,849.30**
Non-derivative financial liabilities as at March 31, 2019				
Trade Payables	16,389.42	–	–	–
Other Financial Liabilities	7,580.25	694.24	–	–
Financial guarantee contracts	58,328.11	–	–	–
Total	82,297.78	694.24	–	–

The Company has provided financial guarantees to its wholly owned subsidiaries. The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely that such an amount will not be payable under the arrangement.

Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	March 31, 2020	March 31, 2019
Cash credit		
– Expiring within one year	**6,000**	6,000
	6,000	6,000

(iii) Market risk management

The Company's market risk comprises solely of its foreign currency exposure which are limited and not material to the size of its operations.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's

All amounts are in ₹ lakhs unless otherwise stated

investing activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

in ₹ lakhs

Particulars	Currency	March 31, 2020	March 31, 2019
Receivables	**MYR**	**707.14**	710.00
	EUR	**1,707.79**	1,281.02
	AED	**749.28**	869.06
	THB	**972.87**	896.29
Payables	**USD**	**419.34**	5.38
	MYR	**52.49**	10.20
	BTN	**37.35**	–
	LKR	**0.84**	–
	SGD	**77.97**	–
	AED	**947.73**	652.46
	THB	**7.30**	37.58

Of the above foreign currency exposures, none of the exposures are hedged by a derivative. These foreign currency exposures are denominated in currencies that are not very volatile. Hence, the Company is not exposed to major currency risks.

Foreign Currency Sensitivity

The Company is exposed to the following currency risks - USD, AED, THB, MYR, BTN, LKR, SGD and EUR - and the following table demonstrates the sensitivity.

in ₹ lakhs

Particulars	Currency	Change in rate	Impact on profit before tax
March 31, 2020	**USD**	**+10%**	**41.93**
	USD	**-10%**	**(41.93)**
	MYR	**+10%**	**65.46**
	MYR	**-10%**	**(65.46)**
	EUR	**+10%**	**170.78**
	EUR	**-10%**	**(170.78)**
	BTN	**+10%**	**(3.73)**
	BTN	**-10%**	**3.73**
	LKR	**+10%**	**(0.08)**
	LKR	**-10%**	**0.08**
	SGD	**+10%**	**(7.80)**
	SGD	**-10%**	**7.80**
	AED	**+10%**	**(19.84)**
	AED	**-10%**	**19.84**
	THB	**+10%**	**96.56**
	THB	**-10%**	**(96.56)**
March 31, 2019	USD	+10%	0.54
	USD	-10%	(0.54)
	MYR	+10%	69.98
	MYR	-10%	(69.98)
	EUR	+10%	128.10
	EUR	-10%	(128.10)
	AED	+10%	21.66
	AED	-10%	(21.66)
	THB	+10%	85.87
	THB	-10%	(85.87)

Note No. 46 - Fair Value Measurement

Fair Valuation Techniques and Inputs used - recurring Items

Financial assets/ financial liabilities* measured at Fair value	Fair value as at March 31, 2020	Fair value as at March 31, 2019	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets				
Investments				
Mutual fund investments	**39,294.82**	31,183.08	Level 1	Refer note 1 below
Equity and preference investments	**388.96**	383.23	Level 3	Refer note 2 below
Total financial assets	**39,683.78**	31,566.31		

Note 1: Fair value determined using NAV.

Note 2: Fair value determined using discounted cash flow method.

Reconciliation of Level 3 fair values

Particulars	Equity and Preference
Balance as at March 31, 2019	383.23
Fair value gain included in statement of profit and loss	5.73
Balance as at March 31, 2020	**388.96**

* Fair value of financial assets and financial liabilities (that are measured at amortised cost) closely approximate their carrying value.

Note No. 47 - Expenditure on Corporate Social Responsibility

As per Section 135 of the Companies Act 2013, the Company needs to spend 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities. The Company has incurred CSR expenditure on activities specified in Schedule VII of the Companies Act, 2013.

Gross amount required to be spent by the Company during the year is ₹ 365 lakhs (Previous Year : ₹ 410 lakhs)

Particulars	Paid	Yet to be paid	Total
(i) Construction/Acquisition of any asset	–	–	–
(ii) On purposes other than (i) above	365.15	–	365.15

All amounts are in ₹ lakhs unless otherwise stated

Note No. 48 - Capital work in progress (CWIP) and expenditure during construction pending allocation included therein:

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Work-in-progress	**23,606.27**	21,818.13

Expenditure during construction pending allocation included in (CWIP) above:

Particulars	As at March 31, 2020	As at March 31, 2019
Salaries, Wages & Bonus	**2,123.13**	2,040.65
Staff welfare Expenses	**44.05**	38.08
Power & Fuel	**36.17**	42.48
Rent	**30.66**	24.32
Rates & Taxes	**0.48**	11.35
Repairs-Others	**16.40**	19.59
Travelling	**133.02**	132.59
Consultancy Charges	**181.19**	184.49
Freight	**–**	10.27
Miscellaneous	**146.66**	154.10
	2,711.76	2,657.92

Note No. 49 - Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Principal amount remaining unpaid to MSME suppliers as on	**124.92**	61.11
(ii) the amount of interest paid by the buyer under MSMED Act,	**–**	–
(iii) Interest accrued and remaining unpaid at the end of each accounting year to MSME suppliers as on	**–**	–
(iv) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**–**	–
(v) Interest due and payable on unpaid principal amount to MSME suppliers as on	**–**	–

Note No. 50 - Segment information

The Company is primarily engaged in the business of sale of Vacation Ownership and other related services in India. As such, the Company operates in a single segment and there are no separate reportable segments. The same is consistent with the information reviewed by the Chief Operating Decision Maker (CODM).

Note No. 51 - Related party transactions

Particulars		March 31, 2020	March 31, 2019
Transactions during the year:	**Holding company**		
Sale of services	Mahindra & Mahindra Limited	**17.22**	257.22
Purchases of PPE	Mahindra & Mahindra Limited	**42.17**	111.07
Purchase of services	Mahindra & Mahindra Limited	**612.61**	616.20
Dividend paid (Including Dividend Distribution Tax)	Mahindra & Mahindra Limited	**–**	4,334.70
	Subsidiary companies		
ICD, Loans & Advances given	Gables Promoters Private Ltd	**1,040.00**	1,600.00
ICD, Loans & Advances received	Heritage Bird (M) Sdn Bhd.	**52.68**	51.84
	Arabian Dreams Hotels Apartments LLC	**190.26**	190.55
Purchase of services	Heritage Bird (M) Sdn Bhd.	**122.33**	123.32
	Infinity Hospitality Group Company Ltd	**407.42**	358.60
	Gables India Private Limited	**1,008.69**	991.21
	Arabian Dreams Hotels Apartments LLC	**1,307.90**	1,260.97
Reimbursement of Expenses	Gables Promoters Private Limited	**136.79**	69.90
Interest Income	Heritage Bird (M) Sdn Bhd.	**31.49**	33.82
	Gables Promoters Private Limited	**184.56**	64.80
	MH Boutique Hospitality Limited	**22.06**	20.60
	Mahindra Hotels & Residences India Ltd	**0.48**	0.48
	MHR Holdings (Mauritius) Limited	**4.38**	4.43
	Arabian Dreams Hotels Apartments LLC	**8.27**	19.63
Commission on Corporate Guarantee	MHR Holdings (Mauritius) Limited	**245.53**	249.66
	Covington S.a.r.l	**24.15**	42.63
	Infinity Hospitality Group Company Ltd	**17.92**	17.57
Corporate guarantees given on behalf of	MHR Holdings (Mauritius) Ltd	**–**	3,880.93

All amounts are in ₹ lakhs unless otherwise stated

Particulars		March 31, 2020	March 31, 2019
	Fellow Subsidiaries/Associates		
Sale of services	Mahindra Intertrade Ltd	**1.26**	1.23
	Mahindra Lifespace Developers Ltd	**14.12**	13.48
	Mahindra Rural Housing Finance Ltd	**0.08**	0.33
	Bristlecone India Limited.	**–**	0.20
	Tech Mahindra Limited	**–**	2.65
Interest Income	Mahindra Rural Housing Finance Ltd	**56.88**	–
	Mahindra & Mahindra Financial Services Ltd	**13.33**	–
Purchase of PPE	Mahindra Retail Private Limited	**254.39**	547.93
Purchase of services	Mahindra Integrated Business Solutions Pvt Ltd	**294.78**	277.39
	Mahindra Defence Systems	**–**	20.82
	Trringo.com Limited	**–**	1.13
	Mahindra Retail Private Limited	**59.25**	104.97
	Bristlecone India Limited.	**243.75**	168.05
	Tech Mahindra Ltd	**260.90**	426.28
Other Entity:	**Director's Interest**		
Purchase of Services	Grassroutes Journeys Pvt Ltd	**0.61**	2.97
	Nowigence India Private Limited	**7.80**	–
Managerial remuneration:	**Key Management Personnel**	**464.67**	416.28
	Mr. Kavinder Singh		
	Mr. S Krishnan (Upto January 21, 2018)	**–**	38.18
	Mrs. Akhila Balachandar	**132.82**	120.20
	Mr. Dinesh Shetty (Upto March 31, 2018)	**–**	25.70
	Mr. Nirav Momaya (w.e.f September 28, 2018 upto October 29, 2018)	**–**	1.52
	Mr. Dhanraj Mulki (w.e.f October 29, 2018)	**72.09**	25.09
	Directors Sitting Fees	**39.70**	43.50
	Commission to non whole time directors	**129.00**	105.00
Investment in Inter Corporate Deposits	**Fellow Subsidiaries/Associates**	**6,500.00**	–
	Mahindra Rural Housing Finance Ltd		
	Mahindra & Mahindra Financial Services Ltd	**1,590.00**	–
Balances as at:	**Holding company**		
Outstanding: Payable	Mahindra & Mahindra Limited	**335.98**	436.97
Outstanding: Receivable	Mahindra & Mahindra Limited	**3.67**	13.30
Investments	**Subsidiary companies**		
	Mahindra Hotels & Residences India Ltd	**5.00**	5.00
	Heritage Bird (M) Sdn Bhd.	**40.27**	40.27
	Gables Promoters Private Limited	**6,543.78**	6,543.78
	Infinity Hospitality Group Company Ltd	**2,681.11**	2,681.11
	MH Boutique Hospitality Limited	**95.38**	95.38
	Arabian Dreams Hotels Apartments LLC	**52.11**	52.11
	MHR Holdings (Mauritius) Limited	**115.11**	115.11
Loans and Advances including interest accrued	Mahindra Hotels & Residences India Ltd	**7.40**	7.40
Inter Corporate Deposits including interest accrued	Gables Promoters Private Limited	**2,864.43**	1,658.32
	MH Boutique Hospitality Limited	**965.80**	896.31
	Mahindra Hotels & Residences India Ltd	**6.80**	6.37
	MHR Holdings (Mauritius) Limited	**269.51**	247.37
	Arabian Dreams Hotels Apartments LLC	**459.07**	600.84
	Heritage Bird (M) Sdn Bhd.	**707.21**	710.00

All amounts are in ₹ lakhs unless otherwise stated

Particulars		March 31, 2020	March 31, 2019
Other Receivables	MHR Holdings (Mauritius) Limited	**1,226.74**	863.07
	Covington S.a.r.l	**211.48**	169.52
	Infinity Hospitality Group Company Limited	**7.60**	4.31
	Gables Promoters Private Limited	**149.00**	24.64
Other Payables	Infinity Hospitality Group Company Limited	**15.56**	37.58
	Heritage Bird (M) Sdn Bhd.	**52.50**	10.20
	Gables Promoters Private Limited	**206.93**	39.08
	Arabian Dreams Hotels Apartments LLC	**539.54**	144.75
Corporate guarantees given on behalf of	MHR Holdings (Mauritius) Limited	**49,670.18**	51,888.97
	Covington S.a.r.l	**3,325.20**	8,538.20
	Infinity Hospitality Group Company Limited	**3,742.20**	3,547.80
Loan outstanding against above guarantees	MHR Holdings (Mauritius) Limited	**45,197.78**	47,324.91
	Covington S.a.r.l	**2,909.55**	7,762.00
	Infinity Hospitality Group Company Limited	**3,257.10**	3,241.20
Outstanding: Payable	**Fellow Subsidiaries / Associates**	**69.11**	3.88
	Mahindra Retail Pvt Ltd		
	Tech Mahindra Ltd	**160.89**	196.74
	Bristlecone India Limited	**–**	27.49
	Mahindra Integrated Business Solutions Pvt Ltd	**53.09**	33.16
Outstanding: Receivable Other Deposits (Including accrued interest)	Mahindra Lifespace Developers Ltd	**8.95**	5.65
	Mahindra & Mahindra Financial Services Ltd	**1,602.00**	–
	Mahindra Rural Housing Finance Ltd	**6,551.18**	–
Other entities under the control of the company			
Balances as at :			
Outstanding: Receivable	Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	**48.02**	48.02
Outstanding: Payable	Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust	**819.00**	870.68

Note No. 52 - Revenue from contract with customers

a) Disaggregation of revenue from contracts with customers

The Company derives revenue from the sale of vacation ownership and provide holiday facilities to members over time and at a point in time as under :

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from contracts with customers		
Over time (A)		
Vacation Ownership Income	**34,670.75**	31,546.67
Annual subscription fee	**29,130.08**	26,139.56
Total (A)	**63,800.83**	57,686.23
At a point in time (B)		
Income From resorts:		
Room rentals	**4,801.89**	4,630.57
Food and beverages	**13,578.32**	12,941.55
Wine and liquor	**431.64**	444.96
Others	**4,016.09**	3,953.73
Total (B)	**22,827.94**	21,970.81
Total Revenue from contract with customers (A + B)	**86,628.77**	79,657.04

b) Movement of Deferred Acquisition Cost and Deferred Contract Liability

1 Movement of Deferred Acquisition Cost

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	**68,842.63**	64,432.68
i) Additions during the year	**7,217.44**	8,787.26
ii) Amortised during the year	**(4,712.21)**	(4,377.31)
Closing Balance	**71,347.86**	68,842.63

The deferred acquisition cost relates to incremental costs of acquisition of the member that are deferred over the period of effective membership. Incremental costs are those that would not have been incurred if the contract was not obtained.

All amounts are in ₹ lakhs unless otherwise stated

2 Movement of Deferred Contract Liability

Particulars	March 31, 2020 Vacation Ownership	Annual Subscription Fee	Total
Opening Balance	**510,744.77**	**13,187.00**	**523,931.77**
i) Addition during the year (Net)	**61,063.46**	**30,679.26**	**91,742.72**
ii) Income recognised during the year	**(34,670.75)**	**(29,130.08)**	**(63,800.83)**
Closing Balance	**537,137.48**	**14,736.18**	**551,873.66**

Particulars	March 31, 2019 Vacation Ownership	Annual Subscription Fee	Total
Opening Balance	493,103.38	12,238.79	505,342.17
i) Addition during the year (Net)	49,188.06	27,087.77	76,275.83
ii) Income recognised during the year	(31,546.67)	(26,139.56)	(57,686.23)
Closing Balance	510,744.77	13,187.00	523,931.77

The deferred contract liability relates to the consideration received/receivable from customers, for which services will be provided over the effective membership period and revenue is recognised over that period.

c) Obligations for returns, refunds and other similar obligations:

Particulars	As at March 31, 2020	As at March 31, 2019
Returns, refunds and other similar obligations	**354.16**	454.98
Total	**354.16**	454.98

The above obligation is only to the extent of revenue recognised, this does not include the obligation on refundable entitlement fees.

d) Revenue expected to be recognised in the future from Deferred Contract Liability:

Time Band	As at March 31, 2020	As at March 31, 2019
< 1 Year - Vacation Ownership	**37,496.69**	34,111.51
< 1 Year - ASF	**14,736.18**	13,187.00
1 - 2 Year	**36,924.80**	33,812.31
2 - 3 Year	**36,504.60**	33,329.39
3 - 4 Year	**36,152.60**	33,019.38
4 - 5 Year	**35,919.86**	32,877.56
5-10 Year	**166,977.12**	156,239.45
> 10 year	**187,161.81**	187,355.17
Total	**551,873.66**	523,931.77

The deferred contract liability broken year wise shows summary of Vacation Ownership and Annual subscription fee recognisible over the time. Annual subscription fee being the annual fees chargeable to the member every year over the life of contract.

e) Reconciliation of revenue from contract with customer

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from contract with customer as per the contract price	**92,632.52**	83,084.72
Adjustments made to contract price on account of :-		
Discounts/Rebates/Incentives	**(6,003.75)**	(3,427.68)
Revenue from contract with customer as per the statement of Profit and Loss	**86,628.77**	79,657.04

Note No. 53 - Leases

Right of Use Asset

Particulars	As at March 31, 2020
Balance as at April 1, 2019	**19,736.60**
Additions during the current year	**3,259.91**
Deletions during the current year	**(453.46)**
Amortisation of ROU	**(5,116.52)**
Balance as at March 31, 2020	**17,426.53**

Lease Liabilities

Particulars	As at March 31, 2020
Current	**5,180.94**
Non-Current	**13,545.23**
Lease liabilities included in the Balance Sheet as at March 31, 2020	**18,726.17**

Maturity analysis - contractual undiscounted cash flows

Particulars	As at March 31, 2020
Less than one year	**6,468.70**
1 - 2 Year	**4,613.67**
2 - 3 Year	**3,699.34**
3 - 4 Year	**2,861.93**
4 - 5 Year	**2,299.97**
More than five years	**2,849.30**
Total undiscounted lease liabilities as at March 31, 2020	**22,792.91**

Amounts recognised in statement of Profit and Loss

Particulars	Year ended March 31, 2020
Interest expense on lease liabilities	**1,598.09**
Amortisation of ROU	**5,116.52**
Expenses relating to short term leases	**6,750.76**
Total	**13,465.37**

All amounts are in ₹ lakhs unless otherwise stated

Amounts recognised in Statement of Cash Flows

Particulars	Year ended March 31, 2020
Total Cash outflow for Leases	**6,507.00**

Lease Movement Disclosure Between Ind AS 17 and Ind AS 116

Particulars	As at March 31, 2020
Operating Lease Commitment as at March 31, 2019 as disclosed in the financial statements	**30,445.62**
Discounted using Incremental borrowing rate at April 1, 2019	**27,704.41**
Recognition exemption for	
Short Term Leases	**6,521.31**
Lease Liabilities recognised as at April 1, 2019	**21,183.10**

Note No. 54 - Specified Bank Notes (SBN)

The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended March 31, 2020.

Note No. 55 - Contribution to Political Parties

Payments made by the Company to Political Parties in India in accordance with Section 182 of Companies Act, 2013, during the year as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
New Democratic Electoral Trust (included under 'Miscellaneous expenses' in Note 40)	**50.00**	–

Note No. 56 - Estimation uncertainty relating to COVID-I9 outbreak

The Company has considered internal and external sources of information, economic forecasts and industry reports, up to the date of approval of the financial statements, in determining the impact of COVID 19 pandemic on various elements of its business operations and financial statements. The Company has used the principles of prudence in applying judgements, estimates and assumptions and based on the current estimates, the Company expects to recover the carrying amount of its current and non current assets. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements depending on how long the pandemic lasts and time period taken for the economic activities to return to normalcy.

Note No. 57

The figures for the previous year have been regrouped/ reclassified to correspond with current year's classification/ disclosure.

The financial statements of Mahindra Holidays & Resorts India Limited were approved by the Board of Directors and authorised for issue on May 9, 2020.

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Koosai Lehery
Partner
Membership Number: 112399
Place: Mumbai
Date: May 9, 2020

For and on behalf of the Board of Directors

Arun Nanda
Chairman
DIN: 00010029

Kavinder Singh
Managing Director & CEO
DIN: 06994031

Akhila Balachandar
Chief Financial Officer

Dhanraj Mulki
Company Secretary

Place: Mumbai
Date: May 9, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of
MAHINDRA HOTELS AND RESIDENCES INDIA LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **MAHINDRA HOTELS AND RESIDENCES INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
   (g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors.
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The company does not have any pending litigations which will impact its financial positions.
      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 20111212AAAAHD1843

Place: Mumbai
Date: April 23, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Hotels and Residences India Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 20111212AAAAHD1843

Place: Mumbai
Date: April 23, 2020

ANEXURE "B" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Hotels and Residences India Limited** for the year ended March 31, 2020

Annexure to the Auditor's Report referred to in our report of even date:

1) The Company does not have fixed assets. Accordingly, the provisions of para 3(i) of the Order are not applicable to the Company.

2) The Company does not have inventory, therefore the provisions of para 3(ii) of the Order are not applicable to the Company.

3) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other related parties covered in the register maintained under section 189 of the Act.

4) The Company has not granted any loan, made investments or given guarantees during the year. Hence, the provisions of section 185 and section 186 of the Act are not applicable to the Company. We are informed that the company has not given any security during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2020 for a period of more than 6 months from the date they become payable.

   ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the money raised by the Company by the way of Buyer's credit term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the provisions of para 3(xii) of the Order are not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 20111212AAAAHD1843

Place: Mumbai
Date: April 23, 2020

BALANCE SHEET AS AT MARCH 31, 2020

In Rs.

Particulars	Note	As At March 31, 2020	As At March 31, 2019
ASSETS			
Current Assets			
Cash and Cash Equivalents	2	**48,651**	1,55,368
		48,651	1,55,368
		48,651	1,55,368
EQUITY AND LIABILITIES			
Equity			
Share Capital	3	**5,00,000**	5,00,000
Other Equity	4	**(19,29,639)**	(17,77,569)
		(14,29,639)	(12,77,569)
Non-Current Liabilities			
Other Long term Liabilities	5	**7,40,333**	7,40,333
Current Liabilities			
Borrowings	6	**6,79,844**	6,36,531
Other Current Liabilities	7	**58,114**	56,074
		7,37,957	6,92,605
		48,651	1,55,368
Significant Accounting Policies	1		

The Notes referred above forms an integral part of the Financial Statements

In terms of our report attached

For B.K. Khare & Company
Chartered Accountants
Firm Regn No : 105102W

Shirish Rahalkar
Partner
Membership No: 111212

Place : Mumbai
Date : April 23, 2020

For and on behalf of the Board of Directors

Akhila Balachandar
Director
DIN: 07676670

Dhanraj Mulki
Director
DIN: 08321516

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2020

In Rs.

Particulars	Note	Year Ended March 31, 2020	Year Ended March 31, 2019
Revenue:			
Revenue from operations		–	–
Other Income		–	–
Total Revenue		–	–
Expenses:			
Finance Costs	8	**48,125**	48,125
Other Expenses	9	**1,03,944**	1,27,926
Total Expenses		**1,52,069**	1,76,051
Profit Before Tax		**(1,52,069)**	(1,76,051)
Less: Tax Expense			
Current Tax		–	–
Deferred Tax		–	–
Profit/(Loss) for the Year		**(1,52,069)**	(1,76,051)
Other comprehensive income			
Items that will not be reclassified to profit or (loss) :		–	–
Items that will be reclassified to profit or (loss) :		–	–
Total other comprehensive income for the period		–	–
Total comprehensive income for the period		**(1,52,069)**	(1,76,051)
Earnings Per Share (Basic & Diluted)	10	**(3.04)**	(3.52)

Significant Accounting Policies	1

The Notes referred above forms an integral part of the Financial Statements

In terms of our report attached

For B.K. Khare & Company
Chartered Accountants
Firm Regn No : 105102W

For and on behalf of the Board of Directors

Shirish Rahalkar
Partner
Membership No: 111212

Akhila Balachandar
Director
DIN: 07676670

Dhanraj Mulki
Director
DIN: 08321516

Place : Mumbai
Date : April 23, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

In Rs.

	Particulars	**Year Ended March 31, 2020**	Year Ended March 31, 2019
A	**Cash Flow from Operating Activities:**		
	Profit/(Loss) before exceptional items and tax	**(1,52,069)**	(1,76,051)
	Adjustments:		
	Finance Costs	**48,125**	48,125
	Operating profit before working capital changes	**(1,03,944)**	(1,27,926)
	Changes in working capital:		
	(Increase)/Decrease Other Current Liabilities	**2,040**	(6,788)
	Income Tax Paid	**–**	–
	Net Cash (used in)/from Operating Activities	**(1,01,904)**	(1,34,715)
B	**Cash Flow from Investing Activities:**		
	Net Cash (used in)/from Investing Activities	**–**	–
C	**Cash Flow from Financing Activities:**		
	Proceeds from borrowings	**43,313**	43,313
	Finance Costs	**(48,125)**	(48,125)
	Net Cash (used in)/from Financing Activities	**(4,813)**	(4,813)
	Net increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	**(1,06,717)**	(1,39,527)
	Cash & Cash Equivalents:		
	Cash and cash equivalents at the beginning of the year	**1,55,368**	2,94,895
	Cash and cash equivalents at the end of the year	**48,651**	1,55,368
	Net Increase/(Decrease) as disclosed above	**(1,06,717)**	(1,39,527)

The Notes referred above forms an integral part of the Financial Statements

In terms of our report attached

For B.K. Khare & Company
Chartered Accountants
Firm Regn No : 105102W

Shirish Rahalkar
Partner
Membership No: 111212

Place : Mumbai
Date : April 23, 2020

For and on behalf of the Board of Directors

Akhila Balachandar
Director
DIN: 07676670

Dhanraj Mulki
Director
DIN: 08321516

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

a. Equity share capital

Particulars	**In Rs. Amount**
As at 31st March, 2018	**5,00,000**
Changes in equity share capital during the year	
Issue of equity shares during the year	**–**
As at 31st March, 2019	**5,00,000**
Changes in equity share capital during the year	
Issue of equity shares during the year	**–**
As at 31st March, 2020	**5,00,000**

b. Other equity

In Rs.

	Reserves & Surplus	**Items of other comprehensive income**	
Particulars	**Retained earnings**	**Remeasurements of the defined benefit liabilities / (assets)**	**Total**
As at 31st March, 2018	**(16,01,518)**	**–**	**(16,01,518)**
Loss for the year	**(1,76,051)**	**–**	**(1,76,051)**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income	**(1,76,051)**	**–**	**(1,76,051)**
As at 31st March, 2019	**(17,77,569)**	**–**	**(17,77,569)**
Loss for the year	**(1,52,069)**	**–**	**(1,52,069)**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income	**(1,52,069)**	**–**	**(1,52,069)**
As at 31st March, 2020	**(19,29,639)**	**–**	**(19,29,639)**

In terms of our report attached

For B.K. Khare & Company
Chartered Accountants
Firm Regn No : 105102W

Shirish Rahalkar
Partner
Membership No: 111212

Place : Mumbai
Date : April 23, 2020

For and on behalf of the Board of Directors

Akhila Balachandar
Director
DIN: 07676670

Dhanraj Mulki
Director
DIN: 08321516

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1 Corporate Information

The Company was incorporated on April 26, 2007 and has not yet commenced commercial operations.

2 Significant accounting policies

(i) Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of Generally Accepted Accounting Principles in India (previous GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

(ii) Basis of preparation and presentation

The financial statements of the Company have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

(iii) Revenue recognition

The Company had not commenced commercial operations during the year ended March 31, 2020

(iv) Taxation

Since the Company did not have any commercial operations during the year, the question of income tax / deferred tax does not arise.

(v) Property, plant and equipment

There were no fixed assets in the Company during the year ended March 31, 2020.

(vi) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(vii) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classification of financial assets

Debt

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

A debt instrument that meets the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Debt instruments classified as FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The Company has not designated any debt instrument as at FVTPL.

Equity

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

De-recognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included under 'Finance costs'.

De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

(viii) Cash flow statements

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit before extra-ordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated based on the available information.

(ix) Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2 Cash & Cash Equivalents

In Rs.

Particulars	**As at March 31, 2020**	As at March 31, 2019
Cash on hand	**–**	–
Balances with Banks		
On Current Account	**48,651**	1,55,368
	48,651	1,55,368

3 Share Capital

Particulars	**As at March 31, 2020** No. of Shares	**Rs.**	As at March 31, 2019 No. of Shares	Rs.
Authorised :				
50,000 Equity Shares of Rs. 10 each	**50,000**	**5,00,000**	50,000	5,00,000
	50,000	**5,00,000**	50,000	5,00,000
Issued, Subscribed & Paid up:				
Equity :				
50,000 Equity Shares of Rs. 10 each	**50,000**	**5,00,000**	50,000	5,00,000
	50,000	**5,00,000**	50,000	5,00,000

Notes:

1 The Company has only one class of shares referred to as equity shares having a par value of Rs. 10. Each holder of equity share is entitled to one vote per share.

2 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

3 Reconciliation of No. of Shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2020 No. of Shares	Rs.	As at March 31, 2019 No. of Shares	Rs.
At the beginning of the year	**50,000**	**5,00,000**	50,000	5,00,000
Add: Issued during the year	–	–	–	–
At the end of the year	**50,000**	**5,00,000**	50,000	5,00,000

4 Shares in the company held by each shareholder holding more than 5% shares specifying the no. of shares held

Name of the Shareholder	No. of Shares March 31, 2020	% held as at March 31, 2020	No. of Shares March 31, 2019	% held as at March 31, 2019
Mahindra Holidays & Resorts India Limited	**49,994**	**99.99%**	49,994	99.99%

4 Other Equity

In Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
Surplus / (Deficit) in Statement of Profit & Loss		
As per last balance sheet	**(17,77,569)**	(16,01,518)
Add: Profit / (Loss) for the year	**(1,52,069)**	(1,76,051)
	(19,29,639)	(17,77,569)

5 Other Long term Liabilities

In Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
Due to Holding Company - MHRIL	**7,40,333**	7,40,333
	7,40,333	7,40,333

6 Borrowings

In Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
Due to Holding Company - MHRIL	**5,50,000**	5,50,000
Interest accrued on ICD from MHRIL	**1,29,844**	86,531
	6,79,844	6,36,531

7 Other Current Liabilities

In Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
Audit Fee Payable	**35,000**	35,000
Other Expenses Payable	**20,324**	20,324
TDS Payable	**2,790**	750
	58,114	56,074

8 Finance Costs

In Rs.

Particulars	March 31, 2020	March 31, 2019
Interest on ICD	**48,125**	48,125
	48,125	48,125

9 Other Expenses

In Rs.

Particulars	March 31, 2020	March 31, 2019
Rates & Taxes	**15,030**	43,256
Legal and Professional Charges	**53,300**	49,670
Auditors' Remuneration	**35,000**	35,000
Misc. Expenses	**487**	–
Interest on tax	**127**	–
	1,03,944	1,27,926

10 Earnings per Share

In Rs.

	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic and Diluted Earnings per share	**(3.04)**	(3.52)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Profits used in the calculation of basic earnings per share and diluted earnings per share from continuing operations	**(1,52,069)**	(1,76,051)
Weighted average number of equity shares	**50,000**	50,000
Earnings per share - Basic and Diluted	**(3.04)**	(3.52)

11 Categories of financial assets and financial liabilities

In Rs.

	As at March 31, 2020 Amortised Costs	Total
Current Assets		
Cash & Bank balances	**48,651**	**48,651**
Current Liabilities		
Borrowings	**6,79,844**	**6,79,844**
Trade Payables	**7,40,333**	**7,40,333**

In Rs.

	As at March 31, 2019 Amortised Costs	Total
Current Assets		
Cash & Bank balances	1,55,368	1,55,368
Current Liabilities		
Borrowings	6,36,531	6,36,531
Trade Payables	7,40,333	7,40,333

12 Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

The fair value of the financial assets and financial liabilties that are not measured at fair value is closely approximates the carrying value as disclosed below:

In Rs.

	March 31, 2020		March 31, 2019	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial liabilities				
Cash and Cash Equivalents	**48,651**	**48,651**	1,55,368	1,55,368
Financial liabilities				
Borrowings	**6,79,844**	**6,79,844**	6,36,531	6,36,531
Trade Payables	**7,40,333**	**7,40,333**	7,40,333	7,40,333
Total	**14,20,177**	**14,20,177**	13,76,864	13,76,864

13 Segment information

The Company did not commence commercial operations during the year ended March 31, 2020. Hence, the disclosure requirement as per Ind AS 108 on Operating Segment would not be applicable to the Company.

14 Related Party Transactions

(i) Names of related parties and nature of relationship where control exists:

Nature of Relationship	Name of the Related Party
Holding Company	Mahindra Holidays & Resorts India Limited
Ultimate Holding Company	Mahindra & Mahindra Limited

(ii) Related Party Transactions and balances

In Rs.

Particulars	March 31, 2020	March 31, 2019
Holding company		
Transactions during the year :		
Interest accrued on ICD	**48,125**	48,125
ICD Availed/ Converted	**–**	–
Holding company		
Balances as at:		
Trade Payables	**7,40,333**	7,40,333
ICD Outstanding	**5,50,000**	5,50,000
Interest accrued but not due on ICD	**1,29,844**	86,531

15 Previous year figures have been regrouped / reclassified to correspond with current year's classification / disclosure, wherever deemed necessary.

For B.K. Khare & Company
Chartered Accountants

Firm Regn No : 105102W

Shirish Rahalkar
Partner
Membership No: 111212

Place : Mumbai
Date : April 23, 2020

For and on behalf of the Board of Directors

Akhila Balachandar
Director
DIN: 07676670

Dhanraj Mulki
Director
DIN: 08321516

Place : Mumbai
Date : April 23, 2020

REPORT ON AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

TO THE MEMBERS OF GABLES PROMOTERS PRIVATE LIMITED

We have audited the accompanying Standalone Ind AS Financial Statements of **Gables Promoters Private Limited (“the Company”),** which comprise of Balance Sheet as at March 31, 2020 and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, and notes to the Standalone Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the Standalone Financial Statements’’)

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the state of affairs of the Company as at March 31, 2020, and its loss and its cash flows for the year ended on that date

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor’s Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The Company’s management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company’s annual report,but does not include the standalone financial statements and our auditors’ report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management’s Responsibility for the Financial Statements

The Company’s Management & Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the preparation of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company’s financial reporting process

AUDITOR’S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(i) Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

(iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(v) Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by 'the Companies (Auditor's Report) Order, 2016', as amended, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143 (3) of the Act, we report that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(a) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

(b) The Balance Sheet, the Statement of Profit and Loss, and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account

(c) In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(d) On the basis of the written representations received from the directors as on March 31, 2020 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2020 from being appointed as director in terms Section 164 (2) of the Act.

(e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial.

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;.

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

For Sukhdeep Singh Arora & Associates,
Chartered Accountants
Firm Registration No.024705N

(Sukhdeep Singh Arora)
Prop.
M.No. 515979

Place: Panchkula
Date: May 6, 2020

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF GABLES PROMOTERS PRIVATE LIMITED

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

I have audited the internal financial controls over financial reporting of Gables Promoters Private Limited ("the Company") as of March 31, 2020 in conjunction with my audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management and Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For Sukhdeep Singh Arora & Associates,
Chartered Accountants
Firm Registration No.024705N

(Sukhdeep Singh Arora)
Prop.
M.No. 515979

Place: Panchkula
Date: May 6, 2020

ANNEXURE TO THE AUDITOR'S REPORT
RE : M/S GABLES PROMOTERS PRIVATE LIMITED
(Referred to in paragraph 3 and 4 of our report of even date)

In terms of the information and explanation given to us and the books and records examined by us and on the basis of such checks as we considered appropriate, we further reports as under:

(i) (a) The Company has maintained proper records showing full particulars including Quantative details and situation of its fixed assets.

(b) These fixed assets have been physically verified by the management at reasonable intervals and no Major Material discrepancies were noticed during such verification. The differences however observed on such physical verification are materially insignificant and the have been properly dealt with in the books of accounts.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) In respect of Inventories: As explained to us physical verification of inventory has been conducted during the year at reasonable intervals by the management and in our opinion and according to the information and explanation given to us, the Company is maintaining proper records of its inventories and no major material discrepancies were noticed on physical verification. The differences however observed on such physical verification are materially insignificant and they ave been properly dealt with in the books of accounts.

(iii) The Company has not granted any loans secured or unsecured to companies, firms and/or other parties listed/covered in the register maintained under section 189 of the Companies Acts,2013. Therefore, the provisions of Clause 3(a) to 3(c) of the said Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has compiled with the provisions of Sections 185 and 186 of the Act, with respect to the loans made, guarantees given and investments made.

(v) In our opinion and according to the information and explanation given to us, The Company has not accepted any deposits from the public during the year in terms of the provisions of Sections 73 to 76 and any other provision of the companies act and rules framed there under.

(vi) According to the information and explanations given to us by the Company Directors, that the maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) (a) The company is regular in depositing the statutory dues in respect of TDS, Service Tax & WCT. There is no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than Six Month from the date they became payable.

(b) According to the information and explanations given to us, no dues in case of GST/Income tax/ custom tax/excise duty/cess/Value Added Tax/ WCT have been outstanding on account of dispute with the concerned department.

(viii) The company has taken a Term Loan loans amounting to Rs. 65 .00 Crore from Kotak Mahindra Bank against Naldhera Property in 2016-2017(F.Y).The amount Standing as on 31/03/2020 is Rs. 42.54 Crore (Previous Year Rs.55.67 Crore) (including Interest). The loan has been repayable with in 7 years (fully repayable by 2023-2024) including moratorium of 2 year from the date of first drawdown .The loan has been taken for the purpose of construction of Resort /Hotels at Naldhera, HP. According to the information and explanations given to us, and based on the records of the Company, the Company has not defaulted in the repayment of loans or borrowings to banks

(ix) The Company has neither raised money by way of initial public offer or further public offer (including debt instruments) nor by way of term loans during the year under audit. During the Year Company has taken/ accepted Inter Corporate deposited from its holding company amounting to Rs.10.40 Crore @ 8.75% P.A. The total unsecured borrowing from its Holding Company as on 31/03/2020 is Rs.28.64 Crore. (include interest amounting to RS 2.24 Crore there on).

(x) According to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) it has been told that Company has paid & provided the Managerial Remuneration in accordance with the requisite approvals mandated by the provisions of the section 197 read with Schedule V to the Companies Act.

(xii) According to the information and explanations given to us, in our opnion the Company is not a nidhi Company as prescribed u/s 406 of the Act, Hence this clause is not applicable.

(xiii) All the transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial Statements under respective notes on accounts, as required by the applicable standards.

(xiv) According to the information and explanations given to us,the Companies has not made any preferential allotment or Private Placement of shares or fully or partly convertible debentures during the year under review.

(xv) According to the information and explanations given to us,the Companies has not entered into non-cash transactions with directors or persons connected with him during the year under review.Hence provisions of section 192 of Companies Act, 2013 has not been applicable.

(xvi) According to the information and explanations given to us,the Companies is not required to registered under section 45-IA of the Reserve Bank of India Act, 1934.

For SUKHDEEP SINGH ARORA & ASSOCIATES
Chartered Accountants
Firm Regn. No. 024705N

(SUKHDEEP SINGH ARORA)

Prop.
Membership Number : 515979

Place: Panchkula
Date: May 6, 2020

BALANCE SHEET AS AT MARCH 31, 2020

In Rs.

Particulars	Note No.	As At March 31, 2020	As At March 31, 2019
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	**1,565,582,680**	1,617,481,557
Capital work-in-progress		**–**	1,713,966
Financial Assets			
Deposits	4	**200,000**	200,000
Other non-current tax assets	5	**23,339,145**	13,341,997
Other non-current assets	6	**88,074**	1,782,731
		1,589,209,899	1,634,520,251
Current assets			
Inventories	7	**1,288,165**	1,444,724
Financial Assets			
Trade Receivables	8	**19,906,202**	8,627,211
Cash and cash equivalents	9	**16,143,361**	12,167,584
Other current assets	10	**2,669,401**	7,656,534
		40,000,128	29,896,053
		1,629,217,027	1,664,416,304
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	11	**650,000,000**	650,000,000
Other Equity	12	**171,408,169**	186,189,258
		821,408,169	836,189,258
Non-current liabilities			
Financial Liabilities			
Borrowings	13	**295,398,631**	426,692,903
Others	14	**13,150,699**	24,521,141
Deferred Tax Liabilites (Net)	15	**62,816,000**	62,816,000
		371,365,330	514,030,044
Current liabilities			
Financial Liabilities			
Borrowings	16	**286,442,688**	165,832,355
Trade payables	17		
Total outstanding dues of micro enterprises and small enterprises		**–**	73,116
Total outstanding dues of creditors other than micro enterprises and small enterprises		**14,728,868**	12,683,350
Others	18	**132,542,675**	134,683,922
Other current liabilities	19	**2,729,298**	924,260
		436,443,529	314,197,003
		1,629,217,027	1,664,416,304

See accompanying notes to the financial statements

In terms of our report attached.

For Sukhdeep Singh Arora & Associates
Chartered Accountants
Firm Registration No. 024705N

Sukhdeep Singh Arora
Proprietor
Membership Number: 515979

Place: Panchkula
Date: May 6, 2020

For and on behalf of the Board of Directors

Dhanraj Mulki
Director
DIN: 08321516

Akhila Balachandar
Director
DIN: 07676670

Narender Pratap Singh
CFO

Rutika Nandwana
Company Secretary

Place: Mumbai
Date: May 6, 2020

Balamurugan PS
Manager

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

In Rs.

Particulars	Note No.	Year Ended March 31, 2020	Year Ended March 31, 2019
REVENUE			
Revenue from operations	20	**182,770,168**	178,079,283
Other Income		**–**	–
Total Revenue		**182,770,168**	178,079,283
EXPENSES			
Employee benefit expense	21	**31,964,768**	28,168,648
Finance Charges		**61,281,906**	60,061,775
Depreciation and amortisation expense		**50,548,658**	50,059,862
Other expenses	22	**53,755,924**	57,284,777
Total Expenses		**197,551,256**	195,575,061
Profit/(loss) before tax		**(14,781,089)**	(17,495,778)
Tax Expense			
Current tax		**–**	–
Deferred tax		**–**	–
Total tax expense		**–**	–
Profit/(loss) after tax for the year		**(14,781,089)**	(17,495,778)
Profit/(loss) for the year		**(14,781,089)**	(17,495,778)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Freehold land revaluation		**–**	302,000,000
Income taxes related to items that will not be reclassified to profit or loss		**–**	(62,816,000)
Net other comprehensive income not to be reclassified subsequently to profit or loss		**–**	239,184,000
Total comprehensive income for the year		**(14,781,089)**	221,688,222
Earnings per equity share (for continuing operation):			
Basic and Diluted	23	**(0.23)**	(0.27)

See accompanying notes to the financial statements

In terms of our report attached.
For Sukhdeep Singh Arora & Associates
Chartered Accountants
Firm Registration No. 024705N

Sukhdeep Singh Arora
Proprietor
Membership Number: 515979

Place: Panchkula
Date: May 6, 2020

For and on behalf of the Board of Directors

Dhanraj Mulki
Director
DIN: 08321516

Akhila Balachandar
Director
DIN: 07676670

Narender Pratap Singh
CFO

Rutika Nandwana
Company Secretary

Place: Mumbai
Date: May 6, 2020

Balamurugan PS
Manager

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

In Rs.

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
A. **CASH FLOW FROM OPERATING ACTIVITIES:**		
Profit/(Loss) before tax for the year	**(14,781,089)**	(17,495,778)
Adjustments for:		
Finance Cost	**61,281,906**	60,061,775
Depeciation	**50,548,658**	50,059,862
Movements in working capital:		
(Increase)/decrease in other assets	**(14,437,789)**	(15,246,149)
Increase/(decrease) in trade and other payables	**(9,734,250)**	50,668,093
Cash generated from operations	**72,877,436**	128,047,803
Income taxes paid	**–**	–
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	**72,877,436**	128,047,803
B. **CASH FLOWS FROM INVESTING ACTIVITIES**		
Purchase of fixed assets	**1,350,219**	(3,515,344)
Capital work in progress	**1,713,966**	(1,713,966)
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	**3,064,185**	(5,229,311)
C. **CASH FLOW FROM FINANCING ACTIVITIES:**		
Equity Share Capital		
Proceeds from borrowings	**(10,683,939)**	(62,148,947)
Finance cost	**(61,281,906)**	(60,061,775)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	**(71,965,844)**	(122,210,722)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**3,975,777**	607,770
Cash and cash equivalents at the beginning of the year	**12,167,584**	11,559,814
Cash and cash equivalents at the end of the year	**16,143,361**	12,167,584

See accompanying notes forming part of the financial statements

In terms of our report attached.
For Sukhdeep Singh Arora & Associates
Chartered Accountants
Firm Registration No. 024705N

Sukhdeep Singh Arora
Proprietor
Membership Number: 515979

Place: Panchkula
Date: May 6, 2020

For and on behalf of the Board of Directors

Dhanraj Mulki
Director
DIN: 08321516

Akhila Balachandar
Director
DIN: 07676670

Narender Pratap Singh
CFO

Rutika Nandwana
Company Secretary

Place: Mumbai
Date: May 6, 2020

Balamurugan PS
Manager

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Corporate Information

The Company was incorporated on January 9, 2012 (CIN:U45209CH2012PTC033473) and is in the principle business of construction, maintenance & running of hotels, resorts, shopping malls, buildings and other commercial & residential apartments.

2 Significant accounting policies

(i) Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

(ii) Basis of preparation and presentation

The financial statements of the Company have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

(iii) Revenue recognition

Income from resorts include income from room rentals, food and beverages, wine & liquor etc. and is recognized when services are rendered.The value shown in the Financials Statement is net of Discount ,Other incentive allowed to customers and Management Exps agaisnt Bills raised to Holding Company.

(iv) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(v) Taxation

Current taxation: The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company’s current tax is calculated using tax rates that have been enacted by the end of the reporting period.The company has commenced operations in the year 2012 and has not accounted for any Provision for Tax in any of the years due to loss incurred in each year. During the current year, thec company has not generated any profit before tax, current tax is Nil.

Deferred Tax: Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted by the closing date. They are reviewed at the end of each year, in line with any changes in applicable tax rates. The carrying value of deferred tax assets is reviewed at each closing date, and revalued or reduced to the extent that it is more or less probable that a taxable profit will be available to allow the deferred tax asset to be utilized.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax.

However the Company has not made any provision to this effect in its Current Financials.

(vi) Property, plant and equipment

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is measured at fair value and not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

PPE in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, commences when the assets are ready for their intended use.

Category of Asset	Estimated useful lives
Buildings (other than those mentioned below)	60 years
Plant & equipment	10 years
Furniture and Fixtures (other than those mentioned below)	10 years
Vehicles (other than those mentioned below)	8 years
Motor vehicles/other assets provided to employees	4/5 years
Office equipment	5 years

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(vii) Inventories

Inventories are carried at the lower of cost and net realizable value. Costs of inventories are determined on moving weighted average basis. Cost includes the purchase price, non-refundable taxes and delivery handling cost. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(viii) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(xi) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classification of financial assets

Debt

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Debt instruments classified as FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The Company has not designated any debt instrument as at FVTPL.

Equity

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

De-recognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included under 'Finance costs'.

De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

(ix) Cash flow statements

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit before extra-ordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated based on the available information.

(x) Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note No. 3 - Tangible Assets

In Rs.

Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles - Freehold	Total
I. Gross Block							
Balance as at April 1, 2019	430,400,010	983,332,383	162,664,418	3,538,461	114,337,521	5,350,625	1,699,623,418
Additions	–	–	791,063	77,856	502,331	–	1,371,250
Disposals	–	–	(273,632)	–	(3,613,024)	–	(3,886,656)
Others (Reclassification)	–	–	(7,385,678)	564,823	6,820,854	–	–
Balance as at March 31, 2020	**430,400,010**	**983,332,383**	**155,796,172**	**4,181,141**	**118,047,681**	**5,350,625**	**1,697,108,012**
II. Accumulated depreciation and impairment for the year							
Balance as at April 1, 2019	–	26,466,389	29,585,421	1,686,333	23,298,896	1,104,822	82,141,861
Depreciation/amortisation expense for the year	–	16,388,873	18,473,751	599,277	14,417,928	668,828	50,548,658
Eliminated on disposal of assets	–	–	(97,591)	–	(1,067,596)	–	(1,165,188)
Others (reclassification)	–	–	(1,384,329)	77,180	1,307,149	–	–
Balance as at March 31, 2020	**–**	**42,855,262**	**46,577,252**	**2,362,789**	**37,956,377**	**1,773,650**	**131,525,331**
Net block (I-II)							
Balance as at March 31, 2020	**430,400,010**	**948,671,557**	**124,203,889**	**1,657,426**	**84,545,986**	**3,911,389**	**1,565,582,681**
Balance as at April 1, 2019	430,400,010	956,865,993	133,078,997	1,852,129	91,038,624	4,245,803	1,617,481,557

In Rs.

Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles - Freehold	Total
I. Gross Block							
Balance as at April 1, 2018	128,400,010	983,332,000	160,990,000	3,154,000	113,472,000	4,760,000	1,394,108,010
Additions	–	–	1,675,000	384,344	865,000	591,000	3,515,344
Revaluation Reserve	302,000,000	–	–	–	–	–	302,000,000
Others	–	383	(582)	117	521	(375)	64
Balance as at March 31, 2019	**430,400,010**	**983,332,383**	**162,664,418**	**3,538,461**	**114,337,521**	**5,350,625**	**1,699,623,418**

II. Accumulated depreciation and impairment for the year							
Balance as at April 1, 2018	–	10,078,000	10,928,000	1,186,000	9,434,000	456,000	32,082,000
Depreciation/amortisation expense for the year	–	16,388,389	18,657,421	500,333	13,864,896	648,822	50,059,861
Balance as at March 31, 2019	–	26,466,389	29,585,421	1,686,333	23,298,896	1,104,822	82,141,861
Net block (I-II)							
Balance as at March 31, 2019	430,400,010	956,865,994	133,078,997	1,852,128	91,038,625	4,245,803	1,617,481,557
Balance as at April 1, 2018	128,400,010	973,254,867	150,061,612	1,968,405	104,038,293	4,303,455	1,362,026,642

Note No. 4 - Financial assets - Non-Current - Loans and Advances

In Rs.

	As At March 31, 2020	As At March 31, 2019
Deposits - Non Current	**200,000**	200,000
	200,000	200,000

Note No. 5 - Other Non-Current Tax Assets

In Rs.

	As At March 31, 2020	As At March 31, 2019
Advance Income tax	**23,339,145**	13,341,997
(Net of provisions up to the reporting date)		
	23,339,145	13,341,997

Note No. 6 - Other assets - Non-Current

In Rs.

	As At March 31, 2020	As At March 31, 2019
Capital advances		
Capital advance	**88,074**	1,782,731
	88,074	1,782,731

Note No. 7 - Inventories
(At lower of cost and net realisable value)

In Rs.

	As At March 31, 2020	As At March 31, 2019
Food, beverages and smokes	**1,288,165**	1,444,724
	1,288,165	1,444,724

Note No. 8 - Trade Receivables
(Unsecured)

In Rs.

	As At March 31, 2020	As At March 31, 2019
Due for less than six months and within the next one year		
Considered good	**19,906,202**	8,627,211
	19,906,202	8,627,211

Note No. 9 - Cash and Bank Balances

In Rs.

	As At March 31, 2020	As At March 31, 2019
Cash and cash equivalents		
Cash at hand	**72,816**	781,695
Balances with banks	**16,070,545**	11,385,889
	16,143,361	12,167,584

Note No. 10 - Other assets - Current

In Rs.

	As At March 31, 2020	As At March 31, 2019
Advances other than capital advances		
Balances with government authorities (other than income taxes)	**151,200**	3,863,469
Prepaid Expenses	**2,464,025**	2,115,746
Other advances		
Advance to suppliers	**54,176**	1,677,320
	2,669,401	7,656,534

Note No. 11 - Equity Share Capital

	As At March 31, 2020		As At March 31, 2019	
	No. of shares	**Rs.**	No. of shares	Rs.
Authorised:				
Equity shares of Rs. 10 each with voting rights	**65,000,000**	**650,000,000**	65,000,000	650,000,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**65,000,000**	**650,000,000**	65,000,000	650,000,000
	65,000,000	**650,000,000**	65,000,000	650,000,000

11 a) Terms / rights attached to equity shares:

i) The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-. Each holder of equity share is entitled to one vote per share.

ii) Repayment of capital will be in proportion to the number of equity shares held.

11 b) Shares in the Company held by Holding Company and each shareholder holding more than 5% shares specifying the number of shares held.

Name of shareholder	No. of shares	% held as at 31-Mar-20	No. of shares	% held as at 31-Mar-19
Mahindra Holidays & Resorts India Limited (Holding Company)	**65,000,000**	**100.00%**	65,000,000	100.00%

11 c) The reconciliation of the number of shares outstanding as at March 31, 2020, March 31, 2019 is set out below:-

Particulars	As at 31-Mar-20 No. of Shares	As at 31-Mar-20 In Rs.	As at 31-Mar-19 No. of Shares	As at 31-Mar-19 In Rs.
Number of shares at the beginning	**65,000,000**	**650,000,000**	65,000,000	650,000,000
Add: Issued during the year	**–**	**–**	–	–
Number of shares at the end	**65,000,000**	**650,000,000**	65,000,000	650,000,000

Note No. 12 - Other Equity

In Rs.

	Retained earnings	Total
Balance at the beginning of the reporting period-April 1, 2018	(52,994,742)	(52,994,742)
Total Comprehensive income for the year	239,184,000	239,184,000
Balance at the end of the reporting period-March 31, 2019	**186,189,258**	**186,189,258**
Balance at the beginning of the reporting period-April 1, 2019	186,189,258	186,189,258
Total Comprehensive income for the year	(14,781,089)	(14,781,089)
Balance at the end of the reporting period-March 31, 2020	**171,408,169**	**171,408,169**

Note No. 13 - Borrowings Non-current

In Rs.

	As At March 31, 2020	As At March 31, 2019
Secured Borrowings		
Loans from banks	**295,398,631**	426,692,903
	295,398,631	426,692,903

Loans from banks are secured by a hypothecation of current assets of the Company and mortgage of immovable property of the company. This loan is repayable by 2023 - 2024 and carries an interest rate @ 6M MCLR + 0.10%.

Note No. 14 - Other Financial Liabilities - Non-current

In Rs.

	As At March 31, 2020	As At March 31, 2019
Other Financial Liabilities Measured at Amortised Cost		
Other long term liabilities - Retention Money	**13,150,699**	24,521,141
	13,150,699	24,521,141

Note No. 15 - Deferred tax liabilities

In Rs.

	As At March 31, 2020	As At March 31, 2019
Tax effect of items constituting deferred tax liabilities		
Revaluation of freehold land	**62,816,000**	62,816,000
	62,816,000	62,816,000

Note No. 16 - Borrowings Current

In Rs.

	As At March 31, 2020	As At March 31, 2019
Unsecured Borrowings		
Loans from related parties	**286,442,688**	165,832,355
	286,442,688	165,832,355

This Loan carries an interest rate @ 8.75% per annum including interest of Rs. 224.43 lakhs.

Note No. 17 - Trade Payables

In Rs.

	As At March 31, 2020	As At March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	**–**	73,116
Total outstanding dues of creditors other than micro enterprises and small enterprises	**14,728,868**	12,683,350
	14,728,868	12,756,466

Note No. 18 - Other Financial Liabilities - Current

In Rs.

	As At March 31, 2020	As At March 31, 2019
Employee Creditor	**619,457**	387,527
Current maturities of long term borrowings	**130,000,000**	130,000,000
Others		
- Other payables (Capital Creditors)	**1,923,218**	4,296,395
	132,542,675	134,683,922

Note No. 19 - Other Current Liabilities

In Rs.

	As At March 31, 2020	As At March 31, 2019
Statutory dues		
- taxes payable (other than income taxes)	**2,729,298**	924,260
	2,729,298	924,260

Note No. 20 - Revenue from Operations

In Rs.

	Year Ended March 31, 2020	Year Ended March 31, 2019
Income from resorts:		
Room Rentals	**120,956,129**	119,849,592
Food and Beverages	**49,789,367**	47,073,427
Wine and liquor	**1,628,288**	1,534,047
Holiday Activity	**4,620,228**	4,390,775
Others	**5,776,155**	5,231,441
	182,770,168	178,079,283

Note No. 21 - Employee Benefits Expense

In Rs.

	Year Ended March 31, 2020	Year Ended March 31, 2019
Salaries and wages, including bonus	**31,964,768**	28,168,648
	31,964,768	28,168,648

Note No. 22 - Other Expenses

In Rs.

	Year Ended March 31, 2020	Year Ended March 31, 2019
Cost of food, beverages and smokes consumed		
Opening stock	**1,444,724**	881,622
Add: Purchases	**13,788,408**	13,429,690
Less: Closing stock	**1,288,165**	1,444,724
	13,944,968	12,866,588
Operating Supplies	**9,515,073**	9,302,609
Power and Fuel	**13,797,474**	16,854,069
Rates and taxes	**1,293,952**	1,158,584
Travelling expenses	**3,318,807**	2,144,968
Auditors remuneration and out-of-pocket expenses		
As Auditors	**125,000**	125,000
Director's Fees	**30,000**	80,000
Consultancy Charges	**140,659**	98,200
Repairs and maintenance		
Buildings	**1,027,449**	636,374
Plant & equipment	**620,926**	586,563
Others	**3,847,841**	3,738,675
Communication	**231,506**	271,231
Printing and Stationary	**695,335**	590,997
Insurance	**1,593,165**	1,549,811
Service Charges	**1,995,407**	1,912,722
Miscellaneous	**1,578,364**	5,368,387
	53,755,924	57,284,777

Note No. 23 - Earnings Per Share

In Rs.

	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic and Diluted Earnings per share	**(0.23)**	(0.27)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Profits used in the calculation of basic earnings per share and diluted earnings per share from continuing operations	**(14,781,088.55)**	(17,495,778.49)
Weighted average number of equity shares	**65,000,000.00**	65,000,000.00
Earnings per share from continuing operations - Basic and Diluted	**(0.23)**	(0.27)

Note No. 24 - Categories of financial assets and financial liabilities

In Rs.

	As at March 31, 2020	
	Amortised Cost	Total
Non- Current Assets		
Loans	**200,000**	**200,000**
Current Assets		
Trade Receivables	**19,906,202**	**19,906,202**
Cash & Bank balances	**16,143,361**	**16,143,361**
Non-current Liabilities		
Borrowings	**295,398,631**	**295,398,631**
Other Financial Liabilities		
- Non Derivative Financial Liabilities	**13,150,699**	**13,150,699**
Current Liabilities		
Borrowings	**286,442,688**	**286,442,688**
Trade Payables	**14,728,868**	**14,728,868**
Other Financial Liabilities		
- Non Derivative Financial Liabilities	**132,542,675**	**132,542,675**

In Rs.

	As at March 31, 2019	
	Amortised Cost	Total
Non- Current Assets		
Loans	200,000	200,000
Current Assets		
Trade Receivables	8,627,211	8,627,211
Cash & Bank balances	12,167,584	12,167,584
Non-current Liabilities		
Borrowings	426,692,903	426,692,903
Other Financial Liabilities		
– Non Derivative Financial Liabilities	24,521,141	24,521,141
Current Liabilities		
Borrowings	165,832,355	165,832,355
Trade Payables	12,756,466	12,756,466
Other Financial Liabilities		
- Non Derivative Financial Liabilities	134,683,922	134,683,922

Note No. 25 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

The fair value of the financial assets and financial liabilties that are not measured at fair value closely approximates the carrying value as disclosed below:

In Rs.

	31-Mar-20		31-Mar-19	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Loans	**200,000**	**200,000**	200,000	200,000
Trade Receivables	**19,906,202**	**19,906,202**	8,627,211	8,627,211
Cash & Bank balances	**16,143,361**	**16,143,361**	12,167,584	12,167,584
Total	**36,249,563**	**36,249,563**	20,994,795	20,994,795
Financial liabilities				
Borrowings	**581,841,319**	**581,841,319**	592,525,258	592,525,258
Other long term liabilities	**13,150,699**	**13,150,699**	24,521,141	24,521,141
Trade Payables	**14,728,868**	**14,728,868**	12,756,466	12,756,466
Other current financial liabilities	**132,542,675**	**132,542,675**	134,683,922	134,683,922
Total	**742,263,561**	**742,263,561**	764,486,787	764,486,787

Note No. 26 - Segment information

The Company is primarily engaged in the business of maintenance & running of resorts and related services in India. As such, the Company operates in a single segment and there are no separate reportable segments. The same is consistent with the information reviewed by the chief operating decision maker (CODM).

Note No. 27 - Related Party Transactions

(i) Names of related parties and nature of relationship where control exists:

Nature of Relationship	**Name of the Related Party**
Holding Company	Mahindra Holidays & Resorts India Limited
Fellow Associate	Guestline Hospitality Management and Developement Service Limited
Fellow Associate	Mahindra Hotels & Resorts Limited

Key Managerial Personnel

Narender Pratap Singh
Balamurugan PS
Pratiksha Mangaonkar (resigned w.e.f September 18, 2019)
Rutika Nandwana(appointed w.e.f November 22, 2019)

(ii) Related Party Transactions and balances

In Rs.

Particulars	**As at March 31, 2020**	As at March 31, 2019
Holding company		
Transactions during the year:		
ICD received	**104,000,000**	160,000,000
ICD repaid	–	–
Interest on ICD accrued	**18,455,926**	6,480,394
Share Capital	–	–
Manpower deputation	**11,379,906**	6,981,879
Sale of services Provided	**100,869,390**	99,120,751
Fellow Associate		
Transactions during the year:		
Advance Given for services	**718,660**	855,760
Advance repaid for services	**2,119,100**	–
Holding company		
Balances as at:		
ICD received	**286,442,687**	165,832,354
Trade payables	**9,901,079**	1,657,861
Trade Receivables	**15,694,448**	3,907,928
Fellow Associate		
Balances as at:		
Advance Given for services	**–**	1,587,760

Note No. 28 - Capital Work in Progress

In Rs.

Particulars	**As at March 31, 2020**	As at March 31, 2019
Balance at the beginning of the reporting period	1,713,966	–
Add: Cost of contruction during the year	–	5,229,311
Interest on loan	–	–
Expensed out during the year	**(1,351,646)**	–
Transferred to fixed Assets	**(362,320)**	(3,515,344)
Balance at the end of the reporting period	–	1,713,966

Note No. 29 - Revaluation of land

As at September 30, 2018, the Company has changed its accounting policy with respect to measurement of freehold land. According to the revised policy, freehold land is revalued and measured at fair value, based on periodic valuation done by external independent valuer using market approach. Any revaluation surplus is recorded in OCI and credited to revaluation reserve in other equity. This revaluation surplus is not available for distribution to shareholders.

Particulars	In Rs.
Revaluation surplus as at March 31, 2019	302,000,000
Deferred tax on the above revaluation	(62,816,000)
As at March 31, 2019	**239,184,000**

The carrying amount of freehold land as at March 31, 2019 under cost and revaluation model are given below:

Block of asset	**Revaluation Model**	**Cost Model**
Freehold Land	430,400,010	128,400,010

Note No. 30 - Others

1. The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity.In many countries, businesses are being forced to cease or limit their operations for long or indefinite period of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

2. As on March 31, 2020, based on facts and circumstances existing as of that date, at present the Company does not anticipate any material uncertainties on account of COVID-19 outbreak which affects its liquidity position and also ability to continue as going concern. However Reveune in future is total depend on the Govt. Policies and Lock down period for the industries.

In terms of our report attached.
For Sukhdeep Singh Arora & Associates
Chartered Accountants
Firm Registration No. 024705N

Sukhdeep Singh Arora
Proprietor
Membership Number: 515979

Place: Panchkula
Date: May 6, 2020

For and on behalf of the Board of Directors

Dhanraj Mulki
Director
DIN: 08321516

Akhila Balachandar
Director
DIN: 07676670

Narender Pratap Singh
CFO

Rutika Nandwana
Company Secretary

Place: Mumbai
Date: May 6, 2020

Balamurugan PS
Manager

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERITAGE BIRD (M) SDN. BHD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Heritage Bird (M) Sdn. Bhd.,** which comprise the statement of financial position as at March 31, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

LLOYDS EARLE PANICKER & TAN	**DATUK KESAVAN K. PANICKER**
A.F. 0604	761/03/21(J)
Chartered Accountants	*Chartered Accountant*

Place : Kuala Lumpur.
Dated : 7th May, 2020

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	Note	2020 RM	2019 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	7	**3,756,076**	3,855,738
		3,756,076	3,855,738
Current Assets			
Trade receivables	8	**300,000**	60,000
Non-trade receivables		**2,655**	–
Cash at bank		**71,842**	114,072
		374,497	174,072
TOTAL ASSETS		**4,130,573**	4,029,810
EQUITY AND LIABILITIES			
Equity			
Share capital	9	**300,002**	300,002
Accumulated losses		**(413,167)**	(607,010)
Total Equity		**(113,165)**	(307,008)
Non-Current Liabilities			
Amount due to holding company	10	**4,041,174**	4,178,157
Current Liabilities			
Non-trade payables		**83,343**	75,741
Amount due to directors	11	**21,000**	14,000
Taxation		**98,221**	68,920
		202,564	158,661
Total Liabilities		**4,243,738**	4,336,818
TOTAL EQUITY AND LIABILITIES		**4,130,573**	4,029,810

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2020

	Note	2020 RM	2019 RM
Revenue	12	**720,000**	720,000
Cost of sales		**(46,800)**	(46,800)
Gross profit		**673,200**	673,200
Administration expenses		**(202,370)**	(203,157)
Profit from operations	13	**470,830**	470,043
Finance charge	14	**(184,000)**	(197,953)
Net profit before taxation		**286,830**	272,090
Taxation	15	**(92,987)**	(69,219)
Total comprehensive income for the year		**193,843**	202,871

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
	RM	RM
Cash Flows From Operating Activities		
Net profit before taxation	**286,830**	272,090
Adjustment :-		
Depreciation of property, plant and equipment	**99,662**	99,662
Interest on loan	**184,000**	197,953
Operating profit before working capital changes	**570,492**	569,705
Changes in receivables	**(242,655)**	19,500
Changes in payables	**7,602**	(43,222)
Cash generated from operations	**335,439**	545,983
Tax paid	**(63,686)**	(54,499)
Net cash from operating activities	**271,753**	491,484
Cash Flows From Investing Activities	**–**	–
Cash Flows From Financing Activities		
Amount due to holding company	**(136,983)**	(494,920)
Interest paid to holding company	**(184,000)**	(197,953)
Amount due to directors	**7,000**	-
Net cash used in financing activities	**(313,983)**	(692,873)
Net decrease in cash and cash equivalents	**(42,230)**	(201,389)
Cash and cash equivalents brought forward	**114,072**	315,461
Cash and cash equivalents carried forward	**71,842**	114,072

Note:

Cash and cash equivalent at the end of the year comprises:

	2020	2019
	RM	RM
Cash at bank	**71,842**	114,072

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

	Share Capital RM	Accumulated Losses RM	Total RM
31 March, 2020			
Balance as at 1 April, 2019	300,002	(607,010)	(307,008)
Total comprehensive income for the year	–	193,843	193,843
Balance as as 31 March, 2020	**300,002**	**(413,167)**	**(113,165)**
31 March, 2019			
Balance as at 1 April, 2018	300,002	(809,881)	(509,879)
Total comprehensive income for the year	–	202,871	202,871
Balance as at 31 March, 2019	300,002	(607,010)	(307,008)

DETAILED INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	2020 RM	2019 RM
Revenue	**720,000**	720,000
Less: Cost of Sales	**(46,800)**	(46,800)
Gross Profit	**673,200**	673,200
Less: Expenditure		
Administration expenses		
Audit fee	**18,000**	18,000
Accountancy fee	**48,000**	48,000
Assessment and quit rent	**2,597**	3,410
Access cards	**–**	100
Bank charges	**269**	122
Depreciation of property, plant and equipment	**99,662**	99,662
Directors' fee	**14,000**	14,000
Fine & penalty	**123**	8,746
Forex loss	**40**	144
Insurance	**1,811**	1,024
Printing and stationery	**2,689**	603
Professional fee	**5,400**	5,600
Secretarial fees and charges	**3,536**	745
Service tax	**3,019**	–
Travelling charges	**1,065**	1,360
Water charges	**2,159**	1,641
	202,370	203,157
Finance Costs		
Interest on loan	**184,000**	197,953
Net Profit for the Year	**286,830**	272,090

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2020

1. General Information

The Company is a private company, incorporated and domiciled in Malaysia. The registered office is situated at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, and its principal place of business is located at 3A07, Block B, Phileo Damansara II, 15 Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor.

The Company's principal activities are holding of investment properties and lease rental.

The financial statements of the Company are presented in Ringgit Malaysia (RM).

2. Compliance With Financial Reporting Standards and the Companies Act, 2016

The financial statements have been prepared in compliance with the Malaysian Private Entities Reporting Standard (MPERS) issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Malaysian Companies Act, 2016.

3. Basis of Preparation

The financial statements of the Company have been prepared using cost bases which include historical cost, amortised cost, and lower of cost and net realisable value and fair value bases which include fair value basis and fair value less costs to sell basis.

Management has used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting year and the reported amounts of revenues and expenses during the reporting year. Judgements and assumptions are applied in measurement, and hence, the actual results may not coincide with the reported amounts. The areas involving significant judgements and estimation uncertainties are disclosed in Note 6.

4. Significant Accounting Policies

a) Property, plant and equipment

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purposes or for rental to others are recognised as property, plant and equipment when the Company obtains control of the asset. These include assets constructed or acquired for environmental protection purposes and investment property measured on the cost model. The assets, including major spares, stand-by equipment and servicing equipment, are classified into appropriate classes based on their nature. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised.

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use. For a self-constructed asset, cost comprises all direct and indirect costs of construction (including provision for restoration and cost of major inspection) but excludes internal profits. For an exchange of non-monetary asset that has a commercial substance, cost is measured by reference to the fair value of the asset received. For an asset transferred from a customer or a grantor, cost is measured by reference to the fair value of the asset.

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land and capital work-in-progress are not depreciated but are subject to impairment test if there is any indication of impairment.

All other property, plant and equipment are depreciated by allocating the depreciable amount of significant component or of an item over the remaining useful life. The depreciation methods used and the useful lives of the respective classes of property, plant and equipment are as follows:

	Method	Useful life (years)
Furniture and fittings	Straight-line	5
Building	Straight-line	50

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any changes in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

b) Impairment of non-financial assets

An impairment loss arises when the carrying amount of a Company's asset exceeds its recoverable amount.

At the end of each reporting date, the Company assesses whether there is any indication that a stand-alone asset or a cash-generating unit may be impaired by using external and internal sources of information. If any such indication exists, the Company estimates the recoverable amount of the asset or cash-generating unit.

If an individual asset generates independent cash inflows, it is tested for impairment as a stand-alone asset. If an asset does not generate independent cash inflows, it is tested for impairment together with other assets in a cash generating unit at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and the value in use. The Company determines the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on: (i) price in a binding sale agreement; (ii) market price traded in an active market; and (iii) estimate of market price using the best available information. The value in use is estimated by discounting the net cash inflows (by an appropriate discount rate) of the asset or unit, using reasonable and supportable management's budgets and forecasts of five years and extrapolation of cash inflows for periods beyond the five-year forecast or budget.

For an asset measured on a cost-based model, any impairment loss is recognised in the profit or loss. For a property, plant and equipment measured on the revaluation model, any impairment loss is treated as a revaluation decrease.

For a cash-generating unit, any impairment loss is first allocated to reduce the carrying amount of goodwill allocated to the unit, if any, and the balance of the impairment loss is then allocated to the other assets of the unit pro rata based on the relative carrying amounts of the assets.

The Company reassesses the recoverable amount of an impaired asset or a cash- generating unit if there is any indication that an impairment loss recognised previously may have reversed.

Any reversal of impairment loss for an asset carried at a cost-based model is recognised in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised previously.

c) Share capital and distribution

(i) Share capital

Ordinary shares and non-redeemable preference shares issued that carry no put option and no mandatory contractual obligation: (i) to deliver cash or another financial asset; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a private placement or in a rights issue to existing shareholders, they are recorded at the issue price. For ordinary shares and other equity instruments issued in exchange for non-monetary assets, they are measured by reference to the fair values of the assets received.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at fair value at the date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax effect.

Preference shares that carry mandatory dividend payments and mandatory redemption are classified as a financial liability in their entity. Preference shares that carry mandatory dividend payments only without a redemption feature or preference shares that carry mandatory redemption with discretionary dividend payments are accounted for as a compound financial instrument. The liability component is initially measured at the present value of the future cash payments discounted at a market rate of interest of a similar risk class debt instrument. The subsequent measurement of the liability component is at amortised cost using the effective interest method.

(ii) Distributions

Distributions to holders of an equity instrument are recognised as equity transactions and are debited directly in equity, net of any related income tax effect.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, including a distribution in specie, the Company measures the dividend payable at the fair value of the assets to distributed. At the end of each reporting period and at the date of settlement, the Company reviews and adjusts the carrying amount of the dividend payable to reflect changes in the fair value of the assets to be distributed, with any changes recognised in equity as adjustments to the amount of the distribution. Upon settlement, the difference between the carrying amount of the dividend payable and the carrying amount of the assets distributed is recognised as a gain or loss in profit or loss.

d) Financial instrument

(i) Initial recognition and measurement

The Company recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(ii) Derecognition of financial instrument

For derecognition purposes, the Company first determines whether a financial asset or a financial liability should be derecognised in its entirely as a single item or derecognised part-by-part of a single item or a group of similar items.

A financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial assets expire, or when the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged, cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Company considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more than compared with the carrying amount of the original liability.

(iii) Subsequent measurement of financial assets

For the purpose of subsequent measurement, the Company classifies financial assets into two categories namely (i) financial assets at fair value through profit or loss; and (ii) financial assets at amortised cost.

After initial recognition, the Company measures investments in quoted preference shares, quoted ordinary shares and derivatives that are assets at their fair values by reference to the active market prices, if observable, or otherwise by a valuation technique, without any deduction for transaction costs it may incur on sale or other disposal.

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 4(d)(vii).

(iv) Subsequent measurement of financial liabilities

After initial recognition, the Company measures all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives instruments that are liabilities and financial guarantee contracts, which are measured at fair value.

(v) Fair value measurement of financial instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumptions.

(vi) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial assets or liability is derecognised or impaired, and through the amortization process of the instrument.

(vii) Impairment and uncollectibility of financial assets

At the end of each reporting year, the Company examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include: (i) significant difficulty of the issuer or obligor; (ii) a breach of contract, such as a default or delinquency in interest or principal payments; (iii) granting exceptional concession to a customer; (iv) it is probable that a customer will enter bankruptcy or other reorganization; (v) the disappearance of an active market for that financial asset because of financial difficulties; or (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the loss allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due year. A collective allowance is estimated for a class group based on the Company's experience of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Company expects to receive for the assets if it were sold at the reporting date. The Company may estimate the recoverable amount using an adjusted net asset value approach.

e) Related parties

Related parties refer to persons connected to the directors and/or shareholders of the Company, and companies in which the directors and/or shareholders or persons connected to the said directors and/or shareholders have substantial equity interest.

f) Cash and cash equivalents

Cash comprises cash at bank.

g) Provisions

The Company recognises a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount.

A provision for warranty costs, restoration costs, restructuring costs, onerous contracts or lawsuit claims is recognised when the Company has a present legal or constructive obligation as a result of a past event, and of which the outflows of resources on settlement are probable and a reliable estimate of the amount can be made. No provision is recognised if these conditions are not met.

Any reimbursement attributable to a recognised provision from a counterparty (such as an insurer) is not off-set against the provision but recognised separately as an asset when, and only when, the reimbursement is virtually certain.

A provision is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting year. For a warranty provision, a probability-weighted expected outcome of the resources required to settle the obligation is applied, taking into account the Company's experiences of similar transactions and supplemented with current facts and circumstances. For a restoration provision, where a single obligation is being measured, the Company uses the individual most likely outcome as the best estimate of the liability by reference to current prices that contractors would charge to undertake such obligations, and taking into account likely future events that may affect the amount required to settle an obligation.

For an onerous contract, provision is measured based on the amount by which costs to fulfil the contract exceed the benefits. For a lawsuit provision, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advices of legal experts.

A provision is measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

h) Foreign currency transactions and balances

Transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the period (i.e. the closing rates). Non-monetary items carried at revalued amounts or at fair values that are denominated in foreign currencies are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items that are measured at their historical cost amounts continue to be translated at their respective historical rates and are not retranslated.

All exchange differences arising on settled transactions and on unsettled monetary items are recognised in profit or loss in the period except for: (i) loans and advances that form part of the net investment in a foreign operation; and (ii) transactions entered into in order to hedge foreign currency risks of net investments in foreign operations.

i) Tax Assets and Tax Liabilities

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability (asset) is measured at the amount the equity expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment. However, for deductible temporary differences related to investments in subsidiaries and branches, a deferred tax asset is recognised to the extent, and only to the extent that, it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which an entity in the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. For an investment property measured at fair value, if the owner-entity of the Group does not have a business model to hold the property solely for rental income, the deferred tax liability on the fair value gain is measured based on the presumption that the property is recovered through sale at the end of the reporting period.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period, except to the extent that the tax arises from items recognised outside profit or loss. For an income or expense item recognised in other comprehensive income, the current or deferred tax expense or tax income is recognised in other comprehensive income. For items recognised directly in equity, the related tax effect is also recognised directly in equity. Deferred tax assets and liabilities arising from a business combination, including tax effects of any fair value adjustment, are recognised as part of the net assets acquired.

j) Revenue recognition

The Company measures revenue from a sale of goods or service transaction at the fair value of the consideration received or receivable, which is usually the invoice price, net of any trade discounts and volume rebates given to a customer in a sale or service transaction.

Revenue from a sale of goods is recognised when: (a) the Company has transferred to the buyer the significant risk and rewards of ownership of the goods; (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (c) the amount of the revenue can be measured reliably; (d) it is probable that economic benefits associated with the transaction will flow to the Company; and (e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

k) Fair Value Measurement

For assets, liabilities and equity instruments whether financial or non-financial items that require fair value measurement disclosure, the Company establishes a fair value measurement hierarchy that gives the highest priority to quoted prices (unadjusted) in active markets for identical assets, liabilities or equity instruments and the lowest priority to unobservable inputs.

A fair value measurement of an item is estimated using a quoted price in an active market if that price is observable. The active market is the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and for which the Company can enter into a transaction for the asset or liability at the price in that market at the measurement date.

In the absence of an active market price, the fair value of an item is estimated by an established valuation technique using inputs from the marketplace that are observable for substantially the full term of the asset or liability.

5. Financial Risk Management Policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follows:

a) Liquidity and cash flow risks

The Company ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner.

b) Foreign currency risk

The Company is exposed to foreign currency risk as a result of its normal trading activities, where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The Company manages its exposure to foreign currency risk by monitoring fluctuations in foreign exchange and by timing its payments in foreign currencies accordingly.

c) Credit risk

Credit risk is controlled by monitoring procedures and by internal credit review where credit risk is material.

d) Interest rate risk

The Company's interest rate exposure arises principally from the borrowings. The interest rate risk is managed through the use of fixed and floating rate financial instruments.

Apart from the above, the Company does not face any material financial risks in other areas such as market risk, etc.

6. Critical Judgement and Estimation Uncertainty

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in the future periods effected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

a) Loss allowances of financial assets

The Company recognises impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Company's past experiences of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Company's financial position and results.

b) Depreciation of property, plant and equipment

The cost of an item of property, plant and equipment is depreciated on the straight- line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

c) Measurement of income taxes

The Company operates in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Company's provision for current and deferred taxes because the ultimate tax liability for the Company as a whole is uncertain. When the final outcome of the taxes payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will adjust for the differences as over- or under-provision of current or deferred taxes in the current period in which those differences arise.

d) Measurement of a provision

The Company uses a "best estimate" as the basis for measuring a provision. Management evaluates the estimates based on the Company's historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In the case when a provision relates to large population of customers (such as a warranty provision), a probability- weighted estimate of the outflows required to settle the obligation is used. In the case of a single estimate (such as a provision for environmental restoration costs), a referenced contractor's price or market price or market price is used as the best estimate. If an obligation is to be settled overtime, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made.

7. Property, Plant and Equipment

	Leasehold Building RM	Furniture and Fittings RM	Total RM
Gross Carrying Amount:			
At 1 April 2019	4,941,100	54,454	4,995,554
Additions	–	–	–
At 31 March 2020	**4,941,100**	**54,454**	**4,995,554**
Accumulated Depreciation:			
At 1 April 2019	1,087,042	52,774	1,139,816
Charge for the year	98,822	840	99,662
At 31 March 2020	**1,185,864**	**53,614**	**1,239,478**
Net Book Value at 1 April 2019	3,854,058	1,680	3,855,738
Net Book Value at 31 March 2020	**3,755,236**	**840**	**3,756,076**

8. Trade Receivables

	2020 RM	2019 RM
Holding Company	**300,000**	60,000

9. Share Capital

	2020 No of shares	2020 RM	2019 No of shares	2019 RM
Issued and fully paid ordinary shares:-				
Balance b/f	**300,002**	**300,002**	300,002	300,002
Issued during the year	**–**	**–**	–	–
Balance c/f	**300,002**	**300,002**	300,002	300,002

10. Amount Due To Holding Company

The holding company is Mahindra Holidays & Resorts India Ltd., a company incorporated in India, which holds the entire issued and paid up capital of the Company.

The amount due to holding company, consisting of non-trade balances, is unsecured and without any fixed terms of repayment and bears interest at the rate of 4.6% p.a. *(2019:4.6% p.a.)*

11. Amount Due To Directors

The amount due to directors is RM 21,000 *(2019:RM 21,000)*. The said amount is interest free, unsecured and without any fixed terms of repayment.

12. Revenue

Revenue represents income from lease rental and rental income receivable.

13. Profit From Operations

The following items have been charged in arriving at profit from operations:-

	2020 RM	2019 RM
Audit fee	**18,000**	18,000
Assessment and quit rent	**2,597**	3,410
Depreciation of property, plant and equipment	**99,662**	99,662
Directors' fee	**14,000**	14,000

14. Finance Costs

	2020 RM	2019 RM
Interest expense on loan from holding company	**184,000**	197,953

15. Taxation

	2020 RM	2019 RM
Current year provision	**92,987**	68,920
Under provision in previous year	**–**	299
	92,987	69,219

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2020 RM	2019 RM
Profit before taxation	**286,830**	272,090
Tax at statutory income tax rate of 24% *(2019: 18%)*	**68,839**	48,976
Tax effect of expenses that are not deductible for tax purposes	**30**	1,574
Deferred tax not recognised in the financial statements	**24,118**	18,370
Over provision from previous year	**–**	299
	92,987	69,219

16. Going Concern

The Company has deficiency in shareholders' funds amounting to RM 113,165 *(2019: RM 307,008)*.

However, the financial statements have been prepared on a going concern basis, as Mahindra Holidays and Resort India Ltd., the Holding Company, has given a confirmation of continued financial support to the Company.

17. Related Party Transactions

	2020 RM	2019 RM
Revenue	**(720,000)**	(720,000)
Interest on loan	**184,000**	197,953

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on a negotiated basis.

18. Employees

The number of employees of the Company as at March 31, 2020 is Nil *(2019 : Nil)*.

19. Date of Authorisation for Issue of the Financial Statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 7th May, 2020.

Signature :

Place : Kuala Lumpur

Dated : 7th May, 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Infinity Hospitality Group Company Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Infinity Hospitality Group Company Limited** (the Company), which comprise the statement of financial position as at March 31, 2020, the statement of income and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Mr. Pongteera Chainsakultam)

Certified Public Accountant Registration No. 9387

Cover Biz Company Limited
April 21, 2020

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

ASSETS

Currency : Baht

	Notes	**2020**	2019
CURRENT ASSETS			
Cash and cash equivalents		**2,337,580.81**	16,124,929.27
Trade and other receivables	*4*	**1,287,830.39**	2,344,133.53
Inventory	*5*	**293,374.43**	360,231.19
Other current assets		**1,557,948.30**	724,863.55
TOTAL CURRENT ASSETS		**5,476,733.93**	19,554,157.54
NON-CURRENT ASSETS			
Property, plant and equipment	*6*	**196,446,946.30**	174,215,555.72
Intangible assets	*7*	**36,505.80**	89,015.97
Other non-current assets		**408,673.80**	408,673.80
TOTAL NON-CURRENT ASSETS		**196,892,125.90**	174,713,245.49
TOTAL ASSETS		**202,368,859.83**	194,267,403.03

The accompanying notes are an integral part of the financial statements.

_____________________ Director

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2020 (Continued)

LIABILITIES AND SHAREHOLDERS' EQUITY

Currency : Baht

	Notes	**2020**	2019
CURRENT LIABILITIES			
Short-term loan from financial institution	*8*	**25,000,000.00**	–
Trade and other payables	*9*	**1,271,445.74**	2,140,733.11
Current portion of Long-term loan	*12*	**7,000,000.00**	7,000,000.00
Other current liabilities	*10*	**132,573.17**	450,219.44
TOTAL CURRENT LIABILITIES		**33,404,018.91**	9,590,952.55
NON - CURRENT LIABILITIES			
Long-term loan	*12*	**134,000,000.00**	141,000,000.00
TOTAL NON - CURRENT LIABILITIES		**134,000,000.00**	141,000,000.00
TOTAL LIABILITIES		**167,404,018.91**	150,590,952.55
SHAREHOLDERS' EQUITY			
Authorized share capital			
1,500,000 ordinary shares of Baht 100 each		**150,000,000.00**	150,000,000.00
Issued and paid-up share capital			
1,500,000 ordinary shares of Baht 100 each		**150,000,000.00**	150,000,000.00
Retained earnings (Deficits)		**(115,035,159.08)**	(106,323,549.52)
TOTAL SHAREHOLDERS' EQUITY		**34,964,840.92**	43,676,450.48
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**202,368,859.83**	194,267,403.03

The accompanying notes are an integral part of the financial statements.

____________________ Director

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

Currency : Baht

	Notes	**2020**	2019
REVENUES			
Revenue from rent and services		**30,487,653.59**	34,954,590.48
Other income		**153,636.38**	48,894.76
TOTAL REVENUES		**30,641,289.97**	35,003,485.24
EXPENSES			
Cost of rent and services		**17,100,508.20**	18,378,786.25
Selling expenses		**2,251,230.94**	2,356,213.46
Administrative expenses		**13,381,535.91**	8,796,632.45
TOTAL EXPENSES		**32,733,275.05**	29,531,632.16
EARNINGS BEFORE FINANCIAL COST		**(2,091,985.08)**	5,471,853.08
Financial costs		**(6,619,624.48)**	(6,654,503.93)
NET PROFIT (LOSS)		**(8,711,609.56)**	(1,182,650.85)

The accompanying notes are an integral part of the financial statements.

____________________ Director

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2020

Currency : Baht

	Notes	Issued and paid-up share capital	Retained earnings (Deficits)	Total
Beginning balance as of 31 March 2018		150,000,000.00	(105,140,898.67)	44,859,101.33
Changes in shareholders' equity for the period				
Net profit (loss) for the period		–	(1,182,650.85)	(1,182,650.85)
Ending balance as of 31 March 2019		150,000,000.00	(106,323,549.52)	43,676,450.48
Changes in shareholders' equity for the period				
Net profit (loss) for the period		–	(8,711,609.56)	(8,711,609.56)
Ending balance as of 31 March 2020		**150,000,000.00**	**(115,035,159.08)**	**34,964,840.92**

The accompanying notes are an integral part of the financial statements.

_____________________ Director

NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2020

1 GENERAL INFORMATION

Company status

Infinity Hospitality Group Company Limited , "The Company", is a limited company under Thai Civil and Commercial Code and domiciled in Thailand. It was incorporated on 6 May 2005, with registration no. 0105548060791

Place of company

20, Soi Sukhumvit 7 (Lerdsin 2) , Sukhumvit Rd., North Klongtoey, Wattana, Bangkok, Thailand

Business and operation

The objective of the Company are services and rent of hotel, apartment, mansion and condominium.

2 BASIC OF FINANCIAL STATEMENT PREPARATION

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles and Thai Financial Reporting Standards for Non-Publicly Accountable Entities enunciated on Notification of Federation of Accounting Professions (FAP) no. 20 (B.E.2554) under the Accounting Profession Act B.E.2547 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The management of the Company assessed that there is no material effects of this standard for the period in which they are initially applied.

The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development; Define Financial statement abstract B.E.2554 dated 28 September 2011, issued under the Accounting Act B.E.2543 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3 SUMMARIZED SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents is consist of cash on hand and deposit at banks including time deposit and temporary investment which is not over than 3 months to maturity date excepted cash deposit with obligation.

3.2 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost being determined on first-in, first-out method. The Company determine to accrue provision for decline in value of inventories on deteriorated or obsolescent inventories.

3.3 Property, plant and equipment

Land are stated at cost, Building and Equipment are stated at cost less accumulated depreciation.
Depreciation is calculated by a straight-line method over their estimated useful life as follows:

	Useful life	
Land	–	Years
Building	20	Years
Improvement & Decoration	20,5	Years
Furniture Fixture & Equipment	5	Years
General equipment	5	Years
Computer	5	Years

3.4 Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated by reference to their costs on the straight-line basis over the expected future period, for which the assets are expected to generate economic benefit, as follows :

	Useful life	
Computer software	5	Years

3.5 Employee benefits

Salaries, wages and contributions to the social security fund are recognized as expenses when incurred.

3.6 Provisions and contigent liabilities

The Company recognized provision in the best estimated amount of expenses which have to be paid on current obligation as at the end of accounting period.

3.7 Revenue and expenses recognition

Hotel revenues from rooms, food and beverage and other services are recognised when the rooms are occupied, food and beverage are sold and the services are rendered.

The company record other revenue and expenses base on accrual basis.

3.8 Income tax expense

The Company record income tax as expenses by calculating on profit and loss of tax regulation basis.

4 TRADE AND OTHER RECEIVABLES

Consist of: *Currency : Baht*

	2020	2019
Accounts Receivables - Trade	**4,607.96**	144,835.85
Accrued income - related parties (Note 11)	**673,714.80**	1,719,243.90
Other account receivables - related parties (Note 11)	**355,541.00**	297,021.00
Prepaid expenses	**235,966.63**	165,678.78
Other receivable	**18,000.00**	17,354.00
Total	**1,287,830.39**	2,344,133.53

5 INVENTORY

Consist of: *Currency : Baht*

	2020	2019
Finished Goods	**293,374.43**	360,231.19
Total	**293,374.43**	360,231.19

_____________________ Director

6 PROPERTY, PLANT AND EQUIPMENT

Currency : Baht

Consist of:	Construction in Progress	Land	Building	Improvement & Decoration	Furniture Fixture & Equipment	General Equipment	Computer	Vehicles	Total
Cost									
As at March 31, 2019	–	114,770,000.00	108,968,618.24	12,466,779.51	1,472,138.47	2,638,036.07	476,123.67	175,000.00	240,966,695.96
Acquisitions	11,799,796.19	–	–	20,162,850.93	–	62,889.00	45,970.00	–	32,071,506.12
Disposals	–	–	–	(3,753,758.11)	(235,667.06)	(52,704.12)	(14,900.00)	–	(4,057,029.29)
As at March 31, 2020	**11,799,796.19**	**114,770,000.00**	**108,968,618.24**	**28,875,872.33**	**1,236,471.41**	**2,648,220.95**	**507,193.67**	**175,000.00**	**268,981,172.79**
Accumulated depreciation									
As at March 31, 2019	–	–	60,541,248.30	2,359,855.06	921,908.37	2,358,020.06	395,109.45	174,999.00	66,751,140.24
Depreciation for the period	–	–	5,448,430.81	890,363.00	137,861.73	109,569.44	51,306.39	–	6,637,531.37
Depreciation on disposals	–	–	–	(592,967.01)	(194,072.36)	(52,506.75)	(14,899.00)	–	(854,445.12)
As at March 31, 2020	**–**	**–**	**65,989,679.11**	**2,657,251.05**	**865,697.74**	**2,415,082.75**	**431,516.84**	**174,999.00**	**72,534,226.49**
Net book value									
As at March 31, 2019	–	114,770,000.00	48,427,369.94	10,106,924.45	550,230.10	280,016.01	81,014.22	1.00	174,215,555.72
As at March 31, 2020	**11,799,796.19**	**114,770,000.00**	**42,978,939.13**	**26,218,621.28**	**370,773.67**	**233,138.20**	**75,676.83**	**1.00**	**196,446,946.30**

Depreciation for the year	
For the year ended March 31, 2019 (Included in cost and administrative expenses)	6,079,485.49
For the year ended March 31, 2020 (Included in cost and administrative expenses)	**6,637,531.37**

Security

At March 31, 2020 and 2019, the Company's properties, all Land and Buildings, with a net book value of Baht 157.75 and 163.20 million were subjected to secure loans from a financial institutions (see note 12).

7 INTANGIBLE ASSETS

Currency : Baht

Consist of:	Computer software	Total
Cost		
As at March 31, 2019	797,433.00	797,433.00
Acquisitions	–	–
Disposals	–	–
Adjustment/Reclassification	–	–
As at March 31, 2020	**797,433.00**	**797,433.00**
Accumulated amortisation		
As at March 31, 2019	708,417.03	708,417.03
Amortisation for the period	52,510.17	52,510.17
Depreciation on disposals	–	–
Adjustment/Reclassification	–	–
As at March 31, 2020	**760,927.20**	**760,927.20**
Net book value		
As at March 31, 2019	89,015.97	89,015.97
As at March 31, 2020	**36,505.80**	**36,505.80**
Amortisation for the period		
For the year ended March 31, 2019 (Included in administrative expenses)		58,572.42
For the year ended March 31, 2020 (Included in administrative expenses)		**52,510.17**

8 SHORT-TERM LOAN FROM FINANCIAL INSTITUTION

On November 21, 2019, The Company has entered into Banking Facility Agreement for Short Term Loan of Baht 44 million. The rate of interest on each Loan for each interest period is the rate of the sum of BIBOR plus the applicable Margin per annum.

The Company issued 3 months of promissory notes for above Banking Facility Agreement as following details:

Currency : Baht

	2020	2019
Balance as of April 1,	–	–
Add Loan received	**25,000,000.00**	–
Less Repayment	–	–
Balance as of March 31,	**25,000,000.00**	–

9 TRADE AND OTHER PAYABLES

Consist of:

Currency : Baht

	2020	2019
Trade payables	**404,905.56**	888,930.52
Advance received	**13,116.24**	11,822.44
Accrued interest expenses - Other	**263,066.56**	280,141.09
Accrued service charge	**12,512.38**	153,404.30
Accrued expenses	**577,845.00**	806,434.76
Total	**1,271,445.74**	2,140,733.11

NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 2020

10 OTHER CURRENT LIABILITIES

Consist of: *Currency : Baht*

	2020	2019
Unrealised output tax	**42,794.79**	121,097.80
Value added tax payable	–	209,338.46
Withholding tax payable	**65,808.38**	21,887.18
Social security tax payable	**23,970.00**	47,896.00
Short-term deposit	–	50,000.00
Total	**132,573.17**	450,219.44

11 RELATED PARTIES TRANSACTIONS

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Relationship with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Mahindra Holidays & Resorts India Limited	India	49% shareholder
MH Boutique Co., Ltd.	Thailand	51% shareholder

The Pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Revenue from rent and services	Contractually agreed rate
Interest charged	Contractually agreed rate

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group were as follows:

Currency : Baht

	2020	2019
Income		
Mahindra Holidays & Resorts India Limited (Included VAT 7%)	**19,021,320.45**	18,025,048.80
Expenses		
Mahindra Holidays & Resorts India Limited	**773,555.00**	810,676.00
Receivable		
Mahindra Holidays & Resorts India Limited	**673,714.80**	1,719,243.90
MH Boutique Co., Ltd.	**355,541.00**	297,021.00
Payable		
Mahindra Holidays & Resorts India Limited	**328,845.00**	197,174.00

12 LONG-TERM LOAN

On February 6, 2017, The Company has entered into 5-Year Secured Committed Term Loan Facility of Baht 162,000,000 Facility Agreement with a financial institution. The rate of interest on each Loan for each interest period is the rate of the sum of BIBOR plus 2.10 percent per annum. Details of Loan are as followed:

Currency : Baht

	2020	2019
Long-term loan	**141,000,000.00**	148,000,000.00
Less Current portion of Long-term borrowings	**(7,000,000.00)**	(7,000,000.00)
Net Long-term loan	**134,000,000.00**	141,000,000.00

Moving of long-term loan during the years ended March 31, 2020 and 2019 are as followed:

Currency : Baht

	2020	2019
Balance as of April 1,	**148,000,000.00**	155,000,000.00
Add Loan received	–	–
Less Repayment	**(7,000,000.00)**	(7,000,000.00)
Balance as of March 31,	**141,000,000.00**	148,000,000.00

The Company shall repay the loan in the amount in accordance with the repayment schedule and all outstanding loans shall be repaid in full no later than the final repayment date as followed:

Currency : Million Baht

No.	Month	Repayment	Outstanding Amount
1	6th	3.5	158.50
2	12th	3.5	155.00
3	18th	3.5	151.50
4	24th	3.5	148.00
5	30th	3.5	144.50
6	36th	3.5	141.00
7	42nd	3.5	137.50
8	48th	3.5	134.00
9	54th	3.5	130.50
10	60th	130.5	–

13 APPROVAL OF FINANCIAL STATEMENT

These financial statement were authorized for issue by company's authorized director on April 21, 2020.

________________ Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MH Boutique Hospitality Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MH Boutique Hospitality Limited** (the Company), which comprise the statement of financial position as at March 31, 2020, the statement of income and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Mr. Pongteera Chainsakultam)
Certified Public Accountant Registration No. 9387

Cover Biz Company Limited

April 21, 2020

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

			Currency : Baht
ASSETS	**Notes**	**2020**	2019
CURRENT ASSETS			
Cash and cash equivalents		**63,462.75**	63,225.23
TOTAL CURRENT ASSETS		**63,462.75**	63,225.23
NON-CURRENT ASSETS			
Investment in subsidiaries	*4*	**38,000,000.00**	38,000,000.00
TOTAL NON-CURRENT ASSETS		**38,000,000.00**	38,000,000.00
TOTAL ASSETS		**38,063,462.75**	38,063,225.23
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade and other payable	*5*	**16,625,272.00**	15,614,752.00
Short-term loan	*6*	**28,000,000.00**	28,000,000.00
TOTAL CURRENT LIABILITIES		**44,625,272.00**	43,614,752.00
TOTAL LIABILITIES		**44,625,272.00**	43,614,752.00
SHAREHOLDERS' EQUITY			
Authorized share capital			
51,000 preference shares of Baht 100 each		**5,100,000.00**	5,100,000.00
49,000 ordinary shares of Baht 100 each		**4,900,000.00**	4,900,000.00
Issued and paid-up share capital			
51,000 preference shares of Baht 100 each		**5,100,000.00**	5,100,000.00
49,000 ordinary shares of Baht 100 each		**4,900,000.00**	4,900,000.00
Retained earnings (Deficits)		**(16,561,809.25)**	(15,551,526.77)
TOTAL SHAREHOLDERS' EQUITY		**(6,561,809.25)**	(5,551,526.77)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**38,063,462.75**	38,063,225.23

The accompanying notes are an integral part of the financial statements.

_____________________ Director

STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 2020

Currency : Baht

	Notes	2020	2019
REVENUES			
Other income		**239.92**	240.31
TOTAL REVENUES		**239.92**	240.31
EXPENSES			
Administrative expenses		**58,522.40**	58,522.41
TOTAL EXPENSES		**58,522.40**	58,522.41
EARNINGS BEFORE FINANCIAL COST		**(58,282.48)**	(58,282.10)
Financial costs		**952,000.00**	952,000.00
NET PROFIT/(LOSS)		**(1,010,282.48)**	(1,010,282.10)

The accompanying notes are an integral part of the financial statements.

_____________________ Director

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2020

Currency : Baht

	Issued and paid-up share capital		Retained earnings	Total
	Preference	Ordinary	(Deficits)	
Beginning balance as of March 31, 2018	5,100,000.00	4,900,000.00	(14,541,244.67)	(4,541,244.67)
Changes in shareholders' equity for the year				
Net Profit/(Loss) for the year	–	–	(1,010,282.10)	(1,010,282.10)
Ending balance as of March 31, 2019	5,100,000.00	4,900,000.00	(15,551,526.77)	(5,551,526.77)
Changes in shareholders' equity for the year				
Net Profit/(Loss) for the year	–	–	(1,010,282.48)	(1,010,282.48)
Ending balance as of March 31, 2020	**5,100,000.00**	**4,900,000.00**	**(16,561,809.25)**	**(6,561,809.25)**

The accompanying notes are an integral part of the financial statements.

_____________________ Director

NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2020

1. GENERAL INFORMATION

Company status

MH Boutique Hospitality Limited, " The Company ", is a limited company under Thai Civil and Commercial Code and domiciled in Thailand. It was incorporated on 10 October 2012 With registration no. 0105555151500

Place of company

33/118-119 23th Floor Wall street Tower, Surawongse, Suriyawongse, Bangrak, Bangkok

Business and operation

The objective of the Company is to become a partner with limited liability in a partnership or a shareholder in a private limited company and a public limited company.

2. BASIC OF FINANCIAL STATEMENT PREPARATION

The company financial statements have been prepared in accordance with Generally Accepted Accounting Principles and Thai Financial Reporting Standards for Non-Publicly Accountable Entities enunciated on Notification of Federation of Accounting Professions (FAP) no. 20 (B.E.2554) under the Accounting Profession Act B.E.2547 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development; Define Financial statement abstract B.E.2554 dated 28 September 2011, issued under the Accounting Act B.E.2543 which is effective on the financial statements for fiscal year beginning on or after 1 January 2011.

The company financial statements have been prepared under the historical cost convention, except those explain in accounting policies.

3. SUMMARIZED SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents is consist of cash on hand and deposit at banks including time deposit and temporary investment which is not over than 3 months to maturity date excepted cash deposit with obligation.

3.2 Investment

Investments in subsidiary, associated and other companies are stated at cost. An allowance for impairment loss will be made when the net realisable value of the investment is lower than its cost.

3.3 Revenue and expenses recognition

The company record other revenue and expenses base on accrual basis.

4. INVESTMENT IN SUBSIDIARIES

On November 5, 2012 , the Company invested in 51% of Infinity Hospitality Company Limited as a subsidiary company, which had authorised capital of Baht 150 million divided into 1,500,000 ordinary shares at a par value of Baht 100.

Details of the Company's subsidiaries, as at March 31, 2020 are as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)
Investment in subsidiaries			
Infinity Hospitality Group Co., Ltd.	Hotel	Thailand	51

5. TRADE AND OTHER PAYABLES

Consist of: *Currency : Baht*

	2020	2019
Accrued interest expenses - Related parties (Note 6)	**13,809,542.85**	13,000,342.85
Accrued interest expenses for withholding tax	**2,436,978.15**	2,294,178.15
Accrued expenses	**23,210.00**	23,210.00
Other payable - Related parties (Note 6)	**355,541.00**	297,021.00
Total	**16,625,272.00**	15,614,752.00

6. RELATED PARTIES TRANSACTIONS

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Relationship with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Mahindra Holidays & Resorts India Limited	India	49% shareholder

The Pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Interest charged	Contractually agreed rate

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group were as follows:

Currency : Baht

	2020	2019
Expenses		
Mahindra Holidays & Resorts India Limited	**952,000.00**	952,000.00
Payable		
Mahindra Holidays & Resorts India Limited	**13,809,542.85**	13,000,342.85
Infinity Hospitality Group Co., Ltd.	**355,541.00**	297,021.00
Loan from related parties		
Mahindra Holidays & Resorts India Limited	**28,000,000.00**	28,000,000.00
Interest rate	**3.40%**	3.40%

7 APPROVAL OF FINANCIAL STATEMENT

These financial statement were authorized for issue by company's authorized director on April 21, 2020.

____________________ Director

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF MHR Holdings (Mauritius) Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MHR Holdings (Mauritius) Ltd, the "Company", which comprise the statement of financial position as at March 31, 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Global Business Licence (*formerly called Category 1 Global Business Licence*) and in compliance with the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 22 in the financial statements which indicates that the Company had accumulated losses of EUR 4,222,567 during the year ended March 31, 2020 and, as of that date, the Company had a net liability of EUR 4,077,567. As stated in Note 22, these conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The shareholder has undertaken to provide financial support to ensure continuation of the Company's operations. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises the information included under the Corporate Data and Commentary of the Directors sections, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Global Business Licence (*formerly called Category 1 Global Business Licence*) and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other Matter

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date: May 4, 2020

Ebene 72201, Republic of Mauritius

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2020

	Notes	2020	2019
		EUR	EUR
INCOME		**–**	–
EXPENDITURE			
Professional fees	15	**52,505**	23,483
Audit fees		**8,526**	6,427
Bank charges		**2,391**	3,005
Licence fees		**2,847**	2,184
		66,269	35,099
OPERATING LOSS		**(66,269)**	(35,099)
Finance income	10.1	**1,115,618**	1,185,311
Finance costs	10.2	**(1,861,128)**	(1,715,999)
LOSS BEFORE TAX		**(811,779)**	(565,787)
Tax expense	8	**–**	–
LOSS FOR THE YEAR		**(811,779)**	(565,787)
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified subsequently to profit or loss		**–**	–
Items that will be reclassified subsequently to profit or loss		**–**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**–**	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(811,779)**	(565,787)

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	Notes	2020	2019
		EUR	EUR
ASSETS			
Non-Current			
Investments in subsidiary	9	**23,182,500**	23,182,500
Loans	11	**27,032,793**	35,490,855
Non-current assets		**50,215,293**	58,673,355
Current			
Loans	11	**17,413,864**	–
Receivable and prepayments	14	**2,450**	176,200
Cash and cash equivalents		**588,386**	98,100
Current assets		**18,004,700**	274,300
Total assets		**68,219,993**	58,947,655
EQUITY AND LIABILITIES			
Equity			
Stated capital	18	**145,000**	145,000
Accumulated losses		**(4,222,567)**	(3,410,788)
Total shareholder's deficit		**(4,077,567)**	(3,265,788)
Liabilities			
Non-current			
Borrowings	12	**15,850,000**	46,856,777
Derivative financial instruments	13	**–**	227,632
Non-current liabilities		**15,850,000**	47,084,409
Current			
Borrowings	12	**54,825,972**	13,977,556
Derivative financial instruments	13	**132,558**	29,326
Accruals	17	**1,489,030**	1,122,152
Current liabilities		**56,445,560**	15,129,034
Total liabilities		**72,297,560**	62,213,443
Total equity and liabilities		**68,219,993**	58,947,655

Approved by the Board of Directors on 4 May 2020 and signed on its behalf by:

DIRECTOR

DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

	Stated capital	Accumulated losses	Total
	EUR	EUR	EUR
At April 1, 2018	145,000	(2,845,001)	(2,700,001)
Loss for the year	–	(565,787)	(565,787)
Other comprehensive income	–	–	–
Total comprehensive loss for the year	–	(565,787)	(565,787)
At March 31, 2019	145,000	(3,410,788)	(3,265,788)
At April 1, 2019	**145,000**	**(3,410,788)**	**(3,265,788)**
Loss for the year	**–**	**(811,779)**	**(811,779)**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive loss for the year	**–**	**(811,779)**	**(811,779)**
At March 31, 2020	**145,000**	**(4,222,567)**	**(4,077,567)**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
	EUR	EUR
Operating activities		
Loss before tax	**(811,779)**	(565,787)
Adjustments for:		
Interest income	**(955,802)**	(870,855)
Interest expense (Note 19)	**989,674**	1,020,103
Amortisation of transaction costs (Note 19)	**143,223**	143,224
Loss on interest rate swaps (Note 19)	**256,379**	234,413
Net fair value adjustment – Derivative financial instruments	**(124,400)**	(213,736)
	(502,705)	(252,638)
Changes in working capital:		
Decrease/(increase) in prepayments	**102**	(287)
Decrease/(increase) in receivable	**173,648**	(100,720)
Increase in accruals	**366,878**	311,011
Net cash from/(used in) operations	**37,923**	(42,634)
Interest received	**1,000,000**	631,951
Interest paid (Note 19)	**(1,247,637)**	(1,226,753)
Net cash used in operating activities	**(209,714)**	(637,436)
Investing activities		
Loans to subsidiary	**(9,000,000)**	(5,470,000)
Net cash used in investing activities	**(9,000,000)**	(5,470,000)
Financing activities		
Loans received (Note 19)	**9,700,000**	6,070,000
Net cash from financing activities	**9,700,000**	6,070,000
Net change in cash and cash equivalents	**490,286**	(37,436)
Cash and cash equivalents at beginning of the year	**98,100**	135,536
Cash and cash equivalents at end of the year	**588,386**	98,100
Cash and cash equivalents made up of :		
Cash at bank	**588,386**	98,100

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

MHR Holdings (Mauritius) Ltd, the "Company", was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on June 26, 2014 as a private company with liability limited by shares and holds a Global Business Licence (*formerly Category 1 Global Business Licence*) issued by the Financial Services Commission. The Company's registered office is IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Republic of Mauritius.

The principal activity of the Company is to hold investments.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Global Business Licence (*formerly Category 1 Global Business Licence*).

2. APPLICATION OF NEW AND REVISED IFRS

2.1 New and amended Standards that are effective for the current year

The Company has applied the following Standards, amendments and Interpretations to existing Standards for the first time for the financial year commencing on 01 April 2019:

IFRS 16	Leases
IFRS 9	Prepayment Features with Negative Compensation (Amendments to IFRS 9)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
IFRIC 23	Uncertainty over Income Tax Treatments
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

IAS 12/ IAS 23/
IFRS 3 and IFRS 11 Annual Improvements to IFRS 2015-2017 Cycles

Management has assessed the impact of these new and revised Standards and Interpretations and concluded that none of the above has an impact on these financial statements.

2.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Company.

Management anticipates that all relevant pronouncements, will be adopted in the Company's accounting policies for the first period beginning on or after the effective date of the pronouncement. Information on new Standards, amendments to existing Standards and Interpretations is provided below.

IFRS 3	Definition of a Business (Amendments to IFRS 3)
IAS 1 and IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)
IFRS 9/IAS 39 and IFRS 7	Interest Rate Benchmark Reform
IFRS 17	Insurance Contracts

Management has yet to assess the impact of the above Standards, amendments to existing Standards and Interpretations on the Company's financial statements.

3. SUMMARY OF ACCOUNTING POLICIES

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Revenue

Interest income is recognised on the accrual basis using the effective interest method, unless collectability is in doubt.

3.3 Expenses

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

3.4 Taxation

Tax expense recognised in the statement of comprehensive income comprises of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise of those obligations to, or claims from, fiscal authorities relating to the current period, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

3.5 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for loan receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, where appropriate.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income (FVOCI).

In the current year, the Company does not have any financial assets categorised as FVTPL and FVOCI.

The classification is determined by both:

- the Company's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, loans and receivable fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses

– the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. For the Company, instruments within the scope of the new requirements include its loans and receivable.

Recognition of credit losses is no longer dependent on the Company's first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and

Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities consist of borrowings, accruals and derivative financial instruments (Note 3.15).

Financial liabilities are measured subsequently at amortised cost using the effective interest method. All interest-related charges are reported in the statement of comprehensive income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.6 Consolidated financial statements

The financial statements are separate financial statements which contain information about MHR Holdings (Mauritius) Ltd as an individual company and do not contain consolidated financial information as the parent of a group.

The Company holds a Global Business Licence (*formerly Category 1 Global Business Licence*) issued by the Financial Services Commission and has taken advantage of the exemption given in Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 from the requirement to prepare consolidated financial statements as it is a wholly-owned subsidiary of a quoted company incorporated in the Republic of India, Mahindra Holidays and Resorts India Limited.

3.7 Investment in subsidiary

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiary is initially shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Equity

Stated capital represents the value of shares that have been issued.

Accumulated losses includes current and prior year's results as disclosed in the statement of comprehensive income.

3.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

3.11 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.12 Foreign currency translation

Functional and presentation currency

The financial statements are presented in Euro ("EUR"), which is the Company's functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.13 Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the year of the borrowings using the effective interest method.

Fees paid on loan facilities are recognised as transaction costs and are deducted from borrowings and amortised over the period of the facility to which it relates.

3.15 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company has not designated the derivative contracts (interest rate swaps) as a hedging instrument.

3.16 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following are the significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the EUR.

Going concern assumption

The directors have exercised significant judgement in assessing that the preparation of these financial statements on a going concern basis is appropriate. In making this assessment, the directors have considered the Company's future business projects, future cash flows and future profitability.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Fair value of derivative financial instruments

The fair value of the derivative financial instruments is determined based on valuation performed by an independent valuer. The assumptions used to value the derivative financial instruments are given in Note 6. In applying the valuation techniques, the independent valuer makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument.

5. FINANCIAL INSTRUMENT RISK

Risk management objectives and policies

The Company is exposed to various risks in relation to its financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2020	2019
	EUR	EUR
Financial assets at amortised cost		
Non-current		
Loans	**27,032,793**	35,490,855
Current		
Loans	**17,413,864**	–
Receivable	**–**	173,648
Cash and cash equivalents	**588,386**	98,100
	18,002,250	271,748
Total financial assets	**45,035,043**	35,762,603
Non-current		
Derivative financial instruments	**–**	227,632
Financial liabilities measured at amortised cost		
Borrowings	**15,850,000**	46,856,777
	15,850,000	47,084,409
Current		
Derivative financial instruments	**132,558**	29,326
Financial liabilities measured at amortised cost		
Borrowings	**54,825,972**	13,977,556
Accruals	**1,489,030**	1,122,152
	56,447,560	15,129,034
Total financial liabilities	**72,297,560**	62,213,443

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The Company does not actively engage in the trading of financial assets and derivatives for speculative purposes. The most significant financial risks to which the Company is exposed to are described below.

5.1 Market risk analysis

The Company is exposed to market risk through its use of financial instruments. Market risk is comprised specifically of currency risk and interest rate risk, which result from both its operating and investing activities.

(i) Foreign currency sensitivity

The Company is not exposed to any currency risk as most of its financial assets and financial liabilities are denominated in the Euro, which is the functional currency of the Company.

The currency profile of its financial assets and liabilities is as follows:

	Financial assets 2020	Financial liabilities 2020
	EUR	**EUR**
Long term exposure		
Euro (EUR)	**27,032,793**	**15,850,000**
Short term exposure		
Euro (EUR)	**18,002,250**	**56,434,215**
United States Dollar (USD)	–	**13,345**
	45,035,043	**72,297,560**

	Financial assets 2019	Financial liabilities 2019
	EUR	EUR
Long term exposure		
Euro (EUR)	35,490,855	47,084,409
Short term exposure		
Euro (EUR)	271,748	15,118,819
United States Dollar (USD)	–	10,215
	35,762,603	62,213,443

(ii) Interest rate sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has interest bearing financial assets and liabilities in the form of loans and borrowings.

The Company's interest bearing financial assets are in the form of loans to the subsidiary at a fixed rate of interest and therefore are not subject to market fluctuations.

The Company has interest bearing financial liabilities in the form of bank loans from HSBC Bank (Mauritius) Limited and AXIS BANK LIMITED.

The Company's interest rate risk arises principally from part of the bank borrowings from AXIS BANK LIMITED which are at variable interest rates. The Company manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest swaps have the economic effect of converting borrowings from floating rates to fixed rates.

The Company has taken the following loans from HSBC Bank (Mauritius) Limited and AXIS BANK LIMITED:

Loans from HSBC Bank (Mauritius) Limited

Loan of EUR 6,850,000

The bank loan of EUR 6,850,000 from HSBC Bank (Mauritius) Limited was bearing interest at Fixed EUR Interest Rate Swap ("IRS") 5 year plus a margin of 2.75% per annum on fixed basis (Note 12 (ii)). The all- inclusive rate of interest was initially fixed at 3.45%. The interest is payable at the end of every 6 months. Pursuant to board minutes dated August 2, 2019, the loan extension period has been revised to August 4, 2022 and the margin rate has been modified to 1.10% per annum.

Loan of EUR 4,300,000

The bank loan of EUR 3,600,000 from HSBC Bank (Mauritius) Limited bears interest at EUR Interest Rate EURIBOR 3 months plus a margin of 1.35% per annum on fixed basis (Note 12 (ii) to these financial statements). It is agreed that if the EURIBOR is negative, it would be deemed to be zero for the purpose of this facility. The loan is repayable within one year from the date of each drawdown. The interest is payable at the end of every 3 months.

The bank loan of EUR 3,600,000 disbursed in prior financial years form part of EUR 5,000,000 Revolving Credit Facility. As at March 31, 2020, an additional disbursement of EUR 700,000 was made out of the Revolving Credit Facility with the same conditions pertaining repayment and interest rate.

Loan of EUR 6,500,000

As at March 31, 2020, the Company received a bank loan of EUR 6,500,000 from HSBC Bank (Mauritius) Limited bearing interest at EUR Interest Rate EURIBOR plus a margin of 1.10% per annum on fixed basis (Note 12 (ii) to these financial statements). This represent the first tranche of loan disbursed to the Company out of a loan facility of EUR 10,000,000. It is agreed that if the EURIBOR is negative, it would be deemed to be zero for the purpose of this facility. The tenure of the loan is 2.99 years from each drawdown.

Loan of EUR 2,500,000

As at March 31, 2020, the Company received an additional bank loan of EUR 2,500,000 from HSBC Bank (Mauritius) Limited bearing interest at EUR Interest Rate EURIBOR plus a margin of 1.20% per annum on fixed basis (Note 12 (ii) to these financial statements). It is agreed that if the EURIBOR is negative, it would be deemed to be zero for the purpose of this facility. The loan is repayable within 1.99 years from the date of drawdown. The interest is payable at the end of every 3 or 6 months.

Loans from AXIS BANK LIMITED

Loan of EUR 47,000,000

The Company has contracted a loan of EUR 47,000,000 from AXIS BANK LIMITED which carries interest at EURIBOR 3-6 months plus Margin of 1.50% per annum (Note 12 (ii) to these financial statements). The loan is repayable at the end of 5 years.

Loan of EUR 4,750,000

The Company has contracted a loan of EUR 4,750,000 on June 23, 2017 from AXIS BANK LIMITED which carries interest at EURIBOR 3-6 months plus Margin of 1.5% per annum. In the prior financial year, the Company has received an additional amount of EUR 3,070,000 (EUR 600,000 drawn on February 7, 2018 and EUR 2,470,000 drawn on July 16, 2018).

The Company has entered into interest swaps for an amount EUR 41,550,000 from AXIS Bank Limited by using floating to fixed interest rate swap. Such interest rate swap has the economic effect of converting borrowings from floating rate to fixed rate and protecting the Company from potential future interest rate hikes. Therefore, the Company is not affected by interest rate fluctuations of these amounts. During the year under review, the interest swap agreement for an amount of EUR 4,000,000 entered with HSBC has expired on November 12, 2019.

The market interest rate risk for the other loans amounting to EUR 28,670,000 (EUR 8,520,000 from AXIS Bank Limited and EUR 20,150,000 from HSBC Bank (Mauritius) Limited) is also fixed at their respective margins since EURIBOR is negative. Thus, the Company is not affected by interest rate fluctuations on these amounts.

5.2 Credit risk analysis

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The Company's exposure to credit risk is monitored by management on an ongoing basis. The Company limits its risk by carrying out transactions with related parties.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2020	2019
	EUR	EUR
ASSETS		
Non-current		
Loans	**27,032,793**	35,490,855
Current assets		
Loans	**17,413,864**	–
Receivable	**–**	173,648
Cash and cash equivalents	**588,386**	98,100
	18,002,250	271,748
	45,035,043	35,762,603

(i) The Company has given loans to its Subsidiary, which are unsecured, and the interest rate and repayment terms are disclosed in Note 11.

The receivable from the related party was unsecured, interest free and fully received during the year.

Under impairment provisions of IFRS 9, the Company measures credit risk and ECL using probability of default, exposure at default and loss given default of the loans to subsidiary. The directors consider both historical analysis and forward-looking information in determining any ECL. The directors acknowledge the current outbreak of Covid-19 and its adverse economic impact on the countries, industries and markets in which the Company invests. However, the directors believe that Covid-19 will only have a short term impact on the Company and these investments were made in the Subsidiary with a view of long term appreciation and returns. Additionally, the Company has the financial support of its shareholder to ensure continuation of its operations. Therefore, the directors consider the probability of default to be close to zero as the Subsidiary has strong capacity to meet their contractual obligations and have not defaulted in the past. As a result, no loss allowance has been recognised based on 12-month ECL under Stage 1 of the ECL model.

(ii) The credit risk for the bank balance is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.

(iii) The carrying amounts disclosed above are the Company's maximum possible credit risk exposure in relation to these instruments.

(iv) None of the Company's financial assets are secured by collateral or other credit enhancements. The borrowings taken are secured against an Unconditional and Irrevocable Corporate Guarantee from Mahindra Holidays and Resorts India Limited, the parent company.

5.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including interest payments:

	2020		2019	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
	EUR	EUR	EUR	EUR
Borrowings	**54,825,972**	**15,850,000**	13,977,556	46,856,777
Derivative financial instruments	**132,558**	–	29,326	227,632
Accruals	**1,489,030**	–	1,122,152	–
Total	**56,447,560**	**15,850,000**	15,129,034	47,084,409

6 FAIR VALUE MEASUREMENT

6.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within which the hierarchy of financial liabilities measured at fair value on a recurring basis at March 31, 2020 and March 31, 2019:

March 31, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
	EUR	**EUR**	**EUR**	**EUR**
Liabilities				
Interest rate swaps	–	**132,559**	–	**132,559**

March 31, 2019	Level 1	Level 2	Level 3	Total
	EUR	EUR	EUR	EUR
Liabilities				
Interest rate swaps	–	256,958	–	256,958

There has been no transfer from Level 1 and Level 2 in 2020 and 2019.

The fair value of financial instruments that are not traded in an active market (interest rate swap derivative) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The Company's other financial assets and liabilities are measured at their carrying amounts, which approximate their fair values.

6.2 Fair value measurement of non-financial instruments

The Company's non-financial assets consist of investments in subsidiary and prepayments for which fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position. At the reporting date, the Company did not have any non-financial liabilities.

7. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its member.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its member, buy back shares or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. For the year ended March 31, 2020 and March 31, 2019, the Company was fully geared since it relies on external borrowings to finance its operations.

8. TAXATION

(i) Income tax

The Company holds a Global Business Licence (*formerly Category 1 Global Business Licence*) for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the enactment of the Finance Act 2018, with effect as from January 1, 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Global Business Licence (*formerly Category 1 Global Business Licence*) on or before October 16, 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to June 30, 2021.

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its foreign source income resulting in an effective tax rate on net income of up to 3%, up to June 30, 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to shareholder or in respect of redemptions or exchanges of shares.

Post June 30, 2021 and under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the Financial Services Commission, the Company would be entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) a partial exemption of 80% of some of the income derived, including but not limited to foreign source dividends or interest income and should include the following characteristics:

(a) The Company carries out its core income generating activities in Mauritius;

(b) The Company employs, directly or indirectly, an adequate number of suitably qualified persons to conduct its core income generating activities; and

(c) The Company incurs a minimum expenditure proportionate to its level of activities.

The Company also need to demonstrate that its central management and control is in Mauritius.

At March 31, 2020, the Company has accumulated tax losses of **EUR 858,177** (2019: EUR 816,145) which will be carried forward and available for set off against future taxable profit as follows:

	EUR
Up to the year ending 31 March 2021	**245,423**
Up to the year ending 31 March 2022	**205,769**
Up to the year ending 31 March 2023	**127,557**
Up to the year ending 31 March 2024	**114,101**
Up to the year ending 31 March 2025	**165,327**
	858,177

(ii) Deferred tax

Deferred income tax is calculated on all temporary differences under the liability method at the rate of 3%. At March 31, 2020, no deferred tax has been recognised in respect of the tax losses carried forward as it is not probable that taxable profit will be available in the foreseeable future.

(iii) Income tax reconciliation

The income tax on the Company's loss before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2020	2019
	EUR	EUR
Loss for the year	**(811,779)**	(565,787)
Tax calculated at the rate of 3%	**(24,353)**	(16,974)
Non-allowable expenses	**23,126**	19,963
Items outside scope of taxation	**(3,732)**	(6,412)
Deferred tax asset not recognized	**4,959**	3,423
Tax expense	**–**	–

9. INVESTMENTS IN SUBSIDIARY

	2020	2019
	EUR	EUR
(i) Unquoted investment at cost:		
At 01 April and 31 March	**23,182,500**	23,182,500

(ii) Details pertaining to the unquoted investments are as follows:

Name of investee company	**Country of Incorporation**	**Type of investments**	**Number of shares**	**Cost 2020**	**Cost 2019**
				EUR	**EUR**
Covington S.à.r.l	Luxembourg	Equity	12,500	**17,500**	**17,500**
Covington S.à.r.l	Luxembourg	Non-equity	–	**23,165,000**	**23,165,000**
			12,500	**23,182,500**	**23,182,500**

(iii) Pursuant to a Share Sale and Purchase Agreement dated July 17, 2014 between the Company (the "Purchaser") and D.LAW (the "Seller"), the Company purchased 12,500 shares without nominal value corresponding to 100% of the share capital of Covington S.à.r.l, a private limited company incorporated in Luxembourg, from the Seller for a total consideration of EUR 17,500.

(iv) Pursuant to Contribution Agreements dated July 14, 2014, November 10, 2014 and August 18, 2015 between the Company and Covington S.à.r.l (the "Receiver"), the Company contributed EUR 3,165,000, EUR 4,000,000 and EUR 16,000,000 respectively to the Receiver.

(v) The directors acknowledge the current outbreak of Coronavirus (Covid-19) and its adverse impact on industries and markets. The directors are monitoring the situation closely and have adopted various measures to mitigate the risk involved such as business continuity planning. The directors have assessed the recoverable amount of the investments made in Covington S.à.r.l and concluded that as at March 31, 2020, the impact of Covid-19 does not affect the value of investments in the subsidiary since the investments have been made with a view of long term appreciation and returns.

(vi) The Company has 100% shareholding in Covington S.à.r.l and is therefore considered as the Company's subsidiary since it has control over the subsidiary through its 100% voting rights. The Company holds a Global Business Licence (*formerly Category 1 Global Business Licence*) issued by the Financial Services

Commission and has therefore taken advantage of Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 which dispenses it from presenting consolidated financial statements as it is a wholly-owned subsidiary of a company incorporated in the Republic of India.

(vii) The non-equity investment in Covington S.à.r.l represents funds invested as “capital contribution” and settlement is not likely within one year. Repayment would be agreed between the Company and its investee company.

10. FINANCE INCOME AND FINANCE COSTS

	2020	2019
	EUR	EUR
10.1 Finance income		
Net fair value adjustment - Derivative financial instruments (Note 13)	**124,400**	213,736
Corporate Guarantee Commission income (Note 12(ii))	**35,416**	100,720
Interest on loans (Note 11(i))	**955,802**	870,855
	1,115,618	1,185,311
10.2 Finance costs		
Interest on borrowings (Note 12(i))	**989,674**	1,020,103
SBLC fee	**–**	7,631
Commissions on Corporate Guarantee (Note 12(ii))	**363,750**	310,628
Agency fees	**7,500**	–
Amortisation of transaction costs (Note 12 (i))	**143,223**	143,224
Loss on interest rate swaps (Notes 12 (i) and (iv))	**256,379**	234,413
Refunds to Holidays Club Resorts India Limited (Note 12(ii))	**100,602**	–
	1,861,128	1,715,999

11 LOANS

	2020	2019
	EUR	EUR
Loans to subsidiary:		
Non-current		
Principal amounts	**26,800,000**	34,620,000
Interest receivable	**232,793**	870,855
	27,032,793	35,490,855
Current		
Principal amounts	**16,820,000**	–
Interest receivable	**593,864**	–
	17,413,864	–
Total	**44,446,657**	35,490,855

(i) The movement during the year on the loans is as follows:

	2020	2019
	EUR	EUR
Opening balance	**35,490,855**	29,781,951
Loans given during the year	**9,000,000**	5,470,000
Interest income for the year	**955,802**	870,855
Interest received during the year	**(1,000,000)**	(631,951)
Closing balance	**44,446,657**	35,490,855

Transactions taking place during the year ended March 31, 2020:

(ii) The loans amounting to EUR 16,700,000 granted on August 28, 2015 and September 10, 2015, which were receivable by August 28, 2019 were further extended for a period of additional two years pursuant to board meeting dated March 24, 2020. The interest rate has not changed subsequent to the extension period. Consequently the loans were classified as non-current in these financial statements.

(iii) The loan amounting to EUR 1,100,000 granted on April 7, 2017, which was receivable by April 3, 2020 was further for a period of additional three years pursuant to board meeting dated March 24, 2020. The interest rate has remained unchanged subsequent to the extension period. Consequently the loans were classified as non-current in these financial statements.

(iv) Loans amounting to EUR 3,500,000, EUR 100,000, EUR 1,750,000 and EUR 6,000,000 granted in prior financial years having revised repayment date of July 31, 2020, September 10, 2020, September 22, 2020 and December 22, 2020 respectively pursuant to board minutes dated September 27, 2018 have been classified as current assets in these financial statements.

(v) Loans amounting to EUR 3,000,000 and EUR 2,470,000 granted in prior financial year ended having repayment date of October 5, 2020 and July 16, 2020 respectively have also been classified as current assets as at March 31, 2020.

(vi) During the year ended March 31, 2020, the Company has provided additional loans to its subsidiary amounting to EUR 6,500,000 and EUR 2,500,000 on November 5, 2019 and March 24, 2020 based on board minutes dated October 31, 2019 and March 24, 2020 respectively. Both loans bear interest rate of 2.20% and receivable in 3 years' time.

(vii) The directors have taken into consideration both historical analysis and forward-looking information in determining any ECL. The directors consider the probability of default to be close to zero as the subsidiary has strong capacity to meet their contractual obligations and have not defaulted in the past. As a result, no loss allowance has been recognised based on 12-month ECL under Stage 1 of the ECL model (Note 5.2).

12 BORROWINGS

	2020	2019
	EUR	EUR
Non-current		
Bank loans (Note 12 (ii))	**15,850,000**	46,856,777
Current		
Bank loans (Note 12(ii))	**54,501,768**	13,658,852
Loan from holding company (Note 12 (iii))	**324,204**	318,704
	54,825,972	13,977,556
Total	**70,675,972**	60,834,333

(i) The movement during the year on the borrowings is as follows:

	2020	2019
	EUR	EUR
At 01 April	**60,834,333**	54,593,346
Loans taken during the year:		
AXIS BANK LIMITED	**–**	2,470,000
HSBC Bank (Mauritius) Limited	**9,700,000**	3,600,000
Interest element for the year:		
Interest expense	**989,674**	1,020,103
Interest payment	**(991,258)**	(992,340)
Loss on interest rate swaps	**256,379**	234,413
Interest rate swap payment	**(256,379)**	(234,413)
Transaction costs incurred for the year:		
Amortisation of transaction costs (Note 16)	**143,223**	143,224
At 31 March	**70,675,972**	60,834,333

(ii) Bank loans

HSBC Bank (Mauritius) Limited

Loan of EUR 6,850,000

The Company (the "Borrower") entered into a Facility Agreement with HSBC Bank (Mauritius) Limited ("the Lender") on July 31, 2014 whereby the loan was repayable on August 4, 2019. The loan had interest rate at Fixed EUR Interest Rate Swap ("IRS") 5 year plus a margin of 2.75% per annum on fixed basis. The all-inclusive rate of interest was initially fixed at 3.45%. Pursuant to board minutes dated 02 August 2019, the loan extension period has been revised to August 4, 2022 and the margin rate has been modified to 1.10% per annum. Interest accrued on the loan outstanding at the reporting date amounted to EUR 12,786.

Loan of EUR 4,300,000

The Company (the "Borrower") entered into a Facility Agreement with HSBC Bank (Mauritius) Limited ("the Lender") on September 28, 2018 whereby the loan is repayable within 1 year from the date of each drawdown + rollover basis for 1 year tenor. The loan bears interest at EURIBOR 3 months plus a margin of 1.35% per annum on fixed basis. It is agreed that if EURIBOR is negative, it would be deemed to be zero for the purpose of this facility. The interest is payable at the end of every 3 months and interest accrued on the loan outstanding at the reporting date amounted to EUR 12,061.

The bank loan of EUR 3,600,000 disbursed in prior financial years constitute the EUR 5,000,000 Revolving Credit Facility entered into by Company on September 28, 2018. As at March 31, 2020, an additional disbursement of EUR 700,000 was made out of the Revolving Credit Facility with the same conditions pertaining repayment and interest rate. Interest accrued on the loan outstanding at the reporting date amounted to EUR 2,550.

Loan of EUR 6,500,000

The Company (the "Borrower") entered into a Facility Agreement with HSBC Bank (Mauritius) Limited ("the Lender") on October 29, 2019 for a loan of EUR 10,000,000 and repayable in 2.99 years. As at March 31, 2020, an amount of EUR 6,500,000 has been disbursed. The loan bears interest at EURIBOR plus a margin of 1.10% per annum. It is agreed that if EURIBOR is negative, it would be deemed to be zero for the purpose of this facility. The interest is payable at the end of every 3 or 6 months and interest accrued on the loan outstanding at the reporting date amounted to EUR 30,302.

Loan of EUR 2,500,000

The Company (the "Borrower") entered into a Facility Agreement with HSBC Bank (Mauritius) Limited ("the Lender") on March 24, 2020 for a loan of EUR 2,500,000 and repayable in 1.99 years. The loan bears interest at EURIBOR plus a margin of 1.20% per annum. It is agreed that if EURIBOR is negative, it would be deemed to be zero for the purpose of this facility. The interest is payable at the end of every 3 or 6 months and interest accrued on the loan outstanding at the reporting date amounted to EUR 500.

AXIS BANK LIMITED

Loans of EUR 47,000,000 and EUR 4,750,000

The Company (the "Borrower") entered into a Facility Agreement with AXIS BANK LIMITED which carries interest at EURIBOR 3-6 months plus Margin of 1.50% per annum.

The Company (the "Borrower") entered into a Facility Agreement dated 23 June 2017 with AXIS BANK LIMITED (the "Lender") to borrow USD 4,750,000 and repayable in 60 months. The loan carries interest at EURIBOR 3-6 months plus Margin of 1.5% per annum. This loan is split into (a) Stand by Letter of Credit ("SBLC") of a maximum amount of EUR 1,680,000 issued by the Company as security against loans borrowed by Holidays Club Resorts India Limited ("HCR") from third parties; and (b) the remaining amount of EUR 3,070,000 is governed by the terms and conditions of the Facility Agreement. In the prior financial year, the Company has received an additional amount of EUR 3,070,000 (EUR 600,000 drawn on February 7, 2018 and EUR 2,470,000 drawn on July 16, 2018).

The Company (the "Borrower") entered into a Facility Agreement dated August 27, 2015 with AXIS BANK LIMITED (the "Lender") to borrow a loan of EUR 47,000,000 which carries interest at EURIBOR 3-6 months plus Margin of 1.50% per annum. The loan was acquired for the purpose of acquiring additional stake in HCR and to refinance the existing debt raised for acquisition of 23% stake in HCR. The loan is repayable at the end of 5 years and has been classified as current liabilities in these financial statements.

The interest is payable at the end of every 6 months and interest accrued on the loans outstanding at the reporting date amounted to EUR 73,569.

The above loans are secured against an Unconditional and Irrevocable Corporate Guarantee from Mahindra Holidays and Resorts India Limited (the "Guarantor"). In that respect, an annual commission of 0.53% on the Corporate Guarantee (EUR 57,130,000) should be paid to the Guarantor until the loans are fully repaid. During the year ended March 31, 2020, an amount of **EUR 363,750** (2019: EUR 310,628) was charged as commission and an amount of **EUR 1,475,685** (2019: EUR 1,111,937) remains payable at March 31, 2020.

Since HCR is also benefiting from the new loan borrowed by the Company in terms of the pledge provided, the latter should therefore pay an annual commission to the Company which is then partly remitted to the Guarantor. During the year under review, an amount of **EUR 35,416** (2019: EUR 100,720) was charged as commission and an amount of **EUR NIL** (2019: EUR 173,648) is receivable at March 31, 2020. In addition, during the year, the Company has refunded an amount of EUR 100,602 to HCR representing excess guarantee commission charged in prior financial years.

(iii) During the year ended March 31, 2016, the Company borrowed a loan of EUR 250,000 from Mahindra Holdings & Resorts India Limited ("MHRIL") bearing interest of 2.2% per annum and repayable on demand.

(iv) The Company has entered into an interest rate swap arrangement in respect of its borrowings and during the year, a loss of EUR 256,379 (2019: EUR 234,413) was incurred on the swap arrangement.

13 DERIVATIVE FINANCIAL INSTRUMENTS

	2020	2019
	EUR	EUR
Non-current		
Interest rate swaps	**–**	227,632
Current		
Interest rate swaps	**132,558**	29,326
Total	**132,558**	256,958

The Company had entered into interest rate swap agreements to manage interest rate risk exposures.

The interest rate swap effectively modified the Company's exposure to interest rate risk by converting the Company's floating rate debt to a fixed rate basis for the entire term of the debt, thus reducing the impact of interest rate changes on future interest expense. This agreement involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount.

The fair value of the hedging derivative of AXIS BANK LIMITED was classified as current liability since the maturity of the hedged item is less than one year. During the year under review, the interest swap agreement for an amount of EUR 4,000,000 entered with HSBC has expired on November 12, 2019.

The notional principal amount of the outstanding interest rate swap at March 31, 2020 was EUR 41,550,000.

At March 31, 2020, the fixed interest rate and fair value based on the interest rate swap are as follows:

Details	**Notional amount**	**Fixed interest rate**	**Start date**	**Maturity date**	**Fair value**
	EUR				**EUR**
AXIS BANK LIMITED	41,550,000	0.2526%	22 December 2015, 03 January 2017 and 07 April 2017	28 August 2020	132,558

During the year under review, an amount of EUR 256,379 (2019: EUR 234,413) (Note 10.2) was recognised in the income statement representing loss relating to interest rate swaps of the borrowings from variable interest rates (LIBOR) to the fixed interest rate. The net fair value movement on the derivative financial instruments amounted to EUR 124,400 (2019: EUR 213,736) during the year under review.

14. RECEIVABLE AND PREPAYMENTS

	2020	2019
	EUR	EUR
Receivable from related party (Note 14(i))	**–**	173,648
Prepayments	**2,450**	2,552
	2,450	176,200

(i) The amount receivable from the related party was unsecured, interest free and fully received during the year.

15. PROFESSIONAL FEES

	2020	2019
	EUR	EUR
Administration fees and disbursements	**45,477**	17,051
Directors' fees	**3,679**	3,121
Fees for tax filings	**2,080**	1,544
Secretarial fees	**1,269**	1,362
Professional fees	**–**	405
	52,505	23,483

16. TRANSACTION COSTS

	2020	2020
	EUR	EUR
Agency fees	**500**	500
Brokerage fees	**138,425**	138,425
Legal fees	**4,298**	4,299
	143,223	143,224

Transaction costs relate to charges in respect of loan taken from AXIS BANK LIMITED (Note 12 (ii)). The costs have been amortised over a period of 5 years, which is the tenure of the loan.

17. ACCRUALS

	2020	2019
	EUR	EUR
Commission on Corporate Guarantee (Note 12(ii))	**1,475,685**	1,111,937
Audit fees	**7,140**	5,650
Administration fees	**6,111**	4,503
Disbursements	94	62
	1,489,030	1,122,152

18 STATED CAPITAL

	2020	2019
	EUR	EUR
Issued and paid:		
145,000 Ordinary shares of EUR1 each	**145,000**	145,000

In accordance with the Company's Constitution, the main rights and obligations attached to the ordinary shares are as follows:

- confer to its holder the rights to attend and exercise one vote at meetings of members generally and class meetings of the ordinary shares;
- have a right to receive any dividend or distribution; and
- be entitled, on a winding up, to share in the assets of the Company available for distribution.

19 CASH FLOW INFORMATION

Net debt reconciliation

	2020	2019
	EUR	EUR
Net debt		
Borrowings:		
- Repayable within one year	**54,825,972**	13,977,556
- Repayable after one year	**15,850,000**	46,856,777
	70,675,972	60,834,333

	Borrowings due within 1 year	**Borrowings due after 1 year**	**Total**
	EUR	**EUR**	**EUR**
Net debt as at April 1, 2019	**13,977,556**	**46,856,777**	**60,834,333**
Cash flows:			
- Additional loan from HSBC Bank (Mauritius) Limited	**700,000**	**9,000,000**	**9,700,000**
- Interest paid	**(991,258)**	**–**	**(991,258)**
- Interest rate swap paid	**(256,379)**	**–**	**(256,379)**
Non cash movement:			
- Loss on interest rate swaps	**256,379**	**–**	**256,379**
- Amortisation of loan	**–**	**143,223**	**143,223**
- Interest expense	**989,674**	**–**	**989,674**
- Reclassification of loan	**40,150,000**	**(40,150,000)**	**–**
Net debt as at March 31, 2020	**54,825,972**	**15,850,000**	**70,675,972**

	Borrowings due within 1 year	Borrowings due after 1 year	Total
	EUR	EUR	EUR
Net debt as at April 1, 2018	429,793	54,163,554	54,593,346
Cash flows:			
- Additional loan from AXIS Bank Limited	2,470,000	–	2,470,000
- Additional loan from HSBC Bank (Mauritius) Limited	3,600,000	–	3,600,000
- Interest paid	(992,340)	–	(992,340)
- Interest rate swap paid	(234,413)	–	(234,413)
Non cash movement:			
- Loss on interest rate swaps	234,413	–	234,413
- Amortisation of loan	–	143,224	143,224
- Interest expense	1,020,103	–	1,020,103
- Reclassification of loan	7,450,000	(7,450,000)	–
Net debt as at March 31, 2019	13,977,556	46,856,777	60,834,333

20. RELATED PARTY TRANSACTIONS

During the year ended March 31, 2020, the Company had transactions with related parties. The nature, volume of transactions and balances with the related parties are as follows:

Name of companies	Nature of relationship	Nature of transactions	Volume of transactions	Debit/ (credit) balances at 31 March 2020	Debit/ (credit) balances at 31 March 2019
			EUR	**EUR**	**EUR**
Covington S.à.r.l. (Note 11 (i))	Subsidiary	Loans and interest receivable	**8,955,802**	**44,446,657**	35,490,855
Mahindra Holidays and Resorts India Limited (Note 12(iii))	Holding company	Loan	–	**(250,000)**	(250,000)
Mahindra Holidays and Resorts India Limited (Note 12(iii))	Holding company	Interest payable	**5,500**	**(74,204)**	(68,704)
Holidays Club Resorts India Limited (Note 14)	Indirect subsidiary	Receivable	**173,046**	–	173,648
Mahindra Holidays and Resorts India Limited (Note 17)	Holding company	Commission on Corporate Guarantee	**363,750**	**(1,475,685)**	(1,111,937)

The terms and conditions of the loans, receivable from related party and payable to holding company are as disclosed in the notes to the financial statements

21. CONTINGENT LIABILITIES

The Company has no litigation claims outstanding, pending or threatened against it, which could have a material adverse effect on the Company's financial position or results as at March 31, 2020.

22. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued financial support of the shareholder.

The Company's accumulated losses have increased over the years to reach EUR 4,222,567 as at March 31, 2020 (March 31, 2019: EUR 3,410,788) and has also a net liability position of EUR 4,077,567 (March 31, 2019: EUR 3,265,788). The directors are of the opinion that financial support from the shareholder will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

23. EVENTS AFTER THE REPORTING DATE

There has been no material event after the reporting date which would require any disclosure or adjustments to the financial statements for the year ended March 31, 2020.

24. HOLDING COMPANIES

The directors consider Mahindra Holidays and Resorts India Limited, a quoted company incorporated in the Republic of India, as the Company's immediate holding company and Mahindra and Mahindra Limited, a quoted company incorporated in the Republic of India, as the Company's ultimate holding company.

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

To the Annual General Meeting of Covington S.a.r.l.

Opinion

We have audited the annual accounts of Covington S.à r.l. (the "Company"), which comprise the balance sheet as at March 31, 2020, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at March 31, 2020, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession ("Law of July 23, 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of July 23, 2016 and ISAs are further described in the Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Managers for the annual accounts

The Board of Managers is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Managers determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Managers is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Auditor for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Luxembourg, April 30, 2020

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé
S Yeo

BALANCE SHEET AS AT MARCH 31, 2020

ASSETS	Notes	2020 EUR	2019 EUR
FIXED ASSETS			
Financial fixed assets	3		
Shares in affiliated undertakings		**67,853,012.21**	65,879,136.21
		67,853,012.21	65,879,136.21
CURRENT ASSETS			
Debtors	4		
Amounts owed by affiliated undertakings			
becoming due and payable within one year		**52,433.32**	3,239,853.77
becoming due and payable after more than one year		**3,151,337.45**	–
Other debtors			
becoming due and payable within one year		**6,018.75**	2,407.50
Cash at bank, cash in postal cheque accounts, cheques and cash in hand		**678,243.31**	55,138.84
PREPAYMENTS		**5,964.08**	6,108.86
TOTAL ASSETS		**71,747,009.12**	69,182,645.18
LIABILITIES			
CAPITAL AND RESERVES	5		
Subscribed capital		**12,500.00**	12,500.00
Share premium and similar premiums		**23,165,000.00**	23,165,000.00
Profit/(Loss) brought forward		**218,658.19**	(600,524.62)
Profit/(Loss) for the financial year		**102,208.22**	819,182.81
		23,498,366.41	23,396,158.19
CREDITORS	6		
Trade Creditors			
becoming due and payable within one year		**35,008.52**	71,889.64
Amounts owed to affiliated undertakings			
becoming due and payable within one year		**17,668,286.84**	17,419,403.00
becoming due and payable after more than one year		**27,032,792.35**	18,289,879.35
Tax and social security debts			
Tax debts		**10,130.00**	5,315.00
Other Creditors			
becoming due and payable within one year		**3,502,425.00**	6,500,000.00
becoming due and payable after more than one year		–	3,500,000.00
		48,248,642.71	45,786,486.99
TOTAL CAPITAL, RESERVES, LIABILITIES		**71,747,009.12**	69,182,645.18

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

	Notes	2020 EUR	2019 EUR
Raw materials and consumables and other external expenses	7	**(141,792.55)**	(168,845.52)
Other external expenses		**(141,792.55)**	(168,845.52)
Other operating expenses		**(1,491.08)**	(1,300.10)
Income from participating interests	8	**1,141,002.69**	1,793,132.00
Derived from affiliated undertakings		**1,141,002.69**	1,793,132.00
Other income from participating interests		**–**	–
Other interest receivable and similar income	9	**194,477.01**	258,648.66
Derived from affiliated undertakings		**66,356.00**	73,995.78
Other interest and similar income		**128,121.01**	184,652.88
Interest payable and similar expenses	10	**(1,083,922.85)**	(1,055,532.23)
Concerning affiliated undertakings		**(955,801.84)**	(870,879.35)
Other interest and similar expenses		**(128,121.01)**	(184,652.88)
Tax on profit or (loss)	11	**(1,250.00)**	(500.00)
Profit or (loss) after taxation		**107,023.22**	825,602.81
Other taxes not shown under items 1 to 16	11	**(4,815.00)**	(6,420.00)
Profit or (loss) for the financial year		**102,208.22**	819,182.81

NOTES TO THE ANNUAL ACCOUNTS

Note 1 - General information

Covington S.à r.l., hereinafter the "Company", was incorporated on November 27, 2013 as a "société à responsabilité limitée" for an unlimited period. The Company is organised under the laws of Luxembourg, in particular the law of August 10, 1915 on commercial companies, as amended.

The registered office of the Company is established in Luxembourg City and is registered at the Trade and Companies register in Luxembourg under the number B 182 265.

The financial year of the Company starts on April 1 and ends on March 31 of each year.

Based on the criteria defined by article 1711-7 of the Luxembourg law, the Company is exempt from the obligation to draw up consolidated accounts and a consolidation management report for the year ended March 31, 2020.

The Company is included in the consolidated accounts of Mahindra Holidays & Resorts India Limited, forming the smallest and largest body of undertakings of which the Company forms a part as direct subsidiary undertakings. The registered office of that company is located at Mahindra Towers, 2nd floor, 17/18 Patullos Road, Chennai - 600 002 and the consolidated financial statements are available at the registered adress.

OBJECT

The object of the Company is the acquisition of ownership interests, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the administration, management, control and development of such participations. The Company may in particular acquire by way of subscription, purchase, exchange or in any other manner any stock, shares and/or other participation securities, bonds, debentures, certificates of deposit and/or other debt instruments and more generally any securities and/or financial instruments issued by any public or private entity whatsoever. It may participate in the creation, development, management and control of any company or enterprise. It may further make direct or indirect real estate investments and invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin whatsoever.

The Company may borrow in any form, except for borrowing from the public. It may issue notes, bonds, debentures and any other kind of debt and/or equity securities, including but not limited to preferred equity certificates and warrants, whether convertible or not in all cases. The Company may lend funds, including the proceeds of any borrowings and/or issues of debt securities, to its subsidiaries, affiliated companies or to any other company. It may also give guarantees and grant security interests in favour of third parties to secure its obligations or the obligations of its subsidiaries, affiliated companies or any other company. The Company may further mortgage, pledge, transfer, encumber or otherwise hypothecate all or some of its assets.

The Company may generally employ any techniques and utilize any instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect the Company against creditors, currency fluctuations, interest rate fluctuations and other risks.

The Company may carry out any commercial, financial or industrial operations and any transactions with respect to real estate or movable property, which directly or indirectly, further or relate to its purpose.

Note 2 - Summary of significant accounting policies and valuation rules

Basis of preparation

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the amended law of December 19, 2002, (the "Law"), determined and applied by the managers of the Company (the "Board of Managers") in conformity with the going concern basis.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Managers to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Board of Managers believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Although the current liabilities of the Company exceed the current assets as of March 31, 2020, the Board has prepared these annual accounts on a going concern basis. The Company has received positive indicators from its shareholder acting as creditor that they will not ask for repayment of the principal amount nor of the accrued but unpaid interests if this repayment would trigger an insolvency for the Company and they will provide a financial support if it is needed. The Board is not aware of anything that would prevent the Company from continuing as a going concern.

Significant accounting policies and valuation rules

The main accounting and valuation rules applied by the Company are the following:

Financial assets

Shares in affiliated undertakings or participating interests are valued at acquisition cost including the expenses incidental thereto. Loans to these undertakings/investment held as fixed assets and other loans are valued at nominal value.

In the case of durable depreciation in value according to the opinion of the Board of the Managers, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Creditors

Creditors are stated at their reimbursement value.

Current tax liability

The tax liability estimated by the Company for the financial years for which the tax assessments have not yet been received are recorded under the caption "Tax authorities". The advance payments are shown in the assets of the balance sheet under the caption "Other Debtors", if applicable.

Foreign currency translation

The Company maintains its accounting records in Euro (EUR) and the balance sheet and the profit and loss accounts are expressed in this currency. Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction.

Formation expenses and long term non-monetary assets expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain converted using the exchange rate at the time of the transaction (the "historical exchange rate").

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

In accordance with prudence principles found within generally accepted accounting principles in Luxembourg ("Lux Gaap"), other assets are translated separately, at the lower of the value converted using the historical exchange rate and the value converted using the exchange rate at the balance sheet date. Conversely, other liabilities are translated separately, at the higher of the value converted using the historical exchange rate and the exchange rate at the balance sheet date. Consequently, both realised and unrealised exchange losses are recorded in the profit and loss account while exchange gains are recorded in the profit and loss account when realised only.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account while the net unrealised gains are not recognised.

Note 3 - Financial assets

a) The movements for the year are as follows:

	Shares in affiliated undertakings	Total
	EUR	EUR
Gross book value - opening balance	**65,879,136.21**	**65,879,136.21**
Additions for the year	1,973,876.00	1,973,876.00
Gross book value - closing balance	**67,853,012.21**	**67,853,012.21**
Net book value - closing balance	**67,853,012.21**	**67,853,012.21**
Net book value - opening balance	**65,879,136.21**	**65,879,136.21**

Mahindra Holidays & Resorts India Ltd. (MHRIL) and certain management employees, shareholders of Holiday Club Resorts Oy (HCRO), had executed an Option agreement in September 2015. Subsequently the option agreement was assigned to the Company.

On January 11, 2017, the Company purchased 249,542 shares in HCRO, at the total price of EUR 4,366,985.00. Transfer tax of 1.60% related to the purchase of the above shares is also capitalised.

On March 21, 2017, the Company exercised the options to buy 127,160 shares in HCRO (110,260 shares for EUR 1,929,550.00 and 16,900 shares for EUR 228,150.00). The effective date of the transfer of the shareholding only occurred on April 11, 2017 whereby the direct shareholding of the Company in HCRO increased to 90,92%. This, combined with the indirect shareholding of 4.24%, amounts to a 95.16% holding in HCRO.

On August 20, 2018, the Company exercised the options to buy the remaining 26,310 shares under Option Agreement for a total amount of EUR 829,291.20 (EUR 31.52 per share) and 18,500 shares covered under HCR Agreement for a total amount of EUR 468,605.00 (EUR 25.33 per share). Transfer tax of 1.60% related to the purchase of above shares is also capitalised.

On November 12, 2018, the Company converted a part of its loans with HCRO into 200,000 new shares at the subscription price of EUR 15.00 per share for a total amount of EUR 3,000,000.00 whereby the direct shareholding of the Company in HCRO increased to 92.44%. This combined with the indirect shareholding of 4.04%, amounts to a 96.48%.

On March 31, 2020, the Company purchased 146,213 shares in HCRO at the subscription price of EUR 13.50 per share for a total amount of EUR 1,973,876.00 whereby the direct shareholding of the Company in HCRO increased to 95.96%. This combined with the indirect shareholding of 4.04%, amounts to a 100.00%.

b) Undertakings in which the Company holds at least 20% interests in their share capital as at 31/03/2020 are as follows:

Undertaking's name	**Registered office**	**Percentage of holding**	**Last balance sheet date**	**Net equity at the last balance sheet date**	**Result for the last financial year**	**Net book value 31/03/2020**	Net book value 31/03/2019
				(EUR)	**(EUR)**	**(EUR)**	(EUR)
Holiday Club Resorts Oy	Finland	95.96%	31/03/2020	62,824,140.00	143,632.00	**64,053,130.82**	62,079,254.82
HCR Management Oy (*)	Finland	100.00%	31/03/2020	2,268,268.00	47,991.00	**3,799,881.39**	3,799,881.39
Total						**67,853,012.21**	65,879,136.21

(*) Based on unaudited management accounts

As at the end of the financial year, the Managers estimated that the financial assets do not present any durable loss in value.

Management assessment has been updated as of the date of annual accounts to include the effects of the outbreak of the Covid-19 pandemic, declared by the World Health Organization on March 11, 2020. The business of affiliated undertakings (Finish subsidiaries of the Company) developed steadily for the first eleven months. However, in March 2020, the last month of the financial year, the business suffered from the lack of demand caused by Covid-19. The management of the affiliated undertakings reacted immediately to the changed situation, adjusting their costs accordingly.

Based on the assessment performed the management of the Company believes that there are no indicators of durable value adjustment regarding shares in affiliated undertakings.

Note 4 - Debtors

This caption is detailed as follows:

	Within one year	**After one year and within five years**	**31.03.2020**	31.03.2019
			(EUR)	(EUR)
<u>Amounts owed to affiliated undertakings:</u>				
Loans to Holiday Club Resorts OY - Principal (*)	–	3,151,337.45	**3,151,337.45**	3,151,337.45
Loans to Holiday Club Resorts OY - Accrued interest	52,433.32	–	**52,433.32**	88,516.32
<u>Other debtors:</u>				
Net Wealth tax - Advances	6,018.75	–	**6,018.75**	2,407.50
Total	**58,452.07**	**3,151,337.45**	**3,209,789.52**	3,242,261.27

(*) On September 1, 2017, the Company agreed to lend to Holiday Club Resorts Oy the sum of EUR 2,000,000.00 which bears interest at a nominal rate of 2.50% per annum. The tenure of the loan is one year, extendable with the consent of the Company. On August 20, 2018, EUR 1,318,662.55 has been repaid. On November 12, 2018, the remaining amount of EUR 681,337.45 together with the EUR 2,318,662.55 out of the remaining loan of EUR 2,470,000.00 from the second loan (below) has been converted into 200,000 new shares at the subscription price of EUR 15.00 per share for a total value of EUR 3,000,000.00.

On July 17, 2018, the Company entered into a second loan agreement with Holiday Club Resorts Oy for an amount up to EUR 3,000,000.00 with an interest rate of 2.50%. On July 23, 2018, the Company paid out an amount of EUR 2,470,000.00 to Holiday Club Resorts Oy. As stated above, on November 12, 2018, EUR 2,318,662.55 of the loan have been converted into equity. On March 31, 2020, the outstanding amount of this loan is EUR 151,337.45. On March 24, 2020, the term of the loan has been extended for a period of two years.

On October 5, 2018, the Company entered into a third loan agreement of EUR 3,000,000.00 with Holiday Club Resorts Oy with an interest rate of 2.20% per annum. The initial maturity date of this loan was October 4, 2019 and has been extended for two additional years.

Note 5 - Capital and reserves

Subscribed capital and share premium (and similar premiums)

The share capital of the Company amounts to EUR 12,500.00 and is divided into 12,500 shares fully paid up to EUR 12,500.00 without nominal value.

The movements on the "Subscribed capital" caption during the year are as follows:

	Share capital	Total number of Shares
	EUR	EUR
Opening balance	**12,500.00**	**12,500**
Subscriptions for the year	**–**	**–**
Closing balance	**12,500.00**	**12,500**

Share premium account

The movements on the "Share premium account" caption during the year are as follows:

	Share premium
	EUR
Opening balance	**23,165,000.00**
Additions for the year	–
Closing balance	**23,165,000.00**

Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5.00% of its annual net profit until this reserve equals 10.00% of the subscribed share capital. This reserve may not be distributed.

Movements for the year on the Reserves and Profit/(Loss) captions

	Legal reserve	Reserve for own shares	Other reserves	Profit/(Loss) brought forward	Profit or loss for the financial year	Interim dividends
	EUR	EUR	EUR	EUR	EUR	EUR
As at the beginning of the year	–	–	–	**(600,524.62)**	**819,182.81**	–
Allocation of the prior year's result:						
Allocation to the result brought forward	–	–	–	819,182.81	(819,182.81)	–
Allocation to the legal reserve	1,250.00	–	–	(1,250.00)	–	–
Profit or loss for the year	–	–	–	–	102,208.22	–
As at the end of the year	**1,250.00**	**–**	**–**	**217,408.19**	**102,208.22**	–

Note 6 - Creditors

Creditors as at 31/03/2020 are composed of the following:

	Within one year	After one year and within five years	Total 31.03.2020	Total 31.03.2019
			EUR	EUR
Trade creditors	35,008.52	–	**35,008.52**	71,889.64
Amounts owed to affiliated undertakings:			**–**	–
Loans from MHR Holdings (Mauritius) Ltd. - Principal (*)	16,820,000.00	26,800,000.00	**43,620,000.00**	34,620,000.00
Loans from MHR Holdings (Mauritius) Ltd. - Accrued interest	593,888.84	232,792.35	**826,681.19**	870,879.35
Mahindra Holidays & Resorts India Ltd. (*)	254,398.00	–	**254,398.00**	218,403.00
Tax debts:				
Net wealth tax - estimated tax 2019	4,815.00	–	**4,815.00**	4,815.00
Net wealth tax - estimated tax 2020	4,815.00	–	**4,815.00**	–
Withholding tax on director's fees	500.00	–	**500.00**	500.00
Other creditors:				
Director fees	2,425.00	–	**2,425.00**	–
Loan from RCI Europe (**)	3,500,000.00	–	**3,500,000.00**	10,000,000.00
Total	**21,215,850.36**	**27,032,792.35**	**48,248,642.71**	45,786,486.99

(*) The loans owed to affiliated undertakings are as follows:

	Interest rate	Maturity	Total 31.03.2020 EUR	Total 31.03.2019 EUR
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	31/07/2020	**3,500,000.00**	3,500,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	3.00%	21/08/2021	**16,700,000.00**	16,700,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	22/09/2020	**1,750,000.00**	1,750,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	27/12/2020	**6,000,000.00**	6,000,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.25%	04/04/2023	**1,100,000.00**	1,100,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.25%	31/08/2020	**2,570,000.00**	2,570,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	03/10/2020	**3,000,000.00**	3,000,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	31/10/2022	**6,500,000.00**	–
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	24/03/2023	**2,500,000.00**	–
Payable owed to Mahindra Holidays & Resorts India Ltd	0.00%	–	**254,398.00**	218,403.00
Total			**43,874,398.00**	34,838,403.00

On September 10, 2014, a loan agreement up to EUR 100,000.00 has been made between MHR Holdings (Mauritius) Ltd and Covington S.à r.l., bearing an interest of 2.20% per annum. The maturity date is September 9, 2020. The loan has never been drawdown.

EUR 3,500,000.00 loan which bears interest at a nominal rate of 2.20% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on July 31, 2020 and the accrued interests as at March 31, 2020 amount to EUR 52,491.99.

EUR 16,700,000.00 loan which bears interest at a nominal rate of 3.00% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on August 21, 2017. However an extension of the repayment date of the loan until August 2021 has been agreed by both parties in March, 2020. The accrued interests as at March 31, 2020 amount to EUR 124,565.58.

EUR 1,750,000.00 which bears interest at a nominal rate of 2.20% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on September 22, 2020 and the accrued interests as at March 31, 2020 amount to EUR 77,419.54.

EUR 6,000,000.00 loan which bears interest at a nominal rate of 2.20% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on December 27, 2020 and the accrued interests as at March 31, 2020 amount to EUR 266,227.40.

EUR 1,100,000.00 loan which bears interest at a nominal rate of 2.25% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on April 4, 2023 and the accrued interests as at March 31, 2020 amount to EUR 49,500.00.

EUR 2,570,000.00 loan which bears interest at a nominal rate of 2.25% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on August 31, 2020 and the accrued interests as at March 31, 2020 amount to EUR 99,382.80.

EUR 3,000,000.00 loan which bears interest at a nominal rate of 2.20 % per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on October 3, 2020 and the accrued interest as at March 31, 2020 amount to EUR 98,367.11.

EUR 6,500,000.00 loan which bears interest at a nominal rate of 2.20 % per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on October 31, 2022 and the accrued interest as at March 31, 2020 amount to EUR 57,825.13.

EUR 2,500,000.00 loan which bears interest at a nominal rate of 2.20 % per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on March 24, 2023 and the accrued interest as at March 31, 2020 amount to EUR 901.64.

MHR Holdings (Mauritius) Ltd. considers to extend the repayment date of the loans for a period as mutually agreed upon. The necessary agreement for renewal of the loans will be executed on or before the due dates of the loans.

The payable owed to Mahindra Holidays & Resorts India Ltd., amounting to EUR 254,398.00 does not bear any interest and has no maturity date.

(**) The loan from RCI Europe, amounting to a total amount of EUR 10,000,000.00 has been taken in two tranches on August 4, 2014 and bears interest at a nominal rate of 2.00% per annum + EURIBOR 12M. The first tranche of EUR 6,500,000.00 has been drawdown on August 5, 2014 and was due on August 4, 2019 which is duly paid. The second tranche of EUR 3,500,000.00 has been drawdown on August 26, 2015 and is due on August 25, 2020. The accrued interests as at March 31, 2020 amount to EUR 0.00 due to RCI Europe waiving the full loan interest amount.

Note 7 - Other external charges

This caption is detailed as follows:	2020 EUR	2019 EUR
Professional fees	**95,142.02**	106,133.96
Commission on Corporate Guarantee	**35,995.00**	53,001.00
Director's fees	**6,062.50**	5,186.29
Bank fees	**4,243.03**	4,174.27
Luxembourg Chamber of Commerce contribution	**350.00**	350.00
	141,792.55	168,845.52

Note 8 - Income from participating interests

This caption is detailed as follows:	2020 EUR	2019 EUR
Dividend from HCRO	**1,141,002.69**	1,793,132.00
	1,141,002.69	1,793,132.00

Note 9 - Other interest and similar financial income

This caption is detailed as follows:	2020 EUR	2019 EUR
Concerning affiliated undertakings:		
Interest receivable from HCRO	**66,356.00**	73,995.78
Other interest and similar income		
Waiver on interest payable to RCI Europe	**128,121.01**	184,652.88
	194,477.01	258,648.66

Note 10 - Interest payable and similar charges

	2020	2019
This caption is detailed as follows:	**EUR**	EUR
Concerning affiliated undertakings:		
Interest charge on loan amounts owed to MHR Holdings (Mauritius) Ltd. (See Note 6)	**955,801.84**	870,879.35
Other interest and similar expenses		
Interest charge on loan amounts owed to RCI Europe (See Note 6)	**128,121.01**	184,652.88
	1,083,922.85	1,055,532.23

Note 11 - Taxation

The Company is subject to the general tax regulation applicable to all Luxembourg commercial companies.

Note 12 - Staff

The company did not employ any staff during the financial year ended March 31, 2020 (2019: Nil).

Note 13 - Emoluments granted to the members of the management and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies

The Company did not grant any emoluments and has no commitments in respect of retirement pensions to members of its management during the financial year ended March 31, 2020 (2019: EUR Nil).

During the financial year, the Company incurred director's fees amounting to EUR 6,062.50 (2019: EUR 5,186.29).

Note 14 - Advances and loans granted to the members of the management and supervisory bodies

The Company did not grant any advances or loans to members of its management during the financial period ended March 31, 2020 (2019: Nil).

Note 15 - Off balance sheet commitments and contingencies

The Company does not have any off balance sheet commitments or contingencies at the end of the financial year.

Note 16 - Subsequent events

The affiliated undertakings' financial position has weakened due to the sudden drop in demand due to the Covid-19 situation. Cash and cash equivalents position remains strong but will deteriorate rapidly as the situation continues. The management is finding out the most suitable additional financing methods to secure the situation if needed. Although Covid-19 has posed short-term challenges to the affiliated undertakings' operations, demand for their products and services is expected to develop positively in the longer term. In order to alleviate the situation with Covid-19, the management believes that it is strongly positioned to offer its services in the presumably growing domestic travel market.

The company's operations have not been materially impacted by the Covid-19 pandemic and business continuity can be ensured.

However, and whilst it is too early to assess the future impact precisely, the current environment may lead to have an impact on the value of the participation in the next financial year.

AUDITOR'S REPORT

To the Annual General Meeting of HCR Management Oy

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HCR Management Oy (business identity code 2277650-4) for the year ended March 31, 2020. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Director's and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Director's. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Director's has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki April 27, 2020

KPMG OY AB
ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur **2020**	Eur 2019
Other operative expenses	**(1,829.99)**	(1,575.53)
PROFIT/(LOSS)	**(1,829.99)**	(1,575.53)
Dividend income	**49,820.75**	83,648.00
Interest expenses	**0.00**	0.00
PROFIT/(LOSS) BEFORE TAXES	**47,990.76**	82,072.47
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	**47,990.76**	82,072.47

BALANCE SHEET AS AT MARCH 31, 2020

	Eur 2020	Eur 2019
ASSETS		
NON-CURRENT ASSETS		
Investments		
Other shares	**2,094,675.20**	2,094,675.20
TOTAL FOR NON-CURRENT ASSETS	**2,094,675.20**	2,094,675.20
CURRENT ASSETS		
Cash and cash equivalents	**175,092.61**	125,601.85
TOTAL FOR CURRENT ASSETS	**175,092.61**	125,601.85
TOTAL ASSETS	**2,269,767.81**	2,220,277.05
Liabilities		
SHAREHOLDERS' EQUITY		
Share Capital	**2,500.00**	2,500.00
Reserve for invested non-restricted equity	**1,833,300.00**	1,833,300.00
Retained earnings	**384,477.05**	302,404.58
Profit (loss) for the period	**47,990.76**	82,072.47
TOTAL FOR SHAREHOLDERS' EQUITY	**2,268,267.81**	2,220,277.05
LIABILITIES		
Long Term Liabilities	**0.00**	0.00
Short Term Liabilities	**1,500.00**	0.00
TOTAL FOR LIABILITIES	**1,500.00**	0.00
TOTAL LIABILITIES	**2,269,767.81**	2,220,277.05

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Operative Cash Flow		
Cash paid to suppliers and employees	**(1,829.99)**	(1,575.53)
Operative Cashflow before financing items and taxes	**(329.99)**	(1,575.53)
Paid interest and other payments related to financing activities	**0.00**	0.00
Dividends received	**49,820.75**	83,648.00
Operative Cash Flow	**49,490.76**	82,072.47
Financing Cash Flow		
Proceeds from issuance of Equity	**0.00**	0.00
Withdrawals of Long Term Loans	**0.00**	0.00
Re-payments of Long Term Loans	**0.00**	0.00
Financing Cash Flow	**0.00**	0.00
Net increase/decrease in cash and cash equivalents	**49,490.76**	82,072.47
Cash and cash equivalents at the beginning of the period	**125,601.85**	43,529.38
Cash and cash equivalents at the end of the period	**175,092.61**	125,601.85

NOTES TO THE ACCOUNTS

NON CURRENT ASSETS

INVESTMENTS

Eur	Shares, other	Total
Acquisition Cost 31.3.2019	2,094,675.20	2,094,675.20
Acquisition Cost 31.3.2020	**2,094,675.20**	**2,094,675.20**
Book value 31.3.2020	**2,094,675.20**	**2,094,675.20**

HCR Management Oy owns 4.04 % of the shares of Holiday Club Resorts Oy.

SHAREHOLDERS' EQUITY

	Eur 31.3.2020
RESTRICTED SHAREHOLDERS' EQUITY	
Share Capital 31.3.2019	**2,500.00**
Share Capital 31.3.2020	**2,500.00**
RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**2,500.00**
NON-RESTRICTED SHAREHOLDERS' EQUITY	
Reserve for Invested non-restricted equity 31.3.2019	**1,833,300.00**
Proceeds from issuance of Equity	**0.00**
Reserve for Invested non-restricted equity 31.3.2020	**1,833,300.00**
Retained earnings 31.3.2019	**384,477.05**
Dividends	**0.00**
Retained earnings 31.3.2020	**384,477.05**
Profit for the period	**47,990.76**
NON-RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**2,265,767.81**
SHAREHOLDERS' EQUITY TOTAL	**2,268,267.81**

CALCULATION FOR DISTRIBUTABLE FUNDS

	Eur 31.3.2020
Reserve for invested non-restricted equity	**1,833,300.00**
Retained earnings	**384,477.05**
Profit for the period	**47,990.76**
Total	**2,265,767.81**

SHARE CAPITAL BY TYPES OF SHARES

Eur	pcs	Eur
1 vote/share	124,320	2,500.00
Total	**124,320**	**2,500.00**

SHORT TERM LIABILITIES

	Eur 31.3.2020	Eur 31.3.2019
Bank Loans	**0.00**	0.00
Accrued interest	**0.00**	0.00
Total	**0.00**	0.00

OTHER NOTES

COLLATERALS GIVEN

ASSETS PLEDGED AND MORTGAGES GIVEN FOR FINANCIAL LIABILITIES

	Eur 31.3.2020	Eur 31.3.2019
Other Loans	**0.00**	0.00
Total	**0.00**	0.00
Pledged assets	**0.00**	0.00
Total	**0.00**	0.00

Effects of Corona virus (Covid-19) to HCR Management's business

The Board of HCR Management Oy has estimated the effects of Corona virus to company's business and market enviroment.
So far virus epidemic has not effected significantly to company's business.
The Board and management of the company will follow the status of virus epidemic and update the estimated effects to company's business and market environment.

Signing of the annual report and the board of director's report.

Helsinki, April 27, 2020

Arunkumar Nanda
Chairman of the Board

Akhila Balachandar
Member of the Board

Nina Norberg
Member of the Board, CEO

APPROVAL OF THE ANNUAL REPORT

The audit report has been given today.

Helsinki, April 27, 2020

KPMG Oy Ab

Esa Kailiala
KHT

AUDITOR'S REPORT

To the Annual General Meeting of Holiday Club Resorts Oy

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Holiday Club Resorts Oy (business identity code 20333337-1) for the year ended March 31, 2020. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Director's and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other reporting requirements

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Emphasis of Matter – Effects of the coronavirus to the company's business

We draw attention to Note of significant events during the financial year in the financial statements, which describes the effects of the coronavirus epidemy, which started in early 2020 and expanded rapidly, to the company's business and financial position. Our opinion is not modified in respect of this matter.

KPMG OY AB
ESA KAILIALA
Authorised Public Accountant, KHT

Place: Helsinki
Date: April 27, 2020

INCOME STATEMENT OF THE GROUP FOR THE YEAR ENDED MARCH 31, 2020

	Note	Eur 2020	Eur 2019
REVENUE	**1**	**150,564,239**	154,563,252
Other operating income	**2**	**6,458,704**	6,026,718
Share of Associated Company Profit/(loss)		**2,092**	10,239
Materials and services	3	**(54,744,484)**	(59,060,693)
Personnel expenses	4	**(37,818,974)**	(38,616,525)
Amortizations, depreciations and impairments	5	**(5,669,772)**	(5,727,585)
Other operating expenses	6	**(58,046,339)**	(55,624,389)
PROFIT/(LOSS)		**745,464**	1,571,018
Financial income and expenses	7	**(490,421)**	(744,663)
PROFIT/(LOSS) BEFORE APPROPRIATIONS AND TAXES		**255,043**	826,355
Income taxes	9	**(225,456)**	(330,907)
Minority Share		**114,045**	14,128
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**143,632**	509,575

BALANCE SHEET OF THE GROUP AS AT MARCH 31, 2020

	Note	Eur 2020	Eur 2019
ASSETS			
NON CURRENT ASSETS			
Intangible assets	10	**7,753,774**	9,339,021
Group goodwill	10	**12,359**	23,766
Tangible assets	11	**34,191,114**	36,924,645
Investments	12	**5,131,674**	5,129,587
TOTAL NON CURRENT ASSETS		**47,088,921**	51,417,019
CURRENT ASSETS			
Inventories	14	**59,048,943**	59,310,909
Long-term receivables	15	**978,099**	1,111,838
Deferred tax receivables	19	**1,192,611**	1,424,174
Short-term receivables	16	**10,202,261**	16,859,136
Financial instruments		**3,558**	3,558
Cash and cash equivalents		**6,541,940**	3,175,900
TOTAL CURRENT ASSETS		**77,967,412**	81,885,515
TOTAL ASSETS		**125,056,333**	133,302,534
EQUITY AND LIABILITIES			
EQUITY	**17**		
Share capital		**11,959,146**	11,959,146
Other reserves			
Reserve for invested non-restricted equity		**42,395,175**	42,395,175
Profit/(loss) from previous years		**8,326,187**	9,521,210
Profit/(loss) for the financial year		**143,632**	509,575
TOTAL EQUITY		**62,824,140**	64,385,106
GROUP RESERVE		**0**	0
MINORITY SHARE		**270,083**	404,093
LIABILITIES			
Deferred tax liabilities	18	**195,530**	257,202
Long-term liabilities	19	**11,047,638**	8,880,332
Short-term liabilities	20	**50,718,943**	59,375,801
TOTAL LIABILITIES		**61,962,111**	68,513,335
TOTAL EQUITY AND LIABILITIES		**125,056,333**	133,302,534

CASH FLOW STATEMENT OF THE GROUP FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Cash flow from operating activities		
Profit/(loss) before appropriations and taxes	**255,043**	826,355
Adjustments:		
Amortizations and depreciations	**5,669,772**	5,727,585
Other non-cash items	**25,446**	(595,167)
Financial income and expenses	**370,915**	745,233
Cash generated from operations before net working capital	**6,321,176**	6,704,005
Change in net working capital		
Change in non-interest-bearing receivables	**7,147,925**	2,692,075
Change in inventories	**(49,083)**	(1,865,524)
Change in non-interest-bearing liabilities	**(202,137)**	(1,645,339)
Cash generated from operations before financial items and taxes	**13,217,881**	5,885,217
Interest expenses paid and other financial expenses	**(880,958)**	(794,549)
Dividend received	**1,063**	910
Interest income received	**195,481**	224,669
Income taxes paid	**(171,376)**	(1,424,281)
Net cash flow from operating activities	**12,362,091**	3,891,966
Cash flow from investments activities		
Investments in tangible and intangible assets	**(2,287,934)**	(4,490,965)
Proceeds from sale of tangible and intangible assets	**528,884**	861,559
Investments in other investments	**0**	(22,359)
Proceeds from accounted for using the equity method	**0**	431,200
Net cash flow from investing activities	**(1,758,770)**	(3,220,565)
Cash flow from financing activities		
Proceeds from short-term borrowings	**1,441,531**	5,151,337
Repayments in short-term borrowings	**(7,895,775)**	(1,445,555)
Proceeds from long-term borrowing	**700,000**	3,300,000
Repayments in long-term borrowings	**0**	(5,044,167)
Dividends paid	**(1,234,257)**	(1,972,291)
Net cash used in financing activities	**(6,988,501)**	(10,676)
Net increase/(decrease) in cash and cash equivalents	**3,614,820**	660,725
Cash and cash equivalents at the beginning of period	**3,179,458**	2,830,398
Effects of exchange rate fluctuations on cash held	**(248,780)**	(311,665)
Cash and cash equivalents at the end of period	**6,545,498**	3,179,458
Change in Net cash & Cash Equivalents	**3,614,820**	660,725

PARENT COMPANY INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Note	Eur 2020	Eur 2019
REVENUE	**1**	**125,784,258**	124,933,022
OTHER OPERATING INCOME	**2**	**5,285,937**	5,625,939
Materials and services	3	**(49,848,020)**	(49,653,908)
Personnel expenses	4	**(29,194,049)**	(29,285,574)
Amortizations, depreciations and impairments	5	**(3,625,702)**	(3,705,591)
Other operating expenses	6	**(47,829,461)**	(45,189,940)
PROFIT/(LOSS)		**572,963**	2,723,947
Financial income and expenses	7	**(441,979)**	(438,777)
PROFIT/(LOSS) BEFORE APPROPRIATIONS AND TAXES		**130,985**	2,285,170
Appropriations	8	**75,579**	(375,643)
Income taxes	9	**(7,943)**	(267,504)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**198,620**	1,642,023

PARENT COMPANY BALANCE SHEET AS AT MARCH 31, 2020

	Note	Eur 2020	Eur 2919
ASSETS			
NON CURRENT ASSETS			
Intangible assets	10	**7,275,775**	8,379,217
Tangible assets	11	**10,876,890**	12,385,270
Investments			
Shares of the group companies	12	**7,658,347**	7,657,147
Shares of the associated companies	12	**217,500**	217,500
Receivables from group companies	16	**11,006,844**	11,708,982
Other shares	12	**4,846,069**	4,846,069
Other receivables	12	**64,549**	64,549
TOTAL NON CURRENT ASSETS		**41,945,973**	45,258,734
CURRENT ASSETS			
Inventories	14	**46,854,318**	46,234,335
Long-term receivables	15	**13,178,049**	13,464,240
Short-term receivables	16	**10,125,614**	15,994,967
Financial instruments		**3,558**	3,558
Cash and cash equivalents		**4,212,348**	1,558,578
TOTAL CURRENT ASSETS		**74,373,887**	77,255,678
TOTAL ASSETS		**116,319,860**	122,514,412
EQUITY AND LIABILITIES			
EQUITY	17		
Share capital		**11,959,146**	11,959,146
Reserve for invested non-restricted equity		**42,395,175**	42,395,175
Profit/(loss) from previous years		**3,558,800**	3,545,208
Profit/(loss) for the financial year		**198,620**	1,642,023
TOTAL EQUITY		**58,111,741**	59,541,551
ACCUMULATED DEPRECIATION	18	**962,414**	1,154,903
LIABILITIES			
Long-term liabilities	20	**14,105,641**	10,948,631
Short-term liabilities	21	**43,140,064**	50,869,327
TOTAL LIABILITIES		**57,245,705**	61,817,958
TOTAL EQUITY AND LIABILITIES		**116,319,860**	122,514,412

CASH FLOW STATEMENT OF THE PARENT COMPANY FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Cash flow from operating activities		
Profit/(loss) before appropriations and taxes	**130,985**	2,285,170
Adjustments:		
Amortizations and depreciations	**3,625,702**	3,705,591
(Profit)/Loss from the Sales of Non-Current Assets	**(86,268)**	(339,964)
Other non-cash items	**382,207**	(638,556)
Financial income and expenses	**59,771**	438,777
Cash generated from operations before net working capital	**4,112,397**	5,451,018
Change in working capital		
Change in non-interest-bearing receivables	**6,025,093**	3,740
Change in inventories	**(619,983)**	(1,415,664)
Change in non-interest-bearing liabilities	**(738,018)**	185,028
Cash generated from operations before financial items and taxes	**8,779,489**	4,224,122
Interest expenses paid and other financial expenses	**(698,729)**	(678,828)
Income taxes paid	**(185,342)**	(1,222,985)
Net cash flow from operating activities	**7,895,417**	2,322,309
Cash flow from investments activities		
Investments in tangible and intangible assets	**(1,719,814)**	(4,125,592)
Proceeds from sale of tangible and intangible assets	**530,762**	861,559
Investments in group companies	**(1,200)**	(1,500)
Investments in other investments	**0**	(22,359)
Proceeds from loan receivables	**436,167**	0
Proceeds from other investments	**280**	431,200
Interest received from investments	**509,981**	832,567
Dividends received from investments	**1,062**	910
Net cash flow from investing activities	**(242,762)**	(2,023,215)
Cash flow from financing activities		
Proceeds from short-term borrowings	**1,621,531**	5,151,337
Repayments of short-term borrowings	**(6,158,288)**	(1,316,157)
Proceeds from long-term borrowings	**1,892,415**	3,000,000
Repayments of long-term borrowings	**(1,120,285)**	(4,012,764)
Dividends paid	**(1,234,257)**	(1,972,291)
Net cash used in financing activities	**(4,998,885)**	850,125
Net increase/(decrease) in cash and cash equivalents	**2,653,770**	1,149,220
Cash and cash equivalents at the beginning of period	**1,562,136**	376,927
Cash received from merged companies	**0**	35,989
Cash and cash equivalents at the end of period	**4,215,906**	1,562,136
Change in Net cash & Cash Equivalents	**2,653,770**	1,185,209

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Basic information of the Group

The Group's main branch of business is to sell and rent the timeshare weeks and Villas apartments constructed by the Group. The Group also operates in the Spa hotel business. Group has activities in four countries: Finland, Sweden, Spain and Russia.

Holiday Club Resorts Oy is a parent company for the Group, having its registered domicile in Helsinki at Hitsaajankatu 22, 00810 Helsinki.

Holiday Club Resorts Oy is a subsidiary of Covington S.a.r.l. The Company's registered domicile is in Luxembourg. Covington S.a.r.l owns 100% of the company's shares (4.04% of ownership coming through HCR Management Oy). Covington S.a.r.l is a subsidiary of MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited (domicile in India) and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited (domicile in India).

Consolidation principles

Intracompany ownership

Subsidiaries are consolidated using the acquisition method. The subsidiaries' acquisition cost and the corresponding share of the difference in shareholder's equity has been allocated partly to fixed assets, partially presented as goodwill and as group reserve. The acquired subsidiaries are consolidated from the moment the control has been obtained and divested subsidiaries until the day that the control has ceased to exist.

The consolidated financial statements include the parent company, Holiday Club Resorts Oy and all the subsidiaries in which it holds, directly or indirectly, over 50% of the voting rights or over which it otherwise has control. This does not include timeshare and Villas apartment companies as they are represented in the current assets. Also, according to the Finnish Accounting Act's chapter six, companies which do not have a material impact on the group's result and financial position, have been left out of the consolidated financial statements.

Intra-group transactions, unrealized internal margin, receivables, liabilities and dividends between group companies are eliminated in consolidation.

The subsidiaries' financial statements are prepared in correspondence of the accounting principles used by the group.

Associated companies and joint ventures

Associated companies and joint ventures are consolidated using the equity method in accordance with the instructions of the Finnish Accounting Board. The group's share of the results of the associated companies are shown under other operating income.

All timeshare and Villas apartment companies, including the ones of which the group owns more than 20%, are presented in the current assets as they are actively traded.

Minority Share

The minority shares have been separated from Group's equity and financial year profit.

Foreign Currency Translation

Transactions in foreign currencies

Items in the subsidiaries' financial statements are valued in the currency, which is used in each subsidiary's main operating environment (functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the group. Assets and liabilities are translated into euros at the closing rate of the balance sheet date. Exchange differences resulting from sales and purchases are recorded as adjustments to the corresponding items above the operating profit. At the company level, exchange gains from foreign currency denominated loans are presented in the accrued expenses according to the principle of prudence. Exchange losses are recog- nized through profit and loss. At the group level, exchange gains and losses are recognized in equity as retained earnings.

Foreign subsidiaries

Foreign subsidiaries' income statements are translated into euros using the average exchange rates for the period. All balance sheet items, except profit for the period, are translated into euros using the closing exchange rates. The translation differences arising from the translation of income statement and balance sheet at different exchange rates and from eliminating the foreign subsidiaries equity is recognized in the group's equity. When a subsidiary is divested entirely or partially, the cumulative translation difference is recognized in the income statement as a part of the gain or loss from the sale.

Valuation and depreciation of non-current assets

Non-current assets

Goodwill

Goodwill represents the excess of the acquisition cost and the acquired company's net assets at the fair value at the date of the acquisition. Goodwill is allocated to cash-generating units, if such can be designated. As a main rule, goodwill is amortized and if the expected future operating cash flow is lower than the carrying amount of the goodwill, an impairment loss is recognized as an expense in the income statement.

Other intangible assets

Intangible assets are recorded in the balance sheet at their original acquisition cost, if the cost can be measured reliably and if it is probable that the expected benefits of the asset will benefit the company. Significant renovations are capitalized and amortized over the remaining useful life of the asset, if it is probable that the future benefits associated with the asset will benefit the company.

Intangible assets mainly include software licenses and renovation investments

Tangible assets

The subsidiaries' tangible assets have been valued in the balance sheet at historical cost less accumulated, straight-line depreciations and possible impairment losses. Land areas are not depreciated.

Residual values and useful lifetimes are reviewed at each balance sheet date and, if necessary, adjusted to reflect the changes of expected economic benefits.

Additional investments are capitalized and depreciated over the remaining useful life of the asset, if it is probable that the future benefits associated with the asset will benefit the company. Capital gains are presented in other operating income and losses under other operating expenses. The interest expenses related to the acquisition of the asset are expensed.

Fixed asset amortization and depreciation periods

The useful lives of the different asset categories are as follows:

Intangible rights	5-10 years
Goodwill and group goodwill	5-10 years
Long-term expenses	5-10 years
Buildings	50-60 years
Other constructions	10 years
Machinery and equipment	5-10 years
Renovations	5-10 years
Other tangible assets	10 years

Investments

Investments have been valued with original acquisition cost less possible impairments in the balance sheet.

Group reserve

The group reserve is allocated, in accordance with the share of ownership, to those assets and liabilities of the subsidiary that the group reserve is considered to derive from. The unallocated portion is recognized in the group's balance sheet as a separate item before liabilities. The group reserve is recognized as income when the corresponding expenditure or loss is recorded as an expense in the income statement of the subsidiary or where it corresponds to a realized return. The unallocated group reserve is recognized as income over time. These procedures are in accordance with the Finnish Accounting Act.

Received grants

Grants received by the company are recorded as other operating income in the income statement during the periods in which the related expenses are incurring. Investment grant for the acquisition of fixed assets is recorded in the balance sheet as accrued expense and recognized in the income statement as revenue over the asset's systematical depreciation period.

Inventory

Inventory is valued at the original acquisition cost or the lower net realizable value. Net realizable value is the estimated selling price less the estimated costs of completion and selling in the ordinary course of business. The cost of finished and unfinished products comprises of raw materials, direct labor costs and other direct costs. The costs of selling and financing are not allocated to the acquisition cost.

Receivables

Receivables are valued at the nominal value or the lower probable value.

Financial assets

The group's cash and cash equivalents consist of cash, bank deposits and other short-term highly liquid investments. Cash and cash equivalents have a maximum maturity of three months from the acquisition date. Financial assets are recognized on the settlement date and derecognized when the group has lost its contractual rights to the cash flows or when it has transferred substantial part of all the risks and rewards of ownership to parties outside the group.

Liabilities

Liabilities are valued at the nominal value. Transaction costs are expensed as incurred.

Derivatives Financial Instruments

The company has entered into interest rate swap agreements to hedge the interest rate risk arising from the variable rate loans. The contracts, which have been designated as effective hedges, have been treated with net method. The negative fair values of the non-effective contracts have been released into financial income and expenses of profit and loss statement.

Deferred tax assets and liabilities

Deferred tax assets and liabilities of the Group are calculated with a current tax rate as temporary differences between taxation and financial statements. Deferred tax assets are recognized at the probable amount in the balance sheet. The deferred tax assets have been booked only to the amount of confirmed tax losses in the local taxation.

Deferred taxes are not recognized in parent company income statement nor balances sheet.

Ordinary repair and maintenance

Ordinary repair and maintenance costs are expensed as they incur.

External services

External services include among other things expenses from rented personnel and expenses from cleaning and laundry services used by the hotel.

Pensions

Payments for defined contribution plans are made to a pension insurance company. Payments made for defined ccontribution plans are recognized as expenses in the income statement for the financial period to which the debit relates.

Direct taxes

Taxes based on taxable income for the period are calculated on taxable income using the tax rate that is in force in the country in which the particular subsidiary is based. The amount of tax is adjusted for any taxes concerning previous periods.

Revenue recognition

Revenue from services is recognized as income when the service is rendered to the customer. Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer. At that time, the group has no longer any supervision or control power over the good sold.

Rental income from holiday homes and revenue from hotels are recognized when the customer has accommodated. Income from restaurants and from other services related to hotel activities are recognized as revenue when the service is rendered. Rental income from retail premises are recognized on a straight-line basis over the rental period. Sales of timeshare weeks are recognized at the closing of the deal, so that the company will record a so-called cancellation provision in case of future cancellation of deals. This is done based on previous experience and statistics on customer behavior. Statutory cancellation time is 14 days from the moment the deal was signed.

Income from Villas apartments is recognized by using the stage of completion method in accordance with the guidelines of the Confederation of Finnish Construction Industries and the Finnish Accounting Board. The percentage of completion is defined based on the percentage of the completion of the construction project and the percentage of the shares sold.

Use of estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions regarding future events. Actual results may differ from these estimates and assumptions. In addition, management must exercise judgment in applying accounting principles. Estimates are based on management's best knowledge at the time. Possible changes in estimates and assumptions are recognized during the period in which the estimates or assumptions are adjusted and in all subsequent financial periods.

The key assumptions and uncertainties concerning the future, which may cause significant changes in the carrying values of assets and liabilities within the next financial year are as follows:

Impairment losses

The group reviews fixed assets and inventory annually and evaluates indications of impairment as set out above in the accounting policies. The deferred tax assets have been booked only to the amount of confirmed tax losses in the local taxation.

Revenue recognition

Timeshare weeks have a 14-day cancellation right stated by the Consumer Protection Act. The cancellation policy is taken into account in profit recognition by taking advantage of the experience and statistics on customer behavior.

Receivables

From uncertain loans and any permanent impairments, the group recognizes a credit loss in accordance with the prin- ciple of prudence.

Significant events during the financial year

The business developed steadily for the first eleven months. However, in March, the last month of the financial year, the business suffered from the lack of demand caused by Covid-19. The company reacted immediately to the changed situation, adjusting its costs accordingly.

The company's financial position has weakened due to the sudden drop in demand due to the Covid-19 situation. Cash and cash equivalents are still very good but will deteriorate rapidly as the situation continues. The company is finding out the most suitable additional financing methods to secure the situation. Although Covid-19 has posed short-term challenges to the company's operations, demand for the company's products and services is expected to develop positively in the longer term. In particular, in order to alleviate the situation with Covid-19, the company believes that it is strongly positioned to offer its services in the presumably growing domestic travel market.

NOTES TO THE FINANCIAL STATEMENTS

1. TURNOVER

TURNOVER BY BUSINESS AREAS

Business area review Eur	**Group** **1.4.2019-** **31.3.2020**	Group 1.4.2018- 31.3.2019	**Parent** **1.4.2019-** **31.3.2020**	Parent 1.4.2018- 31.3.2019
Timeshare	**38,856,238**	44,734,649	**35,053,830**	39,736,773
Service sector	**72,575,418**	70,689,396	**59,900,555**	57,008,645
Renting	**7,764,814**	7,083,578	**3,896,398**	3,514,240
Real Estate Management	**5,855,386**	5,649,328	**2,981,842**	2,846,666
Villas	**23,793,221**	24,281,490	**23,719,910**	21,582,543
Other Sales	**1,719,162**	2,124,810	**231,723**	244,155
Total	**150,564,239**	154,563,252	**125,784,258**	124,933,022

The Villas turnover for current financial year includes 1,241,730 EUR (2019: 10,409,658 EUR) from ongoing projects, where revenue recognition has been done with a percentage of completion method.

TURNOVER BY MARKET AREAS

Geographical review Eur	**Group** **1.4.2019-** **31.3.2020**	Group 1.4.2018- 31.3.2019	**Parent** **1.4.2019-** **31.3.2020**	Parent 1.4.2018- 31.3.2019
Finland	**125,996,921**	125,097,624	**125,784,258**	124,933,022
Sweden	**15,167,951**	19,893,644	**0**	0
Spain	**9,399,367**	9,571,984	**0**	0
Total	**150,564,239**	154,563,252	**125,784,258**	124,933,022

2. OTHER OPERATING INCOME

Eur	**Group** **1.4.2019-** **31.3.2020**	Group 1.4.2018- 31.3.2019	**Parent** **1.4.2019-** **31.3.2020**	Parent 1.4.2018- 31.3.2019
Profit from the sales of fixed assets	**91,969**	584,358	**86,268**	339,964
Rental income	**2,006,744**	1,855,157	**1,971,372**	1,819,654
Commissions	**1,021,050**	900,383	**1,020,315**	899,669
Service income	**726,167**	667,421	**134,764**	122,645
Other income	**2,612,774**	2,019,399	**2,073,218**	1,805,451
Profit from mergers	**0**	0	**0**	638,556
Total	**6,458,704**	6,026,718	**5,285,937**	5,625,939

In Other income of the financial year 1.4.2019-31.3.2020 of the Group is included a one off item amounting to kEUR 431.

3. MATERIALS AND SERVICES

Materials and supplies Eur	**Group** **1.4.2019-** **31.3.2020**	Group 1.4.2018- 31.3.2019	**Parent** **1.4.2019-** **31.3.2020**	Parent 1.4.2018- 31.3.2019
Purchases during the financial year	**36,848,203**	48,561,652	**34,813,611**	41,980,754
Change in inventory	**3,755,452**	(2,792,738)	**2,681,965**	(3,867,007)
Total	**40,603,656**	45,768,914	**37,495,576**	38,113,747
External services	**14,140,829**	13,291,779	**12,352,444**	11,540,161
Materials and services total	**54,744,484**	59,060,693	**49,848,020**	49,653,908

During the previous financial year, the company faced challenges with the contractors executing timeshare and villas projects which resulted in additional costs of 2.9m€.

4. PERSONNEL AND MEMBERS OF THE BOARD

PERSONNEL EXPENSES

Eur	**Group** **1.4.2019-** **31.3.2020**	Group 1.4.2018- 31.3.2019	**Parent** **1.4.2019-** **31.3.2020**	Parent 1.4.2018- 31.3.2019
Salaries, wages, comissions	**31,013,326**	31,722,503	**23,985,388**	24,083,117
Pension expenses	**4,517,495**	4,541,957	**4,352,466**	4,359,686
Other indirect employee expenses	**2,288,153**	2,352,066	**856,195**	842,771
Total	**37,818,974**	38,616,525	**29,194,049**	29,285,574

EXECUTIVE REMUNERATION

Eur	**Group** **1.4.2019-** **31.3.2020**	Group 1.4.2018- 31.3.2019	**Parent** **1.4.2019-** **31.3.2020**	Parent 1.4.2018- 31.3.2019
Management board	**1,017,905**	908,753	**1,017,905**	908,753
Members of the board of directors	**12,000**	46,000	**12,000**	46,000
Total	**1,029,905**	954,753	**1,029,905**	954,753

The presentation of executive remuneration has changed from financial year 2018/2019: Instead of reporting the remuneration of the chief executive officers' of the group companies, we report the remuneration of the management board members. The comparison period figures have been updated accordingly. During the financial year, there has been several changes in the management board, which is the reason for the increase in remuneration compared to previous financial year.

THE AVERAGE NUMBER OF EMPLOYEES DURING THE FINANCIAL YEAR

	Group **1.4.2019-** **31.3.2020**	Group 1.4.2018- 31.3.2019	**Parent** **1.4.2019-** **31.3.2020**	Parent 1.4.2018- 31.3.2019
Employees	**764**	781	**546**	541
Total	**764**	781	**546**	541

5. AMORTIZATIONS, DEPRECIATIONS AND IMPAIRMENTS

Eur	**Group** **1.4.2019-** **31.3.2020**	Group 1.4.2018- 31.3.2019	**Parent** **1.4.2019-** **31.3.2020**	Parent 1.4.2018- 31.3.2019
Intangible assets	**642,963**	730,360	**635,300**	722,951
Goodwill	**706,561**	709,728	**242,629**	242,629
Other long-term expenses	**1,020,628**	1,025,870	**1,018,391**	1,022,839
Buildings and structures	**965,983**	967,851	**85,380**	87,884
Machinery and equipment	**2,210,040**	2,173,464	**1,537,487**	1,526,096
Other tangible assets	**112,189**	108,902	**106,514**	103,192
Total	**5,658,364**	5,716,174	**3,625,702**	3,705,591
Group goodwill	**11,408**	11,411	**0**	0
Total	**5,669,772**	5,727,585	**3,625,702**	3,705,591

6. OTHER OPERATING EXPENSES

Eur	**Group** **1.4.2019-** **31.3.2020**	Group 1.4.2018- 31.3.2019	**Parent** **1.4.2019-** **31.3.2020**	Parent 1.4.2018- 31.3.2019
Voluntary employee expenses	**881,424**	762,625	**802,476**	718,250
Rents	**17,932,771**	17,235,786	**13,960,900**	13,256,000

NOTES TO THE BALANCE SHEET

Eur	Group 1.4.2019-31.3.2020	Group 1.4.2018-31.3.2019	Parent 1.4.2019-31.3.2020	Parent 1.4.2018-31.3.2019
Maintenance fees	**7,280,270**	7,079,711	**6,992,133**	6,831,281
Marketing expenses	**8,231,675**	9,243,494	**7,181,288**	7,910,091
Travel and entertainment expenses	**744,591**	845,563	**718,892**	815,855
Maintenance expenses	**4,855,977**	4,935,299	**4,108,090**	4,149,077
Real estate expenses	**7,938,251**	8,080,375	**6,311,579**	6,418,445
Consulting and other services	**2,650,428**	1,299,805	**2,082,304**	675,665
Other operating expenses	**7,530,954**	6,141,732	**5,671,799**	4,415,276
Total	**58,046,339**	55,624,389	**47,829,461**	45,189,940

AUDITING FEES

Eur	Group 1.4.2019-31.3.2020	Group 1.4.2018-31.3.2019	Parent 1.4.2019-31.3.2020	Parent 1.4.2018-31.3.2019
Auditing services	**237,594**	209,768	**132,561**	131,285
Tax consultancy	**24,000**	24,000	**0**	0
Other fees	**54,851**	2,552	**54,851**	2,552
Total	**316,445**	**236,321**	**187,412**	**133,837**

7. FINANCIAL INCOME AND EXPENSE

Eur	Group 1.4.2019-31.3.2020	Group 1.4.2018-31.3.2019	Parent 1.4.2019-31.3.2020	Parent 1.4.2018-31.3.2019
Dividends	**1,063**	910	**1,062**	910
Other interest and financial income				
Interest income				
Group companies	**0**	0	**400,285**	390,552
Others	**191,906**	224,731	**65,258**	57,152
Financial income				
Others	**2,125,502**	2,824,762	**173,248**	293,138
Total interest and financial income	**2,318,471**	3,050,404	**639,852**	741,753
Interest expenses and other financial expenses				
Interest expenses				
Group companies	**0**	0	**143,049**	138,130
Others	**588,169**	719,025	**456,234**	547,106
Other financial expenses				
Reversal of impairment losses from financial securities	**(70,000)**	0	**(70,000)**	0
Changes in derivatives fair values	**(3,119)**	(14,178)	**(3,119)**	(14,178)
Foreign exchange loss (other items), unrealised	**2,077,842**	2,545,232	**388,289**	0
Others	**216,000**	544,988	**167,378**	509,472
Total interest expenses and other financial expenses	**2,808,892**	3,795,067	**1,081,831**	1,180,530
Financial income and expense	**(490,421)**	(744,663)	**(441,979)**	(438,777)

8. APPROPRIATIONS

Eur	Group 1.4.2019-31.3.2020	Group 1.4.2018-31.3.2019	Parent 1.4.2019-31.3.2020	Parent 1.4.2018-31.3.2019
Change in accumulated depreciation	**0**	0	**192,489**	(327,643)
Group contribution	**0**	0	**(116,910)**	(48,000)
Total	**0**	0	**75,579**	(375,643)

9. INCOME TAXES

Eur	Group 1.4.2019-31.3.2020	Group 1.4.2018-31.3.2019	Parent 1.4.2019-31.3.2020	Parent 1.4.2018-31.3.2019
Income taxes from operating activities	**(913)**	(321,570)	**0**	(300,756)
Income taxes, previous financial year	**8,651**	33,252	**(7,943)**	33,252
Change in deferred tax receivables	**(217,209)**	22,939	**0**	0
Change in deferred tax liabilities	**(15,987)**	(65,529)	**0**	0
Total	**(225,456)**	(330,907)	**(7,943)**	(267,504)

FIXED ASSETS

10. INTANGIBLE ASSETS AND GROUP GOODWILL, GROUP

1.4.2018-31.3.2019

Eur	Intangible assets	Other long-term expenses	Goodwill	Group goodwill	Total
Acquisition cost 1.4.2018	4,658,888	13,616,244	6,820,084	470,379	25,565,595
Translation difference	(191)	0	(6,676)	0	(6,867)
Additions	592,834	1,236,250	0	3	1,829,088
Deductions	0	(39,060)	0	0	(39,060)
Transfers between items	113,775	79,597	0	0	193,372
Acquisition cost 31.3.2019	**5,365,306**	**14,893,031**	**6,813,408**	**470,382**	**27,542,128**
Accumulated amortizations 1.4.2018	(3,397,169)	(7,211,800)	(4,700,391)	(435,205)	(15,744,565)
Translation difference	81	0	3,452	0	3,533
Accumulated amortizations from transfers/deductions	0	39,060	0	0	39,060
Amortizations	(726,414)	(1,029,816)	(709,728)	(11,411)	(2,477,368)
Accumulated amortizations 31.3.2019	**(4,123,502)**	**(8,202,556)**	**(5,406,666)**	**(446,616)**	**(18,179,340)**
Book value 31.3.2019	**1,241,804**	**6,690,476**	**1,406,742**	**23,766**	**9,362,787**

1.4.2019-31.3.2020

Eur	Intangible assets	Other long-term expenses	Goodwill	Group goodwill	Total
Acquisition cost 1.4.2019	5,365,306	14,893,031	6,813,408	470,382	27,542,128
Translation difference	(1,035)	0	(36,213)	0	(37,248)
Additions	118,642	506,813	0	0	625,455
Correction of acquisition cost through profit and loss	0	(245,161)	0	0	(245,161)
Transfers between items	409,685	2,900	0	0	412,585
Acquisition cost 31.3.2020	**5,892,597**	**15,157,583**	**6,777,195**	**470,382**	**28,297,758**
Accumulated amortizations 1.4.2019	(4,123,502)	(8,202,556)	(5,406,666)	(446,616)	(18,179,340)
Translation difference	721	0	28,554	0	29,276
Amortizations	(638,673)	(1,024,919)	(706,561)	(11,408)	(2,381,561)
Accumulated amortizations 31.3.2020	**(4,761,454)**	**(9,227,475)**	**(6,084,673)**	**(458,024)**	**(20,531,625)**
Book value 31.3.2020	**1,131,143**	**5,930,109**	**692,522**	**12,359**	**7,766,133**

10. INTANGIBLE ASSETS, PARENT COMPANY

1.4.2018-31.3.2019

Eur	Intangible assets	Other long-term expenses	Goodwill	Total
Acquisition cost 1.4.2018	4,641,430	13,574,963	2,701,524	20,917,916
Additions	592,834	1,236,250	0	1,829,085
Deductions	0	(39,060)	0	(39,060)
Transfers between items	113,775	71,957	0	185,732
Acquisition cost 31.3.2019	**5,348,039**	**14,844,110**	**2,701,524**	**22,893,672**
Accumulated amortizations 1.4.2018	(3,390,625)	(7,181,448)	(1,993,022)	(12,565,096)
Accumulated amortizations from transfers/deductions	0	39,060	0	39,060
Amortizations	(722,951)	(1,022,839)	(242,629)	(1,988,419)
Accumulated amortizations 31.3.2019	**(4,113,576)**	**(8,165,228)**	**(2,235,651)**	**(14,514,455)**
Book value 31.3.2019	**1,234,463**	**6,678,882**	**465,873**	**8,379,217**

1.4.2019-31.3.2020

Eur	Intangible assets	Other long-term expenses	Goodwill	Total
Acquisition cost 1.4.2019	5,348,039	14,844,110	2,701,524	22,893,672
Additions	118,642	506,813	0	625,455
Correction of acquisition cost through profit and loss	0	(245,161)	0	(245,161)
Transfers between items	409,685	2,900	0	412,585
Acquisition cost 31.3.2020	**5,876,365**	**15,108,662**	**2,701,524**	**23,686,551**
Accumulated amortizations 1.4.2019	(4,113,576)	(8,165,228)	(2,235,651)	(14,514,455)
Amortizations	(635,300)	(1,018,391)	(242,629)	(1,896,321)
Accumulated amortizations 31.3.2020	**(4,748,877)**	**(9,183,619)**	**(2,478,280)**	**(16,410,776)**
Book value 31.3.2020	**1,127,489**	**5,925,043**	**223,243**	**7,275,775**

11. TANGIBLE ASSETS, GROUP

1.4.2018-31.3.2019

Eur	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost 1.4.2018	13,148,196	21,526,521	22,530,008	3,251,482	280,169	60,736,376
Translation difference	(3,039)	(46,632)	(11,193)	0	0	(60,864)
Additions	570,511	5,150	1,317,895	80,991	687,331	2,661,878
Deductions	(521,595)	0	(27,658)	0	(1,004)	(550,257)
Transfers between items	0	11,030	131,745	0	(336,147)	(193,372)
Acquisition cost 31.3.2019	**13,194,073**	**21,496,069**	**23,940,797**	**3,332,473**	**630,350**	**62,593,762**
Accumulated amortizations 1.4.2018	(2,895,129)	(4,286,363)	(14,156,504)	(1,119,646)	0	(22,457,642)
Translation difference	0	6,989	4,095	0	0	11,084
Accumulated amortizations from transfers/ deductions	0	0	27,658	0	0	27,658
Amortizations	0	(967,850)	(2,173,464)	(108,902)	0	(3,250,216)
Accumulated amortizations 31.3.2019	**(2,895,129)**	**(5,247,224)**	**(16,298,215)**	**(1,228,548)**	**0**	**(25,669,116)**
Book value 31.3.2019	**10,298,944**	**16,248,845**	**7,642,582**	**2,103,925**	**630,350**	**36,924,645**

1.4.2019-31.3.2020

Eur	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost 1.4.2019	13,194,073	21,496,069	23,940,797	3,332,473	630,350	62,593,762
Translation difference	(16,483)	(252,930)	(67,025)	0	0	(336,437)
Additions	444,774	229,471	572,744	13,154	391,736	1,651,879
Deductions	(444,774)	0	(6,270)	0	(5,400)	(456,443)
Transfers between items	0	79,930	70,424	0	(562,938)	(412,585)
Acquisition cost 31.3.2020	**13,177,590**	**21,552,541**	**24,510,670**	**3,345,627**	**453,748**	**63,040,176**
Accumulated amortizations 1.4.2019	(2,895,129)	(5,247,224)	(16,298,215)	(1,228,548)	0	(25,669,116)
Translation difference	0	62,420	39,576	0	0	101,996
Accumulated amortizations from transfers/ deductions	0	0	6,270	0	0	6,270
Amortizations	0	(965,981)	(2,210,041)	(112,189)	0	(3,288,212)
Accumulated amortizations 31.3.2020	**(2,895,129)**	**(6,150,785)**	**(18,462,411)**	**(1,340,737)**	0	**(28,849,062)**
Book value 31.3.2020	**10,282,461**	**15,401,756**	**6,048,259**	**2,004,890**	**453,748**	**34,191,114**

11. TANGIBLE ASSETS, PARENT COMPANY

1.4.2018-31.3.2019

Eur	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost 1.4.2018	3,416,581	2,338,680	16,791,598	3,084,863	269,139	25,900,862
Additions	570,511	0	1,219,899	80,991	425,107	2,296,508
Deductions	(521,595)	0	(27,658)	0	(1,004)	(550,257)
Transfers between items / merger	0	0	23,536	0	(209,267)	(185,732)
Acquisition cost 31.3.2019	**3,465,497**	**2,338,680**	**18,007,375**	**3,165,855**	**483,975**	**27,461,382**
Accumulated depreciations and impairments 1.4.2018	(583,298)	(515,455)	(11,195,558)	(1,092,287)	0	(13,386,598)
Accumulated depreciations from deductions and transfers	0	0	27,658	0	0	27,658
Depreciations for the financial year	0	(87,884)	(1,526,096)	(103,192)	0	(1,717,172)
Accumulated depreciations and impairments 31.3.2019	**(583,298)**	**(603,339)**	**(12,693,996)**	**(1,195,480)**	0	**(15,076,112)**
Book value 31.3.2019	**2,882,199**	**1,735,342**	**5,313,379**	**1,970,375**	**483,975**	**12,385,270**

1.4.2019-31.3.2020

Eur	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost 1.4.2019	3,465,497	2,338,680	18,007,375	3,165,855	483,975	27,461,382
Additions	444,774	0	244,013	13,154	381,819	1,083,759
Deductions	(444,774)	0	(6,270)	0	(5,400)	(456,443)
Transfers between items / merger	0	0	3,979	0	(416,563)	(412,585)
Acquisition cost 31.3.2020	**3,465,497**	**2,338,680**	**18,249,097**	**3,179,009**	**443,831**	**27,676,113**
Accumulated depreciations and impairments 1.4.2019	(583,298)	(603,339)	(12,693,996)	(1,195,480)	0	(15,076,112)
Accumulated depreciations from deductions and transfers	0	0	6,270	0	0	6,270
Depreciations for the financial year	0	(85,380)	(1,537,487)	(106,514)	0	(1,729,381)
Accumulated depreciations and impairments 31.3.2020	**(583,298)**	**(688,719)**	**(14,225,213)**	**(1,301,993)**	**0**	**(16,799,224)**
Book value 31.3.2020	**2,882,199**	**1,649,961**	**4,023,884**	**1,877,015**	**443,831**	**10,876,890**

12. INVESTMENTS, GROUP

1.4.2018-31.3.2019

Eur	Other shares	Shares in associated companies	Other receivables	Receivables from associated companies	Total
Acquisition cost 1.4.2018	4,672,477	394,472	394,472	0	5,131,497
Additions	685,645	0	0	0	685,645
Business disposals	0	47,196	47,196	0	47,196
Deductions	0	(431,200)	(431,200)	0	(431,200)
Share of associated companies' results	0	10,239	10,239	0	10,239
Transfers between items	0	197,198	197,198	0	197,198
Exchange rate differences	(549)	0	0	0	(549)
Acquisition cost 31.3.2019	**5,357,573**	**217,905**	**217,905**	**0**	**5,640,027**
Accumulated impairments 1.4.2018	**(511,052)**	**0**	**0**	**0**	**(511,052)**
Exchange rate differences	**549**	**0**	**0**	**0**	**549**
Accumulated impairments 31.3.2019	**(510,504)**	**0**	**0**	**0**	**(510,504)**
Book value 31.3.2019	**4,847,069**	**217,905**	**217,905**	0	**5,129,523**

1.4.2019-31.3.2020

Eur	Other shares	Shares in associated companies	Other receivables	Receivables from associated companies	Total
Acquisition cost 1.4.2019	5,357,573	217,905	64,549	0	5,640,027
Share of associated companies' results	0	2,092	0	0	2,092
Exchange rate differences	(2,976)	0	0	0	(2,976)
Acquisition cost 31.3.2020	**5,074,597**	**219,997**	**64,549**	**0**	**5,359,143**
Accumulated impairments 1.4.2019	(510,504)	0	0	0	(510,504)
Accumulated amortizations from deductions	280,000	0	0	0	280,000
Exchange rate differences	2,976	0	0	0	2,976
Accumulated impairments 31.3.2020	**(227,528)**	0	**0**	**0**	**(227,528)**
Book value 31.3.2020	**4,847,069**	**219,997**	**64,549**	**0**	**5,131,615**

12. INVESTMENTS, PARENT COMPANY

1.4.2018-31.3.2019

Eur	Shares in group companies	Shares in associated companies	Other shares	Capital Loan Receivables from group companies	Receivables from associated companies	Other receivables	Total
Acquisition cost 1.4.2018	9,907,938	1,527,925	4,621,269	11,838,433	18,000	103,190	28,016,756
Additions	1,500	0	685,645	0	0	0	687,145
Deductions	0	(431,200)	0	0	0	0	(431,200)
Deductions from mergers	(722,681)	0	0	0	0	0	(722,681)
Exchange rate differences	0	0	0	(129,451)	0	0	(129,451)
Acquisition cost 31.3.2019	**9,186,756**	**1,096,725**	**5,306,914**	**11,708,982**	**18,000**	**103,190**	**27,420,568**
Accumulated depreciations and impairments 1.4.2018	(1,529,608)	(879,225)	(460,845)	0	(18,000)	(38,642)	(2,926,320)
Accumulated depreciations and impairments 31.3.2019	**(1,529,608)**	**(879,225)**	**(460,845)**	**0**	**(18,000)**	**(38,642)**	**(2,926,320)**
Book value 31.3.2019	**7,657,148**	**217,500**	**4,846,069**	**11,708,982**	**0**	**64,549**	**24,494,249**

1.4.2019-31.3.2020

Eur	Shares in group companies	Shares in associated companies	Other shares	Capital Loan Receivables from group companies	Receivables from associated companies	Other receivables	Total
Acquisition cost 1.4.2019	9,186,756	1,096,725	5,306,914	11,708,982	18,000	103,190	27,420,568
Additions	1,200	0	0	0	0	0	1,200
Deductions	0	0	(280,000)	0	0	0	(280,000)
Exchange rate differences	0	0	0	(702,139)	0	0	(702,139)
Acquisition cost 31.3.2020	**9,187,956**	**1,096,725**	**5,026,914**	**11,006,844**	**18,000**	**103,190**	**26,439,629**
Accumulated depreciations and impairments 1.4.2019	(1,529,608)	(879,225)	(460,845)	0	(18,000)	(38,642)	(2,926,320)
Cumulative impairment on disposal	0	0	280,000	0	0	0	280,000
Accumulated depreciations and impairments 31.3.2020	**(1,529,608)**	**(879,225)**	**(180,845)**	**0**	**(18,000)**	**(38,642)**	**(2,646,320)**
Book value 31.3.2020	**7,658,348**	**217,500**	**4,846,069**	**11,006,844**	**0**	**64,549**	**23,793,310**

13. GROUP COMPANIES

Consolidated	Domicile	Group ownership %	Parent ownership %
Holiday Club Canarias Investment S.L.	Las Palmas	100.00	0.00
Holiday Club Canarias Resort Management S.L.	Las Palmas	100.00	0.00
Holiday Club Canarias Sales & Marketing S.L.	Las Palmas	100.00	0.00
Holiday Club CanariasVacation Club S.L.	Las Palmas	100.00	0.00
Holiday Club Rus LLC	Pietari	100.00	100.00
Holiday Club Sweden AB	Åre	100.00	100.00
Kiinteistö Oy Himos Gardens	Helsinki	100.00	100.00
Kiinteistö Oy Kuusamon Pulkkajärvi 1	Kuusamo	100.00	100.00
Kiinteistö Oy Rauhanranta 1	Helsinki	100.00	100.00
Kiinteistö Oy Rauhanranta 2	Helsinki	100.00	100.00
Kiinteistö Oy Katinnurkka	Helsinki	100.00	100.00
Kiinteistö Oy Tiurunniemi	Helsinki	100.00	100.00
Kiinteistö Oy Tenetinlahti	Helsinki	100.00	100.00
Kiinteistö Oy Vanha Ykköstii	Helsinki	100.00	100.00

Consolidated	Domicile	Group ownership %	Parent ownership %
Suomen Vapaa-aikakiinteistöt Oy	Tampere	100.00	100.00
Ownership Services AB	Åre	100.00	0.00
Kiinteistö Oy Kylpyläntorni 1	Lappeenranta	100.00	100.00
Kiinteistö Oy Rauhan Liikekiinteistöt 1	Lappeenranta	100.00	100.00
Åre Villas 3 AB	Åre	100.00	0.00
Holiday Club Sport and Spa Hotels AB	Åre	51.00	0.00
Kiinteistö Oy Spa Lofts 2	Lappeenranta	100.00	100.00
Kiinteistö Oy Spa Lofts 3	Lappeenranta	100.00	100.00
Kiinteistö Oy Mällösniemi	Sotkamo	100.00	100.00
Supermarket Capri Oy	Lappeenranta	100.00	100.00

Associated companies	Domicile	Group ownership %	Parent ownership %
Kiinteistö Oy Seniori-Saimaa	Lappeenranta	31.15	31.15
Tropiikin Rantasauna Oy	Kuusamo	50.00	50.00

All associated companies have been consolidated into the group financial statements.

14. INVENTORY

Eur	**Group 31.3.2020**	Group 31.3.2019	**Parent 31.3.2020**	Parent 31.3.2019
Materials and supplies	**861,131**	911,072	**707,765**	731,345
Timeshare	**45,011,865**	47,354,971	**33,282,269**	34,820,586
Unfinished construction projects	**2,786,220**	1,335,923	**2,559,780**	1,110,438
Other inventory	**2,843,408**	1,875,946	**2,843,408**	1,875,946
Villas apartments	**7,546,320**	7,832,997	**7,461,097**	7,696,021
Total	**59,048,943**	59,310,909	**46,854,318**	46,234,335

RECEIVABLES

15. LONG-TERM RECEIVABLES

Eur	**Group 31.3.2020**	Group 31.3.2019	**Parent 31.3.2020**	Parent 31.3.2019
Sales receivables	**884,495**	1,018,234	**442,318**	442,343
Loan receivables from group companies	**0**	0	**12,735,730**	13,021,897
Other receivables	**93,603**	93,603	**0**	0
Deferred tax receivable	**1,192,611**	1,424,174	**0**	0
Total	**2,170,710**	2,536,011	**13,178,049**	13,464,240

16. SHORT-TERM RECEIVABLES

Eur	**Group 31.3.2020**	Group 31.3.2019	**Parent 31.3.2020**	Parent 31.3.2019
Sales receivables	**6,612,446**	11,304,786	**4,110,174**	8,507,659
Receivables from group companies				
Sales receivables	**0**	0	**37,020**	29,168
Loan receivables	**0**	0	**3,104,510**	2,719,573
Accrued income	**0**	0	**821,128**	709,255
Receivables from group companies, total	**0**	0	**3,962,658**	3,457,996
Loan receivables	**103,946**	75,985	**103,946**	75,985
Accrued income	**1,935,977**	2,437,791	**1,490,016**	1,688,478
Other receivables	**1,549,891**	3,040,574	**458,820**	2,264,849
Total	**10,202,261**	16,859,136	**10,125,614**	15,994,967

RELEVANT ACCRUED INCOME AND DEFERRED EXPENSES (excluding receivables from group and associated companies)

Eur	**Group 1.4.2019-31.3.2020**	Group 1.4.2018-31.3.2019	**Parent 1.4.2019-31.3.2020**	Parent 1.4.2018-31.3.2019
Deferred expenses	**1,101,353**	1,875,116	**911,707**	1,248,529
Tax receivables	**264,461**	117,037	**156,642**	0
Social security receivables	**28,596**	54,793	**28,596**	49,276
Others	**541,568**	390,844	**393,071**	390,673
Total	**1,935,977**	**2,437,791**	**1,490,016**	**1,688,478**

17. EQUITY

Eur	**Group 1.4.2019-31.3.2020**	Group 1.4.2018-31.3.2019	**Parent 1.4.2019-31.3.2020**	Parent 1.4.2018-31.3.2019
RESTRICTED SHAREHOLDERS' EQUITY				
Share capital at the beginning of the financial year	**11,959,146**	11,959,146	**11,959,146**	11,959,146
Share capital at the end of financial year	**11,959,146**	11,959,146	**11,959,146**	11,959,146
RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**11,959,146**	11,959,146	**11,959,146**	11,959,146
NON-RESTRICTED SHAREHOLDERS' EQUITY				
Reserve for invested non-restricted equity at the beginning of the financial year	**42,395,175**	39,395,175	**42,395,175**	39,395,175
Directed share issue	**0**	3,000,000	**0**	3,000,000
Reserve for invested non-restricted equity at the end of the financial year	**42,395,175**	42,395,175	**42,395,175**	42,395,175
Profit from previous financial years at the beginning of the financial year	**10,030,785**	11,878,631	**5,187,231**	5,517,499
Paid Dividends	**(1,234,257)**	(1,972,291)	**(1,234,257)**	(1,972,291)
Change in translation differences	**(470,342)**	(385,130)	**0**	0
Reclassifications for previous financial years	**0**	0	**(394,174)**	0
Profit from previous financial years at the end of financial year	**8,326,187**	9,521,210	**3,558,800**	3,545,208
Profit for the period	**143,632**	509,575	**198,620**	1,642,023
NON-RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**50,864,994**	52,425,960	**46,152,595**	47,582,405
SHAREHOLDERS' EQUITY TOTAL	**62,824,140**	64,385,106	**58,111,741**	59,541,551

The Shareholders' equity of the Group includes EUR 782,121 31.3.2020 (EUR 946,569 31.3.2019) from appropriations and other voluntary provisions.
Reclassifications for previous financial years: the adjustment relates to an old hedging loss of a net investment in a foreign subsidiary.

CALCULATION FOR DISTRIBUTABLE FUNDS

Eur	**Parent 1.4.2019-31.3.2020**	Parent 1.4.2018-31.3.2019
Reserve for invested non-restricted equity	**42,395,175**	39,395,175
Additions	**0**	3,000,000
Profit from the previous financial years	**3,558,800**	3,545,208
Add: Profit for the period	**198,620**	1,642,023
Total	**46,152,595**	47,582,405

18. DEFERRED TAX RECEIVABLES AND LIABILITIES

Eur	**Group 31.3.2020**	Group 31.3.2019	**Parent 31.3.2020**	Parent 31.3.2019
Deferred tax receivables:				
from unused losses in taxation	**460,295**	694,553	**0**	0
from other temporary differences	**732,317**	729,620	**0**	0
Total	**1,192,611**	1,424,174	**0**	0

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Deferred tax liabilities:				
from appropriations	**195,530**	236,642	**0**	0
from other temporary differences	**0**	20,559	**0**	0
Total	**195,530**	257,202	**0**	0
Losses and other items for which no deferred taxes have been booked:				
from unused losses in taxation	**6,761,900**	6,178,157	**0**	0
from other temporary differences	**1,573,846**	1,573,846	**0**	0
Total	**8,335,746**	7,752,003	**0**	0

19. LONG-TERM LIABILITIES

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Loans from financial institutions	**10,997,379**	8,793,463	**7,244,703**	4,641,669
Other long-term loans	**50,259**	86,869	**50,259**	86,869
Loans from group companies	**0**	0	**6,810,678**	6,220,094
Total	**11,047,638**	8,880,332	**14,105,641**	10,948,631

LIABILITIES MATURING LATER THAN FIVE YEARS

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Loans from financial institutions	**0**	0	**0**	0
Total	**0**	0	**0**	0

20. SHORT-TERM LIABILITIES

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Loans from financial institutions	**4,020,876**	11,620,727	**2,996,230**	9,916,023
Pension loans	**0**	400,000	**0**	400,000
Received advance payments	**11,232,116**	10,887,389	**10,433,933**	10,754,200
Accounts payable	**8,921,795**	7,042,467	**7,632,368**	5,169,980
Loans from group companies				
Accounts payable	**0**	0	**173,310**	424,041
Unsecured loans	**3,151,337**	3,151,337	**3,151,337**	3,151,337
Other loans	**0**	0	**785,731**	605,731
Accrued liabilities	**0**	0	**375,379**	145,426
Total	**3,151,337**	3,151,337	**4,485,758**	4,326,536
Other loans	**6,845,961**	7,427,155	**5,494,388**	6,498,473
Accrued liabilities	**16,546,857**	18,846,725	**12,097,386**	13,804,117
Short-term liabilities, total	**50,718,943**	59,375,801	**43,140,064**	50,869,327

Holiday Club Resort Oy has two loans from it's parent company Covington S.a.r.l, amounting to EUR 3,151,337, in total. The loans are unsecured and their interest rates are 2.2% and 2.5% p.a.

RELEVANT ACCRUED LIABILITIES AND DEFERRED REVENUE (excluding receivables from group and associated companies)

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Personnel and social expenses	**6,638,922**	6,792,309	**5,824,199**	5,912,565
Accrued interests	**105,607**	331,707	**85,186**	306,284
Sales comissions	**712,780**	1,129,546	**543,892**	1,044,466
Taxes	**75**	24,495	**0**	20,756
Deferred discounts related to TS and Villas sales	**3,118,812**	3,482,025	**3,118,812**	3,482,025
Deferred revenue	**2,307,830**	2,420,329	**11,759**	193,383
Real estate tac accrual	**539,439**	521,100	**539,439**	521,100
Other*	**3,123,392**	4,145,214	**1,974,100**	2,323,537
Total	**16,546,857**	18,846,725	**12,097,386**	13,804,117

Holiday Club Canarias Sales & Marketing company has received claims from time share customers arguing that the contracts are null and void. Total amount of received claims is 5.7 million euros. Claims are related to different interpretations of changing timeshare legislation in Spain. The company has received 121 claims, out of which 77 have a ruling for the amount of 1.2 million euros. The amount to pay for the rulings can be the money received for the company minus the enjoyment of the weeks or a bigger amount. All the rulings been appealed and are expected to get a favourable outcome for the contracts signed after July 2012, which constitute the majority. Based on these rulings the company has made an accrual that is estimated to cover possible future liabilities. This accrual is inclued in the Other row of Accrued liabilities and deferred revenue.

COMMITMENTS AND CONTINGENT LIABILITIES

ASSETS PLEDGED AND MORTGAGES GIVEN FOR FINANCIAL LIABILITIES

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Loans from financial institutions	**14,233,823**	17,735,990	**10,240,934**	12,274,266
Total	**14,233,823**	17,735,990	**10,240,934**	12,274,266
Property under mortgages	**16,100,000**	16,100,000	**6,100,000**	6,100,000
Mortgage on company assets	**28,445,638**	28,445,638	**28,445,638**	28,445,638
Pledged assets	**49,067,086**	54,321,726	**49,067,086**	54,321,726
Total	**93,612,724**	98,867,364	**83,612,724**	88,867,364

OTHER COLLATERAL FOR OWN COMMITMENTS

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Deposits, rent guarantees	**3,977,643**	3,277,896	**3,977,643**	3,277,896
Total	**3,977,643**	3,277,896	**3,977,643**	3,277,896

COLLATERAL FOR GROUP COMPANIES' LIABILITIES

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Mortgage on company assets	**1,717,700**	1,827,274	**0**	0
Guarantees given	**3,800,000**	4,900,000	**3,800,000**	4,900,000
Pledged assets	**4,348,710**	5,534,437	**0**	0
Total	**9,866,410**	12,261,712	**3,800,000**	4,900,000

CONTINGENT LIABILITIES AND OTHER COMMITMENTS

LEASING CONTRACT COMMITMENTS

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Due during the next financial year	**1,142,692**	951,424	**1,059,278**	833,773
Due thereafter	**1,340,991**	836,322	**1,233,018**	553,074
Total	**2,483,683**	1,787,746	**2,292,296**	1,386,847

RENTAL COMMITMENTS

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Due during the next financial year	**16,445,604**	15,822,575	**12,733,994**	12,147,371
Due thereafter	**211,816,051**	221,464,339	**195,609,551**	201,668,060
Total	**228,261,656**	237,286,914	**208,343,545**	213,815,431

CONTINGENT LIABILITIES AND OTHER COMMITMENTS

Eur	Group 31.3.2020	Group 31.3.2019	Parent 31.3.2020	Parent 31.3.2019
Investing commitments	**1,996,780**	3,771,929	**1,996,780**	3,771,929
Responsibility to review tax deductions related to real estate investments	**3,185,062**	3,818,952	**2,034,474**	2,361,738
Purchase and sales commitments	**9,654,491**	11,188,125	**9,062,485**	9,397,000
Other liabilities and guarantees	**3,617,330**	3,879,493	**3,617,330**	3,879,493
Derivative contracts				
Fair value	**0**	(116,696)	**0**	(116,696)
Nominal value	**0**	15,132,348	**0**	15,132,348

Investing commitments

Holiday Club Resorts Oy has given completion commitments to Fennia in relation to the land areas sold. If the completion commitments are not met, Fennia has the right to cancel the deal. Holiday Club Resorts Oy has guaranteed the land lease payments until apartments have been build on the plots.

Responsibility to review tax deductions related to real estate investments

Holiday Club Resorts Oy and Koy Rauhan Liikekiinteistöt 1 are responsible to annually review vat deductions made from the real estate investments and from renovation costs made to leased properties. Responsibility is for 10 years after the completion of the investment, in so far as the VAT taxable use of the property decreases during the ten-year period.

Purchase and sales commitments

According to the agreement made between Holiday Club Resorts Oy, Sunborn Oy and Sunborn Saga Oy, Holiday Club Resorts Oy is obliged to sell annually 75 Sunborn timeshares. If Holiday Club Resorts Oy doesn't achieve its yearly target, Holiday Club is obliged to purchase the missing amount of timeshares with a price related to the agreement.

Holiday Club Sweden AB has regarding Holiday Club Sport And Spa Hotels AB committed to a shareholders' agreement with terms of put and call options by which Holiday Club Sweden AB could be obliged to purchase other shareholders' shares in the companies. These options may actualize no sooner than 2021.

Holiday Club Resorts Oy has committed to purchase back the shares of Kiinteistö Oy Salla Star-named company from the buyer no later than 17.9.2022.

Holiday Club Resorts Oy has committed to purchase back the shares of the company named Kiinteistö Oy Iso-Ylläksentie 42 from the mutual insurance company Ilmarinen no later than 31.3.2022.

Related to the above mentioned agreement Holiday Club Resorts Oy sold the business operations of Ylläs Saaga to Lapland Hotels Oy in October 2014. The lessor, mutual insurance company Ilmarinen, required that Holiday Club Resorts Oy stays in joint liability for fulfillment of the obligations of rental and buyback agreements. If the lessor makes claims towards Holiday Club Resorts Oy due to this obligation, has Holiday Club Resorts Oy a retroactive right of recourse from Lapland Hotels Oy and its parent company North European Invest Oy.

In the course of the Holiday Club Åre asset deal the commitment given by Holiday Club Spa Hotels AB to purchase a multi-purpose arena from Åre Kongress AB in 2023, if Åre Kongress AB has not sold the arena before that, transferred to Holiday Club Sport And Spa Hotels AB. Holiday Club Resorts Oy and Holiday Club Sport And Spa Hotels AB are jointly responsible for the sales price of the arena towards Åre Kongress AB.

Other liabilities and guarantees

Other liabilities and guarantees contain a surety that the parent has given regarding the lease obligations of Holiday Club Sport and Spa Hotels AB. The surety equals the lease obligation of 12 months.

Derivative contracts

The interest rate swaps valid at the end of the previous financial year have ended 31.3.2020.

Liabilities from customer finance agreements

Holiday Club Resorts Oy has agreed in the customer financing agreement made between Holiday Club Resorts Oy and OP Corporate Bank Oyj (OP Financing) the following:

The customer's inability to pay, or if the customer otherwise is in breach with contract, gives OP Financing the right to call in the financing or to terminate the financing contract. If OP Financing claims, Holiday Club Resorts Oy has committed to redeem the financing with the amount that corresponds 50% of the current financing agreement balance between customer and OP Financing related to the purchase of the timeshare week. Redemption price may be at maximum 50% of the original purchase price of the timeshare week.

The financing agreement between Holiday Club Resorts Oy and OP Corporate Bank Oyj has been amended on 2.11.2014 and by this amendment the 50% redemption in question has been renounced with regard to new sales. This amendment does not apply to those timeshares that Holiday Club Resorts Oy finances on its own risk and of which Holiday Club Resorts Oy has in 2012 signed a 100% buyback commitment.

"Holiday Club Resorts Oy has agreed in the customer financing agreement made between Holiday Club Resorts Oy and Danske Bank Oyj the following:

If Danske Bank terminates the customer's financing contract for timeshare purchase based on the terms of contract, the following risk distribution contract applies: If Danske Bank claims, Holiday Club Resorts Oy is committed to purchase the timeshare which has been given as a collateral for a financing agreement. The purchase price is 30% of the timeshare's original purchase price. If the purchase price, calculated by the foregoing way, is more than the financier's financed part based on the sale agreement issue, the purchase price will be the amount of financed part of the sale agreement at issue. For the timeshares Holiday Club Resorts Oy has financed on its own risk, 100% buyback commitment is applied.

RELATED PARTY TRANSACTIONS

Eur	**Group 1.4.2019-31.3.2020**	Group 1.4.2018-31.3.2019	**Parent 1.4.2019-31.3.2020**	Parent 1.4.2018-31.3.2019
MHR Holdings Mauritius Ltd. (Parent company of Covington S.a.r.l.)				
Financial income	**65,145**	0	**65,145**	0
Financial expenses	**0**	115,575	**0**	115,575
Accrued expenses	**0**	173,648	**0**	173,648
Received Guarantee	**0**	420,000	**0**	420,000
Covington S.a.r.l. (parent company of Holiday Club Resorts Oy)				
Interest expenses	**65,615**	74,751	**65,615**	74,751
Interest liabilities	**52,448**	89,272	**52,448**	89,272
Loans	**3,151,337**	3,151,337	**3,151,337**	3,151,337
Subsidiaries				
Sales of Services / Materials	**0**	0	**401,174**	433,230
Purchases of Services / Materials	**0**	0	**529,808**	622,092
Rental income	**0**	0	**29,136**	28,891
Rent expenses	**0**	0	**847,056**	899,806
Interest income	**0**	0	**400,285**	390,552
Interest expenses	**0**	0	**143,049**	138,130
Associated companies				
Interest expenses	**23,691**	26,930	**23,691**	26,930
Key persons (community or parent company), management/board				
Purchases of Services / Materials	**0**	4,000	**0**	4,000

DATE AND SIGNATURES

Signatures of the financial statements and annual report

Helsinki, 27th April 2020

Arunkumar Nanda
Chairman of the Board

Kavinder Singh
Member of the Board

Eero Suomela
Member of the Board

Sridar Iyengar
Member of the Board

Maisa Romanainen
CEO

AUDITOR'S NOTE

Auditor's report has been issued today.

Helsinki, 27th April 2020

KPMG Oy Ab

Esa Kailiala
APA

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Himos Gardens

Opinion

We have audited the financial statements of Kiinteistö Oy Himos Gardens (business identity code 2165494-3) for the period ended March 31, 2020. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Director's is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Director's is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of the Board of Directors' and Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Other property income	**211.90**	0.00
Property management expenses		
Administration	**(1,207.61)**	(1,136.78)
Property tax	**(1,052.37)**	(1,403.13)
Total	**(2,259.98)**	(2,539.91)
Profit/(Loss)	**(2,048.08)**	(2,539.91)
Financial income and expenses		
Interest income	**10,621.58**	10,591.26
Total financial income and expenses	**10,621.58**	10,591.26
Profit/(Loss) before appropriations and taxes	**8,573.50**	8,051.35
Income taxes	**(1,714.42)**	(1,610.27)
Profit/(Loss) for the financial year	**6,859.08**	6,441.08

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1		
Land areas		**527,069.84**	527,069.84
Total tangible assets		**527,069.84**	527,069.84
TOTAL NON-CURRENT ASSETS		**527,069.84**	527,069.84
CURRENT ASSETS			
Short-term receivables	2		
Loan receivables from group companies		**561,489.67**	554,687.39
Accrued income		**61.24**	468.81
Total short-term receivables		**561,550.91**	555,156.20
Cash and cash equivalents			
Cash at bank		**117.96**	4.35
Total cash and cash equivalents		**117.96**	4.35
TOTAL CURRENT ASSETS		**561,668.87**	555,160.55
TOTAL ASSETS		**1,088,738.71**	1,082,230.39
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Building fund		**1,040,077.00**	1,040,077.00
Profit/(Loss) from previous years		**39,302.63**	32,861.55
Profit/(Loss) for the financial year		**6,859.08**	6,441.08
TOTAL EQUITY		**1,088,738.71**	1,081,879.63
BORROWED CAPITAL			
Short-term borrowed capital	4		
Accruals and deferred income		**0.00**	350.76
Total short-term borrowed capital		**0.00**	350.76
TOTAL LIABILITIES		**1,088,738.71**	1,082,230.39

NOTES TO THE FINANCIAL STATEMENTS

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur Land areas
Acquisition cost	527,069.84
Acquisition cost	527,069.84
Book value	**527,069.84**

CURRENT ASSETS

RECEIVABLES

2 Short-term receivables

	Eur **2020**	Eur 2019
Loan receivables from group companies	**561,489.67**	554,687.39
Tax assets	**61.24**	468.81
Total	**561,550.91**	555,156.20

3 LIABILITIES

EQUITY	Eur **2020**	Eur 2019
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Building fund in the beginning of the year	**1,040,077.00**	1,040,077.00

EQUITY	Eur **2020**	Eur 2019
Building fund in the end of the year	**1,040,077.00**	1,040,077.00
Profit/loss from prev. financial period	**39,302.63**	32,861.55
Profit/loss for the financial year	**6,859.08**	6,441.08
Total equity	**1,088,738.71**	1,081,879.63

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**50.00**	**2,500.00**	50.00	2,500.00
TOTAL	**50.00**	**2,500.00**	50.00	2,500.00

4. SHORT-TERM BORROWED CAPITAL

	Eur **2020**	Eur 2019
Accruals and deferred income	**0.00**	350.76
Tax liabilities	**0.00**	0.00
Total	**0.00**	350.76

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 6,859.08. The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS DATE AND SIGNATURES

Helsinki April 27, 2020

Riku Rauhala
Chair of the Board of Director's

Tapio Anttila
Board member

Anne Oravainen
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Suomen Vapaa-Aikakiinteistöt Oy LKV

Opinion

We have audited the financial statements of Suomen Vapaa-Aikakiinteistöt Oy LKV (business identity code 2306829-4) for the period ended March 31, 2020. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
Adminsitration Expense			
Other operating expenses	1	**1,292.64**	1,339.24
Profit/(Loss)		**(1,292.64)**	(1,339.24)
Financial income and expenses	2		
Interest income from companies in the same Group		**183.98**	183.48
Total financial income and expenses		**183.98**	183.48
Profit before appropriations and taxes		**(1,108.66)**	(1,155.76)
Profit/(Loss) for the financial year		**(1,108.66)**	(1,155.76)

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
CURRENT ASSETS			
Short-term receivables			
Short-term receivables	3	**10,226.00**	10,042.02
Total short-term receivables		**10,226.00**	10,042.02
Cash and cash equivalents			
Cash at bank		**6,741.64**	8,034.28
Total cash and cash equivalents		**6,741.64**	8,034.28
TOTAL CURRENT ASSETS		**16,967.64**	18,076.30
TOTAL ASSETS		**16,967.64**	18,076.30
LIABILITIES			
EQUITY	4		
Share capital		**2,500.00**	2,500.00
Profit/(Loss) from previous years		**14,876.30**	16,032.06
Profit/(Loss) for the financial year		**(1,108.66)**	(1,155.76)
TOTAL EQUITY		**16,267.64**	17,376.30
BORROWED CAPITAL			
Accruals and deferred income	5	**700.00**	700.00
Total short-term borrowed capital		**700.00**	700.00
TOTAL LIABILITIES		**16,967.64**	18,076.30

ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the finacial statements of a small undertaking and micro-undertaking, 1753/2015).

Valuation and amortisation principles and methods

Revenues and expenses are amortised on an accrual basis.

Valuation of non-current assets

Tangible and intangible assets
The company has no non-current assets on its balance sheet.

Current assets

Receivables and liabilities have been valued at the nominal value.

Board of Directors proposal to process profit and loss for the previous financial year

The Board of Directors proposes to the Annual General Meeting that a loss of EUR 1,108.66 be transferred to the profit and loss account and that no dividends be distributed.

Company shares

There are 100 company shares. Each share confers the same right to dividends and company assets.
A shareholder and a company have the right to redeem a share transfered from another owner than the company to another.

NOTES TO THE FINANCIAL STATEMENTS

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki.

NOTES TO THE PROFIT AND LOSS STATEMENT

1. OTHER OPERATING EXPENSES

	Eur 2020	Eur 2019
Other business expenses	**1,292.64**	1,339.24
Total	**1,292.64**	1,339.24

2. FINANCIAL INCOME AND EXPENSES

	Eur 2020	Eur 2019
Interest income from companies in the same Group	**183.48**	183.48
Total financial income and expenses	**183.48**	183.48

NOTES TO THE BALANCE SHEET

ASSETS

CURRENT ASSETS RECEIVABLES

3. SHORT-TERM RECEIVABLES

	Eur 2020	Eur 2019
Receivables from companies in the same Group	**10,226.00**	10,042.02
Total	**10,226.00**	10,042.02

LIABILITIES

4. EQUITY

	Eur 2020	Eur 2019
Share Capital	**2,500.00**	2,500.00
Share capital	**2,500.00**	2,500.00
Profit/loss from prev. financial period	**14,876.30**	16,032.06
Profit/loss for the financial year	**(1,108.66)**	(1,155.76)
Total equity	**16,267.64**	17,376.30

NOTES TO THE FINANCIAL STATEMENTS

5. SHORT-TERM BORROWED CAPITAL

	Eur 2020	Eur 2019
Accruals and deferred income	**700.00**	700.00
Total	**700.00**	700.00

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 27, 2020

Tapio Anttila
CEO
Chair of the Board of Directors'

Riku Rauhala
Board Member

Anne Oravainen
Board Member
(resigned November 19, 2019)

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG Oy Ab

Esa Kailiala
KHT

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Vanha Ykköstii

Opinion

We have audited the financial statements of Kiinteistö Oy Vanha Ykköstii (business identity code 2425177-9) for the period ended March 31, 2020. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Property management expenses		
Administration	**(1,217.13)**	(1,254.13)
Property tax	**(477.49)**	(636.64)
Total	**(1,694.62)**	(1,890.77)
Profit/(Loss)	**(1,694.62)**	(1,890.77)
Financial income and expenses		
Interest charges	**0.00**	0.00
Total financial income and expenses	**0.00**	0.00
Profit before appropriations and taxes	**(1,694.62)**	(1,890.77)
Group contribution	**6,850.00**	6,000.00
Income taxes	**6.95**	0.00
Profit/(Loss) for the financial year	**5,148.43**	4,109.23

BALANCE SHEET AS AT MARCH 31, 2020

BALANCE SHEET	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1		
Land areas		**52,142.00**	52,142.00
Total tangible assets		**52,142.00**	52,142.00
TOTAL NON-CURRENT ASSETS		**52,142.00**	52,142.00
CURRENT ASSETS			
Short-term receivables			
Accrued income	2	**11,050.00**	6,000.00
Total short-term receivables		**11,050.00**	6,000.00
Cash and cash equivalents			
Cash at bank		**101.88**	155.65
Total cash and cash equivalents		**101.88**	155.65
TOTAL CURRENT ASSETS		**11,151.88**	6,155.65
TOTAL ASSETS		**63,293.88**	58,297.65
LIABILITIES			
EQUITY	2		
Share capital		**2,500.00**	2,500.00
Invested unrestricted equity fund		**60,762.15**	60,762.15
Profit/(Loss) from previous years		**(5,123.65)**	(9,232.88)
Profit/(Loss) for the financial year		**5,148.43**	4,109.23
TOTAL EQUITY		**63,286.93**	58,138.50
BORROWED CAPITAL			
LIABILITIES			
Deferred tax liabilities		**6.95**	0.00
TOTAL LIABILITIES		**6.95**	0.00
Short-term borrowed capital	3		
Accruals and deferred income		**0.00**	159.15
Total short-term borrowed capital		**0.00**	159.15
TOTAL LIABILITIES		**63,293.88**	58,297.65

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.
Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.
Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur Land areas
Acquisition cost 01.04	52,142.00
Acquisition cost 31.03	52,142.00
Book value 31.03	**52,142.00**

2 Short-term receivables

	Eur
Receivables from the companies in the same group	11,050.00
Total	**11,050.00**

3 LIABILITIES

EQUITY	**Eur 2020**	Eur 2019
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Invested unrestricted equity fund in the beginning of the year	**60,762.15**	60,762.15
Additions	**0.00**	0.00
Invested unrestricted equity fund in the end of the year	**60,762.15**	60,762.15
Profit/(Loss) from prev. financial period	**(5,123.65)**	(9,232.88)
Profit/(Loss) for the financial year	**5,148.43**	4,109.23
Total equity	**63,286.93**	58,138.50

4 Short-term borrowed capital	**Eur 2020**	Eur 2019
Deferred tax liabilities	**6.95**	0
Accruals and deferred income	**0.00**	159.15
Total short-term borrowed capital	**6.95**	159.15

BREAKDOWN OF SHARE CAPITAL

		2020		2019
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

NOTES TO THE BALANCE SHEET

OTHER NOTES

PERPETUAL EASEMENTS, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

The company-owned area (765-401-2-294) encumbers the land lease agreement signed on 28 June 2011.

The lease term is 50 years.

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 5,148.43. The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 27, 2020

Riku Rauhala
Chair of the Board of Directors

Ville Valtanen
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020
KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Katinnurkka

Opinion

We have audited the financial statements of Kiinteistö Oy Katinnurkka (business identity code 2444096-7) for the period ended March 31, 2020. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director for the Financial Statements

The Board of Director's and the Managing Director is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki April 27, 2020
KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Property management expenses		
Administration	**(1,096.26)**	(1,227.83)
Property tax	**(66.15)**	(88.20)
Total	**(1,162.41)**	(1,316.03)
Profit/(loss)	**(1,162.41)**	(1,316.03)
Profit/(loss) before appropriations and taxes	**(1,162.41)**	(1,316.03)
Group contribution	**8,200.00**	6,000.00
Income taxes	**21.96**	–
Profit/(loss) for the financial year	**7,015.63**	4,683.97

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1		
Land areas		**307,229.00**	307,229.00
Total tangible assets		**307,229.00**	307,229.00
TOTAL NON-CURRENT ASSETS		**307,229.00**	307,229.00
CURRENT ASSETS			
Short-term receivables			
Accrued income	2	**13,100.00**	6,000.00
Total short-term receivable		**13,100.00**	6,000.00
Cash and cash equivalents			
Cash at bank		**21.81**	106.27
Total cash and cash equivalents		**21.81**	106.27
TOTAL CURRENT ASSETS		**13,121.81**	6,106.27
TOTAL ASSETS		**320,350.81**	313,335.27
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Invested unrestricted equity fund		**317,741.01**	317,741.01
Net Profit/(Loss) from previous years		**(6,927.79)**	(11,611.76)
Net Profit/(Loss) for the financial year		**7,015.63**	4,683.97
TOTAL EQUITY		**320,328.85**	313,313.22
LIABILITIES			
Deferred tax liabilities		**21.96**	0.00
TOTAL LIABILITIES		**21.96**	0.00
Short-term borrowed capital	4		
Other current liabilities		**0.00**	22.05
Total short-term borrowed capital		**0.00**	22.05
TOTAL LIABILITIES		**320,350.81**	313,335.27

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.
Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur
	Land areas
Acquisition cost 01.04	307,229.00
Acquisition cost 31.03	307,229.00
Book value 31.03.	**307,229.00**

2 Short-term receivables

	Eur
Receivables from the companies in the same group	13,100.00
Total	**13,100.00**

3 LIABILITIES

	Eur	Eur
	2020	2019
EQUITY		
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Invested unrestricted equity fund in the beginning of the year	**317,741.01**	317,741.01
Invested unrestricted equity fund in the end of the year	**317,741.01**	317,741.01
Profit/(Loss) from prev. financial period	**(6,927.79)**	(11,611.76)
Profit/(Loss) for the financial year	**7,015.63**	4,683.97
Total equity	**320,328.85**	313,313.22

4 Borrowed capital

	Eur	Eur
	2020	2019
Deferred tax liabilities	**21.96**	0
Accruals and deferred income	**0.00**	22.05
Total borrowed capital	**21.96**	22.05

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	**No.**	**Eur**
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

NOTES TO THE BALANCE SHEET

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 7,015.63. The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 27, 2020

Riku Rauhala
Chair of the Board of Director's

Tapio Anttila
Board member

Ville Valtanen
CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Tenetinlahti

Opinion

We have audited the financial statements of Kiinteistö Oy Tenetinlahti (business identity code 2455539-3) for the period ended March 31, 2020. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director for the Financial Statements

The Board of Director's and the Managing Director is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Director's is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Director's and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki April 27, 2020
KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Property management expenses		
Administration	**(1,205.81)**	(1,245.41)
Property tax	**(93.39)**	(124.51)
Total	**(1,299.20)**	(1,369.92)
Profit/(loss)	**(1,299.20)**	(1,369.92)
Profit/(Loss) before appropriations and taxes	**(1,299.20)**	(1,369.92)
Group contribution	**4,750.00**	6,000.00
Income taxes	**(8.46)**	0.00
Profit/(loss) for the financial year	**3,442.34**	4,630.08

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1		
Land areas		**108,666.66**	108,666.66
Total tangible assets		**108,666.66**	108,666.66
TOTAL NON-CURRENT ASSETS		**108,666.66**	108,666.66
CURRENT ASSETS			
Short-term receivables	2		
Total short-term receivables		**9,550.00**	6,000.00
Cash and cash equivalents			
Cash at bank		**37.93**	168.25
Total cash and cash equivalents		**37.93**	168.25
TOTAL CURRENT ASSETS		**9,587.93**	6,168.25
TOTAL ASSETS		**118,254.59**	114,834.91
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Invested unrestricted equity fund		**115,712.28**	115,712.28
Profit/(loss) from previous years		**(3,408.49)**	(8,038.57)
Profit/(loss) for the financial year		**3,442.34**	4,630.08
TOTAL EQUITY		**118,246.13**	114,803.79
BORROWED CAPITAL			
LIABILITIES			
Deferred tax liabilities		**8.46**	0.00
TOTAL LIABILITIES		**8.46**	0.00
Short-term borrowed capital	4		
Accruals and deferred income		**0.00**	31.12
Total short-term borrowed capital		**0.00**	31.12
TOTAL LIABILITIES		**118,254.59**	114,834.91

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1. Tangible assets

	Eur Land areas
Acquisition cost	108,666.66
Acquisition cost	108,666.66
Book value	**108,666.66**

2. Short-term receivables

	Eur
Receivables from the companies in the same group	9,550.00
Total	**9,550.00**

3. Liabilities

	Eur 2020	Eur 2019
EQUITY		
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Invested unrestricted equity fund in the beginning of the year	**115,712.28**	115,712.28
Additions	**0.00**	0.00
Invested unrestricted equity fund in the end of the year	**115,712.28**	115,712.28
Profit/(Loss) from prev. financial period	**(3,408.49)**	(8,038.57)
Profit/(Loss) for the financial year	**3,442.34**	4,630.08
Total equity	**118,246.13**	114,803.79

4. Short-term borrowed capital

	Eur 2020	Eur 2019
Deferred tax liabilities	**8.46**	0.00
Accruals and deferred income	**0.00**	31.12
Total short-term borrowed capital	**8.46**	31.12

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Director's' proposal for profit distribution

Profit for the financial year EUR 3,442.34. The Board of Directors proposes to the Annual General Meeting that the Profit be transferred to equity and that no dividends be distributed.

NOTES TO THE BALANCE SHEET

FINANCIAL STATEMENTS
DATE AND SIGNATURES

Helsinki April 27, 2020

Riku Rauhala	**Tapio Anttila**
Chair of the Board of Director's	Board Member

Ville Valtanen
CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala

Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Mällösniemi

Opinion

We have audited the financial statements of Kiinteistö Oy Mällösniemi (business identity code 1765304-0) for the period ended March 31, 2020. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
TURNOVER			
Considerations		**16,380.00**	18,867.00
Total		**16,380.00**	18,867.00
Property management expenses			
Administration		**(1,092.57)**	(999.59)
Operation and maintenance		**(64.75)**	(44.90)
Water and sewage		**(765.99)**	(138.77)
Electricity		**(9,154.25)**	(11,783.89)
Indemnity insurance		**(273.03)**	(264.72)
Rents		**(1,034.07)**	(1,783.60)
Property tax		**(547.43)**	(719.15)
Repairs		**(5,262.91)**	(2,782.67)
Total		**(18,959.58)**	(18,517.29)
Profit/(loss)		**(2,579.58)**	349.71
Financial income and expenses			
Interest income		**1,817.64**	1,813.39
Interest charges		**0.00**	0.00
Total financial income and expenses		**1,817.64**	1,813.39
Profit before appropriations and taxes		**(761.94)**	2,163.10
Profit/(loss) for the financial year		**(761.94)**	2,163.10

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	**1**		
Buildings and structures		**200,000.00**	200,000.00
Machines and equipment		**5,000.00**	5,000.00
Total tangible assets		**205,000.00**	205,000.00
TOTAL NON-CURRENT ASSETS		**205,000.00**	205,000.00
CURRENT ASSETS			
Short-term receivables	**2**		
Accounts receivable		**0.00**	3,144.50
Receivables from companies in the same Group		**90,843.02**	89,025.38
Accrued income		**0.00**	0.00
Total short-term receivables		**90,843.02**	92,169.88
Cash and cash equivalents			
Cash at bank		**9,184.40**	6,652.44
Total cash and cash equivalents		**9,184.40**	6,652.44
TOTAL CURRENT ASSETS		**100,027.42**	98,822.32
TOTAL ASSETS		**305,027.42**	303,822.32
LIABILITIES			
EQUITY	**3**		
Share capital		**9,000.00**	9,000.00
Building fund		**836,372.70**	836,372.70
Profit/(loss) from previous years		**(543,224.14)**	(545,387.24)
Profit/(loss) for the financial year		**(761.94)**	2,163.10
TOTAL EQUITY		**301,386.62**	302,148.56
BORROWED CAPITAL			
Short-term borrowed capital	**4**		
Trade payables		**2,814.12**	0.00
Accruals and deferred income		**826.68**	1,673.76
Total short-term borrowed capital		**3,640.80**	1,673.76
TOTAL LIABILITIES		**305,027.42**	303,822.32

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.
The acquisition cost of the building will be depreciated over its useful life.

No tax depreciation was made in the financial year 2019-2020, as the acquisition cost still corresponds to the fair value of the building.

Revenues and expenses are amortised on an accrual basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.
Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1. Tangible Assets

Eur	Buildings and structures	Machines and equipment	Total
Acquisition cost 1.4.	200,000.00	5,000.00	205,000.00
Additions	0.00	0.00	0.00
Acquisition cost 31.3.	200,000.00	5,000.00	205,000.00
Accumulated depreciation 1.4.	0.00	0.00	0.00
Depreciation for the financial year	0.00	0.00	0.00
Impairments	0.00	0.00	0.00
Book value 31.3.	**200,000.00**	**5,000.00**	**205,000.00**

CURRENT ASSETS

RECEIVABLES

2. Short-term receivables

	Eur 2020	Eur 2019
Accounts receivable	**0.00**	3,144.50
Receivables from companies in the same Group	**90,843.02**	89,025.38
Other accrued income	**0.00**	0.00
TOTAL	**90,843.02**	92,169.88

3. LIABILITIES

EQUITY	**Eur 2020**	Eur 2019
Share capital in the beginning of the year	**9,000.00**	9,000.00
Share capital in the end of the year	**9,000.00**	9,000.00
Building fund in the beginning of the year	**836,372.70**	836,372.70
Building fund in the end of the year	**836,372.70**	836,372.70
Profit/(Loss) from prev. financial period	**(543,224.14)**	(545,387.24)
Profit/(Loss) for the financial year	**(761.94)**	2,163.10
Total equity	**301,386.62**	302,148.56

The company has no distributable assets

4. Short-term borrowed capital

	Eur 2020	Eur 2019
Trade payables	**2,814.12**	0.00
Accruals and deferred income	**826.68**	1,673.76
Total borrowed capital	**3,640.80**	1,673.76

NOTES TO THE BALANCE SHEET

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**45.00**	**9,000.00**	45.00	9,000.00
Total	**45.00**	**9,000.00**	45.00	9,000.00

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 27, 2020

Tapio Anttila
Chair of the Board of Director's

Riku Rauhala
Board Member

Ville Valtanen
CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Rauhan Ranta 1

Opinion

We have audited the financial statements of Kiinteistö Oy Rauhan Ranta 1 (business identity code 2145035-0) for the period ended March 31, 2020. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki April 27, 2020

KPMG OY AB
ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Property management expenses		
Administration	**(1,227.35)**	(1,153.08)
Outdoor area management	**(1,488.00)**	(1,488.00)
Property tax	**(198.39)**	(233.37)
Total	**(2,913.74)**	(2,874.45)
Profit/(loss)	**(2,913.74)**	(2,874.45)
Financial income and expenses		
Interest charges	**0.00**	(15.31)
Total financial income and expenses	**0.00**	(15.31)
Profit before appropriations and taxes	**(2,913.74)**	(2,889.76)
Group contribution	**12,000.00**	6,000.00
Profit/(loss) for the financial year	**9,086.26**	3,110.24

BALANCE SHEET AS AT MARCH 31, 2020

		Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets			
Land areas	1	**124,800.00**	124,800.00
Total tangible assets		**124,800.00**	124,800.00
TOTAL NON-CURRENT ASSETS		**124,800.00**	124,800.00
CURRENT ASSETS			
Short-term receivables			
Accrued income	2	**14,316.69**	6,000.00
Total short-term receivables		**14,316.69**	6,000.00
Cash and cash equivalents			
Cash at bank		**27.75**	199.81
Total cash and cash equivalents		**27.75**	199.81
TOTAL CURRENT ASSETS		**14,344.44**	6,199.81
TOTAL ASSETS		**139,144.44**	130,999.81
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Building fund		**124,800.00**	124,800.00
Invested unrestricted equity fund		**13,636.76**	13,636.76
Profit/(Loss) from prev. financial period		**(10,878.58)**	(13,988.82)
Profit/(Loss) for the financial year		**9,086.26**	3,110.24
TOTAL EQUITY		**139,144.44**	130,058.18
BORROWED CAPITAL			
Short-term borrowed capital	4		
Debts to companies in the same group		**0.00**	883.31
Accruals and deferred income		**0.00**	58.32
Total short-term borrowed capital		**0.00**	941.63
TOTAL LIABILITIES		**139,144.44**	130,999.81

ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

Valuation principles

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accrual basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur Land areas
Acquisition cost 1.4.	124,800.00
Acquisition cost 31.3.	124,800.00
Book value 31.3.	**124,800.00**

2 Short-term receivables

	Eur
Receivables from the companies in the same group	14,316.69
Total	**14,316.69**

3 LIABILITIES

	Eur	Eur
EQUITY	**2020**	2019
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Building fund in the beginning of the year	**124,800.00**	124,800.00
Building fund in the end of the year	**124,800.00**	124,800.00
Invested unrestricted equity fund in the beginning of the year	**13,636.76**	13,636.76
Additions	**0.00**	0.00
Invested unrestricted equity fund in the end of the year	**13,636.76**	13,636.76
Profit/(Loss) from prev. financial period	**(10,878.58)**	(13,988.82)
Profit/(Loss) for the financial year	**9,086.26**	3,110.24
Total equity	**139,144.44**	130,058.18

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

4 Short-term borrowed capital

	Eur	Eur
	31.3.2020	31.3.2019
Debts to companies in the same group	**0.00**	883.31
Accruals and deferred income	**0.00**	58.32
Total short-term borrowed capital	**0.00**	941.63

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Director's proposal for profit distribution

Profit for the financial year EUR 9,086.26. The Board of Directors proposes to the Annual General Meeting that the profit transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS DATE AND SIGNATURES

Helsinki April 27, 2020

Riku Rauhala
Chair of the Board of Directors

Tapio Anttila
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala

Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Rauhan Ranta 2

Opinion

We have audited the financial statements of Kiinteistö Oy Rauhan Ranta 2 (business identity code 2145034-2) for the period ended March 31, 2020. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Property management expenses		
Administration	**(1,230.05)**	(1,151.73)
Outdoor area management	**(2,219.10)**	(2,219.10)
Property tax	**(324.38)**	(381.62)
Total	**(3,773.53)**	(3,752.45)
Profit/(Loss)	**(3,773.53)**	(3,752.45)
Profit / (Loss) before appropriations and taxes	**(3,773.53)**	(3,752.45)
Group contribution	**33,000.00**	6,000.00
Income taxes	**49.91**	0.00
Profit / (Loss) for the financial year	**29,176.56**	2,247.55

BALANCE SHEET AS AT MARCH 31, 2020

		Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets			
Land areas	1	**202,800.00**	202,800.00
Total tangible assets		**202,800.00**	202,800.00
TOTAL NON-CURRENT ASSETS		**202,800.00**	202,800.00
CURRENT ASSETS			
Short-term receivables			
Accrued income	2	**35,100.00**	6,000.00
Total short-term receivables		**35,100.00**	6,000.00
Cash and cash equivalents			
Cash at bank		**52.97**	21.90
Total cash and cash equivalents		**52.97**	21.90
TOTAL CURRENT ASSETS		**35,152.97**	6,021.90
TOTAL ASSETS		**237,952.97**	208,821.90
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Building fund		**202,800.00**	202,800.00
Invested unrestricted equity fund		**32,555.11**	32,555.11
Profit / (Loss) from prev. financial period		**(29,128.61)**	(31,376.16)
Profit / (Loss) for the financial year		**29,176.56**	2,247.55
TOTAL EQUITY		**237,903.06**	208,726.50
BORROWED CAPITAL			
LIABILITIES			
Deferred tax liabilities		**49.91**	0.00
TOTAL LIABILITIES			
Short-term borrowed capital			
Accruals and deferred income	4	**0.00**	95.40
Total short-term borrowed capital		**0.00**	95.40
TOTAL LIABILITIES		**237,952.97**	208,821.90

ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

Valuation principles

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur Land areas
Acquisition cost 1.4.	202,800.00
Acquisition cost 31.3.	202,800.00
Book value 31.3.	**202,800.00**

2 Short-term receivables

	Eur
Receivables from the companies in the same group	35,100.00
Total	**35,100.00**

3 LIABILITIES

	Eur	Eur
EQUITY	**2020**	2019
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Building fund in the beginning of the year	**202,800.00**	202,800.00
Building fund in the end of the year	**202,800.00**	202,800.00
Invested unrestricted equity fund in the beginning of the year	**32,555.11**	32,555.11
Additions	**0.00**	0.00
Invested unrestricted equity fund in the end of the year	**32,555.11**	32,555.11
Profit / (Loss) from prev. financial period	**(29,128.61)**	(31,376.16)
Profit / (Loss) for the financial year	**29,176.56**	2,247.55
Total equity	**237,903.06**	208,726.50

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	Eur	No.	Eur
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

4 Short-term borrowed capital

	Eur	Eur
	3.31.2020	3.31.2019
Deferred tax liabilities	**49.91**	0.00
Accruals and deferred income	**0.00**	95.40
Total short-term borrowed capital	**0.00**	95.40

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 29,176.56. The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS DATE AND SIGNATURES

Helsinki April 27, 2020

Riku Rauhala
Chair of the Board of Directors

Tapio Anttila
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala

Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö OyTiurunniemi

Opinion

We have audited the financial statements of Kiinteistö Oy Tiurunniemi (business identity code 2452737-6) for the period ended March 31, 2020. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED March 31, 2020

	appendix	Eur 2020	Eur 2019
Property management expenses			
Administration		**(1,217.93)**	(1,150.86)
Property tax		**(1,749.78)**	(2,256.51)
Total		**(2,967.71)**	(3,407.37)
Profit/(loss)		**(2,967.71)**	(3,407.37)
Financial income and expenses			
Interest charges		**0.00**	(14.50)
Total financial income and expenses		**0.00**	(14.50)
Profit/(Loss) before appropriations and taxes		**(2,967.71)**	(3,421.87)
Group contribution		**40,750.00**	6,000.00
Income taxes		**0.78**	0.00
Profit/(loss) for the financial year		**37,781.51**	2,578.13

BALANCE SHEET AS AT March 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets			
Land areas	1	**360,000.00**	360,000.00
Total tangible assets		**360,000.00**	360,000.00
TOTAL NON-CURRENT ASSETS		**360,000.00**	360,000.00
CURRENT ASSETS			
Short-term receivables			
Total short-term receivables	2	**42,806.50**	6,000.00
Cash and cash equivalents			
Cash at bank		**53.23**	785.06
Total cash and cash equivalents		**53.23**	785.06
TOTAL CURRENT ASSETS		**42,859.73**	6,785.06
TOTAL ASSETS		**402,859.73**	366,785.06
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Invested unrestricted equity fund		**977,588.63**	977,588.63
Profit/(loss) from previous years		**(615,011.19)**	(617,589.32)
Profit/(loss) for the financial year		**37,781.51**	2,578.13
TOTAL EQUITY		**402,858.95**	365,077.44
LIABILITIES			
Deferred tax liabilities		**0.78**	0.00
TOTAL LIABILITIES		**0.78**	0.00
Short-term borrowed capital	4		
Debts from companies in the same group		**0.00**	1,143.50
Accruals and deferred income		**0.00**	564.12
Total short-term borrowed capital		**0.00**	1,707.62
TOTAL LIABILITIES		**402,859.73**	366,785.06

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accrual basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur
	Land areas
Acquisition cost 1.4	937,229.00
Accrued deductions	(577,229.00)
Acquisition cost 31.3.	**360,000.00**
Book value 31.3.	**360,000.00**

2 Short-term receivables

	Eur
Receivables from the companies in the same group	42,806.50
Total	**42,806.50**

LIABILITIES

3 Equity

	Eur	Eur
	2020	2019
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Invested unrestricted equity fund in the beginning of the year	**977,588.63**	977,588.63
Additions	**0.00**	0.00
Invested unrestricted equity fund in the end of the year	**977,588.63**	977,588.63
Profit/(loss) from prev. financial period	**(615,011.19)**	(617,589.32)
Profit/(loss) for the financial year	**37,781.51**	2,578.13
Total equity	**402,858.95**	365,077.44

4 Short-term borrowed capital

	Eur	Eur
	2020	2019
Deferred tax liabilities	**0.78**	0.00
Debts from companies in the same group	**0.00**	1,143.50
Accruals and deferred income	**0.00**	564.12
Total short-term borrowed capital	**0.78**	1,707.62

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**2,500.00**	**2,500.00**	2,500.00	2,500.00
Total	**2,500.00**	**2,500.00**	2,500.00	2,500.00

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 37,781.51. The Board of Directors proposes to the Annual General Meeting that the Profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 27, 2020

Riku Rauhala
Chair of the Board of Directors

Tapio Anttila
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala

Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Rauhan Liikekiinteistöt 1

Opinion

We have audited the financial statements of Kiinteistö Oy Rauhan Liikekiinteistöt 1 (business identity code 2384842-6) for the period ended March 31, 2020. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
TURNOVER	**1**	**835,092.09**	893,290.62
Other operating income		**500.00**	0.00
External expenses	**2**	**10,585.03**	14,084.54
Depreciation and impairments	**3**	**368,614.54**	373,973.40
Other operating expenses	**4**	**259,562.03**	272,938.42
Total		**638,761.60**	660,996.36
Profit/(Loss)		**196,830.49**	232,294.26
Financial income and expenses	**5**		
Interest charges		**(163,734.33)**	(179,874.04)
Total financial income and expenses		**(163,734.33)**	(179,874.04)
Profit before appropriations and taxes		**33,096.16**	52,420.22
Change in depreciation difference	**6**	**(13,070.54)**	0.00
Profit/(Loss) for the financial year		**46,166.70**	52,420.22

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	7	**8,540,432.50**	8,909,047.04
Investments			
Other receivables	8	**93,603.26**	93,603.26
Total tangible assets		**8,634,035.76**	9,002,650.30
TOTAL NON-CURRENT ASSETS		**8,634,035.76**	9,002,650.30
CURRENT ASSETS			
Short-term receivables			
Short-term receivables	9	**85,890.68**	241,274.71
Total short-term receivables		**85,890.68**	241,274.71
Cash and cash equivalents			
Cash at bank		**42,183.39**	7,123.51
Total cash and cash equivalents		**42,183.39**	7,123.51
TOTAL CURRENT ASSETS		**128,074.07**	248,398.22
TOTAL ASSETS		**8,762,109.83**	9,251,048.52
LIABILITIES			
EQUITY	10		
Share capital		**2,500.00**	2,500.00
Building fund		**4,873,919.95**	4,873,919.95
Profit/(Loss) from previous years		**(3,094,864.79)**	(3,147,285.01)
Profit/(Loss) for the financial year		**46,166.70**	52,420.22
TOTAL EQUITY		**1,827,721.86**	1,781,555.16
ACCUMULATED APPROPRIATIONS			
Accumulated depreciation difference	11	**15,237.33**	28,307.87
BORROWED CAPITAL			
Long-term borrowed capital	12	**3,000,000.00**	3,500,000.00
Short-term borrowed capital	13	**3,919,150.64**	3,941,185.49
TOTAL BORROWED CAPITAL		**6,919,150.64**	7,441,185.49
TOTAL LIABILITIES		**8,762,109.83**	9,251,048.52

NOTES TO THE FINANCIAL STATEMENTS

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.
Hitsaajankatu 22, 00810 Helsinki

ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium- sized enterprises (Government Decree on the information presented in the finacial statements of a small undertaking and micro-undertaking, 1753/2015)

Non-current assets

In this balance sheet, capital assets are listed as the difference between purchase price and accumulated planned depreciation.

Planned depreciation is calculated as a straight-line depreciation based on the useful life of the object.

The indicative useful lives on which the planned depreciation is based are as follows:

- buildings	20-30 yrs
- machines and equipment	5-10 yrs
- other tangible assets	30 yrs

Current assets

Receivables and liabilities have been valued at the nominal value

Board of Directors proposal to process profit and loss for the previous financial year

The Board of Directors proposes to the Annual General Meeting that a profit of EUR 46,166.70 be transferred to the profit and loss account and that no dividends be distributed.

Company shares

There are 100 company shares. Each share confers the same right to dividends and company assets.

NOTES TO THE PROFIT AND LOSS STATEMENT

1. TURNOVER BY SECTOR

Breakdown by sector	**Eur 2020**	Eur 2019
Rent revenues	**830,354.82**	874,400.00
Service revenues	**4,737.27**	18,890.62
Other revenues	**500.00**	0.00
TOTAL	**835,592.09**	893,290.62

2. MATERIALS AND SERVICES

	Eur 2020	Eur 2019
Outsourced services	**10,585.03**	14,084.54
TOTAL	**10,585.03**	14,084.54

3. DEPRECIATION AND OTHER IMPAIRMENTS

	Eur 2020	Eur 2019
Store and warehouse buildings	**314,372.00**	314,372.01
Building elements	**43,535.52**	43,535.52
Machines and equipment	**1,107.02**	6,465.87
Other tangible assets	**5,500.00**	5,500.00
Civil defence shelters	**4,100.00**	4,100.00
Total	**368,614.54**	373,973.40

4. OTHER OPERATING EXPENSES

	Eur 2020	Eur 2019
Machine and equipment rents	**0.00**	0.00
Operating and maintenance expenses	**13,886.15**	18,708.66
Property management expenses	**233,083.05**	242,928.41
Other business expenses	**12,592.83**	11,301.35
Total	**259,562.03**	272,938.42

5. FINANCIAL INCOME AND EXPENSES

	Eur 2020	Eur 2019
Interest expenses to companies in the same Group	**71,402.15**	65,976.56
Other interest expenses	**92,332.18**	113,897.48
Total interest expenses	**163,734.33**	179,874.04

6. APPROPRIATIONS

	Eur 2020	Eur 2019
Building elements	**(15,172.81)**	1,383.19
Machines and equipment	**2,102.27**	(1,383.19)
Total	**(13,070.54)**	0.00

NOTES TO THE BALANCE SHEET

CAPITAL ASSETS AND OTHER LONG-TERM INVESTMENTS, I.E. NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

7 TANGIBLE ASSETS

Eur	Land and water areas	Buildings	Machines and equipment	Other tangible assets	Total
Acquisition cost 1.4.2019	329,375.58	13,031,876.36	111,741.31	165,000.00	13,637,993.25
Acquisition cost 31.3.2020	**329,375.58**	**13,031,876.36**	**111,741.31**	**165,000.00**	**13,637,993.25**
Accumulated depreciation and impairments	**0.00**	(4,589,847.22)	(107,473.99)	(31,625.00)	(4,728,946.21)
Depreciation for the financial year	**0.00**	(362,007.52)	(1,107.02)	(5,500.00)	(368,614.54)
Accumulated depreciation	**0.00**	**(4,951,854.74)**	**(108,581.01)**	**(37,125.00)**	**(5,097,560.75)**
Book value 31.3.2020	**329,375.58**	**8,080,021.62**	**3,160.30**	**127,875.00**	**8,540,432.50**

8 OTHER RECEIVABLES

	Eur	Eur
	Other receivables	Other receivables
	2020	2019
Acquisition cost 1.4.2019	**93,603.26**	93,603.26
Acquisition cost 31.3.2020	**93,603.26**	93,603.26
Book value 31.3.2020	**93,603.26**	93,603.26

9. SHORT-TERM RECEIVABLES

	Eur	Eur
	2020	2019
Receivables from companies in the same Group	**84,000.00**	241,274.71
Accrued income	**1,890.68**	0.00
Total	**85,890.68**	241,274.71

LIABILITIES

10. EQUITY

	Eur	Eur
	2020	2019
Share capital 1.4.	**2,500.00**	2,500.00
Share capital 31.3.	**2,500.00**	2,500.00
Building fund 1.4	**4,873,919.95**	4,873,919.95
Building fund 31.3.	**4,873,919.95**	4,873,919.95
Profit/(Loss) from prev. financial period 1.4	**(3,094,864.79)**	(3,147,285.01)
Profit/(Loss) for the financial year	**46,166.70**	52,420.22
Total equity	**1,827,721.86**	1,781,555.16

CALCULATION OF DISTRIBUTABLE FUNDS

	Eur	Eur
	2020	2019
Profit/loss from prev. financial period 1.4.	**(3,094,864.79)**	(3,147,285.01)
Profit/loss for the financial year	**46,166.70**	52,420.22
Total	**(3,048,698.09)**	(3,094,864.79)

11. ACCUMULATED APPROPRIATIONS

	Eur	Eur
	2020	2019
Depreciation difference retail and warehouse buildings	**26,364.54**	26,364.54
Depreciation difference on building elements	**57,943.21**	73,116.02
Depreciation difference on machines and equipment	**(69,070.42)**	(71,172.69)
Total accumulated depreciation difference	**15,237.33**	28,307.87

12. LONG-TERM BORROWED CAPITAL

	Eur	Eur
	2020	2019
Loans from financial institutions	**3,000,000.00**	3,500,000.00
Total long-term borrowed capital	**3,000,000.00**	3,500,000.00

13. SHORT-TERM BORROWED CAPITAL

	Eur	Eur
	2020	2019
Loans from financial institutions	**500,000.00**	1,000,000.00
Trade payables	**3,689.53**	5,104.96
Liabilities for companies in the same Group	**3,350,094.64**	2,869,692.49
Other liabilities	**18,960.80**	13,189.74
Accruals and deferred income	**46,405.67**	53,198.30
Total short-term borrowed capital	**3,919,150.64**	3,941,185.49

ESSENTIAL ITEMS OF ACCRUALS AND DEFERRED INCOME

	Eur	Eur
	2020	2019
Accrued interest expense	**20,421.20**	25,422.92
Reserve for missing purchase invoices	**25,984.47**	27,775.38
Total	**46,405.67**	53,198.30

GUARANTEES GIVEN

LOANS FOR WHICH MORTGAGE ON PROPERTY HAS BEEN GIVEN AS A GUARANTEE

	Eur 2020	Eur 2019
Loans from financial institutions	**3,500,000.00**	4,500,000.00
Total	**3,500,000.00**	4,500,000.00
Mortgages	**10,000,000.00**	10,000,000.00
Total	**10,000,000.00**	10,000,000.00

OTHER NOTES

The company is obligated to audit VAT deductions made on its property investments every year for 10 years after completion of the investment, to the extent that the value added taxable use of the property decreases during the period under review.

The maximum liability is EUR 1,150,588.23 as of March 31, 2020.

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 46,166.70. The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS
DATE AND SIGNATURES

Helsinki April 27, 2020

Marko Hiltunen
Chair of the Board of Directors
CEO

Riku Rauhala
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala
KHT

AUDITOR'S REPORT

To the Annual General Meeting of Supermarket Capri Oy

Opinion

We have audited the financial statements of Supermarket Capri Oy (business identity code 2535232-8) for the period ended March 31, 2020. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
TURNOVER		**399,046.04**	382,038.84
Other operating income		**65,724.42**	106,447.82
Materials and services			
Materials, supplies and goods		**0.00**	0.00
Purchases during the financial year		**(295,968.83)**	(283,424.60)
Change in inventory		**4,140.47**	560.39
External services	1	**(54,643.28)**	(59,659.73)
		(346,471.64)	(342,523.94)
Personnel expenses			
Salaries and fees	2	**(39,399.04)**	(38,778.12)
Social security costs			
Pension expenses		**(8,147.22)**	(7,023.36)
Other social security costs		**(1,219.48)**	698.08
		(48,765.74)	(45,103.40)
Depreciation and impairments			
Planned depreciation	3	**(3,632.10)**	(13,028.80)
Other operating expences			
Other operating expenses	4	**(55,502.76)**	(58,944.89)
		(59,134.86)	(71,973.69)
Profit/(loss)		**10,398.22**	28,885.63
Financial income and expenses	5		
Interest income			
Other interest income		**0.01**	17.35
Interest income in the same group		**1,353.00**	0.00
Interest charges			
for companies in the same Group		**(159.58)**	(250.00)
for others		**0.00**	(62.15)
Tax Increases and increases, non-deductible		**(1.34)**	0.00
Total financial income and expenses		**1,192.09**	(294.80)
Profit/(Loss) before extraordinary items		**11,590.31**	28,590.83
Profit before appropriations and taxes		**11,590.31**	28,590.83
Profit/(Loss) for the financial year		**11,590.31**	28,590.83

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	6		
Other capitalised long-term expenditures		**0.00**	2,237.14
Tangible assets	7		
Machines and equipment		**0.00**	1,219.96
Other tangible assets		**0.00**	175.00
Investments			
Shares and participations		**1,000.00**	1,000.00
Total tangible assets		**1,000.00**	2,394.96
TOTAL NON-CURRENT ASSETS		**1,000.00**	2,394.96
CURRENT ASSETS		**1,000.00**	4,632.10
Current assets			
Materials and supplies		**14,824.34**	11,217.18
Short-term receivables	8		
Accounts receivable		**0.00**	0.00
Receivables from companies in the same Group		**181,713.98**	177,434.49
Other receivables		**1,072.96**	4,143.11
Accrued income		**637.49**	467.16
Total short-term receivables		**183,424.43**	182,044.76
Cash and cash equivalents			
Cash at bank		**16,953.16**	24,419.36
Total cash and cash equivalents		**16,953.16**	24,419.36
TOTAL CURRENT ASSETS		**215,201.93**	217,681.30
TOTAL ASSETS		**216,201.93**	222,313.40
LIABILITIES			

BALANCE SHEET AS AT MARCH 31, 2020 (Contd)

	appendix	Eur 2020	Eur 2019
EQUITY	9		
Share capital		**100,000.00**	100,000.00
Invested unrestricted equity fund		**1,023,860.96**	1,023,860.96
Profit/(Loss) from previous years		**(953,795.89)**	(982,386.72)
Profit/(Loss) for the financial year		**11,590.31**	28,590.83
TOTAL EQUITY		**181,655.38**	170,065.07
BORROWED CAPITAL			
Short-term borrowed capital	10		
Trade payables		**6,492.34**	5,546.35
Liabilities for companies in the same Group		**12,388.08**	16,928.69
Other liabilities		**1,847.19**	11,622.64
Accruals and deferred income	11	**13,818.94**	18,150.65
		34,546.55	52,248.33
TOTAL BORROWED CAPITAL		**34,546.55**	52,248.33
TOTAL LIABILITIES		**216,201.93**	222,313.40

NOTES TO THE FINANCIAL STATEMENTS

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the finacial statements of a small undertaking and micro-undertaking, 1753/2015)

Non-current assets

In this balance sheet, capital assets are listed as the difference between purchase price and accumulated planned depreciation.

Planned depreciation is calculated as a straight-line depreciation based on the useful life of the object.

The indicative useful lives on which the planned depreciation is based are as follows:

- machines and equipment	3-5 yrs
- other tangible assets	5 yrs
- other long term expences	10 yrs

Current assets

Receivables and liabilities have been valued at the nominal value.

Board of Directors proposal to process profit and loss for the previous financial year

The Board of Directors proposes to the Annual General Meeting that a profit of EUR 11,590.31 be transferred to the profit and loss account and that no dividends be distributed.

Company shares

There are 100 company shares. Each share confers the same right to dividends and company assets.

NOTES TO THE PROFIT AND LOSS STATEMENT

1. MATERIALS AND SERVICES

	Eur 2020	Eur 2019
Outsourced services	**54,643.28**	59,659.73
Other personnel expenses		
TOTAL	**54,643.28**	59,659.73

2. PERSONNEL
Average number

	2020	2020
Officers	1	1
Employees	0	0
TOTAL	1	1

3. DEPRECIATION AND OTHER IMPAIRMENTS

	Eur 2020	Eur 2019
Other capitalised long-term expenditures	**(2,237.14)**	(3,030.49)
Machines and equipment	**(1,219.96)**	(9,788.31)
Other tangible assets	**(175.00)**	(210.00)
TOTAL	**(3,632.10)**	(13,028.80)

4. OTHER OPERATING EXPENSES

	Eur 2020	Eur 2019
Marketing expenses	**(2,522.22)**	(3,363.13)
Operating and maintenance expenses	**(4,412.94)**	(5,212.24)
Rents	**(27,785.64)**	(28,444.43)
Other expenses	**(20,781.96)**	(21,925.09)
TOTAL	**(55,502.76)**	(58,944.89)

5. FINANCIAL INCOME AND EXPENSES

	Eur 2020	Eur 2019
Other interest income	**0.01**	17.35
Interest income in the same group	**1,353.00**	0
TOTAL	**1,353.01**	17.35
Interest expenses to companies in the same Group	**(159.58)**	(250.00)
Other interest expenses	**0.00**	(62.15)
Tax Increases and increases, non-deductible	**(1.34)**	0.00
Total interest expenses	**(160.92)**	(312.15)
Total financial income and expenses	**1,192.09**	(294.80)

NOTES TO THE BALANCE SHEET

CAPITAL ASSETS AND OTHER LONG-TERM INVESTMENTS, I.E. NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

6. INTANGIBLE ASSETS

	Other capitalised long-term expenditures	Total
Eur		
Acquisition cost at the start of the financial year	**19,694.43**	**19,694.43**
Acquisition cost	**19,694.43**	**19,694.43**
Accumulated planned depreciation at the start of the financial year	**(17,457.29)**	**(17,457.29)**
Depreciation for the financial year	**(2,237.14)**	**(2,237.14)**
Accumulated planned depreciation at the end of the financial year	**(19,694.43)**	**(19,694.43)**
Book value	**0.00**	**0.00**

7. TANGIBLE ASSETS

	Machines and equipment	Other tangible assets	Total
Eur			**3/31/2020**
Acquisition cost at the start of the financial year	**204,809.76**	**1,618.56**	**206,428.32**
Acquisition cost	**204,809.76**	**1,618.56**	**206,428.32**
Accumulated planned depreciation at the start of the financial year	**(203,589.80)**	**(1,443.56)**	**(205,033.36)**
Depreciation for the financial year	**(1,219.96)**	**(175.00)**	**(1,394.96)**
Accumulated planned depreciation at the end of the financial year	**(204,809.76)**	**(1,618.56)**	**(206,428.32)**
Book value	**0.00**	**0.00**	**0.00**

8. SHORT-TERM RECEIVABLES

	Eur	Eur
Short-term receivables	**2020**	2019
Receivables from companies in the same Group	**181,713.98**	177,434.49
Accounts receivable	**0.00**	0.00
Other receivables	**1,072.96**	4,143.11
Accrued income	**637.49**	467.16
TOTAL	**183,424.43**	182,044.76

LIABILITIES

9. EQUITY

	Eur	Eur
	2020	2019
Share capital 1.4.	**100,000.00**	100,000.00
Share capital 31.3.	**100,000.00**	100,000.00
Invested unrestricted equity fund 1.1.2015	**1,023,860.96**	1,023,860.96
Invested unrestricted equity fund 31.3.	**1,023,860.96**	1,023,860.96
Profit/(Loss) from prev. financial period	**(953,795.89)**	(982,386.72)
Profit/(Loss) for the financial year	**11,590.31**	28,590.83
Total equity	**181,655.38**	170,065.07

The company has no distributable assets

10 SHORT-TERM BORROWED CAPITAL

	Eur	Eur
	2020	2019
Liabilities for companies in the same Group		
Trade payables	**12,388.08**	16,641.88
Other liabilities	**0.00**	100.00
Accruals and deferred income	**0.00**	286.81
Total short-term borrowed capital	**12,388.08**	26,928.69
	Eur	Eur
Liabilities for others	**2020**	2019
Trade payables	**6,492.34**	5,546.35
Other liabilities	**1,847.19**	1,622.64
Accruals and deferred income	**13,818.94**	18,150.65
Total short-term borrowed capital	**22,158.47**	25,319.64

11 ITEMS INCLUDED IN ACCRUALS AND DEFERRED INCOME:

	Eur	Eur
	2020	2019
Salaries and holiday pay	**10,581.36**	10,591.82
Employer pension contribution	**1,737.58**	758.83
Other	**1,500.00**	6800
Total	**13,818.94**	18,150.65

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Director's proposal for profit distribution

Profit for the financial year EUR 11,590.31. The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 27, 2020

Marko Hiltunen	**Anne Kaarnijärvi**
Chair of the Board of Directors	Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala

KHT

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Kylpylätorni 1

Opinion

We have audited the financial statements of Kiinteistö Oy Kylpylätorni 1 (business identity code 2498932-7) for the period ended March 31, 2020. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
Property management expenses			
Administration		**(1,306.26)**	(1,265.56)
Property tax		**(153.33)**	(180.35)
Total		**(1,459.59)**	(1,445.91)
Profit/(loss)		**(1,459.59)**	(1,445.91)
Profit before appropriations and taxes		**(1,459.59)**	(1,445.91)
Profit/loss for the financial year		**(1,459.59)**	(1,445.91)

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets			
Land areas	1	**250,566.00**	250,566.00
Total tangible assets		**250,566.00**	250,566.00
TOTAL NON-CURRENT ASSETS		**250,566.00**	250,566.00
CURRENT ASSETS			
Short-term receivables			
Cash and cash equivalents			
Cash at bank		**1,486.15**	1,790.80
Total cash and cash equivalents		**1,486.15**	1,790.80
TOTAL CURRENT ASSETS		**1,486.15**	1,790.80
TOTAL ASSETS		**252,052.15**	252,356.80
LIABILITIES			
EQUITY	2		
Share capital		**2,500.00**	2,500.00
Invested unrestricted equity fund		**259,305.79**	258,105.79
Profit / (Loss) before appropriations and taxes		**(8,294.05)**	(6,848.14)
Profit / (Loss) for the financial year		**(1,459.59)**	(1,445.91)
TOTAL EQUITY		**252,052.15**	252,311.74
BORROWED CAPITAL			
Short-term borrowed capital	3		
Accruals and deferred income		**0.00**	45.06
Total short-term borrowed capital		**0.00**	45.06
TOTAL LIABILITIES		**252,052.15**	252,356.80

ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Valuation principles

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1. TANGIBLE ASSETS

	Eur Land areas
Acquisition cost 1.4.	250,566.00
Acquisition cost 31.3.	250,566.00
Book value 31.3.	**250,566.00**

2. LIABILITIES

EQUITY	**Eur 2020**	Eur 2019
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Invested unrestricted equity fund in the beginning of the year	**258,105.79**	256,605.79
Additions	**1,200.00**	1,500.00
Invested unrestricted equity fund in the end of the year	**259,305.79**	258,105.79
Profit / (Loss) from prev. financial period	**(8,294.05)**	(6,848.14)
Profit / (Loss) for the financial year	**(1,459.59)**	(1,445.91)
Total equity	**252,052.15**	252,311.74

3. BORROWED CAPITAL

	Eur 2020	Eur 2019
Accruals and deferred income	**0.00**	45.06
Total borrowed capital	**0.00**	45.06

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**100.00**	**2,500.00**	100.00	2,500.00
Total	**100.00**	**2,500.00**	100.00	2,500.00

OTHER NOTES

PERPETUAL EASEMENTS, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

In the deed dated 29 October 2013, Kiinteistö Oy Kylpyläntorni 1 is obligated to refrain from selling or otherwise transferring undeveloped lots to any party other than those given advance approval by the City based on a written application submitted to it.

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR 1,459.59. The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 27, 2020

Riku Rauhala	**Anttila Tapio**
Chair of the Board of Directors	Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala
Authorised Public
Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Spa Lofts 2

Opinion

We have audited the financial statements of Kiinteistö Oy Spa Lofts 2 (business identity code 2428891-8) for the period ended March 31, 2020. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Property management expenses		
Administration	**(1,204.56)**	(1,200.81)
Outdoor area management	**(1,215.20)**	(1,215.20)
Property tax	**(115.77)**	(136.20)
Total	**(2,535.53)**	(2,552.21)
Profit/(Loss)	**(2,535.53)**	(2,552.21)
Financial income and expenses		
Interest charges	**0.00**	(16.07)
Total financial income and expenses	**0.00**	16.07
Profit/(Loss) before appropriations and taxes	**(2,535.53)**	(2,568.28)
Group contribution	**5,110.00**	6,000.00
Profit/(Loss) for the financial year	**2,574.47**	3,431.72

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	**1**		
Land areas		**142,350.28**	142,350.28
Total tangible assets		**142,350.28**	142,350.28
TOTAL NON-CURRENT ASSETS		**142,350.28**	142,350.28
CURRENT ASSETS			
Short-term receivables			
Accrued income	2	**7,526.01**	6,000.00
Total short-term receivables		**7,526.01**	6,000.00
Cash and cash equivalents			
Cash at bank		**46.28**	115.86
Total cash and cash equivalents		**46.28**	115.86
TOTAL CURRENT ASSETS		**7,572.29**	6,115.86
TOTAL ASSETS		**149,922.57**	148,466.14
LIABILITIES			
EQUITY	**3**		
Share capital		**2,500.00**	2,500.00
Building fund		**139,130.28**	139,130.28
Invested unrestricted equity fund		**8,291.29**	8,291.29
Profit/(Loss) from prev. financial years		**(2,573.47)**	(6,005.19)
Profit/(Loss) for the financial year		**2,574.27**	3,431.72
TOTAL EQUITY		**149,922.37**	147,348.10
BORROWED CAPITAL			
Short-term borrowed capital	**4**		
Debts to companies in the same group		**0.00**	1,083.99
Accruals and deferred income		**0.00**	34.05
Deferred tax liabilities		**0.20**	0.00
Total short-term borrowed capital		**0.20**	1,118.04
TOTAL LIABILITIES		**149,922.57**	148,466.14

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.
Revenues and expenses are amortised on an accrual basis.

The company belongs to the Holiday Club Resorts Oy group.
The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur
	Land areas
Acquisition cost 1.4.	142,350.28
Acquisition cost 31.3.	142,350.28
Book value 31.3.	**142,350.28**

2 Short-term receivables

	Eur
Receivables from the companies in the same group	7,526.01
Total	**7,526.01**

3 LIABILITIES

	Eur	Eur
EQUITY	**2020**	2019
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Building fund in the beginning of the year	**139,130.28**	139,130.28
Building fund in the end of the year	**139,130.28**	139,130.28
Invested unrestricted equity fund in the beginning of the year	**8,291.29**	8,291.29
Additions	**0.00**	0.00
Invested unrestricted equity fund in the end of the year	**8,291.29**	8,291.29
Profit/loss from prev. financial period	**(2,573.47)**	(6,005.19)
Profit/loss for the financial year	**2,574.27**	3,431.72
Total equity	**149,922.37**	147,348.10

4 Short-term borrowed capital

	Eur	Eur
	2020	2019
Accruals and deferred income	**0.00**	34.05
Deferred tax liabilities	**0.20**	0.00
Total short-term borrowed capital	**0.20**	34.05

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**100.00**	**2,500.00**	100.00	2,500.00
Total	**100.00**	**2,500.00**	100.00	2,500.00

OTHER NOTES

Easements

The company is hereby obligated under the following easement agreements:

Easement agreement signed on May 31, 2011. Concerns motor vehicle road and pedestrian access and rescue services access.

Easement agreement signed on October 29, 2014. Kiinteistö Oy Lappeenranta-owned Saimaan Kreivi is entitled to build three parking spaces and rescue services access.

Easement agreement signed on October 31, 2014. Spa Lofts 2 is entitled to build rescue services access to the Saimaan Action Park Oy lot.

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 2,574.27. The Board of Director's proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 27, 2020

Riku Rauhala
Chair of the Board of Director's

Tapio Anttila
Board Member

Anne Oravainen
Board Member
(resigned November 15, 2019)

Mikko Litmanen
CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Spa Lofts 3

Opinion

We have audited the financial statements of Kiinteistö Oy Spa Lofts 3 (business identity code 2428894-2) for the year ended March 31, 2020. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Eur 2020	Eur 2019
Property management expenses		
Administration	**(1,129.58)**	(1,159.43)
Outdoor area management	**(1,215.20)**	(1,215.20)
Property tax	**(310.67)**	(365.48)
Total	**(2,655.45)**	(2,740.11)
Profit/(loss)	**(2,655.45)**	(2,740.11)
Financial income and expenses		
Interest charges	**(0.10)**	(19.53)
Total financial income and expenses	**(0.10)**	(19.53)
Profit before appropriations and taxes	**(2,655.55)**	(2,759.64)
Group contribution	**6,250.00**	6,000.00
Income Taxes	**7.65**	0.00
Profit/(loss) for the financial year	**3,586.80**	3,240.36

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	**Eur 2020**	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1		
Land areas		**140,090.60**	140,090.60
Total tangible assets		**140,090.60**	140,090.60
TOTAL NON-CURRENT ASSETS		**140,090.60**	140,090.60
CURRENT ASSETS			
Short-term receivables			
Accrued income	2	**8,235.47**	6,000.00
Total short-term receivables		**8,235.47**	6,000.00
Cash and cash equivalents			
Cash at bank		**255.59**	2.50
Total cash and cash equivalents		**255.59**	2.50
TOTAL CURRENT ASSETS		**8,491.06**	6,002.50
TOTAL ASSETS		**148,581.66**	146,093.10
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Building fund		**137,110.60**	137,110.60
Invested unrestricted equity fund		**8,941.89**	8,941.89
Profit/(loss) from previous years		**(3,565.28)**	(6,805.64)
Profit/(loss) for the financial year		**3,586.80**	(3,240.36)
TOTAL EQUITY		**148,574.01**	144,987.21
BORROWED CAPITAL			
LIABILITIES			
Deferred tax liabilities		**7.65**	0.00
TOTAL LIABILITIES		**7.65**	0.00
Short-term borrowed capital	4		
Debts to companies in the same group		**0.00**	1,014.53
Accruals and deferred income		**0.00**	91.36
Total short-term borrowed capital		**0.00**	1,105.89
TOTAL LIABILITIES		**148,581.66**	146,093.10

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accrual basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur Land areas
Acquisition cost 1.4.	140,090.60
Acquisition cost 31.3.	140,090.60
Book value 31.3.	**140,090.60**

2 Short-term receivables

	Eur
Receivables from the companies in the same group	8,235.47
Total	**8,235.47**

3 LIABILITIES

EQUITY	Eur 2020	Eur 2019
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Building fund in the beginning of the year	**137,110.60**	137,110.60
Building fund in the end of the year	**137,110.60**	137,110.60
Invested unrestricted equity fund in the beginning of the year	**8,941.89**	8,941.89
Additions	**0.00**	0.00
Invested unrestricted equity fund in the end of the year	**8,941.89**	8,941.89
Profit/(Loss) from prev. financial period	**(3,565.28)**	(6,805.64)
Profit/(Loss) for the financial year	**3,586.80**	(3,240.36)
Total equity	**148,574.01**	144,987.21

4 Short-term borrowed capital

	Eur 2020	Eur 2019
Deferred tax liabilities	**7.65**	0.00
Debts to companies in to same group	**0.00**	1,014.53
Accruals and deferred income	**0.00**	91.36
Total borrowed capital	**7.65**	1,105.89

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**100.00**	**2,500.00**	100.00	2,500.00
Total	**100.00**	**2,500.00**	100.00	2,500.00

OTHER NOTES

Easements

The company is hereby obligated under the following easement agreements:

Easement agreement signed on 31 May 2011. Concerns motor vehicle road and pedestrian access and rescue services access.

Easement agreement signed on 29 October 2014. Spa Lofts 2 is entitled to build five parking spaces and rescue services access.

Mortgages

Real property owned by the company has been mortgaged as collateral for liabilities set under an agreement signed by Holiday Club Resorts Oy.

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Director's proposal for profit distribution

Profit for the financial year EUR 3,586.80. The Board of Directors proposes to the Annual General Meeting that that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki, April 27, 2020

Riku Rauhala
Chair of the Board of Directors

Tapio Anttila
Board Member

Anne Oravainen
(resigned November 15, 2019)
Board Member

Mikko Litmanen
CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Kuusamon Pulkkajärvi 1

Opinion

We have audited the financial statements of Kiinteistö Oy Kuusamon Pulkkajärvi 1 (business identity code 0780839-5) for the period ended March 31, 2020. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki April 27, 2020

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	appendix	Eur 2020	Eur 2019
TURNOVER			
Rent income		**11,628.00**	11,628.00
Total		**11,628.00**	11,628.00
Depreciation	**1**		
Buildings and structures		**(3,585.36)**	(3,734.64)
Total		**(3,585.36)**	(3,734.64)
Property management expenses			
Administration		**(1,318.84)**	(1,231.38)
Water and sewage		**(7.20)**	0.00
Electricity		**(1,788.51)**	(1,516.67)
Indemnity insurance		**(57.66)**	(55.21)
Property tax		**(197.15)**	(270.43)
Repairs		**0.00**	0.00
Other expenses		**0.00**	0.00
Total		**(3,369.36)**	(3,073.69)
Profit/(Loss)		**4,673.28**	4,819.67
Financial income and expenses			
Interest income		**0.00**	2.71
Interest charges		**(1,666.20)**	(1,907.82)
Total financial income and expenses		**(1,666.20)**	(1,905.11)
Profit / (Loss) before appropriations and taxes		**3,007.08**	2,914.56
Other direct taxes			
Direct taxes		**(601.50)**	(582.37)
Total		**(601.50)**	(582.37)
Profit / (Loss) for the financial year		**2,405.58**	2,332.19

BALANCE SHEET AS AT MARCH 31, 2020

	appendix	**Eur 2020**	Eur 2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	2		
Land areas		**248,581.74**	248,581.74
Buildings and structures		**86,047.24**	89,632.60
Total tangible assets		**334,628.98**	338,214.34
TOTAL NON-CURRENT ASSETS		**334,628.98**	338,214.34
CURRENT ASSETS			
Short-term receivables	3		
Tax receivables		**26.10**	0.00
Total short-term receivables		**26.10**	0.00
Cash and cash equivalents			
Cash at bank		**4,290.82**	9,443.78
Total cash and cash equivalents		**4,290.82**	9,443.78
TOTAL CURRENT ASSETS		**4,316.92**	9,443.78
TOTAL ASSETS		**338,945.90**	347,658.12
LIABILITIES			
EQUITY	4		
Share capital		**2,522.81**	2,522.81
Building fund		**82,860.58**	82,860.58
Other equity		**170,766.78**	170,766.78
Profit(loss) from previous years		**23,540.46**	21,208.27
Profit(loss) for the financial year		**2,405.58**	2,332.19
TOTAL EQUITY		**282,096.21**	279,690.63
BORROWED CAPITAL			
Short-term borrowed capital	5		
Other loans group companies		**56,449.69**	66,917.53
Accruals and deferred income		**400.00**	467.59
Taxes		**0.00**	582.37
Total short-term borrowed capital		**56,849.69**	67,967.49
TOTAL LIABILITIES		**338,945.90**	347,658.12

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises
(Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accruals basis.

4% of the buildings were written off during the financial year.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE PROFIT AND LOSS STATEMENT

1. Depreciation and impairments

	Eur 2020	Eur 2019
Buildings and structures	**3,585.36**	3,734.64
Total	**3,585.36**	3,734.64

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

2 Tangible assets

Eur	Land areas	Buildings and structures	Total
Acquisition cost 1.4.	248,581.74	121,796.28	370,378.02
Additions	0.00	0.00	0.00
Acquisition cost 31.3.	248,581.74	121,796.28	370,378.02
Accumulated depreciation 1.4.	0.00	32,163.68	32,163.68
Depreciation for the financial year	0.00	3,585.36	3,585.36
Book value 31.3.	**248,581.74**	**86,047.24**	**334,628.98**

CURRENT ASSETS

RECEIVABLES

3 Short-term receivables

	Eur 2020	Eur 2019
Tax assets	**26.10**	0.00
Total	**26.10**	0.00

LIABILITIES

4 EQUITY

	Eur 2020	Eur 2019
Share capital in the beginning of the year	**2,522.81**	2,522.81
Share capital in the end of the year	**2,522.81**	2,522.81
Building fund in the beginning of the year	**82,860.58**	82,860.58
Building fund in the end of the year	**82,860.58**	82,860.58
Other restricted equity in the beginning of the year	**170,766.78**	170,766.78
Other restricted equity in the end of the year	**170,766.78**	170,766.78
Profit/(Loss) from prev. financial period	**23,540.46**	21,208.27
Profit/(Loss) for the financial year	**2,405.58**	2,332.19
Total equity	**282,096.21**	279,690.63

5 SHORT-TERM BORROWED CAPITAL

	Eur 2020	Eur 2019
Other loans group companies	**56,449.69**	66,917.53
Accruals and deferred income	**400.00**	467.59
Tax liabilities	**0.00**	582.37
Total borrowed capital	**56,849.69**	67,967.49

BREAKDOWN OF SHARE CAPITAL

	2020		2019	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**30.00**	**2,522.81**	30.00	2,522.81
Total	**30.00**	**2,522.81**	30.00	2,522.81

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 2,405.58. The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 27, 2020

Tapio Anttila Chair of the Board of Directors	**Riku Rauhala** CEO/board member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 27, 2020

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Ownership Service Sweden AB, corporate identity number 556676-0327

Report on the annual accounts

Opinions

We have audited the annual accounts of Ownership Service Sweden AB for the financial year April 1, 2019 to March 31, 2020.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Ownership Service Sweden AB as of March 31, 2020 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Ownership Service Sweden AB.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Ownership Service Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors is responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors of Ownership Service Sweden AB for the financial year April 1, 2019 to March 31, 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Ownership Service Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Öhrlings PricewaterhouseCoopers AB

Ulrika Öst
Authorized Public Accountant

Östersund, April 21, 2020

ADMINISTRATION REPORT

Operations

Information regarding the operations

The company's operations consist of administrative and technical management of tenant-owner associations.

The company has its registered office in Åre.

MULTI-YEAR REVIEW kSEK

	2019/20 kSEK	2018/19 kSEK	2017/18 kSEK	2016/17 kSEK
Balance sheet total, kSEK	**8,399**	12,689	11,203	9,908
Equity/assets ratio	**23.5%**	15.6%	18.0%	20.6 %

CHANGES IN EQUITY

	Share capital	Profit/ loss brought forward	Net profit/loss	Total
Amount at beginning of year according to adopted balance sheet	100,000 SEK	1,914,707 SEK	(32,681 SEK)	1,982,026 SEK
Appropriation of profits as resolved by the AGM				
To be carried forward	0	(32,681 SEK)	32,681 SEK	0
Profit/loss for the year	0	0	(8,477 SEK)	(8,477 SEK)
Balance at year-end	100,000 SEK	1,882,026 SEK	(8,477 SEK)	1,973,549 SEK

PROPOSED APPROPRIATION OF PROFITS

	SEK
The following profits are at the disposal of the Annual General Meeting:	
Profit bought forward	1,882,026
Profit/(Loss) for the year	(8,477)
Total	1,873,549
The Board of Directors proposes that the available profits be appropriated as follows:	
Profit/(Loss) brought forward	1,873,549
Total	1,873,549

INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Note	2020 SEK	2019 SEK
Operating expenses			
Other external expenses		**(8,477)**	(32,681)
Total operating expenses		**(8,477)**	(32,681)
Operating Profit/(Loss)		**(8,477)**	(32,681)
Financial items			
Other interest income and similar Profit/(Loss) items		**0**	0
Total financial items		**0**	0
Profit/(Loss) after financial items		**(8,477)**	(32,681)
Profit/(Loss) before tax		**(8,477)**	(32,681)
Profit/(Loss) for the year		**(8,477)**	(32,681)

BALANCE SHEET AS AT MARCH 31, 2020

	Note	2020 SEK	2019 SEK
Assets			
Current assets			
Current receivables			
Trade receivables		**1,638,093**	1,398,639
Receivables from Group comp.		**2,372,954**	2,372,954
Total current receivables		**4,011,047**	3,771,593
Cash and bank balances			
Cash and bank balances		**4,387,906**	8,917,816
Total cash and bank balances		**4,387,906**	8,917,816
Total current assets		**8,398,953**	12,689,409
Total assets		**8,398,953**	12,689,409
Equity and liabilities			
Equity			
Restricted equity			
Share capital		**100,000**	100,000
Total restricted equity		**100,000**	100,000
Non-restricted equity			
Profit brought forward		**1,882,026**	1,914,707
Profit/(Loss) for the year		**(8,477)**	(32,681)
Total Non-restricted equity		**1,873,549**	1,882,026
Total equity		**1,973,549**	1,982,026
Current liabilities			
Other liabilities		**6,410,184**	10,687,082
Accrued Expenses and Deferred Income		**15,220**	20,301
Total current liabilities		**6,425,404**	10,707,383
Total equity and liabilities		**8,398,953**	12,689,409

SUPPLEMENTARY DISCLOSURES

Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with BFNAR 2016:10 Annual Accounts of Small Limited Companies.

Definitions of key performance indicators

Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

Note 2 Significant events after the financial year

The company has taken into account the impact of the effects of the COVID-19 outbreak on the company's future development and risks that may affect financial reporting going forward. In this assessment, it has been concluded that the impact on the company is limited.

Note 3 Parent Company

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland.

The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

The income statement and balance sheet will be presented for adoption at the Annual General Meeting of Shareholders held on 2020-04-21

Åre 2020-04-21

Tapio Anttila

Our auditor's report has been submitted 2020-04-21
Öhrlings PricewaterhouseCoopers AB

Ulrika Öst

Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Holiday Club Sweden AB, corporate identity number 556683-0385.

Report on the annual accounts

Opinions

We have audited the annual accounts of Holiday Club Sweden AB for the financial year April 1, 2019 to March 31, 2020.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Holiday Club Sweden AB as of March 31, 2020 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Holiday Club Sweden AB.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Holiday Club Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Director's and the Managing Director of Holiday Club Sweden AB for the financial year April 1, 2019 to March 31, 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Holiday Club Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Öhrlings PricewaterhouseCoopers AB

Ulrika Öst
Authorized Public Accountant

Östersund, April 21, 2020

ADMINISTRATION REPORT

Operations

Information regarding the operations

The purpose of Holiday Club Sweden AB, Corporate Identity Number 556683-0385, is to fulfil parent company Holiday Club Resorts (HCR) OY's expansion plans in Sweden through the operation of hotel and experience facilities and timeshare activities.

Holiday Club currently only operates timeshare activities. The hotel are operated by Holiday Club Sport and Spa Hotels AB. The company has its registered office in Åre.

Multi-year review kSEK

	2019/20 kSEK	2018/19 kSEK	2017/18 kSEK	2016/17 kSEK
Net sales	**32,974**	41,006	33,478	64,080
Profit/(Loss) after financial items	**(4,373)**	(10,171)	(4,044)	6,709
Equity/assets ratio	**63.8 %**	62.2 %	62.3 %	62.4 %

Changes in equity

	Share capital	**Retained earnings**	**Net profit/loss for the year**	**Total**
Amount at beginning of year according to adopted balance sheet	100 kSEK	141,188 kSEK	(10,171) kSEK	131,117 kSEK
Appropriation of profits as resolved by the AGM	0	0	0	0
To be carried forward	0	(10,171) kSEK	10,171 kSEK	0
Profit/(Loss) for the year	0	0	(4,373) kSEK	(4,373) kSEK
Amount at year-end	100 kSEK	131,016 kSEK	(4,373) kSEK	126,743 kSEK

Shareholders contribution

The shareholders have left shareholder contributions totaling 121,750 kSEK.

Proposed Appropriation of Profits

	kSEK
The following profits are at the disposal of the Annual General Meeting:	
Profit/(Loss) brought forward	**131,016**
Profit/(Loss) for the year	**(4,373)**
Total	**126,643**

The Board of Directors proposes that the available profits be appropriated as follows:

Profit/(Loss) brought forward	**126,643**
Total	**126,643**

When comparing net sales in 2018 and 2019, sales have decreased significantly this year. This is mainly due to the fact that 12 new TS apartments were completed in 2018, which meant that in 2018 there was a larger apartment stock to sell off. As a result, TS sales have decreased by approximately SEK 12.6 million when compared. Another reason for the drop in revenue is the outbreak of Covid-19 and the fact that guests cancelled their trips to Åre. Sales of TS apartments are estimated to have been affected by a drop of approximately 500KSEK in March. On the other hand, the part relating to renting is not considered to have been affected at all by Covid-19 when the company maintained its ordinary cancellation rules.

The decrease in other operating income in 2019 compared to 2018 is due to the sale of House 8 to Brf Åre Sjö 9, which took place in December 2018, where HCS was the developer and managed the contract.

INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Note	2020 kSEK	2019 kSEK
Operating income, changes in inventory, etc.			
Net sales		**32,974**	41,006
Other operating income		**6,151**	21,840
Total operating income, changes in inventory, etc.		**39,126**	62,846
Operating expenses			
Raw materials and consumables		**(18,681)**	(51,637)
Other external expenses		**(16,390)**	(17,687)
Personnel costs	2	**(8,750)**	(9,680)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		**(127)**	(125)
Total operating expenses		**(43,947)**	(79,130)
Operating Profit/(Loss)		**(4,822)**	(16,284)
Financial items			
Share of profits from interests in associates		**0**	4,825
Other interest income and similar profit/loss items	3	**5,433**	4,833
Interest and similar expenses	4	**(4,985)**	(3,544)
Total financial items		**448**	6,113
Profit/(Loss) after financial items		**(4,373)**	(10,171)
Profit/(Loss) before tax		**(4,373)**	(10,171)
Profit/(Loss) for the year		**(4,373)**	(10,171)

BALANCE SHEET AS AT MARCH 31, 2020

	Note	2020 kSEK	2019 kSEK
Non-current assets			
Property, plant and equipment			
Land and buildings	5	**4,170**	4,281
Equipment and tools	6	**49**	65
Current new developements	7	**2,505**	2,345
Total property, plant and equipment		**6,724**	6,691
Financial non-current assets			
Participations in Group companies	8.9	**9,279**	9,347
Receivables from Group companies	10	**126,342**	114,045
Other non-current receivables		**0**	5
Total financial assets		**135,621**	123,397
Total non-current assets		**142,346**	130,088
Current assets			
Inventories			
Raw materials and consumables		**46,702**	56,926
Other inventory assets		**0**	0
Total inventories		**46,702**	56,926
Current receivables			
Trade receivables		**926**	4,018
Receivables from Group companies		**3,627**	15,077
Other receivables		**1,703**	1,650
Prepaid expenses and accrued income		**381**	364
Total current receivables		**6,638**	21,109
Cash and bank balances			
Cash and bank balances		**2,886**	2,621
Total cash and bank balances		**2,886**	2,621
Total current assets		**56,226**	80,656
Total assets		**198,572**	210,743

BALANCE SHEET AS AT MARCH 31, 2020

	Note	**2020** **kSEK**	2019 kSEK
Equity and liabilities			
Equity			
Restricted equity			
Share capital, 1,000 shares		**100**	100
Total restricted equity		**100**	100
Non-restricted equity			
Profit/(Loss) brought forward		**131,016**	141,187
Profit/(Loss) for the year		**(4,373)**	(10,171)
Total Non-restricted equity		**126,643**	131,016
Total equity		**126,743**	131,116
Non-current liabilities	11		
Liabilities to Group companies		**67,912**	73,098
Other liabilities		**0**	0
Total non-current liabilities		**67,912**	73,098
Current liabilities			
Advances from customers			
Trade creditors		**614**	905
Liabilities to Group companies		**26**	1,018
Other liabilities		**1,238**	826
Accrued expenses and deferred income		**2,040**	3,780
Total current liabilities		**3,917**	6,529
Total equity and liabilities		**198,572**	210,743

SUPPLEMENTARY DISCLOSURES

Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with BFNAR 2016:10 Annual Accounts of Small Limited Companies.

Service assignments and contract work

The Company's income from assignments undertaken on a fixed price basis is recognised according to the main rule.

Amortisation

Land and buildings	30 years
Equipment and tools	5 years

Definitions of key performance indicators

Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

Note 2 Personnel

	2020	2019
Average number of employees	**17**	19

Note 3 Other interest income and similar profit/loss items

	2020 kSEK	2019 kSEK
Of which from Group companies	**5,433**	4,831

Note 4 Interest expense and similar profit/loss items

	2020 kSEK	2019 kSEK
Of which from Group companies	**3,618**	3,352

Note 5 Land and buildings

	2020 kSEK	2019 kSEK
Opening cost of acquisition	**5,571**	5,571
Sales	**0**	0
Closing cost of acquisition	**5,571**	5,571
Opening depreciation/amortisation	**(1,290)**	(1,179)
- Depreciation for the year	**(111)**	(111)
Closing depreciation	**(1,400)**	(1,290)
Closing depreciation	**(1,400)**	(1,290)
Carrying amount	**4,170**	4,281

Note 6 Equipment and tools

	2020 kSEK	2019 kSEK
Opening cost of acquisition	**80**	0
Purchase	**0**	80
Closing cost of acquisition	**80**	80
Opening depreciation/amortisation	**(15)**	0
- Depreciation for the year	**(16)**	(15)
Closing depreciation	**(31)**	(15)
Carrying amount	**49**	65

Note 7 Current new developements

	2020 kSEK	2019 kSEK
Opening cost of acquisition	**2,345**	0
Purchase	**160**	2,345
Sales	**0**	0
	2,505	2,345
- Depreciation for the year	**0**	**0**
Closing depreciation	**0**	**0**
Carrying amount	**2,505**	**2,345**

Note 8 Participations in Group companies

	2020 kSEK	2019 kSEK
Opening cost of acquisition	**9,347**	9,347
- Purchases	**32**	50
- Sales	**(100)**	0
Carrying amount	**9,279**	9,397

Note 9 Specification participations in Group companies

	2020 kSEK	2019 kSEK
Name	Equity kSEK	Net profit/(loss) kSEK
Ownership Service AB 556676-0327 Åre	**1,974**	(8)
HC Canarias Sales & Marketing S.L B-76081611 Las Palmas	**1,478**	(3,155)
HC Canarias Investment S.L B-76081603 Las Palmas	**21**	(20)
HC Canarias Resort Management S.L B-76081629 Las Palmas	**45,494**	5,969
HC Sport and Spahotels AB 559032-5733 Åre	**2,831**	(1,754)
Åre Villa 1 AB 556996-2177 Åre	**0**	0
Åre Villa 2 AB 556996-2250 Åre	**0**	0
Åre Villa 3 AB 559137-7659 Åre	**4,609**	(2)
Total	**56,406**	1,029

Name	**Number of shares**	**Share of equity, %**	**Carrying amount, 31 Mar 2019 SEK**
Ownership Service AB	**1,000**	**100**	**100**
HC Canarias Sales & Marketing	**1**	**100**	**9**
HC Canarias Resort Management	**1**	**100**	**9**
HC Canarias Investment	**1**	**100**	**110**
Holiday Club Sport and Spa Hotels AB	**510,000**	**51**	**9,000**
Åre Villa 1 AB	**0**	**0**	**0**
Åre Villa 2 AB	**0**	**0**	**0**
Åre Villa 3 AB	**50,000**	**100**	**50**
			9,279

Note 10 Receivables from Group companies

	2020 kSEK	2019 kSEK
Opening cost of acquisition	**114,045**	122,568
Deductible receivables	**18,934**	3,459
- Deductible receivables	**(6,637)**	(11,982)
- Reclassification	**0**	0
Carrying amount	**126,342**	114,045

Note 11 Non-current liabilities

	2020 kSEK	2019 kSEK
Non-current liabilities maturing more than five years after the balance sheet date:		
Liabilities to Group companies	**67,912**	73,098
Total	**67,912**	73,098

Note 12 Parent Company

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland.

The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

Note 13 Pledged assets

	2020 kSEK	2019 kSEK
Mortgages	**0**	0
Guarantee commitments subsidiary	**6,820**	51,218
Other pledged assets	**45,660**	342,909
Total pledged assets	**52,480**	394,127

Note 14 Significant events after the financial year

The company has taken into account the impact of the effect of the Covid-19 outbreak on the company´s future development and risks that may affect financial reporting going forward.

The assesment has concluded that the company will be significantly affected until the summer with the cancellations made due to Covid-19. An estimate is that the company will loose 2-3 KSEK during April-June. The company thinks that the summer after all will generate some revenue when hopefully Swedish people will have their holiday in Sweden this year.

The liquidity of the company is assessed as good and a decicion has been made that deferral of taxes and fees is not currently necessary. Liquidity forecasts are already being prepared on an ongoing basis today but will be monitored more frequently in the future. The measure taken to counteract the effects of Covid-19 consists in the short-term lay-off of all staff from April 1.

The company will also make use of the possibility of a reduction in employer's contributions for March-June.

Stockholm 2020-04-21

Tapio Anttila
CEO

Marko Hiltunen

Maisa Romanainen

Our auditor's report has been submitted 2020-04-21
Öhrlings PricewaterhouseCoopers AB

Ulrika Öst
Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Holiday Club Sport and Spa Hotels AB, corporate identity number 559032-5733

Report on the annual accounts

Opinions

We have audited the annual accounts of Holiday Club Sport and Spa Hotels AB for the financial year April 1, 2019 to March 31, 2020.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Holiday Club Sport and Spa Hotels AB as of March 31, 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Holiday Club Sport and Spa Hotels AB.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Holiday Club Sport and Spa Hotels AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Material Uncertainty Related to Going Concern

Without affecting my statements above, I would like to draw attention to the Board of Directors' Report and Note 2 in the annual report, which states that the management's assessment of the company's going concern is based on the prerequisite that society's restrictions in connection with Covid-19 be eased during the summer of 2020 and that the company can operate its business fully. However, if the restrictions were to be protracted, and bookings during the summer and autumn also had to be canceled, this could mean that there is significant uncertainty about the business's survival for the next 12 months.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Director's and the Managing Director of Holiday Club Sport and Spa Hotels AB for the financial year April 1, 2019 to March 31, 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Holiday Club Sport and Spa Hotels AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Östersund April 21, 2020
Öhrlings PricewaterhouseCoopers AB

Ulrika Öst
Authorized Public Accountant

ADMINISTRATION REPORT

Information regarding the operations

The Company conducts hotel operations with accompanying spa, bathing facilities, gym and restaurants. The Company's registered office is in Åre, Sweden.

Multi-year summary (kSEK)

	2019/20	2018/19	2017/18	2016/17
	kSEK	kSEK	kSEK	kSEK
Net sales	**135,381**	142,615	133,942	109,961
Profit/(loss) after financial items	**(1,754)**	860	(3,284)	(11,715)
Equity/assets ratio (%)	**5.5 %**	7.0 %	5.9 %	12.0 %

Ownership

Name	No. of shares	No. of voting rights
Holiday Club Sweden AB, 556683-0385	510,000	510,000
Aktiv Travel Management i Åre AB, 556634-1789	415,000	415,000
Pernilla Gravenfors	75,000	75,000

Ownership

The Parent Company in the smallest Group in which the Company is included and that prepares consolidated financial statements is Holiday Club Resorts OY with the Corporate Registration Number 2033337-1 with registered office in Helsinki, Finland.

The Parent Company in the largest Group in which the Company is included and that prepares consolidated financial statements is Mahindra & Mahindra Ltd L65990MH1945PLC004558 with registered office in India.

The annual reports for the Parent Companies are available at the Finnish Parent and Registration office (PRH) in Finland and the Ministry of Corporate Affairs (Company Master Data) in India.

Significant events during the financial year

Income declined slightly during the year. However, the operations succeeded in securing volume increases in the private market with room nights up 11.5 per cent and conferences with room nights up 6.2 per cent. Nevertheless, annual earnings and sales were impacted by cancellations for March due to COVID-19.

Annual bookings were 52 per cent compared with 49 per cent last year.

The large boost for the year was that our corporate sales staff sold conferences during the year for SEK 46.5 M (sales of conferences in 2019/2020/2021), representing an increase of 54 per cent compared with the preceding year. The private concept and our events are continuing to grow and became well established in the market. The sales increase in July was 20 per cent due to family weeks and summer youth camps.

The month of March, which is the best period of the year in terms of earnings, was significantly impacted by COVID-19, which unfortunately meant that annual earnings were negative.

Finally, it is noted that SEK 5 M of other operating income refers to extraordinary remuneration.

We are continuing to focus on our training concept in 2020/2021 with events and packages.

We are arranging our own events as well as events together with other players.

Expected future development and significant risks and uncertainty factors

Bookings prior to COVID-19 had never been better. Bookings for the 2020 snowless season were up 76.5 per cent on the preceding year.

Due to COVID-19, the situation for the next few months is uncertain and the company has been forced to rapidly adapt its operating form and operating expenses to the current demand.

The company expects demand to gradually return after the crisis is over.

Changes in equity SEK

	Share capital	Share premium reserve	Retained earnings	Net profit/ (Loss) for the year	Total
Opening balance	1,000kSEK	12,000kSEK	(9,276kSEK)	860kSEK	**4,585kSEK**
Appropriation of profits as resolved by the AGM:	0	0	0	0	**0**
To be carried forward	0	0	860kSEK	(860kSEK)	**0**
Profit/(Loss) for the year	0	0	0	(1,754kSEK)	(1,754kSEK)
Amount at year-end	**1,000kSEK**	**12,000kSEK**	**(8,415kSEK)**	**(1,754kSEK)**	**2,831kSEK**

Proposed appropriation of profits	**kSEK**
The Board of Directors proposes that the profits available for distribution:	
Profit/(Loss) brought forward	(8,415)
Share premium reserve	12,000
Profit/(Loss) for the year	(1,754)
Total	**1,831**

The Board of Directors proposes that the available profits be appropriated as follows:

Profit/(loss) brought forward	1,831
Total	**1,831**

The Company's earnings and financial position are presented in the following income statement and balance sheet as well as cash flow statement with accompanying notes.

INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Note	2020 kSEK	2019 kSEK
Operating income			
Net sales	3,4	**135,381**	142,615
Other operating income		**8,045**	3,142
Total operating income		**143,426**	145,757
Operating expenses			
Raw materials and consumables		**(15,529)**	(17,074)
Other external expenses	5,6	**(82,865)**	(82,168)
Personnel costs	7	**(38,408)**	(37,784)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		**(6,573)**	(6,470)
Total operating expenses		**(143,375)**	(143,496)
Operating profit/(loss)	4	**51**	2,261
Financial items			
Interest expenses to Group companies		**(1,065)**	(600)
Interest expenses and similar profit/(loss) items		**(740)**	(801)
Total financial items		**(1,805)**	(1,401)
Profit/(Loss) after financial items		**(1,754)**	860
Profit/(Loss) before tax		**(1,754)**	860
Profit/(Loss) for the year		**(1,754)**	860

BALANCE SHEET AS AT MARCH 31, 2020

	Note	2020 kSEK	2019 kSEK
Fixed assets			
Intangible fixed assets			
Goodwill	9	**837**	2,093
Software	8	**40**	76
Total intangible fixed assets		**878**	2,169
Tangible assets			
Equipment, tools, fixtures and fittings	10	**31,877**	36,701
Improvement fees on the property of others	11	**1,958**	2,083
Total tangible fixed assets		**33,835**	38,784
Total fixed assets		**34,713**	40,954
Current assets			
Inventories			
Raw materials and consumables		**902**	804
Finished goods and goods for resale		**232**	458
Total inventories		**1,135**	1,262
Current receivables			
Accounts receivable		**7,508**	3,586
Current tax assets	12	**601**	785
Other receivables		**3,860**	1,794
Prepaid expenses and accrued income	13	**2,891**	13,378
Total current receivables		**14,859**	19,543
Cash and bank balances		**994**	3,635
Total cash and bank balances		**994**	3,635
Total current assets		**16,988**	24,440
TOTAL ASSETS		**51,701**	65,393

BALANCE SHEET AS AT MARCH 31, 2020

	Note	2020 kSEK	2019 kSEK
EQUITY AND LIABILITIES			
Equity	14,15		
Restricted equity			
Share capital		**1,000**	1,000
Total restricted equity		**1,000**	1,000
Non-restricted equity			
Share premium reserve		**12,000**	12,000
Retained earnings		**(8,415)**	(9,276)
Profit/(Loss) for the year		**(1,754)**	860
Total Non-restricted equity		**1,831**	3,585
Total equity		**2,831**	4,585
Non-current liabilities	16,17		
Liabilities to credit institutions		**1,504**	5,452
Liabilities to Group companies		**10,000**	0
Total non-current liabilities		**11,504**	5,452
Current liabilities	**17**		
Liabilities to credit institutions		**3,948**	4,548
Advances from customers		**7,590**	8,613
Accounts payable		**9,093**	14,298
Liabilities to Group companies		**1,166**	14,116
Other liabilities		**6,852**	2,754
Accrued expenses and deferred income	18	**8,718**	11,028
Total current liabilities		**37,366**	**55,357**
TOTAL EQUITY AND LIABILITIES		**51,701**	**65,393**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Note	2020 kSEK	2019 kSEK
Operating activities			
Profit/(Loss) after financial items		**(1,754)**	860
Adjustments for items not included in cash flow	19	**6,573**	7,062
Income tax paid		**184**	(355)
Cash flow from operating activities before changes in working capital		**5,003**	7,567
Change in inventories		**127**	81
Change in accounts receivable		**(3,922)**	5,189
Change in current receivables		**8,422**	(8,901)
Change in accounts payable		**(5,204)**	540
Change in current liabilities		**(186)**	4,170
Cash flow from operating activities		**4,239**	8,645
Investing activities			
Net investments in tangible assets		**(332)**	(1,113)
Cash flow from investing activities		**(332)**	(1,113)
Financing activities			
Group loans raised		**10,000**	0
Repayment of debt		**(16,548)**	(4,188)
Cash flow from financing activities		**(6,548)**	(4,188)
Cash flow for the year		**(2,641)**	3,344
Cash and cash equivalents at beginning of the year			
Opening cash and cash equivalents		**3,635**	291
Closing cash and cash equivalents		**994**	3,635

NOTES

Note 1 Accounting and Valuation Principles

General information

This annual report has been prepared in accordance with the Swedish Annual Accounts and the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 Annual Report and Consolidated Accounts (K3).

The accounting policies remain unchanged as compared to the previous year.

Revenue recognition

Revenue has been measured at the fair value of consideration received or receivable. The Company therefore recognises revenue at nominal value (invoice amount) of remuneration received in cash and cash equivalents directly upon delivery. Deduction is made for discounts granted.

Fixed assets

Intangible and tangible assets are recognised at cost less accumulated amortisation/depreciation and any impariment.

Amortisation/depreciation takes place on a straight-line basis over the estimated useful life of the asset taking the significant residual value into account. The following periods of depreciation/amortisation are applied:

Intangible fixed assets

Software	20%
Goodwill	20%

Tangible assets

Improvement fees on the property of others	5%
Equipment, tools, fixtures and fittings	5-20%

Accounts receivable/current receivables

Accounts receivable and current receivables are recognised as current assets at the amount expected to be paid after deduction of individually assessed doubtful receivables.

Leases

The Company recognises all leases, both financial and operating, as operating leases. Operating leases are recognised as a cost straight-line over the leasing period.

Inventories

Inventories are valued at the lower of cost and net realisable value on the balance sheet date. The net realisable value refers to the calculated sales price of the products less selling costs. The selected valuation method means that the inventory obsolescence has been taken into consideration.

Income tax

Current tax

Current tax refers to income tax for the current financial year and the portion of previous income tax which has not yet been recognised. Current tax is calculated based on the tax rate applicable on the balance sheet date.

Definitions of key performance indicators

Equity/assets ratio (%)

Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of the balance sheet total.

Note 2 Significant events after the end of the financial year

Tourism is severely impacted by corona, as is Åre. The Company has given particular consideration to the how the effects of COVID-19 will/may impact the Company's future performance. For the hotel, the second half of March was affected the most in the 2019/20 accounts. Sales are expected to have declined by about SEK 6 M and EBITDA by about SEK 4M for March. The reason that the decline was not even larger is that cancellation rules were followed and stays booked for both conferences and by private guests were paid for even if the stay was not used. However, the consumption that the guests would have had if the stay was used was lost.

The impact of corona on next year's accounts 2020/21 will be even greater. Cancellations have gradually risen as increasingly stricter restrictions on travel were continuously introduced, and the lifts in Åre were eventually closed on 6 April. Both conferences and private guests have made cancellations and the hotel went from what was an essentially fully booked Easter to bookings of less than 20 per cent. However, cancellation rules were closely followed, which eased the impact slightly, mainly for April.

Bookings were also affected by the restrictions on events requiring a permit – first a ban on gatherings of more than 500 people and now 50 people. For example, Åre Session, an annual music festival at the end of April, must now be postponed to a later date.

The following measures have been taken to counteract the effects of corona:

* The annual forecast is updated continuously and the market situation is being closely monitored. According to the current assessment, April – June will be very several impacted with extremely low demand and price scenario. The Company expects to gradually build up volumes and prices from July. The hotel is expected to have returned to more normal bookings and price scenario from December. Winter 2021 is expected to feature high demand due to a pent-up desire to travel and a shortage of capacity and unwillingness to travel abroad.
* All seasonal workers had their employment terminated in advance. All hourly staff had their employment terminated. All employees with probation periods were terminated. All permanent employees were temporarily laid off.
* The largest suppliers have granted longer payment periods for invoices.
* A stop on repayments of bank loans has been requested.
* The landlord has reduced the rent level for six months. These months are added to the future rental period.
* Liquidity was strengthened with last year's operating profit, reclaiming and respite for taxes and contributions under the government's action plan. This means that liquidity is better compared with one year ago.

These measures have significantly reduced the cost base and eased the impact on liquidity that was anticipated due to lower demand. The operating form was corrected and adjusted to demand. This means that management and the Board believe that the economic consequences will be fewer in both the short and long term if the Company continues in a reduced operating form during the corona period instead of completely closing. This also means that ramping up to for the full operating form will be significantly shorter when demand returns.

The Company is well positioned for the future, provided that the extent and force of the corona crisis dissipates.

If restrictions in society are lifted, which at the current time is thought will be possible in the summer, management sees many opportunities for the year ahead to be relativity good.

However, if restrictions were to be prolonged, and bookings in the summer and autumn also need to be cancelled, it would mean that significant uncertainty would arise regarding the going concern of the Company for the next 12 months, unless additional aid is provided by the government or from the property owner and/or owners. Management's assessment is based on the operations gradually returning to normal conditions from the summer season.

Note 3 Distribution of sales

	2020 kSEK	2019 kSEK
Net sales by business segment		
Hotel operations	**135,381**	142,615
	135,381	142,615

Note 4 Intra-Group purchases and sales

	2020 kSek	2019 KSek
Percentage of total purchases during the year from other companies in the Group	**0.19%**	0.19%
Percentage of total sales during the year from other companies in the Group	**1.35%**	1.88%

Note 5 Leases - Operating leases lessee

Lease costs for the year amounted to SEK 40,934,959.

Future lease payments, for non-cancellable leases, fall due for payment as follows:

	2020 kSEK	2019 kSEK
Within one year	**40,860**	40,333
Between one and five years	**160,077**	159,458
Later than five years	**39,896**	55,680
	240,833	255,471

Note 6 Auditors' fees

The audit assignment relates to the review of the annual report and accounts as well as the administration by the Board of Directors, other duties to be performed by the Company's auditor and advisory services or other assistance in response to observations during such examination or implementation or such other duties. Other services are such services as are not included in the audit assignment, auditing activities or tax advisory services.

	2020 kSEK	2019 kSEK
PwC		
Audit assignments	**180**	150
Other services	**91**	44
	271	194

Note 7 Employees and personel costs

	2020	2019
Average number of employees		
Women	**43**	43
Men	**23**	24
	66	67
Salaries and other remuneration		
Board of Directors and Managing Director	**1,139**	1,124
Other employees	**27,229**	26,683
	28,368	27,807
Social security expenses		
Pension costs for Board and Managing Director	**241**	223
Pension costs for other employees	**944**	1,055
Statutory and contractual other social security contributions	**9,061**	8,944
	10,246	10,222
Total salaries, remuneration, social security expenses and pension costs	**38,614**	38,029

Note 8 Software

	2020 kSEK	2019 kSEK
Opening cost	**180**	**180**
Purchase	**0**	**0**
Closing accumulated cost	**180**	**180**
Opening amortisation	**(103)**	(67)
- Amortisation for the year	**(36)**	(36)
Closing accumulated amortisation	**(139)**	(103)
Closing carrying amount	**40**	76

Note 9 Goodwill

	2020 kSEK	2019 kSEK
Opening cost	**6,279**	6,279
Purchase	**0**	0
Closing accumulated cost	**6,279**	6,279
Opening amortisation	**(4,186)**	(2,930)
- Amortisation for the year	**(1,256)**	(1,256)
Closing accumulated amortisation	**(5,442)**	(4,186)
Closing carrying amount	**837**	2,093

Note 10 Equipment, tools, fixtures and fittings

	2020 kSEK	2019 kSEK
Opening cost	**49,371**	48,258
Purchases	**332**	1,113
Closing accumulated cost	**49,703**	49,371
Opening depreciation	**(12,670)**	(7,617)
- Depreciation for the year	**(5,156)**	(5,053)
Closing accumulated depreciation	**(17,826)**	(12,670)
Closing carrying amount	**31,877**	36,701

Note 11 Improvement fees on the property of others

	2020 kSEK	2019 kSEK
Opening cost	**2,500**	2,500
	2,500	2,500
Opening depreciation	**(417)**	(292)
- Depreciation for the year	**(125)**	(125)
Closing depreciation	**(542)**	(417)
Carrying amount	**1,958**	2,083

Note 12 Tax loss carry forward

No tax is found in the company due to a rolling tax loss carry forward.

	2020 kSEK	2019 kSEK
Tax loss carry forward	**12,173**	10,404
	12,173	10,404

Note 13 Prepaid expenses and accrued income

	2020 kSEK	2019 kSEK
Property rental	**0**	3,342
Other	**2,891**	10,037
Carrying amount	**2,891**	13,378

Note 14 Number of shares and quotient value

	Number of shares	Quotient value
Number of Class A shares	1,000,000	1
	1,000,000	

Note 15 Appropriation of profit or loss

The Board of Director's proposes that the profit available for distribution:

	2020 kSEK
accumulated loss	**(8,415)**
share premium	**12,000**
loss for the year	**(1,754)**
Total pledged assets	**1,831**

Note 16 Non-current liabilities

Fall due later than five years after the balance sheet date

	2020 kSEK	2019 kSEK
The following amount of the Company's liabilities to credit institutions tSEK 5.452 falls due in five years	**0**	0
Total pledged assets	**0**	0

Note 17 Liabilities recognised in several items

The Company's bank loans of kSEK 5.452 are recognised under the following items in the balance sheet.

The Company's Group loans of kSEK 11,166 are recognised under the following items in the balance sheet.

	2020 kSEK	2019 kSEK
Non-current liabilities		
Other liabilities to credit institutions	**1,504**	11,295
Liabilities to Group companies	**10,000**	75,100
Total pledged assets	**11,504**	86,395
Current liabilities		
Other liabilities to credit institutions	**3,948**	29,649
Liabilities to Group companies	**1,166**	8,755
Total pledged assets	**5,114**	38,405

Note 18 Accrued expenses and deferred income

	2020 kSEK	2019 kSEK
Personnel-related items	**6,278**	7,523
Other	**2,439**	3,505
Total pledged assets	**8,718**	11,028

Note 19 Adjustments for non-cash items

	2020 kSEK	2019 kSEK
Depreciation	**6,573**	6,470
Interest expenses, Group	**0**	591
Total pledged assets	**6,573**	7,062

Note 20 Pledged assets

	2020 kSEK	2019 kSEK
Liabilities to credit institutions:		
Chattel mortgages	**19,000**	19,000
Total pledged assets	**19,000**	19,000
Liabilities for which security is provided		
Overdraft facility, amount used	**0**	0
Chattel mortgages	**5,452**	10,000
Total pledged assets	**5,452**	**10,000**

Our auditor's report has been submitted 2020-04-21
Öhrlings PricewaterhouseCoopers AB

Ulrika Öst
Authorized Public Accountant

Mats Svensson	**Marko Hiltunen**	**Maisa Romanainen**	**Pernilla Gravenfors**
Chairman			Managing Director

Place : Åre
Date : April 21, 2020

AUDIT REPORT

To the Members of HOLIDAY CLUB RESORTS RUS, LLC

Opinion

We have audited the accompanying annual accounting (financial) statements of HOLIDAY CLUB RESORT RUS, Limited Liability Company (Main State Registration Number (OGRN) 5067847052301; ul. Bolshaya Konyushennaya 4-6-8, St. Petersburg, 196186) consisting of the balance sheet as at December 31, 2019, the income statement, and appendices to the balance sheet and the income statement, including the statement of changes in equity and the cash flow statement for the year then ended, as well as explanatory information to the 2019 balance sheet and financial statements, and the key provisions of the accounting policy regulations.

In our opinion, the accompanying annual accounting (financial) statements present fairly, in all material respects, the financial position of HOLIDAY CLUB RESORT RUS, Limited Liability Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with accounting (financial) reporting standards applicable in the Russian Federation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). In line with these Standards, our responsibility is delineated in the Auditors' Responsibility for the Audit of Annual Accounting (Financial) Statements paragraph of the present report. We are independent of the entity subject to the audit as required by rules on auditors' independence and the Auditors' Professional Code of Conduct as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) and performed our other professional duties in compliance with the abovementioned professional standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Management responsibility for the Annual Accounting (Financial) Statement

The management of the audited entity is responsible for the preparation and fair presentation of the annual accounting (financial) statements in accordance with accounting (financial) standards established in the Russian Federation and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounting (financial) statements, management bears responsibility for the assessment of the entity's ability to continue as a going concern, for the disclosure of information in connection with going concern, and for the preparation of the financial statements on a going concern basis, unless management intends to liquidate the audited entity or to cease trading, or has no realistic alternative but to do so. The management is responsible for the control over the preparation of the annual accounting statements of the audited entity.

Auditors' Responsibility for the Audit of the Annual Accounting (Financial) Statements

Our goal is to obtain reasonable assurance about whether the annual accounting (financial) statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report stating our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit, carried out in compliance with ISA, always detects material misstatements when there is any. Misstatements may arise from fraudulent activities or error and are considered to be material when there is reasonable assurance that, taken individually or collectively, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual accounting (financial) statements.

In performing an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit and, among other things:

a) Identify and assess risks of material misstatements in the accounting (financial) statements, whether due to fraud or error; design and perform audit procedures in response to such risks; obtain sufficient and appropriate audit evidence to provide a reasonable basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraudulent activities may involve collusion, forgery, deliberate failure to record transactions, intentional misrepresentations or circumvention of internal control;

b) Obtain an understanding of the internal control system sufficient to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the audited entity's system of internal controls;

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the auditee's management, as well as evaluating the overall financial statement presentation and disclosures;

d) Evaluate the appropriateness of management 's use of the going concern assumption and conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we determine that such estimation uncertainty exists, we must draw attention in our audit report to an adequate disclosure of such problem in the annual accounting (financial) statements or modify our opinion if such disclosure is inappropriate.

   Our conclusions are based on the audit evidence gathered prior to the date of our audit report. Future events or conditions, however may affect the entity's ability to continue as a going concern;

e) Evaluate the overall presentation, structure and content of the accounting (financial) statements, and whether the accounting (financial) statements represent underlying transactions and events in a manner that achieves a fair presentation.

We have communicated to the management of the audited entity, among other matters, the scope and timing of the audit and material observations arising from the audit, including observations on the deficiencies of the system of internal controls identified during the audit.

Responsible for the audit,
Director General I. Y. Kochinskaya

Audit Company
Audit Company SPS, Limited Liability Company (AF SPS, LLC)
Main State Registration Number (OGRN) 1147847428684
Ushakovskaya nab., 3 build. 4, apt. 12, St. Petersburg 197342
Member of the Russian Union of Auditors, Self-Regulatory Organization of Auditors (SRO RSA)
Main Registration Number in the Register of Auditors and Audit Organizations (ORNZ) 11603076412

March 20, 2020

BALANCE SHEET AS OF DECEMBER 31, 2019

Company	**Holiday Club Resorts Rus LLC**
Taxpayer's ID number	**7801409574**
Line of business	**Rendering of intermediary services in purchasing, selling and renting of residential real estates**
Form of incorporation/Form of ownership **Limited liability company/ ownership of a foreign entity**	
Unit of measurement: **thousand RUR**	
Location (address) **191186, Saint Petersburg, Bolshaya Konushennaya street 8, building 4-6-8**	

Item	**Code**	**As of December 31, 2019**	As of December 31, 2018	As of December 31, 2017
ASSETS				
I. NON-CURRENT ASSETS				
Intangible assets	1110	**–**	–	–
Results of research and development	1120	**–**	–	–
Intangible development assets	1130	**–**	–	–
Tangible development assets	1140	**–**	–	–
Fixed assets	1150	**–**	–	–
Income-bearing investments in tangible assets	1160	**–**	–	–
Financial investments	1170	**–**	–	–
Deferred tax assets	1180	**24,786**	23,315	21,567
Other non-current assets	1190	**–**		–
Total section I	1100	**24,786**	23,315	21,567
II. CURRENT ASSETS				
Inventories	1210	**–**	–	–
Value-added tax on acquired assets	1220	**–**	–	1
Receivables	1230	**513**	1,001	1,453
including:				
suppliers and contractors	12301	**439**	430	35
buyers and customers	12302	**–**	12	–
tax and due payments	12303	**–**	–	450
social ensurance payments	12304	**17**	491	878
staff salary payments	12305	**–**	36	36
settlements with accountable persons	12306	**50**	27	54
settlements with various debtors and creditors	12307	**7**	5	–
Financial investments (except for monetary equivalents)	1240	**–**	–	–
Cash and cash equivalents	1250	**14,548**	6,454	16,458
Other current assets	1260	**66**	65	52
Total section II	1200	**15,127**	7,520	17,964
BALANCE	1600	**39,913**	30,835	39,531

Item	Code	**As of December 31, 2019**	As of December 31, 2018	As of December 31, 2017
LIABILITIES				
III. EQUITY AND RESERVES				
Authorized capital	1310	**300**	300	300
Treasury stock	1320	**–**	–	–
Non-current asset revaluation	1340	**–**	–	–
Capital surplus (without revaluation)	1350	**–**	–	–
Reserve capital	1360	**–**	–	–
Retained earnings	1370	**(4,150)**	2,908	10,780
Total section III	1300	**(3,850)**	3,208	11,080
IV. LONG-TERM LIABILITIES				
Loans	1410	**–**	–	–
Deferred tax liabilities	1420	**–**	–	–
Estimated liabilities	1430	**–**	–	–
Other liabilities	1450	**–**	–	–
Total section IV	1400	**–**	–	–
V. SHORT-TERM LIABILITIES				
Loans	1510	**–**	–	–
Payables	1520	**42,752**	26,632	27,472
including:				
suppliers and contractors	15201	**13**	8	86
buyers and customers	15202	**10,104**	13,403	11,553
tax and due payments	15203	**132**	461	502
social ensurance payments	15204	**–**	–	–
staff salary payments	15205	**–**	–	–
settlements with accountable persons	15206	**–**	–	–
settlements with various debtors and creditors	15207	**32,503**	12,760	15,331
Prepaid income	1530	**–**	–	–
Estimated liabilities	1540	**1,011**	995	979
Other liabilities	1550	**–**	–	–
Total section V	1500	**43,763**	27,627	28,451
BALANCE	1700	**39,913**	30,835	39,531

Kuznetsova Irina Sergeyevna
Director

March 20, 2020

FINANCIAL RESULTS STATEMENT FOR JANUARY - DECEMBER 2019

Company	**Holiday Club Resorts Rus LLC**
Taxpayer's ID number	**7801409574**
Line of business	**Rendering of intermediary services in purchasing, selling and renting of residential real estates**
Form of incorporation/Form of ownership **Limited liability company/ownership of a foreign entity**	
Unit of measurement: **thousand RUR**	

Item	**Code**	**January - December 2019**	January - December 2018
Revenue	2110	**6,508**	11,503
Cost of sales	2120	**–**	–
Gross profit/(loss)	2100	**6,508**	11,503
Commercial expenses	2210	**–**	–
Administrative expenses	2220	**(18,247)**	(18,571)
Sales profit/(loss)	2200	**(11,739)**	(7,068)
Income from participation in other organizations	2310	**–**	–
Interest receivable	2320	**–**	–
Interest payable	2330	**–**	–
Other income	2340	**10,387**	11,690
Other expenses	2350	**(7,177)**	(14,242)
Profit/(loss) before taxation	2300	**(8,529)**	(9,620)
Current profit tax	2410	**–**	–
including permanent tax liabilities (assets)	2421	**(235)**	(176)
Change in deferred tax liabilities	2430	**–**	–
Change in deferred tax assets	2450	**1,471**	1,748
Other	2460	**–**	–
Net profit/(loss)	2400	**(7,058)**	7,872

FOR REFERENCE			
Revaluation of non-current assets not included in net profit (loss) for the period	2510	**–**	**–**
Result of other transactions not included in net profit (loss) for the period	2520	–	**–**
Comprehensive financial result for the period	2500	**(7,058)**	(7,872)
Basic earnings (loss) per common share	2900	**–**	**–**
Diluted earnings (loss) per common share	2910	**–**	**–**

Kuznetsova Irina Sergeyevna
Director

March 20, 2020

REPORT OF THE INDEPENDENT AUDITOR ON THE ABBREVIATED FINANCIAL STATEMENTS

Translation of a report originally In Spanish based on our work performed in accordance with the audit regulations in force in Spain and prepared in accordance with the regulatory financial framework applicable to the Company in Spain (see Note 2). In event of discrepancy, the Spanish language version prevails.

To the Shareholders of HOLIDAY CLUB CANARIAS INVESTMENT, SLU:

Report on the Financial Statements

We have audited the financial statements of HOLIDAY CLUB CANARIAS INVESTMENT, SLU, (the Company) which comprise the balance sheet as at March 31, 2020, and the Income statement and the related explanatory notes, all in abbreviated format, thereto for the year then ended.

In our opinion, the accompanying abbreviated financial statements present, in all material aspects, a true and fair view of the net equity and financial situation of the Company as at March 31, 2020 and of its results for the year then ended, in accordance with the regulatory financial reporting framework that is applicable (identified in note 2 to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

Basis for the opinion

We have carried out our audit in accordance with the prevailing standards governing the activity of auditing accounts In Spain. Our responsibilities in accordance with these standards are described later in the section of our report on “Responsibilities of the auditor in connection with the audit of the financial statements”.

We are independent from the Company in accordance with the requirements on ethics, including those of independence, which are applicable to our audit of financial statements in Spain, as required by the regulations governing the activity of auditing accounts. In this regard, we have not provided services other than the audit of the financial statements, nor have situations or circumstances arisen that, in accordance with the aforementioned regulations, may have compromised our necessary independence.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered to give rise to the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks have been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon we do not express a separate opinion on said risks.

Balances with related parties

As shown in the balance sheet, the items of assets and liabilities with the highest amount correspond to "Short-term investments in Group, Multigroup and Associate companies", amounting to 1,217,642 euros, and "Short term debts with Group and Associated Companies", amounting to 1,225,241 euros, respectively (see note 10 of the report). These items represent practically the total assets and liabilities of the balance sheet. Due to the monetary relevance of said items and the balance connection, the valuation of said credits has been considered a relevant aspect, especially the collectability of the asset figure.

Our procedures included the analysis of the reconciliation of the balances with the group companies, as well as the collectability of the asset's item. To this end, the Annual Accounts of the group companies have been audited.

Other Information: Management Report

The other information includes the management report for the year ended March 31, 2020, the formulation of which is the responsibility of the Company's Director, although it is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the other information, in accordance with the requirements of the regulations governing the activity of auditing accounts, consists of evaluating and reporting on the consistency of the other Information with the financial statements, based on the knowledge of the entity obtained in the performance of the audit, without including information other than that obtained as audit evidence. Likewise, our responsibility with respect to the management report consists of evaluating and reporting on whether its content and presentation are in accordance with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are obliged to report them.

Based on the work carried out, as described in the previous paragraph, except for the material misstatement described in the following paragraph, the information contained in the management report is consistent with the financial statements for 2019-2020 and its content and presentation are in accordance with the applicable regulations.

Directors’ responsibilities

The Director is responsible for the preparation of the accompanying financial statements in order to present a true and fair view of the net equity, the financial position and the results of the Company in accordance with the Financial Reporting Standards applicable in Spain, and for such internal control as they consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to going concern and using the accounting principle of going concern, except if the Director intends to liquidate the Company or cease operations, or if there is no other realistic alternative.

Responsibilities of the auditor in connection with the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance Is a high degree of assurance but it does not guarantee that an audit conducted in accordance with the prevailing regulations governing the activity of auditing In Spain will always detect material misstatement when it exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to Influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the regulations governing the activity of auditing accounts in Spain, we apply our professional judgment and maintain an attitude of professional Skepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may Involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the Director.
- We conclude on whether the use, by the Director, of the accounting principle of going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that could generate significant doubt as to the ability of the company to continue as a going concern. If we conclude that there is material uncertainty, in our audit report we are required to draw attention to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.
- We evaluate the overall presentation, the structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that expresses a true and fair view.

We communicate with the entity's Director regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the issues that have been communicated to the entity's Director, we determine those that have been most significant to the audit of the financial statements of the current period and that are, consequently, the risks considered most significant.

We describe those issues in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

RSM SPAIN AUDITORES, SLP
(nº ROAC S2158)

Javier ALVAREZ CABRERA
(nº ROAC 16092)

Canaria, on April 20, 2020

BALANCE SHEET AS AT MARCH 31, 2020

ASSET	Notes	(Euros) 2020	(Euros) 2019
A) NON CURRENT ASSET			
IV. Long-Term investments in group companies and associates	**5**	**6,203**	6,203
TOTAL A		**6,203**	6,203
B) CURRENT ASSETS			
III. Trade and other receivables	**5**	**764**	744
3. Other Debtors		**764**	744
IV. Short-term investments in Group, Multigroup and Associate companies	**5-10**	**1,217,642**	952,858
VII. Cash and equivalent liquid assets	**5**	**3,003**	881
TOTAL B		**1,221,410**	954,483
TOTAL ASSET (A + B)		**1,227,613**	960,686

TOTAL EQUITY AND LIABILITIES	Notes	(Euros) 2020	(Euros) 2019
A) TOTAL EQUITY			
A-1) EQUITY		**2,354**	718
I. Capital	**7**	**3,100**	3,100
1. Share Capital		**3,100**	3,100
III. Reserves		**1,901**	1,901
V. Profit & loss from previous periods		**(11,316)**	(9,165)
VI. Partner Contributions		**10,033**	7,033
VII. Result for the period (losses)	**3**	**(1,363)**	(2,150)
TOTAL A		**2,354**	718
C) CURRENT LIABILITIES			
IV. Short term debts with Group and Associated Companies	**6-10**	**1,225,241**	959,460
V. Trade Creditors and other Accounts payable	**6**	**17**	508
2. Sundry Creditors		**17**	508
TOTAL C		**1,225,258**	959,968
TOTAL EQUITY AND LIABILITIES (A + C)		**1,227,613**	960,686

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

		(Euros)	(Euros)
CONCEPTS	**Notes**	**2020**	2019
7. Other operating expenses	9	**(1,817)**	(2,867)
13. Other results		**(1)**	0
A.1) OPERATING INCOME (LOSS)		**(1,818)**	(2,867)
A.3) PROFIT BEFORE TAXES (LOSS)		**(1,818)**	(2,867)
19. Corporate income Tax	8	**454**	717
A.5) PROFIT & LOSS IN THE PERIOD (LOSS)		**(1,363)**	(2,150)

2019 / 2020 ABRIDGED FINANCIAL REPORT

1. THE COMPANY'S BUSINESS

1.1. HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U. was set up as a limited corporation on December 9th 2010, before the Notary Public Valentín Concejo Arranz, Member of the Guild of Notaries of the Canary Islands, whose offices are located in Maspalomas, under his Protocol Number 1525.

On March 3, 2011, it acquired its current status as a Sole Proprietor Limited Liability Company and on July 22, 2011, a corporate decision was notarised in which the accounting year initially established in the Corporate By-Laws from October 1 to September 30 was changed. However, in February the 1st 2016 the General Meeting of the company decided to modify the beginning and the end of the financial period in the Company Bylaws and now is from April 1 to March 31 every year.

1.2. The main corporate mission comprises the acquisition, promotion, construction, urbanisation, management, operation, holding, use, enjoyment of, yielding of, business management of any type, or property, buildings, tourist complexes, hotels, and /or agricultural land in the country or urban areas and personal rights or rights in rem of real-estate property including its conveyance, whether in its entirety or partially, per apartment or by means of the sale of or assignment of rotational enjoyment rights, timeshare or any other kind of rights to use.

1.3. The Corporate offices are located at Avenida Ministra Anna Lindh 1, Urb. Amadores, in the municipality of Mogán (Gran Canaria).

1.4. The Company is dominant in the Holiday Club Canarias group under the terms of the article 42 of the Commercial Code. However, it does not prepare consolidated annual accounts because it does not exceed the limits set forth in the Capital Companies Law, so the following annual accounts refer exclusively to Holiday Club Canarias Investment, S.L.U. Furthermore, the company is a member of a group whose parent company is Holiday Club Resort OY, located in an EU Member State, Finland, that presents Consolidates Financial Statements in that country. In addition, Holiday Club Resort OY is a member of a group whose holding company is Mahindra & Mahindra limited, located in India.

2. BASIS USED FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS

The figures contained in the balance sheet, in the Profit & Loss Account, in the Statement of Changes to Equity, in the Cash-flow Statement and in this Report are expressed in Euros, which, upon being rounded out, cause small differences in their presentation.

In the presentation of the accompanying abridged annual accounts, expressed in euros, the current commercial guidelines have been followed, which are:

2.1. True and Fair View

The annual accounts are obtained from the Company's accounting records and have been presented according to the regulations set out in Law 16/2007 of July 4, on the revised and adapted mercantile accounting legislation to harmonise it internationally on the basis of the European Union and by Royal Decree 1515/2007 of November 16th, in which the General Accounting Plan was approved and the added modifications by Royal Decree 1159/2010 of September 17, and Royal Decree 602/2016 of September 2, in order to reflect a true and fair view of the Equity, the financial situation and the Company's Profit & Loss as well as the veracity of the streams incorporated into the Cash-flow, according to generally accepted accounting practices and regulations.

2.2. Non-Mandatory Accounting Principles Applied

During this Financial Year, only those Accounting Principles mandatory according to the Spanish Business Code and the Small & Medium Companies General Accounting Plan have been applied.

The Administrative Body has formulated these Annual Accounts, taking into account all mandatory accounting regulations and principals which carry a significant effect.

There is no principle which, if mandatory, has not been applied.

2.3 Critical Aspects in the Valuation and Judgement of Uncertainty

At the date of formulation of these annual accounts, Royal Decree 463/2020 of March 14, is in force, declaring the state of alarm for the management of the health crisis situation caused by COVID-19, as well as, its subsequent developments through Royal Decree-Law 8/2020 of March 17 and Order SND/257/2020, of March 19, declaring the suspension of opening of tourist accommodation establishments to the public.

The Company has closed the five hotels since March 23, so there have been no clients on site since then. This closure has affected the Group's three companies in the Canary Islands equally: HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU (company that originally owns the weeks it sells under Time Sharing scheme) and the one that manages the Angry Birds activity park, HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU (company that manages the maintenance of the hotels) and HOLIDAY CLUB CANARIAS VACATION CLUB, SLU (company that buys weeks of accommodation and exploits the Group's available weeks in the Canary Islands).

The main consequences of the closure have been the following:

- Personnel: On the dates of the closure of the hotels, the Group companies in the Canary Islands have carried out a temporary employment regulation file (ERTE) that has affected 116 people out of the total of 128 people who work in the Group. Therefore, at the date of formulation of these annual accounts, a total of 12 people remains working. This measure has meant for the Group in the Canary Islands a saving in personnel costs estimated at approximately 262,000 euros per month.

The breakdown by Company is as follows:

	Employees		Saving (th euros)		
	Total	**Affected by ERTE**	**Salaries**	**Social Security**	**Total**
Sales & Marketing	39	35	86	16	102
Resort Management	82	75	121	28	149
Vacation Club	7	6	9	2	11
Grand Total	**128**	**116**	216	**46**	262

It is the intention of the Group in the Canary Islands to proceed to the hiring of the people affected in the ERTE as the closure and confinement measures caused by the COVID19 are lifted.

- Tour Operators: The Group in the Canary Islands exploits unsold weeks as a hotel service through the entity VACATION CLUB. This hotel activity has been logically interrupted, so that agreements with tourism providers have been temporarily suspended. Fortunately, the amount of the tour operators' debt at the beginning of the COVID19 health crisis was not high. There is a customer debt in the amount of 112,300 euros that has been pending collection, but which is highly likely to become liquid once this situation passes. As of 04/14/2020 a total of 19,997 euros has already been collected.

- Owners: The Group in the Canary Islands invoices week's owners at the beginning of the calendar year for maintenance fees through the entity RESORT MANAGEMENT. Given that the activity has been abruptly interrupted before the end of the year, the company in the Canary Islands is offering owners the possibility of compensating the effect of not enjoying their week in exchange for being able to enjoy two weeks in the period 2020-2021. At the date of formulation of these annual accounts, the majority of the owners are welcoming this measure.

- Financial and non-financial assets: No possible deterioration has been identified at the date of formulation of these annual accounts. Logically, if the situation of inactivity lasts for longer, the circumstances would have to be analyzed again.

- Cost of sub activity: Despite the fact that, as far as possible, the Group in the Canary Islands has reduced expenses to the essential minimum, the minimum monthly expenses are approximately 160,000 euros at the date of preparation of these annual accounts. However, the Group is in the negotiation phase with different suppliers (energy, telephony ...) to minimize the minimum monthly maintenance expense.

- Liquidity: The situation of the Group's treasury in the Canary Islands is not worried in the short term. With the liquidity that was already available, we must add the provision of a new ICO line of credit loan for the amount of 500,000 euros signed on 23/03/2020.

- The situation of the Group's accounts in the Canary Islands at the date of preparation of these annual accounts is as follows in thousands of euros:

Banks balance	1,349
Available in loan policies	500
Total available	**1,849**

With this situation, the administrator of the Group companies in the Canary Islands considers that there is sufficient liquidity to withstand a total stoppage of activity for approximately 12 months.

2.4. Comparison of the Information

The figures corresponding to the Financial Year ending on March 31, 2020 according to the current law, show comparatively the balances of the previous financial period, which match with the information of the annual account for the financial period 2018/19.

3. APPLICATION OF RESULTS

The proposal for the application of the results of the financial period ending March 31, 2020 which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31, 2019, is as follows:

Euros		
Distribution Balance	**2020**	2019
Financial period Losses	**(1,363)**	(2,150)
Total	**(1,363)**	(2,150)
Distribution		
Losses accumulated from previous Financial Periods	**(1,363)**	(2,150)
Total	**(1,363)**	(2,150)

4. RECOGNITION AND MEASUREMENT

The main accounting principles and practices applied in the preparation of the annual accounts are adapted to the current legal requirements, highlighting as most important the principles of going concern, accrual, uniformity, prudence, not compensation and relative importance.

The main rules used by the company for the drafting of their financial period Annual Accounts, according to those established in the Spanish General Accounting Plan were the following:

4.1. Financial Instruments

The breakdown of the financial assets is as follows:

a) Loans and accounts receivable, including those loans for commercial or non-commercial operations. Those whose maturity is no longer than one year are valued at their face-value, because they do not have any contractual interest rate and the effect of not up-dating cash-flow is not significant. Those whose maturity is over one year are measured at their reasonable value, which is equal to the value of the compensation delivered plus directly attributable transaction costs. Interest accrued is accounted for in the Profit & Loss Account, applying the Effective Interest Rate method.

b) Investments in group, multi-group and associated companies: Investments in group companies are initially valued at their cost, plus transaction costs. The subsequent valuation is due to its cost lessened by the accumulated amount of the valuation adjustments for impairment that may exist.

Impairment occurs when the recoverable value is lower than the carrying amount, the recoverable value being understood as the greater of its fair value less sales costs and the present value of the future cash flows from the investment, which due to the Circumstances of the investee is considered recoverable value as the net asset value that is shown in the balance sheet of the group or associated company, corrected for the tacit capital gains that exist at the closing date.

The Company's financial liabilities are all debits and payable items, including debits for commercial operations and debits for non-commercial operations. They are initially valued at their fair value, except the debts for commercial transactions with a maturity not exceeding one year and without a contractual interest, the amount of which is expected to be paid in the short term, which are valued at their nominal value. Financial liabilities are subsequently measured at amortized cost. Accrued interests are recorded in the income statement using the effective interest rate method.

The financial instruments are classified in short and long term, if their maturity is less than or greater than twelve months, respectively.

The Company has complied with the requirements set forth in the registration and valuation standard for financial instruments.

4.2. Tax on Profits

The Company pays tax under the Tax Consolidation System, according to what is set out in Chapter 7 of title 7 of the Law 274/2014 of November 27, of Corporate Tax. Holiday Club Canarias Investment is the parent Company, which presents the correspondent settlement

No current tax expense has been recorded in the year, because of the negative tax base results.

A deferred tax asset has been recognized on negative tax bases.

4.3. Income and Expenses

Income has been recognised as a consequence of an increase in the Company's resources, as long as its amount has been determined reliably. Expenses have been recognized as a consequence of a decrease in the Company's resources, as long as their amount has also been reliably estimated.

4.4. Transactions between related parties

Transactions between related parties are accounted by their reasonable value which is the same value for transactions with not related third parties.

5. FINANCIAL ASSETS

5.1. Categories of financial assets (except investments in equity of group companies, multigroup and associates)

The breakdown of financial assets (excluding investments in group, multi-group and associated companies) by categories and classes is as follows:

Euros	Equity Instruments		Debt Securities		Credits/Derivatives/ Others	
	31.03.20	31.03.19	**31.03.20**	31.03.19	**31.03.20**	31.03.19
Short- term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**1,217,815**	953,030
Liquid Assets	**–**	–	**–**	–	**3,003**	881
Totals	**–**	–	**–**	–	**1,220,818**	953,912

5.2. Breakdown by maturity:

The classification by maturity of the different financial assets is all related to the short term and all the loans and receivables with companies of the group and associated, for the amount of 1,217,642 Euros and debtors for the amount of 173 Euros

5.3. Companies of the group, multigroup and associated:

a) The information of companies of the group and associated referred to 31/03/2020 is detailed below:

1) Name: HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU

Address: Avda. Ministra Anna Lindh, number 1, Amadores, Mogán

Activity: its main activity is the sale of rights of use by turn of real property of the resorts Playa Amadores, Sol Amadores, Vista Amadores, Jardín Amadores and Puerto Calma.

Percentage of direct participation: 100%

Figures of the balance 2019/20: annual accounts audited by RSM Spain Auditors

- Capital: 3,100 Euros
- Reserves: 5,396,060 Euros
- Grants: 179,928 Euros
- Losses from previous periods: (5,160,185) Euros
- Result for the period (losses): (114,474) Euros

Value of participation:

- theoretical value: 304,429
- book value: 3,100 Euros

2) Name: HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU

Address: Avda. Ministra Anna Lindh, number 1, Amadores, Mogán

Activity: it main activity is the hotel resorts management (Playa Amadores, Sol Amadores, Vista Amadores, Jardín Amadores and Puerto Calma).

Percentage of direct participation: 100%

Figures of the balance 2019/20: annual accounts audited by RSM Spain Auditors

- Capital: 3,100 Euros
- Reserves: 3,806,346 Euros
- Losses from previous periods: (236,134) Euros
- Result for the period (profit): 452,792 Euros

Value of participation:

- theoretical value: 4,026,104 Euros
- book value: 3,100 Euros

3) Name: HOLIDAY CLUB CANARIAS VACATION CLUB, SLL

Address: Avda. Ministra Anna Lindh, number 1, Amadores, Mogán

Activity: its main activity is touristic accommodation and other short-term accommodation

Percentage of direct participation: 100%

Figures of the balance 2019/20: annual accounts audited by RSM Spain Auditors

- Capital: 3,000 Euros
- Reserves: 600 Euros
- Losses from previous periods: (2,512) Euros
- Result for the period (profit): 516,472 Euros

Value of participation:

- theoretical value: 517,560 Euros
- book value: 3 Euros

b) There are no movements during 2019/20 in equity instruments in companies of the Group and associated. In the financial period 2018/19 all the Passeport Sante SLU shares have been acquired for the amount of 3 Euros.

6. FINANCIAL LIABILITIES

6.1. Types of liabilities

The breakdown of financial liabilities by category is as follows:

Euros	Debits with Credit Institutions		Bonds and Other Market Securities		Derivatives/Others	
	31.03.20	31.03.19	**31.03.20**	31.03.19	**31.03.20**	31.03.19
Short-term Financial Liabilities						
Debits and Payables	**–**	–	**–**	–	**1,225,241**	959,460
Totals	**–**	–	**–**	–	**1,225,241**	959,460

6.2. Classification by maturity

The short-term financial liabilities indicated in the previous section correspond to "Debts with companies of the Group and associates in the short term" for the amount of 1,225,241 Euros.

7. EQUITY

7.1. The Share Capital comes to 3,100 Euros, divided into thirty-one shares at face value of 100 Euros each.

7.2. The Company has the sole proprietorship status, being its unique partner the entity Holiday Club Sweden AB.

8. FISCAL POSITION

8.1. Tax Consolidation Regime

The Company is taxed in the consolidated tax system in accordance with Chapter VI, title VII of the 27/2017 law, of 27th November of the profit tax, which approved the revised text from the Law of Corporate Tax.

The Tax Group comprises the following corporations:

Parent: Holiday Club Canarias Investment, S.L.U.

Subsidiaries: Holiday Club Canarias Sales & Marketing, S.L.U., Holiday Club Canarias Resort Management, S.L.U. and Holiday Club Canarias Vacation Club S.L.

8.2. Individual tax base

The accounting result and the taxable base of the Corporate Tax don´t differ. This means that the company has losses in this period for the amount of 1,363 Euros.

A deferred tax asset has been recognized on negative tax bases for the financial period 2019/20 for the amount of 454 Euros which is the 25% of the negative tax base of 1,818 Euros.

Notwithstanding the aforesaid, the Company is taxed within a group in which it is the parent company, subject to the special tax system of consolidated taxation. The generated taxable income that would be offset in future periods is compensated with positive taxable bases generated in the Group.

Loans between companies in the Group to cover negative taxable bases have been recorded in the Company's accounting.

As per current legislation, taxes cannot be considered to have been settled until the returns presented have been inspected by the Revenue Service or the four-year statute of limitations has passed.

Therefore, at the date of closing, the Company has all taxes applicable corresponding to the last four years, including its Corporate Tax for the period 2019/2020, available for inspection.

The Administrative body of the Company considers that the abovementioned taxes have all been adequately settled, for which, even in the event of discrepancies in the interpretation of current regulations in the fiscal treatment practised on the operations, possible resulting liabilities, in the event they should materialise, would not significantly affect the attached abridged yearly accounts.

8.3 Profits or Tax Incentives

In the settlement of Corporate Taxes corresponding to the period 2019/2020, the Company has not applied any tax incentives.

9. INCOME AND EXPENSES

The Company has carried out the following operations in this period, which are reflected in the corresponding heading in the Profit and Loss Account:

a) External services:

Euros	2020	2019
Professional services	**748**	1,798
Local Tax	**1,069**	1,069
Totals	**1,817**	2,867

10. TRANSACTIONS WITH RELATED PARTIES

The balances at March 31, 2020 and 2019 with related companies are as follows:

Euros	2020		2019	
	Debit Balances	**Credit Balances**	Debit Balances	Credit Balances
Company				
Holiday Club Canarias Sales & Marketing, SLU	**–**	**1,225,241**	–	959,460
Holiday Club Canarias Resort Management, SLU	**1,045,485**	**–**	952,858	–
Holiday Club Canarias Vacation Club, SL	**172,157**	**–**	**–**	**–**
Totals	**1,217,642**	**1,225,241**	952,858	959,460

11. OTHER INFORMATION

11.1. Average number of Employees

The Company haven´t had employees during this period and the period before.

11.2. Information about the Environment and Greenhouse Gas Emission Rights.

Given the activity that the Company carries out, there are no responsibilities, expenses, assets or contingencies of any environmental nature that could be of any significance with regard to equity, the financial position and its results. Therefore, no specific breakdowns are included in this report.

Mogán, April 20, 2020

Calvin Stuart Lucock
Joint and Several Administrator and
Holiday Club Resorts Oy Representative

REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS

To the Sole Shareholder of **HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU:**

Report on the Financial Statements

We have audited the financial statements of HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU, (the Company) which comprise the balance sheet as at March 31, 2020, and the Income statement, statement of changes in equity, the cash flow statement, and the related explanatory notes thereto for the year then ended.

In our opinion, the accompanying financial statements present, in all material aspects, a true and fair view of the net equity and financial situation of the Company as at March 31, 2020 and of its results and cash flows for the year then ended, in accordance with the regulatory financial reporting framework that is applicable (identified in note 2 to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

Basis for the opinion

We have carried out our audit in accordance with the prevailing standards governing the activity of auditing accounts in Spain. Our responsibilities in accordance with these standards are described later in the section of our report on “Responsibilities of the auditor in connection with the audit of the financial statements”.

We are independent from the Company in accordance with the requirements on ethics, including those of independence, which are applicable to our audit of financial statements in Spain, as required by the regulations governing the activity of auditing accounts. In this regard, we have not provided services other than the audit of the financial statements, nor have situations or circumstances arisen that, in accordance with the aforementioned regulations, may have compromised our necessary Independence.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered to give rise to the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks have been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon we do not express a separate opinion on said risks.

Inventories

As shown in the liquid assets in the balance sheet, the Company has registered inventories for the net of 7.36 million euros. In note 10 is shown that 99% of the stocks are made up of the weeks not sold in timeshare regime for each of the complexes and type of room. The valuation of the unsold weeks can be of two types: The valuation of few weeks is the cost of the original acquisition that it had for the Company in April 2011 (see note 1.6). Other weeks, which were sold at the time and the Company had them back at rest due to contractual breach by customers, are valued at the cost of their repossession. The Entity maintains inventory control at the close of the fiscal year, both for the weeks acquired at the origin, as well as for the weeks repossessed. Due to the large number of none sold weeks, the diversity of room types by the complex and the results for which these weeks are activated in stock, the proof of the laborious work is correct and the units of the stocks, the integrity and the valuation of the inventories has been considered to be subject to significant risk.

Our procedures included, among others, the verification of the inventory of weeks not sold and the costs associated to each one of them, validating the possible types of valuation, based on the reason for registration in stock. In addition, it has carried out verifications in weeks sold in the year to verify that they have not been sold below cost and that they do not appear in the Company’s stock at the end of the year.

Client claims

As explained by the Company In note 14.1, the Entity has received 121 customer claims, which request the nullity of the contract and an economic compensation for a total amount of 5.7 million euros. As of the date of issuance of this report 25 cases have been closed and there have been 85 judgment decisions, mostly against the Entity, which condemn it to the payment around 1.2 million euros. The Entity has estimated a risk amount of 554,838 euros at the year end. For the calculation of that risk, the Entity analyses, together with the legal advisor, case by case, since the judgments do not all follow the same criteria. Due to the high volume of demands regarding the number and amounts, the diversity of judgments received since the conclusion on the estimation of risk is subject to significant judgments and estimates by the Company’s Management, it has been considered a relevant aspect in our audit the correct accounting estimate of the existing risk and its correct explanation in the annual accounts.

Our audit procedures consisted, among others, in a meeting with the Company’s legal counsel, analysing the type of judgment on a case-by-case basis, verifying the cases in which there has been recourse by the Company and analysing the criteria followed by the Company, to determine the risk of each of them. Finally, it has been verified that notes 4.8 and 14.1 of the report include the information required by the applicable financial reporting framework.

COVID19

As indicated in note 2.2 of the report, the Company has carried out an analysis of the effect of the COVID19 health crisis on the business of the Holiday Club Canarias Group as a whole. This crisis has meant the total stoppage of the activity of the Group companies, which has abruptly interrupted the generation of incomes. The analysis of the economic effects has been considered a relevant aspect of our audit work.

Our audit work has been focused on analysing the adequacy of the information provided and developed by the entity in the notes of the annual accounts.

Other Information: Management Report

The other information includes the management report for the year ended March 31, 2020, the formulation of which is the responsibility of the Company's Director, although it is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the other information, in accordance with the requirements of the regulations governing the activity of auditing accounts, consists of evaluating and reporting on the consistency of the other information with the financial statements, based on the knowledge of the entity obtained in the performance of the audit, without including information other than that obtained as audit evidence. Likewise, our responsibility with respect to the management report consists of evaluating and reporting on whether its content and presentation are in accordance with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are obliged to report them.

Based on the work carried out, as described in the previous paragraph, except for the material misstatement described in the following paragraph, the information contained in the management report is consistent with the financial statements for 2019-2020 and its content and presentation are in accordance with the applicable regulations.

Directors' responsibilities

The Director is responsible for the preparation of the accompanying financial statements in order to present a true and fair view of the net equity ,the financial position and the results of the Company in accordance with the Financial Reporting Standards applicable in Spain, and for such internal control as they consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to going concern and using the accounting principle of going concern, except if the Director intends to liquidate the Company or cease operations, or if there is no other realistic alternative.

Responsibilities of the auditor in connection with the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance Is a high degree of assurance but it does not guarantee that an audit conducted in accordance with the prevailing regulations governing the activity of auditing In Spain will always detect material misstatement when it exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to Influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the regulations governing the activity of auditing accounts in Spain, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may Involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the Director.
- We conclude on whether the use, by the Director, of the accounting principle of going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that could generate significant doubt as to the ability of the company to continue as a going concern. If we conclude that there is material uncertainty, in our audit report we are required to draw attention to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.
- We evaluate the overall presentation, the structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that expresses a true and fair view.

We communicate with the entity's Director regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the issues that have been communicated to the entity's Director, we determine those that have been most significant to the audit of the financial statements of the current period and that are, consequently, the risks considered most significant.

We describe those issues in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

RSM SPAIN AUDITORES, SLP
(nº ROAC S2158)

Javier ALVAREZ CABRERA
(nº ROAC 16092)

Canaria,
on April 20th 2020

BALANCE SHEET AS AT MARCH 31, 2020

ASSETS	Notes	(Euros) 2020	(Euros) 2019
A) NON-CURRENT ASSETS			
I. Intangible Assets	**5**	**1,089,863**	1,274,953
4. Goodwill		**1,084,797**	1,265,596
5. IT applications		**5,066**	9,357
II. Fixed Assets	**6**	**1,461,159**	1,869,489
1. Property and Buildings		**272,920**	405,278
2. Technical Facilities and other Fixed Assets		**1,178,321**	1,427,826
3. Advances and fixed assets in progress		**9,918**	36,385
V. Long-term financial investments	**7**	**366,165**	218,833
5. Other financial assets		**366,165**	218,833
VI. Deferred Tax Assets	**12**	**50,382**	59,506
TOTAL A		**2,967,569**	3,422,781
B) LIQUID ASSETS			
II. Inventories	**10**	**7,360,319**	7,296,153
1. Commercial inventories		**7,358,120**	7,284,923
6. Advance payments to suppliers		**2,199**	11,230
III. Commercial debtors and other accounts receivables		**1,359,622**	1,534,214
1. Trade receivables	**7**	**1,282,528**	1,455,759
a) Trade receivables/long term		**442,177**	575,891
b) Trade receivables/short term		**840,351**	879,868
4. Personnel	**7**	**1,172**	14,912
6. Other receivables from Public Administrations		**75,923**	63,543
IV. Short-term Investments in affiliated group and associated companies	**7-18**	**2,074,138**	1,573,199
2. Loans to companies		**2,074,138**	1,573,199
V. Short-term financial investments	**7**	**0**	241,089
5. Other financial assets		**0**	241,089
VI. Short-term accruals	**7**	**1,657,219**	1,561,598
VII. Cash and other equivalent liquid assets	**7**	**89,513**	128,846
1. Liquid assets		**89,513**	128,846
TOTAL B		**12,540,810**	12,335,098
TOTAL ASSETS (A + B)		**15,508,379**	15,757,879

BALANCE SHEET AS AT MARCH 31, 2020

NET WORTH AND LIABILITIES	Notes	(Euros) 2020	(Euros) 2019
A) TOTAL EQUITY			
A-1) EQUITY		**124,501**	238,976
I. Capital	**9**	**3,100**	3,100
1. Shared Capital		**3,100**	3,100
III. Reserves	**9**	**5,396,060**	5,396,060
1. Legal and statutory		**3,100**	3,100
2. Other reserves		**5,392,960**	5,392,960
V. Profit & Loss from previous Periods		**(5,160,185)**	(4,962,258)
2. (Losses from previous Periods)		**(5,160,185)**	(4,962,258)
VII. Losses for the period	**3**	**(114,474)**	(197,927)
A-3) GRANTS, DONATIONS AND LEGACIES RECEIVED	**16**	**179,928**	238,283
TOTAL A		**304,429**	477,259
B) NON CURRENT LIABILITIES			
I. Long-term provisions	**14**	**554,838**	344,882
4. Other provisions		**554,838**	344,882
III. Long-term debts with Group and associated Companies	**8-18**	**10,517,834**	10,967,834
IV. Deferred Tax liabilities	**12-16**	**145,891**	79,427
TOTAL B		**11,218,562**	11,392,144
C) CURRENT LIABILITIES			
II. Short-term provisions	**14**	**76,341**	188,296
III. Short-term debts	**8**	**5,764**	5,502
5. Other financial liabilities		**5,764**	5,502
IV. Short-term debts with Group and associated Companies.	**8-18**	**3,716,408**	3,552,564
V. Trade Creditors and other Accounts payable		**186,874**	142,114
1. Suppliers	**8-21**	**0**	207
3. Sundry Creditors	**8-21**	**109,864**	89,952
4. Staff (salaries pending payment)	**8**	**7,578**	2,590
6. Other debts with Public Administrations		**69,432**	49,365
TOTAL C		**3,985,388**	3,888,477
TOTAL NET WORTH AND LIABILITIES (A + B + C)		**15,508,379**	15,757,879

PROFT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

ITEMS	Notes	(Euros) 2020	(Euros) 2019
A) CONTINUING OPERATIONS			
1. Turnover	**20**	**5,555,029**	6,804,440
a) Sales		**2,184,886**	2,451,199
b) Services rendered		**3,370,143**	4,353,241
2. Variation in inventories of products finished and being manufactured	**10**	**84,374**	165,220
3. Work carried out by the company for assets		**10,679**	0
4. Supplies	**13**	**(245,007)**	(277,712)
a) Consumption of merchandise		**(245,007)**	(277,712)
5. Other operations income		**1,991**	1,989
a) Accessory income and other current operations		**1,991**	1,989
6. Personnel expenses		**(1,302,481)**	(1,870,654)
a) Wages, salaries and similar		**(1,007,596)**	(1,474,599)
b) Social Security contributions	**13**	**(294,885)**	(396,055)
7. Other operating expenses		**(3,251,277)**	(4,165,162)
a) Outsourced services	**13**	**(3,174,635)**	(4,173,614)
b) Taxes		**(2,227)**	(13,560)
c) Losses, impairment and variation of supplies from trade operations	**13**	**(68,779)**	29,336
d) Other current operating expenses		**(5,637)**	(7,324)
8. Depreciation of fixed assets	**5-6**	**(695,109)**	(679,536)
10. Allocation of subsidies for non-financial fixed assets and others	**16**	**77,807**	77,807
13. Other incomes and expenses	**13**	**(321,691)**	(151,829)
A.1.) Operating Income (LOSS)		**(85,686)**	(95,436)
14. Financial Incomes	**7**	**90,548**	145,936
b) Trade securities and other equity instruments		**90,548**	145,936
b 2) Third Parties		**90,548**	145,936
15. Financial expenses	**8**	**(276,082)**	(288,480)
a) For debts with group and associated Companies	**18**	**(275,309)**	(282,445)
b) Debts with Third Parties		**(772)**	(6,034)
17. Exchange differences		**(14,053)**	(19,893)
A.2) FINANCIAL PROFIT & (LOSS)		**(199,587)**	(162,436)
A.3) PROFIT BEFORE TAXES (LOSS)		**(285,273)**	(257,872)
19. Corporate Income Tax	**12**	**170,798**	59,946
A.5) PROFIT & (LOSS) IN THE PERIOD		**(114,474)**	(197,927)

STATEMENT OF CHANGES IN NET EQUITY AT MARCH 31, 2020

ITEMS	Notes	(Euros) 2020	(Euros) 2019
A) STATEMENT OF RECOGNISED PROFIT AND (LOSS)			
A) PROFIT AND LOSS ACCOUNTS	**3**	**(114,474)**	(197,927)
B) INCOME AND EXPENSES CHANGED DIRECTLY TO EQUITY	**16**	**0**	(52,486)
III. Grants, donations and legacies received		**0**	(69,982)
IX. Tax effect		**0**	17,495
C) TRANSFERS TO PROFIT & LOSS ACCOUNT	**16**	**(58,355)**	(58,355)
VIII. Grants, donations and legacies received		**(77,807)**	(77,807)
IX. Tax effect		**19,452**	19,452
TOTAL RECOGNISED PROFIT & (LOSS) (A+B+C)		**(172,829)**	(308,768)

STATEMENT OF CHANGES IN NET EQUITY AT MARCH 31, 2020 (euros)

ITEM	Shared Capital	Reserves	Accumulated Losses	Current year's Profit & Loss	Grants, donations and legacies received	TOTAL
B) TOTAL STATEMENT OF CHANGES TO EQUITY						
A. BALANCE AT YEAR'S END 2018/19	3,100	5,396,060	(4,085,956)	(876,301)	349,124	786,027
B. ADJUSTED BALANCE YEAR'S BEGINNING 2018/19	3,100	5,396,060	(4,085,956)	(876,301)	349,124	786,027
I. Total recognised incomes and expenses	0	0	0	(197,927)	(110,841)	(308,768)
III. Other changes to Equity	0	0	(876,301)	876,301	0	0
C. BALANCE AT YEAR'S END 2018/19	3,100	5,396,060	(4,962,258)	(197,927)	238,283	477,259
D. ADJUSTED BALANCE, BEGINNING OF YEAR 2019/20	**3,100**	**5,396,060**	**(4,962,258)**	**(197,927)**	**238,283**	**477,259**
I. Total recognised incomes and expenses	0	0	0	(114,474)	(58,355)	(172,829)
III. Other changes to Equity	0	0	(197,927)	197,927	0	0
E. BALANCE AT YEAR'S END 2019/20	**3,100**	**5,396,060**	**(5,160,185)**	**(114,474)**	**179,928**	**304,429**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	ITEMS	Notes	(Euros) 2020	(Euros) 2019
A)	**CASH FLOW FROM OPERATING ACTIVITIES**			
1.	**PROFIT & LOSS BEFORE TAX**		**(285,273)**	(257,872)
2.	**ADJUSTMENTS TO PROFIT & LOSS**		**969,615**	414,546
	a) Depreciation of Fixed Assets	**5-6**	**695,109**	679,536
	b) Value corrections of impairment losses	**13**	**68,779**	(29,336)
	c) Change to provisions	**14**	**98,000**	(300,390)
	d) Allocation of grants	**16**	**(77,807)**	(77,807)
	g) Financial Income	**7**	**(90,548)**	(145,936)
	h) Financial Expenses	**8**	**276,082**	288,480
3.	**CHANGES IN WORKING CAPITAL**		**(9,214)**	438,168
	a) Inventories		**(64,166)**	(180,006)
	b) Trade and other accounts receivable		**105,813**	1,069,058
	c) Other current assets		**(95,621)**	(205,395)
	d) Creditors and other accounts payable		**44,760**	(245,490)
4.	**OTHER CASH FLOW FROM OPERATING ACTIVITIES**		**(185,534)**	(142,543)
	a) Interest payments	**8**	**(276,082)**	(288,480)
	c) Interest receivable	**7**	**90,548**	145,936
5.	**CASH FLOW FROM OPERATING ACTIVITIES**		**489,595**	452,298
B)	**CASH FLOW FROM INVESTMENT ACTIVITIES**			
6.	**PAYMENTS FOR INVESTMENTS**		**(484,123)**	(1,132,726)
	a) Group and Associated Companies		**(235,102)**	(615,757)
	b) Intangible Assets	**5**	**0**	(7,640)
	c) Fixed Assets	**6**	**(101,689)**	(74,275)
	d) Other financial assets		**(147,332)**	(435,054)
7.	**PROCEEDS FROM DISPOSAL**		**241,089**	0
	d) Other financial assets		**241,089**	0
8.	**CASH FLOWS FROM INVESTMENT ACTIVITIES**		**(243,034)**	(1,132,726)
C)	**CASH FLOWS FROM FINANCING ACTIVITIES**			
9.	**CHARGES AND PAYMENTS FOR EQUITY INSTRUMENTS**		**0**	(69,982)
	e) Grants, donations and legacies received		**0**	(69,982)
10.	**RECEIVABLES AND PAYABLES FOR FINANCIAL INSTRUMENTS**		**(285,894)**	122,456
	a) Issue		**164,106**	1,072,456
	3. Debts to Group and associated Companies		**163,844**	1,071,532
	4. Other debts		**262**	924
	b) Repayment and amortization		**(450,000)**	(950,000)
	3. Debts to Group and Associated Companies		**(450,000)**	(950,000)
11.	**CASH FLOW FROM FINANCING ACTIVITIES**		**(285,894)**	52,474
E)	**NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS**		**(39,334)**	(627,953)
	Cash or cash equivalents at the beginning of the year	**7**	**128,846**	756,799
	Cash or cash equivalents at the end of the year	**7**	**89,513**	128,846

ANNUAL REPORT CORRESPONDING TO THE FINANCIAL PERIOD ENDING ON MARCH 31, 2020

1. THE COMPANY'S BUSINESS ACTIVITY.

1.1. HOLIDAY CLUB CANARIAS SALES & MARKETING, S.L.U. was founded as a limited corporation on December 9, 2010, before the Notary Public of the Guild of the Canary Islands, whose office is located in Maspalomas, Mr. Valentín Concejo Arranz, under his Protocol number 1524.

1.2. On March, 3, 2011, the Company acquired its current condition as a Sole Proprietor Limited Liability Company. On July 22, 2011 a social agreement changes the financial year that in the corporate statutes was from October 1 till September 30. However, on February 1, 2016 in the annual general meeting was agreed to modify the dates of starting and ending of the financial year to April 1 till March 31.

1.3. Its main corporate mission comprises the acquisition, promotion, construction, urbanisation, management, operation, holding, use, enjoyment of, yielding of, business management of any type, or property, buildings, tourist complexes, hotels, and /or agricultural land in the country or urban areas and personal rights or rights in rem of real-estate property including its conveyance, whether in its entirety or partially, per apartment or by means of the sale of or assignment of rotational enjoyment rights, timeshare or any other kind of rights to use. The main activity is the sale of rotational enjoyment rights of holiday units in the five resorts called Playa Amadores, Sol Amadores, Vista Amadores, Jardín Amadores and Puerto Calma, as well as the management of a theme park in the municipality of Mogán, in Gran Canaria.

1.4. The Corporate offices are located at Avenida Anna Lindh 1, Urbanización Amadores, in the municipality of Mogán (Gran Canaria).

1.5. The Company is a part of a Group whose parent Company is HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., headquartered at Avenida Ministra. Anna Lindh, number 1, Urbanización Amadores, in the municipality of Mogán (Gran Canaria). Said company does not present yearly consolidated accounts, because it is not mandatory for it to do so. This Spanish Group is integrated in a higher one, which the parent company is Holiday Club Resorts Oy, located in Finland, which presents yearly consolidated accounts. Furthermore the mentioned company belongs to a group which parent company is Mahindra & Mahindra limited, located in India.

1.6. On April 6th, 2011 the Public Deed was signed, by means of which the Company, together with its related company HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U., acquired the business of the five tourist complexes which they are currently operating. In said acquisition, the Company was assigned the unsold weeks, which were recorded in the inventory for the amount of 3,730,000 Euros; the rights to client's' loans recorded as financial assets for the amount of 2,251,656 Euros, and the Goodwill corresponding to the main business of "Timeshare" for the amount of 1,967,742 Euros. The remaining assets (real-estate property and goodwill from the administration and maintenance business) was assigned to the abovementioned related Company. On June 1st, 2012 a public Deed was also signed comprising a series of agreements related to the purchase of the business described above, which caused amongst other things, goodwill to be adjusted to 1,807,995 Euros.

2. BASIS USED FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS

The figures contained in the balance sheet, in the Profit & Loss Account, in the Statement of Changes to Equity, in the Cash-flow Statement and in this Report are expressed in Euros, which, upon being rounded out, cause small differences in their presentation.

These annual accounts are presented for approval to the Ordinary General Meeting of Members.

2.1. True and Fair View.

The annual accounts are obtained from the Company's accounting records and have been presented according to the regulations set out in Law 16/2007 of July 4, on the revised and adapted mercantile accounting legislation to harmonise it internationally on the basis of the European Union and by Royal Decree 1515/2007 of November 16, in which the General Accounting Plan was approved and the added modifications by Royal Decree 1159/2010 of September 17, and Royal Decree 602/2016 of September 2, in order to reflect a true and fair view of the Equity, the financial situation and the Company's Profit & Loss as well as the veracity of the streams incorporated into the Cash-flow, according to generally accepted accounting practices and regulations.

2.2. Critical Aspects in the Valuation and Judgement of Uncertainty.

At the date of formulation of these annual accounts, Royal Decree 463/2020 of March 14, in force, declaring the state of alarm for the management of the health crisis situation caused by COVID-19, as well as, its subsequent developments through Royal Decree-Law 8/2020 of March 17 and Order SND/257/2020, of March 19, declaring the suspension of opening of tourist accommodation establishments to the public.

The Company has closed the five hotels since March 23, so there have been no clients on site since then. This closure has affected the Group's three companies in the Canary Islands equally: HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU (company that originally owns the weeks it sells under Time Sharing scheme) and the one that manages the Angry Birds activity park, HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU (company that manages the maintenance of the hotels) and HOLIDAY CLUB CANARIAS VACATION CLUB, SL (company that buys weeks of accommodation and exploits the Group's available weeks in the Canary Islands).

The main consequences of the closure have been the following:

- Personnel: On the dates of the closure of the hotels, the Group companies in the Canary Islands have carried out a temporary employment regulation file (ERTE) that has affected 116 people out of the total of 128 people who work in the Group. Therefore, at the date of formulation of these annual accounts, a total of 12 people remain working. This measure has meant for the Group in the Canary Islands a saving in personnel costs estimated at approximately 262,000 euros per month.

The breakdown by Company is as follows:

	Employees		Saving (th euros)		
	Total	Affected by ERTE	Salaries	Social Security	Total
Sales & Marketing	39	35	86	16	102
Resort Management	82	75	121	28	149
Vacation Club	7	6	9	2	11
Grand Total	**128**	**116**	**216**	**46**	**262**

It is the intention of the Group in the Canary Islands to proceed to the hiring of the people affected in the ERTE as the closure and confinement measures caused by the COVID19 are lifted.

- Tour Operators: The Group in the Canary Islands exploits unsold weeks as a hotel service through the entity VACATION CLUB. This hotel activity has been logically interrupted, so that agreements with tourism providers have been temporarily suspended. Fortunately, the amount of the tour operators' debt at the beginning of the COVID19 health crisis was not high. There is a customer debt in the amount of 112,300 euros that has been pending collection, but which is highly likely to become liquid once this situation passes. As of 04/14/2020 a total of 19,997 euros has already been collected.

- Owners: The Group in the Canary Islands invoices week's owners at the beginning of the calendar year for maintenance fees through the entity RESORT MANAGEMENT. Given that the activity has been abruptly interrupted before the end of the year, the company in the Canary Islands is offering owners the possibility of compensating the effect of not enjoying their week in exchange for being able to enjoy two weeks in the period

2020-2021. At the date of formulation of these annual accounts, the majority of the owners are welcoming this measure.

- Financial and non-financial assets: No possible deterioration has been identified at the date of formulation of these annual accounts. Logically, if the situation of inactivity lasts for longer, the circumstances would have to be analysed again.
- Cost of sub activity: Despite the fact that, as far as possible, the Group in the Canary Islands has reduced expenses to the essential minimum, the minimum monthly expenses are approximately 160,000 euros at the date of preparation of these annual accounts. However, the Group is in the negotiation phase with different suppliers (energy, telephony..) to minimize the minimum monthly maintenance expense.
- Liquidity: The situation of the Group's treasury in the Canary Islands is not worried in the short term. With the liquidity that was already available, we must add the provision of a new ICO line of credit loan for the amount of 500,000 euros signed on 23/03/2020.
- The situation of the Group's accounts in the Canary Islands at the date of preparation of these annual accounts is as follows in thousands of euros:

Banks balance	1,349
Available in loan policies	500
Total available	**1,849**

With this situation, the administrator of the Group companies in the Canary Islands considers that there is sufficient liquidity to withstand a total stoppage of activity for approximately 12 months.

2.3. Comparing Information.

The figures corresponding to the Financial Year ending on March 31, 2020 according to the current law, show comparatively the balances of the previous financial period, which match with the information of the annual account for the financial period 2018/19.

3. APPLICATION OF RESULTS.

The proposal for the application of the results of the financial period ending March 31, 2020 which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31, 2019, is as follows:

Euros	**2019/20**	2018/19
Distribution Balance		
Financial Period Losses	**(114,474)**	(197,927)
Distribution		
Losses accumulated from previous Financial Periods	**(114,474)**	(197,927)
Total	**(114,474)**	(197,927)

4. RECOGNITION AND MEASUREMENT REGULATIONS.

The main accounting principles and practices applied in the drafting of the Annual Accounts follow current legislation, highlighting as most important the principles of company operation, accrual, consistency, prudence, non-compensation and relative importance.

The most significant accounting criteria applied in the drafting of the Annual Accounts is the following ones:

4.1. Intangible Fixed Assets.

The intangible fixed assets are comprised of Goodwill and Computer applications which are valued at their acquisition price, including necessary additional expenses to get them up and running. The computer applications are amortised at 33 per cent according to their useful lives and the Goodwill is amortised at 10 per cent according to the Royal Decree 602/2016 of December 2, which determine that this intangible has to be amortised in 10 years.

At the closing of the financial period, goodwill has been measured and no impairment has been identified, as it has been estimated that the recoverable value is higher than the accounting value.

4.2. Tangible Fixed Assets.

These have been appraised at their acquisition cost, including those additional costs necessary to put the assets into operation.

Maintenance and repair costs which do not improve the use of or extend the useful life of the assets are charged to the Profit and Loss account when they occur.

It is depreciated linearly depending on the useful life of assets and their residual value, according to the normal depreciation experienced during its operation, use and enjoyment, using as a reference point, the regulations contained in Law 27/2014 of November 27, in which the Regulation of Corporate Taxes was approved, without prejudice to taking into consideration the technical or commercial obsolescence which could affect it. The percentages applied are the following:

Buildings.	11%
Machinery.	10 – 25%
Other installations.	10 – 12%
Furniture.	10 – 25%
IT Equipment	12 – 25%
Vehicles	11 – 16%
Other intangible assets.	10 – 33%

The Company's administrators consider that the accounting value of these assets does not exceed their recoverable value.

4.3. Financial Instruments

The Company's financial instruments are classified as:

a) Loans and accounts receivable, including those loans for commercial or non-commercial operations. Those who´s maturity is no longer than one year are valued at their face-value, because they do not have any contractual interest rate and the effect of not up-dating the cash-flow is not significant. Those whose maturity is over one year are measured at their reasonable value, equal to the value of the compensation delivered plus directly attributable transaction costs. Interests accrued are accounted for in the Profit & Loss Account, applying the Effective Interest Rate method.

   Loss due to impairment of the value of these financial assets is the difference between their book value and the real value of future cash-flow estimated to be generated by them, less the effective interest rate calculated at the time of their initial recognition. The reversal of the impairment shall be limited by the loan's book value.

b) Investments held until their maturity: The financial assets that the Company means to hold until their maturity has been included in this category. Their initial valuation is their reasonable value, which saving evidence to the contrary, shall be the price of the transaction plus those transaction costs directly attributable to them. Their subsequent valuation shall be measured at amortised cost. Interest shall be applied to the Profit and Loss Account at an effective interest rate. No corrections have been applied to their values.

c) Debits and accounts payable, including debits from commercial operations and the amounts owed by non-commercial operations: They will initially be measured by their reasonable value, except those debits which are for trade operations with a maturity of no more than one year and which do not bear any contractual interest, the amount of which is expected to be paid off short term, which are valued at their face value. Interest accrued is accounted for in the Profit and Loss Account, applying the effective interest rate method.

Financial instruments are classified as short and long-term, according to whether their maturity is less than or more than twelve months, respectively.

The Company has complied with requirements set out in the regulations relating to governing, recording and measurement of financial instruments.

4.4. Inventories.

The Company's commercial stocks correspond to rotational enjoyment rights of rooms in the possession of the Company and are valued at acquisition price.

The Company's Administrators consider that the book value of the inventories does not exceed their recoverable value.

4.5. Transactions in Foreign Currency.

The accounts mentioned in foreign currency are measured at the exchange rate in effect at the time of the transaction. Positive or negative differences occurring at the time of payment or collection as a consequence of monetary fluctuations are carried over to the Profit and Loss Account. At closing of the period, differences both positive and negative that did not occur are carried over to the Profit and Loss Account.

4.6. Profit Tax.

The Company pays tax under the Tax Consolidation System, according to what is set out in Chapter 7 of Royal Legislative Decree 4/2004 of March 5, in which the Revised Text of the Corporate Tax Law was approved. Holiday Club Canarias Investment is the parent Company which presents the correspondent settlement.

Following the Accrual Principle, profit tax has been charged as an income during the period. Current tax has been calculated per the financial results before taxes, adjusted by permanent differences and consolidation and decreased by applying deductions, as set out in the tax regulations in effect.

Income has also been accrued from deferred tax by activating tax credits at different times, originated in part by a fiscally non-deductible amortisation.

4.7. Income and Expenses.

Income and expenses are charged according to the actual stream of goods and services which they represent and regardless of when the monetary or financial flow deriving there from arises.

Revenue from sales and services performed will be measured at the fair value of the consideration received or receivable; the amount of any discount deducted, reduction in the price or other similar items that the company might grant. They are recognized when all the risks and significant benefits inherent in the ownership of the property have been transferred to the buyer.

Purchases and services incorporate taxes levied on the operation, with the exception of the VAT when deductible status is had.

4.8. Provisions and Contingencies.

Provisions are present obligations on the date of the balance sheet that have arisen as a result of past events; the amount and timing of cancellation are undetermined. Provisions are recorded at the current value of the estimated amount that the company will have to pay to settle the obligation in the future.

Contingent liabilities are potential liabilities arising as a result of past events, whose realization is contingent upon that happening or not, one or more future events independent of the will of the Company. Contingent liabilities, as well as the Provisions whose amount cannot be estimated reliably or it is not very likely that the Company must dispose of resources embodying profits, for their cancellation are not recognized for accounting purposes but are broken down in the Report.

4.9. Personnel Expenses.

Personnel expenses are recognised on the basis of their accrual, considering that bonus payments are accrued on a yearly basis. There are no commitments for pensions nor retirement bonuses in the Company.

4.10. Grants, Donations and Legacies.

Capital grants, which are non-refundable, are recorded directly in Equity as revenue, excluding the tax effect and are attributed to the Financial Period 's results in proportion to the allocation of depreciation in the period for the assets pertaining to the grant.

4.11. Criteria used in transactions between related parties.

Transactions between related parties are accounted for, in general, by their reasonable value.

5. INTANGIBLE FIXED ASSETS.

5.1. The transactions that occurred during the 2019/20 and 2018/19 periods were the following:

Euros	Balance 31.03.18	Acquisitions	Disposals	Balance 31.03.19
Gross Costs.				
Goodwill	1,807,995	–	–	**1,807,995**
IT Applications.	21,587	7,640	–	**29,227**
Totals.	1,829,582	7,640	–	**1,837,222**
Accumulated amortization.				
Goodwill	361,599	180,799		**542,398**
IT Applications.	15,924	3,946	–	**19,870**
Totals.	377,523	184,745	–	**562,269**
Net Totals.	1,452,060			**1,274,953**

Euros	Balance 31.3.19	Acquisitions	Disposals	Balance 31.03.20
Gross Costs.				
Goodwill	1,807,995	–	–	1,807,995
IT Applications.	29,227	–	–	29,227
Totals.	1,837,222	–	–	1,837,222
Accumulated amortization.				
Goodwill	542,398	180,799		723,198
IT Applications.	19,870	4,291	–	24,161
Totals.	562,269	184,042	–	747,359
Net Totals.	1,274,953			1,089,863

5.2. As indicated in Note 1.6, The Company acquired the Goodwill corresponding to the main "Timeshare" business in 2011 for the amount of 1,967,742 Euros. Said price was adjusted in the Purchase Deed granted in June 2012, for the amount of 159,747 Euros.

5.3. There is no evidence of impairment through March 31, on any of the elements in the Intangible Fixed Assets.

5.4. There are fully depreciated software applications in use at March 31, 2020 and March 31, 2019 for the amount of 19,770 Euros and 14,517 Euros respectively.

6. **TANGIBLE FIXED ASSETS.**

6.1. The transactions occurring during the 2019/20 and 2018/19 periods were the following:

Euros	Balance 31.03.19	Acquisitions	Disposals	Balance 31.03.20
Gross Costs				
Buildings	1,125,496	–	–	**1,125,496**
Machinery	64,032	8,599	–	**72,631**
Other facilities	2,891,433	555	–	**2,891,988**
Furniture	250,065	385	–	**250,450**
IT Equipment	83,300	3,775	–	**87,075**
Vehicles	27,994	–	–	**27,994**
Other tangible fixed assets	214,104	78,457	36,385	**328,945**
Advances and fixed assets in progress	36,385	9,918	(36,385)	**9,918**
Totals	4,692,809	101,689	–	**4,794,498**
Accumulated amortization				
Buildings	720,218	132,358	–	**852,576**
Machinery	36,891	9,201	–	**46,092**
Other installations	1,652,150	305,287	–	**1,957,437**
Furniture	238,720	1,730	–	**240,450**
IT Equipment	78,581	3,162	–	**81,742**
Vehicles	20,181	4,131	–	**24,313**
Other tangible fixed assets	76,579	54,150	–	**130,729**
Totals	2,823,320	510,019	–	**3,333,339**
Net Totals.	1,869,489			**1,461,159**

Euros	Balance 31.3.18	Acquisitions	Disposals	Balance 31.03.19
Gross Costs				
Buildings	1,125,496	–	–	1,125,496
Machinery	63,423	609	–	64,032
Other facilities	2,888,602	2,831	–	2,891,433
Furniture	250,065	–	–	250,065
IT Equipment	83,300	–	–	83,300
Vehicles	27,994	–	–	27,994
Other tangible fixed assets	179,653	34,451	–	214,104
Advances and fixed assets in progress	–	36,385	–	36,385
Totals	4,618,534	37,890	–	4,692,809
Accumulated amortization				
Buildings	550,624	132,358	37,236	720,218
Machinery	35,573	7,121	(5,803)	36,891
Other installations	1,358,916	305,110	(11,876)	1,652,150
Furniture	245,903	13,138	(20,321)	238,720
IT Equipment	74,986	4,335	(740)	78,581
Vehicles	16,050	4,131	–	20,181
Other tangible fixed assets	46,478	28,597	1,504	76,579
Totals	2,328,530	494,791	–	2,823,320
Net Totals.	2,290,004			1,869,489

6.2. The acquisition in the period 2018/19 and 2019/20 correspond, mainly, to investments in the Angry Birds Park.

6.3. There are no signs of impairment through March 31st, for the elements in the Tangible Fixed Assets.

6.4. The fixed assets are covered against risk of fire, theft, etc., by means of several insurance policies with the corresponding premiums paid up to date.

6.5. There are fully depreciated elements in use at March 31, 2020 for the amount of 331,299 Euros. At March 31, 2019 amounted 317,904 Euros.

7. **FINANCIAL ASSETS.**

Information related to the Balance Sheet.

7.1 Categories of financial assets (except for investments in the equity of Group, Multigroup and associated companies):

The breakdown of financial assets (except for investments in the equity of Group, jointly controlled group and associated companies) by categories and classes is as follows:

	Equity Instruments		**Debt Securities**		**Credits/Derivatives/Others**	
Euros	**31.03.20**	31.03.19	**31.03.20**	31.03.19	**31.03.20**	31.03.19
Long-term Financial Assets						
Investments held to maturity	**–**	–	**–**	–	**366,165**	218,833
Loans and Receivables	**–**	–	**–**	–	**442,177**	575,891
Totals	**–**	–	**–**	–	**808,343**	794,724
Short-term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**2,915,660**	2,709,067
Liquid Assets	**–**	–	**–**	–	**89,513**	128,846
Totals	**–**	–	**–**	–	**3,005,173**	2,837,914

7.2. Classification by Maturity:

The ratings depending on the maturity of different financial assets are as follows:

Euros

Financial Assets	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**Next**	**Total l/t**
Financial Investments	**–**	**–**	**–**	**–**	**–**	**366,165**	**366,165**
Other financial assets	–	–	–	–	–	366,165	366,165
Investments in Group and Associated Companies	**2,074,138**	**–**	**–**	**–**	**–**	**–**	**–**
Loans to companies	2,074,138	–	–	–	–	–	–
Commercial Debts and other Receivables.	**841,522**	**255,515**	**115,802**	**49,080**	**21,780**	**–**	**442,177**
Customer receivables for sales and services.							
Clients' Impairment.	943,860	255,515	115,802	49,080	21,780	–	442,177
Personnel.	(103,509)	–	–	–	–	–	–
Cash and other Liquid Assets.	**89,513**	**–**	**–**	**–**	**–**	**–**	**–**
Liquid Assets	89,513	–	–	–	–	–	–
Totals	**3,005,173**	**255,515**	**115,802**	**49,080**	**21,780**	**366,165**	**808,343**

7.3. Corrections due to Impairment caused by Credit Risk.

Transactions in the corrective accounts representative of impairment losses due to credit risk to customers are as follows:

Euros	**Amount**
Balance at 31.03.18	202,295
Impairment Maturity (Note 13.1)	208,481
Impairment reversal (Note 13.1)	(248,502)
Balance at 31.03.19	162,273
Impairment Maturity (Note 13.1)	72,628
Impairment reversal (Note 13.1)	(131,392)
Balance at 31.03.20	**103,509**

Information relating to the Profit and Loss Account.

7.4. Financial Income.

Under the heading Financial Income from Marketable Securities and Other Financial Instruments in the Profit and Loss Account for the amounts of 145,936 Euros and 90,548 Euros for 2018/19 and 2019/20 Financial Periods respectively, correspond mainly to the accrual of default interest on late payments from clients.

Other Information.

7.5 Reasonable Value.

The book value of the financial assets is an acceptable approximation to the reasonable value.

Equity Instruments not being traded on an active market according to what is provided for in the 9th Rule of Recognition and Measurement of the Spanish New General Accounting Plan, are valued at their cost.

Equity Instruments traded on an active market according to what is provided for in the 9th Rule of Recognition and Measurement of the Spanish New General Accounting Plan, are measured at their reasonable value.

7.6 Information Regarding the Nature and Level of Risk from Financial Assets:

Due to its normal activity, the Company is exposed to different financial risks, essentially, credit risk, liquidity risk and market risk, the latter referring to the rate of exchange; of interest rates and other price risks.

Credit Risks:

This basically refers to sales on credit to clients and debtors. To prevent possible effects, credit granted to clients and debtors are granted based on a preliminary solvency study and strict follow-up of loans and receivables. The client base is quite diversified.

Liquidity Risk:

The Company tries to keep an adequate liquidity ratio at all times to be able to honour its commitments, ensuring that current assets not including inventories, shall reasonably cover the current payables.

Market Rate Risk:

Due to the Company's activity and scope, it is subject to exchange rate risks of the sales made in foreign currency, depending on the volatility of the exchange rates.

Interest rate risks are minimum, because the Company grants loans at a fixed interest rate.

7.7 Accrual adjustments

In January, every year, the company assumes the debt with the related company Holiday Club Canarias Resort Management SLU related to the yearly maintenance fees of the unsold weeks. At the end of the financial year there are, in the accrual adjustment balance, the proportional part of the not accrued months in March 31st 2020, for the amount of 1,638,934 Euros, 1,545,189 Euros in March 31st 2019.

8 FINANCIAL LIABILITIES.

Information related to the Balance Sheet.

8.1. Categories of Financial Liabilities:

The breakdown of the financial liabilities by categories and classes is as follows:

Euros	Debits with Credit Institutions		Bonds and Other Market Securities		Derivatives/Others	
	31.03.20	31.03.19	**31.03.20**	31.03.19	**31.03.20**	31.03.19
Long-Term financial Liabilities						
Debits and Payables	**–**	–	**–**	–	**10,517,834**	10,967,834
Totals	**–**	–	**–**	–	**10,517,834**	10,967,834
Short- Term financial Liabilities						
Debits and Payables	**–**	–	**–**	–	**3,839,615**	3,650,816
Totals	**–**	–	**–**	–	**3,839,615**	3,650,816

8.2 Classification by Maturity:

Classification according to the maturity of the different financial liabilities is as follows:

Euros **Financial Liabilities**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**Next**	**Total l/t**
Debts	**5,764**	–	–	–	–	–	–
Other financial liabilities.	**5,764**	–	–	–	–	–	–
Debts with Group and Associated Companies	**3,716,408**	–	–	–	–	10,517,834	10,517,834
Trade Creditors and other Accounts Payable	**117,442**	–	–	–	–	–	–
Sundry Creditors	**109,864**	–	–	–	–	–	–
Personnel (wages pending payment)	**7,578**	–	–	–	–	–	–
Totals	**3,839,615**	–	–	–	–	**10,517,834**	**10,517,834**

Information relating to the Profit and Loss Account and Equity.

8.3 Financial Expenses

The heading for financial expenses for debts with group and associated companies for the 2018/19 and 2019/20 financial years for the amounts of 282,445 Euros and 275,309 Euros, respectively, correspond to the accrual of interest on loans granted by group companies (See Note 18.3). The heading of debts to third parties includes interest accrued with credit institutions and the amount for the 2018/19 financial period was 6,034 Euros and for the financial period 2019/20 is 772 Euros.

Other Information.

8.4 Reasonable Value.

The book value of the financial liabilities is an acceptable approximation to the reasonable value.

8.5 Information on the Nature and Level of Risk from Financial Liabilities

Due to its regular activity, the Company is exposed to diverse financial risks, basically credit risks, liquidity risks and market risks, the latter of which refers to exchange rate risks, interest rate risks and other price risks.

9 SHAREHOLDERS' EQUITY.

9.1 The share capital, for an amount of 3,100 Euros, comprises 31 shares of 100 Euros face value each.

9.2. As per the Revised Text of the Law of Share Capital Companies, a figure equal to 10% of the period's profit must be kept in a reserve fund until this reaches at least 20% of the share capital. During the 2011/12 financial period, 3,100 Euros were allocated to these reserves.

9.3 The Canary Islands Investments Reserve Fund for the amount of 3,093,871 Euros, is subject to the availability limitations established in the tax regulations.

9.4 The corporation HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., owns 100 per cent of the share capital of the Company.

9.5 The breakdown of the heading "other reserves" from the Balance Sheet, is as follows:

Euros	2020	2019
Voluntary Reserves	**1,892,290**	1,892,290
Canary Islands Investment Reserves	**3,093,871**	3,093,871
Goodwill Reserves.	**406,799**	406,799
Totals.	**5,392,960**	5,392,960

10 INVENTORIES.

10.1 Inventories show the following break-down:

Euros	2020	2019
Merchandise in Stock, Angry Birds Theme Park.	**35,969**	47,146
Unsold Weeks in Stock	**7,322,151**	7,237,777
Totals	**7,358,120**	7,284,923

10.2 The transactions of unsold weeks in stock during the 2019/20 & 2018/19 financial periods, have been as follows:

Euros	Balance 31.03.19	Acquisitions	Disposals	Balance 31.03.20
Unsold weeks in stock	7,237,777	674,326	(589,952)	7,322,151
	Balance 31.03.18	**Acquisitions**	**Disposals**	**Balance 31.03.19**
Unsold weeks in stock	7,072,557	429,464	(264,244)	7,237,777

Acquisitions of inventory during the 2018/19 and 2019/20 financial period owes to the weeks sold in previous financial periods and recovered in 2018/2019 and 2019/20, due to defaulting on payment of clients of their debts to the Company or the related Company HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U, for amounts of 345,942 Euros and 595,981 Euros, respectively and to a lesser extent for weeks purchased during the 2018/19 and 2019/20 for the amount of 83,522 Euros and 78,345 Euros, respectively. (See Note 13.1)

There are not commitments for sales or purchases or a future contract about the inventories or restraints on disposal.

10.3 There are suppliers' advances for the amount of 11,230 Euros and 2,199 Euros for the financial periods 2018/19 and 2019/20, respectively.

10.4 There are no signs of impairment to the inventories at the end of the financial periods 2018/19 and 2019/20.

11 FOREIGN CURRENCY.

11.1 Assets in foreign currency mostly correspond to commercial loans for the sale of weeks in stock. The most significant balances in the diverse foreign currencies are detailed below:

Foreign currency	Balance at 31.03.19	Exchange Rate at 31.03.19	Euros at 31.03.19
- Pounds Sterling	143,623	0.8566 libra/ euro	167,666
Foreign currency	**Balance at 31.03.20**	**Exchange Rate at 31.03.20**	**Euros at 31.03.20**
- Pounds Sterling	76,523	0.88643 libra/euro	86,327

11.2 Transactions carried out in foreign currency during the 2018/19 financial period, correspond entirely to sales, reaching 328,938 Euros. No transactions carried out in foreign currency for the financial year 2019/20.

11.3 The exchange differences recognized in the financial year 2019/20 and 2018/19 with debit balance for the amount of 14,053 Euros and 19,893 Euros respectively are related to the settled transactions during the period.

12 TAX POSITION.

Profit Tax.

12.1. Tax Consolidation Regime

The Company is taxed in the consolidated tax system in accordance with Chapter VI, title VII of the 27/2017 law, of 27th November of the profit tax, which approved the revised text from the Law of Corporate Tax.

The Tax Group comprises the following corporations:

Parent: Holiday Club Canarias Investment, SL.U.

Subsidiaries: Holiday Club Canarias Sales & Marketing, S.L.U., Holiday Club Canarias Resort Management, S.L.U. and Holiday Club Canarias Vacation Club S.L.

12.2 Individual Tax Base.

The reconciliation of the net amounts of income and expenditures for the financial period against the tax base of Corporate Tax is the following:

Euros	Profit & Loss Account	Inc. & expend. directly attributable to Equity
Balance of Income and Expenditure for the financial year	**(114,474)**	–
Total Expenditure on Income Tax	**(170,798)**	–
Profit Tax	**(265,837)**	–
Current Tax	**95,039**	–
Deferred Tax		
Goodwill Deduction	**90,400**	–
Non-deductible Expenses	**488**	–
Temporary Differences		
70% Limit Amortization	**(30,413)**	–
Provisions	**(70,789)**	–
Tax Base (Tax Profit & Loss)	**(295,587)**	–

12.3. Corporate Tax Settlement.

Under the rules applicable to the Tax Consolidation Regime, the taxable income of the tax group is determined by adding individual taxable bases corresponding to the companies comprising the Fiscal group, deletions, additions of deletions carried out in previous years and, in the event that the above sum proves to be positive, compensating the carry-forwards of the Fiscal group, as well as the outstanding tax bases to be applied by the companies taxable at the time of joining the Tax Group.

In consequence, the Individual Tax Base of Holiday Club Canarias Sales & Marketing, S.L.U., for a negative amount of 295,587 Euros, are subject to addition together with the rest of the tax bases of the remaining companies comprising the Tax Group. The group tax base includes the elimination of the amount of 343,659 Euros related to internal operations made by Holiday Club Canarias Sales & Marketing, SLU:

By applying the tax rate over the tax base, you obtain the total tax due for the tax group which is reduced by the items and amounts expressed below:

Euros	2020	2019
Previous Group Tax Base	**–**	–
Negative Group Tax base from previous financial years	**424,102**	–
Group Tax Base	**424,102**	–

12.4 Breakdown of expenditure on Income Tax.

The expenditure on Income Tax accrued in the financial periods 2018/19 and 2019/20 is broken down as follows:

Euros	2020	2019
1. Current Tax	**(265,837)**	(69,070)
2. Deferred tax	**95,039**	9,124
Temporary differences, 70% limit fiscal amortisation	**9,124**	9,124
Temporary differences from intragroup operations	**85,915**	–
3. Total expenditure on income tax.	**(170,798)**	(59,946)

12.5. Deduction because of the investments

Using the interest rate (25 percent) in the investments during the financial period 2017/18 the company obtained an amount which is subject to deduction for the amount of 8,847 Euros). It means that in March 31st 2020 the amount is pending to be deducted with the limit of 50% and time limit 2032/2033 financial period.

Furthermore, using the interest rate (25 percent) in the investments during the financial period 2018/19 the company has obtained an amount which is subject to deduction for the amount of 9,473 Euros. It means that in March 31st 2020 this amount is pending to be deducted with the limit of 50% and time limit 2033/2034 financial period.

Finally, using the interest rate (25 percent) in the new fix assets investments during the financial period 2019/20 the company has obtained an amount which is subject to deduction for the amount of 34,518 Euros. It means that in March 31st 2020 this amount is pending to be deducted with the limit of 50% and time limit 2034/2035 financial period.

12.6 Deferred Tax Asset.

Transactions during the 2018/19 and 2019/20 financial periods found in this heading have been the following:

Euros	Balance 31.03.2018	Acquisitions	Applications	Balance 31.03.19
Temporary differences, 70% limit fiscal amortisation	68,630	–	(9,124)	**59,506**
Totals	68,630	–	(9,124)	**59,506**

	Balance 31.03.19	**Acquisitions**	**Applications**	**Balance 31.03.20**
Temporary differences, 70% limit fiscal amortisation	**59,506**	**–**	**(9,124)**	**50,382**
Totals	**59,506**	**–**	**(9,124)**	**50,382**

12.7 Deferred Tax Liabilities.

The amount of 59,976 Euros, corresponds to the tax effect of capital grants appearing in the Company's equity at March 31, 2020 (79,427 Euros at March 31st 2019). The tax rate applied is 25%. (See Note 16.2). Furthermore, during the financial year has been accounted temporary differences liabilities due to internal transactions for the amount 85,915 Euros.

12.8 The Canary Islands Investment Reserve.

The Canary Islands Investment Reserve was provided for from January 1, 2007 and what has been set out in Royal Decree Act 12/2016 of December 29, in which Law 19/1994 of July 6, Modification of the Canary Islands Financial and Tax Regime (REF) was modified, is applicable.

At the end of financial year 2019/2020, the situation of the Canary Island Investment Reserve is as follows:

Euros **Item**	**2011**	**2011/12**	**2012/13**
Provisions	776,358	1,081,563	1,235,950
Investments carried out			
Financial Period 2013/14	(776,358)	(1,081,563)	(799,103)
Financial Period 2014/15	–	–	(263,916)
Financial Period 2015/16	–	–	(13,857)
Financial Period 2016/17	–	–	(159,074)

The Company, during the Financial Period 2013/14, carried out the following Investments, materialising the Reserve in the following assets and on the indicated dates on the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

Euros Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2011/2012	Provision 2012/2013
21100001	ANGRY BIRDS CONSTRUCTIONS	01.11.2013	1,084,195	633,330	633,330	633,330	–	–
					633,330	**633,330**	**–**	**–**
21301001	ANGRY BIRDS ASSETS	01.11.2013	55,851	23,226	32,625	32,625	–	–
21301001	Machinery	12.06.2014	3,500		3,500	3,500	–	–
					36,125	**36,125**	**–**	**–**
21508001	ANGRY BIRDS ASSETS	01.11.2013	2,833,292	1,178,231	1,655,060	106,902	1,081,563	466,595
21508001	Other Facilities	21.11.2013	7,710	–	7,710	–	–	7,710
21508001	Other Facilities	01.02.2014	1,102	–	1,102	–	–	1,102
21508001	Other Facilities	01.02.2014	2,590	–	2,590	–	–	2,590
21508001	Other Facilities	18.02.2014	755	–	755	–	–	755
21508001	Other Facilities	26.02.2014	746	–	746	–	–	746
21508001	Other Facilities	08.04.2014	1,609	–	1,609	–	–	1,609
21508001	Other Facilities	07.05.2014	110	–	110	–	–	110
21508001	Other Facilities	09.05.2014	298	–	298	–	–	298
21508001	Other Facilities	09.05.2014	943	–	943	–	–	943
21508001	Other Facilities	14.05.2014	893	–	893	–	–	893
21508001	Other Facilities	19.05.2014	1,609	–	1,609	–	–	1,609
21508001	Other Facilities	20.05.2014	1,390	–	1,390	–	–	1,390
21508001	Other Facilities	21.05.2014	396	–	396	–	–	396
21508001	Other Facilities	31.05.2014	1,476	–	1,476	–	–	1,476
21508001	Other Facilities	31.05.2014	604	–	604	–	–	604
21508001	Other Facilities	05.06.2014	1,811	–	1,811	–	–	1,811
21508001	Other Facilities	06.06.2014	26	–	26	–	–	26
21508001	Other Facilities	06.06.2014	15	–	15	–	–	15
21508001	Other Facilities	06.06.2014	76	–	76	–	–	76
21508001	Other Facilities	01.08.2014	269	–	269	–	–	269
21508001	Other Facilities	01.08.2014	1,616	–	1,616	–	–	1,616
21508001	Other Facilities	01.08.2014	3,493	–	3,493	–	–	3,493
21508001	Other Facilities	08.08.2014	2,001	–	2,001	–	–	2,001
21508001	Other Facilities	01.09.2014	2,319	–	2,319	–	–	2,319
					1,688,918	**106,902**	**1,081,563**	**500,453**
21601002	ANGRY BIRDS ASSETS	01.11.2013	83,856	34,871,61	48,984	–	–	48,984
21601002	Furniture	19.11.2013	783	–	783	–	–	783
21601002	Furniture	19.11.2013	175	–	175	–	–	175
21601002	Furniture	01.03.2014	600	–	600	–	–	600
21601002	Furniture	01.04.2014	690	–	690	–	–	690
21601002	Furniture	15.04.2014	690	–	690	–	–	690
21601002	Furniture	31.05.2014	356	–	356	–	–	356
21601002	Furniture	01.06.2014	199	–	199	–	–	199
21601002	Furniture	01.06.2014	63	–	63	–	–	63
21601002	Furniture	01.06.2014	175	–	175	–	–	175
21601002	Furniture	01.06.2014	1,142	–	1,142	–	–	1,142
21601002	Furniture	29.06.2014	814	–	814	–	–	814
					54,670	**–**	**–**	**54,670**

Euros

Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2011/2012	Provision 2012/2013
21701001	IT Equipment	26.10.2013	1,347	–	1,347	–	–	1,346
21701001	IT Equipment	04.12.2013	768	–	768	–	–	768
21701001	IT Equipment	04.12.2013	749	–	749	–	–	749
21701001	IT Equipment	04.12.2013	14,176	–	14,176	–	–	14,176
21701002	IT Equipment	11.10.2013	1,224	–	1,224	–	–	1,224
					18,264	**–**	**–**	**18,264**
21801001	Vehicles	10.09.2014	19,509	–	19,509	–	–	19,509
21801001	Vehicles	12.09.2014	285	–	285	–	–	285
					19,794	**–**	**–**	**19,794**
21901008	Other Tangible Fixed Assets	01.12.2013	1,400	–	1,400	–	–	1,400
21901008	Other Tangible Fixed Assets	16.09.2014	64	–	64	–	–	64
21901008	Other Tangible Fixed Assets	16.09.2014	2,500	–	2,500	–	–	2,500
21901008	Other Tangible Fixed Assets	17.09.2014	64	–	64	–	–	64
					4,029	**–**	**–**	**4,029**

Also, at the time of the initial investment relating to the opening of the Angry Birds Park, the creation of jobs occurred, which caused an increase of the total average number of employees. This has resulted in the materialization of the reserve in the creation of jobs, which, as indicated in the Report for the 2013/2014 Financial Period, amounted to 201,892 Euros.

During the financial period 2014/2015, the Company has carried out the following investments: using the Reserve on the following assets and on the dates indicated in the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Acquisition Amount	Amount materialised	Provision 2012/2013
21601002	Furniture	28.02.2015	220	220	220
21601002	Furniture	28.02.2015	715	715	715
21601002	Furniture	12.03.2015	298	298	298
21601002	Furniture	19.03.2015	1,060	1,060	1,060
21601002	Furniture	19.03.2015	60	60	60
21601002	Furniture	30.04.2015	2,373	2,373	2,373
21601002	Furniture	30.09.2015	571	571	571
		Furniture	**5,297**	**5,297**	**5,297**
21701001	IT Equipment	31.10.2014	784	784	784
21701001	IT Equipment	31.10.2014	645	645	645
21701001	IT Equipment	30.11.2014	2,311	2,311	2,311
		IT Equipment	**3,740**	**3,740**	**3,740**

Furthermore, on the occasion of the initial investment for the launch of the Angry Birds Park on November 1, 2013, jobs have been created which have determined an increase of the average total number of staff. This has resulted in the realization of the reserve due to the creation of jobs.

In particular, the increase to the average amount of staff pursuant to Article 27.4.C of Law 19/1994, July 6 and Article 10 of the Royal Decree of 1758/2007, was 10,56 employees.

During the financial period 2014/2015, the amount of 24,136 Euros is the average cost of the gross wages and compulsory social contributions of employees connected to the Park. Consequently, in accordance with Article 27.6 of Law 19/1994, the materialization of the reserve due to the increase of the number of employees at the initial investment, is 254,879 Euros.

This investment, due to the creation of jobs materializes part of the reserve allocated in the Financial Period 2012/2013.

During the financial period 2015/2016, the Company has carried out the following investments: using the Reserve on the following assets and on the dates indicated in the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21601002	Furniture	01.10.2015	6,898	6,898	6,898
21601002	Furniture	31.10.2015	320	320	320
		Furniture	**7,218**	**7,218**	**7,218**

<u>Euros</u>

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21701002	IT Equipment	25.11.2015	749	749	749
21701002	IT Equipment	30.11.2015	460	460	460
		IT Equipment	**1,209**	**1,209**	**1,209**
21508001	Other facilities	29.02.2016	1,260	1,260	1,260
21508001	Other facilities	29.02.2016	355	355	355
		Other facilities	**1,615**	**1,615**	**1,615**
20601001	IT applications	01.03.2016	3,816	3,816	3,816
		IT applications	**3,816**	**3,816**	**3,816**

During the financial period 2016/2017, the Company has carried out the following investments: using the Reserve on the following assets and on the dates indicated in the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

<u>Euros</u>

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
21601002	Furniture	01.06.2016	763	763	763
21601002	Furniture	28.06.2016	640	640	640
21608002	Furniture	01.03.2017	440	440	440
21608002	Furniture	23.03.2017	2,126	2,126	2,126
		Furniture	**3,969**	**3,969**	**3,969**
21701001	IT Equipment	06.02.2017	930	930	930
21701001	IT Equipment	01.03.2017	885	885	885
21701002	IT Equipment	25.05.2016	460	460	460
		IT Equipment	**2,275**	**2,275**	**2,275**
21901008	Other Tangible Fixed Assets	30.04.2016	35	35	35
21901008	Other Tangible Fixed Assets	30.04.2016	37	37	37
21901008	Other Tangible Fixed Assets	30.04.2016	12	12	12
21901008	Other Tangible Fixed Assets	30.04.2016	3	3	3
21901008	Other Tangible Fixed Assets	30.04.2016	4,749	4,749	4,749
21901008	Other Tangible Fixed Assets	01.05.2016	239	239	239
21901008	Other Tangible Fixed Assets	01.12.2016	48,551	48,551	48,551
21901008	Other Tangible Fixed Assets	22.02.2017	11,921	11,921	11,921
21901008	Other Tangible Fixed Assets	22.02.2017	86	86	86
21901008	Other Tangible Fixed Assets	22.02.2017	66	66	66
21901008	Other Tangible Fixed Assets	22.02.2017	113	113	113
21901008	Other Tangible Fixed Assets	01.03.2017	3,589	3,589	3,589
21901008	Other Tangible Fixed Assets	06.03.2017	6,603	6,603	6,603
21901008	Other Tangible Fixed Assets	06.03.2017	172	172	172
21901008	Other Tangible Fixed Assets	08.03.2017	1,340	1,340	1,340
21901008	Other Tangible Fixed Assets	16.03.2017	1,060	1,060	1,060
21901008	Other Tangible Fixed Assets	23.03.2017	34,200	34,200	34,200
21901008	Other Tangible Fixed Assets	29.03.2017	828	828	828
21901008	Other Tangible Fixed Assets	29.03.2017	3,700	3,700	3,700
21901008	Other Tangible Fixed Assets	31.03.2017	22,253	22,253	22,253
		Other Tangible Fixed Assets	**139,558**	**139,558**	**139,558**

Euros

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2012/2013
20601001	IT applications	01.05.2016	1,716	1,716	1,716
20601001	IT applications	01.03.2017	3,537	3,537	3,537
20601001	IT applications	29.03.2017	1,817	1,817	1,817
		IT applications	**7,070**	**7,070**	**7,070**
21508001	Other facilities	29.03.2017	6,202	6,202	6,202
		Other facilities	**6,202**	**6,202**	**6,202**

On March 31, 2017 the partners agreed to dispose part of the RIC 2012/13 special reserve, so that they agreed to transfer part of the special reserve to voluntary reserves, specifically for the amount pending to materialize at this date, the amount of 1,229,049 Euros. Consequently, one of the requirements established in the article 27 of the Law 19/1994 has been violated, integrating, in accordance with article 27.6 of Law 19/1994, this amount into the tax base of the corporate tax corresponding to 2016/17 period.

As a result of this breach, moratory interests have been paid to the administration for the amount of 53,975 Euros) of which 46,096 Euros were accrued as at 31 March 2017.

The realization for the amount of 26,781 Euros in the annual report for the financial period 2016/17 that was booked in the account 21100001, has been reclassified during the current financial period to the account 21901008, but the assets are still in the company with the same amount and all the requirements related to the realization have been fulfilled.

Finally, it must be reported that the Company has not carried out investments prior the provision and it has not been benefited from any other tax benefit accrued at the time of the Investments made as a result of the realization of the RIC.

12.9 Financial Periods Open to the Possibility of a Tax Inspection.

As set forth in current legislation, taxes cannot be considered definitively settled until the tax returns presented have been inspected by the tax authorities or the four-year statute of limitations has run out.

At the closing date, the company is also open to inspection of all the taxes that are applicable to it, corresponding to the last four years.

The Board of Directors of the Company considered that liquidations of the mentioned taxes have been properly settled, so, even though discrepancies could arise in the interpretation or the existing tax regulations by the handling of tax granted to the operations, the eventual resulting liabilities in case of materialisation would not significantly affect the annual accounts.

13 INCOMES AND EXPENSES

13.1 Breakdown of the following items in the Profit and Loss Account:

4.a. Consumption of goods: corresponding to the cost of the acquired weeks and with purchases of merchandise and merchandising for the Theme Park. The amounts are as follows:

Euros	2020	2019
Cost of weeks acquired	**78,345**	83,522
Merchandise purchased Theme Park	**155,484**	207,259
Change in Inventory merchandise Theme park	**11,177**	(13,069)
Totals	**245,007**	277,712

The purchase of acquired weeks has been carried out in Spanish territory and the theme park merchandise has been purchased from members countries of the European Union.

6.b. Social security: corresponds entirely with the business contribution whose amount totalled 396,055 Euros and 294,885 Euros for the Financial Periods 2018/19 and 2019/20, respectively.

7.a. External Services:

Euros	2020	2019
Leases and Charges	**152,603**	296,027
Repair and Maintenance	**2,105,534**	2,319,250
Independent Professional Services	**533,097**	760,193
Transport	**35,258**	124,899
Insurance	**25,984**	21,919
Bank Services and Similar	**12,010**	32,500
Publicity, Advertising and Public Relations	**136,786**	186,414
Supplies	**98,528**	126,983
Other Services	**74,836**	305,429
Totals	**3,174,635**	4,173,614

7.c. Losses on, impairment of and change in trade provisions:

Euros	2020	2019
Losses from bad debts	**239,498**	326,249
Trade Provision	**72,628**	208,481
Excess Trade Provision	**(131,392)**	(248,502)
Provision packs	**(20,039)**	(129,961)
Provision Sales-persons' commissions.	**3,126**	**(70,689)**
Provision Transfers	**(69,610)**	(19,500)
Provision RCI	**(19,881)**	(42,821)
Other provisions	**(5,551)**	(52,593)
Totals	**68,779**	(29,336)

13.2. Other results: these correspond to the net of Profit & Loss that stem from events that are not a part of the Company's typical activities and which are not expected to occur frequently. In the financial year 2018/19 and 2019/20 they correspond, mainly, to the long term provision the for amount of 150,000 Euros and 326,649 Euros, respectively (See note 14.1).

14 PROVISIONS AND CONTINGENCIES.

Provisions

14.1. The long-term provision for the amount of 554,838 Euros corresponds to judicial processes in favour of different clients for claims for weeks sold in previous periods. Transactions during the 2019/20 and 2018/19 financial periods are as follows:

Euros	Balance at 31.03.18	Acquisitions	Disposals	Balance at 31.03.19	Acquisitions	Disposals	Balance at 31.03.20
Long-term provisions	278,029	150,000	(83,146)	344,882	326,649	(116,692)	**554,838**

The company has been sued for several clients arguing that the contracts are null for the amount of 5,700,000 Euros. At the date of preparation of these annual accounts 121 claims have been received. 25 have been closed and 77 of them have a ruling from first instance and 8 have also a ruling from second instance. A positive ruling from the Supreme Court has been also received. The rulings are mostly negative for the company for the amount of 1,200,000 Euros. The amount to pay for the rulings can be the money received for the company minus the enjoyment of the weeks or a bigger amount. Although there are unfavourable rulings all of them have been appealed and are expected to get a favourable ruling for the contracts signed after July 2012. Most of them are in this case. The maximum risk has been quantified in 554,838 Euros.

14.2. The short-term provision corresponds to the accrual of commissions pending payment to sales staff and provisions for the cancellation of sales. The balance at the close of the financial years 2018/19 and 2019/20 amounts 188,296 euros and 76,341 Euros, respectively. Transactions during the 2018/19 and 2019/20 financial periods are as follows:

Euros	Balance at 31.03.18	Disposals	Balance at 31.03.19	Acquisitions	Disposals	Balance at 31.03.20
Short-term provisions	555,541	(367,244)	188,296	3,126	(115,081)	**76,341**

Contingencies.

14.3. There are guarantees provided to one of the group Companies, to respond to a loan granted by a financial institution, amounting 500,000 Euros at the end of the financial year (see Note 18.3).

14.4. The company provided a guarantee to a Finance company for the amount of 204,450 Euros to face all the trials commented in the note 14.1. being also endorsed by the company of the group Holiday Club Canarias Resort Management SLU. (See Note 18.3)

15. ENVIRONMENTAL INFORMATION.

Given the activity that the Company carries out, there are no responsibilities, expenses, assets or contingencies of any environmental nature that could be of any significance with regard to equity, the financial position and its results. Therefore, no specific breakdowns are included in this report.

16. GRANTS, DONATIONS AND LEGACIES.

16.1 On June 24, 2014 a grant was given by the Ministry of Finance and other Public Administrations for the investment Project in the Angry Birds Theme Park, for the amount of 870,213 Euros. On April 2018 the company paid back 69,982 Euros because some conditions were not complied.

16.2. Variations in the capital grant during the financial years 2019/20 and 2018/19 are as follows:

Euros	Balance 31.03.19	Acquisitions	Transfer to results	Balance 31.03.20
Capital Grant	317,710	–	(77,807)	239,903
Tax Effect	(79,427)	–	19,452	(59,976)
Totals	238,283	–	**(58,355)**	**179,928**

Euros	Balance 31.03.18	Transfer to results	Disposals	Balance 31.03.19
Capital Grant	465,500	(77,807)	(69,982)	**317,710**
Tax Effect	(116,375)	19,452	17,495	**(79,427)**
Totals	349,124	(58,355)	(52,486)	**238,283**

17 EVENTS AFTER THE CLOSING OF THE YEAR.

No events have occurred after closing that could be considered significant and affect the financial period's accounts.

18. TRANSACTIONS BETWEEN RELATED PARTIES.

18.1. Regarding the Managing Board and Key Company Staff.

Managers and the key personnel of the company with whom related-party transactions have been carried out are the following:

- Mr. Calvin Stuart Lucock, Administrator and Managing Director.

Remuneration paid to managers and key personnel of the company, during the financial period 2019/20, in their status as employees of the company, amounts to 48,800 Euros and in the financial period 2018/19, 69,133 Euros.

On the Balance Sheet there is a current account with partners and administrators at March 31, 2020, that amounts 5,764 Euros (5,502 euros in the financial period 2018/2019).

18.2 Information required by Article 229 Of the Corporate Enterprises Act.

According to the Article 229 of the Corporate Enterprises Act, we hereby inform that the members of the Board of Directors do not have shares or hold positions or perform functions in companies whose corporate purpose is the same, similar or complementary to the Company's.

However, the members of the Board of Directors hold various shares in companies related to the Company and hold management positions and carry out functions related to the management, which have not been subject to inclusion in this Note of the Report, as this does not pose any conflict with regard to their duties of diligence and loyalty or the existence of potential conflicts of interest in the context of Law 26/2004 17 July, that amended Law 24/1988, of July 28, in which the market values and the text revised from the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July.

Also, during the Financial Period, the members of the Board of Directors have not carried out transactions outside the normal course of business beyond the ordinary traffic or in conditions other than those of the market with the company or group companies. The only transactions with administrators are those outlined in Note 18.1.

18.3 Transactions and Balances with Group companies:

The transactions carried out with Group companies during the Financial periods 2019/20 and 2018/19, are the following:

Euros	2020		
Company	**Financial Expenses**	**Services received**	**Services rendered**
Holiday Club Canarias Resort Management, SLU	–	2,048,272	180,143
Holiday Club Resort OY	–	309,463	239,668
Holiday Club Sweden AB	275,309	16,150	–
Holiday Club Canarias Vacation Club, SL	–	78,345	2,193,821
Totals	275,309	2,452,231	2,613,632

Euros	2019		
Company	**Financial Expenses**	**Services received**	**Services rendered**
Holiday Club Canarias Resort Management, SLU	**–**	**2,577,119**	**181,059**
Holiday Club Resort OY	**–**	**395,163**	**289,766**
Holiday Club Sweden AB	**282,445**	**9,257**	**3,990**
Passeport Sante, SLU	**–**	**–**	**873,464**
Totals	**282,445**	**2,981,539**	**1,348,279**

The transactions between the Group companies were performed under normal market conditions.

Balances outstanding with the Group Companies in the financial periods 2019/20 and 2018/19, both short-term and long-term, at the close of the Financial Periods are:

	2020		2019	
Euros	**Debit Balances**	**Credit Balances**	Debit Balances	Credit Balances
Holiday Club Canarias Resort Management, SLU	**–**	**3,648,057**	–	3,472,712
Holiday Club Canarias Investment, SL	**1,225,186**	**–**	959,460	–
Holiday Club Resort OY	**66,225**	**–**	–	10,680
Holiday Club Sweden AB	**–**	**10,586,186**	–	11,037,006
Holiday Club Canarias Vacation Club, SL	**782,726**	**–**	613,739	–
Totals.	**2,074,138**	**14,234,242**	1,573,199	14,520,398

The Company backed the Group Company Holiday Club Canarias Resort Management, SLU related to a loan granted by a financial institution, amounting 500,000 Euros at the end of the period (see Note 14.3).

Furthermore, the Group Company Holiday Club Canarias Resort Management, SLU provided a guarantee to a Finance Company for the amount of 204,450 Euros to face pending trials of the company (See Note 14.4).

18.4 Companies subject to the same unit of decision.

The Company shows the largest assets in the group of companies' subject to the same decision-making units, headquartered in Spain. The companies are the following ones:

- Holiday Club Canarias Investment, S.L.U.: Parent Company of the Group
- Holiday Club Canarias Sales & Marketing, S.L.U.: Subsidiary and with the highest assets.
- Holiday Club Canarias Resort Management, S.L.U.: Subsidiary.
- Holiday Club Canarias Vacation Club: Subsidiary

Aggregated amounts of these companies are as follows:

Euros	**2020**	2019
ASSETS		
Non-current Assets	**9,035,693**	8,673,962
Current Assets	**20,824,424**	18,625,890
Total	**29,860,115**	27,299,853
EQUITY AND LIABILITIES		
Equity	**4,850,447**	4,052,376
Non-current Liabilities	**11,839,887**	11,526,709
Current Liabilities	**13,169,781**	11,720,768
Total	**29,860,115**	27,299,853
PROFIT & LOSS		
Turnover.	**14,332,442**	13,245,594
Results (Loss)	**853,397**	67,834

19 OTHER INFORMATION

19.1 Number of Employees.

The average number of persons employed by the Company during the financial periods 2019/20 and 2018/19, distributed by their professional categories, has been as follows:

	Persons	
	2020	2019
Executives and Administrative Staff.	**13.61**	18.63
Sales and Collections Staff.	**6.97**	13.96
Others	**17.01**	18.97
Totals.	**37.59**	51.56

The distribution by gender at the end of the financial periods 2019/20 and 2018/19 is the following:

	2020		2019	
	Men	**Women**	Men	Women
Executives and Administrative Staff.	**8**	**6**	8	8
Sales and Collections Staff.	**5**	**3**	5	4
Others	**8**	**11**	10	9
Totals.	**21**	**20**	23	21

The average number of disabled persons (more than 33% of disability) employed by the Company during the financial periods 2019/20 and 2018/19 is only is as follows:

	2020	2019
Executives and Administrative Staff.	**1**	–
Others	**1**	1
Totals.	**2**	1

19.2 Auditor's Fees.

The fees for the audit of annual accounts amount to 11,000 Euros and 10,165 Euros for the Financial Periods 2017/18 and 2018/19 respectively.

20 SEGMENT REPORTING.

The Company's business has been carried out entirely within the geographical area of the Canary Islands.

Euros	2020	2019
Hotel activity	**–**	3,275,275
Transfer of weeks (note 18.3)	**2,193,821**	–
Angry Birds Theme Park income	**1,139,071**	1,204,876
Other income	**409,548**	377,826
Sale of weeks and packs	**1,812,589**	1,946,463
Totals	**5,555,029**	6,804,440

21 INFORMATION ABOUT DEFERRAL PAYMENTS MADE TO SUPPLIERS. THIRD ADDITIONAL REGULATION TO THE "DUTY OF INFORMATION" OF LAW 15/2010 OF July 5.

According to the Third Additional Regulation of Law 15/2010 of 5 July, the Company informs the following information:

Euros	2020	2019
	Days	Days
Payment Ratio	**50**	44
Outstanding payment Ratio	**30**	30
Average period for payment to suppliers	**49**	44
	Amount	Amount
Total payments in the period	**3,399,937**	4,519,035
Total outstanding payments	**109,864**	90,159

In Mogán, April 20, 2020.

HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. REPORT MANAGEMENT FOR THE FINANCIAL YEAR ENDING IN MARCH 31, 2020

Submitted by the managers of the company HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU to be considered by general meeting of shareholders.

1. BUSINESS DEVELOPMENT

The total amount of the turnover for the society is 5,555,029 euros.

In October 31st ,2018 the Company opened the Angry Birds Activity Park in Puerto Rico, Mogán. After six and half years running the business the results have been very satisfactory, taking in account that we are talking about a very big Investment, over 4,000,000 Euros.

This will help to diversify the business focused on the touristic activity and the vacation enjoyment of the families.

2. COMPANY'S SITUATION

Inventory is the most relevant item in the balance sheet.

3. OWN SHARES

There are not own shares in the company.

4. AVERAGE PERIOD FOR PAYMENT

The average period for payment to suppliers and creditor is 50 days.

5. FORSEEABLE EVOLUTION OF THE BUSINESS DUE TO THE IMPACT OF THE COVID-19

Note 2.3 of the report details the situation caused by COVID-19. At the date of preparation of the annual accounts, our complexes are still closed, as well as the Angry Birds Park, not knowing at the moment when we will be able to reopen to the public. Even anticipating a decrease in the annual sales target, we have sufficient cash to face the shocks that may come.

Mogán, April 20, 2020

Calvin Stuart Lucock

Joint and Several Administrator and Holiday Club Resorts OY Representative.

REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS

To the Sole Shareholder of HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU:

Report on the Financial Statements

We have audited the financial statements of HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU (the Company) which comprise the balance sheet as at March 31, 2020, and the income statement, statement of changes in equity, the cash flow statement, and the related explanatory notes thereto for the year then ended.

In our opinion, the accompanying financial statements present, in all material aspects, a true and fair view of the net equity and financial situation of the Company as at March 31, 2020 and of its results and cash flows for the year then ended, in accordance with the regulatory financial reporting framework that is applicable (identified in note 2 to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

Basis for the opinion

We have carried out our audit in accordance with the prevailing standards governing the activity of auditing accounts in Spain. Our responsibilities in accordance with these standards are described later in the section of our report on “Responsibilities of the auditor in connection with the audit of the financial statement”.

We are independent from the Company in accordance with the requirements on ethics, including those of independence, which are applicable to our audit of financial statements in Spain, as required by the regulations governing the activity of auditing accounts. In this regard, we have not provided services other than the audit of the financial statements, nor have situations or circumstances arisen that, in accordance with the aforementioned regulations, may have compromised our necessary Independence.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered to give rise to the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks have been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon we do not express a separate opinion on said risks.

Maintenance Fees Incomes

As shown in the profit and loss account, the sales figure amounts to 5.2 million euros (see note 19), while in the current liabilities there is a balance of 4.02 million euros of short-term accruals. As explained in note 1, the main activity of the Company consists in offering maintenance services to five apartment complexes that the related company HOLIDAY CLUB CANARIAS SALES MARKETING, SLU sells by the timeshare regime, or it exploits tourism. For each calendar year, the owners’ meeting of each complex approves the maintenance fees for each type of room and complex, which are invoiced in the following January, with the non-accrued portion registered in the section of short-term accruals. Due to the monetary relevance of the sales item and the diversity of quotes due to the number of complexes and types of rooms to which the Company provides services, a valuation of the sales and the short-term accruals of the Company have been considered a relevant aspect of our audit.

Our procedures consisted, among other things in a verification of the annual quotas approved in the minutes by the number and type of rooms of each complex, verifying the accrued portion based on the time elapsed between the billing and the closing of the financial year of the Company.

Cost center for apartment complexes

As indicated in note 19, the incomes for maintenance fee amounts of 4.9 million euros. The Company divides its activity among five apartment complexes, reason why each of them supports a part of those expenses. This information is used to establish, with approval in the owners’ meeting, the maintenance fees that are invoiced (income) to the owners of each Resort, differentiated by each type of room. The Company keeps track of the allocation of costs to each apartment complex and informs owners about the total expenses of the year for each of the complexes. Due to the high amount of expenses, together with the different nature of the same, where the assignment of these to each cost center entails a detailed analysis, we have considered a relevant aspect for our audit work.

As part of our audit, our procedures included the analysts of the reasonableness of the imputation of the expenses by complex. In addition, tests were carried out in detail to verify the correct assignment of the same.

COVID19

As indicated in note 2.2 of the report, the Company has carried out an analysis of the effect of the COVID19 health crisis on the business of the Holiday Club Canarias Group as a whole. This crisis has meant the total stoppage of the activity of the Group companies, which has abruptly Interrupted the generation of incomes. The analysis of the economic effects has been considered a relevant aspect of our audit work.

Our audit work has been focused on analysing the adequacy of the information provided and developed by the entity in the notes of the annual accounts.

Other Information: Management Report

The other information includes the management report for the year ended March 31, 2020, the formulation of which is the responsibility of the Company’s Director, although it is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the other information, in accordance with the requirements of the regulations governing the activity of auditing accounts, consists of evaluating and reporting on the consistency of the other information with the financial statements, based on the knowledge of the entity obtained in the performance of the audit, without including information other than that obtained as audit evidence. Likewise, our responsibility with respect to the management report consists of evaluating and reporting on whether its content and presentation are in accordance with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are obliged to report them.

Based on the work carried out, as described in the previous paragraph, except for the material misstatement described in the following paragraph, the information contained in the management report is consistent with the financial statements for 2019-2020 and its content and presentation are in accordance with the applicable regulations.

Director's responsibilities

The Director is responsible for the preparation of the accompanying financial statements in order to present a true and fair view of the net equity ,the financial position and the results of the Company in accordance with the Financial Reporting Standards applicable in Spain, and for such internal control as they consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to going concern and using the accounting principle of going concern, except if the Director intends to liquidate the Company or cease operations, or if there is no other realistic alternative.

Responsibilities of the auditor in connection with the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance but it does not guarantee that an audit conducted in accordance with the prevailing regulations governing the activity of auditing in Spain will always detect material misstatement when it exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to Influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the regulations governing the activity of auditing accounts in Spain, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the Director.
- We conclude on whether the use, by the Director, of the accounting principle of going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that could generate significant doubt as to the ability of the company to continue as a going concern. If we conclude that there is material uncertainty, in our audit report we are required to draw attention to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.
- We evaluate the overall presentation, the structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that expresses a true and fair view.

We communicate with the entity's Director regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the issues that have been communicated to the entity's Director, we determine those that have been most significant to the audit of the financial statements of the current period and that are, consequently, the risks considered most significant.

We describe those issues in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

RSM SPAIN AUDITORES, SLP
(n° ROAC S2158)

Javier ALVAREZ CABRERA
(n° ROAC 16092)

Canaria, on April 20, 2020

BALANCE SHEET AS AT MARCH 31, 2020

	ASSETS	Notes	(Euros) 2020	(Euros) 2019
A)	**NON-CURRENT ASSETS**			
I.	**Intangible Assets**	**5**	**1,020,000**	1,190,000
	4. Goodwill		**1,020,000**	1,190,000
II.	**Fixed Assets**	**6**	**3,392,367**	3,404,207
	1. Property and Buildings		**2,884,903**	2,905,751
	2. Technical Facilities and other Fixed Assets		**507,463**	359,756
	3. Advances and fixed assets in progress		**0**	138,700
III.	**Real Estate Investments**	**7**	**800,495**	552,454
	2. Construction/ Buildings		**800,495**	552,454
V.	**Long-term financial investments**	**8**	**141,409**	41,409
	3. Debt securities		**136,300**	36,300
	5. Other financial assets		**5,109**	5,109
VI.	**Deferred Tax Assets**	**11**	**64,225**	56,910
	TOTAL A		**5,418,496**	5,244,979
B)	**LIQUID ASSETS**			
III.	**Commercial debtors and other accounts receivables**		**801,026**	639,366
	1. Trade receivables	**8**	**794,329**	636,703
	3. Other debtors	**8**	**471**	890
	4. Personnel	**8**	**6,209**	1,756
	6. Other receivables from Public Administrations		**17**	17
IV.	**Short-term Investments in affiliated group and associate**	**8-17**	**3,648,354**	3,473,866
	2. Loans to companies		**3,648,354**	3,473,866
V.	**Short-term financial investments**	**8**	**1,557**	1,557
	5. Other financial assets		**1,557**	1,557
VI.	**Short term accruals**		**16,994**	27,591
VII.	**Cash and other equivalent liquid assets**	**8**	**1,543,654**	376,382
	1. Liquid assets		**1,543,654**	376,382
	TOTAL B		**6,011,585**	4,518,762
	TOTAL ASSETS (A + B)		**11,430,080**	9,763,741

BALANCE SHEET AS AT MARCH 31, 2020

NET WORTH AND LIABILITIES	Notes	(Euros) 2020	(Euros) 2019
A) TOTAL EQUITY			
A-1) EQUITY		**4,026,104**	3,573,311
I. Capital	**10**	**3,100**	3,100
1. Shared Capital		**3,100**	3,100
III. Reserves		**3,806,345**	3,539,523
1. Legal and statutory		**620**	620
2. Other reserves	**10**	**3,805,725**	3,538,903
V. Profit & Loss from previous Periods		**(236,134)**	(236,134)
2. (Losses from previous Periods)		**(236,134)**	(236,134)
VII. Profits for the Period	**3**	**452,792**	266,823
TOTAL A		**4,026,104**	3,573,311
B) NON CURRENT LIABILITIES			
II. Long-term Debts	**9**	**617,806**	128,563
2. Debts to Loan Institutions		**616,706**	127,463
5. Other financial liabilities		**1,100**	1,100
V. Long-term accruals		**3,519**	6,002
TOTAL B		**621,325**	181,907
C) CURRENT LIABILITIES			
II. Short-term provisions	**14**	**220,404**	177,090
III. Short-term debts	**9**	**168,726**	316,485
2. Debts to Loan Institutions		**167,726**	267,313
3. Creditors due to financial leasing		**0**	2,881
5. Other financial liabilities		**1,000**	46,292
IV. Short-term Debts with Group and Associated Companies	**9-17**	**1,671,620**	1,142,412
V. Trade Creditors and other Accounts payable		**704,289**	647,742
3. Sundry Creditors	**9-20**	**242,238**	205,879
4. Staff (salaries pending payment).	**9**	**609**	**7,961**
6. Other debts with Public Administrations.		**448,330**	**420,836**
7. Customer advances		**13,112**	13,067
VI. Short-term accruals	**9**	**4,017,613**	3,772,134
TOTAL C		**6,782,652**	6,055,864
TOTAL NET WORTH AND LIABILITIES (A + B + C)		**11,430,080**	9,763,741

PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020

ITEMS	Notes	(Euros) 2020	(Euros) 2019
A) CONTINUING OPERATIONS			
1. Turnover	**19**	**5,161,092**	5,394,733
b) Services rendered		**5,161,092**	**5,394,733**
4. Supplies	**13**	**(27,176)**	(138,320)
a) Consumption of merchandise		**(27,176)**	(138,320)
5. Other operations income	**7**	**84,161**	74,268
a) Accessory income and other current operations		**84,161**	74,268
6. Personnel expenses		**(2,388,347)**	(2,692,988)
a) Wages, salaries and similar		**(1,851,426)**	(2,110,786)
b) Social Security contributions	**13**	**(536,920)**	(582,202)
7. Other operating expenses		**(1,964,223)**	(2,011,085)
a) Outsourced services	**13**	**(1,526,895)**	(1,624,496)
b) Taxes		**(128,713)**	(130,182)
c) Losses, impairment and variation of supplies from trade op.	**13**	**(308,004)**	(256,536)
d) Other current operating expenses		**(610)**	130
8. Depreciation of fixed assets	**5-6-7**	**(340,336)**	(312,070)
13. Other incomes and expenses	**13**	**(11,065)**	17,465
A.1) Operating Income (Profit)		**514,107**	332,004
14. Financial Income.	**8**	**34,352**	19,957
b) Trade securities and other equity instruments		**34,352**	19,957
b 2) Third Parties		***34,352***	*19,957*
15. Financial expenses	**9**	**(8,757)**	(8,930)
b) Debts with Third Parties		**(8,757)**	(8,930)
17. Exchange differences.	**12**	**(91)**	1,048
A.2) FINANCIAL PROFIT & (LOSS)		**25,504**	12,075
A.3) PROFIT BEFORE TAXES		**539,611**	344,079
19. Corporate Income Tax	**11**	**(86,819)**	(77,256)
A.5) PROFIT & (LOSS) IN THE PERIOD		**452,792**	266,823

STATEMENT OF CHANGES IN EQUITY AT MARCH 31, 2020

ITEMS	Notes	(Euros) 2020	(Euros) 2019
A) STATEMENT OF RECOGNISED PROFIT AND LOSS			
A) PROFIT AND (LOSS) ACCOUNT	**3**	**452,792**	266,823
TOTAL OF RECOGNISED PROFIT AND LOSS (A)		**452,792**	266,823

STATEMENT OF CHANGES IN EQUITY AT MARCH 31, 2020 (euros)

ITEM	Shared Capital	Reserves	Previous Year's Profit & (Loss)	Current Year's Profit & (Loss)	TOTAL
B) COMPLETE STATEMENT OF CHANGES TO EQUITY					
A. FINAL BALANCE YEAR 2017/18	**3,100**	**3,306,789**	**(236,134)**	**232,734**	**3,306,488**
B. ADJUSTED BALANCE BEGINNING 2018/19	**3,100**	**3,306,789**	**(236,134)**	**232,734**	**3,306,488**
I. Total recognised Profit & Loss	0	0	0	266,823	**266,823**
III. Other variations to Equity	0	232,734	0	(232,734)	**0**
C. FINAL BALANCE 2018/19	**3,100**	**3,539,523**	**(236,134)**	**266,823**	**3,573,311**
D. ADJUSTED BALANCE, BEGINNING 2019/20	**3,100**	**3,539,523**	**(236,134)**	**266,823**	**3,573,311**
I. Total recognised incomes and expenses	0	0	0	452,792	**452,792**
III. Other changes to Equity	0	266,823	0	(266,823)	**0**
E. FINAL BALANCE 2019/20	**3,100**	**3,806,345**	**(236,134)**	**452,792**	**4,026,104**

CASH FLOW STATEMENT AT MARCH 31, 2020

ITEMS	Notes	(Euros) 2020	(Euros) 2019
A) CASH FLOW FROM OPERATING ACTIVITIES			
1. PROFIT & LOSS BEFORE TAXES		**539,611**	344,079
2. ADJUSTMENTS TO PROFIT & LOSS		**358,055**	272,786
a) Depreciation of Fixed Assets	**5-6-7**	**340,336**	312,070
c) Change to provisions	**14**	**43,314**	(28,257)
g) Financial Incomes	**8**	**(34,352)**	(19,957)
h) Financial Expenses	**9**	**8,757**	8,930
3. CHANGES IN WORKING CAPITAL		**148,479**	116,390
b) Trade and other accounts receivable		**(161,660)**	120,559
c) Other current assets		**10,596**	2,641
d) Creditors and other accounts payable		**56,547**	(61,867)
e) Other current liabilities		**242,995**	55,057
4. OTHER CASH FLOW FROM OPERATING ACTIVITIES		**25,577**	11,027
a) Interest payments	**9**	**(8,757)**	(8,930)
c) Interest receivable	**8**	**34,352**	19,957
d) Corporation tax payments		**(17)**	0
5. CASH FLOW ON OPERATING ACTIVITIES		**1,071,722**	744,282
B) CASH FLOW FROM INVESTMENT ACTIVITIES			
6. PAYMENTS FOR INVESTMENTS		**(681,024)**	(1,422,291)
a) Group and Associated Companies		**(174,487)**	(1,183,736)
c) Fixed Assets	**6**	**(406,537)**	(197,079)
e) Other financial assets		**(100,000)**	(41,476)
8. CASH FLOWS FROM INVESTMENT ACTIVITIES		**(681,024)**	(1,422,291)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
10. RECEIVABLES AND PAYABLES FOR FINANCIAL LIABILITIES		**776,575**	132,604
a) Issue		**1,135,092**	516,330
2. Amounts owed to credit institutions		**700,000**	300,000
3. Debts with Group and Associated Companies		**435,092**	189,038
4. Other debts		**0**	27,292
b) Repayment and amortization		**(358,517)**	(383,726)
2. Debts with credit institutions		**(313,225)**	(382,176)
4. Other debts		**(45,292)**	(1,550)
12. CASH FLOW FROM FINANCING ACTIVITIES		**776,575**	132,604
E) NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS		**1,167,273**	(545,405)
Cash or cash equivalents at the beginning of the year	**8**	**376,382**	921,787
Cash or equivalents at the end of the year	**8**	**1,543,654**	376,382

ANNUAL REPORT CORRESPONDING TO THE FINANCIAL PERIOD ENDING ON MARCH 31, 2020

1. THE COMPANY'S BUSINESS ACTIVITY.

1.1. HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. was founded as a limited corporation on December 9, 2010, before the Notary Public of the Guild of the Canary Islands, whose office is located in Maspalomas, Mr. Valentín Concejo Arranz, under his Protocol number 1525.

1.2. On March 3, 2011, the Company acquired its current condition as a Sole Proprietor Limited Liability Company. On July 22, 2011 a social agreement changes the financial year that in the corporate statutes was from October 1 till September 30. However, on February 1, 2016 in the annual general meeting was agreed to modify the dates of starting and ending of the financial year to April 1 till March 31.

1.3. Its main corporate mission comprises the acquisition, promotion, construction, urbanisation, management, operation, holding, use, enjoyment of, yielding of, business management of any type, of property, buildings, tourist complexes, hotels, farms and /or agricultural land in the country or urban areas and personal rights or rights in rem of real-estate property including its conveyance, whether in its entirety or partially, per apartment or by means of the sale of or assignment of rotational enjoyment rights, timeshare or any other kind of rights to use. The main activity is the management of five hotel complexes (Playa Amadores, Sol Amadores, Vista Amadores, Jardín Amadores and Puerto Calma, as well as the lease of commercial premises.

1.4. The Corporate offices are located at Avenida Anna Lindh, number 1, Urbanización Amadores, in the municipality of Mogán in Gran Canaria.

1.5. The Company is a part of a Group whose parent Company is HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., headquartered at Avenida Ministra. Anna Lindh, number 1, Urbanización Amadores, in the municipality of Mogán (Gran Canaria). Said company does not present yearly consolidated accounts, because it is not mandatory for it to do so. This Spanish Group is integrated in a higher one, which the parent company is Holiday Club Resorts Oy, located in Finland, which presents yearly consolidated accounts. Furthermore, the mentioned company belongs to a group which parent company is Mahindra & Mahindra limited, located in India.

1.6. On April 6, 2011 the Public Deed was signed, by means of which the Company, together with its related company HOLIDAY CLUB CANARIAS SALES & MARKETING, S.L.U., acquired the business of the five tourist complexes which they are currently operating. In said acquisition, the Company was assigned property for the amount of 3,170,602 Euros and the administration and maintenance operations' Goodwill valued at 1,700,000 Euros. The remaining assets (unsold weeks, customers' loan rights and goodwill corresponding to the main business of Timeshare) was assigned to the abovementioned related Company. On June 1, 2012 a public Deed was also signed comprising a series of agreements related to the purchase of the business described above.

2. BASIS USED FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS

The figures contained in the Balance Sheet, in the Profit & Loss Account, in the Statement of Changes to Equity, in the Cash-flow Statement and in this Report are expressed in Euros, which, upon being rounded out, cause small differences in their presentation.

These annual accounts are presented for approval to the Annual General Meeting of Members.

2.1. True and Fair View.

The annual accounts are obtained from the Company's accounting records and have been presented according to the regulations set out in Law 16/2007 of July 4, on the revised and adapted mercantile accounting legislation to harmonise it internationally on the basis of the European Union and by Royal Decree 1515/2007 of November 16, in which the General Accounting Plan was approved and the added modifications by Royal Decree 1159/2010 of September 17, and Royal Decree 602/2016 of September 2, in order to reflect a true and fair view of the Equity, the financial situation and the Company's Profit & Loss as well as the veracity of the streams incorporated into the Cash-flow, according to generally accepted accounting practices and regulations.

2.2. Critical Aspects in the Valuation and Judgement of Uncertainty.

At the date of formulation of these annual accounts, Royal Decree 463/2020 of March 14, is in force, declaring the state of alarm for the management of the health crisis situation caused by COVID-19, as well as, its subsequent developments through Royal Decree-Law 8/2020 of March 17, and Order SND/257/2020, of March 19, declaring the suspension of opening of tourist accommodation establishments to the public.

The Company has closed the five hotels since March 23, so there have been no clients on site since then. This closure has affected the Group's three companies in the Canary Islands equally: HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU (company that originally owns the weeks it sells under Time Sharing scheme) and the one that manages the Angry Birds activity park, HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU (company that manages the maintenance of the hotels) and HOLIDAY CLUB CANARIAS VACATION CLUB, SL (company that buys weeks of accommodation and exploits the Group's available weeks in the Canary Islands).

The main consequences of the closure have been the following:

- Personnel: On the dates of the closure of the hotels, the Group companies in the Canary Islands have carried out a temporary employment regulation file (ERTE) that has affected 116 people out of the total of 128 people who work in the Group. Therefore, at the date of formulation of these annual accounts, a total of 12 people remain working. This measure has meant for the Group in the Canary Islands a saving in personnel costs estimated at approximately 262,000 euros per month.

The breakdown by Company is as follows:

	Employees		Saving (th euros)		
	Total	Affected by ERTE	Salaries	Social Security	Total
Sales & Marketing	39	35	86	16	102
Resort Management	82	75	121	28	149
Vacation Club	7	6	9	2	11
Grand Total	**128**	**116**	**216**	**46**	**262**

It is the intention of the Group in the Canary Islands to proceed to the hiring of the people affected in the ERTE as the closure and confinement measures caused by the COVID19 are lifted.

- Tour Operators: The Group in the Canary Islands exploits unsold weeks as a hotel service through the entity VACATION CLUB. This hotel activity has been logically interrupted, so that agreements with tourism providers have been temporarily suspended. Fortunately, the amount of the tour operators' debt at the beginning of the COVID19 health crisis was not high. There is a customer debt in the amount of 112,300 euros that has been pending collection, but which is highly likely to become liquid once this situation passes. As of 04/14/2020 a total of 19,997 euros has already been collected.
- Owners: The Group in the Canary Islands invoices week's owners at the beginning of the calendar year for maintenance fees through the entity RESORT MANAGEMENT. Given that the activity has been abruptly interrupted before the end of the year, the company in the Canary Islands is offering owners the possibility of compensating the effect of not enjoying their week in exchange for being able to enjoy two weeks in the period 2020-2021. At the date of formulation of these annual accounts, the majority of the owners are welcoming this measure.
- Financial and non-financial assets: No possible deterioration has been identified at the date of formulation of these annual accounts. Logically, if the situation of inactivity lasts for longer, the circumstances would have to be analysed again.

- Cost of sub activity: Despite the fact that, as far as possible, the Group in the Canary Islands has reduced expenses to the essential minimum, the minimum monthly expenses are approximately 160,000 euros at the date of preparation of these annual accounts. However, the Group is in the negotiation phase with different suppliers (energy, telephony ...) to minimize the minimum monthly maintenance expense.
- Liquidity: The situation of the Group's treasury in the Canary Islands is not worried in the short term. With the liquidity that was already available, we must add the provision of a new ICO line of credit loan for the amount of 500,000 euros signed on 23/03/2020.
- The situation of the Group's accounts in the Canary Islands at the date of preparation of these annual accounts is as follows in thousands of euros:

Banks balance	1,349
Available in loan policies	500
Total available	1,849

With this situation, the administrator of the Group companies in the Canary Islands considers that there is sufficient liquidity to withstand a total stoppage of activity for approximately 12 months.

2.3. Comparing Information.

The figures corresponding to the Financial Year ending on March 31, 2020 according to the current law, show comparatively the balances of the previous financial period, which match with the information of the annual account for the financial period 2018/19.

3. APPLICATION OF RESULTS.

The proposal for the application of the results of the financial period ending March 31, 2020 which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31, 2019, is as follows:

Euros	**2020**	2019
Distribution Balance		
Financial Period Profits	**452,792**	266,823
Distribution		
Reserve for investments on Canary Islands	**290,000**	128,036
Voluntary Reserves	**–**	138,787
Negative result from previous years	**162,792**	–
Totals	**452,792**	266,823

4. RECOGNITION AND MEASUREMENT REGULATIONS.

The main accounting principles and practices applied in the drafting of the Annual Accounts, follow current legislation, highlighting the principles of company operation, accrual, consistency, prudence, non-compensation and relative importance as most significant.

The most significant accounting criteria applied in the drafting of the Annual Accounts are the following ones:

4.1. Intangible Fixed Assets.

The intangible fixed assets are comprised of Goodwill.

At the closing of the financial period, goodwill has been measured and no impairment has been identified, as it has been estimated that the recoverable value is higher than the accounting value. The Goodwill is amortised at 10 per cent according to the Royal Decree 602/2016 of December 2, which determine that this intangible has to be amortised in 10 years.

4.2. Tangible Fixed Assets.

These have been measured at their acquisition cost, including those additional costs necessary to put the assets into operation.

Maintenance and repair costs which do not improve the use of or extend the useful life of the assets are charged to the Profit and Loss account when they occur.

It is depreciated linearly depending on the useful life of assets and their residual value, according to the normal depreciation experienced during operation, use and enjoyment, using as a reference point, the regulations contained in the Royal Decree 1777/2004 of July 30, in which the Regulation of Corporate Taxes was approved, without prejudice to taking into consideration the technical or commercial obsolescence which could affect it. The percentages applied are the following:

Buildings	3%
Machinery	12%
Other installations	12%
Furniture	10%
IT Equipment	25%
Transport elements	16%
Other intangible assets	18-33%

The Company's administrators consider that the accounting value of these assets does not exceed their recoverable value.

4.3. Real-estate Investments.

The Company classifies as Real-estate Investments, those buildings which are not being used for the production process and the profits from which are obtained through revenue from leases. The recording and measurement criteria are the same as applied to intangible fixed assets. They are amortised linearly, and the percentage applied is 3 per cent.

The Company's administrators consider that the accounting value of these assets do not exceed their recoverable value.

4.4. Financial Instruments.

The Company's financial instruments are classified as:

a) Loans and accounts receivable, including those loans for commercial or non-commercial operations. Those whose maturity is no longer than one year are valued at their face-value, because they do not have any contractual interest rate and the effect of not up-dating cash-flow is not significant. Those whose maturity is over one year are measured at their reasonable value, which is equal to the value of the compensation delivered plus directly attributable transaction costs. Interest accrued is accounted for in the Profit & Loss Account, applying the Effective Interest Rate method.

   Loss due to impairment of the value of these financial assets is the difference between their book value and the real value of future cash-flow estimated to be generated by them, less the effective interest rate calculated at the time of their initial recognition. The reversal of the impairment shall be limited by the loan's book value.

b) Debts and accounts payable, including Debts from commercial operations and the amounts owed by non-commercial operations: They will initially be measured by their reasonable value, except those Debts which are for trade operations with maturity of no more than one year and which do not bear any contractual interest, the amount of which is expected to be paid off short term, which are measured at their face value. Interest accrued is accounted for in the Profit and Loss Account, applying the Effective Interest Rate method.

   Financial instruments are classified as short and long-term, according to whether their maturity is less than or more than twelve months, respectively.

   The Company has complied with requirements set out in the regulations governing recording and measurement relating to financial instruments.

4.5. Transactions in Foreign Currency.

Accounts mentioned in foreign currency are measured at the exchange rate in effect at the time of the transaction. Positive or negative differences occurring at the time of payment or collection as a consequence of monetary fluctuations are carried over to the Profit and Loss Account. At closing of the period, both positive and negative differences that did not occur are carried over to the Profit and Loss Account.

4.6. Profit Tax.

The Company pays tax under the Tax Consolidation System, according to what is set out in Chapter 7 of Royal Legislative Decree 27/2014 of November 27, the Corporate Tax Law. Holiday Club Canarias Investment is the parent Company, which presents the correspondent settlement.

Following the Accrual Principle, profit tax has been charged as an expense during the period. Current tax has been calculated per the financial results before taxes, adjusted by permanent differences and consolidation and decreased by applying deductions, as set out in the tax regulations in effect.

Income and expense have also been accrued from deferred tax by activating tax credits at different times, originated in part by a fiscally non-deductible amortisation and short-term provisions allocated in previous financial periods and which are respectively, tax deductible.

4.7. Provisions and Contingencies.

Provisions are present obligations on the date of the balance sheet that have arisen as a result of past events; the amount and timing of cancellation are undetermined. Provisions are recorded at the current value of the estimated amount that the company will have to pay to settle the obligation in the future.

Contingent liabilities are potential liabilities arising as a result of past events, whose realization is contingent upon that happening or not, one or more future events independent of the will of the Company. Contingent liabilities, as well as the Provisions whose amount cannot be estimated reliably or it is not very likely that the Company must dispose of resources embodying profits, for their cancellation are not recognized for accounting purposes but are broken down in the Report.

4.8. Income and Expenses.

Income and expenses are charged according to the actual stream of goods and services which they represent and regardless of when the monetary or financial flow deriving therefrom arises.

Revenue from sales and services performed will be measured at the fair value of the consideration received or receivable; the amount of any discount deducted, reduction in the price or other similar items that the company might grant. They are recognized when all the risks and significant benefits inherent in the ownership of the property have been transferred to the buyer.

Purchases and services incorporate taxes levied on the operation, with the exception of the VAT when deductible status exists.

4.9. Personnel Expenses.

Personnel expenses are recognised on the basis of their accrual, considering that bonus payments are accrued on a yearly basis. There are no commitments for pensions nor retirement bonuses in the Company.

4.10. Criteria used in transactions between related parties.

Transactions between related parties are accounted for, in general, by their reasonable value.

5. INTANGIBLE FIXED ASSETS

5.1. As indicated in Note 1.6, during the 2011 financial period the Company acquired the goodwill corresponding to the business of administration and maintenance for the amount of 1,700,000 Euros. The transactions occurred during the financial periods 2018/19 and 2019/20 were the following:

Euros	Balance 31.03.18	Acquisitions	Disposals	Balance 31.03.19
Goodwill	1,700,000	–	–	1,700,000
Accumulated amortization	(340,000)	(170,000)	–	(510,000)
Net Totals	1,360,000			1,190,000

	Balance 31.03.19	**Acquisitions**	**Disposals**	**Balance 31.03.20**
Goodwill	**1,700,000**	**–**	**–**	**1,700,000**
Accumulated amortization	**(510,000)**	**(170,000)**	**–**	**(680,000)**
Net Totals	**1,190,000**			**1,020,000**

5.2. There is no evidence of impairment through March 31, 2020 on any of the elements in the Intangible Fixed Assets.

6. TANGIBLE FIXED ASSETS

6.1. The transactions occurring during the 2018/19 and 2019/20 periods were the following:

Euros	Balance 31.03.18	Acquisitions	Disposals	Balance 31.03.19
Gross Costs				
Buildings	3,065,052	5,150	217,402	**3,287,604**
Machinery	62,532	22,292	–	**84,824**
Other facilities	164,117	4,000	–	**168,117**
Furniture	178,830	19,056	–	**197,886**
Transportation elements	27,195	353	–	**27,548**
IT Equipment	50,393	–	–	**50,393**
Other tangible fixed assets	387,746	7,529	–	**395,275**
Advances and fixed assets in progress	11,030	138,700	(11,030)	**138,700**
Totals	3,946,895	197,079	206,372	**4,350,346**
Accumulated amortization				
Buildings	292,636	64,125	25,092	**381,853**
Machinery	26,515	9,120	–	**35,634**
Other installations	43,351	19,998	–	**63,349**
Furniture	19,932	22,017	–	**41,949**
IT Equipment	14,748	4,115	–	**18,863**
Transportation elements	15,456	8,064	–	**23,520**
Other tangible fixed assets	377,506	3,466	–	**380,972**
Totals	790,143	130,905	25,092	**946,140**
Net Totals	3,156,753			**3,404,207**

	Balance 31.03.19	**Acquisitions**	**Disposals**	**Balance 31.03.20**
Gross Costs				
Buildings	**3,287,604**	**221,887**	**(206,372)**	**3,303,119**
Machinery	**84,824**	**36,612**	**–**	**121,435**
Other facilities	**168,117**	**26,457**	**51,185**	**245,758**
Furniture	**197,886**	**112,646**	**–**	**310,532**
IT Equipment	**27,548**	**2,288**	**–**	**29,835**
Transportation elements	**50,393**	**–**	**–**	**50,393**
Other tangible fixed assets	**395,275**	**6,648**	**–**	**401,923**
Advances and fixed assets in progress	**138,700**	**–**	**(138,700)**	**–**
Totals	**4,350,346**	**406,537**	**(293,886)**	**4,462,997**

Accumulated amortization				
Buildings	**381,853**	**65,046**	**(28,683)**	**418,217**
Machinery	**35,634**	**12,975**	**–**	**48,609**
Other installations	**63,349**	**26,993**	**–**	**90,343**
Furniture	**41,949**	**31,023**	**–**	**72,973**
IT Equipment	**18,863**	**4,061**	**–**	**22,925**
Transportation elements	**23,520**	**8,064**	**–**	**31,584**
Other tangible fixed assets	**380,972**	**5,011**	**–**	**385,983**
Totals	**946,140**	**153,174**	**(28,683)**	**1,070,631**
Net Totals	**3,404,207**			**3,392,367**

6.2. The Buildings heading corresponds to property for which the value of the plots and buildings come to 1,061,167 euros and 2,241,952 euros, respectively.

6.3. Acquisitions during the financial period 2019/20 and 2018/19 correspond mostly to the building of new apartments in some of the resorts owned by the company.

6.4. Advances and fixed assets in progress during the period 2018/19 for the amount of 138,700 Euros corresponded to refurbishment of the pool bar in one of the resorts and have been reclassified to real estate investments during the financial year 2019/20 (See note 6.5)

6.5. During the period 2018/19 have been transferred to tangible assets, for the net account value of 181,280 Euros buildings of real estate investments that are now run directly by the company. They are a restaurant and a pool bar. During the period 2019/20 these tangible assets have been transferred to real estate investments and the refurbishment made during the period also because they are run now for a third party. The total net value is 265,230 Euros (See note 6.4 and 7.3)

6.6. There is a transport element connected to a financial lease for the amount of 50,393 Euros

6.7. There are fully depreciated transport elements in use at March 31, 2020 for the amount of 403,383 Euros. (398,183 Euros on March 31, 2019).

6.8. There are no signs of impairment through March 31, 2020 for the elements in the Tangible Fixed Assets.

6.9. There are tangible assets linked to tax incentives.

6.10. The fixed assets are covered against risk of fire, theft, etc., by means of several insurance policies with the corresponding premiums paid up to date.

7. REAL-ESTATE INVESTMENTS

7.1. The transactions occurring during the 2018/19 and 2019/20 periods were the following:

Euros	Balance 31.03.18	Acquisitions	Disposals	Balance 31.03.19
Buildings	848,003	–	(206,372)	**641,631**
Accumulated amortisation	(103,105)	(11,164)	25,092	**(89,178)**
Net Totals	744,898			**552,454**
	Balance 31.03.19	**Acquisitions**	**Disposals**	**Balance 31.03.20**
Buildings	**641,631**	–	**293,886**	**935,518**
Accumulated amortisation	**(89,178)**	**(17,162)**	**(28,683)**	**(135,023)**
Net Totals	**552,454**			**800,495**

7.2. The heading for Plots and Buildings correspond to property in which the value of the plot and the buildings come to 356,161 Euros and 579,357 Euros, respectively.

7.3. During the period 2018/19 have been transferred to tangible assets, for the net account value of 181,280 Euros buildings of real estate investments that are were run directly by the company. They are a restaurant and a pool bar. During the period 2019/20 these intangible assets have been transferred to real estate investments and the refurbishments made during the period also because they are run for a third party. The total net value is 265,203 Euros (See notes 6.4 and 6.5)

7.4. The Company's Real-estate investments for rental have generated revenue of 84,161 Euros and 74,268 Euros during the financial periods 2019/20 & 2018/19 respectively and correspond for the period 2018/19 to two restaurants, a hairdressers' salon and a diving centre and three restaurants, a pool bar, a hairdressers' salon and a diving centre for the period 2019/20.

7.5. The main expenditures for these properties correspond to allocation for amortisation.

7.6. There are no signs of impairment through March 31, 2020 for the elements in the Real-estate investments.

7.7. The Real-estate investments are covered against risk of fire, theft, etc., by means of several insurance policies with the corresponding premiums paid up to date.

8. FINANCIAL ASSETS.

Information related to the Balance Sheet.

8.1 Categories of financial assets (except for investments in the equity of Group, Multigroup and associated companies):

The breakdown of financial assets (except for investments in the equity of Group, jointly controlled group and associated companies) by categories is as follows:

Euros	Equity Instruments		Debt Securities		Credits/Derivatives/Others	
Long-term Financial Assets	**31.03.20**	31.03.19	**31.03.20**	31.03.19	**31.03.20**	31.03.19
Investments held to maturity	**–**	–	**136,300**	36,300	**–**	–
Loans and Receivables	**–**	–	**–**	–	**5,109**	5,109
Totals	**–**	–	**136,300**	36,300	**5,109**	5,109
Short- term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**4,450,919**	4,114,772
Liquid Assets	**–**	–	**–**	–	**1,543,654**	376,382
Totals	**–**	–	**–**	–	**5,994,573**	4,491,153

8.2. Classification by Maturity:

The ratings depending on the maturity of the different financial assets are as follows:

Euros

Financial Assets	2020/21	2021/22	2022/23	2023/24	2024/25	Next	Total l/t
Investments in Group and Associated Companies	**3,648,354**	–	–	–	–	–	–
Loans to companies	**3,648,354**	–	–	–	–	–	–
Short-term financial investments	**1,557**	–	–	–	–	**141,409**	**141,409**
Debt securities	–	–	–	–	–	**136,300**	**136,300**
Other financial assets	**1,557**	–	–	–	–	**5,109**	**5,109**
Commercial Debts and other Receivables.	**801,008**	–	–	–	–	–	–
Customer receivables for sales and services.	**794,329**	–	–	–	–	–	–
Sundry Receivables	**471**	–	–	–	–	–	–
Personnel	**6,209**	–	–	–	–	–	–
Cash and other Liquid Assets.	**1,543,654**	–	–	–	–	–	–
Liquid Assets	**1,543,654**	–	–	–	–	–	–
Totals	**5,994,573**	–	–	–	–	**141,409**	**141,409**

8.3. Corrections due to Impairment caused by Credit Risk.

No variations due to impairment have been applied to the corrective accounts during the financial periods 2019/20 and 2018/20.

Information relating to the Profit & Loss Account.

8.4 Financial Income.

Under the heading Financial Income from Marketable Securities and Other Financial Instruments in the Profit and Loss Account, the amounts of 34,352 Euros and 19,957 Euros for the financial periods 2019/20 and 2018/19 respectively, correspond mainly to the accrual of bank account interest, term deposits and interest on commercial clients.

Other Information.

8.5. Reasonable Value.

The book value of the financial assets is an acceptable approximation to the reasonable value.

Equity Instruments not being traded on an active market according to what is provided for in the 9th Rule of Recognition and Measurement of the Spanish New General Accounting Plan are valued at their cost.

8.6. Information Regarding the Nature and Level of Risk from Financial Assets:

Due to its normal activity, the Company is exposed to different financial risks, essentially, credit risk, liquidity risk and market risk, the latter referring to the rate of exchange; of interest rates and other price risks.

Credit Risks:

This basically refers to sales on credit to clients and debtors. To prevent possible effects, credit to clients and debtors are granted based on a preliminary solvency study and strict follow-up of credits and receivables. The client base is quite diversified.

Liquidity Risk:

The Company tries to keep an adequate liquidity ratio at all times to be able to honour its commitments, ensuring that current assets not including inventories, shall reasonably cover the current payables.

Market Rate Risk:

Due to the Company's activity and scope, it is subject to exchange rate risks of the sales made in foreign currency, depending on the volatility of the exchange rates.

Interest rate risks are minimum, because the Company grants loans at a fixed interest rate.

9. FINANCIAL LIABILITIES.

Information related to the Balance Sheet.

9.1 Categories of Financial Liabilities:

The breakdown of the financial liabilities by categories is as follows:

Euros

	Debits with Credit Institutions		Bonds & Other Market Securities		Derivatives/Others	
Long-term financial Liabilities	**31.03.20**	31.03.19	**31.03.20**	31.03.19	**31.03.20**	31.03.19
Debits and Payables	**616,706**	127,463	**–**	–	**1,100**	1,100
Totals.	**616,706**	127,463	**–**	–	**1,100**	1,100
Short-term Financial Liabilities						
Debits and Payables	**167,726**	270,194	**–**	–	**1,915,467**	1,402,544
Totals.	**167,726**	270,194	**–**	–	**1,915,467**	1,402,544

9.2. Classification by Maturity:

Classification according to the maturity of the different financial liabilities is as follows:

Euros

Financial Liabilities	2020/21	2021/22	2022/23	2023/24	Next	Total l/t
Debts	**168,726**	257,853	189,699	169,155	1,100	617,806
Debts with Credit Institutions	**167,726**	257,853	189,699	169,155	–	616,706
Other financial liabilities	**1,000**	–	–	–	1,100	1,100
Debts with Group and Associated Companies	**1,671,620**	–	–	–	–	–
Trade Creditors and other accounts payable	**242,847**	–	–	–	–	–
Sundry Creditors	**242,238**	–	–	–	–	–
Staff (salaries pending payment)	**609**	–	–	–	–	–
Totals	**2,083,193**	**257,853**	**189,699**	**169,155**	**1,100**	**617,806**

Information related to the Profit & Loss Account

9.3. Financial Expenses

The heading of debts to third parties is mainly the interest accrued with credit institutions, the amounts of which come to 8,757 Euros and 8,930 Euros for the financial periods 2019/20 and 2018/19, respectively.

Other Information

9.4. Reasonable Value.

The book value of the financial liabilities is an acceptable approximation to the reasonable value.

9.5. Information on the Nature and Level of Risk from Financial Liabilities

Due to its regular activity, the Company is exposed to diverse financial risks, basically credit risks, liquidity risks and market risks, the latter of which refers to exchange rate risks, interest rate risks and other price risks.

9.6. Other Information about Financial Instruments.

a) Debts with credit institutions show the following breakdown:

Euros	2020	2019
Personal secured loans	**127,463**	394,776
ICO loans (note 9.6.b)	**656,969**	–
Leasing	**–**	2,881
Totals	**784,432**	397,657

b) The ICO loans, which amount on March 31, 2020 is 656,969 Euros are backed for companies of the group. (See notes 14.2 and 17.3)

c) The average interest rate of non-commercial debts fluctuates between 1 and 2 per cent per annum

9.7 Accrual adjustments

On January, every year, the company issues the maintenance fees invoices for every week. At the end of the financial period there are, in the heading of accrual adjustments, the proportional part of the not accrued months on March 31, 2020 for the amount of 4,017,613 Euros. It was 3,772,134 Euros on March 31, 2019.

10. SHAREHOLDERS´ EQUITY.

10.1 The share capital, for an amount of 3,100 Euros, comprises 31 shares of 100 Euros face value each.

10.2 The Canary Islands Investments Reserve Fund for the amount of 988,036 Euros, is subject to the availability limitations established in the tax regulations.

10.3 The corporation HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., owns 100 per cent of the share capital of the Company.

10.4 The breakdown of the heading "other reserves" from the Balance Sheet, is as follows:

Euros	2020	2019
Voluntary Reserves	**2,300,538**	2,161,751
Canary Islands Investment Reserves	**988,036**	860,000
Goodwill Reserves	**517,151**	517,151
Totals	**3,805,725**	3,538,903

11 TAX POSITION.

Profit Tax.

11.1 Tax Consolidation Regime

The Company is taxed in the consolidated tax system in accordance with Chapter VI, title VII of the 27/2017 law, of November 27, of the profit tax, which approved the revised text from the Law of Corporate Tax. The Tax Group comprises the following corporations:

Parent: HOLIDAY CLUB CANARIAS INVESTMENT, SL.U.
Subsidiaries: HOLIDAY CLUB CANARIAS SALES & MARKETING, S.L.U, HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. and HOLIDAY CLUB CANARIAS VACATION CLUB S.L.

11.2 Individual Tax Base.

The reconciliation of the net amounts of income and expenditures for the financial period against the tax base of Corporate Tax, is the following:

Euros	Profit & Loss Account	Inc. & expend. directly attributable to Equity
Balance of income and expenditure for the financial year	**452,792**	**–**
Tax over benefits	**86,819**	**–**
Profit Tax	**94,134**	**–**
Current Tax	**(7,315)**	**–**
Deferred Tax		
Donations	**11,221**	**–**
Reserve for investments in the Canary Islands	**(290,000)**	**–**
Goodwill Deduction	**85,000**	**–**
Temporary Differences		
70% Limit Amortization	**(7,210)**	**–**
Provisions (Art. 14 LIS)	**37,914**	**–**
Tax Base (Tax Profit & Loss)	**376,536**	–

11.3 Corporate Tax Settlement.

Under the rules applicable to the Tax Consolidation Regime, the taxable income of the tax group is determined by adding individual taxable bases corresponding to the companies comprising the Fiscal group, deletions; additions of deletions carried out in previous years and, in the event that the above sum proves to be positive, compensating the carry-forwards of the Fiscal group, as well as the outstanding tax bases to be applied by the companies taxable at the time of joining the Tax Group.

In consequence, the Individual Tax Base of HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. for the amount of 376,536 Euros, is subject to addition together with the rest of the tax bases of the remaining companies comprising the Tax Group.

By applying the tax rate over the tax base, you obtain the total tax due for the tax group which is reduced by the items and amounts expressed below.

Euros	2020	2019
Previous Group Tax Base	**–**	–
Negative Group Tax base from previous financial years	**424,102**	–
Group Tax Base	**424,102**	–

11.4 Breakdown of expenditure on Income Tax.

The expenditure on Income Tax accrued in the financial periods is broken down as follows:

Euros	2020	2019
1. Current Tax	**94,134**	69,786
2. Deferred tax	**(7,315)**	7,470
- deductible temporary differences that are activated in the period	**(52,329)**	(42,851)
- deductible temporary differences that are deducted in the period	**45,014**	50,321
3. Total expenditure on Income Tax	**86,819**	77,256

11.5 Deductions for Investments.

Using the interest rate (25 percent) in the investments during the financial period 2017/18 the company obtained an amount which is subject to deduction of 63,382 Euros which has not been applied. It means that in March 31, 2020 the amount is pending to be deducted with the limit of 50% and time limit 2032/2033 financial period.

11.6 Deferred Tax Assets.

Transactions during the financial periods 2018/19 and 2019/20 found in this heading have been the following:

Euros	Balance 31.03.18	Acquisitions	Applications	Balance 31.03.19
- Temporary differences for non-deductible provisions	48,158	42,851	(48,158)	**42,851**
- Temporary differences, 70% limit fiscal amortisation	16,222	–	(2,163)	**14,059**
Totals	64,380	42,851	(50,321)	**56,910**
	Balance 31.03.19	**Acquisitions**	**Applications**	**Balance 31.03.20**
- Temporary differences for non-deductible provisions	**42,851**	**52,329**	**(42,851)**	**52,329**
- Temporary differences, 70% limit fiscal amortisation	**14,059**	**–**	**(2,163)**	**11,896**
Totals	**56,910**	**52,329**	**(45,014)**	**64,225**

11.7 The Canary Islands Investment Reserve.

The Canary Islands Investment Reserve was provided for from January 1, 2007 and what has been set out in Royal Decree Act 12/2016 of December 29, in which Law 19/1994 of July 6, Modification of the Canary Islands Financial and Tax Regime (REF) was modified, is applicable.

At the end of the financial period 2019/20, the situation of the Canary Islands Investment Reserve is as follows:

Euros

Item	2012/13	2013/14	2017/18	2018/19	2019/20
Provisions.	245,000	425,000	190,000	128,036	**290,000**
Investments made					
Financial Period 2013/14	(17,221)	–	–	–	**–**
Financial Period 2014/15	(191,443)	–	–	–	**–**
Financial Period 2015/16	(36,336)	(42,173)	–	–	**–**
Financial Period 2016/17	–	(117,833)	–	–	**–**
Financial Period 2017/18	–	(264,993)	(190,000)	–	**–**
Financial Period 2018/19	–	–	–	(69,409)	**–**
Financial Period 2019/20	–	–	–	(58,626)	**(290,000)**

Specifically, investments made in the financial period 2013/2014 for which the Canary Island Investment Reserve was materialised, were the following:

Euros

Account	Item	Acquisition Date	Amount Materialised	Provision 2012/2013
21301001	Machinery	01.03.2014	1,103	1.103
21301001	Machinery	13.03.2014	690	690
21301001	Machinery	13.08.2014	1,152	1.152
21301001	Machinery	15.09.2014	12,015	12.015
	TOTAL MACHINERY		**14,961**	**14,961**
201608002	Furniture	29.11.2013	2,097	2,097
201608002	Furniture	22.11.2013	163	163
	TOTAL FURNITURE		**2,260**	**2,260**

Throughout the financial period 2014/2015 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013
21108022	Construction/Buildings	10.02.2015	4,020	4,020
21108022	Construction/Buildings	28.02.2015	6,759	6,759
21108022	Construction/Buildings	28.02.2015	392	392
21108022	Construction/Buildings	28.02.2015	329	329
21108022	Construction/Buildings	28.02.2015	15,212	15,212
21108022	Construction/Buildings	31.03.2015	2,183	2,183
21108022	Construction/Buildings	30.09.2015	76,825	76,825
	TOTAL CONSTRUCTION		**105,720**	**105,720**
21301001	Machinery	28.02.2015	1,103	1,103
21301001	Machinery	28.02.2015	1,103	1,103
21301001	Machinery	28.02.2015	1,103	1,103
21301001	Machinery	31.05.2015	562	562
21301001	Machinery	30.06.2015	601	601
21301001	Machinery	30.07.2015	601	601
	TOTAL MACHINERY		**5,074**	**5,074**
21508001	Other Facilities	31.05.2015	5,646	5,646
21508001	Other Facilities	17.06.2015	1,096	1,096
21508001	Other Facilities	17.06.2015	586	586
21508001	Other Facilities	29.09.2015	4,056	4,056
21508001	Other Facilities	30.09.2015	68,175	68,175
	TOTAL OTHER FACILITIES		**79,558**	**79,558**
201608001	Furniture	28.10.2014	437	437
201608001	Furniture	01.12.2014	654	654
	TOTAL FURNITURE		**1,091**	**1,091**

Throughout the financial period 2015/2016 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Account	Item	Acquisition Date	Amount materialised	Provision 2012/2013	Provision 2013/2014
21108005	Constructions	20.11.2015	8,027	8,027	–
21108005	Constructions	20.11.2015	1,950	1,950	–
21108005	Constructions	24.12.2015	1,565	1,565	–
21108005	Constructions	24.12.2015	1,450	1,450	–
21108005	Constructions	24.12.2015	1,499	1,499	–
21108005	Constructions	24.12.2015	8,027	8,027	–
21108005	Constructions	31.01.2016	1,950	1,950	–
21108008	Constructions	31.01.2016	2,370	2,370	–
	TOTAL CONSTRUCTIONS		**26,837**	**26,837**	**–**
21301001	Machinery	31.01.2016	1,036	–	1,036
21301001	Machinery	31.01.2016	4,514	–	4,514
	TOTAL MACHINERY		**5,550**	**–**	**5,550**
21508001	Other facilities	30.11.2015	5,271	5,271	–
21508001	Other facilities	01.12.2015	30,707	320	30,387
21508001	Other facilities	31.12.2015	2,409	2,409	–
21508001	Other facilities	31.01.2016	1,499	1,499	–
	TOTAL OTHER FACILITIES		**39,886**	**9,499**	**30,387**
21608001	Furniture	02.01.2016	1,036	–	1,036
	TOTAL FURNITURE		**1,036**	**–**	**1,036**
21708001	IT equipment	18.12.2015	5,024	–	5,024
21708001	IT equipment	18.12.2015	176	–	176
	TOTAL IT EQUIPMENT		**5,200**	**–**	**5,200**

Throughout the financial period 2016/2017 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014
21901009	Other Tangible Fixed Assets	01.09.2016	11,606	11,606
21908009	Other Tangible Fixed Assets	13.04.2016	201	201
21908009	Other Tangible Fixed Assets	13.04.2016	140	140
	TOTAL OTHER TANGIBLE FIXED ASSETS		**11,947**	**11,947**
21301001	Machinery	10.10.2016	3,300	3,300
21301001	Machinery	31.10.2016	1,654	1,654
21301001	Machinery	31.10.2016	293	293
21301001	Machinery	31.12.2016	875	875
21301001	Machinery	01.01.2017	(1,036)	(1,036)
21301001	Machinery	07.02.2017	800	800
21301001	Machinery	07.02.2017	155	155
		TOTAL MACHINERY	**6,043**	**6,043**
21408001	Other facilities	28.02.2017	7,975	7,975
		TOTAL OTHER FACILITIES	**7,975**	**7,975**
21608001	Furniture	30.06.2016	22,155	22,155
21608001	Furniture	05.10.2016	18,080	18,080
21608001	Furniture	01.03.2017	1,241	1,241
		TOTAL FURNITURE	**41,476**	**41,476**
21801001	Vehicles	24.05.2016	50,393	50,393
		TOTAL VEHICLE	**50,393**	**50,393**

Throughout the financial period 2017/2018 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2013/2014	Provision 2017/2018
21108026	Construction/ Buildings	31.03.2018	124,597	124,597	–
21108028	Construction/ Buildings	31.03.2018	140,397	140,397	–
	TOTAL CONSTRUCTION/BUILDING		**264,993**	**264,993**	–
21301001	Machinery	01.07.2017	6,745	–	6,745
21301001	Machinery	01.07.2017	5,416	–	5,416
21301001	Machinery	10.08.2017	1,845	–	1,845
21301001	Machinery	30.09.2017	2,500	–	2,500
21301001	Machinery	30.09.2017	4,866	–	4,866
21301001	Machinery	30.09.2017	9,200	–	9,200
21301001	Machinery	31.03.2018	294	–	294
		TOTAL MACHINERY	**30,865**	–	**30,865**
21508001	Other Facilities	30.04.2017	109	–	109
21508001	Other Facilities	30.04.2017	225	–	225
21508001	Other Facilities	30.04.2017	466	–	466
21508001	Other Facilities	30.04.2017	1,209	–	1,209
21508001	Other Facilities	01.07.2017	3,560	–	3,560
21508001	Other Facilities	01.07.2017	1,500	–	1,500
21508001	Other Facilities	01.07.2017	1,183	–	1,183
21508001	Other Facilities	12.09.2017	1,627	–	1,627
21508001	Other Facilities	30.09.2017	13,434	–	13,434
21508001	Other Facilities	22.11.2017	3,863	–	3,863
		TOTAL OTHER FACILITIES	**27,176**	–	**27,176**
21601002	Furniture	01.09.2017	230	–	230
21601002	Furniture	11.09.2017	1,960	–	1,960
21608001	Furniture	01.08.2017	513	–	513
21608001	Furniture	10.08.2017	2,864	–	2,864
21608001	Furniture	28.08.2017	505	–	505
21608003	Furniture	31.03.2018	25,238	–	25,238
21608004	Furniture	31.03.2018	38,551	–	38,551
21608005	Furniture	31.03.2018	51,024	–	51,024
		TOTAL FURNITURE	**120,885**	–	**120,885**
21708001	IT equipment	28.01.2018	2,741	–	2,741
21708001	IT equipment	28.01.2018	2,741	–	2,741
21708001	IT equipment	28.01.2018	2,741	–	2,741
21708001	IT equipment	28.01.2018	1,371	–	1,371
21708001	IT equipment	28.01.2018	1,371	–	1,371
		TOTAL IT EQUIPMENT	**10,966**	–	**10,966**
21908001	Other tangible fixed assets	20.07.2017	108	–	108
	TOTAL OTHER TANGIBLE FIXED ASSETS		**108**	–	**108**

Throughout the financial period 2018/2019 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2018/2019
21108026	Construction/Buildings	03.05.2018	2,550	2,550
21108026	Construction/Buildings	01.06.2018	5,120	5,120
21108028	Construction/Buildings	15.05.2018	2,600	2,600
21108028	Construction/Buildings	01.06.2018	5,910	5,910
	TOTAL CONSTRUCTION/BUILDING		**16,180**	**16,180**

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2018/2019
21301001	Machinery	20.05.2018	15,500	15,500
21301001	Machinery	20.06.2018	2,500	2,500
21301001	Machinery	13.09.2018	182	182
21301001	Machinery	13.09.2018	2,409	2,409
21301001	Machinery	28.09.2018	1,700	1,700
	TOTAL MACHINERY		**22,292**	**22,292**
21508001	Other Facilities	10.05.2018	2,300	2,300
21508001	Other Facilities	10.05.2018	1,700	1,700
	TOTAL OTHER FACILITIES		**4,000**	**4,000**
21608001	Furniture	20.05.2018	2,500	2,500
21608001	Furniture	31.01.2019	1,712	1,712
21608002	Furniture	28.03.2019	302	302
21608002	Furniture	28.03.2019	3,346	3,346
21608005	Furniture	30.04.2018	11,195	11,195
	TOTAL FURNITURE		**19,056**	**19,056**

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2018/2019
21708001	IT equipment	20.06.2018	353	353
	TOTAL IT EQUIPMENT		**353**	**353**
21908001	Other tangible fixed assets	01.04.2018	565	565
21908001	Other tangible fixed assets	09.04.2018	3,510	3,510
21908001	Other tangible fixed assets	12.10.2018	57	57
21908001	Other tangible fixed assets	12.10.2018	57	57
21908001	Other tangible fixed assets	12.10.2018	1,134	1,134
21908001	Other tangible fixed assets	12.10.2018	1,134	1,134
21908001	Other tangible fixed assets	06.03.2019	1,073	1,073
	TOTAL OTHER TANGIBLE FIXED ASSETS		**7,529**	**7,529**

During the period 2018/19 the Company has carried out investments prior to the provision of the same period for the amount of 69,409 Euros all of them detailed and it has not been benefited from grants or any other tax benefit accrued at the time of the investment made as a result of the realization of the RIC.

Throughout the financial period 2019/2020 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Amount materialised	Amount materialised	Provision 2018/2019	Provision 2019/20
21108004	Construction/Buildings	31.05.2019	57,886	57,886	57,886	–
21108004	Construction/Buildings	31.05.2019	29,628	29,628	740	28,888
21108026	Construction/Buildings	06.05.2019	800	800	–	800
21108029	Construction/Buildings	01.09.2019	211,087	148,587	–	148,587
21108029	Construction/Buildings	01.10.2019	10,000	10,000	–	10,000
TOTAL CONSTRUCTION/BUILDING			**309,401**	**246,902**	**58,626**	**188,275**
21301001	Machinery	31.05.2019	36,612	36,612	–	36,612
TOTAL MACHINERY			**36,612**	**36,612**	**–**	**36,612**
21508001	Other Facilities	31.05.2019	24,792	24,792	–	24,792
TOTAL OTHER FACILITIES			**24,792**	**24,792**	**–**	**24,792**
21608001	Furniture	31.05.2019	40,321	40,321	–	40,321
TOTAL FURNITURE			**40,321**	**40,321**	**–**	**40,321**

During the period 2019/20 the Company has carried out investments prior to the provision of the same period for the amount of 290,000 Euros all of them detailed and it has not been benefited from grants or any other tax benefit accrued at the time of the investment made as a result of the realization of the RIC.

11.8 Financial Periods Open to the Possibility of a Tax Inspection.

As set forth in current legislation, taxes cannot be considered definitively settled until the tax returns presented have been inspected by the tax authorities or the four-year statute of limitations has run out.

At the closing date, the company is also open to inspection of all the taxes that are applicable to it, corresponding to the last four years.

The Board of Directors of the Company considered that liquidations of the mentioned taxes has been properly settled, so, even though discrepancies could arise in the interpretation or the existing tax regulations by the handling of tax granted to the operations, the eventual resulting liabilities in case of materialisation would not significantly affect the annual accounts.

12 FOREIGN CURRENCY.

The Exchange differences recognised for the financial periods 2019/20 and 2018/19 in the Profit and Loss Account, for creditor and debtor´s amounts of 91 Euros and 1,048 Euros respectively, belongs to transactions settled during the Financial Period.

13 INCOME AND EXPENSES

Breakdown of the following items in the Profit and Loss Account:

4.a) Consumption of goods: corresponding entirely to the purchases of merchandise for the amounts of 27,176 Euros and 138,320 Euros) during the financial periods 2019/20 and 2018/19, respectively. All purchases have been made in Spanish territory.

6.b) Social security: corresponds entirely to the Business contribution to Social Security for a total amount of 536,920 Euros and 582,202 Euros for the financial periods 2019/20 and 2018/19, respectively.

7.a) External Services:

Euros	2020	2019
Leases and Charges	**–**	184
Repair and Maintenance	**513,612**	501,122
Independent Professional Services	**305,335**	309,313
Transport	**26,900**	30,886
Insurance	**26,658**	29,406
Bank Services and Similar	**11,305**	16,630
Publicity, Advertising and Public Relations	**74**	–
Supplies	**555,979**	583,978
Other Services	**87,032**	152,976
Totals	**1,526,895**	1,624,496

7.c) Losses on impairment of and change in trade transactions:

Euros	2020	2019
Provisions Other Trade Transactions (Note 14).	**308,004**	256,536
Totals	**308,004**	256,536

13. Other results: these correspond to the Profits & Losses that stem from events that are not a part of the Company's typical activities and which are not expected to occur frequently. The positive result in 2018/19 for the amount of 17,465 Euros corresponds mainly to guarantees received regularization and the negative result in 2019/20 for the amount of 11,065 Euros corresponds mainly to late payments penalties from other taxes.

14 PROVISIONS AND CONTINGENCIES.

Provisions

14.1 Transactions during the financial periods 2018/19 and 2019/20 found in this heading have been the following:

Euros	Balance at 31.03.18	Acquisitions	Disposals	Balance at 31.03.19	**Acquisitions**	**Disposals**	**Balance at 31.03.20**
Sinking Fund	205,347	256,535	(284,792)	177,090	**302,604**	**(264,691)**	**215,004**
Collective labour agreement	–	–	–	–	**5,400**	**–**	**5,400**
	205,347	256,535	(284,792)	177,090	**308,004**	**(264,691)**	**220,404**

They are all monthly provisions to cover general expenses approved in the owners' meeting. The company uses this provision when it is necessary. The provision Collective labour agreement corresponds to the salaries increase for the year 2020.

14.2 A guarantee has been provided by one of the Group companies, to respond for a loan granted by a Finance Company, for the amount of 656,969 Euros at the end of the period (see Notes 9.6b and 17.3).

14.3 The company provided a guarantee to a Finance company for the amount of 204,450 Euros to respond to all the trials of the related company Holiday Club Canarias Sales & Marketing (See Note 17.3)

15 ENVIRONMENTAL INFORMATION.

Given the activity that the Company carries out, there are no responsibilities, expenses, assets or deadlines of any environmental nature that could be of any significance with regard to equity, the financial position and its results. Therefore, no specific breakdowns are included in this report.

16 EVENTS AFTER THE CLOSING OF THE FINANCIAL YEAR.

No events have occurred after closing that could be considered significant and affect the financial period's accounts.

17 TRANSACTIONS BETWEEN RELATED PARTIES.

17.1. Regarding the Managing Board and Key Company Staff.

Managers and the key personnel of the company with whom related-party transactions have been carried out are the following:

- Mr. Calvin Stuart Lucock, Administrator and Managing Director.
- Mrs. Claudia Esplá Marín, Finance Manager
- Mr. Roberto Picón Pampin, Operations Manager

Remuneration paid to managers and key personnel of the company, during the financial periods 2019/20, in their status as employees of the company, amounts to 198,800 Euros and 207,133 Euros in the financial period 2018/19.

17.2. Information required by Article 229 Of the Corporate Enterprises Act.

According to the Article 229 of the Corporate Enterprises Act, we hereby inform that the members of the Board of Directors do not have shares or hold positions or perform functions in companies whose corporate purpose is the same, similar or complementary to the Company's.

However, the members of the Board of Directors hold various shares in companies related to the Company and hold management positions and carry out functions related to the management, which have not been subject to inclusion in this Note of the Report, as this does not pose any conflict with regard to their duties of diligence and loyalty or the existence of potential conflicts of interest in the context of Law 26/2004 of July 17, which amended Law 24/1988, of July 28, in which the Market Values and the revised text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of July 2.

Also, during the Financial Period, the members of the Board of Directors have not carried out transactions outside the normal course of business beyond the ordinary traffic or in conditions other than those of the market with the company or group companies. The only transactions with administrators are those outlined in Note 17.1.

17.3. Transactions and Balances with Group companies:

Euros	**2020**		2019	
Company	**Services received**	**Services rendered**	Services received	Services rendered
Holiday Club Canarias Sales & Marketing, SLU	**180,143**	**2,048,272**	181,059	2,577,119
Holiday Club Resort OY	**823**	**321**	1,061	946
Holiday Club Canarias Vacation Club, SL	**–**	**224,212**	–	15,106
Totals	**180,967**	**2,272,804**	182,120	2,593,171

All the transactions between related companies have been made under normal market conditions.

Pending amount with related companies for the financial year 2019/20 and 2018/19, both long a short term is at the end of periods, as follows:

Euros	**2020**		2019	
Company	**Debit Balances**	**Credit Balances**	Debit Balances	Credit Balances
Holiday Club Canarias Sales & Marketing, SLU	**3,648,354**	**–**	3,473,009	–
Holiday Club Canarias Investment, SL	**–**	**1,045,405**	516	953,373
Holiday Club Resorts OY	**–**	**201,33**	342	–
Holiday Club Canarias Vacation Club, SL	**–**	**626,014**	–	189,038
Totals.	**3,648,354**	**1,671,620**	3,473,866	1,142,412

There is a guarantee provided by the parent Group Company Holiday Club Canarias Investment, SLU and Holiday Club Canarias Sales and Marketing SLU to respond to a loan granted by a financial institution, amounting 167,890 Euros at the end of the period (see Notes 15.2).

The company provided a guarantee to a Finance company to respond to all the trials of the related company Holiday Club Canarias Sales & Marketing for the amount of 204,450 Euros (See Note 14.3).

The company is also backed by group companies in front of financial entities for a received loan. The breakdown and balance on March 31, 2020 is as follows (See Notes 9.6.b and 14.2):

Euros Company	Balance at 31.03.20
Holiday Club Canarias Sales & Marketing, SLU	**500,000**
Holiday Club Canarias Vacation Club, SL	**156,969**
Totals	**656,969**

18. OTHER INFORMATION.

18.1. Number of Employees.

The average number of persons employed by the Company during the 2019/20 and 2018/19 Financial Periods, distributed by professional categories, has been the following:

	Persons **2020**	 2019
Senior Managers	**3**	3
Administration and Middle Managers	**6**	6
Receptionists and Technical Staff	**33**	31
Housekeeping and others	**42**	53
Totals	**84**	93

The distribution by gender at the end of the financial periods 2019/20 and 2018/19 is the following:

	2020		2019	
	Men	**Women**	Men	Women
Senior Managers	**2**	**1**	2	1
Administration and Middle Managers	**1**	**4**	2	8
Receptionists and Technical Staff	**26**	**6**	25	5
Housekeeping and others	**10**	**35**	13	34
Totals	**42**	**48**	48	48

The distribution by disabled employees at the end of the financial periods 2019/20 and 2018/19 is one person for both periods in the category of housekeeping and other

18.2 Auditor's Fees.

The fees for the audit of Annual Accounts for the Financial Periods 2019/20 and 2018/19 are as follows:

Euros	2020	2019
Fees charged for Account Auditing	**9,800**	9,645
Fees for other Services performed	**4,670**	4,670
Totals	**14,470**	14,315

19. SEGMENT INFORMATION.

The distribution of the net amount of turnover corresponding to ordinary activity, by categories, is as follows:

Euros	2020	2019
Maintenance Fee	**4,907,579**	4,908,861
Other incomes	**253,514**	485,872
Totals	**5,161,092**	5,394,733

20. INFORMATION ABOUT PAYMENT DEFERRALS MADE TO SUPPLIERS. THIRD ADDITIONAL PROVISION TO THE "DUTY OF INFORMATION» OF LAW 15/2010 OF JULY 5

According to the Third Additional Regulation of Law 15/2010 of July 5, the Company informs the following information:

Euros	**2020**	2019
	Days	**Days**
Payment Ratio	57	44
Outstanding payment Ratio	30	30
Average period for payment to suppliers	54	45
	Euros	**Euros**
Total payments in the period	1,646,425	1,961,236
Total outstanding payments	242,238	205,879

In Mogán, on April 20, 2020.

Calvin Stuart Lucock
Joint and Several Administrator and
Holiday Club Resorts Oy Representative

HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. REPORT MANAGEMENT FOR THE FINANCIAL YEAR ENDING IN MARCH 31, 2020

Submitted by the managers of the company HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU to be considered by general meeting of shareholders.

1. <u>BUSINESS DEVELOPMENT</u>

The total amount of the turnover for the society is 5,161,092 euros.

In the current period the result of the company has been positive for the amount of 452,792 Euros.

2. <u>COMPANY'S SITUATION</u>

Fixed assets is the most relevant item in the balance sheet.

The operating cash Flow of the company, the operating income plus depreciation, is positive.

3. <u>OWN SHARES</u>

There are not own shares in the company.

4. <u>AVERAGE PERIOD FOR PAYMENT</u>

The average period for payment to suppliers and creditor is 57 days.

5. <u>FORSEEABLE EVOLUTION OF THE BUSINESS DUE TO THE IMPACT OF THE COVID-19</u>

Note 2.3 of the report details the situation caused by COVID-19. At the date of preparation of the annual accounts, our complexes are still closed, as well as the Angry Birds Park, not knowing at the moment when we will be able to reopen to the public. Even anticipating a decrease in the annual sales target, we have sufficient cash to face the shocks that may come.

Mogán, April 20, 2020

Calvin Stuart Lucock

Joint and Several Administrator and Holiday Club Resorts OY Representative.

AUDITOR'S REPORT

To the general meeting of the shareholders of Åre Villa 3 AB, corporate identity number 559137-7659

Report on the annual accounts

Opinions

We have audited the annual accounts of Åre Villa 3 AB for the financial year April 1, 2019 to March 31, 2020.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Åre Villa 3 AB as of March 31, 2020 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Åre Villa 3 AB.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 3 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors is responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is not applied if decision has been taken to discontinue the operations.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors of Åre Villa 3 AB for the financial year April 1, 2019 to March 31, 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Åre Villa 3 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Östersund April 21, 2020
Öhrlings PricewaterhouseCoopers AB

Ulrika Öst
Authorized Public Accountant

ADMINISTRATION REPORT

Operations

Information regarding the operations

The Company shall own and manage shares in subsidiaries and thus compatible business. The company has its registered office in Åre.

Multi-year review	**2020**	2019
	kSEK	kSEK
Net sales	**0**	**0**
Profit / (Loss) after financial items	**(2)**	(4,826)
Equity/assets ratio	**98.9 %**	98.9 %

Proposed appropriation of profits

	SEK
The following profits are at the disposal of the Annual General Meeting:	
Profit brought forward	4,560,184
Profit / (Loss) for the year	(1,550)
Total	4,558,634

Changes in equity

	Share capital	Profit / (Loss) brought forward	Net profit/loss	Total
Share capital	50,000 SEK	9,386,210 SEK	(4,826,026 SEK)	4,610,184 SEK
Appropriation of profits as resolved by the AGM	0	0	0	0
Dividends	0	0	0	0
To be carried forward	0	(4,826,026 SEK)	4,826,026 SEK	0
Received unconditional shareholders' contributions	0	0	0	0
Net Profit / (Loss) for the year	0	0	(1,550 SEK)	(1,550 SEK)
Balance at year-end	50,000 SEK	4,560,184 SEK	(1,550 SEK)	4,608,634 SEK

INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Note	2020 SEK	2019 SEK
Operating income, changes in inventory, etc.			
Net sales		**0**	0
Total operating income, changes in inventory, etc.		**0**	0
Operating expenses			
Raw materials and consumables		**0**	0
Other external expenses		**(1,550)**	(1,250)
Total operating expenses		**(1,550)**	(1,250)
Operating Profit / (Loss)		**(1,550)**	(1,250)
Profit / (Loss) from shares in group companies		**0**	(4,824,776)
Profit / (Loss) after financial items		**(1,550)**	(4,826,026)
Profit / (Loss) before tax		**(1,550)**	(4,826,026)
Profit / (Loss) for the year		**(1,550)**	(4,826,026)

BALANCE SHEET AS AT MARCH 31, 2020

	Note	2020 SEK	2019 SEK
Assets			
Non-current assets			
Financial non-current assets			
Other non-current receivables	3	**4,611,434**	4,611,434
Total non-current assets		**4,611,434**	4,611,434
Current assets			
Current receivables			
Other receivables		**0**	0
Total current receivables		**0**	0
Cash and bank balances			
Cash and bank balances		**47,200**	48,750
Total cash and bank balances		**47,200**	48,750
Total current assets		**47,200**	48,750
Total assets		**4,658,634**	4,660,184
Equity and liabilities			
Equity			
Restricted equity			
Share capital, 50,000 shares		**50,000**	50,000
Total restricted equity		**50,000**	50,000
Non-restricted equity			
Retained earnings		**4,560,184**	9,386,210
Profit / (Loss) for the year		**(1,550)**	(4,826,026)
Total non-restricted equity		**4,558,634**	4,560,184
Total equity		**4,608,634**	4,610,184
Current liabilities			
Other liabilities		**50,000**	50,000
Total current liabilities		**50,000**	50,000
Total equity and liabilities		**4,658,634**	4,660,184

SUPPLEMENTARY DISCLOSURES

Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with the Annual Accounts Act and BFNAR 2016:10 Annual reports in small limited companies.

Definitions of key performance indicators

Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

Note 2 Significant events after the financial year

The company has taken into account the impact of the effects of the COVID-19 outbreak on the company's future development and risks that may affect financial reporting going forward. In this assessment, it has been concluded that the impact on the company is limited.

The income statement and balance sheet will be presented for adoption at the Annual General Meeting of Shareholders held on 2020-04-21

Åre 2020-04-21

Tapio Anttila

Note 3 Parent Company

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland. The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

Note 4 Other non-current receivables

	2020	2019
	SEK	SEK
Additional receivables	**4,611,434**	**4,611,434**
Carrying amount	**4,611,434**	**4,611,434**

Our auditor's report has been submitted 2020-04-21
Öhrlings PricewaterhouseCoopers AB

Ulrika Öst
Authorized Public Accountant

REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS

Translation of a report originally In Spanish based on our work performed in accordance with the audit regulations in force in Spain and prepared in accordance with the regulatory financial framework applicable to the Company in Spain (see Note 2). In event of discrepancy, the Spanish language version prevails.

To the Sole Shareholder of **HOLIDAY CLUB CANARIAS VACATION CLUB, SLU**:

Report on the Financial Statements

We have audited the financial statements of **HOLIDAY CLUB CANARIAS VACATION CLUB, SLU,** (the Company) which comprise the balance sheet as at March 31, 2020, and the income statement and the related explanatory notes, all in abbreviated format, thereto for the year then ended.

In our opinion, the accompanying financial statements present, in all material aspects, a true and fair view of the net equity and financial situation of the Company as at March 31, 2020 and of its results and cash flows for the year then ended, in accordance with the regulatory financial reporting framework that is applicable (identified in note 2 to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

Basis for the opinion

We have carried out our audit in accordance with the prevailing standards governing the activity of auditing accounts in Spain. Our responsibilities in accordance with these standards are described later in the section of our report on "Responsibilities of the auditor in connection with the audit of the financial statement".

We are independent from the Company in accordance with the requirements on ethics, including those of independence, which are applicable to our audit of financial statements in Spain, as required by the regulations governing the activity of auditing accounts. In this regard, we have not provided services other than the audit of the financial statements, nor have situations or circumstances arisen that, in accordance with the aforementioned regulations, may have compromised our necessary Independence.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered to give rise to the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks have been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon we do not express a separate opinion on said risks.

Sales

As shown in the profit and loss account, the turnover amounts to 3,616,321 euros. The totality of sales comes from the operation of five hotels owned by the related company **HOLIDAY CLUB SALES & MARKETING, SLU**. Clients are mainly attracted from web pages and travel agencies. For the control of these services, the Company uses the web support of the intermediaries where the date of arrival, departure, clients, apartment complex, etc. is detailed. During the year there are numerous transactions that could affect the integrity and valuation of sales and, periodically, the information is transferred to the accounting program and reviewed by different people responsible for both administration and the Marketing department. Due to the monetary relevance of this item, the high number of transactions and the different complexes operated by the Entity, the analysis of the integrity and accuracy of the turnover has considered a relevant aspect for our audit work.

Our audit work has been focused on checking the effectiveness of the key controls detected in the sales procedure. Likewise, analytically, the development, both individually and comparatively, of the sales volumes, as well as margins obtained, has been analysed, giving reasonableness to those anomalous or specific behaviours. In addition, tests have been carried out in detail on a sample of services provided by the Company to verify the accounting and valuation.

COVID19

As indicated in note 2.3 of the report, the Company has carried out an analysis of the effect of the COVID19 health crisis on the business of the Holiday Club Canarias Group as a whole. This crisis has meant the total stoppage of the activity of the Group companies, which has abruptly Interrupted the generation of incomes. The analysis of the economic effects has been considered a relevant aspect of our audit work.

Our audit work has been focused on analysing the adequacy of the information provided and developed by the entity in the notes of the annual accounts.

Directors' responsibilities

The Director is responsible for the preparation of the accompanying financial statements in order to present a true and fair view of the net equity, the financial position and the results of the Company in accordance with the Financial Reporting Standards applicable in Spain, and for such internal control as they consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to going concern and using the accounting principle of going concern, except if the Director intends to liquidate the Company or cease operations, or if there is no other realistic alternative.

Responsibilities of the auditor in connection with the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance Is a high degree of assurance but it does not guarantee that an audit conducted in accordance with the prevailing regulations governing the activity of auditing In Spain will always detect material misstatement when it exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to Influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the regulations governing the activity of auditing accounts in Spain, we apply our professional judgment and maintain an attitude of professional Skepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may Involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the Directors.
- We conclude on whether the use, by the Directors, of the accounting principle of going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that could generate significant doubt as to the ability of the company to continue as a going concern. If we conclude that there is material uncertainty, in our audit report we are required to draw attention to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.
- We evaluate the overall presentation, the structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that expresses a true and fair view.

We communicate with the entity's Director regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the issues that have been communicated to the entity's Directors, we determine those that have been most significant to the audit of the financial statements of the current period and that are, consequently, the risks considered most significant.

We describe those issues in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

RSM SPAIN AUDITORES, SLP
(nº ROAC S2158)

Javier ALVAREZ CABRERA
(nº ROAC 16092)

Canaria,
on April 20, 2020

BALANCE SHEET AS AT MARCH 31, 2020

ASSET	Notes	(Euros) 2020	(Euros) 2019
A) NON-CURRENT ASSET			
II. Intangible Assets	**5**	**643,425**	0
TOTAL A		**643,425**	0
B) CURRENT ASSETS			
II. Inventories		**0**	150
III. Commercial debtors and other accounts receivables.	**6**	**122,088**	283,939
1. Trade receivables		**112,088**	283,939
3. Other debtors		**10,000**	0
IV. Short-term Investments in affiliated group and associated companies	**6-11**	**626,014**	189,038
VI. Prepayments for currents assets	**6**	**82,608**	0
VII. Cash and equivalent liquid assets	**6**	**219,909**	344,419
TOTAL B		**1,050,619**	817,547
TOTAL ASSET (A + B)		**1,694,043**	817,547

TOTAL EQUITY AND LIABILITIES	Notes	(Euros) 2020	(Euros) 2019
A) TOTAL EQUITY			
A-1) EQUITY		**517,560**	1,088
I. Capital	**8**	**3,000**	3,000
1. Share Capital		**3,000**	3,000
II. Reserves		**600**	0
V. Profit/(Loss) from previous periods		**(2,512)**	(3,000)
VII. Result for the period (benefit/losses)	**3**	**516,472**	1,088
TOTAL A		**517,560**	1,088
C) CURRENT LIABILITIES			
IV. Short team debts with Group and Associated companies	**7-11**	**955,479**	613,739
V. Trade creditors and other Accounts payable	**7**	**221,005**	202,720
2. Sundry Creditors		**221,005**	202,720
TOTAL C		**1,176,483**	816,459
TOTAL EQUITY AND LIABILITIES (A + C)		**1,694,043**	817,547

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

PARTICULARS	Notes	(Euros) 2020	(Euros) 2019
1. Turnover		**3,616,321**	1,046,421
6. Personnel expenses	**10**	**(325,160)**	(47,118)
7. Other operating expenses	**10**	**(2,592,372)**	(997,858)
8. Depreciation of fixed assets	**5**	**(11,134)**	0
11. Impairment and result from fixed assets	**5**	**813**	0
A.1) OPERATING INCOME (BENEFIT)		**688,467**	1,445
14. Financial Incomes		**162**	55
15. Financial Expenses		**0**	(50)
A.2) FINANCIAL PROFIT & LOSS (BENEFIT)		**162**	5
A.3) PROFIT BEFORE TAXES (BENEFIT)		**688,629**	1,450
19. Corporate income Tax	**9**	**(172,157)**	(363)
A.5) PROFIT & LOSS IN THE PERIOD (BENEFIT)		**516,472**	1,088

2019/2020 ABRIDGED FINANCIAL REPORT

1. THE COMPANY'S BUSINESS

1.1. Passeport Sante SLU. was set up as an owned limited liability partnership on March 21, 2017, before the Notary Public Enrique Rojas Martínez, Member of the Guild of Notaries of the Canary Islands, whose offices are located in Las Palmas de Gran Canaria, under its Protocol Number 447. In May 9, 2019 the name of the company was changed to Holiday Club Canarias Vacation Club, S.L in a public deed.

1.2. On December 18, 2018, it was totally acquired for the company Holiday Club Canarias Investment, SLU. The same day the public deed makes public the adaptation of the corporate statutes being the more remarkable the following:

- it is agreed to transform the company from an owned limited liability partnership to a limited partnership.
- the main mission of the company is changed being now the touristic accommodations and other short-term accommodations.
- the financial period is changed, and it will finish the 31st of March every year. The financial period is from April 1 till March 31.
- Corporate offices are located at Avenida Ministra Anna Lindh 1, Urb. Amadores, in the municipality of Mogán (Gran Canaria).

1.3. The Company is a part of a Group whose parent Company is HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., headquartered at Avenida Ministra. Anna Lindh, number 1, Urbanización Amadores, in the municipality of Mogán (Gran Canaria). Said company does not present yearly consolidated accounts, because it is not mandatory for it to do so. This Spanish Group is integrated in a higher one, which the parent company is Holiday Club Resorts Oy, located in Finland, which presents yearly consolidated accounts. In addition, Holiday Club Resort OY is a member of a group whose parent company is Mahindra & Mahindra limited, located in India.

2. BASIS USED FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS

The figures contained in the balance sheet, in the Profit & Loss Account, in the Statement of Changes to Equity, in the Cash-flow Statement and in this Report are expressed in Euros, which, upon being rounded out, cause small differences in their presentation.

In the presentation of the accompanying abridged annual accounts, expressed in euros, the current commercial guidelines have been followed, which are:

2.1. True and Fair View

The annual accounts are obtained from the Company's accounting records and have been presented according to the regulations set out in Law 16/2007 of July 4, on the revised and adapted mercantile accounting legislation to harmonise it internationally on the basis of the European Union and by Royal Decree 1515/2007 of November 16, in which the General Accounting Plan was approved and the added modifications by Royal Decree 1159/2010 of September 17, and Royal Decree 602/2016 of September 2, in order to reflect a true and fair view of the Equity, the financial situation and the Company's Profit & Loss as well as the veracity of the streams incorporated into the Cash-flow, according to generally accepted accounting practices and regulations.

2.2. Non-Mandatory Accounting Principles Applied

During this Financial Year, only those Accounting Principles mandatory according to the Spanish Business Code and the Small & Medium Companies General Accounting Plan have been applied.

The Administrative Body has formulated these Annual Accounts, taking into account all mandatory accounting regulations and principals which carry a significant effect.

There is no principle which, if mandatory, has not been applied.

2.3. Critical Aspects in the Valuation and Judgement of Uncertainty

At the date of formulation of these annual accounts, Royal Decree 463/2020 of March 14, is in force, declaring the state of alarm for the management of the health crisis situation caused by COVID-19, as well as, its subsequent developments through Royal Decree-Law 8/2020 of March 17, and Order SND/257/2020, of March 19, declaring the suspension of opening of tourist accommodation establishments to the public.

The Company has closed the five hotels since March 23, so there have been no clients on site since then. This closure has affected the Group's three companies in the Canary Islands equally: HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU (company that originally owns the weeks it sells under Time Sharing scheme) and the one that manages the Angry Birds activity park, HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU (company that manages the maintenance of the hotels) and HOLIDAY CLUB CANARIAS VACATION CLUB, SL (company that buys weeks of accommodation and exploits the Group's available weeks in the Canary Islands).

The main consequences of the closure have been the following:

- Personnel: On the dates of the closure of the hotels, the Group companies in the Canary Islands have carried out a temporary employment regulation file (ERTE) that has affected 116 people out of the total of 128 people who work in the Group. Therefore, at the date of formulation of these annual accounts, a total of 12 people remains working. This measure has meant for the Group in the Canary Islands a saving in personnel costs estimated at approximately 262,000 euros per month.

The breakdown by Company is as follows:

	Employees		Saving (th euros)		
	Total	Affected by ERTE	Salaries	Social Security	Total
Sales & Marketing	39	35	86	16	102
Resort Management	82	75	121	28	149
Vacation Club	7	6	9	2	11
Grand Total	128	116	216	46	262

It is the intention of the Group in the Canary Islands to proceed to the hiring of the people affected in the ERTE as the closure and confinement measures caused by the COVID19 are lifted.

- Tour Operators: The Group in the Canary Islands exploits unsold weeks as a hotel service through the entity VACATION CLUB. This hotel activity has been logically interrupted, so that agreements with tourism providers have been temporarily suspended. Fortunately, the amount of the tour operators' debt at the beginning of the COVID19 health crisis was not high. There is a customer debt in the amount of 112,300 euros that has been pending collection, but which is highly likely to become liquid once this situation passes. As of 04/14/2020 a total of 19,997 euros has already been collected.
- Owners: The Group in the Canary Islands invoices week's owners at the beginning of the calendar year for maintenance fees through the entity RESORT MANAGEMENT. Given that the activity has been abruptly interrupted before the end of the year, the company in the Canary Islands is offering owners the possibility of compensating the effect of not enjoying their week in exchange for being able to enjoy two weeks in the period 2020-2021. At the date of formulation of these annual accounts, the majority of the owners are welcoming this measure.
- Financial and non-financial assets: No possible deterioration has been identified at the date of formulation of these annual accounts. Logically, if the situation of inactivity lasts for longer, the circumstances would have to be analyzed again.
- Cost of sub activity: Despite the fact that, as far as possible, the Group in the Canary Islands has reduced expenses to the essential minimum, the minimum monthly expenses are approximately 160,000 euros at the date of preparation of these annual accounts. However, the Group is in the negotiation phase with different suppliers (energy, telephony ...) to minimize the minimum monthly maintenance expense.

- Liquidity: The situation of the Group's treasury in the Canary Islands is not worried in the short term. With the liquidity that was already available, we must add the provision of a new ICO line of credit loan for the amount of 500,000 euros signed on 23/03/2020.
- The situation of the Group's accounts in the Canary Islands at the date of preparation of these annual accounts is as follows in thousands of euros:

Banks balance	**1,349**
Available in loan policies	**500**
Total available	**1,849**

With this situation, the administrator of the Group companies in the Canary Islands considers that there is sufficient liquidity to withstand a total stoppage of activity for approximately 12 months.

2.4. Comparison of the Information

The figures corresponding to the Financial Year ending on March 31, 2020 according to the current law, show comparatively the balances of the previous financial period, which match with the information of the annual account for the financial period 2018/19.

3. APPLICATION OF RESULTS

The proposal for the application of the results of the financial period ending March 31st 2020, which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31st 2019, is as follows:

Euros	2020	2019
Distribution Balance		
Financial Period Losses	**516,472**	1,088
Distribution	**516,472**	1,088
Legal Reserve	**–**	600
Voluntary reserve	**513,960**	–
Losses accumulated from previous Financial Periods	**2,512**	488
Total	**516,472**	1,088

4. RECOGNITION AND MEASUREMENT

The main accounting principles and practices applied in the preparation of the annual accounts are adapted to the current legal requirements, highlighting as most important the principles of going concern, accrual, uniformity, prudence, not compensation and relative importance.

The main rules used by the company for the drafting of their financial period Annual Accounts, according to those established in the Spanish General Accounting Plan were the following:

4.1. Intangible assets

The intangible assets consist of rights of use of weeks owned by Holiday Club Canarias Sales & Marketing SLU. The value is based on the reposition cost of the weeks plus 50-60% depending on the type of reposition and the difference between updated cadastral value of the week. The right of use of these weeks are depreciated at 3%.

4.2. Financial Instruments

The breakdown of the financial assets is as follows:

a) Loans and accounts receivable, including those loans for commercial or non-commercial operations. Those whose maturity is no longer than one year are valued at their face-value, because they do not have any contractual interest rate and the effect of not up-dating cash-flow is not significant. Those whose maturity is over one year are measured at their reasonable value, which is equal to the value of the compensation delivered plus directly attributable transaction costs. Interest accrued is accounted for in the Profit & Loss Account, applying the Effective Interest Rate method. Corrections of the values haven´t been made.

b) Impairment occurs when the recoverable value is lower than the carrying amount, the recoverable value being understood as the greater of its fair value less sales costs and the present value of the future cash flows from the investment, which due to the Circumstances of the investee is considered recoverable value as the net asset value that is shown in the balance sheet of the group or associated company, corrected for the tacit capital gains that exist at the closing date.

The Company's financial liabilities are all debits and payable items, including debits for commercial operations and debits for non-commercial operations. They are initially valued at their fair value, except the debts for commercial transactions with a maturity not exceeding one year and without a contractual interest, the amount of which is expected to be paid in the short term, which are valued at their nominal value. Financial liabilities are subsequently measured at amortized cost. Accrued interests are recorded in the income statement using the effective interest rate method.

The financial instruments are classified in short and long term, if their maturity is less than or greater than twelve months, respectively.

The Company has complied with the requirements set forth in the registration and valuation standard for financial instruments.

4.3. Tax on Profits

The Company pays tax under the Tax Consolidation System, according to what is set out in Chapter 7 of title 7 of the Law 274/2014 of November 27, of Corporate Tax. Holiday Club Canarias Investment is the parent Company, which presents the correspondent settlement

Following the accrual principle, the current tax has been accounted as a expense of the period and it has been calculated according to the profit and loss before taxes following the current tax laws.

4.4. Income and Expenses

Income has been recognised as a consequence of an increase in the Company's resources, as long as its amount has been determined reliably. Expenses have been recognized as a consequence of a decrease in the Company's resources, as long as their amount has also been reliably estimated.

4.5. Personnel Expenses

Personnel expenses are recognised on the basis of their accrual, considering that bonus payments are accrued on a yearly basis. There are no commitments for pensions nor retirement bonuses in the Company.

4.6. Transactions between related parties

Transactions between related parties are accounted by their reasonable value which is the same value for transactions with not related third parties.

5. INTANGIBLE ASSETS.

5.1. The transactions occurring during the previous period were the following:

Euros	Balance 31.03.19	Acquisitions	Disposals	Balance 31.03.20
Rights of Use	–	734,103	(80,357)	**653,746**
Accumulated amortization	–	(11,134)	813	**(10,321)**
Net Totals	–	722,969	(79,544)	**643,425**

5.2. Right of use correspond to Time Share weeks owned by a company of the Group which runs the Company as touristic accommodation.

5.3. Disposals in the financial year correspond to repurchase of the rights of use by the related company, which has generated a profit for the amount of 813 Euros, corresponding to the accumulated amortization of the sold weeks.

5.4. There is no evidence of impairment through March 31.

6. FINANCIAL ASSETS

6.1. Categories of financial assets (except investments in equity of group companies, multigroup and associates)

The breakdown of financial assets (excluding investments in group, multi-group and associated companies) by categories and classes is as follows:

	Equity Instruments		Debt Securities		Credits/Derivatives/Others	
Euros	**31.03.20**	31.03.19	**31.03.20**	31.03.19	**31.03.20**	31.03.19
Short-term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**748,102**	472,978
Liquid Assets	**–**	–	**–**	–	**219,909**	344,419
Totals	**–**	–	**–**	–	**968,011**	817,397

6.2. Breakdown by maturity:

The classification by maturity of the different financial assets is all related to the short term, being all clients´ loans and receivables related to sales and services, loans to the personnel and current account with companies of the group and associated for the amount of 112,088 Euros, 10,000 Euros and 626,014 Euros respectively.

6.3. Debt related to clients

There are customer advances for the amount of 150,099 Euros that correspond to accommodation services charges not accrued at the end of the financial year.

6.4 Accrual adjustments

In January, the company assume the debt corresponding to the yearly maintenance fees of the weeks in its intangible assets as rights of use (See note 6). At the end of the financial year there are accrual adjustments related to the not accrued months at March 31, for the amount of 82,608 Euros.

7. FINANCIAL LIABILITIES

7.1. Types of liabilities

The breakdown of financial liabilities by category is as follows:

	Debits with Credit Institutions		Bonds and Other Market Securities		Derivatives/Others	
Euros	**31.03.20**	31.03.19	**31.03.20**	31.03.19	**31.03.20**	31.03.19
Short-term Financial Liabilities						
Debits and Payables	**–**	–	**–**	–	**993,858**	656,468
Totals	**–**	–	**–**	–	**993,858**	656,468

7.2. Classification by maturity

The short-term financial liabilities indicated in the previous section correspond to "Debts with companies of the Group" for the amount of 955,479 Euros and creditors for services rendered for the amount of 38,379 Euros.

8. EQUITY

8.1. The Share Capital comes to 3,000 Euros, divided into 3000 shares at face value of 1 Euros each.

8.2. The Company has the sole proprietorship status, being its unique partner the entity Holiday Club Canarias Investment SLU.

9. FISCAL POSITION

9.1. Tax consolidation regime

The Company is taxed in the consolidated tax system in accordance with Chapter VI, title VII of the 27/2017 law, of November 27, of the profit tax, which approved the revised text from the Law of Corporate Tax.

The Tax Group comprises the following corporations:

Parent: Holiday Club Canarias Investment, SL.U.

Subsidiaries: Holiday Club Canarias Sales & Marketing, S.L.U., Holiday Club Canarias Resort Management, S.L.U. and Holiday Club Canarias Vacation Club, S.L.

9.2 Individual tax base

The reconciliation of the net amounts of incomes and expenses for the financial period against the tax base of Corporate Tax, is the following:

Euros	**Profit & Loss Account**	**Inc. & expend. directly attributable to Equity**
Balance of income and expenditure for the financial year	**516,472**	**–**
Profit Tax	**172,157**	**–**
Tax Base (Tax Profit & Loss)	**688,629**	**–**

9.3 Corporate tax assessment:

Under the rules applicable to the Tax Consolidation Regime, the taxable income of the tax group is determined by adding individual taxable bases corresponding to the companies comprising the Fiscal group, deletions, additions of deletions carried out in previous years and, in the event that the above sum proves to be positive, compensating the carry-forwards of the Fiscal group, as well as the outstanding tax bases to be applied by the companies taxable at the time of joining the Tax Group.

In consequence, the Individual Tax Base of Holiday Club Canarias Vacation Club, S.L., for the amount of 688,629 Euros, are subject to addition together with the rest of the tax bases of the remaining companies comprising the Tax Group.

By applying the tax rate over the tax base, you obtain the total tax due for the tax group which is reduced by the items and amounts expressed below:

Euros	**2020**	2020
Previous Group Tax Base	**0**	**0**
Negative Group Tax base from previous financial years	**424,102**	–
Group Tax Base	**424,102**	–

9.4 Breakdown of the corporate tax expense

Due to the fact that there are not temporary differences when calculating the tax base, the current tax for the period 2019/20 is the same as the expense for the corporate tax for the amount of 172,157 Euros.

9.5 Financial Periods Open to the Possibility of a Tax Inspection.

The corporate tax is open to be inspected for the following periods: 2017, 2017/18, 2018/19 and 2019/20.

9.6 Other taxes

At the closing date, the company is also open to inspection of all the taxes that are applicable to it:

- Withholdings related to paid incomes
- IGIC (General Indirect Canarian Tax)
- Property Transfer and Certified Legal Documents Tax
- Local taxes

10. INCOME AND EXPENSES

Breakdown of the next items the Profit and Loss Account:

a) Social expenses: the amount of 61,549 Euros is all related to the social security payable by the company for the period 2019/20, being 9,851 Euros for the period 2018/19.

b) External services:

Euros	**2020**	2019
Leases and royalties	**2,003,099**	–
Repairs and conservations	**20,741**	–
Professional services	**10,710**	892,112
Transport	**94,190**	26,600
Insurance premiums	**1,033**	–
Bank Services and Similar	**41,471**	5,727
Advertising	**803**	–
Supplies	**–**	92
Other Services	**420,325**	73,326
Totals	**2,592,372**	997,858

11. TRANSACTIONS WITH RELATED PARTIES

The balances at March 31, 2020 and 2019 with related companies are as follows:

	2020		2019	
Euros	**Debit Balances**	**Credit Balances**	Debit Balances	Credit Balances
Company:				
Holiday Club Canarias Sales & Marketing, SLU	**–**	**782,726**	–	613,739
Holiday Club Canarias Resort Management, SLU	**626,014**	**–**	189,038	–
Holiday Club Canarias Investment, SLU	**–**	**172,157**	–	–
Holiday Club Resort OY	**–**	**595**	–	–
Totals	**626,014**	**955,479**	189,038	613,739

The Company backs the Group Company Holliday Club Canarias Resort Management, SLU in front of a financial institution, related to a loan obtained for that company being the balance at 31st March 2020 156,969 Euros.

All the transactions between related companies were made under normal market conditions.

Transactions during period 2019/20 and 2018/19 between related companies are as follows:

	2020		2019	
Euros	**Services received**	**Services provided**	Services received	Services provided
Company:				
Holiday Club Canarias Sales & Marketing, SLU	**1,805,560**	**78,345**	873,464	–
Holiday Club Canarias Resort Managemet, SLU	**224,212**	**–**	15,106	–
Holiday Club Resort OY	**595**	**128,010**	–	21,348
Totals	**2,030,367**	**206,356**	888,570	21,348

12. OTHER INFORMATION

12.1. Average number of Employees

The average number of persons employed by the Company during the financial periods 2019/20 and 2018/19, distributed by their professional categories, has been as follows:

	Persons	
	2020	2019
Senior Managers	**0.35**	0.06
Administration	**7.25**	1.23
Totals	**7.60**	1.29

The distribution by gender at the end of the financial periods 2019/20 and 2018/19 is the following:

	2020		2019	
	Men	**Women**	Men	Women
Senior Managers	**1**	**–**	1	–
Administration	**2**	**5**	1	7
Totals	**3**	**5**	2	7

The company has not employed disabled people (more than 33% of disability) for the periods 2019/20 and 2018/19.

12.2. Information about the Environment and Greenhouse Gas Emission Rights.

Given the activity that the Company carries out, there are no responsibilities, expenses, assets or contingencies of any environmental nature that could be of any significance with regard to equity, the financial position and its results. Therefore, no specific breakdowns are included in this report.

13. INFORMATION ABOUT DEFERRAL PAYMENTS MADE TO SUPPLIERS. THIRD ADDITIONAL REGULATION TO THE "DUTY OF INFORMATION" OF LAW 15/2010 OF July 5.

The average period for payment to suppliers and creditors is 24 days (35 days for the financial year 2018/19).

Mogán, April 20, 2020

Calvin Stuart Lucock
Joint and Several Administrator and
Holiday Club Resorts Oy Representative

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA TWO WHEELERS LIMITED

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of **Mahindra Two Wheelers Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its profit and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is included in the Director's report, but does not include the financial statements and our auditor's report thereon.

5. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

6. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated

7. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

8. The Company's Board of Directors is responsible for the matters in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

9. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

10. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

11. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

12. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis

for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

14. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

16. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

17. As required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN: 20111212AAAAHN6472

Mumbai, April 30, 2020

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 12 of our report of even date on the accounts of Members of Mahindra Two Wheelers Limited for the year ended March 31, 2020

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) The Company physically verifies fixed assets every three years. In our opinion, the frequency of verification is reasonable.

   iii) According to the information and explanation given to us, no immovable property is held by the Company in its own name.

2) Inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification. In our opinion, the frequency of verification is reasonable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause (iii), (iii) (a), (iii) (b) and (iii) (c) of the Order are not applicable to the Company.

4) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the provisions of clause (iv) of the Order are not applicable to the Company.

5) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore the provisions of Clause 3(v) of the Order are not applicable to the Company.

6) The Central Government has not specified the maintenance of cost records under sub-section (1) of the Section 148 of the Act for any of the products of the Company.

7) i) According to the records of the Company and information and explanations given to us, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance Scheme, Income Tax, Sales Tax, Goods and Service Tax, Custom Duty and other statutory dues applicable to it with concerned authorities.

   ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Goods and Service Tax, Customs Duty and other statutory dues applicable that were outstanding, at the year-end for a period of more than six months from the date they became payable.

   iii) According to the information and explanations given and records examined by us, there are no dues of Income tax, Sales Tax, Goods and Service Tax, Customs Duty and other statutory dues applicable which have not been deposited on account of any dispute.

8) Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to bank. The Company has not taken any loans or borrowings from financial institution and government and has not issued any debentures.

9) In our opinion and according to the information and explanations given to us, during the year, no term loans were obtained by the Company. During the year, there were no moneys raised by way of initial public offer or further public offer.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or no material fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.

11) Based on the records examined by us and according to information and explanations given to us, the Company has not paid any managerial remuneration during the year. Accordingly the provisions of Clause 3(xi) of the Order are not applicable to the Company.

12) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company

13) The Company has entered into transactions with related parties in compliance with the provisions of Sections 187 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

15) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN: 20111212AAAAHN6472

Mumbai, April 30, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA TWO WHEELERS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Two Wheelers Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN: 20111212AAAAHN6472

Mumbai, April 30, 2020

BALANCE SHEET AS AT MARCH 31, 2020

			Rs in Lakhs
Particulars	**Note No.**	**As at March 31, 2020**	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	4	**175.55**	19.84
(b) Financial Assets			
(i) Others financial assets	5	**34.11**	34.11
(c) Deferred tax assets (net)	6	**177.38**	215.30
(d) Other non-current assets	7	**71.72**	48.10
Total Non - Current Assets		**458.76**	317.35
Current assets			
(a) Inventories	8	**825.80**	953.22
(b) Financial Assets			
(i) Investments	9	**341.73**	191.12
(ii) Trade receivables	10	**129.37**	131.24
(iii) Cash and cash equivalents	11	**45.48**	23.56
(c) Other current assets	7a	**15.42**	30.87
Total Current Assets		**1,357.80**	1,330.01
Total Assets		**1,816.56**	1,647.36
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	12	**599.68**	599.68
(b) Other Equity	12a	**245.93**	175.58
Total Equity attributable to owners of the Company		**845.61**	775.26
LIABILITIES			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	13	**103.51**	-
(b) Provisions	14	**6.01**	5.23
(c) Other non-current liabilities	17a	**26.53**	26.81
Total Non - Current Liabilities		**136.05**	32.04
Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	15		
(a) Total Outstanding dues of micro enterprises and small enterprises		**5.39**	19.07
(b) Total Outstanding dues of creditors other than micro enterprises and small enterprises		**305.29**	374.63
(ii) Other current financial liabilities	16	**196.54**	184.05
(b) Provisions	14a	**177.01**	152.63
(c) Other current liabilities	17	**150.67**	109.68
Total Current Liabilities		**834.90**	840.06
Total Equity and Liabilities		**1,816.56**	1,647.36
Significant accounting policy	1, 2 & 3		

See accompanying notes to the financial statements

In terms of our report attached

For **M/s B. K. Khare & Co**

Chartered Accountants

Firm Registration No. 105102W

For and on behalf of the Board

Bharat Moossaddee

Hemant Sikka

Director's

Shirish Rahalkar
Partner
Membership Number: 111212
Date: 30th April 2020
Place: Mumbai

Ashokkumar Panara
Chief Financial Officer

Poonam Vaze
Company Secretary
Date: 30th April 2020
Place: Mumbai

PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2020

Rs in Lakhs

	Particulars	Note No.	**For the period ended March 31, 2020**	For the year ended March 31, 2019
I	Revenue from operations	18	**2,381.56**	2,972.53
II	**Other income**	19	**207.84**	180.02
III	**Total Revenue (III)**		**2,589.40**	3,152.55
IV	**EXPENSES**			
	Purchases of stock-in-trade		**1,575.27**	2,245.42
	Changes in stock of finished goods and stock-in-trade (trading goods)	20	**127.42**	41.39
	Employee benefits expense	21	**90.48**	103.12
	Finance costs	22	**18.16**	–
	Depreciation and amortisation expense	4	**76.50**	9.63
	Other expenses	23	**566.66**	655.68
	Total Expenses (IV)		**2,454.49**	3,055.24
V	**Profit/(Loss) before tax for the year (III - IV)**		**134.91**	97.31
VI	**Tax Expense**			
	- Current tax		**26.00**	18.80
	- Tax for previous year		**–**	17.92
	- Deferred tax		**37.92**	(22.59)
	Total tax expense		**63.92**	14.13
VII	**Profit/(Loss) after tax for the year (V - VI)**		**70.99**	83.18
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	– Remeasurements of the defined benefit liabilities net of taxes		**(0.81)**	1.42
	– Deferred Tax on OCI		**0.17**	(0.37)
IX	**Total comprehensive income for the year**		**70.35**	84.23
X	**Earnings per equity share** (Nominal value per share Re. 0.02 each)	26		
	Basic & Diluted (in Rs.)		**0.004**	0.003

See accompanying notes to the financial statements

In terms of our report attached
For **M/s B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

For and on behalf of the Board

Bharat Moossaddee
Hemant Sikka
Director's

Shirish Rahalkar
Partner
Membership Number: 111212
Date: 30th April 2020
Place: Mumbai

Ashokkumar Panara
Chief Financial Officer

Poonam Vaze
Company Secretary

Date: 30th April 2020
Place: Mumbai

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2020

Rs. In Lakhs

Particulars	For the period ended March 31, 2020	For the year ended March 31, 2019
Profit/(Loss) before tax for the period	134.91	97.31
Adjustments for:		
Finance costs	18.16	–
Gain on Sale of Investment	(10.62)	(1.12)
Depreciation and amortisation of non-current assets	76.50	9.63
Provision for inventory	50.00	106.25
Actuarial Gain/Loss	(0.64)	1.05
Operating profit before Working Capital changes	268.31	213.12
Movements in working capital:		
Increase in trade and other receivables	1.87	(16.49)
(Increase)/decrease in inventories	77.42	(63.47)
(Increase)/decrease in other assets	1.83	169.66
Decrease in trade payables	(83.01)	(26.59)
Increase/(decrease) in provisions	(0.84)	(78.29)
(Decrease)/increase in other payables	156.71	(21.80)
Cash generated from operations	422.29	176.13
Income taxes paid	(10.00)	(30.10)
Provision for Tax	–	30.10
Cash flows from operating activities	412.29	176.13
Payments to acquire current investment (Mutual Fund)	(140.00)	(190.00)
Rights of Use Assets increased	(163.28)	–
Liability repaid during year	(68.93)	–
Cash flows from investing activities	(372.21)	(190.00)
Interest paid	(18.16)	–
Cash flows from financing activities	(18.16)	–
Less: Transferred in accordance the scheme of arrangement (Refer Note No.23)		
Net cash inflow/(outflow)	21.92	(13.87)
Cash and cash equivalents at the beginning of the year	23.56	37.43
Cash and cash equivalents at the end of the year	45.48	23.56

Notes :

1 Figures in brackets represent outflows of cash and cash equivalents.

2 Cash and cash equivalents comprise of:

	For the period ended March 31, 2020	For the year ended March 31, 2019
Balances with Banks	45.48	23.56
	45.48	23.56

In terms of our report attached
For **M/s B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

For and on behalf of the Board

Bharat Moossaddee
Hemant Sikka
Director's

Shirish Rahalkar
Partner
Membership Number: 111212
Date: 30th April 2020
Place: Mumbai

Ashokkumar Panara
Chief Financial Officer

Poonam Vaze
Company Secretary
Date: 30th April 2020
Place: Mumbai

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2020

a. Changes in Equity

Rs. In Lakhs

	For the period ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the period	**599.68**	599.68
Shares issued during the period	**–**	–
Shares bought back during the period	**–**	–
Balance at the end of the period	**599.68**	599.68

b. Other Equity - Total

Rs. In Lakhs

	Reserves and Surplus			
Particulars	**Securities premium reserve**	**General reserve**	**Other comprehensive Income**	**Total**
Opening Balance as on 1st April 2017	144.31	(280.51)	1.88	(134.32)
Profit/(Loss) for the year	–	216.40	–	216.40
Other comprehensive income for the year, net of income tax	–	–	9.27	9.27
Balance as at March 31, 2018	**144.31**	**(64.11)**	**11.15**	**91.35**
Opening Balance as on 1st April 2018	**144.31**	**(64.11)**	**11.15**	**91.35**
Profit/(Loss) for the year	–	83.18	–	83.18
Other comprehensive income for the period, net of income tax	–	–	1.05	1.05
Balance as at March 31, 2019	**144.31**	**19.07**	**12.20**	**175.58**
Opening Balance as on 1st April 2019	**144.31**	**19.07**	**12.20**	**175.58**
Profit/(Loss) for the year	–	70.99	–	70.99
Other comprehensive income for the period, net of income tax	–	–	(0.64)	(0.64)
Balance as at March 31, 2020	**144.31**	**90.06**	**11.56**	**245.93**

In terms of our report attached
For **M/s B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership Number: 111212
Date: 30th April 2020
Place: Mumbai

Ashokkumar Panara
Chief Financial Officer

For and on behalf of the Board

Bharat Moossaddee
Hemant Sikka
Director's

Poonam Vaze
Company Secretary

Date: 30th April 2020
Place: Mumbai

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Mahindra Two Wheelers Ltd. ("the Company") is subsidiary of Mahindra Vehicle Manufactures Limited (w. e. f. February 2016). The Company is engaged in trading in spare parts and accessories It deals in parts required for the range of two wheelers manufactured by Mahindra & Mahindra Limited. The company undertakes procurement, warehousing management, logistics and sale of spares parts and accessories. It has network of dealers and authorized service centers across India to ensure timely delivery of spare parts to two wheeler's customers.

2. METHOD OF ACCOUNTING

Financial statements have been prepared in accordance with the Indian Accounting Standards (IND AS) notified under Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standard) Rules, 2016.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the latest annual financial statements of the Company prepared under the Act, for the financial year ended March 31, 2019.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

3. SIGNIFICANT ACCOUTING POLICIES

3.01 Basis of accounting preparation and presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

3.02 Use of estimate

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of assets, useful lives of property, plant and equipment, valuation of deferred tax assets and provisions and contingent liabilities. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by lease basis and there by assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

Provisions and contingent liabilities

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which the reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.

3.03 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(i) Sale of goods

Sale of products including export benefits thereon are recognized, net of discounts and sales incentives, when the products are shipped, after following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from operation excludes the Goods and Services Tax.

(ii) Benefit on account of entitlement of export benefits like Duty drawback scheme & Focus Market scheme is accounted in the year of export.

(iii) Dividend income from investments is recognized when the right to receive payment has been established.

(iv) Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.04 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at amortised cost at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the incremental borrowing rate.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term

Transition

The Company has adopted Ind AS 116 using the modified retrospective approach with effect from initially applying this standard from 1 April 2019. Accordingly, the information presented for previous year ended 31 March 2019 has not been restated and continues to be reported under Ind AS 17.The Company has adopted modified retrospective approach where lease liability measured at present value of remaining lease payment discounted at the incremental borrowing rate at the date of initial application and right to use asset is equal to lease liability adjusted by the amount of any prepaid or accrued lease payments.

As a lessee

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

3.05 Foreign Currency

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

3.06 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.07 Employee benefits

1. **Defined Contribution Plan:**

   Provident Fund: The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the Central Government Provident Fund and the Family Pension Fund and the same is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due and when services are rendered by the employees.

2. **Defined Benefit Plan:**

   For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

   - service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
   - net interest expense or income; and
   - re-measurement.

   (i) **Gratuity:** The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation. The gratuity plan is funded plan and the Company makes the contributions to the recognized funds.

   (ii) **Compensated Absences:** The Company provides for the encashment of compensated absences with pay subject to certain rules. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment. Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit and the accumulated leave expected to be carried forward beyond twelve month is treated as long-term employee benefit which are provided based on the number of days of un utilized compensated absence on the basis of an independent actuarial valuation.

3.08 Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes

Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

3.09 Property Plant and Equipment

Property Plant and Equipment (PPE) are stated at cost of acquisition or construction where cost includes amount added/ deducted on revaluation less accumulated depreciation / amortization and impairment loss, if any. All costs relating to the acquisition and installation of property plant and equipment are capitalized and include borrowing costs relating to funds attributable to construction or acquisition of qualifying assets, up to the date the asset / plant is ready for intended use. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodies within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognized. The cost for day-to-day servicing of property, plant and equipment are recognized in Statement of Profit and Loss as and when incurred.

Depreciation is calculated on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc:

i) Plant and machinery - 5 - 10 years

ii) Vehicles - 8 years -

iii) Office equipment - 2 years

iv) Assets costing less than Rs 5000 each - 1 year

3.10 Impairment

(i) Financial assets (other than at fair value)

The Company assesses at end of each reporting period whether a financial asset or a group of financial assets is impaired.

Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit or loss.

3.11 Inventories

Inventories comprises all cost of purchase and other cost incurred in bringing the inventories to their present location and condition. Stock in trade are valued at lower of cost or net realizable value after provision for obsolescence and other losses, where considered necessary. Cost is determined on the basis of weighted average method.

3.12 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss
Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

Financial liabilities
Financial liabilities are measured at amortized cost using the effective interest method.

Equity instruments
An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

3.13 Earning Per Share
The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

3.14 Operating Segments
The Company has single reportable business segment namely Two-Wheeler vehicle-related spare parts. The Company has only one reportable geographical segment.

3.15 Cash flow statement
The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

3.16 Current Non-Current Classification
The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized or intended to sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within 12 months after the date of reporting period, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting period.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

Current liabilities include the current portion of long term financial liabilities. The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets and their realization in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

3.17 Share Capital

Ordinary Shares
Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.18 Fair Value Measurement
Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell an asset or transfer the liability takes place either:

- In the principle market for the asset or liability
- In the absence of principle market, in the most advantageous market for the asset or liability.

The principle or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (Unadjusted) Market prices in active markets for incidental assets or liabilities
- Level 2 –Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation Techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers that have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Determination of Fair Value

1) **Financial Assets**
The fair value of financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purpose.

2) **Non-Derivative financial liabilities**
Fair Value, which is determined for disclosure purposes, is calculated based on the present value of future principle and interest cash flows, discounted at the market rate of interest at the reporting date.

3) **Investments in Mutual Funds**
The fair value of available mutual funds held for trading is determined with reference to their net asset value as at the reporting date and is recorded as other income/expense. The Company invests its surplus funds in mutual funds. These investments have been classified as FVTPL by the management.

Note - 4 Property, Plant and Equipment - Total

Rs. In Lakhs

Description of Assets	ROU Assets-Building	Plant and Equipment	Office Equipment	Furniture and Fixtures	Total
I. Gross Block					
Balance as at 1st April 2019	**–**	**84.64**	**14.19**	**2.35**	**101.18**
Additions	232.21	–	–	–	232.21
Disposals	–	–		–	–
Balance as at March 31, 2020	**232.21**	**84.64**	**14.19**	**2.35**	**333.39**
II. Accumulated depreciation					
Balance as at 1st April 2019	–	66.40	12.92	2.02	81.34
Depreciation for the period	68.93	7.16	0.32	0.09	76.50
Eliminated on disposal of assets	–	–	–	–	–
Balance as at March 31, 2020	**68.93**	**73.56**	**13.24**	**2.11**	**157.84**
Net block (I-II)					
Balance as at March 31, 2020	**163.28**	**11.08**	**0.95**	**0.24**	**175.55**
Balance as at March 31, 2019	**–**	**18.24**	**1.27**	**0.33**	**19.84**

Note: Company has taken its warehouse at chakan, Pune on Lease for a period of 3 Years, which is recognised as RoU, and Lease Liability (non-current) in Borrowings

Note - 5 Other non current financial assets (Unsecured, considered goods unless otherwise stated)

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Finanacial assets at amortised cost		
Security Deposits	**34.11**	34.11
Total	**34.11**	34.11

Note - 6 - Deferred Taxes

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities		
Tax effect of items constituting deferred tax liabilities		
Temporary difference for provision	**–**	–
Other Comprehensive Income	**0.20**	0.37
	0.20	0.37
Deferred tax assets		
Tax effect of items constituting deferred tax assets		
– MAT credit entitlement	62.72	36.72
– On difference between book balance & tax balance of Property, plant & Equipments	6.46	6.20
– Other Provisions	15.92	19.13
– Carry forward losses	92.48	153.62
	177.58	215.67
Net Deffered Tax Asset/(Liabilities)	**177.38**	215.30

Note - 7 Other non-current assets (Unsecured, considered goods unless otherwise stated)

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Balances with government authorities		
(i) Advance income tax	**60.27**	38.76
(b) Others	**11.45**	9.34
Total	**71.72**	48.10

Note - 7a - Other current assets (Unsecured, considered goods unless otherwise stated)

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Balances with government authorities		
(i) GST receivable	**10.00**	27.82
(b) Prepaid expenses	**0.99**	0.82
(c) Advance to suppliers	**4.43**	2.23
Total	**15.42**	30.87

Note - 8 Inventories

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Spares for two wheelers	**825.80**	953.22
Total	**825.80**	953.22
Included above, goods-in-transit -		
(i) Spares for two wheelers	**9.76**	–
Total	**9.76**	–

Note - 9 Current Investment

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Investment - Mutual Fund		
i) Mahindra Mutual Fund		
(34154.363 units March 31, 2020, 19100.409 units, March 31, 2019)	**341.73**	191.12
Total	**341.73**	191.12

Note - 10 - Trade receivables

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
(a) Considered good	**129.37**	131.24
(b) Doubtful	**47.60**	60.56
	176.97	191.80
Less: Allowance for credit losses	(47.60)	(60.56)
Total	**129.37**	131.24

Movement in the allowance for expected credit loss

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at beginning of the year	**60.56**	60.56
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	**–**	–
Amounts recovered during the year	**(12.96)**	–
Balance at end of the year	**47.60**	60.56

Rs. In Lakhs

Ageing of Expected credit loss allowance	As at March 31, 2020	As at March 31, 2019
Within the credit period		
1-30 days past due	**–**	–
31-60 days past due	**–**	–
61-90 days past due	**–**	–
More than 90 days past due	**47.60**	60.56
Total	**47.60**	60.56

Note - 11 - Cash and Bank Balances

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Balances with banks		
- In current account	**45.48**	23.56
Total	**45.48**	23.56

Note - 12 - Share Capital

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised:		
25,000,000,000 (December 31, 2019, 25,000,000,000) equity shares of Rs 0.02/- each.	**5,000**	5,000
Issued, Subscribed and Paid up:		
2,998,389,216 (March 31, 2019- 2,998,389,216) equity shares of Re .02/- each fully paid up.	**599.68**	599.68
Total	**599.68**	599.68

Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:	**As at March 31, 2020**	**As at March 31, 2019**
Balance as at beginning of the period	**599.68**	599.68
Add: Additional equity shares issued during the period	0	0
Less: Equity Shares forfeited/Bought back during the period	0	0
Balance as at end of the year	**599.68**	599.68

Notes:

i) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares	% Shareholding	Number of shares	% Shareholding
Equity Shares:				
Mahindra Vehicle Manufacturing Limited	2,998,389,216	100.00	2,784,814,210	92.25
Aay Kay Global	–	–	213,575,006	7.12

Note - 12a - Other equity

Rs. In Lakhs

	Particulars	As at March 31, 2020	As at March 31, 2019
(a)	**Securities premium account:**		
	Balance at the beginning of the period	**144.31**	144.31
	Balance at the end of the period	**144.31**	144.31
(b)	**Other comprehensive Income:**		
	Balance at the beginning of the period	**12.20**	11.15
	Other comprehensive income for the period	**(0.64)**	1.05
	Balance at the end of the period	**11.56**	12.20
(C)	**Retained earnings**		
	Balance at the beginning of the period	**19.07**	(64.11)
	Profit/(Loss) for the period	**70.99**	83.18
	Balance at the end of the period	**90.06**	19.07
	TOTAL (a)+(b)	**245.93**	175.58

Note - 13 - Non-Current Borrowings

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Unsecured (Carried at amortised Cost):		
(i) Non Current portion of Lease Liability	103.51	–
Total	103.51	–

Notes

The details of additions, carrying value and depreciation on right to use assets held by the Company is given in Note No. 4

Note - 14 - Non Current Provisions

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Provision for employee benefits		
Provision for compensated absences	6.01	5.23
Total	6.01	5.23

Note - 14a - Current Provisions

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Provision for employee benefits		
Provision for compensated absences	2.03	2.20
(b) Other Provisions		
Provision for Income Tax	62.72	36.72
Other Provisions for Statutory Liabilities	112.26	113.71
Total	177.01	152.63

Note - 15 - Trade Payables

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payable for goods & services		
– Total outstanding dues of micro and small enterprises	5.39	19.07
– Total outstanding dues of other than micro and small enterprises		
i) Others than acceptances	305.29	374.63
Total	310.68	393.70

Note - 16 - Other Current Financial Liabilities

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Other Financial liabilities measured at amortised at cost		
(a) Trade/Security Deposits	196.54	184.05
Total	196.54	184.05

Note - 17 - Other Current Liabilities

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
a) Advances received from customers	74.70	102.27
b) TDS Payable	6.09	6.64
c) Lease liability - Current	68.93	–
d) Statutory remittances (Contribution to PF, ESIC, withholding taxes, Excise duty, VAT, Service Tax etc.)	0.95	0.77
Total	150.67	109.68

Note - 17a - Other non-Current Liabilities

Rs. In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
a) Other payables	26.53	26.81
Total	26.53	26.81

Note - 18 - Revenue from Operations

Rs. In Lakhs

Particulars	For the period ended March 31, 2020	For the year ended March 31, 2019
(a) Revenue from sale of products	2,374.67	2,968.76
(b) Other operating revenue	6.89	3.77
Total	2,381.56	2,972.53
Other operating revenues comprise:		
Sale of scrap	6.89	3.77
Total	6.89	3.77

Note - 19 - Other income

Rs. In Lakhs

Particulars	For the period ended March 31, 2020	For the year ended March 31, 2019
(a) Net Gain arrising on financials assets mandatorily measured at FCTPL	10.62	1.12
(b) Miscellaneous income	197.22	178.90
Total	207.84	180.02

Note - 20 - Changes in inventories of finished goods and stock-in-trade

Rs. In Lakhs

Particulars	For the period ended March 31, 2020	For the year ended March 31, 2019
Inventories at the beginning of the year		
Spares for two wheelers	953.22	994.61
	953.22	994.61
Inventories at the end of the year		
Spares for two wheelers	825.80	953.22
	825.80	953.22
Net (increase)/decrease	127.42	41.39

Note - 21 - Employee benefits expense

Rs. In Lakhs

Particulars	For the period ended March 31, 2020	For the year ended March 31, 2019
(a) Salaries and wages, including bonus	**83.99**	96.23
(b) Contribution to provident and other funds	**3.65**	6.27
(c) Staff welfare expenses	**2.84**	0.62
Total	**90.48**	103.12

Note - 22 - Finance cost

Rs. In Lakhs

Particulars	For the period ended March 31, 2020	For the year ended March 31, 2019
(a) Interest expense		
(1) Interest	**18.16**	–
	18.16	–
(b) Other borrowing cost	**–**	–
Total	**18.16**	–

Note - 23 - Other expenses

Rs. In Lakhs

Particulars	For the period ended March 31, 2020	For the year ended March 31, 2019
Cost of Services - Deputation Charges, Software Service, Business Support Service, etc.	**221.44**	233.73
Freight and handling charges	**166.06**	263.64
Repairs and maintenance		
– Others	**0.10**	0.83
Rent including lease rentals	**6.93**	77.05
Royalty	**16.60**	–
MSMED Interest	**0.12**	0.18
Rates and taxes	**1.09**	0.23
Legal and other professional costs	**86.19**	43.91
Insurance	**1.61**	2.50
Advertisement, promotion & selling expenses	**30.63**	0.27
Payment to auditors	**10.10**	9.28
Other expenses	**25.79**	24.06
Total	**566.66**	655.68

Note - 22.1 - Payment to auditors includes (net of service tax/GST):

Rs. In Lakh

Particulars	For the period ended March 31, 2020	For the year ended March 31, 2019
Audit fees	**4.00**	6.00
Audit of internal control over financial reporting	**1.50**	1.50
GST Audit	**1.50**	–
Other services (includes Limited Review)	**3.05**	1.75
Out of pocket expenses reimbursed	**0.05**	0.03
Total	**10.10**	**9.28**

Note No. 24 - Financial Instruments

Capital management

The company's capital management objectives are:

The Company manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

Debt-to-equity ratio is as follows:

	March 31, 2020	March 31, 2019
Debt (A)	–	–
Equity (B)	845.61	775.26
Debt Ratio (A/B)	0.00	0.00

Fair Value

Set out below is the comparison by class of the carrying amounts and fair value of the Company's financials instruments

(Rs. In Lakhs)

Particulars	Carrying Amount		Fair Value	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
FINANCIAL ASSETS				
Financial assets measured at amortised cost				
Non-current Assets				
a) Other Financial Assets	**34.11**	34.11	**34.11**	34.11
Current Assets				
a) Trade Receivables	**129.37**	131.24	**129.37**	131.24
b) Cash & bank balances	**45.48**	23.56	**45.48**	23.56
Total Financial Assets	**208.96**	188.91	**208.96**	188.91
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost				
Current Liabilities				
a) Trade Payables	**310.68**	393.70	**310.68**	393.70
b) Other Financial Liabilities	**196.54**	184.05	**196.54**	184.05
Total Financial Liabilities	**507.22**	577.75	**507.22**	577.75

At the end of the reporting period, there are no significant concentrations of credit risk for financial assests designed at FVTPL. The carrying amount reflected above represents the company's maximum exposure to credit risk to such financial assets.

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings.

There is no change in estimation techniques or significant assumptions during the reporting period.

Movement in the expected credit loss allowance:

(Rs. In Lakhs)

Particulars	**March 31, 2020**	March 31, 2019
Balance as at beginning of the year	**60.56**	60.56
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	**–**	–
Amounts recovered during the year	**(12.96)**	–
Balance at end of the year	**47.60**	60.56

Ageing of Expected credit loss allowance

(Rs. In Lakhs)

Particulars	**March 31, 2020**	March 31, 2019
Within the credit period		
1-30 days past due	–	–
31-60 days past due	–	–
61-90 days past due	–	–
More than 90 days past due	47.60	60.56
Balance at end of the year	**47.60**	60.56

LIQUIDITY RISK

(i) Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

(Rs. In Lakhs)

Particulars	**March 31, 2020**		**March 31, 2019**	
	Less than 1 Year	**1-3 Years**	**Less than 1 Year**	**1-3 Years**
Financial liabilities				
Trade payables	310.68	–	393.70	–
Other Financial Liabilities	196.54	–	184.05	–
Total	507.22	–	577.75	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets & interest that will be earned on those assets.

(Rs. In Lakhs)

Particulars	**March 31, 2020**		**March 31, 2019**	
	Less than 1 Year	**1-3 Years**	**Less than 1 Year**	**1-3 Years**
Non-derivative financial assets				
Trade receivables	129.37	–	131.24	–
Cash & bank balances	45.48	–	23.56	–
Total	174.85	–	154.80	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk

a) *Foreign Currency exchange rate risk*

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities.The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Foreign currency exposures that are not hedged by derivative instruments

		As at March 31, 2020		As at March 31, 2019	
Particulars	**Currency**	**Foreign Currency Amount**	**Rupees Lakhs**	Foreign Currency Amount	Rupees Lakhs
I. Trade receivables :	USD	**87,749.18**	**66.31**	55,645.05	39.49
		87,749.18	**66.31**	55,645.05	39.49
II. Bank balances :	USD	**–**	**–**	–	–
		–	–	–	–
III. Trade payables :	USD	–	–	–	–
	EURO	–	–	–	–
	GBP	–	–	–	–
	CHF	–	–	–	–
		–	–	–	–

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Currency	**Change in rate**	**Effect on profit before tax (Loss)**	**Effect on pre-tax equity (Loss)**
March 31, 2020	USD	+10%	6.63	6.63
Based on YOY change between F19 & F20	USD	-10%	(6.63)	(6.63)
March 31, 2019	USD	+10%	3.95	3.95
Based on YOY change between F18 & F19	USD	-10%	(3.95)	(3.95)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(Rs in Lakhs)

	Currency	**Increase/ decrease in basis points**	**Effect on profit before tax (Loss)**
March 31, 2020	INR	+100	–
	INR	-100	–
March 31, 2019	INR	+100	–
	INR	-100	–

Note No. 25 - Employee benefits

(a) Defined Contribution Plan

Amount recognized as an expense in the Statement of Profit and Loss in respect of Defined Contribution Plans is Rs. INR 0.57 Lakhs (March 31, 2019 Rs 0.98 Lakhs)

(b) Defined Benefit Plans:

Gratuity

The company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972, Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The gratuity is funded plan and the compamy makes contribution to recognised funds in India.

Actuarial gains and losses in respect of defined benefit plans are recognised in the Financial statements through other comprehensive income.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings.

Life expectancy

The majority of the plan's obligations are to provide benefits for the service life of the member, so increases in servie life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in service life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	**Valuation as at March 31, 2020**	Valuation as at March 31, 2019
Discount rate(s) (%)	**5.5**	6.8
Expected rate(s) of salary increase(%)		
- Staff	**9**	10
- Workers	**NA**	NA
Average Longevity	**3.05**	2.89
Medical inflation	**NA**	NA

Defined benefit plans – as per actuarial valuation on March 31, 2020

(Rs in Lakhs)

	Funded Plan	
	Gratuity	
Particulars	**2020**	2019
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**1.32**	1.44
Net interest expense	**(0.75)**	(0.47)
Components of defined benefit costs reconised in profit or loss	**0.57**	0.98
Remeasurement on the net defined benefit liability		
Return/(Loss) on plan assets (excluding amount included in net interest expense)	**2.85**	1.24
Actuarial gains and (loss) arising form changes in financial assumptions	**(0.65)**	(0.12)
Actuarial gains and (loss) arising form experience adjustments	**(2.84)**	0.30
Others (Change in fair value of assets)		
Componenets of defined benefit costs recognised in other comprehensive income	**(0.64)**	1.42
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**15.29**	12.91
2. Fair value of plan assets as at 31st March	**26.74**	22.25
3. Surplus/(Deficit)	**11.45**	9.34
4. Current portion of the above	**11.45**	9.34
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**12.91**	15.54
2. *Expenses Recognised in Profit and Loss Account*		
– Current Service Cost	**1.32**	1.44
– Interest Expense (Income)	**0.77**	0.92

(Rs in Lakhs)

	Funded Plan	
	Gratuity	
Particulars	**2020**	2019
3. *Recognised in Other Comprehensive Income*		
Remeasurement (gains)/losses - Actuarial (Gain) Loss arising from:		
i. Financial Assumptions	**0.65**	0.12
ii. Experience Adjustments	**2.84**	(0.30)
4. Benefit payments	**(3.20)**	(5.60)
5. Others (Transfer in)	**–**	0.78
Present value of defined benefit obligation at the end of the year	**15.29**	**12.91**
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**22.25**	19.50
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	–
3. *Expenses Recognised in Profit and Loss Account*	**–**	–
– Expected return on plan assets	**1.52**	1.39
4. *Recognised in Other Comprehensive Income*		
Remeasurement gains/(losses) - Actual Return on plan assets in excess of the expected return	**2.85**	1.24
5. Contributions by employer (including benefit payments recoverable)	**0.12**	0.12
6. Benefit payments	**–**	–
Fair value of plan assets at the end of the year	**26.74**	22.25
IV. Actuarial assumptions		
1. Discount rate (%)	**5.50**	6.80
2. Expected rate of return on plan assets (%)	**6.80**	7.10
3. Attrition rate (%)	**20.00**	20.00

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(Rs in Lakhs)

Principal assumption		**Changes in assumption**	**Impact on defined benefit obligation**	
			Increase in assumption	**Decrease in assumption**
Discount rate				
	2020	**1.00%**	**0.50**	**(0.54)**
	2019	1.00%	(0.44)	0.40
Salary growth rate				
	2020	**1.00%**	**(0.39)**	**0.37**
	2019	1.00%	(0.32)	0.29
Life expectancy				
	2020	**1.00%**	**0.07**	**(0.08)**
	2019	1.00%	0.04	(0.05)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

To provide an indication of the effect of the defined benefit plan on the entity's future cash flows, an entity shall disclose:

a description of any funding arrangements and funding policy that affect future contributions.

The Company expects to contribute Rs. NIL to the gratuity trusts during the next financial year of 2021. (Previous year Nil).

Maturity profile of defined benefit obligation:

		(Rs in Lakhs)
Particulars	**2020**	2019
Within 1 year	**4.33**	5.00
1 - 2 year	**4.44**	1.92
2 - 3 year	**1.91**	2.67
3 - 4 year	**1.84**	1.61
4 - 5 year	**3.62**	1.55
5 - 10 years	**5.52**	7.10

Plan Assets

The fair value of Company's gratuity plan asset as of 31 March 2020 by category are as follows:

Asset category:	**2020**	**2019**
Cash and cash equivalents/Money market instruments/Others	**19%**	19%
Debt instruments (quoted)	**81%**	81%
	100%	100%

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks. Bench mark return for corporate bond fund was 8.60%, actual fund in which company funds are invested has generated return of 10.60%.

The weighted average duration of the defined benefit obligation as at March 31, 2020 is 3.99 years. (March 31, 2019 is 4.05 years)

		(Rs in Lakhs)
VIII. Experience Adjustments :	**Period Ended**	
	2020	**2019**
	Gratuity	
1. Defined Benefit Obligation	15.29	12.91
2. Fair value of plan assets	26.74	22.25
3. Surplus/(Deficit)	11.45	9.34
4. Experience adjustment on plan liabilities [(Gain)/Loss]	2.84	(0.30)
5. Experience adjustment on plan assets [Gain/(Loss)]	(2.92)	(1.20)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note No. 26:-Earnings per share

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Profit/(Loss) for the year as per statement of profit and loss (Rs in Lakhs)	**134.91**	97.31
Weighted average number of equity shares (nos)	**2,998,389,216**	2,998,389,216
Face Value of Share (Re/Rs.)	**0.02**	0.02
Basic/diluted earning per share	**0.004**	0.003

Note No. 27 (i)- Contingent liabilities

		(Rs in Lakhs)
Particulars	**As at March 31, 2020**	As at March 31, 2019
Contingent liabilities		
(a) Excise Duty & Service Tax Matters	**–**	–
(b) Sales tax matters	**–**	–
(c) Income tax matters	**–**	–
Total	**–**	–

Note No. 27 (ii) - Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilites is as follows:-

		(Rs in Lakhs)
Particulars	**As at March 31, 2020**	As at March 31, 2019
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for Commitments for the acquisition of property, plant and equipment	–	–

Note No 28 : - Earnings in foreign exchange

		(Rs in Lakhs)
Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Spare parts	235.27	293.69
Export Sales (Including sales in INR Rs.38.26 Lakhs (previous year Rs. 54.87 Lakhs))		
Total	235.27	293.69

NOTE 29 : Related Party Disclosure

1) List of Related parties and relationships

(a) Holding company	Mahindra and Mahindra Limited (Ultimate Holding company)
	Mahindra Vehicle Manufacturers Limited (Holding company w.e.f. 17th February 2016)
(b) Fellow subsidiaries (where there are transactions)	Mahindra Integrated Business Solutions Private Limited
	NBS International Limited
	Mahindra Logistics Limited
	Lords Freight India Private Limited (Subsidiary of Mahindra Logistics Ltd)
(c) Joint venture of fellow subsidiary	Classic Legends Private Ltd
(d) Subsidiary of Associate Company	Mahindra CIE Automotive Limited
(e) Key Managerial Personnel	Mr. Ashok Kumar Panara - Chief Financial Officer
	Mrs. Poonam Avinash Vaze - Company Secretary

2) **Related Party Transactions:**

(Rs in Lakhs)

Name of related party	Description of Relationship	Nature of Transactions	Current Year Transactions	Outstanding as at March 31, 2020		Previous Period	Outstanding as at March 31, 2019	
				Credit	Debit		Credit	Debit
1) Mahindra & Mahindra Limited	Ultimate Holding Company	Reimbursement of expenses paid	7.13	**1.24**	–	20.46	–	–
		Reimbursement of expenses taken	–	–	–	75.28	–	
		Sales of services	30.11	–	–	35.59	–	–
		Purchase of services (SBU)	220.13	**60.95**	–	235.62	17.68	
		Purchase of services	24.57	–	–	13.34	–	–
		Purchase of Goods	472.18	**36.91**	–	594.21	–	26.80
		Material Sold	8.95	–	–	7.54	–	–
2) Mahindra Logistics Limited	Fellow Subsidiary	Purchase of services	3.51	**0.99**	–	2.90	1.96	–
3) Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary	Purchase of Services	1.20	**0.11**	–	1.35	0.16	–
4) NBS International Limited.	Fellow Subsidiary	Sales of materials	0.01	**0.07**	–	0.15	0.08	–
5) Lords Freight India Private Limited	Fellow Subsidiary	Purchase of services	0.13	–	–	0.38	–	–
6) Mahindra CIE Automotive Limited	Subsidiary of Associate	Purchase of materials	1.75	**0.73**	–	–	–	
7) Classic Legends Private Ltd	Joint Venture of holding Company	Spare Sales	0.40	–	–	0.73	–	0.73
		Sale of services	94.31	–	**18.02**	23.03	–	25.02
8) Mahindra Emarket Ltd	Fellow Subsidiary	Purchase of services	–	–	–	7.80	0.68	–
		Sales of materials	12.89	**0.85**				
9) Mr. Ashok Kumar Panara	CFO	Remuneration	3.00	–	–	2.00	–	–
10) Mrs. Poonam Avinash Vaze	Company Secretary	Remuneration	2.16	**0.16**	–	2.04	0.16	–

The remuneration of key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Note 30 - Income Tax Expense

(i) Profit or loss section

(Rs in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Tax Expenses	**26.00**	18.80
Previous Year Tax Expenses	–	17.92
Reversal of previous year Tax Expenses	–	–
Deferred Tax	**37.92**	(22.59)
Deferred Tax adjusted with other comprehensive income	**(0.17)**	0.37
Total income tax expense recognised in statement of Profit & Loss & Other comprehensive income	**63.75**	14.50

(ii) Reconciliation of effective tax rate

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(A)	**Profit before tax**	**134.91**	97.31
(B)	Enacted tax rate in India	**26%**	26%
(C)	Expected tax expenses	**35.08**	25.30
(D)	Other than temporary difference	–	0.27
(E)	**Temporary difference**		
	MAT Credit entitlement		
	Deferred Tax of Previous Year	–	41.26
	- Difference between Book Depreciation and Tax Depreciation	**1.01**	2.18
	- Provision for leave encashment & gratuity	**(0.61)**	(10.29)
	- Provision for inventory	–	–
	- Other Provisions	**(0.75)**	0.75
	- Provision for C forms	–	–
	- Set off against carry forward losses	**(133.86)**	(89.86)
	- Interest on MSMED	**0.12**	0.18
	- Provision for Allowance for credit losses - PDD	–	–
(F)	**Net adjustment (E-D)**	**(134.08)**	(97.31)
(G)	Tax expenses / (Saving) on net adjustment (F*B)	**(34.86)**	(25.30)
(H)	Current tax expense recognised in statement of profit & loss (C+G)	–	–
(I)	Changes on account of deferred tax	**63.92**	14.13
(J)	**Net current tax expense recognised in statement of Profit & Loss (H+I)**	**63.92**	**14.13**

Note No 31(i): - Additional Information to the Financial Statements

Disclosures required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are given as follows

(Rs in Lakhs)

Dues to Micro, Small and Medium Enterprises (MSMEs)	**March 31, 2020**	March 31, 2019
Total amount due to MSMEs as on Balance Sheet date		
Principal amount due to MSMEs	**1.83**	15.64
Interest due on the principal amount due to MSME	**-**	-
Total delayed payments to MSMEs during the year		
Principal amount	**36.76**	34.77
Interest due on the principal amount	**0.12**	0.18
Total Interest accrued during the year and at the year end in normal course		
Total amount of interest paid to MSMEs during the year	**–**	–
Total Interest due at the year end for all delayed payment	**3.55**	3.43

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note No 32 (ii): - Value of imports calculated on CIF basis:-

(Rs in Lakhs)

Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Continuing operation:-		
Components & Spare Parts	102.03	240.57
	102.03	240.57

Note: 33 - The Company used certain significant accounting estimates which have been disclosed in the financial statements.

These includes valuation of inventory, fair valuation of financial and non-financial assets and liabilities, testing of impairment of assets, going concern assessment etc. requiring significant management judgement in estimating the same. Considering the continuing COVID-19 pandemic, the results in upcoming period may significantly vary and may affect the recoverability of assets and settlement of liabilities.

The Company, based on internal & external sources of information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2020 as at the date of approval of these financial statements.

Note: 34 - Merger of Mahindra Trucks and Buses Limited and Mahindra Automobile Distributor Private Limited into Mahindra Two Wheelers Limited. The Board of Directors of the Company at its Meeting held on 16th January, 2020, subject to requisite approvals/consents, approved the Scheme of Merger by Absorption of Mahindra Trucks and Buses Limited ("MTBL") and Mahindra Automobile Distributor Private Limited ("MADPL") with the Company and their respective Shareholders ("Scheme") under the provisions of sections 230 to 232 of the Companies Act, 2013. The Appointed Date of the Scheme would be 1st April, 2019 and all the assets and liabilities and entire business of MTBL and MADPL in India or abroad would be vested in the Company as a going concern. Upon the Scheme being effective and as consideration, the Company will issue shares to the shareholders of MTBL and MADPL as per the swap ratio determined by the Independent Registered Valuer.

The Company is in process of filing the Scheme with National Company Law Tribunal for approval.

Note: 35 - Previous years figures have been regrouped / recast, wherever necessary, to correspond with the current year's classification / disclosure.

In terms of our report attached
For **M/s B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

For and on behalf of the Board

Bharat Moossaddee
Hemant Sikka
Director's

Shirish Rahalkar
Partner
Membership Number: 111212
Date: 30th April 2020
Place: Mumbai

Ashokkumar Panara
Chief Financial Officer

Poonam Vaze
Company Secretary

Date: 30th April 2020
Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CLASSIC LEGENDS PRIVATE LIMITED

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Classic legends Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its loss and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Note No 39 to the financial statements which describes the probable / potential impact of the outbreak of COVID 19 on the business operations of the Company. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in this matter.

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is included in the Director's report, but does not include the financial statements and our auditor's report thereon.

6. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

7. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

8. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

9. The Company's Board of Directors is responsible for the matters in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

10. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

11. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

12. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

13. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

15. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

16. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

17. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

18. As required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 044784
UDIN N0: 20044784AAAAAO4504

Mumbai, May 5, 2020

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 16 of our report of even date on the accounts of Members of Classic Legends Private Limited for the year ended March 31, 2020

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) According to the information and explanation given to us, the Company has phased programme for verification of fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and nature of assets. During the year, the Company did not verify the fixed assets.

   iii) According to the information and explanation given to us, no immovable property is held by the Company in its own name.

2) Inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification. In our opinion, the frequency of verification is reasonable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause (iii), (iii) (a), (iii) (b) and (iii) (c) of the Order are not applicable to the Company.

4) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the provisions of clause (iv) of the Order are not applicable to the Company.

5) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, the provisions of Clause 3(v) of the Order are not applicable to the Company.

6) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the products/services of the Company. Hence, the provisions of clause 3(viii) are not applicable and commented upon.

7) i) According to the records of the Company and information and explanations given to us, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance Scheme, Income Tax, Sales Tax, Goods and Service Tax, Custom Duty and other statutory dues applicable to it with concerned authorities.

   ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Goods and Service Tax, Customs Duty and other statutory dues applicable that were outstanding, at the year-end for a period of more than six months from the date they became payable.

   iii) According to the information and explanations given and records examined by us, there are no dues of Income tax, Sales Tax, Goods and Service Tax, Customs Duty and other statutory dues applicable which have not been deposited on account of any dispute.

8) Based on the records examined by us and according to the information and explanations given to us, the Company has not taken any loans or borrowings from financial institution, banks and government or has not issued any debentures. Hence, reporting under clause (viii) of the order is not applicable to Company.

9) In our opinion and according to the information and explanations given to us, during the year, no term loans were obtained by the Company. During the year, there were no moneys raised by way of initial public offer or further public offer.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or no material fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.

11) Based on the records examined by us and according to information and explanations given to us, the Company has not paid/provided for managerial remuneration. Therefore, the provisions of clause 3(xi) of the order are not applicable to the Company.

12) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

13) The Company has entered into transactions with related parties in compliance with the provisions of Sections 187 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

15) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 044784
UDIN No: 20044784AAAAAO4504

Mumbai, May 5, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF CLASSIC LEGENDS PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Classic Legends Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 044784
UDIN No: 20044784AAAAAO4504

Mumbai, May 5, 2020

BALANCE SHEET AS AT MAR 31, 2020

Rs. in Lakhs

Particulars	Note No.	As at Mar 31, 2020	As at Mar 31, 2019
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	5	**3,301.97**	479.71
(b) Capital work-in-progress		**163.09**	460.08
(c) Other Intangible assets	6	**3,206.37**	35.41
(d) Intangible assets under development		**6,416.85**	6,482.64
(e) Financial Assets			
(i) Investments	7	**2,860.76**	2,806.52
(f) Other non-current assets	8a	**891.29**	1,512.51
(g) Deferred Tax Assets (Net)	9	**865.28**	689.64
Total Non-Current Assets		**17,705.61**	12,466.51
Current assets			
(a) Inventories	10	**1,658.45**	28.32
(b) Financial Assets			
(i) Investments	11	**481.18**	1,276.54
(ii) Cash and cash equivalents	12	**2,238.30**	84.51
(iii) Other financial assets	13	**45.97**	13.10
(c) Other current assets	8b	**2,402.28**	1,280.93
Total Current Assets		**6,826.18**	2,683.40
Total Assets		**24,531.79**	15,149.91
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	14	**17,221.33**	14,221.33
(b) Other Equity	15	**(923.28)**	(2,341.50)
Total Equity attributable to owners of the Company		**16,298.05**	11,879.83
LIABILITIES			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowing	16	**49.11**	–
(ii) Other non-current liabilities	17a	**278.00**	210.00
(b) Provisions	18a	**289.78**	92.08
Total Non-Current Liabilities		**616.89**	302.08
Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	19		
(a) Total Outstanding dues of micro and small enterprises		**0.07**	1.88
(b) Total Outstanding dues of creditors other than micros and small enterprises		**3,979.88**	1,031.81
(ii) Other current financial liabilities	17b	**590.98**	164.76
(b) Provisions	18b	**264.93**	5.11
(c) Other current liabilities	20	**2,780.99**	1,764.44
Total Current Liabilities		**7,616.85**	2,968.00
Total Equity and Liabilities		**24,531.79**	15,149.91
Significant accounting policy	1-4		
See accompanying notes to the financial statements			

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Date: 5th May, 2020
Place: Mumbai

For and on behalf of the Board
CIN No.U34101MH2015PTC265665

(Directors)

(Chief Executive Officer)
(Chief Financial Officer)
(Company Secretary)

Date: 5th May, 2020
Place: Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MAR 31, 2020

Rs. in Lakhs

Particulars		Note No.	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
I.	Revenue from operations	21	**41,051.31**	26.69
II.	Other Income	22	**89.89**	100.55
III.	**Total Revenue (I + II)**		**41,141.20**	127.24
IV.	**Expenses:**			
	Purchases of stock-in-trade		**37,081.73**	53.57
	Changes in stock of finished goods and stock-in-trade	23	**(1,630.13)**	(28.32)
	Employee benefits expense	24	**636.90**	1,017.57
	Finance costs	25	**125.88**	6.63
	Depreciation and amortisation expense	26	**1,264.75**	60.61
	Other expenses	27	**4,440.63**	1,581.64
	Total Expenses (IV)		**41,919.76**	2,691.70
V.	**Loss before tax for the year (III - IV)**		**(778.56)**	(2,564.46)
VI.	**Tax Expense**			
	(1) Current tax		**–**	–
	(2) Deferred tax		**(173.04)**	(688.38)
	Total tax expense		**(173.04)**	(688.38)
VII.	**Loss after tax for the year (V - VI)**		**(605.52)**	(1,876.08)
VIII.	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit liabilities		**(10.34)**	(4.83)
	(ii) Income tax relating to items that will not be reclassified to P&L		**2.60**	1.26
IX.	**Total comprehensive income for the year**		**(613.26)**	(1,879.65)
X.	**Earnings per equity share** (Nominal value per share Rs. 10 each),			
	Basic & Diluted (in Rupees)	28	**(0.40)**	(1.71)

Significant accounting policy 1-4

See accompanying notes to the financial statements

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Date: 5th May, 2020
Place: Mumbai

For and on behalf of the Board
CIN No.U34101MH2015PTC265665

(Directors)

(Chief Executive Officer)
(Chief Financial Officer)
(Company Secretary)

Date: 5th May, 2020
Place: Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED MAR 31, 2020

Rs. in Lakhs

Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
Loss before tax for the year	**(778.56)**	(2,564.46)
Adjustments for:		
Depreciation & Amortisation	**1,264.75**	60.61
Finance costs	**125.88**	6.63
Net gain/(loss) on Investment carried at fair value through profit or loss	**(89.15)**	(100.49)
Interest income	**(0.74)**	(0.06)
Operating loss before Working Capital changes	**522.18**	(2,597.77)
Movements in working capital:		
Decrease/(Increase) in Loans and advances	**–**	1.56
Decrease/(Increase) in Non Current Other Financial Assets	**–**	1.38
Decrease/(Increase) in Current Other Financial Assets	**(32.87)**	(13.05)
Decrease/(Increase) in Other Current Assets	**(1,121.35)**	(1,280.51)
Decrease/(Increase) in Other Non Current Assets	**(98.15)**	351.65
Decrease/(Increase) in Inventories	**(1,630.13)**	(28.32)
Increase /(Decrease) in trade payables	**2,946.26**	1,004.02
Increase/(Decrease) in provisions	**447.18**	80.23
Increase/(Decrease) in other Non current Financial liabilities	**68.00**	210.00
Increase/(Decrease) in other current Financial liabilities	**0.20**	–
Increase/(Decrease) in other current liabilities	**1,015.57**	1,652.82
Cash generated from operations	**2,116.89**	(617.99)
Income taxes paid	**–**	–
Cash flows from operating activities	**2,116.89**	(617.99)
Interest received	**0.74**	0.06
Payments for Property, Plant and Equipment and Other Intangible Assets	**(5,693.88)**	(6,345.48)
Investment in Mutual fund	**(76,508.00)**	(20,285.00)
Proceeds on sale of current investment (Mutual Fund redemption proceeds)	**77,392.51**	23,319.25
Purchase of investment in share of subsidiary	**(54.24)**	–
Cash used in investing activities	**(4,862.87)**	(3,311.17)
Proceeds from issue of equity instruments of the Company (Net of share issue expenses)	**5,031.48**	3,908.61
Repayment of Lease liabilities	**(6.81)**	–
Interest paid	**(124.90)**	(6.60)
Cash flows from financing activities	**4,899.77**	3,902.01
Net cash inflow / (outflow)	**2,153.79**	(27.15)
Cash and cash equivalents at the begining of the year	**84.51**	111.66
Cash and cash equivalents at the end of the year	**2,238.30**	84.51

Notes:

1. Figures in brackets represent outflows of cash and cash equivalents.
2. Cash and cash equivalents comprise of :

	For the year ended 31 Mar, 2020	For the year ended 31 Mar, 2019
Cash on hand	**–**	–
Balances with Banks	**2,238.30**	84.51
Fixed Deposits with Banks	**–**	–
	2,238.30	84.51

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Date: 5th May, 2020
Place: Mumbai

For and on behalf of the Board
CIN No.U34101MH2015PTC265665

(Directors)

(Chief Executive Officer)
(Chief Financial Officer)
(Company Secretary)

Date: 5th May, 2020
Place: Mumbai

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MAR 31, 2020

Rs. in Lakhs

Particulars	**For the year ended Mar 31, 2020**	For the year ended Mar 31, 2019
a. Changes in Equity		
Balance at the beginning of the year	**14,221.33**	10,221.33
Shares issued during the year	**3,000.00**	4,000.00
Balance at the end of the year	**17,221.33**	14,221.33

b. Other Equity

Rs. in Lakhs

Particulars	Share Application Money	Reserve & Surplus Retained Earning	Total
Opening Balance as on Apr 1, 2019	**–**	**(2,341.50)**	**(2,341.50)**
Profit/loss for the year	**–**	**(605.52)**	**(605.52)**
Equity Share Issue expense	**–**	**(48.52)**	**(48.52)**
Share Application money	**2,080.00**	**–**	**2,080.00**
Other comprehensive income for the year	**–**	**(7.74)**	**(7.74)**
	2,080.00	**(661.78)**	**1,418.22**
Closing Balance as on Mar 31, 2020	**2,080.00**	**(3,003.28)**	**(923.28)**

Particulars	Share Application Money	Reserve & Surplus Retained Earning	Total
Opening Balance as on Apr 1, 2018	–	(370.46)	(370.46)
Profit/loss for the year	–	(1,876.08)	(1,876.08)
Equity Share Issue expense	–	(91.39)	(91.39)
Other comprehensive income for the year	–	(3.57)	(3.57)
	–	(1,971.04)	(1,971.04)
Closing Balance as on Mar 31, 2019	–	(2,341.50)	(2,341.50)

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Date: 5th May, 2020
Place: Mumbai

For and on behalf of the Board
CIN No.U34101MH2015PTC265665

(Directors)

(Chief Executive Officer)
(Chief Financial Officer)
(Company Secretary)

Date: 5th May, 2020
Place: Mumbai

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Company details

Classic Legends Private Limited (CLPL) was incorporated on 17th June'2015. On 18th October 2016, it became subsidiary of Mahindra and Mahindra Limited (M&M). However, w.e.f 1st July'2017 M&M became joint venturer of the Company. CLPL is engaged in Design, Development, Sales, Marketing and related activities for Motorcycles & Two Wheeled Products.

2. METHOD OF ACCOUNTING

These standalone or separate financial statements have been prepared in accordance with the Indian Accounting Standards (IND AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the latest annual financial statements of the Company prepared under the Act.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

These financial statements were approved by the Board of Directors and authorised for issue on 5th May, 2020.

3. SIGNIFICANT ACCOUTING POLICIES

3.01 Basis of accounting preparation and presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

3.02 Use of estimate

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of assets, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Leases

Ind AS 116 requires lessees to determine the lease term as the non cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by lease basis and there by assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

Provisions for product warranties

The Company recognises provision for warranties in respect of the products that it sells. Provisions are discounted, where necessary, to its present value based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which the reliable estimate can be made. Provisions are reviewed at each balance sheet date, adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

3.03 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

3.04 Foreign Currency

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

3.05 Employee benefits

1. Defined Benefit Plan:

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

(i) **Gratuity:** The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation.

(ii) **Compensated Absences:** The Company provides for the encashment of compensated absences with pay subject to certain rules. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment. Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit and the accumulated leave expected to be carried forward beyond twelve months is treated as long-term employee benefit which are provided based on the number of days of unutilised compensated absence on the basis of an independent actuarial valuation.

3.06 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at amortised cost at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the incremental borrowing rate.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Transition

The Company has adopted Ind AS 116 using the modified retrospective approach with effect from initially applying this standard from 1 April 2019. Accordingly, the information presented for previous year ended 31 Mar 2019 has not been restated and continues to be reported under Ind AS 17. The Company has adopted modified retrospective approach where lease liability measured at present value of remaining lease payment discounted at the incremental borrowing rate at the date of initial application and right to use asset is equal to lease liability adjusted by the amount of any prepaid or accrued lease payments.

As a lessee

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

3.07 Property Plant and Equipment

Property Plant and Equipment (PPE) are stated at cost of acquisition or construction less accumulated depreciation / amortisation and impairment loss, if any. All costs relating to the acquisition and installation of property plant and equipment are capitalised and include borrowing costs relating to funds attributable to construction or acquisition of qualifying assets, up to the date the asset / plant is ready for intended use. The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodies within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognised. The cost for day-to-day servicing of property, plant and equipment are recognised in Statement of Profit and Loss as and when incurred.

Depreciation is calculated on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc:

i) Plant and machinery – 3 years, 5 years

ii) Laptops – 3 years

iii) Vehicles – 5 years

iv) Office equipment – 2 years, 5 years

v) Assets costing less than Rs 5000 each – 1 year

3.08 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Following summarises the nature of intangible and the estimated useful life:

(a) Software Costs – The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

(b) Development expenditure – The expenditure incurred on technical services and other project/product related expenses is amortised over the period of benefit, not exceeding five years

Intangible asset with indefinite useful lives is reviewed annually to determine whether indefinite-life assessment continues to be supportable.

Intangible assets under development

The Company expenses cost incurred during research phase to profit or loss in the year in which they are incurred. Development phase expenses are initially recognised as intangible assets under development until the development phase is complete, upon which the amount is capitalised as intangible assets.

3.09 Impairment

(i) Financial assets (other than at fair value)

The Company assesses at end of each reporting period whether a financial asset or a group of financial assets is impaired.

Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

3.10 Inventories

Inventories comprise all cost of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Finished goods purchased for sale, are carried at cost or net realisable value whichever is lower.

3.11 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on their respective classification.

On initial recognition, a financial assets is classified as - measured at:

- Amortised Cost; or
- Fair Value Through Other Comprehensive Income (FVTOCI)
- Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequently to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gains and loss on derecognition are recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net off direct issue cost.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

3.12 Borrowing Costs:

Interest and other costs incurred in connection with the borrowing of the funds are charged to revenue on accrual basis except those borrowing costs which are directly attributable to the acquisition or construction of those Qualifying assets, which necessarily take a substantial period of time to get ready for their intended use. Such costs are capitalised with the Qualifying assets.

4. Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Note - 5 Property, Plant and Equipment

Rs. in Lakhs

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
a. Property, plant and equipment owned	**3,235.28**	479.71
b. Right of use assets	**66.69**	–
	3,301.97	479.71

a. Property, plant and equipment owned

Rs. in Lakhs

Description of Assets	Plant and Equipment	Computers	Furniture	Vehicles	Office Equipment	Total
I. Gross Block						
Balance as at Apr 1, 2019	75.00	46.33	–	404.27	2.22	527.82
Additions during the year	3,034.47	23.75	9.43	101.89	6.94	3,176.48
Disposals during the year	–	–	–	(8.04)	–	(8.04)
Balance as at Mar 31, 2020	**3,109.47**	**70.08**	**9.43**	**498.12**	**9.16**	**3,696.26**
II. Accumulated depreciation						
Balance as at Apr 1, 2019	11.32	9.62	–	26.55	0.62	48.11
Depreciation for the year	303.55	19.84	0.29	88.12	1.83	413.63
Eliminated on disposal of assets during the year	–	–	–	(0.76)	–	(0.76)
Balance as at Mar 31, 2020	**314.87**	**29.46**	**0.29**	**113.91**	**2.45**	**460.98**
Net block (I-II)						
Balance as at Mar 31, 2020	2,794.60	40.62	9.14	384.21	6.71	3,235.28
Balance as at Mar 31, 2019	63.68	36.71	–	377.72	1.60	479.71

Rs. in Lakhs

Description of Assets	Plant and Equipment	Computers	Furniture	Vehicles	Office Equipment	Total
I. Gross Block						
Balance as at Apr 1, 2018	–	13.19	–	49.13	0.24	62.56
Additions during the year	75.00	33.14	–	355.14	2.10	465.38
Disposals during the year	–	–	–	–	(0.12)	(0.12)
Balance as at Mar 31, 2019	**75.00**	**46.33**	**–**	**404.27**	**2.22**	**527.82**
II. Accumulated depreciation						
Balance as at Apr 1, 2018	–	1.51	–	3.72	0.02	5.25
Depreciation for the year	11.32	8.11	–	22.83	0.65	42.91
Eliminated on disposal of assets during the year	–	–	–	–	(0.05)	(0.05)
Balance as at Mar 31, 2019	**11.32**	**9.62**	**–**	**26.55**	**0.62**	**48.11**
Net block (I-II)						
Balance as at Mar 31, 2019	63.68	36.71	–	377.72	1.60	479.71
Balance as at Mar 31, 2018	–	11.68	–	45.41	0.22	57.31

b. Right of use assets

Rs. in Lakhs

	Buildings	Total
I. Gross Carrying Amount		
Recognised on initial application of Ind AS 116 as at Apr 1 2019	–	–
Additions	74.85	74.85
Deletions	–	–
Balance as at Mar 31 2020	**74.85**	**74.85**

Rs. in Lakhs

	Buildings	Total
II. Accumulated depreciation and impairment		
Recognised on initial application of Ind AS 116 as at Apr 1 2019	–	–
Additions	8.16	8.16
Deletions	–	–
Balance as at Mar 31 2020	**8.16**	**8.16**
III. Net carrying amount (I-II)	66.69	66.69

Note - 6 Other Intangible assets

Rs. in Lakhs

Description of Assets	Development exp	Software	Total
I. Gross Block			
Balance as at Apr 1, 2019	–	53.11	53.11
Additions during the year	3,821.47	192.44	4,013.91
Disposals during the year	–	–	–
Balance as at Mar 31, 2020	**3,821.47**	**245.55**	**4,067.02**
II. Accumulated depreciation			
Balance as at Apr 1, 2019	**–**	**17.70**	**17.70**
Depreciation for the year	764.29	78.66	842.95
Eliminated on disposal of assets during the year	–	–	–
Balance as at Mar 31, 2020	**764.29**	**96.36**	**860.65**
Net block (I-II)			
Balance as at Mar 31, 2020	**3,057.18**	**149.19**	**3,206.37**
Balance as at Mar 31, 2019	**–**	**35.41**	**35.41**

Rs. in Lakhs

Description of Assets	Development exp	Software	Total
I. Gross Block			
Balance as at Apr 1, 2018	–	–	–
Additions during the year	–	53.11	53.11
Disposals during the year	–	–	–
Balance as at Mar 31, 2019	**–**	**53.11**	**53.11**
II. Accumulated depreciation			
Balance as at Apr 1, 2018	–	–	–
Depreciation for the year	–	17.70	17.70
Eliminated on disposal of assets during the year	–	–	–
Balance as at Mar 31, 2019	**–**	**17.70**	**17.70**
Net block (I-II)			
Balance as at Mar 31, 2019	–	35.41	35.41
Balance as at Mar 31, 2018	–	–	–

Note - 7 Non-Current Investment

Rs. in Lakhs

Particulars	**As at Mar 31, 2020**		As at Mar 31, 2019	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**
Unquoted investments in equity instruments of subsidiary at cost				
BSA Company Limited	**1,22,000**	**2,860.76**	1,20,000	2,806.52
(Fully paid equity shares of GBP 1 each)				
Total	**1,22,000**	**2,860.76**	1,20,000	2,806.52

Note - 8a Other non current assets

Rs. in Lakhs

Particulars	**As at Mar 31, 2020**	As at Mar 31, 2019
(a) Capital Advances	**781.89**	1,501.26
(b) Prepaid Expense	**108.35**	–
(c) Balances with government authorities:		
(i) Advance Income Tax (TDS receivable)	**1.05**	11.25
Total	**891.29**	1,512.51

Note - 8b Other current assets

Rs. in Lakhs

Particulars	**As at Mar 31, 2020**	As at Mar 31, 2019
(a) Prepaid Expense	**269.90**	8.52
(b) Advance to Domestic Supplier / Service provider	**163.57**	21.49
(c) Balances with government authorities:		
(i) GST Receivable	**1,968.81**	1,250.92
Total	**2,402.28**	1,280.93

Note - 9 Deferred Tax

Rs. in Lakhs

Particulars	**As at Mar 31, 2020**	As at Mar 31, 2019
Deferred Tax Liability		
(a) On property, plant & equipment	**76.31**	6.09
(b) Others	**0.30**	0.40
Total(A)	**76.61**	6.49
Deferred Tax Asset		
(a) Provision for Employee Benefits	**34.89**	25.16
(b) Unabsorbed Depreciation and Business Loss carried forward	**801.94**	670.90
(c) Others	**105.06**	0.07
Total(B)	**941.89**	696.13
Net Asset/(Liability)	**865.28**	689.64

Note - 10 Inventories

Rs. in Lakhs

Particulars	**As at Mar 31, 2020**	As at Mar 31, 2019
Stock in trade [includes in transit Rs.4.17 Lakhs (March 31, 2019 : Rs. 5.36 Lakhs)]	**1,658.45**	28.32
Total	**1,658.45**	28.32

Note 11 :- Current Investments

Rs. in Lakhs

Particulars	**As at Mar 31, 2020**	As at Mar 31, 2019
Carried at fair value through profit & Loss account		
Investments in Mutual Funds (quoted)	**481.18**	1,276.54
Total	**481.18**	1,276.54

Note - 12. Cash & Cash Equivalents

Rs. in Lakhs

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Balances with banks		
(i) In current account	**2,238.30**	84.51
Total	**2,238.30**	84.51

Note - 13 Other current financial assets

Rs. in Lakhs

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Finanacial assets at amortised cost		
a) Security Deposits	**1.38**	1.13
b) Other Advances	**44.59**	11.97
Total	**45.97**	13.10

Note - 14 Share Capital

Rs. in Lakhs

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Authorised:		
25,00,00,000 (Mar 31, 2019 : 20,00,00,000) equity shares of Rs 10/- each.	**25,000.00**	20,000.00
	25,000.00	20,000.00
Issued, Subscribed and Paid up:		
17,22,13,330 (Mar 31, 2019 : 14,22,13,330) equity shares of Rs 10/- each.	**17,221.33**	14,221.33
Total	**17,221.33**	14,221.33

Rs. in Lakhs

Reconciliation of the no. of shares outstanding at the beginning and at the end of the period:	**As at Mar 31, 2020** No. of shares	**As at Mar 31, 2020** Amount	As at Mar 31, 2019 No. of shares	As at Mar 31, 2019 Amount
Balance as at beginning of the year	**14,22,13,330**	**14,221.33**	10,22,13,330	10,221.33
Add: Additional equity shares issued during the year	**3,00,00,000**	**3,000.00**	4,00,00,000	4,000.00
Balance as at end of the year	**17,22,13,330**	**17,221.3**	14,22,13,330	14,221.33

Notes:

i) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	**As at Mar 31, 2020** Number of shares	**As at Mar 31, 2020** % Shareholding	As at Mar 31, 2019 Number of shares	As at Mar 31, 2019 % Shareholding
Equity Shares:				
Mahindra & Mahindra Limited	**10,33,28,000**	**60.00%**	8,53,28,000	60.00%
PHI Capital Trust	**3,44,42,665**	**20.00%**	2,84,42,665	20.00%
Boman Irani	**2,44,42,665**	**14.19%**	2,44,42,665	17.19%
Attarchand Trading Company Pvt Ltd	**1,00,00,000**	**5.81%**	40,00,000	2.81%
Total	**17,22,13,330**		13,82,13,330	

ii) The Company has only one class of Share i.e. Equity Shares having par value of Rs.10 each. Each holder of Equity Share is entitled to one vote per Share. In the event of liquidation of company, the holder of the Equity Share will be entitled to receive remaining assets, after deducting all it's liabilities, in proportion to the number of Equity Share held

Note 15 Other equity

Rs. in Lakhs

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Retained earnings		
Balance at the beginning of the year	**(2,341.50)**	(370.46)
Add :		
Loss for the year	**(605.52)**	(1,876.08)
Equity share issue expenses	**(48.52)**	(91.39)
Other comprehensive income for the year	**(7.74)**	(3.57)
Balance at the end of the year	**(3,003.28)**	(2,341.50)
Share Application money		
Balance at the beginning of the year		
Add :		
Addition during the period	**2,080.00**	–
Balance at the end of the year	**2,080.00**	–
Total	**(923.28)**	(2,341.50)

Note - 16 Non Current Borrowings

Rs. in Lakhs

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Unsecured (Carried at amortised cost)		
(a) **Lease Payable**	**49.11**	–
Total	**49.11**	–

Note - 17a Other Non Current Financial Liabilities

Rs. in Lakhs

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Other Financial liabilities measured at amortised at cost		
(a) Security Deposits	**278.00**	210.00
Total	**278.00**	210.00

Note - 17b Other Current Financial Liabilities

Rs. in Lakhs

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Other Financial liabilities measured at amortised at cost		
a) Capital creditors	**571.85**	164.76
b) Security Deposits	**0.20**	–
c) Lease Payable	**18.93**	–
Total	**590.98**	164.76

Note - 18a Non Current Provisions

Rs. in Lakhs

	Particulars	As at Mar 31, 2020	As at Mar 31, 2019
(a)	**Provision for employee benefits**		
	Provision for compensated absences	**57.83**	43.38
	Provision for Gratuity	**75.05**	48.70
(b)	**Other Provisions**		
	Warranty	**101.17**	–
	Free Service Coupons	**55.73**	–
	Total	**289.78**	92.08

Note - 18b Current Provisions

Rs. in Lakhs

	Particulars	As at Mar 31, 2020	As at Mar 31, 2019
(a)	**Provision for employee benefits**		
	Provision for compensated absences	**4.15**	3.42
	Provision for Gratuity	**1.61**	1.26
(b)	**Other Provisions**		
	Warranty	**108.74**	0.26
	Free Service Coupons	**150.43**	0.17
	Total	**264.93**	5.11

The movement in provision for warranty and service coupon is as follows

Rs. in Lakhs

Particulars	As at Mar 31, 2020		As at Mar 31, 2019	
	Provision for Warranty	Provision for Service Coupon	Provision for Warranty	Provision for Service Coupon
Opening Balance	**0.26**	**0.17**	–	–
Additional Provision recognised	**377.25**	**232.73**	0.26	0.17
Amounts used during the period	**(167.60)**	**(26.74)**	–	–
Closing Balance	**209.91**	**206.16**	0.26	0.17

Note - 19 Trade Payables

Rs. in Lakhs

	Particulars	As at Mar 31, 2020	As at Mar 31, 2019
	Trade payable for goods & services		
-	Total outstanding dues of micro and small enterprises (Note 37)	**0.07**	1.88
-	Total outstanding dues of other than micro and small enterprises	**3,979.88**	1,031.81
	Total	**3,979.95**	1,033.69

Note - 20 Other Current Liabilities

Rs. in Lakhs

	Particulars	As at Mar 31, 2020	As at Mar 31, 2019
a)	Statutory remittances (Contribution to PF, profession tax, withholding taxes, GST, etc.)	**146.88**	123.31
b)	Interest payble	**1.01**	0.03
c)	Advances received from customers	**2,633.10**	1,641.10
	Total	**2,780.99**	1,764.44

Note - 21 Revenue from Operations

Rs. in Lakhs

	Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
(a)	Revenue from sale of products	**41,029.70**	26.69
(b)	Other operating revenue	**21.61**	–
	Total	**41,051.31**	26.69

Note - 22 Other income

Rs. in Lakhs

	Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
(a)	Interest income on financial assets carried at amortised cost	**–**	0.06
(b)	Interest income on non financial assets	**0.74**	–
(c)	Net gain/(loss) on Investment carried at fair value through profit or loss	**89.15**	100.49
	Total	**89.89**	100.55

Note - 23 Changes in inventories of finished goods and stock-in-trade

Rs. in Lakhs

Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
Inventories at the beginning of the year		
Stock in Trade	**28.32**	–
	28.32	–
Inventories at the end of the year		
Stock in Trade	**1,658.45**	28.32
	1,658.45	28.32
Net (increase) / decrease	**(1,630.13)**	(28.32)

Note - 24 Employee benefits expense

Rs. in Lakhs

	Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
(a)	Salaries and wages, including bonus	**586.75**	991.66
(b)	Contribution to other funds	**37.79**	22.75
(c)	Staff welfare expense	**12.36**	3.16
	Total	**636.90**	1,017.57

Note - 25 Finance cost

Rs. in Lakhs

	Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
a)	Interest expense for financial liabilities at amortised cost	**16.79**	6.63
b)	Interest others	**109.09**	–
	Total	**125.88**	6.63

Interest others includes unwinding of discount.

Note - 26 Depreciation and amortisation expense

Rs. in Lakhs

	Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
a)	Depreciation on property, Plant and Equipments	**421.80**	42.91
b)	Amortisation on other Intangible Assets	**842.95**	17.70
	Total	**1,264.75**	60.61

Note - 27 Other expenses

Rs. in Lakhs

Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
Advertisement & Promotional Expense	**869.10**	961.28
Service Charges	**453.99**	73.31
Software Expense	**98.63**	16.28
Royalty Expenses	**910.55**	28.02
Legal and professional Fees	**93.59**	83.11
Auditor Remuneration		
- Audit Fees	**10.00**	4.00
- Out of Pocket Expense	**0.12**	0.03
- Other services	**2.54**	1.44
Travelling Expenses	**236.43**	224.65
Freight and handling charges	**659.89**	38.77
Stockyard Expense	**193.43**	13.68
R & D Expense	**56.56**	14.54
Rent including lease rentals	**51.20**	17.80
Net loss on foreign currency transaction	**3.18**	1.96
Misc. expenses	**801.42**	102.77
Total	**4,440.63**	1,581.64

Note 28 - Earning per share

Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic & diluted earnings per share are as follows:

Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
Loss for the year (Rs. in Lakhs)	**(605.52)**	(1,876.08)
Weighted average number of equity shares	**15,27,51,035**	10,96,09,357
Face Value of Share	**10**	10
Earning per share		
Basic & Diluted in Rupees	**(0.40)**	(1.71)

Note 29 - Financial Instruments

Capital management

The company's capital management objectives are:

The Board policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital employed.

The Company manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

Debt-to-equity ratio is as follows:

Rs. in Lakhs

	Mar 31, 2020	Mar 31, 2019
Debt (A)	**–**	–
Equity (B)	**16,298.05**	11,879.83
Debt Ratio (A / B)	**0.00**	0.00

Fair Value

Set out below is the comparison by class of the carrying amounts and fair value of the Company's financials instruments

Rs. in Lakhs

Particulars	Carrying Amount		Fair Value	
	Mar 31, 2020	Mar 31, 2019	Mar 31, 2020	Mar 31, 2019
FINANCIAL ASSETS				
Financial assets measured at amortised cost				
Current Assets				
a) Investments (fair value through profit & loss)	**481.18**	1,276.54	**481.18**	1,276.54
b) Cash & cash equivalents	**2,238.30**	84.51	**2,238.30**	84.51
c) Other Current Financial assets	**45.97**	13.10	**45.97**	13.10
Total Financial Assets	**2,765.5**	1,374.15	**2,765.45**	1,374.15
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost				
Non Current Liabilities				
a) Borrowings	**49.11**	–	**50.01**	–
b) Other non-current liabilities	**278.00**	210.00	**278.00**	210.00
Current Liabilities				
a) Trade Payables	**3,979.95**	1,033.69	**3,979.95**	1,033.69
b) Other Current liabilities	**590.98**	164.76	**591.05**	164.76
Total Financial Liabilities	**4,898.04**	1,408.45	**4,899.01**	1,408.45

At the end of the reporting period, there are no significant concentrations of credit risk for financial assests designed at fair value through profit & loss. The carrying amount reflected above represents the company's maximum exposure to credit risk to such financial assets.

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are mutual funds and banks with high credit-ratings.

There is no change in estimation techniques or significant assumptions during the reporting period.

LIQUIDITY RISK

(i) Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Rs. in Lakhs

Particulars	Mar 31, 2020 Less than 1 Year	Mar 31, 2020 1-3 Years	Mar 31, 2020 3-5 Years	Mar 31, 2019 Less than 1 Year	Mar 31, 2019 1-3 Years	Mar 31, 2019 3-5 Years
Financial liabilities						
Other Financial liabilities	**591.87**	**317.65**	**11.56**	164.76	210.00	–
Trade payables	**3,979.95**	–	–	1,033.69	–	–
Total	**4,571.82**	**317.65**	**11.56**	1,198.45	210.00	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

a) Foreign Currency exchange rate risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities.The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows.

Foreign currency exposures that are not hedged by derivative instruments

Rs. in Lakhs

Particulars	Currency	As at Mar 31, 2020 Foreign Currency Amount	As at Mar 31, 2020 Rupees Lakhs	As at Mar 31, 2019 Foreign Currency Amount	As at Mar 31, 2019 Rupees Lakhs
Trade payables	USD	2,100	1.59	–	–
Trade payables	EURO	4,350	3.60	–	–
Trade payables	GBP	–	–	8,132	7.45

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Particulars	Currency	Change in rate	Effect on profit before tax (Loss)	Effect on pre-tax equity (Loss)
31-Mar-20	USD	+10%	(0.16)	(0.16)
	USD	-10%	0.16	0.16
	EUR	+10%	(0.36)	(0.36)
	EUR	-10%	0.36	0.36
	GBP	+10%	–	–
	GBP	-10%	–	–
31-Mar-19	GBP	+10%	(0.75)	(0.75)
	GBP	-10%	0.75	0.75

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Note 30 - Fair Value Measurement

Financial assets/ financial liabilities	Fair value as at (Rs. Lakhs) Mar 31, 2020	Fair value as at (Rs. Lakhs) Mar 31, 2019	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
(i) Investment in Mutual Fund	481.18	1,276.54	Level 1	Quoted market price	–	–

Note: Carrying amount of Investment in unquoted equity shares closely approximates the fair value.

Financial instruments not measured using fair value i.e. measured using amortized cost

Rs. in Lakhs

Particulars	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets					
As at 31st Mar 2020					
Current Financial assets carried at amortised cost					
- Other current financial assets	45.97	–	45.97	–	45.97
Total	**45.97**	–	**45.97**	–	**45.97**
Financial liabilities					
Non-current financial liabilities carried at amortised cost					
- Borrowings	49.11	–	50.01	–	50.01
- Other non-current financial liabilities	278.00	–	278.00	–	278.00
Current financial liabilities carried at amortised cost					
- Trade Payables	3,979.95	–	3,979.95	–	3,979.95
- Other current financial liabilities	590.98	–	590.98	–	590.98
Total	**4,898.04**	–	**4,898.94**	–	**4,898.94**

Rs. in Lakhs

Particulars	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets					
As at 31st Mar 2019					
Current Financial assets carried at amortised cost					
- Other current financial assets	13.10	–	13.10	–	13.10
Total	**13.10**	–	**13.10**	–	**13.10**
Financial liabilities					
Non-current financial liabilities carried at amortised cost					
- Other non-current financial liabilities	210.00	–	210.00	–	210.00
Current financial liabilities carried at amortised cost					
- Trade Payables	1,033.69	–	1,033.69	–	1,033.69
- Other current financial liabilities	164.76	–	164.76	–	164.76
Total	**1,408.45**	–	**1,408.45**	–	**1,408.45**

Note No. 31 - Employee benefits

(a) Defined Contribution Plan

Amount recognised as an expense in the Statement of Profit and Loss in respect of Defined Contribution Plans is Rs. 37.79 Lakhs (Mar 31, 2019 Rs. 22.75 Lakhs)

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the amount calculated as per the Payment of Gratuity Act, 1972, Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Actuarial gains and losses in respect of defined benefit plans are recognised in the Financial statements through other comprehensive income.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields

A decrease in government bond yields will increase plan liabilities.

Inflation risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Life expectancy

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Defined benefit plans – as per actuarial valuation on 31st Mar, 2020

Rs. in Lakhs

Particulars	Unfunded Plan Gratuity 2020	Unfunded Plan Gratuity 2019
Amounts recognised in profit and loss in respect of these defined benefit plans are as follows:		
Current Service Cost	**13.24**	6.42
Net interest expense	**3.87**	2.40
Transfer In/(Out)	**–**	9.12
Components of defined benefit costs reconised in profit or loss	**17.11**	17.94
Amounts recognised in other comprehensive income		
Remeasurement on the net defined benefit liability		
Actuarial gains and (loss) arising form changes in demographic assumptions	**–**	5.95
Actuarial gains and (loss) arising form changes in financial assumptions	**7.71**	(0.59)
Actuarial gains and (loss) arising form experience adjustments	**2.63**	(0.53)
Componenets of defined benefit costs recognised in other comprehensive income	**10.34**	4.83
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st Mar		
1. Present value of defined benefit obligation as at 31st Mar	**76.66**	49.96
2. Fair value of plan assets as at 31st Mar	**–**	–
3. Surplus/(Deficit)	**(76.66)**	(49.96)
4. Current portion of the above	**(1.61)**	(1.26)
5. Non current portion of the above	**(75.05)**	(48.70)
II. Change in the obligation during the year ended 31st Mar		
1. Present value of defined benefit obligation at the beginning of the year	**49.96**	5.51
2. Trasfer in /(out)	**–**	21.68
3. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**13.24**	6.42
– Transfer In/(Out)	**–**	9.12
– Interest Expense (Income)	**3.87**	2.40
4. Recognised in Other Comprehensive Income		
Remeasurement gains / (losses) - Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	5.95
ii. Financial Assumptions	**7.71**	(0.59)
iii. Experience Adjustments	**2.63**	(0.53)
5. Benefit payments	**(0.75)**	–
6. Present value of defined benefit obligation at the end of the year	**76.66**	49.96
III. Actuarial assumptions		
1. Discount rate (%)	**6.90**	7.80
2. Expected rate(s) of salary increase (%)	**10.00**	10.00
3. Attrition rate (%)	**5.00**	5.00

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. in Lakhs

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate				
	2020	1.00%	(8.48)	10.17
	2019	1.00%	(5.41)	6.46
Salary growth rate				
	2020	1.00%	8.98	(7.72)
	2019	1.00%	5.75	(4.94)
Attrition rate				
	2020	1.00%	(1.98)	2.28
	2019	1.00%	(0.95)	1.09

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

	2020	2019
Within 1 year	**1.61**	1.26
1 - 2 year	**2.48**	1.65
2 - 3 year	**3.59**	2.59
3 - 4 year	**4.60**	3.73
4 - 5 year	**6.83**	4.73
5 - 10 years	**83.16**	56.87

The weighted average duration of the defined benefit obligation as at Mar 31, 2020 is 17.6 years (Mar 31, 2019 is 17.49 years)

Rs. in Lakhs

VIII. Experience Adjustments :		Period Ended 2020 Gratuity	Period Ended 2019 Gratuity
1.	Defined Benefit Obligation	**76.66**	49.96
2.	Fair value of plan assets	**–**	–
3.	Surplus/(Deficit)	**(76.66)**	(49.96)
4.	Experience adjustment on plan liabilities [(Gain)/Loss]	**10.34**	4.83
5.	Experience adjustment on plan assets [Gain/(Loss)]	**–**	–

Note 32 : Related Party Disclosures:

1) List of Related parties and relationships

Name of company / Individual	Relation
Mahindra and Mahindra Limited	Joint Venturer
Phi Capital trust	Joint Venturer
Mr. Boman Irani	Joint Venturer
Attarchand Trading Company Private Limited	Joint Venturer
BSA Company Limited	Subsidiary Company
Mahindra Two Wheelers Limited	Subsidiary of Joint Venturer
Mahindra Integrated Business Solutions Limited	Subsidiary of Joint Venturer
Mahindra Logistics Limited	Subsidiary of Joint Venturer
PMTC Engineering SPA (Formerly known Mahindra Racing SPA)	Subsidiary of Joint Venturer
Tech Mahindra Limited	Associate of Joint Venturer
Mahindra eMarket Limited	Subsidiary of Joint Venturer
Mahindra First Choice Wheels Limited	Subsidiary of Joint Venturer
Mahindra Retail Pvt Limited	Subsidiary of Joint Venturer
Mahindra Vehicle Manufacturers Limited	Subsidiary of Joint Venturer
Mahindra Holidays & Resorts Ltd	Subsidiary of Joint Venturer
Mahindra CIE Automotive Ltd	Subsidiary of Joint Venturer
Mr. Ashish Joshi	Chief Executive Officer
Mr. Yogesh Shah	Chief Financial Officer (upto 31.10.2018)
Mr. Ahish Saboo	Chief Financial Officer (From 01.11.2018)
Ms. Shweta Mayekar	Company Secretary (from 01.11.2018 upto 04.01.2019)
Ms. Jenny Shah	Company Secretary (from 01.02.2019)
Ms. Mangla Savla	Company Secretary (upto 25.07.2018)

2) Related Party Transactions:

Rs. in Lakhs

Name of related party	Nature of Transactions	Amount Current Year Transactions	Amount Outstanding as at 31st Mar 2020		Amount Previous Year Transactions	Amount Outstanding as at 31st Mar 2019	
			Credit	Debit		Credit	Debit
1) Mahindra & Mahindra Limited	Purchase of Services	2,297.46	2,744.96	–	1,243.51	189.59	–
	Purchase of Fixed Assets	122.78			22.67		
	Purchase of Goods	45,642.05			396.26		
	Reimbursement of expenses paid	58.30			50.75		
	Reimbursement of Expenses Received	6.57			112.29		
	Sales of Goods	303.24			–		
	Sales of services	8.28			–		
	Issue of Share capital	1,800.00			2,400.00		
	Receipt of Share application money	1,560.00			–		
2) Mahindra Two Wheelers Limited	Reimbursement of expenses paid	0.03	18.02		–	25.75	–
	Purchase of Goods	0.47			0.88		
	Purchase of Services	111.28			27.17		
3) Mahindra Integrated Business Solutions Limited	Purchase of Services	40.37	0.73	–	7.04	0.74	–
4) PMTC Engineering SPA (Formerly known Mahindra Racing SPA)	Purchase of Services	–	–	–	76.03	–	–
5) Mahindra Logistics Limited	Reimbursement of Expenses Received	–	–	–	2.47	45.72	–
	Purchase of Services	1,826.63	290.04	–	47.43		
6) Tech Mahindra Limited	Purchase of Services	182.72	55.11	–	63.01	3.66	–
7) Mahindra eMarket Limited	Purchase of services	50.43	2.76	–	35.58	15.10	
8) Mahindra First Choice Wheels Limited	Reimbursement of Expenses Received	–	–	–	10.89	–	
	Purchase of Services	–	–	–	3.89	–	
	Purchase of Fixed Assets	–	–	–	6.32	–	
9) Mahindra Retail Pvt Limited	Purchase of services	2.79	–	–	2.92		
	Deposit Given	–	–	0.50	0.50		0.50
10) Mahindra Vehicle Manufacturers Limited	Reimbursement of expenses paid		–	–	6.57	–	–
11) Mahindra Holidays & Resorts Ltd	Purchase of services	19.54	-	-	-	-	-
12) Mahindra CIE Automotive Ltd	Purchase of Goods	1.67	0.10	-	-	-	-
13) Phi capital Trust	Issue of Share capital	600.00	-	-	600.00	-	-
	Receipt of Share application money	520.00	-	-	-	-	-
14) Mr. Boman Irani	Issue of Share capital	-	-	-	600.00	-	-
15) Attarchand Trading Company Private Limited	Issue of Share capital	600.00			400.00		
16) BSA Company Limited	Investment in Shares	54.24	-	-	-	-	-
17) Ashish Joshi - CEO	Managerial Remuneration*	257.54			128.60		
18) Yogesh Shah - CFO	Managerial Remuneration						
19) Ashish Saboo - CFO	Managerial Remuneration						
20) Ms. Shweta Mayekar - Company secretary	Managerial Remuneration						
21) Ms. Jenny Shah - Company secretary	Managerial Remuneration						
22) Mangla Savla - Company secretary	Managerial Remuneration						

* Employee benefits payable (gratuity and leave encashment) are calculated on the basis of actuarial valuation. Amount payable for individual employee as at 31st March, 2020, cannot be separately indentified and therefore has not been included above.

Note: 33: Current Tax and Deferred Tax

(i) Movement in deferred tax balances

Rs. in Lakhs

Particulars	As at Mar 31, 2019	Amount recognised in P&L	Amount recognised in OCI	As at Mar 31, 2020
Deferred Tax Liability				
On property, plant & equipment	6.09	70.22	–	76.31
Others	0.40	(0.10)	–	0.30
Total	**6.49**	**70.12**	**–**	**76.61**
Deferred Tax Asset				
Provision for Employee Benefits	25.16	7.13	2.60	34.89
Unabsorbed Depreciation and Business Loss carried forward	670.90	131.04	–	801.94
Others	0.07	104.99	–	105.06
Total	696.13	243.16	2.60	941.89
Deferred Tax assets / (liability) Net:	689.64	173.04	2.60	865.28

Rs. in Lakhs

Particulars	As at Mar 31, 2018	Amount recognised in P&L	Amount recognised in OCI	As at Mar 31, 2019
Deferred Tax Liability				
On property, plant & equipment	2.90	3.19	–	6.09
Others	–	0.40	–	0.40
Total	**2.90**	**3.59**	**–**	**6.49**
Deferred Tax Asset				
Provision for Employee Benefits	3.15	20.76	1.25	25.16
Unabsorbed Depreciation and Business Loss carried forward	(6.95)	677.85	–	670.90
Others	6.70	(6.63)	–	0.07
Total	2.90	691.98	1.25	696.13
Deferred Tax assets / (liability) Net:	–	688.39	1.25	689.64

Income Tax recognised in profit or loss

Rs. in Lakhs

Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
Current Tax		
In respect of current year	**–**	–
Deferred Tax		
In respect of current year origination and reversal of temporary diffrences	**(173.04)**	(666.76)
In respect of prior years	**–**	(21.62)
Income Tax as per P&L	**(173.04)**	(688.38)

The Reconciliation of estimated income tax expense at tax rate to income tax expense reported in Profit & Loss is as follows:

Rs. in Lakhs

Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
Profit before tax	**(778.56)**	(2,564.46)
Applicable Income tax rate	**25%**	26%

Rs. in Lakhs

Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
Expected income tax expense	**(195.96)**	(666.76)
Effect of expenses not deductible in determining taxable profit	**0.70**	–
Effect of recognition of deferred tax asset on previous years tax losses	**–**	(21.62)
Others	**22.22**	–
Income Tax as per P&L	**(173.04)**	(688.38)

34 Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March, 2020 is Rs. 2,196.32 Lakhs (as at 31st March, 2019 Rs. 2,171.32 lakhs).

35 Contingent Liabilities

Contigent Liabilities as at the close of the year - Nil (as at 31st Mar, 2019 - Nil).

36 Segment reporting

The Company is engaged in design, development, sales, marketing and related activities for two wheeler vehicle , predominantly in India, which represents single reportable business segment. These, in context of IND-AS 108 “Operating Segments” are considered to constitute one segment.

37 Dues to micro small and medium enterprises

Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosure as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED ACT" are given below:

Rs. Lakhs

Particulars	**As at 31st Mar, 2020**	As at 31st Mar, 2019
Dues remaining unpaid as at 31st Mar		
- Principal	**–**	–
- Interest on the above	**–**	–
Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	**112.31**	0.75
- Interest paid in terms of Section 16 of the Act	**–**	–
Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**0.98**	*
Amount of interest accrued and remaining unpaid as at 31st Mar	**1.01**	*

* Amount less than Rs. 50000

38 Leases

The details of additions, carrying value and depreciation on right to use assets held by the Company given in Note No. 5.

Interest expenses on leases is Rs. 3.10 Lakhs for the year ended Mar 31, 2020. Company incurred Rs. 35.36 Lakhs for year ended Mar 31, 2020 towards expenses relating to short-term lease and leases of low-value assets. Total cash outflow for leases is Rs. 45.27 Lakhs for the year ended Mar 31, 2020, including cash outflow for short term and low value leases.

39 The Company has used the principles of prudence in applying judgments, estimates and assumptions in significant areas like estimating the remaining useful life of the tangible and intangible assets, provision for warranties, projection used to test investments for impairment, fair valuation of financial assets and liabilities etc. Considering the continuing COVID-19 pandemic, the result in the upcoming period may significantly vary and may affect the recoverability of assets and liabilities, However, this will depend upon future developments including actions taken to contain or treat the disease and to mitigate its impact on the economy.

The Company based on internal and external sources of information up to the date of approval of these financial statements, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended Mar 31, 2020 as at the date of approval of these financial statements.

40 Previous year's figures have been regrouped/reclassified wherever necessary

For B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Date: 5th May, 2020
Place: Mumbai

For and on behalf of the Board
CIN No.U34101MH2015PTC265665

} (Directors)

(Chief Executive Officer)
(Chief Financial Officer)
(Company Secretary)

Date: 5th May, 2020
Place: Mumbai

Form AOC 1

Pursuant to first proviso to Sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rule, 2014

Statement containing sailent features of the financial statements of subsidiaries/associate company/joint ventures as included in the Consolidated Financial Statements

Part A : Subsidiaries

S. No	Name of the Subsidiary	The date since when subsidiary was acquired	Reporting Currency	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Libilities	Investment (excluding investment in subsidiaries)	Gross Turnover	Profit/(Loss) before Tax	Provision for Tax	Profit/(Loss) after Tax	Proposed Dividend and Tax thereon	Proportion of ownership interest	Proportion of voting power where Different
1	BSA Company Limited	21.10.2016	GBP	93.12	100.37	(73.87)	50.80	24.30	–	40.32	(21.27)	–	(21.27)	–	100.00%	

For and on behalf of the Board
CIN No.U34101MH2015PTC265665

Chief Financial Officer Director

Chief Executive Officer Director

Company Secretary
Date: 5^{th} May, 2020
Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BSA COMPANY LIMITED

Opinion

We have audited the financial statements of BSA Company Limited (the 'company') for the year ended 31 March 2020 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Talbot (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services

Statutory Auditor

Date:- 12th May 2020
Athenia House
10-14 Andover Road
Winchester
Hampshire
S023 7BS

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£	£
Turnover	**44,737**	54,378
Distribution costs	**(850)**	(3,650)
Administrative expenses	**(67,485)**	(70,421)
Loss before taxation	**(23,598)**	(19,693)
Tax on loss	**–**	–
Loss for the financial year	**(23,598)**	(19,693)

Mr. Ashish Joshi
Director
04th May 2020

Company Registration No. 01531594

BALANCE SHEET
AS AT 31 MARCH 2020

	Notes	2020	2020	2019	2019
		£	**£**	£	£
Fixed Assets					
Intangible Assets	2		**16,720**		25,392
Current Assets					
Debtors	3	**2,338**		69,278	
Cash at bank and in hand		**35,486**		14,655	
		37,824		83,933	
Creditors: amounts falling due within one year	4	**(26,092)**		(57,275)	
Net current assts			**11,732**		26,658
Total assets less current liabilities			**28,452**		52,050
Capital and reserves					
Called up share capital	5		**122,000**		122,000
Share premium account			**58,000**		58,000
Capital redemption reserve			**60,000**		60,000
Profit and loss reserves			**(211,548)**		(187,950)
Total equity			**28,452**		52,050

These Financials statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 04th May 2020 and are signed on its behalf by:

Mr. Ashish Joshi
Director
04th May 2020

Company Registration No. 01531594

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share Capital £	Share Premium Account £	Capital Redemption reserve £	Profit and Loss reserves £	Total £
Balance as at 1 April 2018		120,000	–	60,000	(168,257)	11,743
Year ended 31 March 2019:						
Loss and total comprehensive income for the year		–	–	–	(19,693)	(19,693)
Issue of share capital	**5**	2,000	58,000	–	–	60,000
Balance at 31 March 2019		122,000	58,000	60,000	(187,950)	52,050
Year ended 31 March 2020:						
Loss and total comprehensive income for the year		–	–	–	(23,598)	(23,598)
Balance as at 31 March 2020		**122,000**	**58,000**	**60,000**	**(211,548)**	**28,452**

Mr. Ashish Joshi
Director
Date:- 04th May 2020

Company Registration No. 01531594

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information:

BSA Company Limited is a private company limited by shares incorporated in England and Wales. The principal place of business is Speedwell House, West Quay Road, Southampton, Hampshire, SO15 1GY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financials statements, the directors have a reasonable expectations that the company has adequate resource to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is seperable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents and licences: Straight line over 15 years

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. The company considers all of its financial assets basic.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2 Intangible fixed assets

	Other
	£
Cost:	
At 1 April 2019 and 31 March 2020	125,400
Amortisation and impairment	
At 1 April 2019	100,008
Amortisation charged for the year	8,672
At 31 March 2020	**108,680**
Carrying amount	
At 31 March 2020	**16,720**
At 31 March 2019	25,392

3 Debtors

	2020	2019
	£	£
Amount falling due within one year:		
Other debtors	**2,338**	69,278

4 Creditors

	2020	2019
	£	£
Amount falling due within one year:		
Trade creditors	**5,318**	40,288
Taxation and social security	**3,030**	–
Accruals and deferred income	**17,744**	16,987
	26,092	57,275

5 Called up share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
122,000 Ordinary shares of £ 1 each	**122,000**	122,000

6 Parent company

The immediate parent company is Classic Legends Private Limited, which is a subsidiary of Mahindra & Mahindra Limited as per the Indian Companies Act, 2013.

The accounts of Classic Legends Private Limited are those of the smallest group of which the company is a member and for which group accounts are prepared. Their registered office is at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400018.

Mr. A Joshi
Director
04th May 2020

Company Registration No. 01531594

BALANCE SHEET AS AT MAR 31, 2020

Euro in Lakhs

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
(a) Financial Assets			
(i) Investments	1	**520.00**	–
(b) Other non-current assets		**–**	–
Total Non - Current Assets		**520.00**	–
Current assets			
(a) Financial Assets			
(i) Cash and cash equivalents	2	**2.27**	0.02
(ii) Loans & Advances	3	**0.05**	0.01
(b) Other current assets	4	**0.03**	0.03
Total Current Assets		**2.35**	0.06
Total Assets		**522.35**	0.06
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	5	**949.00**	149.00
(b) Other Equity	6	**(426.86)**	(149.44)
Total Equity attributable to owners of the Company		**522.14**	(0.44)
Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	7	**0.16**	0.41
(ii) Other current financial liabilities	8	**0.05**	0.09
Total Current Liabilities		**0.21**	0.50
Total Equity and Liabilities		**522.35**	0.06

See accompanying notes to the financial statements

For and on behalf of the Board

Date: 30th April 2020

Place: Mumbai

Rajesh Jejurikar — Director

Mahendra Bhalerao — Director

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MAR 31, 2020

Euro in Lakhs

	Particulars	Note No.	For the period ended on 31st March 2020	For the Year ended on 31st March 2019
I	Revenue from operations		–	–
	Other income		–	–
	Total Revenue (I)		–	–
II	**EXPENSES**			
	Finance costs	9	0.01	–
	Other expenses	10	277.41	260.91
	Total Expenses (II)		277.42	260.91
III	**Loss before tax for the year (I - II)**		(277.42)	(260.91)
IV	**Tax Expense**			
	– Current tax		–	–
	– Deferred tax		–	–
	Total tax expense		–	–
V	**Loss after tax for the year (III-IV)**		(277.42)	(260.91)
VI	**Other comprehensive income**		–	–
VII	**Total comprehensive income for the year**		(277.42)	(260.91)
VIII	**Earnings per equity share** (Nominal value per share EUR. 1 each),			
	Basic & Diluted		(0.292)	(1.751)

See accompanying notes to the financial statements

For and on behalf of the Board

Date: 30th April 2020

Place: Mumbai

Rajesh Jejurikar — Director

Mahendra Bhalerao — Director

CASH FLOW STATEMENT FOR THE PERIOD ENDED MAR 31, 2020

	Particulars	**EURO in Lakhs** **For the period ended on 31st March 2020** **Amount**	EURO in Lakhs For the period ended 31st March, 2019 Amount
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Loss before tax	**(277.42)**	(260.91)
	Adjustment for:		
	Net (Gain)/Loss on sale of fixed assets	**–**	–
	Net (Gain)/Loss arising on Investment measured at fair valuethrough profit or loss	**277.00**	260.10
	Operating profit before Working Capital changes	**(0.42)**	(0.81)
	Adjustments for changes in Working capital		
	Other current assets	**(0.04)**	–
	Current liabilities	**(0.29)**	0.09
	Cash generated from operations	**(0.75)**	(0.72)
	Taxes paid	**–**	–
	Net Cash from Operating activities	**(0.75)**	(0.72)
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Fixed Assets:		
	Long term Investment in Subsidiary	**(797.00)**	–
	Interest received	**–**	–
	Net Cash (used) in investing activities	**(797.00)**	–
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issuance of Share Capital/Share premium	**800.00**	–
	Interest paid	**–**	–
	Net Cash from in financing activities	**800.00**	–
D	**NET INCREASE/(DECREASE) IN CASH**		
	AND CASH EQUIVALENTS	**2.25**	(0.72)
	Cash and Cash Equivalents (Opening balance)	**0.02**	0.74
	Cash and Cash Equivalents (Closing balance)	**2.27**	0.02

CASH FLOW STATEMENT FOR THE PERIOD ENDED MAR 31, 2020(CONTD.)

Notes:

1 Figures in brackets represent outflows of cash and cash equivalents.

2 cash and cash equivalents comprise of

	EURO in Lakhs	EURO in Lakhs
	For the period ended on 31st March 2020	For the period ended 31st March, 2019
Balances with Banks	**2.27**	0.02
	2.27	0.02

For and on behalf of the Board

Date: 30th April 2020

Place: Mumbai

Rajesh Jejurikar
Director

Mahendra Bhalerao
Director

Notes forming part of the Financial Statements

NOTE 1 - NON CURRENT INVESTMENTS

Particulars	Face Value Per Unit	As at 31st March 2020 Number	As at 31st March 2020 Euro in Lakhs	As at 31st March 2019 Number	As at 31st March 2019 Euro in Lakhs
Investment in Equity Instruments (Trade and fully paid up unless otherwise specified)					
Unquoted					
In Subsidiary Companies:					
Peugeot Motocycles S.A.S Mandeure		–	–	312677	260.10
Add : Investment during the period		**4981250**	**797.00**	–	–
Less : Provision for Impairement of Investments		**4669165**	**277.00**	312677	260.10
Total	**EURO 16**	**312085**	**520.00**	–	–

NOTE 2 - CASH AND CASH EQUIVALENTS

Particulars	As at 31st March, 2020 Euro in Lakhs	As at 31st March, 2019 Euro in Lakhs
Cash on hand	–	–
Balances with banks		
In current accounts	**2.27**	0.02
Total	**2.27**	0.02

NOTE 3 - Loans & Advances

Particulars	As at 31st March, 2020 Euro in Lakhs	As at 31st March, 2019 Euro in Lakhs
Current - Advances	**0.05**	0.01
Total	**0.05**	0.01

NOTE 4 - OTHER CURRENT ASSETS

Particulars	As at 31st March, 2020 Euro in Lakhs	As at 31st March, 2019 Euro in Lakhs
Prepaid expenses	**0.03**	0.03
Total	**0.03**	0.03

NOTE 5 - SHARE CAPITAL

Particulars	As at 31st March, 2020 Euro in Lakhs	As at 31st March, 2019 Euro in Lakhs
Issued, Subscribed and Paid up:		
As at March 31, 2020, the share capital of the Company amounts to EUR 94,900,000 and is divided into 14,900,000 class A shares with a nominal value of EUR 1.00 each and 1,600,000,000 class B shares with a nominal value of EUR 0.05 each.	**949.00**	149.00
Total	**949.00**	149.00

Reconciliation of the no. of shares outstanding at the beginning and at the end of the period:	As at 31st March 2020 No. of shares	As at 31st March 2020 Euro in Lakhs	As at 31st March 2019 No. of shares	As at 31st March 2019 Euro in Lakhs
No of equity shares outstanding at the beginning of the period	**14,900,000**	**149.00**	14,900,000	149.00
Add: Additional equity shares issued during the period	**80,000,000**	**800.00**	–	–
Less: Equity Shares forfeited/ Bought back during the period	–	–	–	–
No of equity shares outstanding at the end of the period	**94,900,000**	**949.00**	14,900,000	149.00

Notes:

i) Of the above 94,900,000 (previous year 14,900,000) shares are held by Mahindra & Mahindra Limited the holding company.

ii) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	As at 31st March 2020 Number of shares	As at 31st March 2019 Number of shares
Equity Shares:		
Mahindra & Mahindra Limited	**94,900,000**	14,900,000

NOTE 6 - Other Equity

Particulars	As at 31st March, 2020 Euro in Lakhs	As at 31st March, 2019 Euro in Lakhs
Securities Premium Account	**112.55**	112.55
Surplus/(Deficit) in Statement of Profit and Loss		
Opening Balance	**(261.99)**	(1.08)

Particulars	As at 31st March, 2020 Euro in Lakhs	As at 31st March, 2019 Euro in Lakhs
Add: (Loss) for the year	**(277.42)**	(260.91)
Closing Balance	**(426.86)**	(149.44)
Total	**(426.86)**	(149.44)

NOTE 7 - Trade Payable

Particulars	As at 31st March, 2020 Euro in Lakhs	As at 31st March, 2019 Euro in Lakhs
Current - Payables for Goods/Services	**0.16**	0.41
Total	**0.16**	0.41

NOTE 8 - Other Current Financial Liabilities

Particulars	As at 31st March, 2020 Euro in Lakhs	As at 31st March, 2019 Euro in Lakhs
Current - Other Current Liabilities	**0.05**	0.09
Total	**0.05**	0.09

NOTE 9 - Finance Cost

Particulars	For the period ended 31st March 2020 Euro in Lakhs	For the period ended 31st March 2019 Euro in Lakhs
Interest Expenses	0.01	–
Total	**0.01**	–

NOTE 10 - Other Expenses

Particulars	For the period ended 31st March 2020 Euro in Lakhs	For the period ended 31st March 2019 Euro in Lakhs
Professional Fees	0.31	0.61
Bank Charges	0.02	0.01
Rates and Taxes	0.05	0.05
Miscellaneous - Others	0.03	0.14
Exceptional Item - (Income)/Expense	277.00	260.10
Total	**277.41**	260.91

For and on behalf of the Board

Date: 30th April 2020

Place: Mumbai

Rajesh Jejurikar — Director

Mahendra Bhalerao — Director

INDEPENDENT AUDITORS' REPORT

Peugeot Motocycles S.A.S.

For the year ended December 31st, 2019

Registered office; 103 rue du 17 Novembre
25350 MANDEURE
Share capital: € .4 993 360

Statutory Auditor's report on the financial statements

To the sole Shareholder,

Opinion

In compliance with the engagement entrusted to us by the Annual General Meeting, we have audited the accompanying financial statements of PEUGEOT MOTOCYCLES S.A.S. for the year ended Decembre 31st, 2019. These financial statements were approved by the President on May 20th, 2020, based on the information available at that date and in the evolving context of the Covid-19 pandemic.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31st, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2019, to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (code de déontologie) for statutory auditors.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 "Continuité d'exploitation" to the financial statements which describes the material uncertainty resulting from events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Justification of Assessments

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, and in addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we inform you of the following matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Intangible and tangible assets' impairment

Intangible and tangible assets, whose net value at year-end 2019 amounted to € . 1.520.549, are stated at cost value and impaired if their net realizable value is lower, as described in the Notes « 1. Règles et méthodes comptables », « 5. Immobilisations au 31 Décembre 2019 » and « 9. Provisions inscrites au bilan au 31 Décembre 2019 » to the financial statements.

On the basis of the information provided to us, our work consisted in assessing the data on which these values are based, in particular to review the discounted prospects of profitability of concerned activities and of achieving these goals, and to check the consistency of assumptions retained with forecasts based on the strategic business plans established for each activity and supervised by General Management.

Inventories and receivables' impairment

Your Company recognizes depreciations of its inventories and receivables according to the methods described in the Note « 1. Règles et méthodes comptables » to the financial statements.

We carried out the approach assessment of the Company PEUGEOT MOTOCYCLES S.A.S. as described in the Notes « 1.4. Stocks » and « 1.5. Créances » to the financial statements, based on information available up to date and performed tests to verify, using sampling techniques, the application of these approach.

Provisions for risks and charges

Your Company recognizes provisions to cover risks resulting for guarantees given to customers as described in the Note « 9. Provisions inscrites au bilan au 31 Décembre 2019 » to the financial statements.

We carried out the assessment of the approach of the Company PEUGEOT MOTOCYCLES S.A.S. as described in this Note to the financial statements, based on information available up to date and performed tests to verify, using sampling techniques, the application of these approach.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French laws and regulations.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the President's report, approved on May 20th, 2020, and in other documents with respect to the financial position and the financial statements provided to the sole Shareholder. With regards to events which occurred and information that became known after the date the financial statements were approved by the President relating to the impact of the crisis linked to Covid-19, management informed us that such events and information will be communicated to the sole Shareholder called to approve the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, required under Article D.441-4 of the French Commercial Code *(Code de commerce)*.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the President.

Statutory Auditor's Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Schiltigheim, on the 28th May 2020

French original version signed by

Florent Dissert

BALANCE SHEET

ASSETS (IN EUR)			31/12/2019			31/12/2018	Var. 19/18
			GROSS	Amort. Depr.	NET	NET	EUR
FIXED ASSETS							
Uncalled subscribed capital		I	–	–	–	–	–
R&D expenses		02	–	–	–	–	–
Concessions, patents & similar rights		03	–	–	–	–	–
Business goodwill		04	**1,37,204**	–	**1,37,204**	1,37,204	–
Other intangible assets		05	**44,38,799**	**(44,38,799)**	–	–	–
Advance payments on intangible assets		06	–	–	–	–	–
INTANGIBLE FIXED ASSETS	**(02 to 06)**	07	**45,76,003**	**(44,38,799)**	**1,37,204**	1,37,204	–
Land		09	**18,22,000**	**(4,38,655)**	**13,83,345**	13,83,345	–
Building		10	**2,82,30,700**	**(2,82,30,700)**	–	–	–
Technical installations, machinery and equipment		11	**11,83,17,395**	**(11,83,17,395)**	–	–	–
Other tangible assets		12	**30,14,844**	**(30,14,844)**	–	–	–
Tangible assets in course		13	**3,53,332**	**(3,53,332)**	–	–	–
Advance payments on tangible assets		14	**5,80,000**	**(5,80,000)**	–	–	–
TANGIBLE FIXED ASSETS	**(09 to 14)**	15	**15,23,18,271**	**(15,09,34,926)**	**13,83,345**	13,83,345	–
Equity interests		17	**73,33,988**	**(73,02,190)**	**31,799**	3,27,845	(2,96,047)
Receivables from equity interests		18	–	–	–	–	–
Other long-term investment securities		19	–	–	–	–	–
Loans		20	**23,57,537**	**(7,26,928)**	**16,30,609**	15,61,498	69,111
Other long-term investments		21	**1,89,454**	–	**1,89,454**	51,296	1,38,157
FINANCIAL FIXED ASSETS	**(17 to 21)**	22	**98,80,979**	**(80,29,118)**	**18,51,861**	19,40,640	(88,778)
TOTAL (II)	**(07 + 15 + 22)**		**16,67,75,253**	**(16,34,02,843)**	**33,72,410**	34,61,189	(88,778)
CURRENT ASSETS							
Merchandise		24	**1,55,58,757**	**(32,57,217)**	**1,23,01,540**	–	1,23,01,540
Raw materials and other supplies		25	**88,91,099**	**(17,27,883)**	**71,63,216**	69,53,793	2,09,424
Work in progress		26	–	–	–	13,946	(13,946)
Finished goods		27	**37,57,814**	**(6,48,728)**	**31,09,086**	1,23,11,308	(92,02,222)
INVENTORIES			**2,82,07,671**	**(56,33,828)**	**2,25,73,843**	1,92,79,047	32,94,797
Trade receivables and similar accounts		28	**2,17,03,206**	**(58,26,442)**	**1,58,76,764**	1,56,79,066	1,97,698
Other receivables		29	**1,55,54,954**	–	**1,55,54,954**	1,22,42,547	33,12,407
Cash and cash equivalents		30	**19,25,882**	–	**19,25,882**	17,48,776	1,77,106
Prepaid expenses		31	–	–	–	–	–
TOTAL (III)	**(25 to 31)**		**6,73,91,713**	**(1,14,60,270)**	**5,59,31,443**	4,89,49,436	69,82,007
DEF. CHARGES							
Deffered charges		IV	–	–	–	–	–
Bond redemption premiums		V	–	–	–	–	–
Positive translation adjustments		VI	**82,862**	–	**82,862**	1,52,756	(69,895)
TOTAL ASSETS	**(I+II+III+IV+V+VI)**		**23,42,49,828**	**(17,48,63,113)**	**5,93,86,715**	5,25,63,381	68,23,334

BALANCE SHEET

LIABILITIES (IN EUR)			31/12/2019 EUR	31/12/2018 EUR	Var. 19/18 EUR
SHAREHOLDER'S EQUITY					
Share capital		01	**49,93,360**	98,09,472	(48,16,112)
Issue, merger and contribution premiums		02	**–**	5,49,13,600	(5,49,13,600)
Revaluation reserve		03	**4,52,385**	4,52,385	–
Legal reserve		04	**–**	–	–
Statutory or contractual reserves		05	**–**	–	–
Regulated reserves		06	**–**	–	–
Other reserves		07	**–**	–	–
Retained earnings		08	**(9)**	(10,30,97,362)	10,30,97,353
Profit or (loss) of the financial year		09	**(2,94,03,973)**	(3,63,32,359)	69,28,386
Investments subsidies		10	**–**	–	–
Regulated provisions		11	**–**	–	–
TOTAL (I)	**(01 to 11)**	I	**(2,39,58,237)**	(7,42,54,264)	5,02,96,027
OTHERS EQUITY					
Proceeds from issues of participating securities		13	**–**	–	–
Contingent advances		14	**–**	–	–
TOTAL (II)	**(13 + 14)**	II	**–**	–	–
PROVISIONS					
Provisions for risks		16	**42,08,207**	39,90,837	2,17,370
Provisions for charges		17	**57,46,711**	1,22,78,664	(65,31,953)
TOTAL (III)	**(16 + 17)**	III	**99,54,918**	1,62,69,502	(63,14,584)
DEBTS					
Loans And Similar Debt					
Convertible debenture loans		19	**–**	–	–
Others bonds		20	**–**	–	–
Loans and other borrowings from credits		21	**2,40,00,000**	5,30,00,000	(2,90,00,000)
Bank account overdrafts		22	**3,27,150**	1,54,86,630	(1,51,59,481)
Loans and miscellaneous financial debts		23	**1,09,479**	1,09,479	–
Advances and deposits from customers		24	**–**	–	–
Accounts Payable					
Trade payables		25	**2,85,18,424**	2,52,19,857	32,98,567
Tax and social debts		26	**70,84,257**	56,19,973	14,64,284
Amounts payable on fixed assets and related accounts		27	**–**	–	–
Other debts		28	**1,32,47,801**	1,10,93,648	21,54,152
DEFFERED INCOME					
Deffered Income		29	**–**	–	–
TOTAL (IV)	**(19 to 29)**	IV	**7,32,87,110**	11,05,29,588	(3,72,42,478)
Negative translation adjustments (V)			**1,02,924**	18,555	84,369
TOTAL LIABILITIES (I+II+III+IV+V)			**5,93,86,715**	5,25,63,381	68,23,334

PROFIT & LOSS ACCOUNTS (IN EUR)

			2019 12m	2018 12m	Var. 19/18 EUR	Var. 19/18 %
OPERATING REVENUES						
Sales of goods bought for resale		01	**2,58,83,527**	–	2,58,83,527	–
Sales of manufactured goods		02	**7,41,06,105**	9,61,41,285	(2,20,35,180)	–22.9%
Sales of services		03	**13,93,260**	13,05,037	88,223	+6.8%
Revenues	**(01 à 03)**	04	**10,13,82,892**	9,74,46,322	39,36,571	+4.0%
Change in inventories of finished goods and work in progress		05	**(1,27,66,739)**	(42,28,857)	(85,37,883)	+201.9%
Capitalised production		06	–	–	–	–
Operating subsidies received		07	**1,56,938**	–	1,56,938	–
Reversals of provisions and depreciation, expense transfers		08	**79,25,579**	1,34,15,672	(54,90,093)	–40.9%
Other income		09	**12,17,598**	8,65,689	3,51,909	+40.7%
Other operating income	**(05 à 09)**		**(34,66,624)**	1,00,52,504	(1,35,19,128)	–134.5%
Operating income	**(04 à 09)**	10	**9,79,16,268**	10,74,98,826	(95,82,557)	-8.9%
OPERATING EXPENSES						
Purchases of merchandise		12	**(2,27,14,878)**	–	(2,27,14,878)	–
Change in inventories of merchandise		13	**1,55,58,757**	–	1,55,58,757	–
Purchases of raw materials and other supplies		14	**(4,78,33,869)**	(6,23,01,474)	1,44,67,605	–23.2%
Change in inventories of raw materials and other supplies		15	**(3,81,617)**	(12,02,218)	8,20,601	–68.3%
Other bought-in goods and services		16	**(3,09,39,609)**	(2,93,49,178)	(15,90,431)	+5.4%
Taxes other than corporate income tax		17	**(40,90,772)**	(32,91,940)	(7,98,832)	+24.3%
Wages and salaries		18	**(1,48,65,391)**	(1,57,56,063)	8,90,671	–5.7%
Social security charges		19	**(59,74,402)**	(62,00,188)	2,25,786	–3.6%
Depreciation, amortisation & provision – operating items:						
– Depreciation and amortisation of fixed assets		20	**(3,44,111)**	(49,459)	(2,94,652)	+595.7%
– Amortisation of deferred charges		21	–	–	–	–
– Increase in provisions against fixed assets		22	–	–	–	–
– Increase in provisions against current assets		23	**(56,33,828)**	(65,19,000)	8,85,172	–13.6%
–Increase in provisions for liabililties and charges		24	**(38,79,628)**	(14,23,741)	(24,55,887)	+172.5%
Other charges		25	**(23,93,372)**	(24,11,290)	17,918	-0.7%
Operating expenses	**(13 à 25)**	26	**(12,34,92,720)**	(12,85,04,552)	50,11,832	–3.9%
OPERATING PROFIT/(LOSSES)	**(10 + 26)**	27	**(2,55,76,452)**	(2,10,05,726)	(45,70,726)	+21.8%

			2019 12m	2018 12m	Var. 19/18 EUR	Var. 19/18 %
Share in profits/losses of joint venure partnership		28	–	–	–	–
FINANCIAL INC.						
Income from equity interests		29	–	–	–	–
Other interest and similar income		30	**12,839**	1,867	10,972	+587.7%
Reversals of provisions and expense transfers		31	**1,38,153**	73,776	64,377	+87.3%
Foreign exchange gains		32	**1,54,875**	1,07,886	46,989	+43.6%
Net proceeds from disposals of marketable securities		33	–	–	–	–
Financial incomes	**(29 à 33)**	34	**3,05,867**	1,83,529	1,22,338	+66.7%
FINANCIAL EXP.						
Depreciation, amortisation and provisions – financial items		35	**(2,96,047)**	(71,223)	(2,24,824)	+315.7%
Interest and similar expenses		36	**(16,03,565)**	(12,71,650)	(3,31,915)	+26.1%
Foreign exchange losses		37	–	(3,91,991)	3,91,991	–100.0%
Net expenses on disposals of marketable securities		38	–	–	–	–
Financial expenses	**(35 à 38)**	39	**(18,99,612)**	(17,34,864)	(1,64,748)	+9.5%
NET FINANCIAL INCOME/(EXPENSES)	**(34 + 39)**	40	**(15,93,745)**	(15,51,335)	(42,410)	+2.7%
PROFIT/(LOSSES) FROM ORDINARY ACTIVITIES	**(27 + 28 + 40)**	41	**(2,71,70,197)**	(2,25,57,061)	(46,13,135)	+20.5%
EXTRA. INCOME.						
Extraordinary incomes - non-capital transactions		42	**1,66,716**	3,61,756	(1,95,040)	–53.9%
Extraordinary incomes - capital transactions		43	**8,333**	1,39,380	(1,31,047)	–94.0%
Reversals of provisions and expense transfers*		44	**90,17,991**	48,09,386	42,08,605	+87.5%
Extraordinary incomes	**(42 à 44)**	45	**91,93,041**	53,10,522	38,82,518	+73.1%
EXTRA. EXPENSES						
Extraordinary expenses - non-capital transactions		46	**(66,282)**	(76,620)	10,338	–13.5%
Extraordinary expenses - capital transactions		47	**(1,756)**	(11,444)	9,689	–84.7%
Extraordinary depreciation, amortisation and provisions		48	**(56,72,403)**	(1,79,32,896)	1,22,60,493	–68.4%
Extraordinary expenses DAEC + PSE		49	**(61,85,024)**	(15,65,931)	(46,19,093)	+295.0%
Extraordinary charges	**(46 à 49)**	50	**(1,19,25,464)**	(1,95,86,891)	76,61,426	–39.1%
NET EXTRAORDINARY INCOME/(EXPENSES)	**(45 + 50)**	51	**(27,32,423)**	(1,42,76,368)	1,15,43,945	–80.9%
Statutory employee profit-sharing		52	–	–	–	–
Corporate income tax		53	**4,98,647**	5,01,070	(2,423)	–0.5%
NET PROFIT/(LOSSES) FOR THE YEAR	**(41+ 51 + 52 + 53)**	54	**(2,94,03,973)**	(3,63,32,359)	69,28,386	–19.1%

Notes to Financial Statements

The information below forms the Notes to the Balance Sheet prior to the breakdown of the financial year ending 31st December 2019 which totals € 59,502,015 and to the Profit and Loss account that, under the form of a list, that shows a loss of € -29,403,973.

The financial statements cover the 12-month period from January 1st to December 31st, 2019.

The notes and tables N° 1 to 29 hereunder form an integral part of the annual financial statements.

1. Accounting rules and methods

The general accounting conventions below have been applied in accordance with the principle of prudence, and in compliance with legal and regulatory requirements in France and the basic assumptions that are intended to provide an accurate picture of the company:

- going concern,
- consistency of accounting methods from one period to the next,
- independance of financial years

The annual accounts comply in particular with the provisions of the Accounting Standards Authority N°2016-07, dated 4th November 2016 and amending the regulation n°2014-03 relating to the General Chart of Accounts, approved by decree on 26 December 2016.

The basic method used when stating the value of items in the financial statements is the historical cost method.

The main accounting rules and methods used are the followings:

1.1. Tangible fixed assets

Tangible fixed assets are assessed at their acquisition cost (purchase price and incidental expenses), or at their production cost.

Interests on loans specifically for the production of fixed assets are not included in the assets production cost.

Expenses incurred in purchased of fixed assets are not included in the assets production cost.

Depreciation is recognized as an expense on a straight-line basis, based on the estimated useful life of each component, as described hereunder:

• Heavy component of industrial plants	40 years
• Buildings improvement	16 years
• Industrial equipment for production	16 years
• Machinery and tooling	16 years
• Specific machining equipment	16 years
• Specific tooling	6 years
• Die cast moulds	3 years

1.2. Intangible fixed assets

The intangible assets are assessed according to their acquisition cost (purchase price and related expenses).

The depreciation rules are applied according to the straight-line method following the useful lives below:

- Software: 1 year
- Leasehold right: non-depreciable
- Land: non-depreciable
- Business premises: non-depreciable

1.3. Participating, other long-term investments, short-term investments

The gross book value of long-term investments is their acquisition price, net of acquisition expenses. When their balance sheet value is less than their cost of acquisition, a provision for depreciation is set aside for the amount of the difference. The economic value of these stacks is estimated according to the relevant share acquired of the carrying value of net assets of the subsidiary.

1.4. Inventories

Following the change of ERP in early October 2019, inventories, which used to be measured with the FIFO method, are now measured with the Weighted Average Unit Cost method. Considering the date of this evolution and the nature of inventories, the impact of this evolution is not material at December 31st, 2019.

The gross value of goods and supplies includes the purchase price and the related expenses.

Manufactured goods are valued at production cost including supplies consumed, direct and indirect production expenses and allowances to depreciation of assets used in production. Idle capacity costs are excluded from inventories valuation.

Financial interests are always excluded from inventories valuation.

A provision for impairment (equal to the difference between gross value as established following modalities above and market value) is recorded when gross value is superior to liquidation value.

1.5. Receivables

Receivables are recorded at their nominal value. A provision for impairment is recorded when the fair value is lower than the net book value.

A factoring process is in place, no-deconsolidating.

1.6. Transactions in foreign currencies

Expenses and incomes in foreign currencies are accounted for their amount in euros to the date of the transaction.

Payables, receivables and cash in foreign currencies, are accounted at their fair value at closing date or at the guaranteed exchange rate if hedged.

1.7. Research and Development expenses

Research and Development expenses relating to new products or enhancement of existing products are included in the general expenses. In 2019, the amount was € 12,654,000.

2. Significant events during financial year

The additional information below are provided in order to make an informed judgement :

2.1. The company has initiated in July 2018 a rightsizing plan, validated in December 2018, providing for the departure of 102 employees and has also put in place a legal Employment Protection Plan. This plan also took effect in 2019, and 49 employees left the Company. For this reason, the 2019 annual accounts present an extraordinary charge of € 5,730 K, which mostly includes salaries and compensation (€ 5,411 K), and other fees, for € 319 K. The accrual of € 11,100 K for estimated costs on 31/12/2018 has been reversed for € 5,725 K, and the remaining € 5,375 K will be reversed in 2020.

2.2. The goods coming from Asia and still in sea freight on 31/12/2019 (FOB) amounts to € 4,749 K. They are divided into Completely Built-Up vehicles for € 2,739 K and spare parts for € 2,010 K.

2.3. A tax inspection was underway on December 31st, 2019, regarding the 2015 to 2017 financial statements. The impact of this inspection is detailed in point 9.

2.4. The Company decided to liquidate its subsidiary in Italy ("Peugeot Motocycles Italie") in October 2019, and to transfer the management of the Italy market to a sole retailer (the company "GAM"). The liquidation of this subsidiary has an effect on the 2019 financial statements, as the shares held by PMTC have been completely depreciated (€ 296 K), as well as the amounts due by the subsidiary (€ 3,325 K).

2.5. Movements regarding the Company's equity took place in 2019 and are detailed in point 8.

2.6. A new ERP (SAP) has been implemented in October 2019. Following this implementation, a few accounting posting specifications have been adjusted, as detailed in point 17.2.

3. Going concern

During 2019, the Company's operations remained in deficit, with a net loss of 29 million euros.

Because of this deficit, and despite a recapitalization of 79.7 million euros by the sole shareholder in December 2019, the shareholder's equity of the Company is again negative at year end, of -24 million euros.

Financial debts reach 24 million euros at year end, and are guaranteed by the sole shareholder. Accounts payable reach 28 million euros, and include some overdue payments.

Considering this situation, the Company has taken measures to restore profitability and cash-flow, including:

- Investments in new products
- Investments to reach new geographical markets
- A restructuring plan started in 2018, that will come to full effect in 2020
- Measures to reduce the working capital
- Investments in a new information system, launched late 2019, allowing for inventory and suppliers optimizations.
- Negotiations with the Group and third-party creditors to reschedule some debts, and the research of new financing opportunities.

In the meantime, the sole shareholder keeps supporting the Company, mainly through:

- Guaranteeing its bank loans
- Reiterating its commitment to support the Company to sustain its operations. This support has been confirmed by mail, after the end of the period.

On this basis, the 2019 annual accounts have been established with a going concern basis, considering the situation at the date of approval of the financial statements mentioned above and below, and considering the hypothesis that some abovementioned initiatives would take place in the following months.

Should the abovementioned measures not come to fruition, the Company might not be able to realize its assets and discharge its liabilities in the normal course of its operations.

4. **Subsequent events**

The COVID-19 outbreak creates a worldwide health crisis since early 2020, and the French authorities took exceptional measures as a response.

The operations of the Company and its subsidiaries have started to be affected by the COVID-19.

Considering the recentness of the outbreak and the measures taken to help corporations, the Management is not able to evaluate an accurate impact of these events on the 2020 financial statements.

At the approval date of the 2019 financial statements, May 20th 2020, the Management considers that the hypothesis of going concern is still appropriate for the Company and its subsidiaries.

Measures taken by the Company related to this crisis are the following:

- Regarding production: reduction of production levels to adapt to various obligations and to set up health protection measures for the employees, including the use of "activité partielle" (part-time work agreement) proposed by the French government,
- Regarding administrative and support services: setting up teleworking in order to protect the health of employees while having the best service continuity possible with third-parties and clients,
- Delay of some social security / tax deadlines to preserve cash flow,
- Research of new external financing opportunities.

Since December 31st, 2019, and in this context of COVID-19 outbreak, please notice that the sole shareholder confirmed by mail its support to the Company. This support includes a guarantee for a new bank loan of € 2.75 M for 2020 Q1.

5. **Fixed assets on 31st December 2019**

FIXED ASSETS GROSS VALUE *(in euros)*	**Opening balance**	**Transfers**	**Acquisitions**	**Disposals**	**Year-end balance**	**Original Value**
Intangible fixed assets						
Leaseholds	0	0	0	0	0	0
Software	4,013,992	0	424,808	0	4,438,799	4,438,799
Concessions, patents & similar rights	0	0	0	0	0	0
Business goodwill	137,204	0	0	0	137,204	137,204
Other intangible fixed assets	0	0	0	0	0	0
Advances and payments on account	0	0	0	0	0	0
Subtotal	**4,151,196**	0	**424,808**	0	**4,576,003**	**4,576,003**
Tangible fixed assets						
Lands	1,822,000	0	0	0	1,822,000	1,369,615
Buildings on freehold land	14,946,989	0	51,250	0	14,998,239	14,998,239
Buildings on non-freehold land	0	0	0	0	0	0
Improvements to buildings	13,163,090	0	69,372	0	13,232,462	13,232,462
Technical installations, industrial plant and machinery	115,116,939	1,621,994	1,745,105	166,644	118,317,394	**118,317,394**
Other tangible assets :						
General fixtures and fittings 4	1,826,536	0	41,200	0	1,867,736	1,867,736
Vehicles	126,276	0	0	0	126,276	126,276
Office and computer equipment, furniture	1,021,760	0	0	927	1,020,832	1,020,832
Tangible fixed assets in progress	1,694,827	(1,341,494)	0	0	353,332	353,332
Advances and payments on account	808,013	(280,500)	52,487	0	580,000	580,000
Subtotal	**150,526,429**	0	**1,959,414**	**167,572**	**152,318,271**	**151,865,885**
Financial fixed assets						
Equity interests	7,333,988	0	0	0	7,333,988	7,333,988
Receivables from equity interests	0	0	0	0	0	0

FIXED ASSETS GROSS VALUE *(in euros)*	**Opening balance**	**Transfers**	**Acquisitions**	**Disposals**	**Year-end balance**	**Original Value**
Other long-term investment securities						
Loans	2,288,426	0	69,111	0	2,357,537	2,357,537
Other long-term investments	51,296	0	138,157	0	189,454	189,454
Subtotal	**9,673,711**	0	**207,268**	0	**9,880,979**	**9,880,979**
TOTAL	**164,351,335**	0	**2,591,489**	**167,572**	**166,775,253**	**166,322,868**

Comment on tangible and intangible assets

As per several financial years and taking into account the mid-term projections, Peugeot Motocycles assets are subject to a depreciation. Total tangible and intangible depreciation on 31st December 2018 is € 14,918,312.

Comment on intangible assets

Continuation of a licence for magnetic wheel manufacturing and marketing. The related rights were depreciated over 5 years.

Comment on financial assets

Contribution to French social construction tax was made under the form of a loan of € 69,111. Same contribution for 2019 will also be made under the form of a loan.

6. Amortization and provisions of fixed assets on 31st December 2019

DEPRECIATION OF FIXED ASSETS *(in euros)*	**Opening balance**	**Transfers**	**Charges**	**Reversals**	**Year-end balance**
Intangible fixed assets					
Leaseholds	0	0	0	0	0
Software	4,013,992	0	424,808		4,438,799
Concessions, patents & similar rights	0	0	0	0	0
Business goodwill	0	0	0	0	0
Other intangible fixed assets	0	0	0	0	0
Advances and payments on account	0	0	0	0	0
Subtotal	**4,013,992**	**0**	**424,808**	**0**	**4,438,799**
Tangible fixed assets					
Land	438,655	0	0	0	438,655
Buildings on freehold land	14,946,989	0	51,250	0	14,998,239
Buildings on non-freehold land					
Improvements to buildings	13,163,090	0	69,372	0	13,232,462
Technical installations, industrial plant and machinery	115,116,939	1,621,994	1,740,939	162,478	118,317,394
Other tangible assets :					
General fixtures and fittings 4	1,826,536	0	41,200	0	1,867,736
Vehicles	126,276	0	0	0	126,276
Office and computer equipment, furniture	1,021,760	0	0	927	1,020,832
Tangible fixed assets in progress	1,694,827	(1,341,494)	0	0	353,332
Advances and payments on account	808,013	(280,500)	52,487	0	580,000
Subtotal	**149,143,084**	**0**	**1,955,247**	**163,405**	**150,934,926**
Financial fixed assets					
Equity interests	7,006,143	0	296,047	0	7,302,190
Receivables from equity interests	0	0	0	0	0
Other long-term investment securities	0	0	0	0	0

DEPRECIATION OF FIXED ASSETS *(in euros)*	**Opening balance**	**Transfers**	**Charges**	**Reversals**	**Year-end balance**
Loans	726,928	0	0	0	726,928
Other long-term investments	0	0	0	0	0
Subtotal	**7,733,071**	**0**	**296,047**	**0**	**8,029,118**
TOTAL	**160,890,147**	**0**	**2,676,101**	**163,405**	**163,402,843**

7. <u>Inventories on 31st December 2019</u>

INVENTORIES ON 31/12/2019 *(in euros)*		**GROSS**	**DEPRECIATION**	**NET**
311000	Raw materials	7,776,692	1,387,227	6,389,465
322300	Consumable materials	1,114,407	340,656	773,751
351000	Intermediate products	975,265	140,479	834,786
355000	Finished products	2,606,064	508,249	2,097,815
355200	China finished products	176,485	0	176,485
371100	Goods - Vehicles	2,144,447	119,736	2,024,711
371101	Goods in transit (FOB)	4,749,061	0	4,749,061
371200	Goods - Parts	8,665,250	3,137,481	5,527,769
TOTAL		**28,207,671**	**5,633,828**	**22,573,843**

8. <u>Changes in shareholder equity, transfers of operating charges and details on extraordinary result</u>

8.1. Equity movements

CHANGES IN SHAREHOLDER'S EQUITY *(in euros)*	**Opening balance**	**Increases**	**Decreases**	**Others**	**Year-end balance**
Share capital	9,809,472		(4,816,112)		4,993,360
Revaluation reserve	452,385				452,385
Retained earnings	(103,097,362)	(36,332,359)	139,429,712		(9)
Share premium	54,913,600		(54,913,600)		
Result of the year	(36,332,359)	36,332,359	(29,403,973)		(29,403,973)
Investment subsidy					
Tax-regulated provisions					
TOTAL	**(74,254,264)**		**50,296,027**		**(23,958,237)**

Mahindra Two Wheelers Europe S.à.r.l. has bought the 49% of shares that belonged to Peugeot SA, on November 7th 2019. It is now the sole shareholder of the Company.

Said sole shareholder then realized a capital infusion of the Company on December 12th, 2019, by subscribing to a capital infusion of € 79,700,000, followed by a capital reduction of € 84,516,112 and a cancellation of the share premium of € 54,913,600 by compensation with losses carried forward of € 139,429,712. After this operation, the share capital of the Company reaches € 4,993,360, divided into 312,085 shares of a nominal price of 16 euros.

The Company's net equity amount to € (-23,958,237), after including the 2019 loss of € (-29,403,973).

8.2. <u>Inception of an outstanding result</u>

We must carry out an extraordinary impairment on our fixed assets, as our result is loss-making, in order to depreciate those fixed assets and reset them, except the business assets and lands.

DETAIL OF THE EXTRAORDINARY RESULT	**EXPENSES**	**INCOME**
	Euros	**Euros**
On operating transactions - linked to the financial year	66,282	107,149
On operating transactions - linked to previous financial years		59,567
On investments transactions- assets disposals	1,756	8,333
On investments transactions - reversals of investment subsidy		
On investments transactions - linked to previous financial year		
Reversals of intangible fixed assets depreciation		13,575

DETAIL OF THE EXTRAORDINARY RESULT	EXPENSES	INCOME
	Euros	Euros
Reversals of tangible fixed assets depreciation		2,512,067
Reversals of extraordinary depreciations		
Reversals of extraordinary provision for liabilities and charges		
Provisions for restructuring plan		5,724,694
Provision charges to restructuring plan 2018	5,729,543	
Provisions DAEC		767,655
Charges DAEC	229,872	
Depreciation of fixed assets	1,108,406	
Extraordinary amortization of fixed assets	4,563,997	
Extraordinary amortization of fixed assets	225,610	
TOTAL	**11,925,464**	**9,193,041**

8.3. Details of transferred expenses

DETAIL OF THE TRANSFERRED EXPENSES	Euros
Adefim reimbursement of training costs	47,622
On wages and social security charges	57,984
On insurance proceeds	154,783
On insurance proceeds linked to employees	
On fire insurance proceeds	
Transferred charges to third parties	2,586
On goods returns	
Bought materials reinvoiced	
Employees - Benefits in kind	
Others	142,005
TOTAL	**404,979**

9. Provisions in the balance sheet on 31st December 2019

TYPE OF PROVISIONS *(in euros)*	Opening balance	Charges	Reversals		Year-end balance
			Used	Non-used	
Provisions for disputes	42,700	4,000		17,500	29,200
Provision for customer warranties	3,809,984	882,764	1,684,748		3,008,000
Provisions for foreign exchange losses	138,153	62,601	138,153		62,601
Provisions for others liabilities		1,108,406			1,108,406
Provisions for taxations					
Provisions for charges - Group mobility					
Provisions for charges - Long-service award	259,439	17,160	56,764		219,835
Provisions for charges - Restructuring PREC	767,655		229,872	537,783	0
Provisions for charges - Restructuring Plan 2018	11,100,000		5,724,694		5,375,306
Provisions for charges - Departures Casa					
Provisions for charges - Discounted construction loans	37,570				37,570
Provisions for charges - Battery recycling	114,000				114,000
Total provisions liabilities and charges	**16,269,502**	**2,074,931**	**7,834,231**	**555,283**	**9,954,919**
On intangible fixed assets	24,295	375,586			399,881

TYPE OF PROVISIONS *(in euros)*	**Opening balance**	**Charges**	**Reversals**		**Year-end balance**
			Used	**Non-used**	
On tangible fixed assets	15,381,304			862,873	14,518,431
On financial fixed assets	726,928				726,928
On equity investments	7,006,143	296,047			7,302,190
On inventories	6,518,223	5,633,828		6,518,223	5,633,828
On trade receivables	2,156,704	3,670,975		1,237	5,826,442
Other short-term assets					
Total provisions for assets depreciation	**31,813,597**	**9,976,436**		**7,382,333**	**34,407,700**
TOTAL	**48,083,099**	**12,051,367**	**7,834,231**	**7,937,616**	**44,362,619**
of which Charges and Reversals	12,938,620	10,208,727	1,741,512	6,536,960	14,868,875
	7,871,225	358,648	138,153		8,091,720
	27,273,254	1,483,992	5,954,566	1,400,656	21,402,024

Comments on provision for « Guarantee »

On 31/12/19 the provision for guarantee is € 3,008 K. It is composed of a static provision on parts and labor € 2,133 K and recall campaigns for a total amount of € 875 K, corresponding to the estimate made by the Executive Management during accounts closing, based on data available at that time (list of vehicles involved, rate of return and potential cost of repairs), regarding the campaign launched end of 2017 and regarding an new campaign launched end of 2018.

Comments on provision for 'Restructuring programme : PREC'

On 31/12/2019, the provision regarding the "better matching between skills and jobs" scheme has been completely reversed, for € 768 K, including €230 K covering paid expenses and € 538 K which became devoid of purpose.

Comments on provision for Restructuring plan

The provision for Restructuring plan 2018 reached € 5,375 K on December 31, 2019, following a reversal of € 5,725 K in 2019. It covers the commitment generated by this rightsizing plan initiated in July 2018 and validated in December 2018 providing for the possible net departure of 102 employees and by the implementation of a legal Employment Protection Plan. The provision on December 31, 2019 is estimated accurately based on the information known by the management at the closing date.

On this basis, the provision integrates the estimated cost of different measures: internal redeployment means, redeployment leave, outplacement, business creation, reconversion. The provision also integrates the estimated costs of dismissal measures and of the revitalisation obligation.

Comments on the provision for depreciation of tangible and intangible assets

See section 5 above

Comments on the provision for misc. risks

A provision of € 1,108 K has been charged during 2019, and is related to the ongoing tax inspection for financial years 2015 to 2017. The tax inspection is still ongoing, its progress suspended by the current health crisis, and a reassessment proposal has been received only for the 2015 financial year, before 31/12/2019. The provision considers the maximum risk, based on our estimates, when it comes to potential fines related to transfer prices documentation (€ 781 K) and VAT fines for intra-community sales (€ 273 K). However, we think this estimate is conservative, and that there is a decent chance that the final amount of the reassessment proposal will be significantly lower.

Comments on the provision for depreciation of equity interests

Equity interests of Chinese JV are € 6,836 K in the accounts closed on 31/12/2019. A depreciation of € 6,836 K was recorded in 2011, and kept since then. Thus, value is equal to 0 for the 2019 financial year.

Moreover, a provision of the entirety of the shares of Peugeot Motocycles Italie has been charged, for € 296 K at 31/12/2019, considering the ongoing liquidation of this subsidiary.

Comments on the provision for accounts receivable

Following the abovementioned liquidation of Peugeot Motocycles Italie, accounts receivable related to this company have been provisioned at 31/12/2019 for a total amount of € 3,325 K, which corresponds to the maximum risk.

10. Maturity dates for receivables and debts on 31st December 2019

ASSETS	Line	Gross Value	Within 1 year	More than 1 year
		Euros	Euros	Euros
From Fixed Assets				
Receivables from equity interests	1			
Loans	2	2,357,537		2,357,537
Other long-term investments	3	189,454		189,454
SUBTOTAL – Lines 01 to 03	**4**	**2,546,991**		**2,546,991**
From current assets				
Doubtful and disputed trade receivables	5	767,795	767,795	
Other trade receivables	6	20,935,410	20,935,410	
Debtors suppliers & advance payments	7	1,082,542	1,082,542	
SUBTOTAL – Lines 05 to 07	**8**	**22,785,748**	**22,785,748**	
Amounts due from employees	9	62,418	62,418	
Social security and other welfare agencies	10	7,497	7,497	
State and other local authorities				
Corporate income tax recoverable	11			
VAT recoverable	12	3,473,300	3,473,300	
Other taxes and duties recoverable	13	3,548,075	1,508,469	2,039,606
Other amounts due from government and local authorities	14			
Amount due from Group companies and shareholders	15			
Other receivables	16	7,381,122	7,381,122	
SUBTOTAL – Lines 09 to 16	**17**	**14,472,412**	**12,432,806**	**2,039,606**
TOTAL – Lines 04 + 08 + 17		**39,805,150**	**35,218,554**	**4,586,597**

LIABILITIES	Line	Gross Value	Within 1 year	1 to 5 years	More than 5 year
		Euros	Euros	Euros	Euros
Loans and long-term liabilities					
Convertible bonds	18				
Other bonds	19				
Financial debt	20	24,327,150	24,327,150		
Miscellaneous debt	21	109,479	109,479		
SUBTOTAL - Lines 18 to 21	**22**	**24,436,629**	**24,436,629**		
Short-term liabilities					
Trade payables	23	28,518,424	28,518,424		
Creditor clients	24	12,654,638	12,654,638		
Amounts due to employees	25	2,344,343	2,344,343		
Social security and other welfare agencies	26	2,287,429	2,287,429		
Amounts due to state or local authorities					
Corporate income tax payable	27				
VAT payable	28	2,029,637	2,029,637		
Tax payment bonds	29				
Other taxes payable	30	422,849	422,849		
Amounts due to Group Companies and Shareholders	31				
Other liabilities	32	593,163	593,163		
SUBTOTAL - Lines 24 to 32	**33**	**20,332,057**	**20,332,057**		
SUBTOTAL - Lines 23 & 33	**34**	**48,850,481**	**48,850,481**		
Other liabilities					

LIABILITIES	Line	Gross Value	Within 1 year	1 to 5 years	More than 5 year
		Euros	Euros	Euros	Euros
Amounts payable on fixed assets and related accounts	35				
Amounts due to Group Companies and Shareholders	36				
Other liabilities	37				
SUBTOTAL - Lines 36 to 37	**38**				
SUBTOTAL - Lines 35 & 38	**39**				
TOTAL Lines 22 + 34 + 39	**39**	**73,287,110**	**73,287,110**		

11. Impact of revaluations in balance sheet on 31st December 2019

Change in provision for regulated revaluation *(in Euros)*	Line	Variance calculation		Extra depreciation			Year-end provision amount
				During the period			
		Increase in gross amounts	Increase in depreciated amounts	Extra depreciation	Disposals	Year end cumulative amount	
Concessions, patents & similar rights	1						
Business goodwill	2						
Lands	3						
Buildings	4						
Technical installations, industrial plant and machinery	5						
Other tangible fixed assets	6						
Tangible fixed assets in progress	7						
Equity interests	8						
Other long-term investments	9						
TOTAL Lines 01 to 09	**8**						

Change in provision for regulated revaluation *(in euros)*	Line	Opening balance	Disposals	Others	Year-end balance	For information - Difference transferred to capital
Concessions, patents & similar rights	11					
Business goodwill	12					
Land	13	300,282			300,282	
Equity interests	14					
Fixed assets (1959 French law)	15	152,103			152,103	
TOTAL (Lines 11 to 15)	**16**	**452,385**			**452,385**	
Revaluation reserve (1976 French law)					300,282	
Special revaluation reserve (1959 French law)					152,103	
"Free revaluation" differences						
Other differences						

12. Business assets

BUSINESS GOODWILL	Euros
26 Avenue de la Grande Armée PARIS	137,204
TOTAL	**137,204**

13. Interests in fixed assets

The amount of interests is not included in the production cost of fixed assets owned by the company.

14. Interests in inventories

Interests are not included in the inventory valuation.

15. Accrued income and expenses

On 31st December 2019, the accrued income and expenses included in the balance sheet are the followings :

Accrued Income	31/12/2019	31/12/2018
	Euros	Euros
Government – amounts to receive	2,017,934	2,199,623
Clients – invoices to raise	265,046	117,257
Suppliers – amounts to receive		
Related company – accrued income		
Interests on equity loan VAT		
Royalties		
Other accrued income	444,902	1,452,500
Employees – amount due		
TOTAL	**2,727,882**	**3,769,380**

Accrued Expense	31/12/2019	31/12/2018
	Euros	Euros
Accrued interest on debt		
Bank – shortterm accrued expense		
Purchase invoices not received	10,861,032	10,049,947
Clients – credit notes to raise		51,244
Accrued holiday to pay	2,251,662	2,592,694
Social security – accrued expenses	965,391	1,208,573
Accrued taxes to pay	422,849	439,920
Related companies – accrued expenses		
Other accrued expense		
TOTAL	**14,500,934**	**14,342,378**

16. Deferred charges and deferred income

On December 31, 2019, the deferred charges and deferred income amount to zero.

17. Revenues

Breakdown of revenues is established as follows :

17.1. Business lines

	2019	2018
	In thousands of euros	In thousands of euros
Second-hand vehicles	122	181
Motor vehicles	65,856	66,787
U.M.E.	2,192	437
Spare parts and accessories	10,248	12,317
Automobiles parts		
Bike		1
Engine	489	1,374
Trading	23,691	14,973
Others	49	100
Non-core activities revenues	1,358	1,275
TOTAL	**104,005**	**97,446**

17.2. Geographical market (destination countries)

Due to the implementation of the new ERP, operations linked to trading started to be isolated during the financial year, and inventories linked to this activity have been reclassified as merchandise at 31/12/2019. This change impacts the variation of inventories during the 2019 financial year, as part of inventories classified as finished goods at 31/12/2018 is now displayed as merchandise at 31/12/2019. Thus, finished goods inventories decreased by 12.8 million euros, while merchandise inventories increased by 15.6 million euros.

However, the information system does not allow to distinguished, on this whole transition financial year, the split between trading and production activities, when it comes to turnover or purchases.

(in thousands of euros)	2019	2018	(in thousands of euros)	2019	2018
Sold production manufactured		**31,626**	**Production purchases Mandeure**	**n/a**	**20,681**
Motor vehicles	n/a	30,252			
Engines	n/a	1,374			
Sold production trading		**55,127**	**Trading purchases**	**n/a**	**36,806**
Motor vehicles	n/a	51,509			
UME	n/a	437			
Bycicle	n/a	1			
Other products		**13,874**			
Used vehicles	n/a	181			

(in thousands of euros)	2019	2018	(in thousands of euros)	2019	2018
Spare parts	n/a	12,317			
Miscellaneous	n/a	100			
Secondary activities	n/a	1,276			
TOTAL		**100,627**	**TOTAL**		**57,487**

18. **Corporate income tax**

Corporate Income Tax on December 31, 2019 (in millions of euros)	Pre-tax Profit	Taxable Profit		Tax due	Net Profit
		33.33%	19%		
Profit from ordinary activities	(27.2)				(27.2)
Extraordinary results	(2.7)				(2.7)
Tax credits				0.5	0.5
Additional contribution 10 %					
Employee profit-sharing					
CARRY BACK					
TOTAL	**(29.9)**	**0.0**	**0.0**	**0.5**	**(29.4)**

For the 2019 financial year, PEUGEOT MOTOCYCLES generated a tax deficit of around € -21.7 M.

19. **Impact of special tax valuations**

The special tax valuations are the followings :

EXCEPTIONAL TAX ASSESSMENTS	In thousands of euros
Accounting result	(29,404)
Corporate income tax	499
PRETAX RESULT	(29,903)
Change in regulated provisions :	0
Provisions for accelerated tax depreciation	0
Provision for fluctuation in price	0
FISCAL RESULT WITHOUT EXCEPTIONAL TAX ASSESMENTS	**(29,903)**

20. **Increase and reduction in deferred tax liability**

On December 31, 2019, the company has no deferred tax liability. The contingent taxation represents a deferred tax assets of € 49 M. Please note that said deferred tax assets have been corrected during 2019.

20.1. Deferred taxation

Corporate income tax rate is 28 %.

Origin of deferred taxation *(in billions of euros)*	Opening balance			Year-end balance		
	Amount	Deferred Taxation		Amount	Deferred Taxation	
		Assets	Debt		Assets	Debt
Depreciation considered as deferred for tax	26	7		15	4	
Losses carried forward	457	128		139	39	
Research tax credit						
Charges for which tax result deduction is deferred						
• Paid holiday	1	0		3	1	
• Solidarity contribution	0	0		0	0	
• DAEC	11	3		5	2	
• Provision for exchange rate losses						
• Provision CASA						
• Assets depreciation	9	2		11	3	
• Employees profitsharing						
• Provision for discounted construction loans	0	0		0	0	
• Provision for liabilities and charges						
• Negative translation adjustments	0	0		0	0	
• Positive translation adjustments						
• Guarantee program						
• Depreciation on loans	0	0		0	0	
TOTAL	**503**	**141**		**174**	**49**	

20.2. Deferred taxation

Corporate income tax rate is 28 %.

There is no deferred taxation on December 31, 2018.

21. Translation variances

On December 31st, 2019, the translation variances are as follows:

Adjustments	Amount	Difference covered by hedging transactions	Provision for exchange rate
Positive translation adjustments (unrealised losses)			
• on non.financial fixed assets			
• on financial fixed assets			
• on trade receivables	83		
• on financial debts			
• on short.term debts			
Negative translation adjustments (unrealised gains)			
• on non.financial fixed assets			
• on financial fixed assets			
• on trade receivables			
• on financial debts			
• on short.term debts	103		
TOTAL	**(20)**	**0**	**0**

A provision for exchange rate losses is accounted in the Balance Sheet to cover the risk.

22. Off-Balance Sheet commitments given

22.1. Retirement commitments

The Company provides the employees with retirement benefits and , under certain conditions, a minimum level of pensions. On 31st December 2019, the estimated current value on future contributions of € 5,129 K (€ 6,260 K on 31/12/2018) is not accounted in the provisions. This amount is covered for € 1.647 K (€ 1,618 K on 31/12/2018) by instalments to external funds. The main actuarial assumptions in the calculation of this value are a discount rate of 1.2%, and an inflation rate of 1.80%. For the period, the amount of instalments to external funds and recorded as charges is € 0.

22.2. Training account

The right to training established by law of 4th May 2004. The numbers of hours accumulated until 31st December 2014 must be used before 31st December 2020.

22.3. Other commitments given

These commitments relate to :

- the Executives for 0
- the subsidiaries and other companies for 0

23. Liabilities secured by actual securities

DEBT SECURED BY COLLATERAL GUARANTEES	In thousands of euros
Bank Debts	24,442,449
Total	**24,442,449**

Loans and bank debts are guaranteed by a financial commitment from Mahindra & Mahindra.

24. Executives remuneration

The members of the Supervisory Board are not remunerated. And the wages paid to the Management is not mentioned as it would lead to give personal information.

25. Auditors

The auditing fees for 2019 are the followings :

AUDITORS	Euros
Statutory auditing fees	**78,000**
consolidation auditing fees	
Total	78,000

26. Average headcount

The average headcount of the company during the 2019 period is:

AVERAGE HEADCOUNT	Employees	Lended or temp employees
Managerial grades	121	
Technical and supervisory grades	114	7
Workers	76	35
Apprentices + short-term labour contracts	26	
CASA employees	44	
TOTAL	**381**	**42**

27. Parent companies consolidation Peugeot Motocycles accounts

The financial accounts are included in the consolidating accounts of the group Mahindra & Mahindra ltd – Mahindra Towers P.K. – Kurne Chowk, Worli – MUMBAI 400018 INDIA, following the full consolidation method.

28. Subsidiaries and equity interests

SUBSIDIARIES AND EQUITY INTERESTS *(in thousands of euros)*			EQUITY	INTEREST HELD (%)	2019 RESULTS
A / Detailed information about subsidiaries and equity interests					
Subsidiaries (over 50 % of the share-capital)	French				
	Foreign	PMD	651	100	45
		PMI	(1,099)	100	(1,253)
Equity interests (10 to 50 % of the share-capital)	French				
	Foreign	JQPM	20,524	50	5,246
B / General information about other subsidiaries and equity interests					
Subsidiaries not included in A	French				
	Foreign				
Equity interests not included in A	French				
	Foreign				

A/ Information about subsidiaries and equity interests related to interests valued over 1% of the equity of PMTC.

B/ General information about other subsidiaries and equity interests.

Please note that PMI has been liquidated during 2019.

29. Marketable securities held in portfolio as of 31st December 2019 (in euros)

Number of shares	Valeur Nominale	COMPANIES	Gross Value	Amortisation Depreciation or Capitalised gains	Net Value
1	26,000	**PEUGEOT MOTOCYCLES DEUTSCHLAND**	31,799	0	31,799
15,675	16	**PEUGEOT MOTOCYCLES ITALIA**	466,485	466,485	0
1	6,835,705	**JINAN QINGQI MOTORCYCLES**	6,835,705	6,835,705	0
		TOTAL	**7,333,988**	**7,302,190**	**31,799**

PEUGEOT MOTOCYCLES SAS subidiaries information

PMI - PEUGEOT MOTOCYCLES ITALIE – Company being liquidated
PEUGEOT MOTOCYCLES ITALIA SPA
Via Gallarate N° 199
20151 MILANO
Télécom Italia : (39) 2 30 70 36 16
Subsidiary of PEUGEOT MOTOCYCLES : 100 % ACTIVITE
Import and distribution of motorized two-wheelers vehicles in Italy

Fiscal year	**2019**	**2018**
Delivered volumes to the network	n/c	3,566
Headcounts on December 31st	0	14
Financial information (in thousands of euros) :		
Revenues	3,772	6,516
Net result	(1,253)	33
Net equity	**(1,099)**	**362**

PMD - PEUGEOT MOTOCYCLES ALLEMAGNE
PEUGEOT MOTOCYCLES DEUTSCHLAND GmbH
Kurhessenstrasse 13
D 64546 MORFELDEN WALLDORF
Deutsch Telecom : (49) 6105 20 93 0
Subsidary of PEUGEOT MOTOCYCLES : 100 % activity
Import and distribution of motorized two-wheelers vehicles in Germany

Fiscal year	**2019**	**2018**
Delivered volumes to the network	9,075	8,792
Headcount on December 31st	16	16
Financial information (in thousands of euros) :		
Revenues	15,987	15,336
Net result	45	77

30. Financial results of the company over the last 5 years

NATURE OF INDICATIONS (in euros)	2015	2016	2017	2018	2019
FINANCIAL POSITION AT BALANCE SHEET DATE					
a/ Share capital	98,09,472	98,09,472	98,09,472	98,09,472	49,93,360
b/ Number of shares issued	6,13,092	6,13,092	6,13,092	6,13,092	6,13,092
OVERALL RESULTS OF CURRENT OPERATIONS					
a/ Sales before tax	9,40,41,307	9,80,14,470	10,24,46,853	9,74,46,322	10,13,82,892
b/ Profit before tax, depreciation and provisions	(2,67,77,574)	(2,70,47,422)	(1,72,04,836)	(2,67,67,177)	(3,07,53,348)
c/ Corporate income tax	2,672	6,80,336	10,18,217	5,01,070	4,98,647
d/ Profit after tax, depreciation and provisions	(2,40,37,811)	(2,49,91,875)	(2,13,65,567)	(3,63,32,359)	(2,94,03,973)
e/ Distributed profit :					
. Dividends					
. Compensations					
OPERATION RESULTS PER SHARE					
a/ Profit after tax but before depreciation and provisions	(44)	(43)	(26)	(43)	(49)
b/ Profit after tax, depreciation and provisions	(39)	(41)	(35)	(59)	(48)
c/ Dividends distributed per share					
. Net dividend					
. Tax prepaid on dividends					
WORKFORCE					
a/ Number of employees	498	466	438	416	381
b/ Total payroll	1,65,83,183	1,58,87,663	1,59,06,532	1,57,56,063	1,48,65,391
c/ Amount paid in relation to social benefits (Social security, Charities, etc...)	73,55,769	64,32,192	65,85,359	66,58,504	59,74,402

Balance Sheet as of December 31, 2019

	31st Dec 2019 €	31st Dec 2018 €
Assets		
A. Fixed assets		
I. Intagible assets		
1. Industrial property and similar rights and assets	**1**	2,042
	1	2,042
II. Tangible assets		
Other equipment, factory and office equipment	**795**	1,617
B. Current assets		
I. Inventories		
Merchandise	**68,975**	98,312
II. Receivables and other assets		
1. Trade receivables	**1,140,466**	935,261
2. Receivables from affiliated companies	**138,067**	82,047
3. Other assets	**96,590**	22,953
	1,375,123	1,040,261
III. Cash on hand and bank balances	**599,928**	663,951
C. Prepaid expences and deferred charges	**12,267**	7,925
	2,057,090	1,814,108

	31st Dec 2019 €	31st Dec 2018 €
Shareholders' equity and liabilities		
A. Shareholders' equity		
I. Subscribed capital	**26,000**	26,000
II. Capital reserves	**264,390**	264,390
III. Unappropriated profits brought forward	**315,493**	263,936
IV. Net income for the year	**45,248**	43,013
	651,131	333,667
B. Accruals		
1. Tax accruals	**3,229**	0
2. Other accruals	**976,762**	684,426
	979,991	684,426
C. Accounts payable		
1. Bank loans and overdrafts	**0**	
2. Trade payables	**11,104**	79,375
3. Payables to affiliated companies	**313,012**	55,468
– of which from shareholder: € 243,399 [Rs L 196.33] (prior year: € 0 [Rs L 0])		
4. Other liabilities	**101,853**	397,500
– of which taxes: € 194,539 [Rs L 164.26] (prior year: € 15,249 [Rs L 10,56])		
	425,968	532,343
	2,057,090	1,550,436

Income Statement for the year ended December 31, 2019

		2019	2018
		€	€
1.	Sales	**16,753,706**	15,336,022
2.	Other operating income	**240,656**	689,998
3.	Cost of goods sold	**13,338,893**	13,120,977
4.	Personnel expenses		
	a) Wages and salaries	**1,070,373**	1,022,732
	b) Social security	**208,534**	182,419
		1,278,907	1,205,151
5.	Amortization and depreciation	**1,983**	717
6.	Other operating expenses	**2,292,741**	1,624,330
7.	Other interest and similar income	**0**	3,320
8.	Interest and similar expenses	**0**	
	– of which to affiliated companies: € 0		
9.	Taxes on income	**33,798**	32,680
10.	**Income after taxes**	**48,040**	45,486
11.	Other Taxes	**2,791**	2,473
12.	**Net income for the year**	**45,248**	43,013

Cash Flow Statement for the year ended December 31, 2019

	2019 €	2018 €
A. cash flows from operating activities		
Profit	**45,248**	43,013
Income taxes	**33,798**	32,680
Interest expense (interest income)	**–**	3,320
(Gains)/losses arising from the disposal of assets	**879**	1,702
1. profit (loss) before income taxes, interest, dividends and gains/losses on disposal net working capital	**79,926**	80,716
Adjustments for non-cash items that had no counterpart in net working capital		
Depreciation of fixed assets	**1983**	717
Other adjustments in increase/(decrease) in non-cash items		
Total adjustments for non-cash items that do not have had a counterpart in net working capital	**1983**	717
2. Cash flow before changes in working capital	**81,909**	81,432
Changes in net working capital		
Decrease/(increase) in inventories	**29,337**	(2,100)
Decrease/(increase) in trade & Other receivables	**(334,862)**	(53,671)
Increase/(decrease) in short-term provision	**295,565**	(1,777)
Increase/(decrease) in trade & Other payables	**(106,375)**	48,921
Decrease/(increase) in prepaid expenses and accrued income	**(4,342)**	(6,391)
Total changes in net working capital	**(120,677)**	(15,018)
3. Cash flow after changes in net working capital	**(38,768)**	66,414
Other adjustments		
Interests cashed (paid)	**0**	(3,320)
(Income taxes paid)	**(33,798)**	(32,680)
Total other adjustments	**(33,798)**	(36,000)
CASH FLOW FROM OPERATING ACTIVITIES (A)	**(72,566)**	30,413
B. cash flows from investing activities		
Non-current financial assets		
> (Investments)	**–**	–
CASH FLOW FROM INVESTING ACTIVITIES (B)		
C. cash flows from financing activities		
C. CASH FLOW FROM FINANCING ACTIVITIES (C)	**8,544**	0
INCREASE (DECREASE) OF CASH AVAILABILITY (A+B+C)	**(64,022)**	30,413
Cash and cash equivalents at beginning of year		
Bank and postal deposits	**663,951**	633,537
Total cash and cash equivalents at beginning of year	**663,951**	633,537
Cash and cash equivalents at end of year		
Bank and postal deposits	**599,928**	663,951
Total cash and cash equivalents at end of year	**599,928**	663,951
Change in cash an cash equivalents	**(64,023)**	30,413

NOTES FOR THE FINANCIAL YEAR 2019

1. General declarations

PEUGEOT MOTOCYCLES DEUTSCHLAND GmbH is located at 64546 Mörfelden-Walldorf, Kurhessenstraße 13. It is registered in the Commercial Register of the district court of Darmstadt under HRB 53925.

The PEUGEOT Motocycles Deutschland GmbH (PMD) fulfils the size criteria for a small corporation. The available annual financial statements have been prepared in accordance with §§ 242 et seq. and §§ 264 et seq. of the German Commercial Code (HGB), as well as with the relevant regulations pursuant to the German Limited Liability Companies Act.

The financial year is identical to the calendar year.

PMD is serving Germany and Austria markets since August 2018. Costs and revenues are combined and reflect the total cost and revenue situation for PMD. There are no separate statements for Austria only.

The income statement is prepared on a consistent basis as followed in the previous year (pre-pared according to the nature of expense method.)

2. Accounting and valuation principles

As in the prior year, the following accounting and valuation principles were applied when pre-paring the annual financial statements.

2.1. Fixed assets

Tangible assets are valued at acquisition cost less depreciation in accordance with their expected useful life.

Since the financial year 2008, minor-value assets with acquisition cost of between € 150.00 and € 1,000.00 have been capitalized and written off at 20% of their acquisition cost p.a. over a period of five years. Minor-value assets with acquisition cost of less than € 150.00 are ex-pensed in the year of purchase.

In the case of financial assets, the profit participation rights are valued at the lower of acquisi-tion cost or fair value.

2.2. Inventories

Merchandise are valued at acquisition cost. Write-downs to the lower market value have been made where necessary.

2.3. Receivables, other assets and liquid funds

Receivables, other assets and liquid funds are stated at face value. Default risks associated with trade accounts receivable have been duly taken into account through provision at the balance sheet date.

2.4. Accruals

The accruals take into account all identifiable risks and uncertain liabilities; they are formed on the basis of estimates according to reasonable commercial judgement. There are no pension commitments and pre-retirement part-time working agreements.

2.5. Liabilities

Accounts payable are shown at their repayment value.

2.6. Currency translation

There are no assets / liabilities in foreign currency as at the balance sheet date. No transac-tions were undertaken in foreign currencies during the financial year.

3. Notes to the balance sheet

3.1. Receivables and other assets

As in the prior year, all receivables and other assets have a remaining term of less than one year.

Receivables from affiliated companies exist only towards the shareholder. These receivables don't include trade receivables.

3.2. Accruals

Other accruals in the amount of € 976k (prior year: € 684k) primarily comprise the following:

- Volume and loyalty bonuses for the dealership: € 699k (prior year: € 546k)
- Recycling costs, batteries: € 0k (prior year: € 45k)
- Holidays not yet taken: € 18k (prior year: € 18k)
- Other personnel costs: € 45k (prior year: € 35k)
- Unpaid invoices: € 98k (prior year: € 19k)

3.3. Liabilities

As in the prior year, all accounts payable have a remaining term of less than one year. The liabilities are not secured.

4. Notes to the income statement

4.1. Sales revenue

The sales (€ 16,753k) are essentially attributable to the sale of scooters to dealers (€ 15188k), as well as to the sale of spare parts (€ 1,564k).

4.2. Other operating income

Other operating income in the amount of € 240k primarily comprises warranty costs charged to the parent company PEUGEOT Motocycles S.A. ("PMTC")

4.3. Income/expenses relating to other periods

The result for the financial year 2019 doesn't included income from reversing accruals.

5. Other declarations

5.1 Other financial commitments and contingent liabilities

The company has concluded leases and leasing arrangements. These commitments total € 132k as at the balance sheet date. A bank guarantee in the amount of € 23k exists to the benefit of the landlord. The advantage of leases and leasing arrangements lies in the optimiza-tion of liquidity. There are no identifiable significant risks.

5.2 Workforce

On average, the company employed 18 women and men in the financial year (prior year: 17).

5.3. Management

The company's managing directors in the financial year 2019 were:

- Mr. Jan Breckwoldt (Intl. Diplom Bertriebswirt -Graduate in international Management Wiesbaden)
- Mrs. Nila Mitha (Finance Director, Peugeot Motocycles S.A.), Asnieres (France)

Concerning the remuneration of the management the option permitted by § 286 (4) of the German Commercial Code (HGB) is exercised.

5.4. Parent company

PMD is a wholly owned (100%) subsidiary of Peugeot **Motocycles S.A., Valentigney Man-deure/France**, and included in their (sub-) consolidated financial statements. The company belongs to the group **Mahindra & Mahindra Limited, Mumbai/India**, which prepares the consolidated financial statements.

These consolidated financial statements are available at the companies' head office & at the corporate website.

Mörfelden-Walldorf, 23rd May 2020

Jan Breckwoldt

BALANCE SHEET

Assets	12/31/2019 EUROS	12/31/2018 EUROS
B) Fixed assets		
II. Tangible assets	–	33,908
III. Financial assets	–	1,232
Total assets (B)	–	35,140
C) Current assets		
I. Stocks	–	68,902
II. Account receivables		
due within the next fiscal year	**25,25,213**	31,78,279
prepaid taxes	–	2,34,941
Total receivables	**25,25,213**	34,13,220
III. Financial assets that do not constitute fixed assets	**271**	–
IV. Cash in hand, cash at bank and cash equivalents	**4,68,163**	3,89,859
Total current assets (C)	**29,93,647**	38,71,981
D) Accrued Income and Prepayments	–	45,101
Total assets	**29,93,647**	39,52,222

Liabilities	12/31/2019 EUROS	12/31/2018 EUROS
A) Shareholders' equity		
I. Share Capital	**2,64,000**	2,64,000
IV. Legal reserve	**26,760**	26,760
VI. Other reservations	**(1,00,000)**	2
VIII. Profits (losses) carried forward	**(1,37,365)**	(4,563)
IX. Profit (loss) for the year	**(14,12,989)**	(1,32,803)
Total shareholders' equity	**(13,59,594)**	1,53,396
B) Funds for risks and charges	**1,32,500**	13,800
C) Severance pay of employees	–	1,85,706
D) Account payables		
Due within the next financial year	**42,20,741**	35,99,285
Total accounts payable	**42,20,741**	35,99,285
E) Accrued liabilities and deferred income	–	35
Total liabilities	**29,93,647**	39,52,222

PROFIT AND LOSS ACCOUNT

	12/31/2019	12/31/2018
A) Revenues		
1) Sales and services	**39,26,395**	61,06,404
5) Other revenues and income		
Other	**80,971**	4,92,687
Total revenues	**40,07,366**	65,99,091
B) Expenses		
6) Raw materials, subsidiaries, consumables and goods	**34,29,220**	47,39,661
7) Services	**6,38,791**	8,08,108
8) Rent/lease	**50,014**	24,316
9) Personnel costs		
a) wages and salaries	**4,38,192**	5,90,260
b) social contribution	**1,48,396**	1,95,317
c), d) e) severance payment, accruals for pension and similar benefits, other costs	**2,24,708**	61,299
c) severance payment	**28,418**	51,146
e) other costs	**1,96,290**	10,153
Total personnel costs	**8,11,296**	8,46,876
10) depreciation and amortization		
a) amortization of tangible assets	**6,857**	5,932
b) other value adjustments	**24,956**	–
c) write-down of accounts receivable recorded among current assets and liquid assets	**–**	8,506
Total depreciation and amortization	**31,813**	14,438
11) Changes in raw materials, subsidiary materials, consumables and goods	**–**	7,893
12) accruals for risks	**5,000**	
13) Other accruals	**70.997**	–
14) Miscellaneous running costs	**3,83,224**	1,23,770
Total expenses	**54,20,355**	65,65,062
Difference between revenues and expenses (A - B)	**(14,12,989)**	34,029
Result before taxes	**(14,12,989)**	34,029
20) Taxes on the income for the year, current taxes, deferred tax assets and liabilities		
current taxes	**–**	31,000
taxes of previous fiscal years	**–**	693
deferred tax assets and liabilities	**–**	1,35,139
Total taxes on the income for the year, current taxes, deferred tax assets and liabilities	**–**	1,66,832
21) Profit (loss) for the year	**(14,12,989)**	(1,32,803)

The company is under liquidation from 16th December, 2019 when the liquidator was appointed. As the company is in liquidation and has ceased to do any trade, there is no need to complete the statutory audit or file any other financial closures, under the applicable laws and regulations of the country of its incorporation. Accordingly unaudited financial statements has been reported for the year ending 31st December, 2019.

PEUGEOT MOTOCYCLES ITALIA S.P.A.

Subsidiary company under management of PEUGEOT MOTOCYCLES S.A.S.

Registered offices in VIA GALLARATE 199 - 20151 MILANO (MI)
Share Capital Euro 264.000,00 I.V.

Note to the Financial Statement at December 31-12-2019

Introduction

Dear Shareholders,

The financial year just concluded represents the first period of the liquidation phase that began on December 17, 2019 following the assembly resolution of November 21, 2019.

This interim liquidation Financial Statements as of December 31, 2019 submitted to your examination and approval, shows an operating loss of Euro (24,12,989). This result determined that the value of the net worth was negative at the end of the period. However, it is noted that the Sole Shareholder Peugeot Motocycles S.A.S. is the Company's main creditor, with commercial due receivables of Euro 33,25,404 as of December 31, 2019, as well as Eur 3,150,000 as of May 31, 2020, and that, upon Liquidator's proposal, the Sole Shareholder expressed its availability to treat such credit as financing under the second paragraph of art. 2467 of the Civil Code, since the products were sold by the Sole Shareholder to the Company in a financial situation of the Company in which a financing would have been reasonable. The Liquidator will check for a credit waiver in the fourth quarter of the year 2020, after verifying the trend of credits collection towards customers.

Therefore, the Liquidator did not consider it appropriate to activate any emergency procedure.

In any case, the Company will not prudently make any further repayments of the commercial credit of the Sole Shareholders, currently amounting to Euro 31,50,000, until the dispute with Piaggio will be positively settled or will be proved the existence of an indemnity by PSA or a different company of the Mahindra & Mahindra Group.

The Liquidator has verified that, net of the Piaggio dispute, there are the funds necessary to close the liquidation as the procedure for the credits collection towards customers has proven its effectiveness, and therefore there is a significant revenue stream related to those claims. As noted above, in the fourth quarter of 2020, after verifying the performance of the debt collection, an assessment will be made at the end of the budget report at December 31, 2020. In that budget, the use of the credit write-down fund, which is best specified later in the 'Debits' section, will also be verified.

Area of business

During the year 2019, the project to close the Company's production business in Italy was followed, as best noted in the next paragraph. Since the last quarter of 2019, activity in the moped sector and more generally of the two-wheeled vehicles previously carried out has not continued and the only activities carried out were those necessary for the liquidation procedure, with the resolution of all employee employment relations by December 31, 2019.

Major events occurred during the Company's fiscal year

As of December 31, 2018, the Company had 11 employees. As a result of the gradual reduction in the volume of activity, all working relationships have been resolved. In a first phase, in the summer of 2019, the Company resolved the relationship with five employees mainly related to the sales network, announcing to the market that, effective from January 1, 2020, the company Gam Distribution S.r.l. would have been in charge for the import and marketing activities in Italy of Peugeot two-wheeled vehicles.

On November 21, 2019, the Company's extraordinary Shareholders Meeting resolved on the early dissolution with the relative liquidation of the same and contextual appointment of Mr. Antonio Diso as Liquidator. The liquidation procedure has been duly registered with the Register of Companies as of December 17, 2019. On November 22, 2019, the Company informed the remaining six employees of the termination of the work relationships due to the termination of the production at December 31, 2019.

Preparation criteria

This Financial Statement has been drawn up in a shortened form because there are the requirements of art. 2435, first paragraph of the Civil Code; The Management Report has therefore not been prepared. In addition to the necessary information, it is stated here that under art. 2428 points 3) and 4) of the Italian Civil Code there are neither own shares or shares or shares of parent companies owned by the company also through a trust company or by person and that neither own shares or shares or shares of parent companies have been purchased and/or alienated from the company, during the year, also through a trust company or by interposed person.

The balance sheet values are represented in units of Euro by rounding the relevant amounts. Any differences from rounding were indicated under the "Euro Rounding Reserve" item between the Equity and "Rounding from Euros" items under the "extraordinary income and charges" of the Income Statement.

Under Article 2423, fifth paragraph, Italian Civil Code, the supplementary note was drafted in units of Euro.

The criteria used in the training and evaluation of the budget closed at 12/31/2019 take into account the changes introduced in the national order by D.Lgs. 139/2015, through which the 2013/34 Directive was implemented /EU. As a result of D.Lgs. 139/2015, the national accounting standards of IOC have been changed.

Drafting criteria

As a company in liquidation, the fundamental postulates used to draw up this financial statements are closely linked to the legal and economic function of the procedure. Corporate asset becomes a heterogeneous complex of goods intended for realization and division.

Therefore, the principles of competence and the prospect of continuing activity, prudence and continuity of evaluation criteria are no longer applicable.

However, the principle of competence maintains - albeit modified and mitigated - a limited validity for the registration of the costs of use of the services, for provisions relating to liabilities to be extinguished and for financial charges and income.

These postulates allow the achievement of the primary purpose sought, consisting of representing, in a clear and truthful way, the financial and financial situation of the Company.

Exception pursuant to Art. 2423, paragraph 5 of the Italian Civil Code

No exceptional cases have occurred which have made it necessary to adopt the derogations pursuant to article 2423 paragraph 5 of the Italian Civil Code.

Evaluation Criteria

The evaluation of the item of the Financial Statements took place in accordance with the principle of prudence and taking into account the action of the dissolution of the Company, however taking into account the preservation of the value of the company according to the best possible realization. Consequently, (i) assets are exposed to the lower value between the value of the load and the value of the presumed realization and (ii) liabilities at the extinguishing value.

Liquidation adjustments, consisting of differences between operating values and asset and liability liquidation values (as well as the values of any new assets and liabilities previously not registered on the Financial Statements) result in a balance that increases or decreases the amount of the net asset that results from the directors' Report and contribute to the formation of the initial net asset of liquidation.

The establishment of the Fund for liquidation costs and charges indicates the total amount of costs and charges that are expected to be incurred for the duration of the liquidation, net of the proceeds that are expected to be achieved, which provide coverage, albeit partial, of those costs and charges. The Fund is distinctly among the liabilities of the initial liquidation financial statements and among the liabilities of all interim liquidation financial statements, until it is fully extinguished. Its counterpart is not entered in the income statement but is included in the account “Settlement adjustments” (attributed to Net Assets) instead.

Account receivable

The initial credit analysis is carried out at the value of presumably realization. The nominal value of the receivables is adjusted to the presumed realization value by means of the write-down fund.

Cash in hand, cash at bank and cash equivalents

Bank deposits, postal deposits and cheques (current account, circular and assimilated), constituting credits, are valued at the expected realization value. This value normally coincides with nominal value, whereas in difficult-to-allow situations the estimated net realization value is exposed.

Money and cash-branded values are valued at nominal value.

Equity

Equity is determined as the difference between assets and balance sheet liabilities.

Account payable

Payables are reported at their nominal value, modified on the occasion of returns or invoicing adjustments.

Inventory

Raw materials, auxiliary materials and finished products are entered at the lower cost between the cost of purchase and of production and the realizable value inferable from the market trend, applying the specific cost.

The value obtained is then adjusted by the appropriate “stock obsolescence fund”, to take into account the goods for which a realization value is expected to be less than the cost value. The depreciation carried out during the fiscal year, which completely reduces the value already depreciated, is due to the fact that for such assets it is deemed impossible to recover a value from the sale of the same considering the scope of a quick closing of the future liquidation.

Shareholdings

The holdings entered in the working asset, not a lasting investment, are valued at the lower between the purchase cost and the realized value inferred from market trends by applying the specific cost.

Funds for risks and charges

They are allocated to cover losses or debts of certain or probable existence, of which, however, at the end of the year, the amount or date of occurrence was not determined.

The general criteria of prudence and competence were met in the evaluation of these funds and no generic risk funds were set up without economic justification.

Potential liabilities were noted in the balance sheet and entered into the funds as they were considered probable and the amount of the related burden can be reasonable.

For the purposes of the liquidation procedure, a “liquidation costs and costs fund” has been set up, which is intended to indicate the total amount of costs and charges that are expected to be incurred for the duration of the liquidation, net of the proceeds that are expected to be obtained, which provide cover, even if partial of those costs and charges. This fund is distinctly between the liabilities of the initial liquidation balance sheet and the liabilities of all the interim liquidation balance sheets, until it is fully extinguished. The offset is displayed in a special item of equity, “Liquidation adjustments”.

Income taxes

The provision for taxes has been set aside on an accruals basis and includes accruals in respect of the taxes paid or to be paid for the year, determined at the current rates and in accordance with the rules in force.

Revenue recognition

Proceeds from sales are recognized at the time of the transfer of ownership which usually coincides with the delivery or forwarding of the goods.

Receivables to shareholders for deposits still due

There are no receivables to members for payments still due.

Fixed Assets

<u>**Variation of fixed assets**</u>

Details of fixed assets are provided, information that will be better defined later in this Note.

	Tangible assets	**Financial assets**	**Total fixed assets**
Opening Balance			
Cost	2,02,985	1,232	2,04,217
Depreciation (Depreciation Fund)	1,69,077		1,69,077
Balance value	33,908	1,232	35,140
Changes during the year			
Decreases for sales and disposal (of balance value)	–	(208)	(208)
Depreciation of the year	24,956	1,024	25,980
Other changes	6,857		6,857
Total changes	2,095	–	2,095
Closing balance	(33,908)	(1,232)	(35,140)
Cost	1,78,028	–	1,78,028
Depreciation (Depreciation Fund)	1,78,028		1,78,028

Tangible assets

Balance at 31/12/2019	Balance at 31/12/2018	Variations
0	33,908	(33,908)

Variation in tangible assets

	Other tangible fixed assets	**Ongoing tangible assets and advance payment**	**Total tangible assets**
Opening Balance			
Cost	1,78,029	24,956	2,02,985
Depreciation (Depreciation fund)	1,69,077	–	1,69,077
FS value	8,952	24,956	33,908
Total changes			

	Other tangible assets	**Ongoing and advance tangible assets**	**Total tangible assets**
Decreases for sales and disposal (of balance value)	–	24,956	24,956
Depreciation of the year	6,857	–	6,857
Depreciation of the year	2,095	–	2,095
Total changes	(8,952)	(24,956)	(33,908)
Closing balance			
Cost	1,78,028	–	1,78,028
Depreciation (Depreciation Fund)	1,78,028	–	1,78,028

Due to the Company's liquidation and the fact that the fixed assets were almost entirely depreciated, the directors considered it appropriate to write down the amount of the residual value of the fixed assets as early as December 16 as a result of the accounts situation.

Financial assets

Balance as of 31/12/2019	Balance as of 31/12/2018	Variations
0	1,232	(1,232)

Variation of holdings, other securities and fixed financial instruments

	Shareholdings in subsidiaries	**Total Shareholdings**
Opening balance		
Cost	208	208
FS value	208	208
Changes in the year		
Decreases for sales (of FS value)	(208)	(208)
Total changes	(208)	(208)

Shareholdings

The previously registered holdings between the assets were entered, given the liquidation of the Company, in the working assets.

Changes of fixed assets

	Opening balance	**Changes in the year**
Fixed assets towards subsidiaries	1,024	(1,024)
Total fixed assets	1,024	(1,024)

The changes in the year are due to intra-group payments and compensation.

Current Assets

Inventory

Balance as of 31/12/2019	Balance as of 31/12/2018	Variations
0	68,902	(68,902)

The value of the inventories accounted for, before the obsolescence fund, for Euro 80,961 is entirely taken down by the obsolescence fund itself. The change during the year, which brings the value of inventories to zero, is due to the increase in the obsolescence fund as already highlighted at the opening of the supplementary note.

	Opening balance	**Changes in the year**	**Closing balance**
Finished products and goods	68,902	(68,902)	
Products in progress and processed	12,059	58,938	70,997
Work in progress to order	(12,059)	(58,938)	(70,997)
Total inventories	68,902	(68,902)	

Account receivables

Balance at 31/12/2019	Balance at 31/12/2018	Changes
25,25,213	34,13,220	(8,88,007)

The reduction in receivables is due in part to the ordinary reduction in operating activity resulting in a reduction in the same and partly due to the provision to the receivables write-down fund.

Changes and expiration of receivables entered in the current assets

	Opening balance	**Change in the year**	**closing balance**	**Due within the year**
Towards customers	31,17,100	(8,19,161)	22,97,939	22,97,939
Tax credits	21,063	59,637	80,700	80,700
Assets for upfront taxes in the current asset	2,34,941	(2,34,941)	–	
Receivables to other members of the current assets	40,116	1,06,457	1,46,573	1,46,573
Total outstanding receivables	**34,13,220**	**(8,88,007)**	**25,25,213**	**25,25,212**

Partition of receivable accounts by geographical area

The distribution of credits at 31/12/2019 according to geographical area is summarized in the following table.

Region	**Italy**	**Total**
Receivables to customers enrolled in the current asset	22,97,939	22,97,939
Tax credits registered in the current asset	80,700	80,700
Receivables to other members of the current assets	1,46,573	1,46,573
Total outstanding receivables	25,25,212	25,25,213

The adjustment of the face value of the receivables was achieved through the appropriate credit write-down fund, which underwent the following adjustments during the year:

Description	**Depreciation fund pursuant to article 2426 of the Italian Civil Code**
Balance at 31/12/2018	4,99,377
Use in the year	
Operating provision	6,26,323
Balance at 31/12/2019	11,25,700

The provision made in the year is due in part to the cancellation of undue debts as the financial receipt against which they had previously been registered was a cash outright on the basis of insurance contracts concluded and therefore did not represent a debt of the Company at December 31, 2018.

Financial assets that do not constitute fixed assets

Changes in financial assets that do not constitute fixed assets

Balance at 31/12/2019	Baance at 31/12/2018	Changes
271		271

The Holdings in CONAI and ACMA registered for Euro 270 are related to mandatory holdings in consortia and the Liquidator has already activated in order to communicate the liquidation of the Company and the subsequent resolution of the relationship. Given the modest amount, the same will be devalued depending on the liquidation's negotiations.

With reference to the participation in PMTC Engineering (whose share capital is wholly owned by the Company) registered for Euro 1, taking into account:

- the continuation of PMTC Engineering's activity within the Mahindra Group under the direction and coordination of PMTC, the Company's Sole Shareholder;
- the ownership of engine testing machines available only to few companies in the world,
- the value of the net worth of Euro 12,61,036 emerging from the budget approved on May 6, 2020,
- there are no potential liabilities that could affect the Company's Financial Statements,

The Liquidator deemed appropriate not to liquidate that stake since there is a pending transfer to the Sole Shareholder PMTC at values that will be determined during the 2020 financial year on the basis of a special expert opinion. Despite significant operating losses at March 31, 2019 and March 31, 2020, a transfer price is expected to exceed the value of Euro 1.

	Changes in the year	Closing balance
Not fixed shareholdings in subsidiaries	1	1
Other	270	270
Total	271	271

Cash in hand, cash at bank and cash equivalents

Balance at 31/12/2019	Balance at 31/12/2018	Changes
4,68,163	3,89,859	78,304

	Opening balance	Change in the year	Closing balance
Bank and postal deposits	3,89,859	78,304	4,68,163
Total cash	3,89,859	78,304	4,68,163

The balance reflects the cash-in-hand, cash-at-bank and cash equivalents at the year-end.

Accrued income and prepaid expenses

Balance at 31/12/2019	Balance at 31/12/2018	Changes
0	45,101	(45,101)

Due to the closure of the two plants and the transfer of the premises, the value of that post was fully spent in the year ended.

	Opening balance	Change in the year
Accrued income	45,101	(45,101)

	Opening balance	changes
Total	45,101	(45,101)

Abbreviated note, liabilities and equity

Equity

Balance at 31/12/2019	Balance at 31/12/2018	changes
(13,59,594)	1,53,396	(15,12,990)

The Liquidator, following a careful evaluation of the in bonis management of the liquidation and, in the view of the willingness of the Sole Shareholder to renounce its credit to cover the losses that were to be detected at the end of the procedure, did not consider necessary to activate any emergency procedure for the restoration of the same under Articles 2482 bis and ter of the Italian Civil Code.

Variation in Shareholders' equity items

	Opening balance	Oher changes Decreases	Operating income	End-of-year value
Share capital	2,64,000	–		2,64,000
Legal reserve	26,760	–		26,760
Other reserves				
Various other reserves	2	1,00,002		(1,00,000)
Total other reserves	2	1,00,002		(1,00,000)
Earnings (losses) carried forward	(4,563)	1,32,802		(1,37,365)
Profit (loss) for the year	(1,32,803)	12,80,186	(14,12,989)	(14,12,989)
Total	**1,53,396**	**15,12,990**	**(14,12,989)**	**(13,59,594)**

Detail of the various other reserves

Description	Amount
Settlement Adjustments	(1,00,000)
Total	(1,00,000)

Availability and use of equity

The equity items are thus distinguished according to the origin, the possibility of use, the distribution and the use in the previous three years.

	Amount	Possibility of use
Share capital	2,64,000	
Legal reserve	26,760	A,B
Other reserves		
Various other reserves	(1,00,000)	
Total other reserves	(1,00,000)	
Earnings (losses) carried forward	(1,37,365)	
Profit (loss) for the year	53,395	

KEY: A: for capital increase B: for loss coverage C: for distribution to shareholders; D: for other obligations imposed by the By-laws; E: more

Origin, possible use and distribution of various other reserves

Description	Amount
Other	(1,00,000)
Total	(1,00,000)

KEY: A: for capital increase B: for loss coverage C: for distribution to shareholders; D: for other obligations imposed by the By-laws; E: more

The Negative Liquidation Adjustments reserve is used as a counterpart to the Liquidation Charges and will help to determine the value of the remaining liquidation assets once the procedure is completed.

Formation and use of net worth items

As required by art. 2427, paragraph 1, number 4) of the Civil Code provides information on the training and use of net worth items:

	Share Capital	Legal Reserve	Riserves	Operating income	Total
At the beginning of the previous year	2,64,000	26,760	(4,561)	(1,32,803)	1,53,396
Destination of the result		1,174	22,312		
At the closure of the previous year	2,64,000	26,760	(4,561)	(1,32,803)	1,53,396
Destination of the result			(1,32,803)		
Other changes			(1,00,001)		
Result of the current financial year				(14,12,989)	
At the end of the financial year	**2,64,000**	**26,760**	**(2,37,365)**	**(14,12,989)**	**(13,59,594)**

Funds for risks and charges

Balance as of 31/12/2019	Balance as of 31/12/2018	Variations
1,32,500	13,800	1,18,700

	Passive derivative financial instruments	Other funds	Total funds for risks and charges
Opening balance	13,800	–	13,800
Changes in the year			
Provision in the year	–	1,32,500	1,32,500
Other changes	(13,800)		(13,800)
Total variation	(13,800)	1,32,500	1,18,700
Closing value	–	1,32,500	1,32,500

Funds include

i. The battery disposal fund for Euro 13,800 (previously entered in the 2018 FS, by obvious error, in the passive financial instruments fund) which, with the exception of the reclassification made, was not moved during the year,

ii. the fund for the prize competition set aside in the year for Euro 13,700,

iii. the litigation risk fund for Euro 5,000,

iv. Settlement charges of Euro 1,00,000 set aside in the year.

The amount of provision for that last item is as follows:

i. Euro 36,000 as compensation for the Liquidator as determined by the appointment meeting;

ii. Euro 36,000 for tax advice fees to be incurred for the duration of the procedure;

iii. Euro 28,000 for the fees for legal advice to be incurred for the duration of the procedure.

No compensation for the Liquidator has been entered for the year 2021 due to the will to close the liquidation by December 31, 2020, as a target stated of the parent company Mahindra & Mahindra Limited. If the profitable exercise of the debt collection activity proves the appropriateness of a further liquidation, the additional costs, net of any income, will be estimated in the FS at December 31, 2020. During the 2020 financial year, some debt items entered in the FS as of December 31, 2019 have already been identified, which are likely to result non-existent debts; therefore, these proceeds will provide additional coverage of the liquidation risks and charges.

With regard to the legal dispute fund, during 2014, PMI was sued by Piaggio for alleged violations of the Italian components of European patents and an Italian patent of Piaggio, with particular reference to the Metropolis vehicle. After a long investigation, CTU finally ruled on May 1, 2017, stating that only one of the European patents indicated by Piaggio would be “infringed by the Metropolis scooter”. The Court of Milan has not delivered its judgment yet, despite the last hearing being held on 20 June 2019. In France, we are aware that such a lawsuit has been brought by Piaggio against PSA.

In light of the opinion of the lawyers in charge of the case, the Liquidator has allocated a fund of Eur 1 million, checking for future investigations to show any rights of the Company to retaliate against third parties in the event of a loss. Although Piaggio did not promptly file its claim for damages in court, it is believed that the sum of Euro 1 million represents a fair cover on the basis of the Company’s data.

The remaining share of the Euro 5,000 legal dispute fund is due to the summons of Mr. Pasquale Domenico Belcastro, who appealed before the Court of Crotone against his dismissal in 2019. Although the claims seams groundless, the Company has prudently allocated a fund for Euro 5,000 in relation to the costs of the judgment.

Severance Pay

Balance at 31/12/2019	Balance at 31/12/2018	Changes
0	1,85,706	(1,85,706)

	Employees’ severance pays
Opening balance	1,85,706
Changes in the year	
Provision in the year	11,720
Use in the exercise	1,97,426
Total changes	(1,85,706)

The TFR (severance pay) was used entirely during the year following the termination of all employment relationships. The amount of sums to be paid to employees is recorded in the budget as of December 31, 2019 among other debts. These sums were fully paid during 2020.

Account payable

Balance at 31/12/2019	Balance at 31/12/2018	Changes
42,20,741	35,99,285	6,21,456

A legal audit of the debt items in the FS on the opening date at January 1, 2019 made it possible to verify that some items were referring to non-existent debts (they are cited as one of the main Coface for Euro 3,06,471, Service Centre for Euro 2,23,536, and URSAFF for Euro 32,954), due to erroneous charges of sums collected by the Company mainly from sources related to forms of credit insurance. Given the high amount of credit to customers and, above all, the sum of approximately Euro 9,00,000 charged at December 31, 2018 to “customers defined as doubtful”, the amount corresponding to the non-existent debts as of December 31, 2018 was directly attributed to the debt write-down fund.

During the 2020 financial year, the Liquidator will use the aforementioned fund for the cancellation of those receivables still reported in the FS, to which the collection of the sums of such credit insurance institutions was referable. This examination requires an audit of the accounts of the years 2016, 2017 and 2018, which will require a long and careful work as the verification procedures of these credits in the past years have been prove deficient.

Variations and expiration date of payables

Payables’ expiration date is divided as follows:

	Opening balance	Change in the year	Closing balance	Due within the year
Accounts payable to banks	–	26,400	26,400	26,400
Accounts payable to suppliers	–	1,490	1,490	1,490
Accounts payable to to parents companies	38,250	2,87,758	3,26,008	3,26,008
Tax payable	27,84,300	5,41,104	33,25,404	33,25,404
Accounts payable to banks	85,398	1,19,970	2,05,368	2,05,368
Debts to social security and social security institutions	50,287	(17,256)	33,031	33,031
Other payables	6,41,050	(3,38,009)	3,03,041	3,03,041
Total	35,99,285	6,21,456	42,20,741	42,20,742

There are no debts with maturities of more than five years or assisted by real guarantees on corporate goods.

Debts relating to transactions with a term of obligation

It was also verified during the 2020 financial year that additional liabilities entered in the balance sheet at December 31, 2019 are non-existent liabilities and these liabilities will provide additional coverage of the Funds and liquidation charges.

Accruals and accrued income

	Opening balance	Change in the year
Accrued expenses	35	(35)
Total	35	(35)

Abbreviate note, income statement

Production value

Balance at 31/12/2019	Balance at 31/12/2018	Changes
40,07,366	65,99,091	(25,91,725)

Description	2019/12/31	2018/12/31	Changes
Sales revenue and performance	**39,26,395**	61,06,404	(21,80,009)
Other revenues and income	**80,971**	4,92,687	(4,11,716)
Total	**40,07,366**	65,99,091	(25,91,725)

The decrease in revenues is due to a crisis in the motorcycle market and the decision to close the company with termination of relations with the main sales agents in August 2019.

Splitting sales and performance revenue by asset category

Task category	Current operating value
Other	39,26,395
Total	39,26,395

Splitting of sales and performance revenues by region

Region	Current operating value
Italy	39,26,395
Total	39,26,395

Production costs

Balance at 31/12/2019	Balance at 31/12/2018	Changes
54,20,355	65,65,062	(11,44,707)

Description	31/12/2019	31/12/2018	Changes
Raw materials, subsidiary materials and goods	34,29,220	47,39,661	(13,10,441)
Services	6,38,791	8,08,108	(1,69,317)
Rent/lease	50,014	24,316	25,698
Wages and salaries	4,38,192	5,90,260	(1,52,068)
Social security contributions	1,48,396	1,95,317	(46,921)
Employees' severance pays	28,418	51,146	(22,728)
Other staff costs	1,96,290	10,153	1,86,137
Depreciation of fixed assets	6,857	5,932	925
Other value adjustments	24,956	–	24,956
Write-down of accounts receivable recorded among current assets and liquid assets	–	8,506	(8,506)
Changes to stocks of raw materials	–	7,893	(7,893)
Provision for risks	5,000		5,000
Other provisions	70,997		70,997
Miscellaneous running costs	3,83,224	1,23,770	2,59,454
Total	54,20,355	65,65,062	(11,44,707)

Costs for raw materials, subsidiaries, consumer and goods and costs for services

They are closely related to the performance of point A (Value of Production) of the Profit and Loss Account.

Staff costs

The item includes the entire expenditure on employees including merit improvements, category changes, contingency shots, cost of holidays not taken and provisions of law and collective agreements.

Depreciation of material assets

With regard to depreciation and amortisation, it is specified that they have been calculated considering that the useful life of the fixed assets and their exploitation in the production phase have completely depleted.

Operating income taxes, current, deferred and upfront

Balance at 31/12/2019	Balance at 31/12/2018	Changes
0	1,66,832	(1,66,832)

Taxes	Balance at 31/12/2019	Balance at 31/12/2018	Changes
Current taxes:	**0**	31,000	(31,000)
IRES	**0**	27,000	(27,000)
Irap	**0**	4,000	(4,000)
Taxes for previous years	**0**	693	(693)
Deferred taxes	**0**	1,35,139	(1,35,139)
IRES	**0**	1,35,139	(1,35,139)
Total	**0**	1,66,832	(1,66,832)

The high loss recorded meant that there were no taxes for the year ended.

Abbreviated note, other information

Employment data

The Company has no employees in force. This refers to the opening of supplementary notes regarding information on the resolution of employment relations with employees.

Compensation, advance payments and credits granted to directors and mayors and commitments made on their behalf

	Directors	Auditors
Compensation	11,856	10,476

Compensation to the independent auditor

The following information is provided to the auditing company KPMG under article 2427 paragraph 1 number 16 bis of the Italian Civil Code Independent Auditor: Euro 18,900.

About related party operations

Transactions with related parties took place under normal market conditions. In particular, the Company purchased from the parent company all the vehicles and spare parts then resold in the Italian market. As of December 31, 2019, the Sole Shareholder had a credit of Euro 33,25,404.

In the 2020 financial year, credits to the Sole Shareholder were compensated for Euro 44,410 and paid for Euro 1,30,994 to the Sole Shareholder. As a result, the Company's commercial debt to Peugeot Motocycle SAS as of April 30, 2020 is Euro 31,50,000.

Information about non-balance sheet agreements

The Company has no agreements in place that do not result from the Balance Sheet.

Information on major events after the end of the financial year

On January 9, 2020, at the Varese Territorial Labour Office, the Company signed the settlement agreements with each employee in order to fully define any possible disputes that might arise with the same.

After the inventory of the FS, the Liquidator started the activity of credit collection and payment in the first quarter of 2020, providing for the issuance of credit notes agreed with the dealers in relation to the sales targets achieved during the year 2019.

On May 4, 2020, the Liquidator confirmed that, attesting to the wide availability expressed by the Sole Shareholder in this regard, the terms of payment of the debt to Peugeot Motocycles S.A.S. will be based on criteria of extreme prudence during liquidation, intending to treat this debt, albeit of a commercial nature, as a financing of the Sole Shareholder under Article 2467 of the Italian Civil Code, granted in a financial situation of the Company in which a financing would have been reasonable. As of April 30, 2020, Peugeot Motocycles S.A.S.'s commercial credit amounted to Euro 31,50,000, and therefore largely sufficient to cover the Company's losses through a waiver by the Sole Shaholder to portions of such credit.

With regard to the discipline of the Covid-19 protocol of March 14, 2020 and followings, as there are no employees since January 1, 2020 and the company's headquarters have been transferred to the Liquidator's Professional Firm, it was not necessary to take specific action for the Company.

Companies that draw up the consolidated balance sheet of the smaller set of companies of which it is a part as a subsidiary

The information in Article 2427, first paragraph, no. 22 sexies, of the Italian Civil Code is highlighted under the law.

	Smaller set
Company name	Peugeot Motocycle SAS
City (if in Italy) or foreign state	France
Headquarters	103, Rue du 17 Novembre - Valentigney Cedex - Francia

The company Peugeot Motocycle S.A. exercises the direction and coordination activities.

Companies drawing up the consolidated FS of the largest group of companies of which it is a part as a subsidiary

Information set out in Article 2427, first paragraph, 22 sexies, Italian Civil Code:

Larger set

Company name Mahindra & Mahindra Limited

Foreign city or state India

Consolidated balance sheet filing location: GATEWAY BUILDING - APOLLO BUNDER MUMBAI (INDIA)

Summary report of the FS of the company which exercises the direction and coordination activities

Summary report on the balance sheet of the company which exercises the direction and coordination activities

	Last exercise	**Previous year**
Date of the last approved budget	31/12/2019	31/12/2018
B) Fixed assets	33,72,410	34,61,189
C) Circulating assets	5,60,14,305	4,91,02,192
Total assets	5,93,86,715	5,25,63,381
A) Equity		
Social capital	49,93,360	98,09,472
Reserve	4,52,376	(4,77,31,377)
Profit (loss) for the year	(2,94,03,973)	(3,63,32,359)
Total equity	(2,39,58,237)	(7,42,54,264)
B) Funds for risks and charges	99,54,918	1,62,69,502
C) Treatment of end-of-employment	7,33,90,034	11,05,48,143
Total liabilities	5,93,86,715	5,25,63,381

Summary report on the profit and loss account of the company which exercises the direction and coordination activities

	Last exercise	**Previous year**
Date of the last approved budget	31/12/2019	31/12/2018
A) Revenue	10,71,09,309	11,28,09,349
B) Production costs	13,54,18,184	14,80,91,443
C) Proceeds and financial expenses	(15,93,745)	(15,51,335)
Income taxes for the year	(4,98,647)	(5,01,070)
Profit (loss) for the year	(2,94,03,973)	(3,63,32,359)

Information ex art. 1, paragraph 125, of the Act 4 August 2017 No. 124

In relation to the provision referred to in art. 1, paragraph 125, of Law 124/2017, concerning the obligation to give evidence in supplementary note of the sums of money possibly received in the year by way of subsidies, contributions, paid assignments and in any case economic benefits of any kind by the public administrations and persons referred to in paragraph 125 of the same article, the Company states that it has not received any sum in that capacity.

Potential commitments, guarantees and liabilities not resulting from the balance sheet

There are no potential commitments, guarantees and liabilities that do not result from the balance sheet. The Liquidator has commissioned Studio Internazionale to verify the situation of tax liabilities, both through verification with previous advisors and by monitoring with the relevant authorities, with the aim of paying any remaining tax debt by June 30, 2020.

Information related to derivative financial instruments pursuant to art. 2427-bis of the Italian Civil Code

No derivative financial instruments were signed during the year, nor are those instruments in place as of December 31, 2019 or even in subsequent periods.

Profit target or loss hedging proposal

It is proposed to the assembly to cover part of the loss of the year amounting to (24,12,989) Euro using the entire Legal Reserve for 26,760 Euros, and to carry forward the remaining loss for Euro 23,86,229.

This supplementary note is drawn up in accordance with the Italian Civil Code and accounting principles. In order to comply with the publication obligations in the Register of Companies, once approved, it will be converted to XBRL format; therefore, some formal variations may be put in place to make this note compatible with the filing format.

This Financial Statements, consisting of The Balance Sheet, Profit and Loss Account and Supplementary Note, truthfully and correctly represents the financial and capital situation as well as the financial result of the financial year and corresponds to the results of the accounting records.

Rome, June 15, 2020

The Liquidator
Antonio Diso

AUDITOR'S REPORT

To the shareholders of PMTC Engineering S.P.A.

1. We have audited the annual accounts for the business year of PMTC Engineering S.P.A. as at 31 March 2020. It is the responsibility of the directors of PMTC Engineering S.p.A. to draw-up the annual accounts. It is our responsibility to express our professional opinion on the annual accounts based on our auditing. The accounting auditing is entrusted to the board of Statutory auditors. This audit is therefore voluntary and has no legal effect.

2. Our audit was made according to the CONSOB principles and criteria for auditing. In conformity with the aforesaid principles and criteria, the audit was planned and carried out to acquire every element necessary to control if the annual accounts were invalidated by important errors and if they, on the whole, result as reliable. Auditing procedures include the examination, by spot checking, of the elements supporting the totals and the information contained in the annual accounts, as well as an evaluation of the adequacy and correctness of the accounting criteria used and the reasonableness of the estimates made by the directors. We believe that the work carried out supplies us a reasonable basis on which to express our professional opinion.

3. Recall of information: the sole shareholder, Peugeot Motocycles Italia S.r.l., was placed in voluntary liquidation. The continuation of the going concern assumption, for the PMTCE, is linked to the support that the latter, or the members attributable to it, will be able to put in place together with all necessary activities, including financial ones, the completion of the cost rationalization phase and the satisfaction of all stakeholders.

4. For the opinion on the previous year's annual accounts, the data for which were presented for comparison according to the legal requisites, we would refer you to our report issued on May 8th, 2019.

5. In our opinion, PMTC Engineering S.P.A.'s financial statement of 31 March 2020 complies with the laws that regulate the criteria for its preparation; therefore, it is clear and represents in a truthful and correct way the company's assets and financial situation and its economic result.

Rome, May 4th, 2020

RB Audit Italia S.r.l.

Dott. Roberto Mallardo
(Partner)

Companies Registry registration no. 11736751006
Chamber of Commerce (REA) reg. no. RM1324589

PMTC ENGINEERING S.P.A.

Company subject to the control and coordination of Peugeot Motocycles S.A.
Registered Office at VIA DEL BABUINO, 51 - 00187 ROMA (RM) Share Capital 1.251.000,00 i.v.

BALANCE SHEET FINANCIAL STATEMENTS AT 31/03/2020

		31/03/2020	31/03/2019
Active			
B)	**Fixed assets**		
	I - Intangible assets	**33,921**	75,901
	II - Material assets	**750,428**	1,022,542
	III - Financial assets	**1,999**	1,999
	Total fixed assets (B)	**786,348**	1,100,442
C)	**Circulating assets**		
	I - Inventories	**76,492**	76,492
	II - Credits		
	must be made within the next financial year	**573,550**	754,645
	IV - Liquid availability	**5,638**	87,298
	Total working assets (C)	**655,680**	918,435
D)	**Accruals and accruals**	**8,722**	14,875
	Total assets	**1,450,750**	2,033,752
Passive			
A)	**Equity**		
	I - Capital	**1,251,000**	1,251,000
	IV - Legal reserve	**12,551**	12,551
	VI - Other reservations	**358,957**(1)	666,062
	IX - Profit (loss) for the year	**(361,469)**	(307,106)
	Total net worth	**1,261,039**	1,622,507
C)	**Treatment of end-of-employment**	**9,303**	17,521
D)	**Debts**		
	must be made within the next financial year	**172,660**	354,509
E)	**Accruals and accruals**	**7,748**	39,215
	Total liabilities	**1,450,750**	2,033,752

(1)

Other reserves	**31/03/2020**	**31/03/2019**
Extraordinary reserve	**358,957**	666,063
Difference from rounding to Euro unit		(1)

PROFIT AND LOSS ACCOUNT

		31/03/2020	31/03/2019
A)	**Value of production**		
1)	Sales and performance revenues	**573,612**	1,226,880
5)	Other revenues and income		
	Other	**23,617**	89,237
Total value of production		**597,229**	1,316,117
B)	**Production costs**		
6)	for raw materials, subsidiaries, consumer and goods	**42,336**	231,173
7)	for services	**270,717**	558,394
8)	for enjoyment of third-party goods	**83,587**	101,630
9)	for staff		
	(a) wages and salaries	**177,337**	270,309
	(b) social charges	**56,125**	78,408
	(c), (d) and) end-of-relationship treatment, quiescence treatment, other staff costs	**15,013**	34,635
	(c) end-of-relationship treatment	**13,308**	21,138
	(e) other costs	**1,705**	13,497
	Total staff costs	**248,475**	383,352
10)	depreciation and amortization		
	(a) amortization of intangible assets	**41,979**	41,979
	(b) depreciation of fixed assets	**242,102**	264,194
	Total depreciation and amortization	**284,081**	306,173
11)	changes in inventories of raw materials, subsidiaries, consumption and goods	**–**	20,553
12)	Different management charges	**29,444**	21,656
	Total production costs	**958,640**	1,622,931
	Difference between production value and costs (A - B)	**(361,411)**	(306,814)
C)	**Proceeds and financial charges**		
13)	other financial income		
D)	**Proceeds other than previous**		
	Other	**–**	1,026
14)	interest and other financial charges		
	Other	**(58)**	(1,280)
	Total interest and other financial charges	**58**	1,280
15)	foreign exchange gains and losses	**–**	(38)
	Total income and financial expenses	**(58)**	(292)
	Pre-tax result (A - B - C - D)	**(361,469)**	(307,106)
16)	Profit (loss) for the year	**(361,469)**	(307,106)

NOTES TO THE FINANCIAL STATEMENTS AT 31/03/2020

Introduction

Dear Shareholders,

These financial statements, submitted to you for your examination and approval, show a profit (loss) for the year of Euro (361.469).

Area of Business

Your company is engaged in the field of motorcycles production.

Major events occurred during the company's fiscal year

During the year, the Company continued to rationalize costs with the closure of the Besozzo local unit and the reduction of staff employed. On December 17, 2019, the Sole Shareholder Peugeot Motocycles Italia S.r.l. has entered its voluntary winding up process.

Criteria of preparation of Financial Statements

These financial statements have been prepared in abbreviated form as the requirements of art. 2435 bis, 1st paragraph of the Italian Civil Code; therefore, the Management Report has not been prepared. To complete the necessary information it is specified here that pursuant to art. 2428 points 3) and 4) of the Italian Civil Code summons by parent companies owned by the company also through trust companies or third parties and nowhere, nor shares or shares of parent companies were purchased and / or disposed of by the company, during the year, also through of the trust company or third party.

Financial statement figures are expressed in whole Euros by rounding off the relevant amounts to the nearest whole number. Any rounding-off differences was recorded under the item "Euro Rounding-off reserve" included among the Shareholders' equity. Pursuant to article 2423, paragraph 5 of the Italian Civil Code, the notes were drawn up in thousands of Euro.

The criteria used in the formation and evaluation of the financial statements for the fiscal year ended on March 31, 2020 take into account the changes introduced into the national system by Legislative Decree 139/2015, through which the Directive 2013/34/EU was implemented.

As a result of Legislative Decree 139/2015, the OIC national accounting standards have been modified.

Drafting Criteria

The evaluation of the balance sheet items was based on general prudence and competence criteria, with a view to continuing the activity. This last principle is verified by the Directors who, while aware of the liquidation status initiated by the parent company Peugeot Motocycles Italia Srl, in consideration of the non-existence of management and coordination activities and the circumstance that the Company has carried out in the year just ended ordinary business activities also confirm the ordinary course of business for the following year.

The application of the principle of prudence involved the individual assessment of the elements making up the individual items or items of the assets or liabilities, to avoid offsetting losses that had to be recognized and profits not to be recognized as unrealized.

In compliance with the accrual principle, the effect of the transactions and other events has been recognized in the accounts and attributed to the financial year, which these transactions and events refer to, and not to the one in which the related numerical movements materialize (collections and payments).

Pursuant to the principle of materiality, the recording, valuation, presentation and reporting obligations have not been complied with, in case conformance thereto would have been immaterial for the purposes of a true and fair view of the position.

Financial statement items have been recorded and presented having regard to the substance of the underlying transaction or contract.

Exception pursuant to Art. 2423, paragraph 5 of the Italian Civil Code

No exceptional cases have occurred which have made it necessary to adopt the derogations pursuant to article 2423 paragraph 5 of the civil code.

Evaluation Criteria

Fixed Assets

Intangible assets

These have been recorded at their historical purchase cost net of the relevant yearly amortization charged to the individual items.

Start-up and expansion costs and development costs have been recorded as assets with the approval of the Board of Statutory Auditors. Start-up and expansion costs are amortized over a period not exceeding five years, whereas development costs are amortized over their useful life. In exceptional cases, where their useful life cannot be reliably estimated, they are amortized over a period not exceeding five years.

Industrial patent and intellectual property rights, licenses, concessions and trademarks are depreciated at an average annual rate of 20%.

Leasehold improvements have been depreciated at rates depending on the duration of the underlying agreement.

In the event that, regardless of the depreciation booked, a permanent loss of value occurs, the asset is depreciated accordingly. If in the following years the reasons for the depreciation cease to exist, the original value, adjusted by depreciation, is restored.

Tangible assets

These have been recorded at their purchase cost and are adjusted by the relevant accumulated depreciation.

The book value includes any ancillary costs and the costs incurred for the use of the asset, less any trade discounts and any significant cash discounts.

The depreciation charged to profit and loss account has been calculated on the basis of the remaining useful life of the assets, taking into account their use, destination and economic-technical life, which we believe are well reflected by the following rates, unchanged compared to the previous fiscal year and halved in the year in which the asset has entered operation:

Plant and machinery	15%
Equipment	15%
Furniture and furnishing	12%
Security system	30%
Cars	25%
Office and electronic machines	25%

In the event that, regardless of the depreciation booked, a permanent loss of value occurs, the fixed assets are depreciated accordingly. If in the following years the reasons for the write-down cease to exist, the original value, adjusted by depreciation, is restored.

Accounts receivable

The initial recognition of the receivable is made at estimated realizable value.

Receivables are derecognized when the contractual rights to the cash flows deriving from the receivable are extinguished or in the event that all risks inherent in the loan being disposed of have been transferred.

Accounts payable

Payables are reported at their nominal value, modified on the occasion of returns or invoicing adjustments.

Accrued income/liabilities – prepayments/deferred income

These have been determined on an accruals basis.

With regard to accrued income/liabilities and prepayments/deferred income of a duration exceeding one year, we checked the conditions for their original entry have been checked and any necessary change has been adopted.

Inventory

Raw materials, auxiliary materials and finished products are entered at the lower cost between the cost of purchase and of production and the realizable value inferable from the market trend, applying the specific cost.

Provision for employees' severance pay

It represents the actually accrued amounts in favor of employees pursuant to the Italian law and the current collective bargaining agreements, taking into account any element of remuneration paid on a continuous basis.

The provision includes the total payments accrued for employees at the year-end net of any advances paid, and assuming termination of their employment relationship at such date.

Income taxes

The provision for taxes has been set aside on an accruals basis and includes accruals in respect of the taxes paid or to be paid for the year, determined at the current rates and in accordance with the rules in force;

Recognition of income

Proceeds from sales are recognized at the time of the transfer of ownership which usually coincides with the delivery or forwarding of the goods;

Financial income and income from the provision of services is recognized on an accruals basis.

Revenue and proceeds, costs and charges related to transactions in foreign currency are determined at the exchange rate in force at the date when the relevant transaction takes place.

Other information

The Company, as required by Legislative Decree no. 14/2019 (Code of the crisis and corporate insolvency), adopts an organizational, administrative and accounting structure appropriate to the nature of the company also in function of the timeliness of the business crisis and the taking of suitable initiatives.

Notes to the financial statement, assets

Fixed assets

Variation in Fixed Assets

Details of the movements of fixed assets are provided, information that will be better defined later in this Notes

	Intangible assets	Tangible assets	Financial assets	Total assets
Opening balance				
Purchase value	216,414	1,638,568	1,999	1,856,981
Accumulated depreciation	140,513	616,025		756,538
Balance at	75,901	1,022,542	1,999	1,100,442
Changes during the year				
Increases for the year	–	(30,013)	–	(30,013)
Amortization charge for the year	41,979	242,102		284,081
Total changes	(41,980)	(272,114)	–	(314,094)
Closing balance				
Purchase value	216,413	1,608,275	1,999	1,826,687
Accumulated depreciation	182,492	857,847		1,040,339
Balance value	33,921	750,428	1,999	786,348

Intagible assets

Balance at 31/03/2020	Balance at 31/03/2019	Difference
33,921	75,901	(41,980)

Variation in Intangible Assets

	Start-up and expansion costs	Development costs	Industrial patent rights, concessions, licences, trademarks	Other intangible assets	Total intangible assets
Opening balance					
Purchase value	2,314	147,500	27,500	39,100	216,414
Accumulated depreciation	463	98,500	22,000	19,550	140,513
Balance at	1,851	49,000	5,500	19,550	75,901
Changes during the year					
Increases for the year	463	29,500	5,500	6,517	41,979
Amortization charge for the year	(463)	(29,500)	(5,500)	(6,517)	(41,980)
Total changes					
Closing balance	2,313	147,500	27,500	39,100	216,413

	Start-up and expansion costs	Development costs	Industrial patent rights, concessions, licences, trademarks	Other intangible assets	Total intangible assets
Accumulated depreciation	925	128,000	27,500	26,067	182,492
Balance at	1,388	19,500	–	13,033	33,921

Tangible assets

Balance at 31/03/2020	Balance at 31/03/2019	Difference
750,428	1,022,542	(272,114)

Variation in Tangible Assets

	Plant and machinery	Industrial and Commercial equipment	Other tangible assets	Total tangible assets
Opening balance				
Purchase value	1,447,510	75,487	115,571	1,638,568
Accumulated depreciation	533,006	33,739	49,280	616,025
Balance at	914,504	41,748	66,291	1,022,542
Changes during the year				
Increases for the year	279	–	(30,292)	(30,013)
Amortization charge for the year	216,286	11,323	14,493	242,102
Total changes	(216,007)	(11,323)	(44,785)	(272,114)
Closing balance				
Purchase value	1,447,509	75,488	85,278	1,608,275
Accumulated depreciation	749,012	45,063	63,772	857,847
Balance at	689,497	30,425	21,506	750,428

Financial assets

Balance at al 31/03/2020	Balance al 31/03/2019	Difference
1,999	1,999	

Derivative financial instruments

These are financial instruments such as forward contracts in foreign currency, swap, future, or other options tied to derivative contracts intended for being maintained beyond the following financial year.

Changes and maturity of long-term receivables

	Changes during the year	Closing Balance	expiring beyond the year
Receivables immobilized towards others	1,999	1,999	1,999
Total	**1,999**	**1,999**	**1,999**

Receivable accounts partition by geographical area

The following table shows a partition of the receivable accounts at March 31, 2020 by geographical area:

Geographic Area	Fixed assets from others	Total fixed assets
Italy	1,999	1,999
Total	**1,999**	**1,999**

Current Assets

Inventory

Balance at 31/03/2020	Balance at 31/03/2019	Difference
76,492	76,492	

The evaluation criteria adopted did not change with respect of the previous fiscal year and explained in the opening section of these Notes to the Financial Statement.

Accounts receivable

Balance at 31/03/2020	Balance at 31/03/2019	Difference
523,550	754,645	(181,095)

Changes and expiration of receivables entered in the circulating assets

	Opening balance	Changes during the year	Closing balance	Due within one year
Toward customers	276,213	(108,411)	167,802	167,802
Toward parent companies	–	50,000	50,000	50,000
Tax credits	466,494	(112,246)	354,248	354,248
Other accounts receivable	11,938	(10,438)	1,500	1,500
Total	**754,645**	**(181,095)**	**573,550**	**573,550**

Tax credits include the IRES credit for Euro 10,000, the IRAP credit for Euro 15,000, the VAT credit for Euro 322,603 and withholding tax credits for Euro 6,645.

Partition of the receivable accounts by geographical area

The following table shows a break-down of the accounts receivable at 31/03/2019 by geographical area:

Area	Italy	UE	Extra EU	Total
Towards customers	37,215	15,000	115,587	167,802
Towards parent companies	50,000	–	–	50,000
Tax credits	354,248	–	–	354,248
Other accounts receivable	1,500	–	–	1,500
Total	**442,963**	**15,000**	**115,587**	**573,550**

Cash-in-hand, cash-at-bank and cash equivalents

Balance at 31/03/2020	Balance at 31/03/2019	Difference
5,638	87,298	(81,660)

	Opening balance	Changes during the year	Closing balance
Bank and postal deposits	85,012	(79,805)	5,207
Cash and cash equivalents	2,286	(1,856)	430
Total	**87,298**	**(81,660)**	**5,638**

The balance reflects the cash-in-hand, cash-at-bank and cash equivalents at the year-end.

Accrued income/prepayments

Balance at 31/03/2020	Balance at 31/03/2019	Difference
8,722	14,875	(6,153)

Accrued income and prepaid expenses measure income and expenses which accrual of is anticipated or deferred with respect to the numerical manifestation and/or they are irrespective of the date of payment or collection of the related income and charges, common to two or more of the following exercises and time allocable.

	Opening balance	Changes during the year	Closing balance
Accrued income	14,875	(6,153)	8,722
Total	**14,875**	**(6,153)**	**8,722**

Abbreviated notes, liabilities and equity

Net worth

Balance at 31/03/2020	Balance at 31/03/2019	Difference
1,261,039	1,622,507	(361,468)

Variations in net worth's items

	Opening balance	Other changes – Increases	Other changes – Decreases	Profit for the fiscal year	Closing balance
Share capital	1,251,000	–	–		1,251,000
Legal reserve	12,551	–	–		12,551
Other reserves					
Extraordinary reserve	666,063	–	307,106		358,957
Other reserves	(1)	1	–		–
Total various other reserves	666,062	1	307,106		358,957
Profit (loss) for the year	(307,106)	–	54,363	(361,469)	(361,469)
Total	**1,622,507**	**1**	**361,469**	**(361,469)**	**1,261,039**

Availability and use of net worth

The items of net worth are broken down as follows according to their origin, possible use, possibility of distribution and use made in the three prior years.

	Amount	Possible use
Share capital	1,251,000	B
Legal reserve	12,551	A,B
Other reserves		
Extraordinary reserve	358,957	A,B,C,D
other reserves total	358,957	
Total	**1,622,508**	

KEY: A: for capital increase; B: for loss coverage; C: for distribution to shareholders; D: for other obligations imposed by the By-laws.

Information on the development and use of Net worth

As provided by article 2427 paragraph 1 no.4 of the Italian Civil Code, the information on the creation and use of shareholders' equity items is provided as follows:

	Share capital	Legal reserve	Reserves	Result for the year	Total
At the beginning of the prior year	1,251,000	2,252	470,380	205,981	1,929,613
Appropriation of the result for the year					
- dividend attribution					
- other destination					
Other changes					
- Increases		10,299	195,682		205,981
- Decreases				513,087	513,087
- Reclassification					
Result of the prior end year				(307,106)	
At the prior year-end	1,251,000	12,551	666,062	(307,106)	1,622,507
Appropriation of the result for the year					
- dividend attribution					
- other destination					
Other changes					
- Increases			1		1
- Decreases			307,106	54,363	381,469
- Reclassification					
Current year's result				(361,469)	
At the current year end	1,251,000	12,551	358,957	(361,469)	1,261,039

Employees' severance pays

Balance at 31/03/2020	Balance at 31/03/2019	Difference
9,303	17,521	(8,218)

	Employees' severance pays
Value at the beginning of the year	17,521
Changes in the year:	
Increases as a result of changes in the fair value	13,183
Decreases as a result of changes in the fair value	21,401
Other changes	(8,218)
Total changes	9,303

The provision consists of the amounts payable at 31/03/2020 to the employees on the company's payroll at that date, net of any advances paid.

Accounts payable

Balance at 31/03/2020	Balance at 31/03/2019	Difference
172,660	354,509	(181,849)

Variations and expiration date of payables

Payables' expiration date is divided as follows:

	Value at the beginning of the year	Changes in the year	Value at the end of the year	Falling due within one year
Accounts payable to banks	437	(437)	–	–
Payable accounts to suppliers	336,150	(252,577)	83,573	83,573
Taxes payable	9,084	(7,022)	2,062	2,062
Accounts payable to social security institutions	7,337	(197)	7,140	7,140
Other payable accounts	1,500	78,386	79,886	79,886
Total	**354,509**	**(181,849)**	**172,660**	**172,661**

Payables longer than five years and payables secured by collateral on corporate assets

	Debts not backed by collateral	Total
Amount	172,660	172,660

	Debts not backed by collateral	Total
Trade payables (toward suppliers)	83,573	83,573
Tax payables	2,062	2,062
Payables to social security and social security institutions	7,140	7,140
Other debts	79,886	79,886
Total debts	**172,660**	**172,660**

Accrued expenses and deferred income

Balance at 31/03/2020	Balance at 31/03/2019	Difference
7,748	39,215	(31,467)

	Opening balance	Changes during the year	Closing balance
Accrued expenses	39,215	(31,467)	7,748
Total accrued and deferred income	**39,215**	**(31,467)**	**7,748**

It is hereby represented the connecting items for the year counted on an accrual basis.

Abbreviate note, income statement

Production value

Balance at 31/03/2020	Balance at 31/03/2019	Difference
597,229	1,316,117	(718,888)

Description	31/03/2020	31/03/2019	Difference
revenues, sales and services	573,612	1,226,880	(653,268)
Other income	23,617	89,237	(65,620)
Total	**597,229**	**1,316,117**	**(718,888)**

Partition of sales and services revenues by business category

Activities	Current value
Sales of goods	109,354
Provision of services	414,258
Others	50,000
Total	**573,612**

Partition of sales and services revenues by geographical area

Geographical area	Current value
Italy	573,612
Total	573,612

Production costs

Balance at 31/03/2020	Balance at 31/03/2019	Difference
958,640	1,622,931	(664,291)

Description	31/03/2020	31/03/2019	Variation
Raw materials, subsidiary materials and goods	42,336	231,173	(188,837)
Services	270,717	558,394	(287,677)
Rent/lease	83,587	101,630	(18,043)
Salaries and wages	177,337	270,309	(92,972)
Social security contributions	56,125	78,408	(22,283)
Employees' severance pays	13,308	21,138	(7,830)
Other staff costs	1,705	13,497	(11,792)
Depreciation of intangible assets	41,979	41,979	
Depreciation of tangible assets	242,102	264,194	(22,092)
Changes to stocks of raw materials		20,553	(20,553)
Miscellaneous running costs	29,444	21,656	7,788
Total	**958,640**	**1,622,931**	**(664,291)**

Costs for raw materials, ancillary materials, consumables and goods and costs for services

They are closely related to the performance of point A (production value) of the income statement.

Staff costs

The item includes the entire expense for employees including improvements in merit, category changes, contingency shots, cost of unused holidays and provisions of law and collective agreements.

Depreciation of tangible fixed assets

With regard to depreciation, it is specified that they have been calculated on the basis of the useful life of the asset and its exploitation in the production phase.

Financial income and expenses

Balance at 31/03/2020	Balance at 31/03/2019	Difference
(58)	(292)	234

Description	31/03/2020	31/03/2019	Difference
Other income		1,026	(1,026)
(Interest and other financial costs)	(58)	(1,280)	1,222
Exchange profits (losses)		(38)	38
Total	**(58)**	**(292)**	**234**

Current, deferred and prepaid income taxes

Balance at 31/03/2020	Balance at 31/03/2019	Difference

Hereunder it is exposed the reconciliation between the theoretical tax liability as per the financial statements and the tax liability:

Reconciliation between the theoretical tax liability as per the financial statements and the tax liability (IRES)

Description	Value	Tax
Pre-tax result	(361,469)	
Theoretical tax liability (%)	24	
Increasing rebound	39,722	
Taxable income	(321,747)	
Current taxes on the profit for the year		

Determination of the IRAP taxable amount

Description	Value	Tax
Difference between revenue and expenses	(112,936)	
Costs not relevant for IRAP	29,790	
IRAP taxable amount	(83,146)	
Current IRAP for the year		

Information on fiscal losses

	Current fiscal year Tax rate	Past fiscal year Tax rate
Carried forward tax losses recoverable with reasonable certainty	24,00%	24,00%

Abbreviate note, other information

Employment information

The average company workforce, divided by category, has undergone the following changes compared to the previous year.

Staff	31/03/2020	31/03/2019	Difference
Employees	3	6	(3)
Total	**3**	**6**	**(3)**

Remuneration, advances and credits granted to directors and statutory auditors and commitments undertaken on their behalf

Remuneration due to the members of the Board of Statutory Auditors amounts to Euro 21,000.

Remuneration due to the Statutory Auditor or Audit Firm

The remuneration due to the Independent Auditors amounts to Euro 9,000.

Details of other financial instruments issued by the company

Information related to fair value of financial derivatives

The Company does not have any financial derivative.

Information on transactions with related party

The significant transactions with related parties carried out by the company, of a commercial nature, were concluded at normal market conditions.

Information on arrangements not disclosed in the balance sheet

The company has no agreements in place that are not shown on the balance sheet.

Companies drafting the consolidated financial statements of the smallest group of companies to which it belongs as a subsidiary

Pursuant to the relevant Italian law, the information pursuant to article 2427 paragraph 1, no. 22 sexies of the Italian civil code are highlighted as follows:

	Smaller set
Company name	Peugeot Motocycle SAS
City (if in Italy) or foreign state	103, Rue du 17 Novembre - Valentigney Cedex – France
Place of filing of a copy of the consolidated financial statements	103, Rue du 17 Novembre - Valentigney Cedex – France

Proposal to allocate profits or to cover losses

It has been proposed to the Shareholders' Meeting to partially cover the loss for the year of 361,469 by fully utilizing the extraordinary reserve for 358,957 Euros, and partially utilizing the legal reserve for 2,512 Euros.

This explanatory note has been prepared in accordance with the provisions of the Italian Civil Code and accounting principles. In order to comply with the publication obligations within the Companies' Register, once approved, it will be converted into XBRL format; therefore, some formal changes may be required to make this note compatible with the format for filing.

These Financial Statements, consisting of the Balance Sheet, the Income Statement and the Notes to the financial statements, truthfully and correctly represent the equity and financial situation as well as the economic result for the year and correspond to the accounting records.

Managing Director
Costantino Balbo Bertone di Sambuy

Statement of compliance of the Financial Statements

The undersigned Costantino Balbo Bertone di Sambuy pursuant to art. 47 of the Presidential Decree n. 445/2000 declares that the electronic document (in *xbrl* format) including the balance sheet, the profit and loss account, the explanatory notes, all of which comply with the original documents filed with the company.

Date, April 21, 2020

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Mahindra Tractor Assembly, Inc.

We have audited the accompanying financial statements of **Mahindra Tractor Assembly, Inc.** ('the Company') which comprise of balance sheets as of March 31, 2020 and March 31, 2019 and the related statements of loss, stockholder's deficit and cash flows for the years then ended and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as of March 31, 2020 and March 31, 2019 and the results of its operations and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States.

Other matter

The presentation of financial information in Indian rupees in the financial statements is not a required part of the basic financial statements. We have verified the arithmetic accuracy of the presentation based upon exchange rate provided by the Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

Atlanta, Georgia

May 18, 2020

BALANCE SHEETS

	Note	As at March 31, 2020 USD	As at March 31, 2020 INR	As at March 31, 2019 USD	As at March 31, 2019 INR
ASSETS					
Current assets					
Cash and cash equivalents	C	**255,482**	**19,248,014**	600,155	45,215,678
Accounts receivable, net of allowances	D	**493,463**	**37,177,502**	419,532	31,607,541
Due from related party	U	**108,051**	**8,140,562**	2,177,869	164,080,650
Inventories, net	E	**3,078,529**	**231,936,375**	10,507,633	791,645,070
Prepaid and other current assets	F	**477,793**	**35,996,925**	389,674	29,358,039
Total current assets		**4,413,318**	**332,499,378**	**14,094,863**	**1,061,906,978**
Non-current assets					
Property, plant and equipment, net	G	**3,827,956**	**288,398,205**	4,334,872	326,589,256
Internally developed software, net	I	**427,137**	**32,180,502**	668,979	50,400,878
Intangible assets, net	H	**9,336**	**703,374**	15,102,767	1,137,842,466
Other assets	J	**166,716**	**12,560,384**	55,143	4,154,474
Total non-current assets		**4,431,145**	**333,842,465**	20,161,761	1,518,987,074
Total assets		**8,844,463**	**666,341,843**	34,256,624	2,580,894,052
LIABILITIES AND STOCKHOLDER'S DEFICIT					
Current liabilities					
Accounts payable	L	**3,471,635**	**261,552,981**	3,137,646	236,390,250
Due to related party	U	**2,583,134**	**194,613,316**	1,054,104	79,416,195
Advance from related party	U	**9,030,000**	**680,320,200**	–	–
Short term borrowings	K	**–**	**–**	34,400,000	2,591,696,000
Other current liabilities	M	**2,977,995**	**224,362,143**	2,741,342	206,532,706
Total current liabilities		**18,062,764**	**1,360,848,640**	41,333,092	3,114,035,151
Non-current liabilities					
Advance from related party	U	**–**	**–**	7,400,000	557,516,000
Total non-current liabilities		**–**	**–**	7,400,000	557,516,000
Total liabilities		**18,062,764**	**1,360,848,640**	48,733,092	3,671,551,151
Stockholder's deficit					
Common stock of $ 0.2 par value 600,000,000 shares authorized (March 31, 2019: 295,000,000 shares authorized) and 465,725,000 shares issued (March 31, 2019: 292,050,000 shares issued) and subscribed		**93,145,000**	**7,017,544,300**	58,410,000	4,400,609,400
Additional paid in capital		**446,321**	**33,625,824**	515,033	38,802,586
Accumulated deficit		**(102,809,622)**	**(7,745,676,921)**	(73,401,501)	(5,530,069,085)
Total stockholder's deficit		**(9,218,301)**	**(694,506,797)**	(14,476,468)	(1,090,657,099)
Total liabilities and stockholder's deficit		**8,844,463**	**666,341,843**	34,256,624	2,580,894,052

STATEMENTS OF LOSS

	Note	For the year ended March 31, 2020 USD	INR	For the year ended March 31, 2019 USD	INR
Operating revenue, net of returns and discounts		**6,595,716**	**496,921,243**	9,684,768	729,650,421
Interest income on finance lease		**76,872**	**5,791,536**	100,621	7,580,786
Total operating revenue		**6,672,588**	**502,712,779**	9,785,389	737,231,207
Cost of goods sold		**8,604,976**	**648,298,892**	15,969,552	1,203,146,048
Gross loss		**(1,932,388)**	**(145,586,113)**	(6,184,163)	(465,914,841)
Expenses					
Salaries and employee benefits		**4,568,979**	**344,226,878**	9,355,962	704,878,177
Selling, distribution and administration		**5,213,289**	**392,769,193**	6,885,899	518,783,631
Impairment of intellectual property rights		**13,844,441**	**1,043,040,185**	–	–
Product development expense		**236,398**	**17,810,224**	846,046	63,741,106
Finance cost	K	**1,793,221**	**135,101,270**	1,475,364	111,153,924
Depreciation and amortization	G, H, I	**2,090,162**	**157,472,805**	2,055,149	154,834,926
Total operating expenses		**27,746,490**	**2,090,420,555**	20,618,420	1,553,391,764
Miscellaneous income	N	**272,427**	**20,524,650**	6,756,410	509,027,929
Loss before income taxes		**(29,406,451)**	**(2,215,482,018)**	(20,046,173)	(1,510,278,676)
Income taxes	S	**1,670**	**125,818**	1,650	124,311
Net loss		**(29,408,121)**	**(2,215,607,836)**	(20,047,823)	(1,510,402,987)

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF STOCKHOLDER'S DEFICIT
FOR THE YEAR APRIL 1, 2019 TO MARCH 31, 2020 AND APRIL 1, 2018 TO MARCH 31, 2019

	Common stock Authorized		Common stock Issued and outstanding		Additional paid in capital	Accumulated deficit	Total stockholder's deficit
	Shares	**USD**	**Shares**	**USD**	**USD**	**USD**	**USD**
Balance as at April 01, 2018	275,000,000	55,000,000	272,050,000	54,410,000	424,004	(53,353,678)	1,480,326
Common stock authorized and issued	20,000,000	4,000,000	20,000,000	4,000,000	–	–	4,000,000
Employee stock compensation	–	–	–	–	91,029	–	91,029
Net loss for the year	–	–	–	–	–	(20,047,823)	(20,047,823)
Balance as at March 31, 2019	295,000,000	59,000,000	292,050,000	58,410,000	515,033	(73,401,501)	(14,476,468)
Balance as at April 01, 2019	295,000,000	59,000,000	292,050,000	58,410,000	515,033	(73,401,501)	(14,476,468)
Common stock authorized and issued	**305,000,000**	**61,000,000**	**173,675,000**	**34,735,000**	–	–	**34,735,000**
Employee stock compensation	–	–	–	–	**(68,712)**	–	**(68,712)**
Net loss for the year	–	–	–	–	–	**(29,408,121)**	**(29,408,121)**
Balance as at March 31, 2020	**600,000,000**	**120,000,000**	**465,725,000**	**93,145,000**	**446,321**	**(102,809,622)**	**(9,218,301)**

	Common stock Authorized		Common stock Issued and outstanding		Additional paid in capital	Accumulated deficit	Total stockholder's deficit
	Shares	**INR**	**Shares**	**INR**	**INR**	**INR**	**INR**
Balance as at April 01, 2018	275,000,000	4,143,700,000	272,050,000	4,099,249,400	31,944,461	(4,019,666,098)	111,527,763
Shares issued during the year	20,000,000	301,360,000	20,000,000	301,360,000	–	–	301,360,000
Employee stock compensation	–	–	–	–	6,858,125	–	6,858,125
Net loss for the year	–	–	–	–	–	(1,510,402,987)	(1,510,402,987)
Balance as at March 31, 2019	295,000,000	4,445,060,000	292,050,000	4,400,609,400	38,802,586	(5,530,069,085)	(1,090,657,099)
Balance as at April 01, 2019	295,000,000	4,445,060,000	292,050,000	4,400,609,400	38,802,586	(5,530,069,085)	(1,090,657,099)
Shares issued during the year	**305,000,000**	**4,595,740,000**	**173,675,000**	**2,616,934,900**	–	–	**2,616,934,900**
Employee stock compensation					**(5,176,762)**		**(5,176,762)**
Net loss for the year	–	–	–	–	–	**(2,215,607,836)**	**(2,215,607,836)**
Balance as at March 31, 2020	**600,000,000**	**9,040,800,000**	**465,725,000**	**7,017,544,300**	**33,625,824**	**(7,745,676,921)**	**(694,506,797)**

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CASH FLOWS

	For the year ended March 31, 2020		For the year ended March 31, 2019	
	USD	**INR**	USD	INR
Cash flows from operating activities				
Net loss for the year	**(29,408,121)**	**(2,215,607,836)**	(20,047,823)	(1,510,402,987)
Adjustments to reconcile net loss to net cash used in operating activities				
Depreciation and amortization	**2,090,162**	**157,472,805**	2,055,149	154,834,926
Impairment of intangible	**13,844,441**	**1,043,040,185**	–	–
(Gain) loss on disposal of assets	**1,976**	**148,872**	(52,666)	(3,967,856)
Grant income from Michigan state	**–**	**–**	(60,000)	(4,520,400)
Employee stock compensation	**(68,712)**	**(5,176,762)**	91,029	6,858,125
Cash flow before changes in working capital	**(13,540,254)**	**(1,020,122,736)**	(18,014,311)	(1,357,198,192)
Net change in assets and liabilities				
Accounts receivable	**(73,931)**	**(5,569,962)**	19,459	1,466,041
Prepaid and other current assets	**(88,119)**	**(6,638,885)**	69,560	5,240,650
Inventories	**7,429,104**	**559,708,695**	(2,192,548)	(165,186,566)
Accounts payables	**(891,570)**	**(67,170,884)**	1,301,908	98,085,749
Due to related party, net	**4,824,406**	**363,470,748**	(285,947)	(21,543,247)
Other assets	**(111,571)**	**(8,405,759)**	18,040	1,359,134
Current and other liabilities	**236,653**	**17,829,437**	1,278,765	96,342,155
Net cash flows used in operating activities	**(2,215,282)**	**(166,899,346)**	(17,805,074)	(1,341,434,276)
Cash flow from investing activities				
Purchase of property, plant, equipment and intangibles	**(148,696)**	**(11,202,757)**	(397,857)	(29,974,546)
Proceeds from sale of fixed assets	**54,305**	**4,091,339**	–	–
Others	**–**	**–**	60,000	4,520,400
Net cash flows used in investing activities	**(94,391)**	**(7,111,418)**	(337,857)	(25,454,146)
Cash flow from financing activities				
Issuance of common stock	**34,735,000**	**2,616,934,900**	4,000,000	301,360,000
(Repayment) proceeds of demand credit facility	**(34,400,000)**	**(2,591,696,000)**	7,200,000	542,448,000
Finance lease payment made during the year	**–**	**–**	(47,892)	(3,608,183)
Advance from related party	**1,630,000**	**122,804,200**	7,400,000	557,516,000
Net cash flows from financing activities	**1,965,000**	**148,043,100**	18,552,108	1,397,715,817
Net change in cash and cash equivalents	**(344,673)**	**(25,967,664)**	409,177	30,827,395
Cash and cash equivalents at the beginning	**600,155**	**45,215,678**	190,978	14,388,283
Cash and cash equivalents at the end	**255,482**	**19,248,014**	600,155	45,215,678
Supplemental cash flow information				
Income taxes paid	**1,650**	**124,311**	850	64,039
Interest paid	**1,429,361**	**107,688,035**	1,389,540	104,687,944

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF OPERATIONS

Mahindra Tractor Assembly, Inc. (“MTAI” or the “Company”), a company incorporated in the State of Delaware on January 25, 2013, commenced business on April 1, 2013. The Company was owned by Mahindra USA, Inc. (“MUSA”), a Texas Corporation. MUSA is a subsidiary of Mahindra & Mahindra Limited (“M&M”); a public listed India company (“the ultimate parent company”).

Ownership of MTAI was transferred from Mahindra USA, Inc. to Mahindra Overseas Investment Company Mauritius Limited (“MOICM”) in November 2014, by issuance of 5,600,000 additional shares of $1 each. Further 10,000 shares held by Mahindra USA, Inc. were also transferred to the new parent company, MOICM.

The Company was formed to manufacture, assemble and sell electric powered bikes and scooters (hereinafter the “Mahindra GenZe product” or “the product”).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

1. *Basis of preparation*

   a. The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States (‘US GAAP’) to reflect the financial position, results of operation and cash flows of the Company.

   b. The financial statements are for the year April 1, 2019 to March 31, 2020 and April 1, 2018 to March 31, 2019.

   c. The financial information in this report is shown in both U.S. Dollars (USD) and in Indian Rupees (INR). For March 31, 2020 and March 31, 2019, dollar amounts are translated for convenience into Indian Rupees at exchange rate of 75.34 INR per dollar on March 31, 2020 and March 31, 2019. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amounts.

   d. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior periods to conform to the classifications used in the current year. These changes had no impact on previously reported net loss or stockholder’s deficit.

2. *Use of estimates*

   The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant items subject to such estimates and assumptions include the useful lives of property, plant and equipment and intangible assets, inventory reserve, income taxes, revenue recognition, allowance for sales return, doubtful receivables, warranties, rebates, estimation relating to unsettled transactions and other contingencies. Management believes that the estimates used in the preparation of the financial statements are reasonable. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the financial statements.

3. *Going concern*

   The Company has an accumulated deficit of $ 102,802,622 (INR 7,745,676,921) as at March 31, 2020 and its negative net worth is $ 9,218,301 (INR 5,530,069,085). Although, these events and condition cast significant doubt on the Company’s ability to continue as a going concern, the management has plans to mitigate the adverse effects. The management is in the process of:

   1) Reviving its business operations through organizational restructuring;

   2) New business development plans and to make the Company business profitable;

   3) Obtain capital financing from ‘Mahindra Overseas Investment Company Mauritius Limited’, the parent company, to meet near term working capital requirements;

   4) Obtain a commitment from the parent company to continue to provide financial support and honor the Company’s future obligations.

   Based on the above mitigating factors, the Company is expected to continue in operational existence for the foreseeable future and accordingly, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

4. *Cash and cash equivalents*

   Cash and cash equivalents include current balances on bank accounts and highly liquid, short-term deposits with an original maturity of three months or less. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate per bank of USD 250,000 (INR: 18,835,000). The Company believes it is not exposed to any significant risk on cash and cash equivalents.

5. *Revenue recognition*

   <u>*Sale of manufactured goods*</u>

   The Company recognizes revenues from sale of assembled E-bikes and manufactured Mahindra GenZe electronic scooters and their related accessories (collectively known as “GenZe products” or “products”).

   Revenue is recognized when control of the product, parts or accessories have been transferred and the Company’s performance obligation to the customers have been satisfied. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transfer of goods. The timing of when the Company transfers the goods to the customer may differ from the timing of the customer’s payment.

   When the Company gives the customers the right to return eligible goods, the Company estimates the expected returns based on an analysis of historical experiences.

   The Company has determined that the customers from the sale of the products are generally distributors and individual customers. Transfer of control, and therefore revenue recognition occurs at a point in time, when the product or service parts are made available to customer, or when the product or service parts are released to the carrier responsible for transporting them to customer. This is also the point at which invoices are issued, with payment terms to the customers and the products are shipped.

   Shipping and handling activities are fulfilment activities and are not considered to be a separate performance obligation.

   Revenue from contracts with customers

   Effective April 1, 2019, the Company has adopted Financial Accounting Standards Board (“FASB”) issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), with a date of initial application of April 01, 2019 using the modified retrospective method and determined that the existing revenue recognition practices are in compliance with ASC 606. Accordingly, there was no cumulative effect adjustment to the balance of accumulated deficit in the balance sheet as of April 01, 2019, as the adoption did not result in a change to the timing of revenue recognition.

   <u>Erstwhile revenue recognition policy as per ASC 605</u>

   <u>*Sale of products*</u>

   The Company recognizes revenues from sale of assembled E-Bikes and manufactured GenZe 2.0 electric scooters (collectively known as “GenZe products”) and their related accessories. Sales through distributors are recognized as revenue upon sale to the distributor as these sales are considered to be final and no right of return or price protection exists. Sales to customers, when not made on consignment, are recognized upon shipment. Sales return allowances, which are netted of with revenue, are estimated using historical experience.

   Revenue from sale of goods, net of return allowance, is recognized specifically when all the following conditions are met:

a. There is a persuasive evidence that an arrangement exists.

b. Delivery has occurred.

c. The sales price is fixed or determinable.

d. Collectability is reasonably assured.

Sales on capital lease - sales type lease

For GenZe products sold on finance lease, the Company recognizes the total minimum lease payments receivable from the lessee, the estimated unguaranteed residual value of the equipment at lease termination, the initial direct costs related to the lease, and the related unearned income at inception of a capital lease. Unearned income represents the total minimum lease payments receivable plus the estimated unguaranteed residual value minus the cost of the leased equipment. Unearned income is recognized as finance income over the term of the lease using the effective interest rate method.

Sub-lease income

The Company has sub-leased a part of its office premises during the year on operating lease. The Company continues to account for the head lease under operating lease. It recognizes sub-lease rent income on a straight-line basis over the term of lease as other income in the statement of loss.

Government incentive

The Company receives incentive from the Michigan Economic Development Council in the form of grants. Grants are recognized at their fair values in the statement of loss where there is a reasonable assurance that grant is received and all attaching conditions will be complied with. The Company recognizes grant income received as other income in the statement of loss.

6. *Provision for warranty costs*

The Company generally provides for the estimated cost of product warranties at the time the related revenue is recognized. The Company estimates the warranty cost as a percentage of cost of goods sold. The Company assesses the adequacy of its accrued warranty liabilities and adjusts the amounts as necessary based on actual experience and changes in future estimates. These amounts are recorded as a liability in the balance sheet until they are ultimately paid. Accrued warranty liability was USD 264,457 (INR:19,924,190) at March 31, 2020 (March 31, 2019: USD 239,437 (INR:18,039,184)).

7. *Intangibles*

Intangible assets are stated at cost of acquisition, less accumulated amortization and impairment losses, if any. Cost of intangible assets comprises of purchase price, non-refundable taxes, levies and any directly attributable cost of making the asset ready for its intended use. The Company amortizes intangible assets over their estimated useful lives unless such lives are determined to be indefinite. Intangible assets with indefinite lives are tested at least annually for impairment and written down to the fair value as required. The estimated useful lives of the amortizable intangible assets are as follows:

Class of asset	**Useful life**
Intellectual property rights	15 years

The estimated useful life of an intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

8. *Internally developed software costs*

The Company has incurred costs related to development of internally developed software to be used for future consumer management. Software development costs incurred during the preliminary project work stage or conceptual stage are expensed as incurred until technological feasibility has been established in accordance with Accounting Standard Codification (“ASC”) 985, at which time such costs are capitalized to the extent that the capitalized costs do not exceed the realizable value of such costs, until the product is available for general release to customers. Upon completion of the development of software, the capitalization ceases and the resulting intangible asset is amortized based on straight-line basis.

The estimated useful life of the internally developed software is 3 years.

9. *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost of items of property, plant and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use. The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method except for production tools. Upon retirement or disposal of assets, the cost and accumulated depreciation will be eliminated from the accounts and the resulting gain or loss will be credited or charged to statement of loss.

The estimated useful life used to determine depreciation is:

Class of asset	**Useful life**
Engineering equipment	3 years
Machinery & equipment	5 to 7 years
Production tools	60,000 units
Computer equipment	3 years
Furniture equipment	3 years
Vehicles	2 to 5 years
Leasehold improvements	Lease term

The cost of property, plant and equipment not ready for use before the balance sheet date are disclosed under capital work-in-progress.

10. *Impairment of long-lived assets*

Long-lived assets, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value.

11. *Accounts receivable & allowance for doubtful debts*

Trade receivables represents receivable on sale of GenZe products and accessories. For the trade receivables, the Company follows the specific identification method for recognizing allowance for doubtful debts. Management analyzes composition of the accounts receivable aging, historical bad debts, current economic trends and customer credit worthiness of each accounts receivable when evaluating the adequacy of the allowance for doubtful debts. Allowance for doubtful debts is included in selling, distribution and administration expenses in the statement of loss.

12. *Research and development costs*

Revenue expenditure on research and development is expensed as incurred. Capital expenditure incurred on equipment and facilities that are acquired or constructed for research and development activities and having alternative future uses is capitalized as tangible assets when acquired or constructed.

13. *Income taxes*

In accordance with the provisions of FASB ASC Topic 740 “Income Taxes,” income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company recognizes interest and penalties related to uncertain tax positions within the provision for income taxes.

14. *Inventories*

Raw materials, work in progress and finished goods inventories are stated at the lower of cost and net realizable value, with cost being determined on a weighted average basis. The measurement of inventories includes the direct cost of materials and labor as well as indirect costs (variable and fixed). A provision is made for obsolete and slow-moving raw materials, finished goods, spare parts and other supplies based on their expected future use and realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs for sale and distribution.

The Company makes adjustments to its inventory reserves based on the identification of specific situations and increases its inventory reserves accordingly. As further changes in future economic or industry conditions occur, the Company will revise the estimates that were used to calculate its inventory reserves.

If actual conditions are less favorable than those the Company has projected, the Company will increase its reserves for lower of cost or market (“LCM”), excess and obsolete inventory, accordingly. Any increase in the Company’s reserves will adversely impact its results of operations. The establishment of a reserve for LCM, excess and obsolete inventory establishes a new cost basis in the inventory.

15. *Fair value measurements and financial instruments*

The Company applies fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value.

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company’s financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

16. *Equity based compensation payment to employees*

The Company accounts for stock-based compensation expense relating to stock options that have been issued by the Company to the employees. The Company computes the fair value of options granted using the Black Scholes option pricing model. An amount equal to such compensation expense for the year is credited to additional paid in capital of the Company.

The Company has used guidance in ASC 718; “Compensation-Stock Compensation” to account for employee share-based payments. ASC 718 requires share-based payments to employees, including grants of employee stock options and purchases under employee stock purchase plans, to be recognized in statements of loss based on their fair values.

In accordance with ASC 718, the Company recognized stock-based compensation for awards granted, that the Company expects to vest on a straight-line basis over the requisite service period of the awards. In respect of awards that have a graded vesting schedule and with only service conditions, compensation cost is recognized on straight line basis over the requisite service period for each separately vesting portion of the award as if the award was-in-substance, multiple awards.

In March 2016, the FASB issued ASU 2016-09, “Compensation-Stock Compensation-Improvements to Employee Share-Based Payment Accounting”. Under the new guidance, an entity can make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest (current GAAP) or account for forfeitures when they occur. This ASU is effective for the Company beginning January 1, 2018. The Company elected to recognize forfeitures when they occur.

17. *Advertising*

Advertising costs are presented as part of selling, general, and administrative expenses in the statements of loss. Advertising costs are expensed as incurred. The amount of advertising and marketing cost incurred by the Company for the years ended March 31, 2020 and March 31, 2019 is $ 941,181 (INR 70,908,577) and $ 1,786,643 (INR 134,605,684), respectively.

18. *Operating leases*

Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

19. *Capital leases*

Leases in which the Company has substantially all the risk and rewards of ownership are classified as capital leases. Capital leases are capitalized at the lease’s commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

20. *Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

21. *Recent accounting pronouncements*

In February 2016, the Financial Accounting Standard Board issued ASU 2016-02, Leases, which requires lessees to recognize right-of-use assets, representing their right to use the underlying asset for the lease term, and lease liabilities on the balance sheet for all leases with terms greater than 12 months. The guidance also requires qualitative and quantitative disclosures designed to assess the amount, timing and uncertainty of cash flows arising from leases. The Company has initiated its plan for the adoption and implementation of this new accounting standard, including assessing its lease arrangements, evaluating practical expedient and accounting policy elections, and implementing software to meet the reporting requirements of this standard. The Company is also in the process of identifying changes to its business processes and controls to support adoption of the new standard. The standard requires the use of a modified retrospective transition approach, which includes a number of optional practical expedients that entities may elect to apply. The guidance is effective for annual periods beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021. Early adoption is permitted. As of March 31, 2020, the Company continued the evaluation of the impact of adopting Topic 842 on its financial position, results of operations and related disclosures, but has not yet completed such assessment.

NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	As at March 31, 2020		As at March 31, 2019	
	USD	**INR**	USD	INR
Petty cash	**58**	**4,370**	–	–
Balances with banks	**255,424**	**19,243,644**	600,155	45,215,678
	255,482	**19,248,014**	600,155	45,215,678

Bank balances on operating and checking accounts with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of USD 250,000 (INR: 18,835,000) (March 31, 2019: USD 250,000 (INR: 18,835,000)) per financial institution per depositor.

NOTE D - ACCOUNTS RECEIVABLE, NET OF ALLOWANCES

Accounts receivable comprise of:

	As at March 31, 2020		As at March 31, 2019	
	USD	**INR**	USD	INR
Trade receivables	**1,707,514**	**128,644,105**	874,752	65,903,816
Less: provision for doubtful debts	**(801,493)**	**(60,384,483)**	(173,145)	(13,044,744)
Less: reserve for sales return	**(412,558)**	**(31,082,120)**	(282,075)	(21,251,531)
Accounts receivable, net of allowances	**493,463**	**37,177,502**	419,532	31,607,541

The activities in provision for doubtful debts account are as given below-

	Year ended March 31, 2020		Year ended March 31, 2019	
	USD	**INR**	USD	INR
Balance at beginning of the year	**173,145**	**13,044,744**	177,806	13,395,904
Provisions made during the year	**682,956**	**51,453,905**	67,944	5,118,901
Bad debts written-off during the year	**(54,608)**	**(4,114,166)**	(72,605)	(5,470,061)
Balance at end of the year	**801,493**	**60,384,483**	173,145	13,044,744

NOTE E – INVENTORIES

Inventories comprise of the following:

	As at March 31, 2020		As at March 31, 2019	
	USD	**INR**	USD	INR
Raw material*	**8,700,514**	**655,496,725**	11,383,676	857,646,150
Finished goods	**198,643**	**14,965,764**	5,186,374	390,741,417
Work in progress	**–**	**–**	535,242	40,325,132
Inventory reserve	**(5,820,628)**	**(438,526,114)**	(6,597,659)	(497,067,629)
Inventories, net of reserves	**3,078,529**	**231,936,375**	10,507,633	791,645,070

* Raw materials include inventory in transit amounting to $ Nil (INR: Nil) and $ 194,288 (INR 14,637,658) as at March 31, 2020 and March 31, 2019, respectively.

At the year ended March 31, 2020 and March 31, 2019, the Company's inventory reserve was $ 5,820,628 (INR 438,526,114) and $ 6,597,659 (INR 497,067,629) respectively. The impact of the same on statement of loss is recognized under cost of goods sold during the year ended March 31, 2020 and March 31, 2019.

NOTE F – PREPAID AND OTHER CURRENT ASSETS

Prepaid and other current assets comprise of the following:

	As at March 31, 2020		As at March 31, 2019	
	USD	**INR**	USD	INR
Prepaid expenses	**288,635**	**21,745,761**	354,557	26,712,324
Other advances	**171,480**	**12,919,303**	–	–
Others	**17,678**	**1,331,861**	35,117	2,645,715
	477,793	**35,996,925**	389,674	29,358,039

NOTE G – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise of the following:

	As at March 31, 2020		As at March 31, 2019	
	USD	**INR**	USD	INR
Leasehold improvements	**722,768**	**54,453,341**	**722,768**	**54,453,341**
Engineering equipment	**353,263**	**26,614,834**	353,263	26,614,834
Machinery and equipment	**2,761,910**	**208,082,299**	2,761,911	208,082,375
Production tools	**3,221,116**	**242,678,879**	3,157,444	237,881,831
Furniture equipment	**154,346**	**11,628,428**	154,346	11,628,428
Computer equipment	**124,852**	**9,406,350**	124,852	9,406,350
Vehicles	**1,012,861**	**76,308,948**	1,015,001	76,470,174
Total	**8,351,116**	**629,173,079**	8,289,585	624,537,333
Accumulated depreciation	**(4,523,160)**	**(340,774,874)**	(3,954,713)	(297,948,077)
Property, plant and equipment, net	**3,827,956**	**288,398,205**	4,334,872	326,589,256

Depreciation expense for the years ended March 31, 2020 and March 31, 2019 is $ 568,448 (INR 42,826,872) and $ 563,635 (INR 42,464,261), respectively.

NOTE H – INTANGIBLE ASSETS

Intangible assets consist of:

	Useful life	**As at March 31, 2020**		As at March 31, 2019	
		USD	**INR**	USD	INR
Definite life intangibles					
Intellectual property rights	15 years				

	Useful life	As at March 31, 2020		As at March 31, 2019	
		USD	**INR**	USD	INR
Gross Block		**18,323,524**	**1,380,494,298**	18,323,524	1,380,494,298
Less: Accumulated amortization		**(4,479,083)**	**(337,454,113)**	(3,257,515)	(245,421,180)
Less: Impairment		**(13,844,441)**	**(1,043,040,185)**	–	–
Net carrying amount		–	–	15,066,009	1,135,073,118
Computer software	3 years	**440,763**	**33,207,084**	440,763	33,207,085
Less: Accumulated amortisation		**(431,427)**	**(32,503,710)**	(404,005)	(30,437,737)
Total		**9,336**	**703,374**	36,758	2,769,348

Mahindra and Mahindra Limited ("M&M"), the ultimate parent company, developed Intellectual Property Rights ("IPR") for the design and development of GenZe product. During the year ended March 31, 2017, M&M assigned all the intellectual property rights including any technical know-how in the GenZe product in favor of the Company and waived its ownership or rights on the same vide an agreement dated July 25, 2016. The IPR were transferred by M&M at a total consideration of INR 123.5 crores and the Company recognized the intangible asset as at the transaction date amounting to $ 18,323,524 (INR 1,189,563,178). The management performed impairment testing as at March 31, 2020 and accordingly, an impairment charge of $ 13,844,441 has been recognized in the statement of loss.

Amortization expense for the year ended March 31, 2020 and March 31, 2019, is $ 1,221,568 (INR 92,032,933) and $ 1,221,568 (INR 92,032,933), respectively.

NOTE I – INTERNALLY DEVELOPED SOFTWARE

	As at March 31, 2020		As at March 31, 2019	
	USD	**INR**	USD	INR
Opening software development in process	**56,043**	**4,222,280**	179,632	13,533,475
Software development during the year	**18,070**	**1,361,393**	650,793	49,030,745
Transfer to internally developed software	**(74,113)**	**(5,583,673)**	(774,382)	(58,341,940)
Total software development in process	**–**	**–**	56,043	4,222,280
Internally developed software	**848,495**	**63,925,613**	774,382	58,341,940
Less: accumulated amortization	**(421,358)**	**(31,745,111)**	(161,446)	(12,163,342)
Internally developed software, net	**427,137**	**32,180,502**	612,936	46,178,598
Total	**427,137**	**32,180,502**	668,979	50,400,878

Amortization expense for the years ended March 31, 2020 and March 31, 2019 is $ 259,912 (INR 19,581,770) and $ 120,957 (INR 9,112,900), respectively.

Capital work in progress includes amount incurred towards development of GenZe's Mobile App - Consumer and Fleet Management Software for which the Company has an agreement with developer who would be responsible for the development and maintenance of the software products.

NOTE J – OTHER ASSETS

Other non-current assets comprise of:

	As at March 31, 2020		As at March 31, 2019	
	USD	**INR**	USD	INR
Deposits- security	**16,716**	**1,259,384**	24,495	1,845,454
Deposits- general	**150,000**	**11,301,000**	30,648	2,309,020
Total	**166,716**	**12,560,384**	55,143	4,154,474

NOTE K – SHORT TERM BORROWINGS

Short term borrowings comprise of:

	As at March 31, 2020		As at March 31, 2019	
	USD	**INR**	USD	INR
Demand credit facility	**–**	**–**	34,400,000	2,591,696,000
Total	**–**	**–**	34,400,000	2,591,696,000

The Company obtained a demand credit facility by way of current account bank overdraft agreement wherein the Company can utilize amount up to the credit limit granted. This credit facility was obtained for the purpose of working capital requirements and for general corporate purposes. All current assets of the Company serve as collateral for this credit arrangement.

During the year ended March 31, 2019, the credit facility agreement was amended to increase the limit of the facility up to $ 34,400,000 (INR 2,591,696,000). The credit facility was repaid in full on March 31, 2020.

The average rate of interest charged by the bank during the year ended March 31, 2020 is 4.49% p.a. and March 31, 2019 is 4.22% p.a., respectively. The interest is payable on the daily closing balance of the loan which is calculated and payable monthly. During the year ended March 31, 2020, the Company repaid the entire demand credit facility.

For the year ended March 31, 2020, finance charges of $ 1,793,221 (INR 135,101,270) and (March 31, 2019 $ 1,475,364 (INR 111,153,924) have been included in finance cost in the statement of loss.

NOTE L – ACCOUNTS PAYABLE

Account payable comprise of the following:

	As at March 31, 2020		As at March 31, 2019	
	USD	**INR**	USD	INR
Trade payables	**3,471,635**	**261,552,981**	3,137,646	236,390,250
Total	**3,471,635**	**261,552,981**	3,137,646	236,390,250

NOTE M – OTHER CURRENT LIABILITIES

Other current liabilities comprise of the following:

	As at March 31, 2020		As at March 31, 2019	
	USD	**INR**	USD	INR
Accrued expenses	**796,311**	**59,994,071**	511,870	38,564,286
Accrued payroll	**179,283**	**13,507,181**	175,932	13,254,717
Accrued severance	**698,568**	**52,630,113**	–	–
Accrued bonus	**–**	**–**	649,865	48,960,829
Deferred revenue	**1,036,527**	**78,091,944**	1,036,527	78,091,944
Income tax provision	**1,421**	**107,058**	1,401	105,551
Credit card dues	**1,428**	**107,586**	4,695	353,721
Refundable deposit	**–**	**–**	121,615	9,162,474
Reserve for product warranty	**264,457**	**19,924,190**	239,437	18,039,184
Total	**2,977,995**	**224,362,143**	**2,741,342**	**206,532,706**

NOTE N – OTHER INCOME

Other income comprises of the following:

	For the year ended			
	March 31, 2020		March 31, 2019	
	USD	**INR**	USD	INR
Government incentive	–	–	60,000	4,520,400
Sub-lease income	–	–	46,152	3,477,091
Miscellaneous	**272,427**	**20,524,650**	6,650,258	501,030,438
Total	**272,427**	**20,524,650**	**6,756,410**	**509,027,929**

The Company during the calendar year 2013 was awarded a $ 300,000 (INR 22,602,000) business development grant for a project with Michigan Economic Development Council. During the year ended March 31, 2019, the Company has received additional $ 60,000 (INR 4,520,400) of the grant money.

Miscellaneous income for the year ended March 31, 2020 is $ 272,427 (INR 20,524,650) and for March 31, 2019 is $ 6,650,248 (INR 501,030,438). Miscellaneous income for the year ended March 31, 2019 comprises majorly of the settlement amount from one of Company's contract with a customer for sale of e-bikes that was cancelled and mutually settled.

NOTE O – FINANCE LEASE

The Company has purchased vehicles and factory equipment under a non-cancelable finance lease. All the lease agreements contain bargain purchase option at the end of the lease term.

	As at March 31, 2020		As at March 31, 2019	
	USD	**INR**	USD	INR
Capital lease obligations	–	–	6,394	481,724
Less: current maturities	–	–	(6,264)	(471,930)
Less: interest on current maturities	–	–	(130)	(9,794)
Non-current lease obligation	–	–	–	–
Less: interest on non-current maturities	–	–	6,394	481,724
Non-current lease obligation	–	–	–	–

NOTE P – REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

The following table presents revenue disaggregated by product line:

	As at March 31, 2020		As at March 31, 2019	
Particulars	**USD**	**INR**	USD	INR
Product sales	**6,243,393**	**470,377,229**	8,363,369	630,096,220
Parts and accessory sales	**352,324**	**26,544,090**	1,321,398	99,554,125
Interest income on finance lease	**76,871**	**5,791,460**	100,622	7,580,862
Total revenue by product line	**6,672,588**	**502,712,779**	9,785,389	737,231,207

The following table presents revenue disaggregated by timing of recognition:

	As at March 31, 2020		As at March 31, 2019	
Particulars	**USD**	**INR**	USD	INR
Products and services transferred at a point in time	**6,595,716**	**496,921,243**	9,684,768	729,650,421
Services transferred over time	**76,872**	**5,791,536**	100,621	7,580,786
Total revenue by timing of revenue recognition	**6,672,588**	**502,712,779**	9,785,389	737,231,207

Contract Balances

The Company's contracts with customers with dealer agreements and purchase orders. These contracts with customers typically consist of sale of products which represent performance obligations that are satisfied upon transfer of control of the product to the customer at a point in time. The Company adopted the new revenue recognition standard using the modified retrospective transition approach and determined that the existing revenue recognition practices are in compliance with ASC 606. Accordingly, there was no cumulative effect adjustment to the balance of accumulated surplus in the balance sheet for the year ended March 31, 2020, as the adoption did not result in a change to the timing of revenue recognition.

The following table provides information about contract assets and liability balances as of March 31, 2020 and April 1, 2019:

	As at March 31, 2020		As at March 31, 2019	
Particulars	**USD**	**INR**	USD	INR
Accounts receivable (Refer *Note D*)	**493,463**	**37,177,502**	419,532	31,607,541
Contract liabilities (deferred revenue)	**1,036,527**	**78,091,944**	1,036,527	78,091,944

NOTE Q – COMMITMENTS AND CONTINGENCIES

Lease obligations

The Company has following lease obligations for business premises and locations:

1) Ann Arbor, Michigan – industrial and office use.
   The period of lease is from January 31, 2017 to February 29, 2020. The rent space was increased to 55,924 sq. feet. The rent expense for the year ended March 31, 2020 for this lease is $ 193,456 (INR 14,574,975). In addition to this the Company has provided a security deposit of $ 17,000 (INR 1,280,780) for period of three years. The lease term expired in the current year on February 29, 2020.
2) Fremont, California – office premises.
   The lease period expired on May 31, 2019 and subsequently it was renewed from September 01, 2019 to August 31, 2021. The rent expense for the year ended March 31, 2020 is $ 89,189 (INR 6,719,499). In addition to this the Company has provided a security deposit of $ 16,716 (INR 1,259,383) for period of two years.
3) Portland, Airport Business Center – office use.
   The period of lease is from June 1, 2014 to July 31, 2019. The rent expense the year ended March 31, 2020 for this lease is $ 19,984 (INR 1,505,595). In addition to this the Company has provided a security deposit of $ 7,494 (INR 564,598) for period of five years. The Company has given this office on sub lease. The lease term expired in the current year on July 31, 2019.

The rent expense for the year ended March 31, 2020 is $ 413,715 (INR 31,169,288) and for March 31, 2019 is $ 531,889 (INR 40,072,517).

As at March 31, 2020, future rental commitments for the leases are as follows:

Year ended	**USD**	**INR**
March 31, 2021	155,598	11,722,753
March 31, 2022	65,637	4,945,092

NOTE R – WARRANTIES

The movement in provision for product warranty is as follows:

	Year ended March 31, 2020		Year ended As at March 31, 2019	
	USD	**INR**	USD	INR
Opening balance	**239,437**	**18,039,184**	219,487	16,536,151
Increase in liability (new warranties)	**233,283**	**17,575,541**	292,206	22,014,800
Reduction in liability (payment)	**(208,263)**	**(15,690,534)**	(272,256)	(20,511,767)
Closing balance	**264,457**	**19,924,191**	239,437	18,039,184

NOTE S – INCOME TAXES

For the year ended March 31, 2020, the Company will file federal and state tax returns as per regulations applicable to Chapter C corporations in the United States.

The components of the provision for income taxes are as follows:

	For the year ended March 31, 2020		For the year ended March 31, 2019	
	USD	INR	USD	INR
Current taxes				
Federal	–	–	–	–
State	1,670	125,818	1,650	124,311
Deferred taxes				
Federal	–	–	–	–
State	–	–	–	–
Total	1,670	125,818	1,650	124,311

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes are as follows:

	For the year ended March 31, 2020		For the year ended March 31, 2019	
	USD	INR	USD	INR
Income tax at federal rate	(6,175,355)	(465,251,220)	(4,209,696)	(317,158,509)
State tax, net of federal effect	(1,918,332)	(144,527,137)	(1,573,867)	(118,575,125)
Permanent differences	(12,065)	(908,944)	21,013	1,583,103
True-up	(143,505)	(10,811,676)	(3,592)	(270,598)
Change in net operating losses (“NOLs”)	144,722	10,903,319	(28,422)	(2,141,343)
Change in tax credit	(490,412)	(36,947,653)	(47,953)	(3,612,807)
Change in valuation allowance	8,596,617	647,669,129	5,844,167	440,299,590
Total	1,670	125,818	1,650	124,311

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company’s net deferred income taxes are as follows:

	March 31, 2020		March 31, 2019	
	USD	INR	USD	INR
Non-current deferred tax liability				
Property, plant and equipment	(693,209)	(52,226,366)	(740,331)	(55,776,538)
Non-current deferred tax assets				
Accrued employee compensation	–	–	219,286	16,521,026
Accrued expenses	1,796,127	135,320,268	882,911	66,518,540
Charitable contribution	11,199	843,758	8,400	632,856
Tax credit	2,989,092	225,198,181	2,498,680	188,250,528
Deferred revenue	273,978	20,641,483	1,293	97,391
Net operating loss	21,850,183	1,646,192,798	18,466,176	1,391,241,731
Intangibles	3,705,662	279,184,550	–	–
Less: Valuation allowance	(29,933,032)	(2,255,154,659)	(21,336,415)	(1,607,485,530)
Non-current deferred tax assets	693,209	52,226,379	740,331	55,776,542

	March 31, 2020		March 31, 2019	
	USD	INR	USD	INR
Deferred taxes	29,933,032	2,255,154,659	21,336,415	1,607,485,530
Less: Deferred tax asset valuation allowance	(29,933,032)	(2,255,154,659)	(21,336,415)	(1,607,485,530)
Net deferred taxes	–	–	–	–

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

Based on the history of losses and current year significant losses, the management believes that it is more likely than not that the deferred tax assets may not be realized during foreseeable future and accordingly, a valuation allowance of $ 29,933,032 and $ 21,336,415 was recognized as at March 31, 2020 and March 31, 2019 respectively.

No deferred tax assets were recognized as at March 31, 2020 and March 31, 2019.

The Company has federal NOLs of $ 82,333,809 and $ 69,756,793 as at March 31, 2020 and March 31, 2019 respectively. The NOLs generated till 2017-18 which if unutilized will expire by the year 2037 and the NOLs generated after 2017-18 will be carry forwarded indefinitely.

The Company has state net operating loss carryforwards of approximately $ 120,257,059 and $ 97,156,424 as at March 31, 2020 and March 31, 2019 respectively, which if unutilized will expire based on the various state statutes.

The Company has R&D credit carryforwards and FTC carryforwards of $ 1,330,997 as on March 31, 2020.

Accounting for uncertain tax position

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at March 31, 2020 and March 31, 2019.

The tax years of 2016 through 2018 remain subject to examination by the taxing authorities.

NOTE T – STOCK BASED COMPENSATION

In 2016, the Company adopted the incentive stock option plan for the employees of the Company. Under the Plan, incentive stock options to purchase the Company’s common stock may be granted to employees at prices not lower than fair value at the date of grant. Stock options have a maximum term of 10 years.

Activity under the plan to the extent related to employees of the Company:

	Number of options	Weighted-average exercise price	Weighted average remaining contractual life (Years)
Balance as at April 1, 2018	8,220,000	0.20	8.50
Granted	–	–	
Exercised	–	–	

	Number of options	Weighted-average exercise price	Weighted average remaining contractual life (Years)
Cancelled	(590,000)	0.20	
Balance as at March 31, 2019	7,630,000	0.20	7.50
Balance as at April 1, 2019	7,630,000	0.20	7.50
Granted	–	–	
Exercised	–	–	
Cancelled	(1,041,000)	0.20	
Balance as at March 31, 2020	**6,589,000**	**0.20**	**6.50**

The grant date fair value of options has been estimated using the Black-Scholes single option pricing model using assumptions about expected risk free interest rate in the range of 1% to 1.3% and expected volatility rate in the range of 38% to 42%. The Company has de-recognized $ 68,712 (INR 5,176,762) as stock-based compensation expense for the year ended March 31, 2020 and recognized compensation expense for March 31, 2019: $ 91,029 (INR 6,858,125). The Company during the year ended March 31, 2020 and March 31, 2019 did not issue any new options and cancelled 1,041,000 options and 590,000 options for year ending March 31, 2020 and March 31, 2019, respectively.

NOTE U – RELATED PARTY TRANSACTIONS

Related parties with whom transactions have taken place during the year

1. Mahindra & Mahindra Limited – Ultimate parent company
2. Mahindra & Mahindra Limited (Automotive division) – Ultimate parent company
3. Mahindra Overseas Investment Company (Mauritius) Limited – Parent company
4. Mahindra Automotive North America, Inc. – Fellow Subsidiary
5. Mahindra North America Technical Center Inc. – Fellow subsidiary
6. Tech Mahindra (Shanghai) Co Ltd. – Subsidiary of associate of ultimate parent company
7. Tech Mahindra Limited – Associate of ultimate parent company
8. Mahindra USA Inc. – Fellow subsidiary
9. Mahindra Racing UK Limited – Fellow subsidiary
10. Mahindra Two Wheelers Limited – Fellow subsidiary
11. Mahindra Vehicles Manufacturers Limited US Branch “MVML Branch” – Fellow subsidiary
12. Tech Mahindra America Inc. – An affiliate company
13. Peugeot Motocycles S.A.S – Fellow subsidiary
14. Bristlecone Limited – Fellow subsidiary
15. Scoot Networks Inc. * – An associate of the ultimate parent company

Summary of transactions with related parties are as follows:

	March 31, 2020		March 31, 2019	
	USD	**INR**	USD	INR
Balances at the end of the year				
Due from related parties				
– Mahindra & Mahindra Limited	**31,742**	**2,391,442**	–	–
Accounts receivable				
– Mahindra USA, Inc.	**34,564**	**2,604,052**	34,654	2,610,832
– Peugeot Motocycles S.A.S.	**41,745**	**3,145,068**	122,427	9,223,650
– Scoot Networks Inc.*	–	–	2,029,046	152,868,326
Payable				
– Mahindra & Mahindra Limited	**8,009**	**603,398**	–	–
– Mahindra & Mahindra Limited (Automotive division)	**599,959**	**45,200,911**	669,765	50,460,095
– Tech Mahindra (Shanghai) Co Ltd.	–	–	44,299	3,337,487
– Tech Mahindra Limited	**74,090**	**5,581,941**	182,080	13,717,907
– Mahindra Two Wheelers Limited	**183,274**	**13,807,863**	142,967	10,771,134
– Peugeot Motorcycles S.A.S.	**16,757**	**1,262,472**	8,258	622,158
– Bristlecone limited	**14,993**	**1,129,573**	14,993	1,129,573
– Mahindra Automotive North America Inc.	**254,751**	**19,192,940**	–	–
– Mahindra Vehicle Manufacturers Limited US branch	**1,786,008**	**134,557,843**	–	–
– Mahindra North America Technical Center Inc	**870,852**	**65,609,990**	–	–
Loan from related party				
– Mahindra Overseas Investment Company Mauritius Limited	9,030,000	**680,320,200**	7,400,000	557,516,000
Interest payable				
– Mahindra Overseas Investment Company Mauritius Limited	**449,683**	**33,879,117**	44,688	3,366,794
Transactions during the year				
Tech Mahindra America Inc.	–	–	1,170	88,148
Mahindra USA, Inc.	–	–	26,880	2,025,139
Peugeot Motorcycles S.A.S.	**412,601**	**31,085,359**	1,031,888	77,742,442
Scoot Networks Inc.	–	–	1,916,555	144,393,254
Mahindra Vehicle Manufacturers Limited US Branch				
Expense paid on behalf of the Company	**490,806**	**36,977,324**	–	–
Expenses incurred on behalf of MVML Branch	**20,488**	**1.543,566**	–	–
Sale of product	**1,332,995**	**100,427,843**	–	–
Sales return	**1,487,961**	**112,102,982**	–	–
Mahindra North America Technical Centre Inc.				
Sale of product	**1,062,102**	**80,018,765**	–	–
Sales return	**870,852**	**65,609,990**	–	–
Mahindra Automotive North America Inc.				
Sale of product	**1,600,000**	**120,544,000**	–	–
Expense paid on behalf of Company	**254,751**	**19,192,940**	–	–
Purchases/services received				
– Mahindra & Mahindra Limited	**1,522**	**114,667**	6,486	488,655

	March 31, 2020		March 31, 2019	
	USD	**INR**	USD	INR
– Mahindra & Mahindra Limited (Automotive division)	–	–	544,388	41,014,192
Expense incurred on behalf of M&M	**488,755**	**36,822,802**		-
– Tech Mahindra (Shanghai) Co. Ltd	–	–	44,299	3,337,487
– Tech Mahindra Limited	**74,090**	**5,581,941**	182,080	13,717,907
– Mahindra Two Wheelers Limited	**39,866**	**3,003,504**	189,343	14,265,102
Issuance of common stock				
– Mahindra Overseas Investment Company Mauritius Limited	**34,735,000**	**2,616,934,900**	4,000,000	301,360,000
Loan from related party				
– Mahindra Overseas Investment Company Mauritius Limited	**1,630,000**	**122,804,200**	7,400,000	557,516,000
Interest income				
Scoot Networks Inc.	–	–	100,262	7,553,739

* Balance with Scoot Network Inc. is classified under account receivable for the year March 31, 2020 as it is not a related party as at March 31, 2020.

These related party transactions are in the normal course of business operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

NOTE V – SHIPPING AND HANDLING COST

The shipping and handling cost for the year ended March 31, 2020 is $ 650,545 (INR 49,012,060) and for March 31, 2019 is 896,959 (INR 67,576,891).

NOTE Y – EMPLOYEE BENEFIT PLANS

The Company has voluntary 401(k) retirement plans covering substantially all employees. The Company may make annual contributions to the plans equal to a uniform percentage of participant compensation. The cost of the Company's contributions charged to expense related to 401(k) contributions was USD 80,902 (INR: 6,095,157) and USD 138,876 (INR: 10,462,918) for the year ended March 31, 2020 and year ended March 31, 2019, respectively.

NOTE Z – CONCENTRATIONS

Financial instruments that have a potential to subject the Company to concentrations of credit risk comprise principally of cash equivalents and accounts receivable. The fair values of these financial instruments approximate their book values.

During the year ended March 31, 2020, the Company has recognized 27% of its revenue from single customer which also accounts for 1% of the total accounts receivable as at March 31, 2020.

During the year ended March 31, 2019, the Company has recognized 35% of its revenue from single customer which also accounts for 7% of the total accounts receivable as at March 31, 2019.

NOTE AA – STOCKHOLDER'S EQUITY

Common stock

Ownership of the Company was transferred from Mahindra USA, Inc. to Mahindra Overseas Investment Company Mauritius Limited ("MOICM") on November 30, 2014, by issuance of 5,600,000 additional shares of $1 each. Further 10,000 shares held by Mahindra USA, Inc. were also transferred to the new parent company, MOICM.

Authorized share capital

The Company has authorized share capital of 600,000,000 of $0.2 per share totaling to $ 120,000,000 (INR 9,040,800,000) as at March 31, 2020.

During the year ended March 31, 2020. the Company had increased the authorized share capital by an additional 305,000,000 shares and issued additional 173,675,000 shares at par value of $0.2 per share totaling to $ 34,735,000 (INR 2,616,934,900).

The Company has authorized share capital of 295,000,000 of $0.2 per share totaling to $ 59,000,000 (INR 4,445,060,000) as at March 31, 2019.

During the year ended March 31, 2019, the Company had increased the authorized share capital by an additional 20,000,000 shares and issued additional 20,000,000 shares at par value of $0.2 per share totaling to $ 4,000,000 (INR 301,360,000).

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

NOTE AB – RISK AND UNCERTANITIES

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. Management is currently evaluating the impact of this COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE AC - SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2020 through May 18, 2020; the date on which the financial statements are issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA AGRI SOLUTIONS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahindra Agri Solutions Limited** ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Directors report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by Management and Board of Directors.
- Conclude on the appropriateness of the management's and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   I. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - refer note 42 to the financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

   (C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959
UDIN: 20113959AAAACF8336

Place: Mumbai
Dated: 11 May 2020

Annexure A to the Independent Auditors' Report – 31 March 2020

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.

(b) The Company has a programme of physical verification of its fixed assets by which all fixed assets are verified once in three years, pursuant to which the fixed assets were physically verified in the financial year ended 31 March 2018. No material discrepancies were noticed on such verification. All discrepancies have been dealt with in the books of account.

(c) In our opinion and according to the information and explanations given to us and on the basis of examination of records of the Company, the title deeds of immovable properties which are leasehold, freehold land, freehold building as disclosed in Note 4 to the financial statements are held in the name of the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on such verification. The discrepancies noted have been suitably dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year in terms of the provisions of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

(vi) In our opinion, and according to the information and explanations given to us, the maintenance of cost records under section 148 (1) of the Act is not applicable to the Company under Companies (Cost Record and Audit) Rules, 2014.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Profession tax, Duty of Customs, Goods and Service Tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Profession tax, Income Tax, Duty of customs, Goods and Service tax, Cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Duty of Customs and Goods and Service Tax as at 31 March 2020, which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanation given to us, the following dues of Sales Tax and Value Added Tax have not been deposited by the Company on account of disputes:

Name of Statue	Nature of the Dues	Amount demanded	Amount deposited under disputes	Period to which the amount relates	Forum where dispute is pending
West Bengal Sales Tax and Value Added Tax	Central Sales Tax	5.11	0.77	2016-17	Joint Commissioner Commercial Taxes, Kolkata South Circle
Maharashtra Sales Tax and Value Added Tax	Central Sales Tax	3.94	3.94	2016-17	Joint Commissioner of State Tax, Appeal-VII, Mumbai

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans and borrowing to the financial institution and banks. The Company did not have any outstanding loans and borrowings to government and dues to debenture holders during the year.

(ix) The Company did not raise money by way of term loans, initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3

(ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any material instances of fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Section 177 and Section 188 of the Act, where applicable and the details of such related party transactions have been disclosed in the financial statements as required by applicable Ind AS.

(xiv) According to the information and explanations given to us by the management, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959
UDIN: 20113959AAAACF8336

Place: Mumbai
Dated: 11 May 2020

Annexure B to the Independent Auditors' report on the financial statements of Mahindra Agri Solutions Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Agri Solutions Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959
UDIN: 20113959AAAACF8336

Place: Mumbai
Dated: 11 May 2020

BALANCE SHEET AS AT 31 MARCH 2020

(Currency : Indian rupees in lakhs)

		Note No.	As at 31 March 2020	As at 31 March 2019
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, plant and equipment	4	**3,582.27**	3,746.07
	(b) Capital work-in-progress	4	**5.19**	158.42
	(c) Other intangible assets	5 A	**399.22**	326.96
	(d) Financial assets			
	(i) Investments	6	**11,611.23**	2,780.98
	(ii) Other financial assets	7	**375.38**	7,843.44
	(e) Deferred tax assets (net)	8	**–**	312.07
	(f) Income tax assets (net)	9	**110.70**	63.36
	(g) Other Non-current assets	10	**43.31**	14.47
	SUB-TOTAL		**16,127.29**	15,245.77
	CURRENT ASSETS			
	(a) Biological assets other than bearer plant	11	**41.61**	79.17
	(b) Inventories	12	**5,532.66**	8,095.53
	(c) Financial Assets			
	(i) Trade receivables	13	**5,827.90**	4,200.42
	(ii) Cash and cash equivalents	14	**986.14**	164.55
	(iii) Other bank balances	14	**84.85**	81.02
	(iv) Loans	15	**–**	–
	(v) Other financial assets	7	**861.46**	738.30
	(d) Other current assets	10	**1,445.27**	1,380.12
			14,779.90	14,739.11
	(e) Assets held for sale	5 B	**2.07**	5,274.18
	SUB-TOTAL		**14,781.96**	20,013.29
	TOTAL ASSETS		**30,909.25**	35,259.06
II	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity share capital	16 A	**8,127.10**	6,926.90
	(b) Other equity	16 B	**(104.57)**	(4,142.36)
	SUB-TOTAL		**8,022.54**	2,784.54
	LIABILITIES			
	2 NON-CURRENT LIABILITIES			
	(a) Financial liabilities			
	(i) Borrowings	19 A	**4,163.89**	1,330.00
	(b) Provisions	17	**347.54**	356.47
	SUB-TOTAL		**4,511.43**	1,686.47
	3 CURRENT LIABILITIES			
	(a) Financial liabilities			
	(i) Borrowings	19 B	**6,475.00**	16,444.76
	(ii) Trade payables	20		
	Total outstanding dues of micro enterprises and small enterprises		**259.74**	177.65
	Total outstanding dues of creditors other than micro enterprises and small enterprises		**9,097.83**	11,256.66
	(iii) Other financial liabilities	21	**782.39**	697.36
	(b) Provisions	17	**61.28**	209.47
	(c) Current tax liabilities (net)	9	**40.23**	40.23
	(d) Other current liabilities	18	**1,658.81**	1,961.92
	SUB-TOTAL		**18,375.29**	30,788.05
	TOTAL EQUITY AND LIABILITY		**30,909.25**	35,259.06

The accompanying notes 1 to 47 forms integral part of financial statements

In terms of our report attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
Date: 11 May 2020

For and on behalf of Board of Directors
Mahindra Agri Solutions Limited
CIN - U01400MH2000PLC125781

Ramesh Iyer
Director
DIN: 00220759

Ashok Sharma
Managing Director and Chief Executive Officer
DIN: 02766679

Feroze Baria
Company Secretary
Membership No.: 11357

Meghnad Mitra
Chief Financial Officer
Membership No.: 54732

Mumbai
Date: 11 May 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(Currency : Indian rupees in lakhs)

		Note No.	Year ended 31 March 2020	Year ended 31 March 2019
I	Revenue from operations	22	**27,534.29**	31,180.76
II	Other Income	23	**1,707.87**	507.32
III	**Total Revenue (I+II)**		**29,242.17**	31,688.08
IV	**EXPENSES**			
	(a) Cost of materials consumed	24 (a)	**–**	4,240.28
	(b) Purchases of stock-in-trade		**16,609.07**	23,295.97
	(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	24 (b)	**2,600.44**	(2,935.70)
	(d) Employee benefits expense	25	**2,577.66**	5,198.49
	(e) Finance costs	26	**758.42**	1,036.02
	(f) Depreciation and amortisation expense	27	**429.15**	442.22
	(g) Other expenses	28	**8,472.27**	11,067.71
	Total Expenses (IV)		**31,447.00**	42,345.00
V	**Loss before exceptional item and tax for the year (III-IV)**		**(2,204.83)**	(10,656.91)
	Exceptional item			
	Profit on gain of transfer of certain investments	41	**598.03**	4,909.63
VI	**Tax expenses**			
	(a) Current tax	29	–	–
	(b) Deferred tax	8	**312.07**	642.72
	Total Tax expenses		**312.07**	642.72
VII	**Loss after tax for the year**		**(1,918.87)**	(6,390.01)
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans	30	**34.84**	(10.53)
	(ii) Income tax relating to defined benefit plans that will not be reclassified to profit or loss	29	**–**	3.28
	(iii) Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	33	**(46.88)**	54.46
	(iv) Income tax relating to Effective portion of gains and loss on designated portion of hedging instruments that will be reclassified to profit or loss	29	**–**	(16.99)
	Total Other comprehensive income		**(12.04)**	30.23
IX	**Total comprehensive loss for the period (VII-VIII)**		**(1,930.91)**	(6,359.78)
	Loss per equity share: Basic and Diluted (in Rs.)	31	**(2.57)**	(9.22)

The accompanying notes 1 to 47 forms integral part of financial statements

In terms of our report attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
Date: 11 May 2020

Ramesh Iyer
Director
DIN: 00220759

Feroze Baria
Company Secretary
Membership No.: 11357

Mumbai
Date: 11 May 2020

For and on behalf of Board of Directors
Mahindra Agri Solutions Limited
CIN - U01400MH2000PLC125781

Ashok Sharma
Managing Director and Chief Executive Officer
DIN: 02766679

Meghnad Mitra
Chief Financial Officer
Membership No.: 54732

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

(Currency : Indian rupees in lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Cash flows from operating activities		
Loss before tax for the year	**(2,204.83)**	(10,656.91)
Adjustments for:		
Finance costs	**758.42**	1,036.02
Interest income	**(10.18)**	(6.03)
Provision for doubtful debts	**100.44**	829.59
Impairment loss recognised on loans and Others	**–**	–
Depreciation and amortisation expense	**429.15**	442.22
Net foreign exchange (gain)	**(21.92)**	(11.62)
Net (gain)/loss arising on Biological assets at fair value	**–**	(8.52)
Expenses recognised in respect of ESOP	**101.60**	173.78
Gain on disposal of Property, plant and equipment (net)	**(1,590.90)**	(164.06)
	(2,438.23)	(8,365.54)
Movements in working capital:		
(Increase)/Decrease in trade and other receivables	**(1,700.46)**	13,838.45
Decrease in inventories	**2,600.43**	588.63
(Increase) in other assets	**(444.07)**	(4,511.42)
(Decrease) in trade and other payables	**(2,477.97)**	(4,913.06)
	(2,022.06)	5,002.60
Cash **(used in)** operations	**(4,460.29)**	(3,362.94)
Income taxes refund	**(47.33)**	(23.43)
Net cash (used in) operating activities	**(4,507.62)**	(3,386.37)
Cash flows from investing activities		
Interest received	**12.85**	4.77
Payment to acquire non-current investments - Subsidiaries	**(899.25)**	(367.97)
Payment to acquire non-current investments - Associate	**(245.00)**	(534.86)
Share application money paid	**(22.50)**	(7,686.00)
Changes in bank deposits with bank	**(3.84)**	(3.33)
Proceeds from transfer of business/investment	**5,870.14**	4,909.63
Proceeds from sale of property, plant and equipment	**1,662.24**	194.44
Payments for purchase of property, plant and equipment	**(244.19)**	596.22
Net cash generated from/(used in) investing activities	**6,130.46**	(2,887.10)
Cash flows from financing activities		
Proceeds from Long-term borrowings	**–**	3,162.37
Repayment of Long-term Borrowings	**(140.00)**	–
Proceeds from Short-term borrowings	**5,933.55**	–
Repayments of short-term borrowings	**(10,903.34)**	–
Repayment of Intercorporate deposit	**(5,000.00)**	(1,000.00)
Proceeds from issue of Equity Share Capital	**4,932.84**	–

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020 (CONT...)

(Currency : Indian rupees in lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Proceeds from issue of 6% Optionally Convertible Redeemable Preference	**4,946.95**	–
Proceeds from Intercorporate deposit	**–**	5,000.00
Interest paid	**(640.35)**	(1,036.56)
Net cash flow generated from/(used in) financing activities	**(870.36)**	6,125.81
Net decrease/(increase) in cash and cash equivalents	**752.48**	(147.65)
Cash and cash equivalents at the beginning of the year	**164.55**	312.21
Cash and cash equivalents at the end of the year (refer note 14)	**917.02**	164.55

Notes :

1 The above Cash Flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (Ind AS) 7 - "Statement of Cash Flows" notified under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015.

2 The Company has a lien on its fixed deposits aggregating Rs 114.37 lakhs (31 March 2019: Rs 106.37 lakhs) against the bank guarantees/performance guarantees issued by the Company in favour of various customers.

3 **Components of cash and cash equivalents**

Balance with banks		
- In current accounts	**986.14**	164.35
Book overdrafts	**(69.12)**	–
	917.02	164.55

4 **The movement of borrowings as per Ind AS 7 is as follows:**

	31 March 2020	31 March 2019
Opening balances		
Long-term borrowings	**1,595.42**	1,350.00
Short-term borrowings	**16,444.76**	9,527.81
Movements		
Long-term borrowings	**4,806.94**	245.42
Short-term borrowings	**(9,969.76)**	6,916.96
Closing balances		
Long-term borrowings	**6,402.35**	1,595.42
Short-term borrowings	**6,475.00**	16,444.76

The accompanying notes 1 to 47 forms integral part of financial statements

In terms of our report attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
Date: 11 May 2020

For and on behalf of Board of Directors
Mahindra Agri Solutions Limited
CIN - U01400MH2000PLC125781

Ramesh Iyer
Director
DIN: 00220759

Ashok Sharma
Managing Director and Chief Executive Officer
DIN: 02766679

Feroze Baria
Company Secretary
Membership No.: 11357

Meghnad Mitra
Chief Financial Officer
Membership No.: 54732

Mumbai
Date: 11 May 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

(Currency : Indian rupees in lakhs)

(a) Equity Share Capital

	Amount
As at 31 March 2018	6,926.90
Changes in equity share capital during the year	–
As at 31 March 2019	**6,926.90**
Changes in equity share capital during the year	1,200.20
As at 31 March 2020	**8,127.10**

Note: During the current year, the Company has raised fund through right issue number of equity shares 12,002,038 of Rs.10 each to existing equity shareholders in their shareholding ratio.

(b) Other Equity

Particulars	Reserves and Surplus					OCI	
	Capital reserve for bargain purchase business combination	Securities premium	Equity component of Optionally convertible redeemable preference shares	Employee stock option outstanding	Retained earnings	Effective portion of cash flow hedges	Total
As at 31 March 2018	**(9,100.45)**	**20,945.43**	**–**	**374.05**	**(10,133.94)**	**(41.43)**	**2,043.66**
Loss for the year	–	–	–	–	(6,390.01)	–	(6,390.01)
Other comprehensive income/(loss)	–	–	–	–	(7.24)	37.47	30.23
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(6,397.25)**	**37.47**	**(6,359.78)**
Share issue (ESOP to employees)	–	–	–	173.78	–	–	173.78
As at 31 March 2019	**(9,100.45)**	**20,945.43**	**–**	**547.83**	**(16,531.19)**	**(3.96)**	**(4,142.35)**
Loss for the year	–	–	–	–	(1,918.87)	–	(1,918.87)
Other comprehensive income/(loss)	–	–	–	–	34.84	(46.88)	(12.04)
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(1,884.04)**	**(46.88)**	**(1,930.91)**
Security premium on right issue and preferential allotments	–	3,732.63	–	–	–	–	3,732.63
6% Optionally Convertible Redeemable Preference issue	–	–	2,134.45	–	–	–	2,134.45
Share issue (ESOP to employees)	–	–	–	101.60	–	–	101.60
As at 31 March 2020	**(9,100.45)**	**24,678.06**	**2,134.45**	**649.43**	**(18,415.23)**	**(50.84)**	**(104.57)**

In terms of our report attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
Date: 11 May 2020

For and on behalf of Board of Directors
Mahindra Agri Solutions Limited
CIN - U01400MH2000PLC125781

Ramesh Iyer
Director
DIN: 00220759

Ashok Sharma
Managing Director and Chief Executive Officer
DIN: 02766679

Feroze Baria
Company Secretary
Membership No.: 11357

Meghnad Mitra
Chief Financial Officer
Membership No.: 54732

Mumbai
Date: 11 May 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

(Currency : Indian rupees in lakhs)

1. Corporate information

Mahindra Agri Solutions Limited (Formerly Known as Mahindra Shubhlabh Services Limited) ("the Company") a Public Limited Company domiciled in India and incorporated on 11 April 2000 under the provisions of the Companies Act, 1956 (CIN : U01400MH2000PLC125781).

The Company is engaged in the business of Agri inputs products and Food businesses. Grapes, Banana Cultivation, Cropcare, Seeds, Dairy, Edible Oil and Pulses, etc. businesses are in operations during the year.

The Company is the subsidiary of Mahindra and Mahindra Limited.

2. Significant accounting policies

2.1 Statement of Compliance and Basis of preparation and presentation

The Separate financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

These separate financial statements were approved by the Company's Board of Directors and authorised for issue on 11 May 2020.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All values are rounded to the nearest lakhs.

2.2 Going concern

During the year, the Company has recognised a loss after tax for the year ended 31 March 2020 of Rs 1,918.87 lakhs (31 March 2019: Rs 6,390.01 lakhs) and as at that date, the Company's current liabilities exceed current assets by Rs. 3,593.32 lakhs (31 March 2019: 10,774.77 lakhs). The financial statements for the year ended 31 March 2020 are prepared on a going concern basis, the validity of which is premised on the continuing availability of credit facilities to the Company for the foreseeable future. Further, the Company has sanctioned limit for additional investment/financial assistance up to Rs. 19,000 lakhs (of which Rs 9,840.48 lakhs is already received by way of investment in equity and optionally convertible preference shares) approved by the Strategic Investment Committee of the Board of the Mahindra and Mahindra Limited at its meeting held on 7 February 2019.

Management has critically assessed its cash flows forecast and expect the Company's operating results and cash flows to continue to improve and be able to generate sufficient cash flows and resources to allow the Company to continue in its operations and meet its obligations for the foreseeable future and accordingly the accounts have been prepared on a going concern basis.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period. Historical cost is based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant the fair value measurement is unobservable

2.4 Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest Rs. lakhs, unless otherwise indicated.

2.5 Revenue recognition

The Company has applied Ind AS 115 Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to receive in exchange for those products or services.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The accounting policies for specific revenues streams of the Company is summarised below:

Sale of goods:

Revenue from the sale of goods is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration expected to receive in exchange for those products, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the control of promised products to customers;
- the Company has identified the contract with customer and performance obligation in the contract.

(Currency : Indian rupees in lakhs)

- the transaction price can be measured reliably;
- it is expected that the consideration associated with the transaction will flow to the Company; and revenue is recognised when the company satisfy the performance obligation

Export benefits:

Export benefits for sale of goods are accounted for in the year of export based on eligibility and accrual basis, when there is no uncertainty in receiving the same.

2.6 Interest income

Interest income from financial assets is recognised when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

2.7 Borrowing costs

Borrowing costs are interest and ancillary costs incurred in connection with the arrangement of borrowings. General and specific borrowing costs attributable to acquisition and construction of any qualifying asset (one that takes a substantial period of time to get ready for its designated use or sale) are capitalised until such time as the assets are substantially ready for their intended use or sale, and included as part of the cost of that asset. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All the other borrowing costs are recognised in the Statement of Profit and Loss within Finance costs of the period in which they are incurred.

2.8 Employee benefits

The Company's contribution paid/payable during the year to Superannuation Fund, ESIC and Labour Welfare Fund are recognised in profit or loss.

Provident fund

Contributions to Provident Fund are made to a Trust administered by the Company/Regional Provident Fund Commissioners and are charged to profit or loss as incurred. The Company is liable for the contribution and any shortfall in interest between the amount of interest realised by the investments and the interest payable to members at the rate declared by the Government of India in respect of the Trust administered by the Company.

Post-employment benefit plans

Defined Contribution plans:

Payments to defined contribution retirement benefit scheme for eligible employees in the form of superannuation fund are charged as an expense as they fall due. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made.

Defined benefit plans:

The Company operates a defined benefit plan – gratuity fund.

The liability recognised in the balance sheet in respect of its defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds that have tenure approximating the tenures of the related liability.

The interest income/(expense) are calculated by applying the discount rate to the net defined benefit liability. The net interest income/(expense) on the net defined benefit liability or asset is recognised in the Statement of Profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Short-term employee benefit

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

Employee stock option scheme

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

2.9 Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax

Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred tax

Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised only to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

(Currency : Indian rupees in lakhs)

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Minimum alternative tax

Minimum alternative tax (MAT) credit asset is recognised only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. The carrying amount of MAT credit asset is reviewed at each Balance sheet date.

2.10 Property, plant and equipment

Property, plant and equipment (other than bearer plant) held for use in the production or supply of goods or services, or for administrative purposes, are stated in the Balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment if any.

Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Bearer Plant cost includes cost of plant and land preparation upto the planting. Bearer plant are stated in the Balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes based on the Company's expected usage pattern supported by technical assessment:

(a) Certain items of Plant and Equipment – 1 to 15 years

(b) Buildings (Roads) – 15 years

(c) Vehicles – 5 years

(d) Bearer Plant – 3 Years

2.11 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets under development

The Company expenses costs incurred during research phase to profit or loss in the year in which they are incurred. Development phase expenses are initially recognised as intangible assets under development until the development phase is complete, upon which the amount is capitalised as intangible asset.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Computer software	3 years, 10 years
Non-compete fees	5 years
Trademarks	10 years
Technical knowhow	10 years

2.12 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash-generating unit, as the case may be, is estimated and impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) earlier.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

2.13 Biological assets

Biological assets growing on the bearer plant is estimated at fair value.

2.14 Inventories

Inventories are valued at lower of cost (on weighted average basis) and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges.

Work-in-progress and finished goods include appropriate proportion of overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Stores, spares and tools other than obsolete and slow moving items are carried at cost. Obsolete and slow moving items are valued at cost or estimated net realisable value, whichever is lower.

(Currency : Indian rupees in lakhs)

2.15 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2.16 Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on their respective classification.

On initial recognition, a financial asset is classified as - measured at:

- Amortised cost; or
- Fair Value through Other Comprehensive Income (FVTOCI) - equity investment; or
- Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL. This includes all derivative financial assets unless designated as effective hedge instruments which are accounted as per hedge accounting requirements discussed below.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment expenses are recognised in profit or loss. Any gain and loss on derecognition is also recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves.

The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments as at FVTOCI as the Company believes that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss. Dividend income received on such equity investments are recognised in profit or loss.

Equity investments that are not designated to be measured at FVTOCI are designated to be measured at FVTPL. Subsequent changes in fair value are recognised in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amount it may have to pay.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised and the proceeds received are recognised as a collateralised borrowing.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments

The Company enters into derivative financial instruments, primarily foreign exchange forward contracts to manage its exposure to foreign exchange. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

(Currency : Indian rupees in lakhs)

Derivatives are initially recognised at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss.

Impairment of financial assets

The Company applies the expected credit loss (ECL) model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2.17 Foreign exchange transactions and translation

Transactions in foreign currencies i.e. other than the Company's functional currency of Indian Rupees are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the functional currency using exchange rates prevailing at the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer policy on Derivative Financial Instruments).

2.18 Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments.

All other investments are classified as long-term investments.

Investment in subsidiaries are measured at cost as per Ind AS 27 - Separate Financial Statements.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of profit and loss.

Cost of investments include acquisition charges such as brokerage, fees and duties.

2.19 Government grants

Government grants related to property, plant and equipment's are recognised and presented by deducting the grant from the carrying amount of the assets at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant.

2.20 Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their primary nature.

The costs of the Company are broadly categorised in employee benefit expenses, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses majorly include fees to external consultants, cost running its facilities, travel expenses, cost of hardware and software bought for reselling, communication costs and other expenses. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, bank charges, freight and octroi etc.

Finance costs

The Company's finance costs include:

(i) Interest expense on borrowings and overdrafts

(ii) Interest expense on inter corporate deposits

Interest expense is recognised using effective interest method based on interest rates specified/ implicit in the transactions.

2.21 Earnings per share

Basic EPS is computed by dividing the Profit or loss attributable to the equity shareholders of the Company by the weighted average number of Ordinary shares outstanding during the year.

Diluted EPS is computed by adjusting the profit or loss attributable to the ordinary equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential Ordinary shares except where the results would be anti-dilutive.

2.22 Research and development expenses

Research expenditure is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. Tangible assets used in research and development are capitalised.

2.23 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving disposal of an investment, the investment that will be disposed of is classified as held for sale when the criteria described above are met.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.24 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating investing and financing activities of the Company are segregated based on the available information.

(Currency : Indian rupees in lakhs)

2.25 Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee:

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of- use asset reflects that the Company will exercise a purchase option. In that case the right-of- use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in the statement of financial position.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which theunderlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease.

2.26 Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Managing Director and CEO of the Company.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue/expenses/assets/liabilities".

2.27 Accounting of Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised, when there is a present legal or constructive obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where the effect is material, the provision is discounted to net present value using an appropriate current marketbased pre-tax discount rate and the unwinding of the discount is included in finance costs.

Contingent liabilities are recognised only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

3A. Significant changes in accounting policies:

Except as described below, the accounting policies applied in these financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31 March 2019.

Ind AS 116 Leases was issued on 30 March 2019 and supersedes Ind AS 17 Leases. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for leases. On the basis of assessment done by the management, the Company does not have any leases to be recognised under Ind AS 116. Thus, there is no impact on account of Ind AS 116.

3B. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with the Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

i. Critical Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Discount rate used to determine the carrying amount of the Company's employee defined benefit obligation

In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

Contingences and commitments

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallising or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position or profitability.

ii. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of property, plant and equipment

As described in Note 3.7, the Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of

(Currency : Indian rupees in lakhs)

each reporting period. During the current financial year, the management has reassessed the useful lives of certain property, plant and equipment and the impact of the change is not material for the year. There were no changes in residual values of the property, plant and equipment.

Allowances for doubtful debts

The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

Allowances for inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slowmoving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

Liability for sales return

In making judgment for liability for sales return, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 115 and in particular, whether the Company had transferred to the buyer the significant risk and rewards of ownership of the goods. Following the detailed quantification of the Company's liability towards sales return, the management is satisfied that significant risk and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate liability for sales return.

Accruals for estimated product returns, which are based on historical experience of actual sales returns and adjustment on account of current market scenario is considered by Company to be reliable estimate of future sales returns.

4 Property, plant and equipment and Capital work in-progress

Carrying Amount of:	As at 31 March 2020	As at 31 March 2019
Freehold land	**501.46**	501.46
Building	**1,518.04**	1,550.01
Plant and equipment	**962.56**	1,092.92
Computer equipment	**49.15**	48.33
Office equipment	**26.14**	47.06
Furniture and fixtures	**181.94**	224.43
Vehicles	**244.05**	249.50
Bearer plant	**98.94**	18.93
Leasehold improvement	**–**	13.42
Total tangible assets	**3,582.27**	3,746.07
Capital work-in-progress	**5.19**	158.42
Total	**3,587.45**	3,904.49

Description of assets	Freehold land	Buildings	Plant and equipment	Computer equipment	Office equipment	Furniture and fixtures	Vehicles	Bearer plant	Leasehold improvement	Total
I. Cost										
(a) Balance as at 1 April, 2018	**841.13**	**1,088.98**	**1,204.97**	**83.00**	**66.72**	**105.95**	**549.96**	**23.36**	**29.20**	**3,993.27**
Additions	–	1,327.21	826.83	55.30	18.51	193.18	212.10	9.87	–	2,643.00
Reclassification from assets as held for sale - note 5B	1.61	–	–	–	–	–	–	–	–	1.61
Reclassification to assets as held for sale - note 5B	–	–	–	(5.66)	(0.43)	–	(77.13)	–	–	(83.22)
Deduction/Adjustments during the year (refer note below)	(341.29)	(820.72)	(674.05)	(27.75)	(12.37)	(42.52)	(240.23)	–	–	(2,158.93)
Disposals	–	–	(8.52)	(1.53)	–	–	(16.84)	–	(9.12)	(36.00)
(b) Balance as at 31 March 2019	**501.46**	**1,595.47**	**1,349.23**	**103.37**	**72.44**	**256.61**	**427.86**	**33.23**	**20.09**	**4,359.73**
Additions	–	43.71	142.56	23.96	8.10	30.06	76.00	96.63	–	421.01
Reclassification from assets as held for sale - note 5B	–	–	–	–	–	–	–	–	–	–
Reclassification to assets as held for sale - note 5B	–	–	–	–	–	–	–	–	–	–
Deduction/Adjustments during the year (refer note below)	–	(20.15)	(143.03)	–	–	(22.30)	–	–	–	(185.48)
Disposals	–	–	(21.72)	(8.81)	(26.48)	(27.70)	(21.16)	–	(20.09)	(125.96)
(c) Balance as at 31 March 2020	**501.46**	**1,619.03**	**1,327.03**	**118.51**	**54.06**	**236.66**	**482.69**	**129.87**	**–**	**4,469.30**
II. Accumulated depreciation and impairment										
(d) Balance as at 1 April 2018	**–**	**132.33**	**322.09**	**62.66**	**18.46**	**28.98**	**300.95**	**4.72**	**2.96**	**873.13**

(Currency : Indian rupees in lakhs)

	Description of assets	Freehold land	Buildings	Plant and equipment	Computer equipment	Office equipment	Furniture and fixtures	Vehicles	Bearer plant	Leasehold improvement	Total
	Depreciation expense for the year	–	66.97	118.38	16.61	14.18	18.17	86.94	9.58	5.99	336.84
	Reclassification from assets as held for sale - note 5B	–	(0.55)	–	–	–	–	–	–	–	(0.55)
	Reclassification to assets as held for sale - note 5B	–	–	–	(0.81)	(0.08)	–	(58.46)	–	–	(59.35)
	Deduction/Adjustments during the year (refer note below)	–	(153.29)	(181.46)	(22.22)	(7.19)	(14.98)	(144.55)	–	–	(523.69)
	Disposal	–	–	(2.70)	(1.21)	–	–	(6.52)	–	(2.28)	(12.71)
(e)	**Balance as at 31 March 2019**	**–**	**45.46**	**256.30**	**55.03**	**25.37**	**32.17**	**178.35**	**14.30**	**6.67**	**613.66**
	Depreciation expense for the year	–	55.53	116.97	21.89	14.44	30.22	69.58	16.63	2.73	327.99
	Reclassification to assets as held for sale - note 5B	–	–	–	–	–	–	–	–	–	–
	Reclassification to assets as held for sale - note 5B	–	–	–	–	–	–	–	–	–	–
	Deduction/Adjustments during the year (refer note below)	–	–	–	–	–	–	–	–	–	–
	Disposal	–	–	(8.80)	(7.57)	(11.89)	(7.68)	(9.29)	–	(9.40)	(54.62)
(f)	**Balance as at 31 March 2020**	**–**	**100.99**	**364.47**	**69.36**	**27.92**	**54.72**	**238.64**	**30.93**	**–**	**887.03**
III.	**Net carrying amount 31 March 2020 (c)-(f)**	**501.46**	**1,518.04**	**962.56**	**49.15**	**26.14**	**181.94**	**244.05**	**98.94**	**–**	**3,582.27**
IV.	**Net carrying amount 31 March 2019 (b)-(e)**	**501.46**	**1,550.01**	**1,092.92**	**48.33**	**47.06**	**224.43**	**249.50**	**18.93**	**13.42**	**3,746.07**

Note:

Out of the total packhouse subsidy of Rs. 463.70 lacs granted by the Ministry of Food Processing Industries, the Company has receievd a subsidy of Rs. 185.48 lacs in the current year (Rs.115.93 lacs for year ended 31 March 2019) which has been shown as deduction/ adjustments during the year.

5A - Other intangible assets

Carrying amount of:-	**As at 31 March 2020**	As at 31 March 2019
Computer software	**26.85**	25.66
Non compete fees	**–**	1.30
Intangible Development	**172.20**	59.80
Trademarks	**30.02**	37.17
Technical knowhow	**170.14**	203.04
Total intangible assets	**399.22**	326.96
Intangible assets under development	**–**	–
Total	**399.22**	326.96

Description of assets	**Computer software**	**Non compete fees**	**Intangible development**	**Trademarks**	**Technical knowhow (See note 1)**	**Total**
Intangible Assets						
I. Cost						
(a) Balance as at 1 April, 2018	**100.27**	**32.00**	**–**	**70.87**	**256.88**	**460.02**
Additions through Internal development	–		94.70	–	–	94.70
Additions from separate acquisitions	119.43	–	–	–	70.00	189.43
Reclassification to assets as held for sale - note 5B	(145.63)	–	–	–	–	(145.63)
Deduction/Adjustments during the year	(8.25)	–	(5.00)	–	–	(13.25)
Disposals	(20.96)	–	–	–	–	(20.96)
(b) Balance as at 31 March 2019	**44.85**	**32.00**	**89.70**	**70.87**	**326.88**	**564.30**
Additions through Internal development	6.94	–	166.47	–	–	173.41
Additions from separate acquisitions	–	–	–	–	–	–

(Currency : Indian rupees in lakhs)

Description of assets	Computer software	Non compete fees	Intangible development	Trademarks	Technical knowhow (See note 1)	Total
Reclassification to assets as held for sale - note 5B	–	–	–	–	–	–
Deduction/Adjustments during the year	–	–	–	–	–	–
Disposals	–	–	–	–	–	–
(c) Balance as at 31 March 2020	**51.80**	**32.00**	**256.17**	**70.87**	**326.88**	**737.71**
II. Accumulated amortisation and impairment						
(d) Balance as at 1 April, 2018	**21.61**	**24.30**	**–**	**26.55**	**96.21**	**168.67**
Amortisation expense for the year	33.48	6.40	30.73	7.14	27.63	105.38
Reclassification to assets as held for sale - note 5B	(19.72)	–	–	–	–	(19.72)
Deduction/Adjustments during the year	(2.29)	–	(0.83)	–	–	(3.13)
Disposal	(13.87)	–	–	–	–	(13.87)
(e) Balance as at 31 March 2019	**19.20**	**30.70**	**29.90**	**33.70**	**123.84**	**237.34**
Amortisation expense for the year	5.75	1.30	54.07	7.14	32.90	101.16
Reclassification to assets as held for sale - note 5B	–	–	–	–	–	–
Deduction/Adjustments during the year	–	–	–	–	–	–
Disposal	–	–	–	–	–	–
(f) Balance as at 31 March 2020	**24.94**	**32.00**	**83.97**	**40.84**	**156.74**	**338.50**
III. Net carrying amount 31 March 2020 (c)-(f)	**26.85**	**–**	**172.20**	**30.02**	**170.14**	**399.22**
IV. Net carrying amount 31 March 2019 (b)-(e)	**25.66**	**1.30**	**59.80**	**37.17**	**203.04**	**326.96**

Note : Significant intangible asset

1 The Company holds a Technical knowhow for Seeds germination. The carrying amount of the Technical knowhow of Rs 170.14 lakhs (31 March 2019 Rs 203.04 lakhs), out of which Rs 61.27 lakhs will be amortised in balance 8 years and balance Rs 108.87 lakhs will be amortised in balance 4 years.

2 Deductions/Adjustments during previous the year is on account of transfer of business (refer note 40)

5B - Assets held for sale

Board had approved in its meeting held on 20 March 2019, to transfer the Samriddhi and My Agri Guru Businesses to Mahindra and Mahindra Limited on the basis of valuation report by MSKA & Associates.

Further during the previous year, the Company had entered into a business transfer agreement (BTA) dated 12 October 2018 between Mahindra Agri Solutions Limited ("the Company") and Mahindra Summit Agriscience Limited ("MSAL"). Pursuant to this agreement, Cropcare business of the Company is transferred to MSAL on slump sale basis for fully paid equity shares of MSAL valued at Rs 12,810 Lakhs and acquired 100% shareholding in MSAL.

However in April 2019, 30% shareholding of MSAL was sold to Summito corporation and 10% sold to Summit Agri International Limited

A. Assets held for sale

Assets held for sale has been stated at carrying amount (being lower of carrying amount and fair value) -

Particular	Note	As at 31 March 2020	As at 31 March 2019
Property, plant and equipment	4	**2.07**	23.87
Intangible assets	5	**–**	125.91
Investment in Mahindra Summit Agriscience Limited	6 and 7	**–**	5,124.40
Total		**2.07**	5,274.18

Note :- During the previous year, Rs 1.61 lakhs of freehold land is been reclassified from "assets as held for sale" to tangible assets.

B. Measurement of fair value

The value measurement for the assets held for sale has been categorised as a Level 3 fair value based on the inputs from Valuation Report.

6 Investments

Particulars	Face value Per share (Rs.)	As at 31 March 2020 Nos	As at 31 March 2020 Amounts Non-Current	As at 31 March 2019 Nos	As at 31 March 2019 Amounts Non-Current
At Cost					
A. In Subsidiary Companies					
Equity shares-fully paid (Unquoted)					
Mahindra Greenyard Private Limited	10	**6,258,000**	**625.80**	6,258,000	625.80
Mahindra HZPC Private Limited	10	**25,113,000**	**2,511.30**	16,120,500	1,612.05

(Currency : Indian rupees in lakhs)

Particulars	Face value Per share (Rs.)	As at 31 March 2020 Nos	As at 31 March 2020 Amounts Non-Current	As at 31 March 2019 Nos	As at 31 March 2019 Amounts Non-Current
Mahindra Summit Agriscience Limited (Till 12 April 2019)	10	–	–	10,000	0.60
Mahindra Fresh Fruits Distribution Holding Company Europe BV Euro 10,000 - 10,000 shares @ 1 euro each		**10,000**	**7.67**	10,000	7.67
B. In Joint venture company					
Equity shares- fully paid (Unquoted)					
Mahindra Summit Agriscience Limited (w.e.f 12 April 2019)	10	76,866,000	7,686.60	–	–
C. In Assocciate company					
Equity shares- fully paid (Unquoted)					
Mera Kisan Private Limited	10	500,000	50.00	500,000	50.00
Preference shares- fully paid (Unquoted)					
Mera Kisan Private Limited					
Optionally fully convertible cumulative preference share	10	6,880,000	**688.00**	4,430,000	443.00
Warrant (Unquoted)					
Mera Kisan Private Limited	10	**3,220,000**	**41.86**	3,220,000	41.86
D. Fair value through other comprehensive income - FVTOCI					
Unquoted Investments (all fully paid)					
Investments in Equity shares					
Fully paid up equity shares of Rs. 10 each of Vayugrid Marketplace Services Private Limited	10	**2,121,000**	**58.75**	2,121,000	58.75
Less: Diminution in Value of Investment			**(58.75)**		(58.75)
TOTAL INVESTMENTS (A) + (B) + (C) +(D)			**11,611.23**		2,780.98
Total impairment loss on value of investments			**58.75**		58.75

Note :

Terms of Optionally fully convertible cumulative preference share of Mera Kisan Private Limited are as follows:

The preference shares can be fully converted into equity shares at conversion ratio of 1:1, by providing a written notice to MKPL at any time up to 10 years from the date of issue at the rate of Rs 10.5 per share.

The shares will bear a Cumulative dividend rate of 0.01% per annum.

The shares shall be redeemed at par/premium in accordance with Section 55 of the Companies Act, 2013 or as varied after due approval of preference shareholders under Section 48 of the Act at any time on or before the maturity period at the Company's option.

7 Other financial assets

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
Financial assets at amortised cost :				
Security deposit	**71.21**	**21.95**	33.62	16.16
Export incentive receivable	**503.27**	**–**	601.14	–
Interest accrued on bank deposits	**0.35**	**–**	3.03	–
Share application money pending allotment	**–**	**22.50**	–	7,686.00
Earmarked bank deposit with maturity more than 12 months	**–**	**330.93**	–	141.28
Receivable from customers	**–**	**–**	–	–
Recoverable expenses	**286.62**	**–**	100.51	–
TOTAL	**861.46**	**375.38**	738.30	7,843.44

8 Deferred Tax Assets

Particulars	**As at 31 March 2020**	As at 31 March 2019
Deferred tax assets	**103.68**	456.36
Deferred tax liability	**(103.68)**	(144.28)
	–	312.07

(Currency : Indian rupees in lakhs)

31 March 2020

Particulars	Net balance 1 April 2019	Recognised in profit or loss	Recognised in OCI	Net #	Deferred tax asset	Deferred tax liability
Tax effect of items constituting deferred tax assets						
Employee benefits	**176.72**	**(73.82)**	–	**102.90**	**102.90**	–
Income tax relating to defined benefit plans that will not be reclassified to profit or loss	**(5.04)**	–	–	**(5.04)**	**–**	**(5.04)**
Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	**1.80**	–	–	**1.80**	**1.80**	–
Carried forward business loss	–	**4,381.39**	–	**4,381.39**	**4,381.39**	–
Unabsorbed depreciation	–	**1,436.42**	–	**1,436.42**	**1,436.42**	–
Provision for doubtful debts	**277.84**	**(30.11)**	–	**247.73**	**247.73**	–
Tax effect of items constituting deferred tax liabilities						
Difference between WDV as per books and income tax	**(139.25)**	**40.61**	–	**(98.64)**	–	**(98.64)**
Deferred tax assets (net)	**312.07**	**5,754.48**	–	**6,066.56**	**6,170.23**	**(103.68)**

31 March 2019

Particulars	Net balance 1 April 2018	Recognised in profit or loss	Recognised in OCI	Net #	Deferred tax asset	Deferred tax liability
Tax effect of items constituting deferred tax assets						
Employee benefits	236.25	(59.53)	–	176.72	176.72	–
Income tax relating to defined benefit plans that will not be reclassified to profit or loss	(8.32)	–	3.28	(5.04)		(5.04)
Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	18.79	–	(16.99)	1.80	1.80	–
Provision for doubtful debts	783.80	(505.96)	–	277.84	277.84	–
Tax effect of items constituting deferred tax liabilities						
Difference between WDV as per books and income tax	(62.02)	(77.23)	–	(139.25)	–	(139.25)
Deferred tax assets (net)	968.50	(642.72)	(13.71)	312.07	456.36	(144.28)

The unrecognised tax losses brought forward expire as follows

Financial Years	Amount
2024-2025	3,450.00
2025-2026	5,120.00
2026-2027	6,540.00
2027-2028	2,490.00
Total	**17,600.00**

 # Unrecognised deferred tax assets

Deferred tax assets (DTA) have not been recognised, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom:

Deferred tax assets for the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

9 Income tax assets (net)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current tax assets		
Tax refund receivables	**46.11**	17.29
TDS receivable	**64.59**	46.07
Total	**110.70**	63.36
Current tax liability		
Provision for tax	**40.23**	40.23
Total	**40.23**	40.23

10 Other current and Non-current assets

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
(a) Capital advances				
(i) For Capital work-in-progress	**–**	**35.24**	–	6.40
(b) Advances other than capital advances				
(i) Balances with Government authorities (other than income taxes)	**701.72**	**5.50**	732.29	5.50
(ii) Advances to employees Considered good	**71.68**	**–**	23.49	–

(Currency : Indian rupees in lakhs)

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
Considered doubtfuls	**51.48**	**–**	51.48	–
Provision for doubtful advances	**(51.48)**	**–**	(51.48)	–
(iii) Advances to vendor				
Considered good	**558.47**	**2.58**	544.57	2.58
Considered doubtful	**215.99**	**–**	149.02	–
Provision for doubtful advances	**(215.99)**	**–**	(149.02)	–
(iv) Prepaid expenses	**113.39**	**–**	79.77	–
Total	**1,445.27**	**43.31**	1,380.12	14.47

Notes:

The Company has provided for doubtful advances for the year ended 31 March 2020 Rs Nil (31 March 2019: Rs Nil).

Others includes advances for supply of goods and services, prepaid expenses and others.

11 Biological assets other than bearer plant

Particulars	As at 31 March 2020	As at 31 March 2019
Opening stock	**79.17**	108.13
Add: Purchases or input costs	**44.35**	56.32
Less: Harvested	**81.91**	93.80
Add: Gain on changes in fair value	**–**	8.52
Closing stock	**41.61**	79.17

As at 31 March 2020, the Company has taken cultivation plant of approximately 152 acre on operating lease. The period of Crop maturity is approx. 14~15 months. At period end, the unharvested banana crop is treated as a biological asset and stated at fair value as estimated costs to sell. Resultant gain or loss movements are recognised in the Statement of profit and loss for the year.

The cost of biological assets recognised as an expense includes Rs 9.37 lakhs (31 March 2019: Rs 28.96 lakhs).

12 Inventories (at lower of cost and net realisable value)

Particulars	As at 31 March 2020	As at 31 March 2019
Stock-in-trade *(refer note 4)*	**2,677.57**	3,735.59
Packing Materials, Stores and spares	**925.67**	289.93
Stock-in-transit	**1,929.42**	4,070.02
Total	**5,532.66**	8,095.53

Notes:

1 The cost of inventories recognised as an expense during the year was Rs 19,171.95 lakhs (31 March 2019: Rs. 24,571.61 lakhs)

2 The cost of inventories recognised as an expense includes Rs Nil (31 March 2019 : Rs 25.03 lakhs) in respect of write downs of inventory to net realisable value, and has been reduced by Rs Nil (31 March 2019: Rs Nil) in respect of the reversal of such write downs.

3 The carrying amount of inventories pledged as security for working capital loan is Rs 5,532.66 lakhs (31 March 2019: Rs 8,095.53 lakhs).

4 It includes inter-unit transfer of stock amounting to Rs 124.40 lakhs (31 March 2019: Rs 37.76 lakhs).

13 Trade receivables

Particulars	As at 31 March 2020	As at 31 March 2019
Considered good - Secured	**–**	–
Considered good - Unsecured	**5,827.90**	4,200.42
Significant increase in credit risk	**–**	–
Credit impaired	**737.33**	690.02
Less :- Loss Allowance for expected credit losses	**(737.33)**	(690.02)
Total	**5,827.90**	4,200.42

Notes:

1 Of the above, trade receivables from:

– Related Parties	**375.23**	1,290.80
– Others	**5,452.67**	2,909.62
	5,827.90	4,200.42

2 The Average credit period on sale of goods is as under :
- Agri Input businesses - Seeds 90 days each
- Food businesses - Grapes Export - As per agreement with Consignment agent/Customers, Grapes Domestic - 15 days;
- Dairy business - 7 days.

3 The Company does not normally enforce interest on overdue debts. However, interest on overdue debts is charged on discretionary basis in respect of certain business/parties.

14 Cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Cash and bank balance		
A. Cash and cash equivalents		
(a) Balances with banks		
In current accounts	**986.14**	164.35
(b) Cash on hand	–	0.20
	986.14	164.55
B. Other bank balances		
(a) Earmarked balances with banks:		
Fixed Deposits with maturity less than 3 months	–	79.63
Fixed deposits with maturity greater than 3 months but less 12 months	**84.85**	1.39
	84.85	81.02
Total	**1,070.99**	245.56

Reconciliation of cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Total cash and cash equivalents as per Balance Sheet	**986.14**	164.55
Less:- Book overdrafts	**(69.12)**	–
Total cash and cash Equivalents as per Statement of Cash Flows	**917.02**	164.55

15 Loans

Particulars	As at 31 March 2020	As at 31 March 2019
Current maturties a long term loans		
Considered good - Secured	**–**	–
Considered good - Unsecured	**–**	**–**

(Currency : Indian rupees in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Significant increase in credit risk	-	-
Credit impaired	**98.22**	98.22
Allowance for credit losses	**(98.22)**	(98.22)
Total	**–**	**–**

Note:
The Company has evaluated the credit risk associated with the loan provided. In terms of such assessment, the entire principal amount of loan along with accrued interest thereon has been fully provided for.

16A Equity share capital

Equity share capital

As at 31 March 2018	6,926.90
Changes in equity share capital during the year	–
As at 31 March 2019	6,926.90
Changes in equity share capital during the year	1,200.20
As at 31 March 2020	**8,127.10**

Particulars	As at 31 March 2020 No. of shares	As at 31 March 2020 Amount	As at 31 March 2019 No. of shares	As at 31 March 2019 Amount
Authorised:				
Equity shares of Rs 10 each with voting rights	**82,500,000**	**8,250.00**	75,000,000	7,500.00
6% Optionally Convertible Redeemable Preference Shares of Rs 46 each	**10,870,000**	**5,000.20**	–	–
	93,370,000	**13,250**	75,000,000	7,500
Issued, subscribed and paid up capital comprises:				
Equity shares of Rs 10 each with voting rights	**81,271,025**	**8,127.10**	69,268,987	6,926.90
Total	**81,271,025**	**8,127.10**	69,268,987	6,926.90

1,07,54,230 number of 6% Optionally Convertible Redeemable Preference Shares (OCRPS) of Rs 46 each issued to the holding company and other shareholders as fully paid up aggregating to Rs 49,46,94,580

a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	Opening balance	Rights issue	Preferential allotment	Closing balance
Equity Shares with Voting rights				
As at 31 March 2020				
No. of Shares	**69,268,987**	**12,002,038**	–	**81,271,025**
Amount	**6,926.90**	**1,200.20**	–	**8,127.10**
As at 31 March 2019				
No. of Shares	69,268,987	–	–	69,268,987
Amount	6,926.90	–	–	6,926.90

Particulars	Opening balance	Rights issue	Preferential allotment	Closing balance
6% Optionally Convertible Redeemable Preference Shares with voting rights				
As at 31 March 2020				
No. of Shares	–	**10,754,230**	–	**10,754,230**
Amount	–	**4,946.95**	–	**4,946.95**
As at 31 March 2019				
No. of Shares	–	–	–	–
Amount	–	–	–	–

b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

During the FY 2019-20, Company has raised fund through right issue of equity shares 1,20,02,038 of Rs. 10 each to existing equity shareholders in their shareholding ratio.

Terms of Optionally Convertible Redeemable Preference Shares (OCRPS)

Conversion:- The conversion ration shall be 1 equity share for every 1 OCPRS held by the shareholders in the company. The minimum holding period will be 6 months. The conversion shall be at the discretion of the Option Holder at any time after the minimum holding period.

Redemption:- The maturity of the OCPRs shall be 20 years from the date of allotment. The OCPRS shall be redeemed at face value at maturity.

Transferability:- OCPRS shall be transferrable, subject to the prior consent of the company.

Dividend:- The holders of the OCPRS shall carry a cumulative dividend at the fixed rate of 6% per year, out of the profits of the company and the payment of such dividend shall have priority over any dividend rights of the equity shares.

Voting and other rights:- (i) The preference shares shall carry rights as per the provision of Section 47(2) of the Companies Act, 2013. (ii) The Preference shares shall have priority with respect to payment of dividend and repayment of capital vis-a-vis equity shares.(iii) The Preference shareholder shall not have the right of participation in surplus assets and profits, on winding up of the company, which may remain after the entire capital has been repaid.

c) Details of shares held by the Holding Company

Particulars	Equity shares	Preference shares
As at 31 March 2020		
Mahindra & Mahindra Limited	**80,135,365**	**10,696,170**
Total	**80,135,365**	**10,696,170**
As at 31 March 2019		
Mahindra & Mahindra Limited	68,163,987	–
Total	68,163,987	–

(Currency : Indian rupees in lakhs)

d) **Details of shares held by each shareholder holding more than 5% shares:**

Class of shares/Name of shareholder	As at 31 March 2020 Number of shares held	As at 31 March 2020 % holding in that class of shares	As at 31 March 2019 Number of shares held	As at 31 March 2019 % holding in that class of shares
Equity shares with voting rights				
Mahindra & Mahindra Limited	**80,135,365**	**98.60%**	68,163,987	98.40%
6% Optionally Convertible Redeemable Preference Shares				
Mahindra & Mahindra Limited	**10,696,170**	**99.46%**	-	0.00%

e) As per records of the Company as at 31 March 2020, no calls remain unpaid by the directors and officers of the Company.

16B Other equity

Particulars	As at 31 March 2020	As at 31 March 2019
– Capital reserve on business combination *(refer note (a) below)*	**(9,100.45)**	(9,100.45)
– Securities premium *(refer note (b) below)*	**24,678.06**	20,945.43
– Share option outstanding *(refer note (c) below)*	**649.43**	547.83
– *Retained earnings*	**(18,415.23)**	(16,531.20)
– Effective portion of cash flow hedges *(refer note (d) below)*	**(50.84)**	(3.97)
– Equity component of 6% Optionally Convertible Redeemable Preference Shares *(refer note 16A (b))*	**2,134.45**	–
Total	**(104.57)**	(4,142.36)

Notes:

		As at 31 March 2019	As at 31 March 2018
a)	**Capital redemption reserve**		
	Balance as at the beginning of the year	**(9,100.45)**	(9,100.45)
	Add: Additions during the year	–	–
	Balance as at the end of the year	**(9,100.45)**	(9,100.45)
b)	**Securities premium**		
	Balance as at the beginning of the year	**20,945.43**	20,945.43
	Add: Additions during the year	**3,732.63**	–
	Balance as at the end of the year	**24,678.06**	20,945.43
c)	**Share Option outstanding**		
	Balance as at the beginning of the year	**547.83**	374.05
	Add: Additions during the year	**101.60**	173.78
	Balance as at the end of the year	**649.43**	547.83
d)	**Effective portion of cash flow hedges**		
	Balance as at the beginning of the year	**(3.97)**	(41.43)
	Add: Additions during the year	**(46.88)**	37.47
	Balance as at the end of the year	**(50.84)**	(3.96)

The description of the nature and purpose of each reserve within equity is as follows:

a) Capital reserve is created on account of business combination.

b) Securities premium is received pursuant to the further issue of equity shares at a premium net of the share issue expenses. This is a non-distributable reserve except f'or the following instances where the the share premium account may be applied;

   i) towards the issue of unissued shares of the Company to the members of the Company as fully paid bonus shares;

   ii) for the purchase of its own shares or other securities;

   iii) in writing off the preliminary expenses of the Company;

   iv) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; and

   v) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

c) Share options outstanding account represent the equity-settled shares and share options granted to employees (refer note 36). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled shares and share options and is reduced by the expiry of the share options.

d) The Company has designated its hedging instruments obtained after 1 April 2017 as cash flow hedges and any effective portion of cash flow hedge is maintained in the said reserve. In case the hedging becomes ineffective, the amount is recognised in the Statement of profit and loss.

17 Provisions

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non- Current	As at 31 March 2019 Current	As at 31 March 2019 Non- Current
Provision for employee benefits				
– Compensated absences	**51.06**	**131.55**	141.57	161.92
– Gratuity	**10.22**	**215.99**	67.90	194.55
Total	**61.28**	**347.54**	209.47	356.47

Note:

The provision for employee benefits includes annual leaves and vested long service leave entitlements accrued and compensation claims made by employees. For other disclosure refer note no 30 on employee benefit expenses.

18 Other Liabilities

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
a. Advances received from customers	**1,065.15**	–	1,237.27	–
b. Statutory dues payable				
– Tax deducted at source	**56.13**	–	122.24	–
– Employee recoveries and employer contributions	**17.94**	–	33.71	–
– Other taxes (other than income taxes)	**0.31**	–	30.80	–
c. Employee benefits payables	**519.28**	–	537.89	–
Total	**1,658.81**	–	1,961.92	–

(Currency : Indian rupees in lakhs)

19A Long-term borrowings

Particulars	As at 31 March 2020	As at 31 March 2019
Secured		
Term loan from bank	**1,455.42**	1,595.42
Less : Current maturities of long-term debt *(refer note 21)*	**104.01**	265.42
Liability component of Optionally convertible redeemable preference shares *(refer note 16A (b))*	**2,812.48**	–
Total	**4,163.89**	1,330.00

Notes:

i) Term loan from HDFC bank is taken for setting up of a Packhouse, having interest rate of 7.95-8.5% p.a.

ii) Term loan is secured by way of mortgage on Packhouse at Nashik.

iii) Term loan is payable in 24 equated quarterly installments, commencing at the end of 4th quarter from the date of disbursement.

iv) Liability component of Optionally convertible redeemable preference shares (refer note 16A (b))

19B Short-term borrowings

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured		
Cash credit facility from banks (refer below note (i) below)	**–**	1,244.76
Working capital facility from banks (refer below note (ii) below)	**6,475.00**	10,200.00
Inter corporate deposit from holding company (refer below note (iii) below)	**–**	5,000.00
Total	**6,475.00**	16,444.76

Details of the security and repayment terms :

i) Cash credit facility from HDFC bank limited Rs Nil (31 March 2019: 1,022.42 Lakhs) carry interest rate of 8.75 % p.a., computed on a monthly basis on the actual amount utilised, and are repayable on demand. This is secured by first pari passu charges on the entire current assets of the Company present and future.

Cash credit facility from YES bank Limited Rs Nil (31 March 2019: 222.34 lakhs) carry interest rate of 8.4 % p.a., computed on a monthly basis on the actual amount utilised, and are repayable on demand. This is secured by first pari passu charges on the entire current assets of the Company present and future.

ii) Working capital demand loan from YES bank Limited Rs Nil (31 March 2019: 2,200 Lakhs) carry interest rate of 7.80 % p.a., computed on a monthly basis on the actual amount utilised, and repayable within a period of 12 months. This is secured by first pari passu charges on the entire current assets of the Company present and future.

Working capital demand loan from Citi bank Rs 3,600 lakhs (31 March 2019: 8,000 Lakhs) carry interest rate ranging from 6.02 % to 7.35% p.a., computed on a monthly basis on the actual amount utilised, and repayable within a period of 12 months. This is secured by first pari passu charges on the entire current assets of the Company present and future.

Working capital demand loan from Kotak Mahindra Bank Ltd Rs 2,875 Lakhs (31 March 2019: Nil Lakhs) carry interest rate ranging from 6.90 % to 9.00% p.a., computed on a monthly basis on the actual amount utilised, and repayable within a period of 12 months. This is secured by first pari passu charges on the entire current assets of the Company present and future.

iii) Intercorporate loan from Mahindra & Mahindra Limited Rs Nil (31 March 2019 Rs 5,000 lakhs) carries interest rate of @8.10% pa. This loan is repayable on demand along with interest and principal.

20 Trade payables

Particulars	As at 31 March 2020	As at 31 March 2019
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (refer note 38)	**259.74**	177.65
Total outstanding dues of creditors other than micro enterprises and small enterprises	**9,097.83**	11,256.66
Total	**9,357.57**	11,434.31

21 Other financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Other Financial Liabilities Measured at Amortised Cost - Current		
(a) Interest accrued on borrowings	**118.06**	–
(b) Interest accrued on micro enterprises and small enterprises	**1.30**	14.24
(c) Trade deposit	**405.75**	364.28
(d) Creditors for capital supplies/services	**29.64**	46.95
(e) Current maturities of long-term debt	**104.01**	265.42
(f) Book overdarfts	**69.12**	–
(g) Others	**1.87**	0.71
Derivative financial instruments designated and effective as hedging instruments carried at fair value	**52.64**	5.76
Total	**782.39**	697.36

22 Revenue from operations

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(a) Sale of products	**26,430.89**	30,512.76
(b) Other operating revenue		
– Export incentive	**822.91**	585.09
– Interest from customers	**0.07**	39.61
– Subsidy received	**278.75**	–
– Others	**1.69**	43.30
Total	**27,534.29**	31,180.76

Details of gross revenue from sale of product :-

Traded Goods	Year ended 31 March 2020	Year ended 31 March 2019
Pulses	**–**	342.13
Grapes	**17,488.39**	12,614.71
Edible Oil	**0.30**	1,382.19

Traded Goods	Year ended 31 March 2020	Year ended 31 March 2019
Cropcare	–	10,176.55
Seeds	**4,720.44**	2,291.68
Others	**4,221.76**	3,705.50
Total	**26,430.89**	30,512.76

23 Other income

Rs in Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(a) Interest income on		
– Bank deposits	**10.18**	6.03
(b) Biological assets at fair value	–	8.52
(c) Other gains and losses		
– Gain on disposal of property, plant and equipment (Net)	**1,590.90**	164.06
– Foreign currency gains (Net)	**1.55**	29.95
(d) Other non-operating income	**105.25**	298.76
Total	**1,707.87**	507.32

24 (a) Cost of materials consumed

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Opening stock	–	172.56
Add: Purchases	–	4,345.87
	–	4,518.44
Less: Closing stock	–	278.15
Cost of materials consumed	–	4,240.28

24 (b) Changes in inventories of finished goods, work-in-progress and stock-in-trade and packing material

(Currency : Indian rupees in lakhs)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Inventories at the end of the year:		
Finished goods	–	–
Work-in-progress	–	–
Stock-in-trade	**2,677.57**	6,996.50
Goods in transit	**1,929.42**	4,070.02
Biological assets other than bearer plant	**41.61**	79.17
Packing materials and stores and spares	**925.67**	372.26
	5,574.27	11,517.95
Inventories at the beginning of the year: *		
Finished goods	–	79.33
Work-in-progress	–	326.98
Stock-in-trade	**3,735.59**	5,891.59
Goods in transit	**4,070.02**	1,856.28
Biological assets other than bearer plant	**79.17**	108.13
Packing materials and stores and spares	**289.93**	319.94
	8,174.71	8,582.25
Net (Increase)/decrease in inventory	**2,600.44**	(2,935.70)

* During the previous year, the Company has sold its cropcare division to the Mahindra Summit Agriscience Limited ('MSAL') and transferred closing inventories as at 31 March 2019 to MSAL on slump sale basis (refer note 41).

25 Employee benefits expenses

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(a) Salaries and wages, including bonus *(Refer note below)*	**2,414.88**	4,920.69
(b) Contribution to provident and other funds (refer note 30 & 42)	**141.37**	250.30
(c) Staff welfare expenses	**21.40**	27.50
Total	**2,577.66**	5,198.49

Note :

1. Salary and wages includes Rs. 119.50 lakhs (31 March 2019 : Rs. 181.91 lakhs) pertains to ESOP cost (net). (Refer note 36)
2. This is net of recoveries in respect of employees working in other group companies

26 Finance costs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest on :		
Interest on term loan	**119.98**	22.38
Interest on bank overdrafts and loans (other than those from related parties)	**418.70**	787.32
Interest on loans from related parties	**212.20**	167.96
Other interest expenses	**7.54**	58.36
Total	**758.42**	1,036.02

27 Depreciation and amortisation expenses

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation of property, plant and equipment (refer note 4)	**327.99**	336.84
Amortisation of intangible assets (refer note 5)	**101.16**	105.38
Total	**429.15**	442.22

(Currency : Indian rupees in lakhs)

28 Other expenses

Particulars		Year ended 31 March 2020	Year ended 31 March 2019
(a)	Stores and tools consumed	**100.28**	68.80
(b)	Rent including lease rentals	**299.74**	509.54
(c)	Rates and taxes	**103.02**	94.38
(d)	Insurance	**144.78**	155.56
	Repairs and maintenance		
	– Buildings	**12.38**	6.70
	– Machinery	**3.51**	7.19
	– Others	**25.31**	37.97
(e)	Advertisement	**45.88**	138.02
(f)	Commission on sales/contracts (net)	**817.05**	620.94
(g)	Freight outward	**1,546.88**	2,136.81
(h)	Sales promotion expenses	**278.07**	1,293.13
(i)	Travelling and conveyance expenses	**345.92**	1,084.65
(j)	Subcontracting, hire and service charges	**991.87**	1,030.61
(k)	Clearing and forwarding charges	**1,867.34**	1,462.77
(l)	Research and development expenses	**70.81**	83.05
(m)	Provision for doubtful trade receivables	**47.31**	824.37
(n)	Bad debts written off	**53.13**	5.22
(o)	Corporate social responsibility expenses	**–**	0.29
(p)	Legal and other professional costs	**426.03**	735.22
(q)	Auditors remuneration		
	(i) Audit fees	**30.00**	35.00
	(ii) Other services	**0.53**	5.00
	(iii) Reimbursement of expenses	**1.30**	2.10
(r)	Rebate, claim and discount (net)	**158.33**	84.06
(s)	Provision for claim expenses	**326.70**	–
(t)	Power and fuel	**102.34**	116.03
(u)	Postage, telephone and subscription expenses	**77.59**	74.16
(v)	Export team expenses	**102.30**	59.62
(w)	Others	**493.89**	396.51
Total		**8,472.27**	11,067.71

29 Income tax expenses

Income tax recognised in profit or loss

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current Tax:		
In respect of current year	**–**	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**312.07**	642.72
Total income tax expense on operations	**312.07**	642.72

(b) Income tax recognised in other comprehensive income

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**–**	3.28
Effective portion of gains and loss on designated portion of hedging instrument in a cash flow hedge	**–**	(16.99)
Total	**–**	(13.71)
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**–**	(13.71)
Total	**–**	(13.71)

Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Loss before tax	**(1,605.89)**	(5,747.30)
Tax using the Company's domestic tax rate *(refer note 1)*	**25.17%**	31.20%
Expected income tax expenses	**(404.20)**	(1,793.17)
Tax effect of:		
Current year losses for which no deferred tax asset is created	**885.39**	1,914.54
Amortisation of goodwill	**(140.61)**	(387.96)
Effect of expenses that is non-deductible in determining taxable profit	**(481.18)**	(121.38)
Deferred Tax not recognised	**(315.08)**	–
Effect of change in tax rates	**(60.31)**	–
Any other reconciling items	**203.93**	(254.75)
	92.13	1,150.45
Tax expenses as per Statement of profit and loss	**(312.07)**	(642.72)

Notes:

1. With Effect from Financial Year 2019-20 (Assessment Year 2020-21), the Company has opted for the concessional tax rate of 22% vide circular number 29/2019 dated 02 October 2019 of the Income Tax Act, 1961. Surcharge of 10% and cess of 4% is to be charged in addition to the base rate of 22%.

30 Employee benefits expenses

(i) Defined contribution plans:

The Company's contribution to Provident Fund and Superannuation Fund aggregating Rs. 93.85 lakhs 31 March 2020 (31 March 2019 : Rs. 177.06 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee benefits expenses.

(ii) Defined benefit plans:

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India.

(Currency : Indian rupees in lakhs)

Particulars	Funded Plan Gratuity Year ended 31 March 2020	Funded Plan Gratuity Year ended 31 March 2019
Expense recognised in the Statement of Profit and Loss:		
Current service cost	**33.11**	63.38
Net interest expense	**14.31**	16.13
Components of defined benefit costs reconised in profit or loss	**47.42**	79.51
1. Changes in financial assumptions	**13.52**	5.39
2. Changes in demographic assumptions	**0.00**	–
3. Experience adjustments	**(45.83)**	11.58
4. Actual return on plan assets less interest on plan assets	**(2.53)**	(1.39)
5. Others (transfer of Cropcare buisness)	**–**	(5.05)
Total	**12.59**	90.04
I. Net liability recognised in the Balance sheet		
1. Present value of defined benefit obligation	**255.08**	289.25
2. Fair value of plan assets as at 31 March	**(28.88)**	(26.81)
3. Surplus	**226.20**	262.44
4. Current portion of the above	**10.22**	67.90
5. Non current portion of the above	**215.99**	194.55
II. Change in the obligation during the year		
1. Present value of defined benefit obligation at the beginning of the year	**289.26**	321.84
2. Expenses recognised in Statement of Profit and Loss		
– Current service cost	**33.11**	63.38
– Past Service Cost	**–**	–
– Interest expense (income)	**14.31**	16.13
3. Recognised in other comprehensive income	**–**	–
Remeasurement gains/(losses)	**–**	–
– Actuarial Gain (Loss) arising from:	**–**	–
i. Demographic Assumptions	**0.00**	–
ii. Financial Assumptions	**13.52**	5.39
iii. Experience Adjustments	**(45.83)**	11.58
4. Benefit payments	**(49.28)**	(23.65)
5. Others (transfer of Cropcare buisness)	**(61.50)**	(105.42)
6. Present value of defined benefit obligation at the end of the year	**193.59**	289.26
III. Change in fair value of assets during the year		
1. Fair value of plan assets at the beginning of the year	**26.81**	24.96
2. Expenses recognised in Profit and Loss Account		
– Expected return on plan assets	**–**	–
3. Recognised in other comprehensive income	**–**	–
Remeasurement gains/(losses)	**–**	–
– Actual Return on plan assets in excess of the expected return	**2.07**	1.84
– Interest on plan assets	**–**	–
4. Contributions by employer (including benefit payments recoverable)	**49.28**	23.65
5. Benefit payments	**(49.28)**	(23.65)
6. Fair value of plan assets at the end of the year	**28.88**	26.81
IV. The Major categories of plan assets		
Life insurance corporation fund	**28.88**	26.81
V. Actuarial assumptions		
1. Discount rate	**5.60%**	7.25%
2. Salary escalation	**8.50%**	8.50%
3. Attrition rate	**22%**	22%
4. Mortality rate	**The Indian Assured Lives Mortality (2006-08) Ult table**	The Indian Assured Lives Mortality (2006-08) Ult table

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	**31 March 2020**	**1.00%**	**(4.34%)**	**4.72%**
	31 March 2019	1.00%	(3.88%)	4.20%
Salary growth rate	**31 March 2020**	**1.00%**	**4.54%**	**(4.27%)**
	31 March 2019	1.00%	4.11%	(3.87%)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous year.

The Company expects to contribute Rs.10 lakhs to the gratuity trusts during the next financial year.

Maturity profile of defined benefit obligation:

	As at 31 March 2020	As at 31 March 2019
Within 1 year	**39.10**	94.25
1 - 2 year	**31.44**	75.23
2 - 3 year	**29.02**	58.29
3 - 4 year	**26.88**	56.93

(Currency : Indian rupees in lakhs)

	As at 31 March 2020	As at 31 March 2019
4 - 5 year	**24.00**	42.66
5 - 6 year	**18.60**	37.94
6 - 7 year	**15.85**	30.49
7 - 8 year	**19.40**	25.58
8 - 9 year	**9.36**	25.54
10 year and above	**43.29**	97.71

Plan Assets

The fair value of Company's pension plan asset as of 31 March 2020 and 31 March 2019 by category are as follows:

	As at 31 March 2020	As at 31 March 2019
Asset category:		
Deposits with Insurance companies	**28.88**	26.81
	100%	100%

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

The weighted average duration of the defined benefit obligation as at 31 March 2020 is 4.52 years (31 March 2019 - 4.04 years)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year, an amount of Rs 47.42. lakhs (31 March 2019 : Rs. 79.51 lakhs) has been included in statement of profit or loss under the head Employee benefit expenses.

Compensated absenses :

Compensated absences for the employee benefits of Rs. 182.6 lakhs (31 March 2019 - Rs. 303.49 lakhs) expected to be paid in exchange for the services recognised as a expenses during the year. (refer note 25)

Note No. 31 - Earnings per Share

Particulars	Year ended 31 March 2020 Per Share	Year ended 31 March 2019 Per Share
Basic and Diluted loss per share (Rs.)	**(2.57)**	(9.22)

Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Loss for the year attributable to owners of the Company	**(1,918.87)**	(6,390.01)
Weighted average number of equity shares for the purpose of basic earnings per share	**74,548,572**	69,268,987
Basic loss per share (Rs.)	**(2.57)**	(9.22)
Weighted average number of equity shares for the purpose of dilutive earnings per share	**79,279,258**	–
Diluted loss per share (Rs.)	**#**	(9.22)

The effect of conversion of 6% redeemable, convertible, cumulative preference shares into equity shares being anti-dilutive, has not been considered for the purpose of computing diluted loss per share

32 Fair Value Measurement

Fair valuation techniques and inputs used - recurring items

Financial assets/ financial liabilities measured at fair value	Fair value as at: As at 31 March 2020	Fair value as at: As at 31 March 2019	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
Financial assets						
Investments						
Investments in equity instruments at FVTOCI-unquoted	**12.87% per cent equity investment in Vayugrid Marketplace services Private Limited engaged in Pongamia Oil & Sapling - Rs NIL**	12.87% per cent equity investment in Vayugrid Marketplace services Private Limited engaged in Pongamia Oil & Sapling - Rs NIL	Level 3	Income approach - in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefit to be derived from the ownership of these investees.	Short and long-term revenue generation outlook of the entity, based on management experience.	Revenue generation by the entity would result in increase in fair value.
Financial liabilities						
Other financial liabilities						
1) Foreign currency forward contracts	**-**	-	Level 2	Discounted cash Flow. Future cash flows are estimated based on forward exchange rates(from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	-	-

(Currency : Indian rupees in lakhs)

Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Particulars	**As at 31 March 2020**	As at 31 March 2019
Opening balance (investment in Vayugrid Marketplace Services Private Limited) *	–	–
Total gains or losses:		
– In other comprehensive income	–	–
Closing balance	–	–

* The Investment in Vayugrid Market Place Services Private Limited fully provided for prior to date of transition. Accordingly there is no movement in fair value of this investment.

Fair value of financial assets and financial liabilities that are not measured at fair value (Non-recurring)

	As at 31 March 2020		As at 31 March 2019	
Particulars	**Carrying amount**	**Fair value (level 2)**	Carrying amount	Fair value (level 2)
Financial assets				
Financial assets carried at Amortised Cost				
– Trade and other receivables	**5,827.90**	**5,827.90**	4,200.42	4,200.42
– Investments	**11,611.23**	**11,611.23**	2,780.98	2,780.98
– Deposits and similar assets	**1,236.84**	**1,236.84**	8,581.74	8,581.74
Financial liabilities				
Financial liabilities at Amortised Cost				
– Long-term borrowings	**4,163.89**	**4,163.89**	1,330.00	1,330.00
– Short-term Bank loans	**6,475.00**	**6,475.00**	11,444.76	11,444.76
– Loans from related parties	**–**	**–**	5,000.00	5,000.00
– Deposits and similar liabilities	**782.39**	**782.39**	697.36	697.36
– Trade and other payables	**10,139.96**	**10,139.96**	12,131.67	12,131.67
Total	**21,561.23**	**21,561.23**	30,603.78	30,603.78

The carrying values of financial assets and liabilities represent their approximate fair value.

There were no transfer between level 1 and level 2 during the year.

33 Financial instruments

i) Capital management

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company manages capital risk in order to maximize shareholders' value by maintaining sound/optimal capital structure through monitoring of financial ratios, such as net debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses net debt equity ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Net debt-to-equity ratio as of 31 March 2020 and 31 March 2019

	As at 31 March 2020	As at 31 March 2019
Borrowing from banks	**4,267.90**	13,040.18
Borrowing from related party	**–**	5,000.00
Gross debt	**4,267.90**	18,040.18
Less :		
Cash and cash equivalents	**1,070.99**	245.56
Net debt (A)	**3,196.90**	17,794.62
Equity share capital	**8,127.10**	6,926.90
Other equity	**(104.57)**	(4,142.36)
Equity (B)	**8,022.54**	2,784.54
Debt ratio (A/B)	**0.40**	6.39

Financial risk management framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

ii) Categories of financial assets and financial liabilities

As at 31 March 2020

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Other financial assets	**375.38**	**–**	**–**	**375.38**
Current assets				
Trade receivables	**5,827.90**	**–**	**–**	**5,827.90**

(Currency : Indian rupees in lakhs)

	Amortised Costs	FVTPL	FVOCI	Total
Other bank balances	**84.85**	**–**	**–**	**84.85**
Other financial assets	**861.46**	**–**	**–**	**861.46**
Non-current liabilities				
Borrowings	**4,163.89**	**–**	**–**	**4,163.89**
Current liabilities				
Borrowings	**6,475.00**	**–**	**–**	**6,475.00**
Trade payables	**9,357.57**	**–**	**–**	**9,357.57**
Other financial liabilities	**729.75**	**–**	**52.64**	**782.39**

As at 31 March 2019

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other financial assets	7,843.44	–	–	7,843.44
Current assets				
Trade receivables	4,200.42	–	–	4,200.42
Other bank balances	81.02	–	–	81.02
Loans	–	–	–	–
Other financial assets	738.30	–	–	738.30
Non current liabilities				
Borrowings	1,330.00	–	–	1,330.00
Current liabilities				
Borrowings	16,444.76	–	–	16,444.76
Trade payables	177.65	–	–	177.65
Other financial liabilities	691.60	–	5.76	697.36

iii) **CREDIT RISK**

Credit risk management

Credit risk arises when a customer defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of categorising the customers based on the performance and accordingly credit limit ceiling of each category is defined. Company also takes credit insurance for business specific customers. The Company's exposure and categorisation of its customers are continuously monitored . Credit exposure is controlled by customer credit limits which are reviewed and approved. The Company also take security cheques from its domestic market customers.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The provision matrix at the end of the reporting period is as follow:-

Ageing	**For the year ended 31 March 2020** Expected credit loss (%)	**For the year ended 31 March 2020** Expected credit loss (Rs. In lakhs)	For the year ended 31 March 2019 Expected credit loss (%)	For the year ended 31 March 2019 Expected credit loss (Rs. In lakhs)
Within the credit period	**0.07%**	**2.90**	0.01%	0.33
0-3 month past due	**0.39%**	**4.39**	0.69%	4.02
3-6 month past due	**0.52%**	**1.51**	1.32%	5.88
6 -12 month past due	**5.87%**	**14.26**	40.79%	205.13
>1 year	**90.72%**	**714.26**	51.85%	474.66
Total		**737.33**		690.02

Age of Receivables	**As at 31 March 2020**	As at 31 March 2019
Within the credit period	**4,105.85**	2,450.76
0-3 month past due	**1,138.87**	578.54
3-6 month past due	**290.10**	444.29
6 -12 month past due	**243.08**	501.91
>1 year	**787.33**	914.96
Total	**6,565.23**	4,890.44

Reconciliation of provision for doubtful Trade Receivables

Particulars	**As at 31 March 2020**	As at 31 March 2019
Balance as at beginning of the year	**690.02**	1,862.29
Impairment losses recognised in the year based on lifetime expected credit losses	**53.13**	1,149.52
Provision created during the year	**47.31**	–
Transferred on account of transfer of Business	**–**	1,954.22
Impairment losses reversed/ written back	**(53.13)**	367.57
Balance at end of the year	**737.33**	690.02

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The Company has pledged an aggregated carrying amount of Rs 6,565.23 Lakhs (31 March 2019 Rs 4890.44 Lakhs) for bank loans.

iv) **LIQUIDITY RISK**

(a) **Liquidity risk management**

The board of directors has established an appropriate liquidity risk management framework for the management of the Company's short, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(b) **Maturities of financial liabilities**

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed

(Currency : Indian rupees in lakhs)

repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
As at 31 March 2020				
Borrowings	**6,475.00**	**840.00**	**511.41**	**2,812.48**
Trade Payables	**9,357.57**	**–**	**–**	**–**
Other financial liabilities	**729.75**	**–**	**–**	**–**
Total	**16,562.32**	**840.00**	**511.41**	**2,812.48**
As at 31 March 2019				
Borrowings	16,444.76	840.00	490.00	–
Trade payables	177.65	–	–	–
Other financial liabilities	691.60	–	–	–
Total	17,314.01	840.00	490.00	–

The following table details the Company's/Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Derivative financial instruments				
As at 31 March 2020				
Net settled:				
– Foreign exchange forward contracts	**–**	**–**	**–**	**–**
Gross settled:				
– Foreign exchange forward contracts	**(52.64)**	**–**	**–**	**–**
Total	**(52.64)**	**–**	**–**	**–**
As at 31 March 2019				
Net settled:				
– Foreign exchange forward contracts	–	–	–	–
Total	–	–	–	–
Gross settled:				
– Foreign exchange forward contracts	(5.76)	–	–	–
Total	(5.76)	–	–	–

(C) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
As at 31 March 2020				
Non-interest bearing	**8,135.74**	**–**	**–**	**11,986.61**
Fixed interest rate instruments	**–**	**–**	**–**	**–**
Total	**8,135.74**	**–**	**–**	**11,986.61**
As at 31 March 2019				
Non-interest bearing	5,184.29	–	–	10,624.42
Fixed interest rate instruments	–	–	–	–
Total	5,184.29	–	–	10,624.42

In the case of assets falling short of liabilities, banking facilities are available to honor the obligation through as cash credit, short-term borrowing/long-term borrowing and other necessary banking facilities.

The carrying amount of inventories pledged as security for working capital loan is Rs. 5,532.66 lakhs (31 March 2019: Rs 8,095.53 lakhs).

v) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses permitted derivatives to manage market risks . Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Forex & investment Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

a) Currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by taking forward cover that are expected to occur within a maximum 12 month period for forecasted cash flow.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	As at 31 March 2020	As at 31 March 2019
Trade receivables	USD	**1,690.06**	1,017.31
	EUR	**1,658.89**	324.51
	CAD	**912.03**	349.02
	GBP	**433.67**	–
Trade payables	USD	**131.55**	216.04
	EUR	**211.68**	106.68
	CAD	**12.40**	–
	GBP	**41.73**	–

(Currency : Indian rupees in lakhs)

Particulars	Currency	As at 31 March 2020	As at 31 March 2019
Advance given	EUR	**–**	–
Advances received	USD	**–**	–
	EUR	**145.26**	565.90

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Particulars	Currency	As at 31 March 2020	As at 31 March 2019
Trade receivables	USD	**1,690.06**	427.98
	EUR	**188.89**	–
	CAD	**869.49**	–
	GBP	**433.67**	–
Trade payables	USD	**131.55**	216.04
	EUR	**211.68**	106.68
	CAD	**12.40**	–
	GBP	**41.73**	–

Note :- EURO 17.90 lakhs (Rs 1,470.00 lakhs) and CAD 0.81 lakhs (Rs 42.54 lakhs) as at 31 March 2020 and Forward cover of EURO 20.90 lakhs (Rs 1622.08 lakhs), CAD 11.89 lakhs (Rs 611.76 lakhs) and USD 8.53 lakhs (Rs 589.33 lakhs) as at 31 March 2019.

b) Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts.

Period	Currency	Change in rate	Effect on profit/ (loss) before tax	Effect on pre-tax equity
As at 31 March 2020	**USD**	**10%**	**155.85**	**155.85**
	USD	**3%**	**46.76**	**46.76**
	EUR	**10%**	**(2.28)**	**(2.28)**
	EUR	**3%**	**(0.68)**	**(0.68)**
	CAD	**10%**	**85.71**	**85.71**
	CAD	**3%**	**25.71**	**25.71**
	GBP	**10%**	**39.19**	**39.19**
	GBP	**3%**	**11.76**	**11.76**
As at 31 March 2019	USD	10%	21.19	21.19
	USD	3%	6.36	6.36
	EUR	10%	(10.67)	(10.67)
	EUR	3%	(3.20)	(3.20)

c) Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Period	Currency	Increase/ decrease in basis points	Effect on profit/(loss) before tax
As at 31 March 2020	**INR**	**100**	**(50.55)**
As at 31 March 2019	INR	100	(78.40)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Hedge accounting - forwards

It is the policy of the Company to enter into forward foreign exchange contracts to cover maximum up to 80% of the expected foreign currency exposure based on estimated cash flow. Forex Committee decide the time & quantum of hedging based on outlook.

(i) Details of forward foreign currency contracts outstanding at the end of reporting period

Outstanding Contracts	Average exchange rate	Notional value	Hedge ratio	Carrying amount included in Other Financial Assets/ (Liabilities)	Change in the fair value of hedging instrument for the period	Change in the value of hedged item used to determine hedge effectiveness
31 March 2020						
Cash flow hedges						
Sell currency						
Maturing less than 1 year						
– USD/INR						
– EUR/INR	**83.15**	**1,488.04**	**1 : 1**	**(53.21)**	**(53.21)**	**(53.21)**
– CAD/INR	**53.25**	**43.03**	**1 : 1**	**0.57**	**0.57**	**0.57**
				(52.64)	**(52.64)**	**(52.64)**

(Currency : Indian rupees in lakhs)

Outstanding Contracts	Average exchange rate	Notional value	Hedge ratio	Carrying amount included in Other Financial Assets/ (Liabilities)	Change in the fair value of hedging instrument for the period	Change in the value of hedged item used to determine hedge effectiveness
31 March 2019						
Cash flow hedges						
Sell currency						
Maturing less than 1 year						
– USD/INR	69.49	592.43	1 : 1	(1.70)	(1.70)	(1.70)
– EUR/INR	78.54	1,641.43	1 : 1	(2.44)	(2.44)	(2.44)
– CAD/INR	51.86	616.43	1 : 1	(1.62)	(1.62)	(1.62)
				(5.76)	(5.76)	(5.76)

(ii) Details of hedge ineffectiveness in respect of outstanding contracts

Outstanding Contracts	Ineffectiveness recognised in Profit or Loss		Effective portion recognised in OCI	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
Cash flow hedges	**–**	–	(24.55)	5.85

(iii) The movement in Cash flow hedge reserve for instruments designated in a cash flow hedge is as follows:

Particulars	Exchange Rate Risk hedges	
	31 March 2020	31 March 2019
Balance as the beginning of the year		
– Gross	**(5.76)**	(60.22)
– Deferred Tax	**1.80**	18.79
– Net	**(3.96)**	(41.43)
(Gains)/losses transferred to Profit or loss on occurrence of the forecast transaction	**(14.23)**	48.82
(Gains)/losses transferred to Profit or Loss due to cash flows no longer expected to occur	**(8.10)**	(0.21)
Change in fair value of effective portion of cash flow hedges	**(24.55)**	5.85
Total	**(46.88)**	54.46
Balance as the end of the year		
– Gross	**(50.84)**	(5.76)
– Deferred Tax	**–**	1.80
– Net	**(50.84)**	(3.96)
Of the above:		
Balance relating to continuing hedges	**(50.84)**	(3.96)
Balance relating to hedge accounting is no longer applied	**–**	–
Total	**(50.84)**	(3.96)

34 Segment information

A. Product and services from which reportable segments derive their revenue

Information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Company reportable segments under IND AS 108 are as follows:

1) Input Business

2) Food Business

3) Other Business

The Company is in the business of agricultural related products, Input business segment comprises of trading of Crop inputs. Food business comprises of trading of agricultural related outputs.

(Currency : Indian rupees in lakhs)

B. Segment revenue and results

The following is an analysis of the Company's revenue and results

Particulars	**Segment revenue**		**Segment profit (loss)**	
	Year ended 31 March 2020	Year ended 31 March 2019	**Year ended 31 March 2020**	Year ended 31 March 2019
Input Business	**4,724.57**	12,545.13	**(2,000.99)**	(7,968.71)
Food Business	**22,589.07**	18,375.63	**91.70**	138.90
Other Business	**220.65**	259.99	**(295.69)**	(514.91)
Total	**27,534.29**	31,180.76	**(2,204.98)**	(8,344.72)
Other income	–	–	**1,707.88**	477.37
Administration cost and directors' salary	–	–	**(950.22)**	(1,753.55)
Finance cost	–	–	**(757.51)**	(1,036.02)
Exceptional items	–	–	**598.03**	4,909.63
Loss before tax			**(1,606.80)**	(5,747.29)

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales.

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs, director salary, other income as well as finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

One customer contributed to the Company's revenue in year 2019-20 more than 10% (Rs 4,571.78 Lakhs) and no other single customer contributed 10% or more to the Company's revenue in the year.

C. Segment assets and liabilities

Particulars	**As at 31 March 2020**	As at 31 March 2019
Segment assets		
Input Business	**4,488.82**	5,613.79
Food Business	**11,774.54**	11,024.11
Other Business	**203.42**	258.12
Total segment assets	**16,466.78**	16,896.02
Unallocated	**14,442.46**	18,363.04
Total Assets	**30,909.25**	35,259.06

Particulars	**As at 31 March 2020**	As at 31 March 2019
Segment liabilities		
Input Business	**1,830.37**	2,493.55
Food Business	**6,526.11**	6,316.31
Other Business	**19.46**	45.01
Total segment liabilities	**8,375.95**	8,854.87
Unallocated	**14,510.76**	23,619.65
Total liabilities	**22,886.71**	32,474.52

For the purpose of monitoring segment performance:

(i) Unallocated asset includes investment in subsidaries, current and deferred taxes, loan , cash and bank balances etc.

(ii) Unallocated liability includes borrowings, current and deferred taxes, other statutory dues etc.

D. Segment depreciation and amortisation

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
Input Business	**177.57**	269.39
Food Business	**204.80**	86.84
Other Business	**20.51**	29.80
Unallocated	**26.27**	56.19
Total	**429.15**	442.22

E. Geographical Information:

Particulars	**Year ended 31 March 2020**		Year ended 31 March 2019	
	Domestic	Overseas	**Domestic**	Overseas
Revenue from external Customers comprising of:				
– Revenue from contract with customers	**8,978.46**	17,452.43	**17,800.90**	12,711.86
– Revenue from other sources	**1,103.41**	–	**668.01**	–
Total	**10,081.86**	17,452.43	**18,468.91**	12,711.86

* All assets are based in the domestic segment. Hence, separate disclosure not required.

(Currency : Indian rupees in lakhs)

35 Related party disclosures

List of related parties and relationships:

Name of the related parties where control exists	**Relation**
Mahindra & Mahindra Limited	Holding Company
Mahindra Summit Agriscience Limited	Subsidiary Company (from 9 October 2018 to 11 April 2019)
Mahindra Greenyard Private Limited	Subsidiary Company
Mahindra HZPC Private Limited	Subsidiary Company
Mahindra Special Services Group	Fellow Subsidiary Company
Bristlecone India Limited	Fellow Subsidiary Company
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company
NBS International Limited	Fellow Subsidiary Company
Mahindra & Mahindra Financial services Limited	Fellow Subsidiary Company
EPC Industries Limited	Fellow Subsidiary Company
Mahindra First Choice wheels Limited	Fellow Subsidiary Company
Mahindra & Mahindra South Africa Ltd.	Fellow Subsidiary Company
Mahindra & Mahindra Limited - Powerol Division	Fellow Subsidiary Company
Origin Food Distributors & Origin Direct Asia	Subsidiary of Fellow Subsidiary Company
Mahindra Fresh Fruits Distribution Holding company (Europe) BV	Subsidiary Company
Mahindra First Choice Service Limited	Fellow Subsidiary Company
Mahindra Summit Agriscience Limited	Joint Venture (w.e.f. 12 April 2019)
Swaraj Engines Limited	Associate
MeraKisan Private Limited	Associate
Smartshift Logistics Solutions Private Limited	Joint Venture
Orizonte Business Solutions Limited	Fellow Subsidiary Company
Mr. Ashok Sharma	Managing Director and Chief Executive Officer
Mr. Meghnad Mitra	Chief Financial Officer
Mr. Feroze Baria (as per Companies Act, 2013)	Company Secretary
Dr. Pawan Goenka	Chairman
Mr. Mahohar Bhide	Director
Mr. Hardeep Singh	Director
Ms. Aruna Bhinge	Director
Mr. S. Durgashankar	Non Executive Director
Mr. Ramesh Iyer	Non Executive Director

35 Related Part Disclosures

I Related party transactions

(Currency : Indian rupees in lakhs)

Name of the Related Parties where control exists	Relation	Year	Transaction during the year																
			Sale of goods	Purchase of goods	Sale of property and other assets	Purchase of property and other assets	Rendering of services	Receiving of services	Other Expenses	Reimbur-sement of expenses charged to the Company	Reimbur-sement of expenses charged by the Company	Interest on unsecured Loan/ OCRP	Rent	Issue of Share Capital	Issue of OCRPS-Equity Component	Issue of OCRPS-Liablity Component	Investment during the period	Director Sitting Fees	Remun-eration
Mahindra & Mahindra Limited	Holding Company	**31-Mar-20**	**0.67**	–	**1,770.58**	**20.34**	**67.23**	**700.95**	–	**298.28**	–	**212.20**	**136.74**	**4,920.24**	**2,122.98**	**2,797.26**	–	–	–
		31-Mar-19	8.28	–	–	101.42	624.78	827.70	–	329.29	2.71	167.96	168.63	–	–	–	–	–	–
Mahindra Greenyard Private Limited	Subsidiary Company	**31-Mar-20**	**172.16**	**7.69**	**0.34**	–	–	–	–	–	**6.75**	–	–	–	–	–	–	–	–
		31-Mar-19	52.56	1.32	–	–	–	–	–	–	6.03	–	–	–	–	–	–	–	–
Mahindra HZPC Private Limited	Subsidiary Company	**31-Mar-20**	–	–	–	–	**4.41**	–	–	**12.24**	**18.15**	–	–	–	–	–	**899.25**	–	–
		31-Mar-19	–	–	–	–	8.40	2.00	–	–	5.88	–	–	–	–	–	359.70	–	–
Mahindra Fresh Fruits Distribution Holding company (Europe) BV	Subsidiary Company	**31-Mar-20**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	–	–	–	–	–	–	–	–	–	7.67		–
Mahindra Special Services Group	Fellow Subsidiary Company	**31-Mar-20**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	2.00	–	0.72	–	–	–	–	–	–	–	–	–
Bristlecone India Limited	Fellow Subsidiary Company	**31-Mar-20**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	17.40	–	–	–	–	–	–	–	–	–	–	–
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company	**31-Mar-20**	–	–	–	–	–	**163.25**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	131.62	–	–	–	–	–	–	–	–	–	–	–
NBS International Limited	Fellow Subsidiary Company	**31-Mar-20**	–	–	–	–	–	**0.28**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	0.41	–	9.56	–	–	–	–	–	–	–	–	–
Mahindra Summit Agriscience Limited	Joint Venture (w.e.f. 12 April 2019)	**31-Mar-20**	–	–	–	–	–	–	–	**5.17**	**463.23**	–	–	–	–	–	**7,686.00**	–	–
		31-Mar-19	1,086.73	390.43	–	–	21.70	–	–	–	–	–	–	–	–	–	0.60	–	–
Mahindra & Mahindra Financial services Limited	Fellow Subsidiary Company	**31-Mar-20**	–	–	–	–	**3.60**	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	37.95	–	–	–	–	–	–	–	–	–	–	–	–
EPC Industries Limited	Fellow Subsidiary Company	**31-Mar-20**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	100.00	1.42	–	–	–	–	–	–	–	–	–	–	–
Mahindra First Choice wheels Limited	Fellow Subsidiary Company	**31-Mar-20**	–	–	**1.35**	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-19	1.05	–	–	–	–	2.72	–	–	–	–	–	–	–	–	–	–	–
Mahindra & Mahindra South Africa Ltd.	Fellow Subsidiary Company	**31-Mar-20**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Mahindra First Choice Service Limited	Fellow Subsidiary Company	**31-Mar-20**	–	–	–	–	–	–		–	–	–	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	0.21			–	–	–	–	–	–	–	–	–
Swaraj Engines Limited	Associate	**31-Mar-20**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	–	–	1.09		–	–	–	–	–	–	–	–

35 Related party disclosures (Continued)

I Related party transactions

(Currency : Indian rupees in lakhs)

			Transaction during the year																
Name of the Related Parties where control exists	Relation	Year	Sale of goods	Purchase of goods	Sale of property and other assets	Purchase of property and other assets	Rendering of services	Receiving of services	Other Expenses	Reimbur-sement of expenses charged to the Company	Reimbur-sement of expenses charged by the Company	Interest on unsecured Loan/ OCRP	Rent	Issue of Share Capital	Issue of OCRPS- Equity Component	Issue of OCRPS- Liablity Component	Investment during the period	Director Sitting Fees	Remun-eration
Mera Kisan Private Limited	Associate	**31-Mar-20**	–	–	–	–	–	–	–	–	**7.65**	–	–	–	–	–	**267.50**	–	–
		31-Mar-19	–	–	–	–	–	–	–	–	–	–	–	–	–	–	534.86	–	–
Origin Food Distributors & Origin Direct Asia	Subsidiary of Fellow Subsidiary Company	**31-Mar-20**	1,078.39	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-19	1,207.98	–	–	–	–	–	7.80	–		–	–	–	–	–	–	–	–
Orizonte Business Solutions Limited	Fellow Subsidiary Company	**31-Mar-20**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	11.37	–	–		–	–	–	–	–	–	–	–
Smartshift Logistics Solutions Private Limited	Joint Venture	**31-Mar-20**	–	–	–	–	–	**3.34**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dr. Pawan Goenka	Chairman	**31-Mar-20**	–	–	–	–	–	–	–	–	–	**0.32**	–	–	**6.83**	**9.05**	–	–	–
		31-Mar-19	–	–	–	–	–	–	–	–		–	–	–	–	–	–	–	–
Mr. Mahohar Bhide	Director	**31-Mar-20**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**4.90**	–
		31-Mar-19	–	–	–	–	–	–	–	–		–	–	–	–	–	–	5.80	–
Mr. Hardeep Singh	Director	**31-Mar-20**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**6.00**	–
		31-Mar-19	–	–	–	–	–	–	–	–		–	–	–	–	–	–	5.80	–
Mr. Aruna Bhinge	Director	**31-Mar-20**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**2.80**	–
		31-Mar-19	–	–	–	–	–	–	–	–		–	–	–	–	–	–	2.80	–
Mr. Ramesh Iyer	Non Executive Director	**31-Mar-20**	–	–	–	–	–	–	–	–	–	–	–	**0.41**	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	–		–	–	–	–	–	–	–	–	–	–
Mr. Ashok Sharma	Key Managerial Personnel	**31-Mar-20**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**142.00**
		31-Mar-19	–	–	–	–	–	–	–	–		–	–	–	–	–	–	–	142.00
Mr. Meghnad Mitra	Key Managerial Personnel	**31-Mar-20**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**142.00**
		31-Mar-19	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	129.00
Mr. Feroz Baria (as per Companies Act, 2013)	Key Managerial Personnel	**31-Mar-20**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**2.64**
		31-Mar-19	–	–	–	–	–	–	–	–		–	–	–	–	–	–	–	2.64

35 Related party disclosures (Continued)

II Balances as at year end

(Currency : Indian rupees in lakhs)

			Balances as at year end						
Name of the Related Parties where control exists	**Relation**	**Year**	**Trade payables**	**Trade receivables**	**Loans & advances taken**	**Payable for Business combination**	**Other Receivables**	**Other Payable**	**Advances to vendors**
Mahindra & Mahindra Limited	Holding Company	**31-Mar-20**	**1,896.97**	**8.94**	–	–	–	–	–
		31-Mar-19	3,930.57	1,190.56	5,000.00	–	–	68.05	–
Mahindra Greenyard Private Limited	Subsidiary Company	**31-Mar-20**	–	**128.20**	–	–	–	–	–
		31-Mar-19	1.32	59.59	–	–	–	–	–
Mahindra HZPC Private Limited	Subsidiary Company	**31-Mar-20**	**15.41**	**9.10**	–	–	–	–	–
		31-Mar-19	2.19	29.07	–	–	–	–	–
Mahindra Fresh Fruits Distribution Holding company (Europe) BV	Subsidiary Company	**31-Mar-20**	–	–	–	–		–	–
		31-Mar-19	–	–	–	–		–	–
Mahindra Special Services Group	Fellow Subsidiary Company	**31-Mar-20**	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	–	–
Bristlecone India Limited	Fellow Subsidiary Company	**31-Mar-20**	–	–	–	–	–	–	–
		31-Mar-19	18.79	–	–	–	–	–	–
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company	**31-Mar-20**	**6.88**	–	–	–	–	–	–
		31-Mar-19	7.96	–	–	–	–	–	–
NBS International Limited	Fellow Subsidiary Company	**31-Mar-20**	**0.06**	–	–	–	–	–	–
		31-Mar-19	10.06	–	–	–	–	–	–
Mahindra Summit Agriscience Limited	Subsidiary Company	**31-Mar-20**	–	**220.84**	–	–	–	–	**4.39**
		31-Mar-19	238.32	–	–	–	–	–	–
Mahindra & Mahindra Financial services Limited	Fellow Subsidiary Company	**31-Mar-20**	–	–	–	–	–	–	–
		31-Mar-19	–	0.56	–	–	–	–	–
EPC Industries Limited	Fellow Subsidiary Company	**31-Mar-20**	–	–	–	–	–	–	–
		31-Mar-19	3.59	9.00	–	–	–	–	–
Mahindra First Choice wheels Limited	Fellow Subsidiary Company	**31-Mar-20**	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	–	–
Mahindra & Mahindra South Africa Ltd.	Fellow Subsidiary Company	**31-Mar-20**	–	–	–	–	–	–	–
		31-Mar-19	–	2.02	–	–	–	–	–
Mahindra First Choice Service Limited	Fellow Subsidiary Company	**31-Mar-20**	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	–	–
Swaraj Engines Limited	Associate	**31-Mar-20**	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	–	–
Mera Kisan Private Limited	Associate	**31-Mar-20**	–	**8.15**	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	–	–
Origin Food Distributors & Origin Direct Asia	Subsidiary of Fellow Subsidiary Company	**31-Mar-20**	**107.21**	–	–	–	–	–	–
		31-Mar-19	336.09	–	–	–	–	–	–

35 Related party disclosures (Continued)

(Currency : Indian rupees in lakhs)

II Balances as at year end

			Balances as at year end						
Name of the Related Parties where control exists	**Relation**	**Year**	**Trade payables**	**Trade receivables**	**Loans & advances taken**	**Payable for Business combination**	**Other Receivables**	**Other Payable**	**Advances to vendors**
Orizonte Business Solutions Limited	Fellow Subsidiary Company	**31-Mar-20**	**0.13**	–	–	–	–	–	–
		31-Mar-19	0.13	–	–	–	–	–	–
Smartshift Logistics Solutions Private Limited	Joint Venture	**31-Mar-20**	**0.28**	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	–	–
Dr. Pawan Goenka	Chairman	**31-Mar-20**	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	–	–
Mr. Mahohar Bhide	Director	**31-Mar-20**	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	–	–
Mr. Hardeep Singh	Director	**31-Mar-20**	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	–	–
Mr. Aruna Bhinge	Director	**31-Mar-20**	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	–	–
Mr. Ramesh Iyer	Non Executive Director	**31-Mar-20**	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	–	–
Mr. Ashok Sharma	Key Managerial Personnel	**31-Mar-20**	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	–	–
Mr. Meghnad Mitra	Key Managerial Personnel	**31-Mar-20**	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	–	–
"Mr. Feroz Baria (as per Companies Act, 2013)"	Key Managerial Personnel	**31-Mar-20**	–	–	–	–	–	–	–
		31-Mar-19	–	–	–	–	–	–	–

(Currency : Indian rupees in lakhs)

36 Employee benefits expenses - ESOP

Share based payment

A. Employees Stock Option Scheme - 2016:

This Plan shall be termed as the MASL Employees Stock Option Scheme - 2016 ("Plan"). The Plan has been approved by a Special Resolution at a General Meeting of the Shareholders held on 24 November 2016. The Plan has been approved for Eligible Employees of Mahindra Agri Solutions Limited. The Plan has also been approved to reward eligible employees whether they are working in India or abroad or Directors of the Company (including Managing Director/ Whole Time Director(s) but excluding Independent Directors) or Directors and Employees of the Holding Company or of the Subsidiary Company(ies) or of the Subsidiaries of its Holding Company.

In respect of Employee Stock Option Scheme :

The compensation cost of stock options granted to employees is measured by the Fair Value Method.

Fair value is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction, is recognised and amortised on straight line basis over the vesting period.

Eligibility:

Based on the criteria as may be decided by the Committee at its own discretion, including, but not limited to the date of joining of the Eligible Employee with the Company or the Group, performance evaluation, current compensation, criticality or any other criteria, KRA, future potential, such Eligible Employees, as determined by the Committee, may participate in the Plan. Employees joining the Company after the date of implementation of the Plan will be entitled to participate in the Plan, on a case to case basis and subject to such criteria as may be decided solely by the Committee.

The objective of the Plan is:

- To retain the best talent in the Industry
- To infuse a sense of entrepreneurship and ownership.

This purpose is sought to be achieved through the grant of Options to the Eligible Employees, to subscribe to the Equity Shares of the Company.

Details of the ESOP granted as per the above scheme

	Number of options	Grant date	Exercise price	Fair value of the option at Grant date
Cycle-I Equity Settled MASL Employees Stock Option Scheme - 2016	3,569,977	1 Feb 2017	47.5	24.15
Cycle-II Equity Settled MASL Employees Stock Option Scheme - 2016	285,401	1 May 2018	47.5	18.1

Cycle-I Options granted under MASL Employees Stock Option Scheme - 2016 vest in 4 instalments bifurcated as 25% on the expiry of 14 months, 25% on the expiry of 26 months, 25% on the expiry of 38 months and 25% on the expiry of 50 months from the date of grant date.

Cycle-II Options granted under MASL Employees Stock Option Scheme - 2016 vest in 4 instalments bifurcated as 25% on the expiry of 23 months, 25% on the expiry of 35 months, 25% on the expiry of 47 months and 25% on the expiry of 59 months from the date of grant date.

The options may be exercised on any day over a period of 3 years from the date of vesting. Number of vested options exercisable is subject to a minimum of 250 or number of options vested whichever is lower.

Movement in share options

	Particulars	Equity-settled share-based payments	
		Number of options	Weighted average exercise price
1	The number and weighted average exercise prices of share options outstanding at the beginning of the year;	3,390,374	47.50
2	Granted during the year	–	
3	Forfeited during the year	–	
4	Exercised during the year	–	
5	Expired during the year	–	
6	Outstanding at the end of the year	3,390,374	47.50
7	Exercisable at the end of the year	–	

The share options outstanding at the end of the year had a weighted average exercise price of Rs 47.50, and a weighted average remaining contractual life of 3.9 years.

The fair value of the equity instruments is calculated based on Black Scholes model. The Black Scholes model requires the consideration of certain variables such as volatility, risk free rate, expected dividend yield, expected option life, market price and exercise price for the calculation of the option. These variables significantly influence the fair value and any change in these variables could significantly affect the fair value of the option.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

Share option programmes

	MASL Employees Stock Option Scheme - 2016	
	31 March 2020	31 March 2019
Share price at grant date	**47.50**	47.50
Exercise price	**47.50**	47.50
Expected volatility (weighted-average)	**58.3**	58.3
Expected life/option life (weighted-average)	**2.66**	2.66
Expected dividends yield	**0.00%**	0.00%
Risk-free interest rate (based on government bonds)	**6.25%**	6.25%

Employee share based payment	**For the Year 31 March 2020**	For the Year 31 March 2019
MASL Plan 2016	**101.60**	173.78
Debit to Mahindra HZPC Private Limited	**(4.41)**	(8.40)
Total	**97.19**	165.38

The amount of Rs. 4.41 lakhs (31 March 2019 : Rs 8.40 lakhs) charged to its subsidiary Mahindra HZPC Private Limited, for options issued to its employees.

ESOP scheme of parent company:

Certain employees of the Company are also covered by share option schemes offered by Parent Company, Mahindra & Mahindra Limited. The Company treats such share based payment as an equity settled share based payments arrangement. Options granted under Parent's ESOP scheme vests in 4 or 5 equal instalments on expiry of 12 months, 24 months, 36 months, 48 months and where applicable 60 months from the date of grant. The options may be exercised subject to condition of minimum number of option vesting, on any day over a period of four or five years, as the case may be from the date of vesting. The parent Company charges the subsidiary for the equity it provides to the employees of the subsidiary over the vesting period. The charge is based on fair value of options calculated using Black and Scholes Option Pricing Model. The fair value charge in FY 2019-20 Rs. 22.31 Lakhs (FY 18-19 of Rs 16.52 Lakhs)is recognised as share based payment expenses under Employee Benefit Expenses.

(Currency : Indian rupees in lakhs)

B. Long-term Incentive Plan (LTI):

This Plan shall be termed as the MASL Long Term Incentive Plan (LTI) Bonus Grants for Business Leaders. The Plan has been approved by Board of Director in its meeting held on 2 May 2017. The Plan has been approved for Eligible Employees whether they are working in India or abroad as mentioned in the Plan.

In respect of Bonus Grants for Business Leaders Scheme :

The compensation cost of stock options granted to employees is measured by the Fair Value Method.

Fair value is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction, is recognised and amortised on straight line basis over the vesting period.

Eligibility:

Defined Business leaders as stated in the plan will be eligible for bonus grant. Actual vesting can be between 0 to 2x of grant based on business leaders performance. Performance of each Business shall be assessed based on the target (Revenue, PBT and ROC factors) on a cumulative basis from F18 to F20. Bonus grant vesting will be happen on achieving the qualifying target. Qualifying target is based on 80% of revenue budget and stretch level is at 130% of revenue budget as set in the plan.

The objective of the Plan is:

– To retain the best talent in the Industry

– To infuse a sense of entrepreneurship and ownership.

This purpose is sought to be achieved through the grant of Additonal Options to the eligible Business Leaders, to subscribe to the Equity Shares of the Company based on certain business performance parameters.

Details of the ESOP granted as per the above scheme

	Number of options	Grant date	Exercise price	Fair value at grant date
MASL Long Term Incentive Plan (LTI) Bonus Grants for Business Leaders	191,824	2 May 2017	47.5	105.4

Options granted under MASL Long-term Incentive Plan (LTI) Bonus Grants for Business Leaders will be vested post 12 months of F20 assessment i.e. 31 March 2021.

Movement in share options

	Particulars	MASL Long-term Incentive Plan (LTI) Bonus Grants for Business Leaders	
		Number of options	Weighted average exercise price
1	The number and weighted average exercise prices of share options outstanding at the beginning of the year;	191,824	47.50
2	Granted during the year	–	–
3	Forfeited during the year	–	–
4	Exercised during the year	–	–
5	Expired during the year	–	
6	Outstanding at the end of the year	191,824	47.50
7	Exercisable at the end of the year	–	–

The fair value of the equity instruments is calculated based on Black Scholes model. The Black Scholes model requires the consideration of certain variables such as volatility, risk free rate, expected dividend yield, expected option life, market price and exercise price for the calculation of the option. These variables significantly influence the fair value and any change in these variables could significantly affect the fair value of the option.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

Share option programmes

	MASL Long-term Incentive Plan (LTI) Bonus Grants for Business Leaders
Share price at grant date	**132.69**
Exercise price	**47.50**
Expected volatility (weighted-average)	**55.57%**
Expected life/Option Life (weighted-average)	**5.42**
Expected dividends yield	**0.00%**
Risk-free interest rate (based on government bonds)	**6.99%**

We have not considered any provision for above scheme because based on Actual performance of F-18, Board approved budget of F-19 and projection for F-20, it evident that basic eligibility criterion and performance condition of Scheme for grant of options are not going to trigger in any business.

37 Capital commitments

<u>Commitment</u>

Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31 March 2020 is Rs 35.24 lakhs (31 March 2019 is Rs 42.54 lakhs).

38 Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Total outstanding dues of Micro, Small and medium enterprises, which are outstanding for more than the stipulated period are given below:

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
I	Principal amount remaining unpaid to any supplier at the end of the accounting year	**259.74**	177.65
II	Interest due thereon remaining unpaid to any supplier at the end of the accounting year	**2.21**	1.82
III	the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	**14.24**	–
IV	the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**2.21**	6.12
V	Amount of interest accrued and remaining unpaid as at the year end	**2.21**	15.14
VI	the amount of interest accrued and remaining unpaid at the end of each accounting year	**–**	9.02
VII	Amount of interest written back during the period as the same is not payable	**NIL**	NIL

(Currency : Indian rupees in lakhs)

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
VIII	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**NIL**	NIL

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

39 Research and development expenditure:

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
	In recognised Research and development units		
(i)	debited to the Statement of profit and loss account other than depreciation and amortisation	**580.38**	521.99
(ii)	Depreciation and amortisation	**46.40**	23.97
(iii)	Capital expenditure	**3.68**	36.49
	Total	**630.46**	582.45

The above figures include the amounts based on separate accounts for the Research and Developments ("R&D") Centre recognised by the Department of Scientific & Industrial Research ("DSIR"), Ministry of Science and Technology for in-house research (consonance with the DSIR guidelines for in-house R & D Centre will be evaluated at the time of filing the return with DSIR).

40 Disclosure pursuant to Section 186 of the Companies Act, 2013

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

Investments in equity shares

Sr. No.	Name of the entity	Year	As at 1 April 2019	Investment made during the year	Investment sold during the year	As at 31 March 2020
1	Mahindra Greenyard Private Limited	**31-Mar-20**	**625.80**	**–**	**–**	**625.80**
		31-Mar-19	625.80	–	–	625.80
2	Mahindra HZPC Private Limited	**31-Mar-20**	**1,612.05**	**899.25**	**–**	**2,511.30**
		31-Mar-19	1,252.35	359.70	–	1,612.05
3	Mahindra Summit Agriscience Limited	**31-Mar-20**	**0.60**	**–**	**0.60**	**–**
		31-Mar-19	–	0.60	–	0.60
4	Mahindra Fresh Fruits Distribution Holding Company Europe BV	**31-Mar-20**	**7.67**			**7.67**
		31-Mar-19	–	7.67	–	7.67
5	Mera Kisan Private Limited	**31-Mar-20**	**50.00**	**–**		**50.00**
		31-Mar-19	–	50.00	–	50.00

Investments in optionaly convertible preference shares

Sr. No.	Name of the entity	Year	As at 1 April 2019	Investment made during the year	Investment sold during the year	As at 31 March 2020
1	Mera Kisan Private Limited	**31-Mar-20**	**443.00**	**245.00**	**-**	**688.00**
		31-Mar-19		443.00	-	443.00

Investments in warrants

Sr. No.	Name of the entity	Year	As at 1 April 2019	Investment made during the year	Investment sold during the year	As at 31 March 2020
1	Mera Kisan Private Limited	**31-Mar-20**	**41.86**		**–**	**41.86**
		31-Mar-19		41.86	–	41.86

Investments in Joint Ventures

Sr. No.	Name of the entity	Year	As at 1 April 2019	Investment made during the year	Investment sold during the year	As at 31 March 2020
1	Mahindra Summit Agriscience Limited	**31-Mar-20**	**–**	**7,686.60**	**–**	**7,686.60**
		31-Mar-19	–	–	–	–

41 Exceptional items

Gain on Slump sale of Cropcare business

During the previous year, the Company had entered into a business transfer agreement (BTA) dated 12 October 2018 between Mahindra Agri Solutions Limited ("the Company" or MASL) and Mahindra Summit Agriscience Limited ("MSAL"). Pursuant to this agreement, Cropcare business of the Company had been transferred

(Currency : Indian rupees in lakhs)

to MSAL on slump sale basis for fully paid equity shares of MSAL valued at Rs 12,810 lakhs and acquired 100% shareholding in MSAL. The Company had recorded a gain of Rs 4,909.31 Lakhs on this transaction as an exceptional item for the year ended 31 March 2019.

Subsequent to the execution of the above slump sale transaction, in April 2019 30% shareholding of MSAL was sold to the Summito corporation and 10% shareholding of MSAL to Summit Agro International Ltd.

The Company has recorded a gain of Rs 598.03 lakhs on this transaction as an exceptional item for the year ended 31 March 2020.

42 Contingent liabilities

The Company is involved in a number of appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the course of conduct of the Company's businesses. Some of these proceedings in respect of matters under litigation are in early stages, and in some other cases, the claims are indeterminate. A summary of claims asserted on the Company in respect of these cases have been summarised below.

A. Tax contingencies

Amounts in respect of claims asserted by various revenue authorities on the Company, in respect of taxes, which are in dispute, have been tabulated below:

Nature of Tax	**31 March 2020**	31 March 2019
Value Added Tax	**40.8**	40.80
Sales Tax	**11.66**	11.66
Total	**52.46**	52.46

The management believes that the claims made are untenable and is contesting them. As of the reporting date, the management is unable to determine the ultimate outcome of above matters. However, in the event the revenue authorities succeed with enforcement of their assessments, the Company may be required to pay some or all of the asserted claims and the consequential interest and penalties, which would reduce net income and could have a material adverse effect on net income in the respective reported period.

B. In February 2019, the Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution from the date of the Supreme Court order.

43 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

44 Impact of Covid-19

The Country is in a crisis situation due to COVID-19, which has been declared as pandemic by World Health Organization. The Countrywide lockdown declared by Government of India covered a part of March 2020 and has continued in the month of May 2020. However, the Government of India has made certain allowances for movement of agricultural inputs and animal husbandry during this period. Based on the current operations post 31 March 2020, the Company believes that so far, there is no significant impact of COVID-19 pandemic on the financial position and performance of the Company for the financial year ending 31 March 2021. The operations of the Company were temporarily affected due to challenges in supply chain and restriction in local markets. But, the Company is not expecting any major adverse effect as of now as more and more relaxations are being provided by relevant authorities

45 Disclosure on Specified Bank Notes (SBNs)

The disclosures in the financial statements regarding holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

46 The figures for the previous year have been regrouped/reclassified to correspond with the current year's classification/disclosures that include changes consequent to the issuance of "Guidance Note on Division II - Ind AS Schedule III to the companies Act 2013".

47 Other matters

Information with regard to other matters specified in Schedule III to the Act is either nil or not applicable to the Company for the year.

In terms of our report attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
Date: 11 May 2020

Ramesh Iyer
Director
DIN: 00220759

Feroze Baria
Company Secretary
Membership No.: 11357

Mumbai
Date: 11 May 2020

For and on behalf of Board of Directors
Mahindra Agri Solutions Limited
CIN - U01400MH2000PLC125781

Ashok Sharma
Managing Director and Chief Executive Officer
DIN: 02766679

Meghnad Mitra
Chief Financial Officer
Membership No.: 54732

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5
of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries

Part "A": Subsidiaries

Rs in lakhs

Sl. No.	Particulars	Details	Details	Details	Details
1.	Name of the subsidiary	Mahindra Greenyard Private Limited	MHZPC Private Limited	Mahindra Fresh Fruits Distributions Holding Company (Europe) B.V	Mahindra Summit Agriscience Ltd.
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31 March 2020 Same as Holding Company	31 March 2020 Same as Holding Company	31 October, 2019 Different from Holding Company	31 March 2020 Same as Holding Company
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	Not Applicable	EURO 83.13	Not Applicable
4.	Share capital	Rs. 1,043.00	Rs. 4,189.00	Rs. 8.31	Rs. 12,811.00
5.	Reserves & surplus	(-) Rs. 1,320.24	(-) Rs. 4,170.29	(-) Rs. 27.14	(-) Rs. 2,502.17
6.	Total assets	Rs. 978.46	Rs. 4,192.38	Rs. 3664.79	Rs. 19,013.58
7.	Total Liabilities	Rs. 1,255.70	Rs. 4,173.67	Rs. 3683.62	Rs. 8,704.75
8.	Investments	Nil	Nil	Rs. 3459.57	Nil
9.	Turnover	Rs. 7959.54	Rs. 2,457.13	Rs. 58.71	Rs. 11,354.98
10.	Profit before taxation	(-) Rs. 362.58	(-) Rs. 616.94	(-) Rs. 15.07	(-) Rs. 2,306.80
11.	Provision for taxation	Nil	Nil	Nil	Nil
12.	Profit after taxation	(-) Rs. 364.78	(-) Rs. 616.94	(-) Rs. 15.07	(-) Rs. 2,306.80
13.	Proposed Dividend	Nil	Nil	Nil	Nil
14.	% of shareholding	60%	59.95%	100%	60%

Additional Information:

1) Names of subsidiaries which are yet to commence operations: Nil

2) Names of subsidiaries which have been liquidated or sold during the year: Nil

For and on behalf of Board of Directors

Chief Financial Officer

Mumbai, Date: 11th May, 2020

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5
of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries

Part "A": Subsidiaries

Rs in lakhs

Sl. No.	Particulars	Details
1.	Name of the subsidiary/ associate/Joint venture	MeraKisan Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31 March 2020 Same as Holding Company
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR in Lacs Not Applicable
4.	Share capital	Rs. 156.54
5.	Reserves & surplus	(-) Rs. 689.28
6.	Total assets	Rs. 345.87
7.	Total Liabilities	Rs. 887.61
8.	Investments	Nil
9.	Turnover	Rs. 1,218.53
10.	Profit before taxation	(-) Rs. 400.79
11.	Provision for taxation	Nil
12.	Profit after taxation	(-) Rs. 400.79
13.	Proposed Dividend	Nil
14.	% of shareholding	31.94%

Additional Information:

1) Names of subsidiaries which are yet to commence operations: Nil

2) Names of subsidiaries which have been liquidated or sold during the year: Nil

For and on behalf of Board of Directors

Chief Financial Officer

Mumbai, Date: 11th May 2020

FORM AOC-1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014
Statement Containing salient features of the financial statements of subsidiaries

Part A - Subsidiaries (as per section 2(87)) of companies Act, 2013

Rupees Lakhs

S No	Name of Subsidiary	The date since when subsidiary was acquired (DD/MM/YYYY)	Reporting Currency	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Gross Turnover	Profit/(Loss) before Tax	Provision for Tax	Profit/(Loss) after Tax	Proposed Dividend and Tax thereon	Proportion of ownership interest @	Proportion of voting power where different
1	OFD Holding BV	22-02-2017	Euro	83.13	26.09	4,120.21	4,821.24	674.93	4,635.94	–	55.15	14.99	40.16	–	81.93%	83.09%
2	Origin Direct Asia Ltd.	22-02-2017	USD	75.34	0.97	(371.20)	661.25	1,031.48	–	5,527.99	(132.60)	2.70	(135.43)	–	49.16%	60.00%
3	Origin Fruit Direct B.V.	22-02-2017	Euro	83.13	11.32	4,624.61	14,814.97	10,179.27	–	43,178.55	611.84	143.81	468.02	–	81.93%	100.00%
4	Origin Fruit Services South America SpA	22-02-2017	CLP	0.09	0.88	(90.03)	464.77	553.92	–	472.60	9.96	–	9.96	–	81.93%	100.00%
5	Origin Direct Asia (Shanghai) Trading Co. Ltd.	22-02-2017	CNY	10.64	98.51	(1,134.16)	218.99	1,254.64	–	1,268.62	(122.52)	–	(122.52)	–	81.93%	100.00%

For and on behalf of Board of Directors

Chief Financial Officer

Mumbai, Date: 11th May, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA SUMMIT AGRISCIENCE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Summit Agriscience Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by Management and Board of Directors.
- Conclude on the appropriateness of the management's and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company does not have any pending litigations which would impact its financial position.

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.)

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
(Firm's Registration No. 101248W/W-100022)

Jayesh T Thakkar
Partner
Membership No: 113959
UDIN: 20113959AAAABZ1827

Mumbai
8 May 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT – 31 MARCH 2020

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.

(b) The Company has a programme of physical verification of its fixed assets by which all fixed assets are verified once in three years, pursuant to which the fixed assets were physically verified in the financial year ended 31 March 2020. No material discrepancies were noticed on such verification. All discrepancies have been dealt with in the books of account.

(c) In our opinion and according to the information and explanations given to us and on the basis of examination of records of the Company, the title deeds of immovable properties which are freehold land and freehold building as disclosed in Note 4 to the financial statements are held in the name of the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on such verification. The discrepancies noted have been suitably dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not granted any loan or made any investment or given any guarantee or provided any security under Section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year in terms of the provisions of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company as specified under Section 148 (1) of the Act, for maintenance of cost records in respect of products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues of Provident Fund, Employees' State Insurance, Profession tax, Duty of Customs, Goods and Service Tax, Cess and other material statutory dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of Income Tax has generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Profession tax, Income Tax, Duty of customs, Goods and Service tax, Cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Duty of Customs, Duty of Excise and Goods and Service Tax as at 31 March 2020, which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans and borrowing to the banks. The Company did not have any outstanding loans and borrowings to government, financial institution and dues to debenture holders during the year.

(ix) The Company did not raise money by way of term loans, initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any material instances of fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us by the management, the Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act, where applicable and the details of such related party transaction have been disclosed in the Ind AS financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act. The provisions of Section 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to Section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us by the management, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv)of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
Membership No: 113959
UDIN: 20113959AAAABZ1827

Mumbai
8 May 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Summit Agriscience Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
Membership No: 113959
UDIN: 20113959AAAABZ1827

Mumbai
8 May 2020

BALANCE SHEET AS AT 31 MARCH 2020

(Currency: Indian Rupees in lakhs)

	Particulars	Note No.	**As at 31 March 20**	As at 31 March 19
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, plant and equipment	*4*	**1,680.83**	1,763.52
	(b) Goodwill	*29*	**4,185.21**	4,185.21
	(c) Other intangible assets	*5*	**501.67**	547.11
	(d) Financial assets			
	(i) Other financial assets	*6*	**15.79**	15.79
	(e) Income tax assets (net)	*13*	**1.27**	–
	(f) Other non-current assets	*7*	**1.64**	1.87
	SUB-TOTAL		**6,386.41**	6,513.50
	CURRENT ASSETS			
	(a) Inventories	*8*	**3,243.67**	4,127.19
	(b) Financial assets		**–**	–
	(i) Trade receivables	*9*	**7,771.98**	8,237.53
	(ii) Cash and cash equivalents	*10A*	**631.00**	0.74
	(iii) Bank balances other than (ii) above	*10B*	**0.58**	0.58
	(iv) Other financial assets	*6*	**14.57**	9.57
	(c) Other current assets	*7*	**965.35**	707.85
	SUB-TOTAL		**12,627.13**	13,083.46
	TOTAL ASSETS		**19,013.55**	19,596.97
II	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity share capital	*11(a)*	**12,811.00**	1.00
	(b) Other equity	*11(b)*	**(2,502.05)**	12,617.58
	SUB-TOTAL		**10,308.95**	12,618.58
	LIABILITIES			
	2 NON-CURRENT LIABILITIES			
	(a) Provisions	*12*	**149.78**	173.87
	(b) Deferred tax liabilities	*13*	**48.62**	48.62
	SUB-TOTAL		**198.40**	222.49
	3 CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowings	*14*	**2,000.00**	–
	(ii) Trade payables	*15*	**–**	–
	Total outstanding dues of micro enterprises and small enterprises		**480.29**	2.23
	Total outstanding dues of creditors other than micro enterprises and small enterprises		**4,524.52**	5,985.75
	(iii) Other financial liabilities	*16*	**283.56**	184.97
	(b) Provisions	*12*	**67.74**	62.15
	(c) Other current liabilities	*17*	**1,150.08**	520.79
	SUB-TOTAL		**8,506.19**	6,755.89
	TOTAL EQUITY AND LIABILITY		**19,013.55**	19,596.97

The accompanying notes 1 to 36 forms integral part of financial statements

In terms of our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No:113959

Place : Mumbai
Date : 7th May 2020

For and on behalf of Board of Directors
Mahindra Summit Agriscience Limited
CIN - U01400MH2018PLC315558

Ashok Sharma
Chairman

Gajanan Chinchwadkar
Chief Financial Officer

Sandeep Gadre
Director

Place : Mumbai
Date : 7th May 2020

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM 1 APRIL 2019 TO 31 MARCH 2020

(Currency: Indian Rupees in lakhs)

	Particulars	Note No.	**1 April 2019 to 31 March 2020**	9 October 2018 to 31 March 2019
I	Revenue from operations	*18*	**11,276.53**	1,058.18
II	Other Income	*19*	**157.40**	4.62
III	**Total Income (I + II)**		**11,433.93**	1,062.80
IV	**EXPENSES**			
	Cost of materials consumed	*20 (a)*	**2,699.53**	69.96
	Purchases of stock-in-trade		**4,911.71**	4,662.94
	Changes in stock of finished goods	*20 (b)*	**950.60**	(3,688.71)
	Employee benefits expense	*21*	**1,992.56**	11.02
	Finance costs	*22*	**203.92**	0.77
	Depreciation and amortisation expense	*23*	**151.17**	0.75
	Other expenses	*24*	**2,831.13**	20.22
	Total Expenses (IV)		**13,740.61**	1,076.95
V	**Loss before tax for the year/period (III-IV)**		**(2,306.68)**	(14.14)
VI	**Income tax expenses**			
	Current tax	*13*	**–**	–
	Deferred tax	*13*	**–**	48.62
	Total Tax Expenses		**–**	48.62
VII	**Loss after tax for the year/period**		**(2,306.68)**	(62.76)
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans		**2.95**	–
	(ii) Income tax relating to defined benefit plans that will not be reclassified to profit or loss		**–**	–
	Total other comprehensive income		**2.95**	–
IX	**Total comprehensive loss for the period (VII-VIII)**		**(2,303.73)**	(62.76)
	Earnings per equity share: Basic (in Rs.)	25	**(1.85)**	(1,324.14)

The accompanying notes 1 to 36 forms integral part of financial statements

In terms of our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No:113959

Place : Mumbai
Date : 7th May 2020

For and on behalf of Board of Directors
Mahindra Summit Agriscience Limited
CIN - U01400MH2018PLC315558

Ashok Sharma	**Gajanan Chinchwadkar**	**Sandeep Gadre**
Chairman	Chief Financial Officer	Director

Place : Mumbai
Date : 7th May 2020

STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 APRIL 2019 TO 31 MARCH 2020

(Currency: Indian Rupees in lakhs)

Particulars	1 April 2019 to 31 March 2020	9 October 2018 to 31 March 2019
Cash flows from operating activities		
Loss before tax	**(2,306.68)**	(14.14)
Adjustments for:		
Finance costs	**203.92**	0.77
Provision for doubtful debts	**122.29**	–
Provision for doubtful debts written back	**(113.95)**	–
Depreciation and amortisation	**151.17**	0.75
	(1,943.25)	(12.62)
Movements in working capital:		
Decrease/(increase) in trade and other receivables	**457.09**	(609.16)
Decrease/(increase) in inventories	**883.52**	(444.19)
(Increase) in other assets	**(262.26)**	(361.33)
(Decrease)/increase in trade and other payables	**(364.88)**	1,427.04
	713.48	12.36
Cash generated from operating activities	**(1,229.78)**	(0.26)
Income taxes paid	**(1.27)**	–
Net cash generated from operating activities (A)	**(1,231.05)**	(0.26)
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment	**(25.96)**	–
Net cash (used in) investing activities (B)	**(25.96)**	–
Cash flows from financing activities		
Proceeds from issue of equity instruments	**–**	1.00
Proceeds from borrowings	**4,000.00**	–
Repayment of borrowings	**(2,000.00)**	–
Interest paid	**(112.74)**	0.00
Net cash flow generated from financing activities (C)	**1,887.26**	1.00
Net increase in cash and cash equivalents (A+B+C)	**630.26**	0.74
Cash and cash equivalents at the beginning of the period	**0.74**	–
Cash and cash equivalents at the end of the year (refer note 14)	**631.00**	0.74

Notes :

1 The above Cash Flow statement has been prepared under the ‘Indirect Method’ as set out in the Accounting Standard (Ind AS) 7 - “Statement of Cash Flows” notified under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015.

2 **Components of cash and cash equivalents**

(Currency: Indian Rupees in lakhs)

Particulars	**1 April 2019 to 31 March 2020**	9 October 2018 to 31 March 2019
Balance with banks		
- In current accounts	**631.00**	0.74
	631.00	0.74

3 **The movement of borrowings as per Ind AS 7 is as follows:**

Opening balances		
Short-term borrowing	**–**	–
Movements		
Short-term borrowing	**2,000.00**	–
Closing balances		
Short-term borrowing	**2,000.00**	–

The accompanying notes 1 to 36 forms integral part of financial statements

In terms of our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No:113959

Place : Mumbai
Date : 7th May 2020

For and on behalf of Board of Directors
Mahindra Summit Agriscience Limited
CIN - U01400MH2018PLC315558

Ashok Sharma
Chairman

Gajanan Chinchwadkar
Chief Financial Officer

Sandeep Gadre
Director

Place : Mumbai
Date : 7th May 2020

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2020

(a) Equity share capital

(Currency: Indian Rupees in lakhs)

Equity share capital	Amount
As at 9 October 2018	–
Changes in equity share capital during the year	1.00
As at 31 March 2019	1.00
Issued equity share capital during the period	12,810.00
As at 31 March 2020	**12,811.00**

(b) Other equity

(Currency: Indian Rupees in lakhs)

Particulars	Share Application Money	Retained earnings	Total
As at 9 October 2018	–	–	–
Impact of opening Ind AS adjustments	–	(129.65)	(129.65)
Loss for the priod from 9 October 2018 to 31 March 2019	–	(62.76)	(62.76)
Share application money received pending allotment	12,810.00	–	12,810.00
As at 31 March 2019	12,810.00	(192.42)	12,617.58
Loss for the year 1 April 2019 to 31 March 2020	–	(2,306.68)	(2,306.68)
Other comprehensive income/(loss)	–	(2.95)	(2.95)
Share application money allotted during the year	(12,810.00)	–	(12,810.00)
Total	**–**	**(2,502.05)**	**(2,502.05)**

In terms of our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No:113959

Place : Mumbai
Date : 7th May 2020

For and on behalf of Board of Directors
Mahindra Summit Agriscience Limited
CIN - U01400MH2018PLC315558

Ashok Sharma
Chairman

Gajanan Chinchwadkar
Chief Financial Officer

Sandeep Gadre
Director

Place : Mumbai
Date : 7th May 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 APRIL 2019 TO 31 MARCH 2020

1. **Corporate information**

   Mahindra Summit Agriscience Limited ("the Company") a Public Limited Company domiciled in India and incorporated on 9 October 2018 under the provisions of the Companies Act, 1956 (CIN : U01400MH2018PLC315558).

   The Company is engaged in the business of sales, distribution, manufacture and formulation of agrochemicals (Pesticides, Insecticides, fungicides etc) during the year.

2. **Statement of compliance and basis of preparation and presentation**

2.1 Basis of preparation and presentation

The Separate financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All values are rounded to the nearest lakhs.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments and agricultural produce that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

2.3 Measurement of fair value

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with the Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

i. Critical Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Discount rate used to determine the carrying amount of the Company's employee defined benefit obligation

In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

ii. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of property, plant and equipment

As described in Note 3.7, the Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. During the current financial year, the management has reassessed the useful lives of certain property, plant and equipment and the impact of the change is not material for the year. There were no changes in residual values of the property, plant and equipment.

Allowances for doubtful debts

The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

Allowances for inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slowmoving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

Liability for sales return

In making judgment for liability for sales return, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 115 and in particular, whether the Company had transferred to the buyer the significant risk and rewards of ownership of the goods. Following the detailed quantification of the Company's liability towards sales return, the management is satisfied that significant risk and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate liability for sales return. Accruals for estimated product returns, which are based on historical experience of actual sales returns and adjustment on account of current market scenario is considered by Company to be reliable estimate of future sales returns.

3. Significant accounting policies

3.1 Revenue recognition

The Company has applied Ind AS 115 Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to receive in exchange for those products or services.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The accounting policies for specific revenues streams of the Company is summarised below:

Sale of goods:

Revenue from the sale of goods is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration expected to receive in exchange for those products, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the control of promised products to customers; the Company has identified the contract with customer and performance obligation in the contract.
- the transaction price can be measured reliably;
- it is expected that the consideration associated with the transaction will flow to the Company; and revenue is recognised when the company satisfy the performance obligation

3.2 Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective rate applicable. The effective interest rate is the rate that exactly discounts estimated future cash receipts.

3.3 Employee benefits

Employee benefits consist of contribution to provident fund, superannuation fund, gratuity fund, compensated absences, supplemental pay and director pension liability

Post-employment benefit plans

Defined Contribution plans:

Payments to defined contribution retirement benefit scheme for eligible employees in the form of superannuation fund are charged as an expense as they fall due. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made.

Defined benefit plans:

The Company operates a defined benefit plan – gratuity fund.

The liability recognised in the balance sheet in respect of its defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds that have tenure approximating the tenures of the related liability.

The interest income/(expense) are calculated by applying the discount rate to the net defined benefit liability. The net interest income/(expense) on the net defined benefit liability or asset is recognised in the Statement of Profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Short-term employee benefit

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

3.4 Leasing

Ind AS 116 Leases was issued on 30 March 2019 and supersedes Ind AS 17 Leases. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for leases. On the basis of assessment done by the management, the Company does not have any leases to be recognised under Ind AS 116. Thus, there is no impact on account of Ind AS 116.

3.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3.7 Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the Balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment if any.

Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes based on the Company's expected usage pattern supported by technical assessment. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(a) Certain items of Plant and Equipment – 1 to 15 years

(b) Buildings (Roads) – 15 years

(c) Vehicles – 5 years

3.8 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Goodwill arising on acquisition of business represents excess of purchase consideration over the book value of net assets acquired based on a valuation conducted by an independent firm of Chartered Accountants and will be tested for Impairment annually as per Ind AS 36.

Intangible assets under development

The Company expenses costs incurred during research phase to profit or loss in the year in which they are incurred. Development phase expenses are initially recognised as intangible assets under development until the development phase is complete, upon which the amount is capitalised as intangible asset.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Computer software	3 years and 5 years
Non-compete fees	5 years

3.9 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash-generating unit, as the case may be, is estimated and impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) earlier.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

3.10 Inventories

Inventories are valued at lower of cost (on weighted average basis) and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.11 Accounting of Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised, when there is a present legal or constructive obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where the effect is material, the provision is discounted to net present value using an appropriate current market based pre-tax discount rate and the unwinding of the discount is included in finance costs.

Contingent liabilities are recognised only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

3.12 Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on their respective classification.

On initial recognition, a financial asset is classified as - measured at

- Amortised cost; or
- Fair Value through Other Comprehensive Income (FVTOCI) - equity
- investment; or - Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL. This includes all derivative financial assets unless designated as effective hedge instruments which are accounted as per hedge accounting requirements discussed below.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment expenses are recognised in profit or loss. Any gain and loss on derecognition is also recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves.

The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments as at FVTOCI as the Company believes that this provides a more meaningful presentation for medium or long- term strategic investments, than reflecting changes in fair value immediately in profit or loss. Dividend income received on such equity investments are recognised in profit or loss.

Equity investments that are not designated to be measured at FVTOCI are designated to be measured at FVTPL. Subsequent changes in fair value are recognised in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amount it may have to pay.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised and the proceeds received are recognised as a collateralised borrowing.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Company applies the expected credit loss (ECL) model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3.13 Foreign exchange transactions and translation

Transactions in foreign currencies i.e. other than the Company's functional currency of Indian Rupees are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the functional currency using exchange rates prevailing at the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer policy on Derivative Financial Instruments).

3.14 Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their primary nature.

The costs of the Company are broadly categorised in employee benefit expenses, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses majorly include fees to external consultants, cost running its facilities, travel expenses, communication costs and other expenses. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, bank charges, freight etc.

3.15 Earnings per share

The basic earnings per share ('EPS ') is computed by dividing the net profit attributable to equity shareholders for the period, by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive (potential) equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

4 Property, plant and equipment

(Currency: Indian Rupees in lakhs)

Carrying Amount of:	**As at 31 March 2020**	**As at 31 March 2019**
Freehold land	352.00	352.00
Building	712.45	736.90
Plant and equipment	499.04	543.10
Computer equipment	5.68	5.52
Office equipment	4.06	5.17
Furniture and Fixtures	20.77	24.36
Vehicles	86.83	96.47
	1,680.83	1,763.52

Description of assets	**Freehold land**	**Buildings**	**Plant and equipment**	**Computer equipment**	**Office equipment**	**Furniture and fixtures**	**Vehicles**	**Total**
I. Gross block								
As at 9 October 2018	–	–	–	–	–	–	–	–
Additions for the period (refer note 29)	352.00	737.27	543.39	5.52	5.18	24.37	96.52	1,764
Disposal for the period	–	–	–	–	–	–	–	–
Balance as at 31 March 2019	352.00	737.27	543.39	5.52	5.18	24.37	96.52	1,764.25
Additions for the year	–	0.61	4.40	1.89	0.20	–	28.31	35.41
Disposal for the year	–	–	–	–	(0.09)	–	(14.27)	(14.35)
Balance as at 31 March 2020	**352.00**	**737.88**	**547.78**	**7.41**	**5.29**	**24.37**	**110.56**	**1,785.30**
II. Accumulated depreciation and impairment								
As at 9 October 2018	–	–	–	–	–	–	–	–
Depreciation expense for the period	–	0.37	0.29	0.00	0.00	0.01	0.05	0.73
Disposal for the period	–	–	–	–	–	–	–	–
Balance as at 31 March 2019	**–**	**0.37**	**0.29**	**0.00**	**0.00**	**0.01**	**0.05**	**0.73**

Description of assets	Freehold land	Buildings	Plant and equipment	Computer equipment	Office equipment	Furniture and fixtures	Vehicles	Total
Depreciation expense for the year	–	25.05	48.46	1.73	1.30	3.59	25.60	105.73
Disposal for the period	–	–	–	–	(0.07)	–	(1.92)	(1.99)
Balance as at 31 March 2020	**–**	**25.05**	**48.46**	**1.73**	**1.23**	**3.59**	**23.68**	**103.74**
III. Net block 31 March 2020	**352.00**	**712.45**	**499.04**	**5.68**	**4.06**	**20.77**	**86.83**	**1,680.83**
IV. Net block 31 March 2019	**352.00**	**736.90**	**543.10**	**5.52**	**5.17**	**24.36**	**96.47**	**1,763.52**

5 Other intangible assets

Carrying amount of:-	As at 31 March 2020	As at 31 March 2019
Computer software	**3.92**	5.96
Brand value	**494.44**	536.99
Intangible development	**3.31**	4.16
	501.67	547.11

Description of assets	Computer software	Brand value	Intangible development	Total
Intangible assets				
I. Gross block				
As at 9 October 2018	–	–	–	–
Additions for the period (refer note 29)	5.96	536.99	4.16	547.11
Disposal for the period	–	–	–	–
Balance as at 31 March 2019	5.96	536.99	4.16	547.11
Additions for the year	–	–	–	–
Disposal for the year	–	–	–	–
Balance as at 31 March 2020	**5.96**	**536.99**	**4.16**	**547.11**
II. Accumulated amortisation and impairment				
As at 9 October 2018				
Amortisation expense for the period	–	0.02	–	0.02
Disposal for the period	–	–	–	–
Balance as at 31 March 2019	–	0.02	–	0.02
Amortisation expense for the year	2.04	42.55	0.85	45.44
Disposal for the year	–	–	–	–
Balance as at 31 March 2020	**2.04**	**42.55**	**0.85**	**45.44**
III. Net block 31 March 2020	**3.92**	**494.44**	**3.31**	**501.67**
IV. Net block 31 March 2019	5.96	536.97	4.16	547.09

6 Other financial assets

(Currency: Indian Rupees in lakhs)

Particulars	Amount		At 31 March 2019	
	Current	**Non-current**	Current	Non-current
Financial assets at amortised cost :				
Security deposit	**14.53**	**15.79**	9.53	15.79
Interest accrued on fixed deposits with bank	**0.04**	**–**	0.04	–
	14.57	**15.79**	9.57	15.79

7 Other current and Non-current assets

(Currency: Indian Rupees in lakhs)

Particulars	Amount Current	Amount Non-current	At 31 March 2019 Current	At 31 March 2019 Non-current
Balances with Government authorities (other than income taxes)	**753.93**	**–**	481.44	–
Advances to employees	**31.53**	**–**	8.98	–
Advance to vendors				
Considered good	**154.35**	**–**	205.47	1.87
Considered doubtful	**144.20**	**–**	103.00	–
Provision for doubtful advance	**(144.20)**	**–**	(103.00)	–
Prepaid expesnes	**25.54**	**1.64**	11.97	–
	965.35	**1.64**	707.85	1.87

Notes:

The Company has provided for doubtful advances as at 31 March 2020 Rs 144.20 lakhs (As at 31 March 2019 Rs. 103 lakhs)

8 Inventories (at lower of cost and net realisable value)

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2020	At 31 March 2019
Raw materials	**371.37**	293.00
Finished goods	**133.62**	215.88
Stock-in-trade	**2,392.74**	3,534.45
Packing materials	**134.18**	83.86
Stock-in-transit *	**211.75**	–
	3,243.67	4,127.19

Notes:

(i) * It represents inter unit transfer of stock inventories

(ii) The cost of inventories recognised as an expense includes Rs. 222.80 lakhs (31 March 2019 Rs. 489.03) in respect of adjustment of inventories to net realisable value/slow moving, and has been reduced by Rs. 151.23 lakhs (31 March 2019 Rs. Nil) in respect of reversal of such write-downs.

(iii) Working capital demand loan from bank is secured by first paripassu charge on inventories (including raw material, finished goods and stock in trade) and book debts (refer note 14).

9 Trade receivables

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2020	At 31 March 2019
Secured - considered good	**–**	–
Unsecured - considered good	**7,771.98**	8,237.53
Significant increase in credit risk	**–**	–
Credit impaired	**1,840.39**	1,954.22
Allowance for expected credit losses	**(1,840.39)**	(1,954.22)
	7,771.98	8,237.53

Note:

(i) No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

(ii) Movement in the expected credit loss allowance

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2020	At 31 March 2019
Balance at the beginning of the year	**1,954.22**	–
Less: Reversal of provision	**(669.13)**	–
Add: provision made during the year	**555.30**	1,954.22
Balance at the end of the year	**1,840.39**	1,954.22

(iii) Working capital demand loan from bank is secured by first paripassu charge on inventories (including raw material, finished goods and stock in trade) and book debts (refer note 14).

(iv) The credit period ranges from 90 days to 120 days.

10A Cash and cash equivalents

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2020	At 31 March 2019
Cash and bank balance		
10A. Cash and cash equivalents		
Balances with banks in current accounts	**631.00**	0.74
Total cash and cash equivalents	**631.00**	0.74
10B. Other bank balances		
Earmarked balances with banks :		
Bank deposits as margin money against bank guarantees - original maturity more than 3 months and less than 12 months	**0.58**	0.58
Total other bank balances	**0.58**	0.58
	631.57	1.31

Reconciliation of cash and cash equivalents

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2020	At 31 March 2019
Total cash and cash equivalents as per Balance Sheet	**631.00**	0.74
Total cash and cash equivalents as per Statement of cash flow	**631.00**	0.74

11(a) Equity share capital

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2020		At 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
Authorised share capital:				
Equity shares of Rs 10 each with voting rights	**130,000,000**	**13,000.00**	10,000.00	1.00
Issued, subscribed and fully paid:				
Equity shares of Rs 10 each with voting rights	**128,110,000**	**12,811.00**	10,000.00	1.00
	128,110,000	**12,811.00**	10,000.00	1.00

A) Reconciliation of the number of shares outstanding at the beginning and at the end of the year/period

Particulars	Opening balance	Rights issue	Fresh issues	Closing balance
Equity Shares				
As at 31 March 2020				
No. of Shares	**10,000**	–	**128,100,000**	**128,110,000**
Amount	**1**	–	**12,810**	**12,811**
As at 31 March 2019				
No. of Shares	–	–	10,000	10,000
Amount	–	–	1	1

B) Rights, preferences and restrictions attached to equity shares

The Company has issued one class of equity shares having a par value of 1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

C) Details of shares held by the Holding Company

(Currency: Indian Rupees in lakhs)

Particulars	No. of shares
As at 31 March 2019	
the Holding Company	9,994
Others	6
Total	10,000
As at 31 March 2020	
the Holding Company	**76,866,000**
Others	**51,244,000**
Total	**128,110,000**

D) Details of shares held by each shareholder holding more than 5% shares:

(Currency: Indian Rupees in lakhs)

Class of shares / Name of shareholder	As at 31 March 2020		At 31 March 2019	
	Number of fully paid equity shares	% holding in that class of shares	Number of fully paid equity shares	% holding in that class of shares
Equity shares with voting rights				
Mahindra Agri Solutions Limited	**76,866,000**	**60.00%**	9,994	99.94%
Sumitomo Corporation	**38,433,000**	**30.00%**	–	–
Summit Agro International Limited	**12,811,000**	**10.00%**	–	–

11(b) Other equity

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2020	At 31 March 2019
Retained earnings	**(2,502.05)**	(192.42)
Share application money	**–**	12,810.00
As at 31 March 2019	**(2,502.05)**	12,617.58

The description of the nature and purpose of each reserve within equity is as follows:

a) Share Application money outstanding as at 31 March 2019 is towards the net asset received through business combination in Financial Year 2019.

12 Provisions

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2020		At 31 March 2019	
	Current	Non-current	Current	Non-current
Provision for employee benefits (refer note 31)				
- Compensated absences	**37.77**	**74.84**	41.56	89.04
- Gratuity	**29.97**	**74.94**	20.59	84.83
Total	**67.74**	**149.78**	62.15	173.87

Note:

The provision for employee benefits includes annual leaves and vested long service leave entitlements accrued and compensation claims made by employees. For other disclosure refer note 31 on Defined benefit and contribution.

13 Income tax assets (net)

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current tax assets		
Tax refund receivables	**0.74**	–
TDS receivable	**0.53**	–
	1.27	–

13 Income tax expenses

Income tax recognised in profit or loss

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current tax:		
In respect of current year	–	–
Deferred tax:		
In respect of current year origination and reversal of temporary differences	–	(48.62)
Total income tax expense on operations	–	(48.62)

(b) Income tax recognised in other comprehensive income

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	–	–
	–	–

Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

(Currency: Indian Rupees in lakhs)

Particulars	31 March 2020	31 March 2019
Profit /(loss) before tax	(2,306.68)	(14.14)
Tax using the Company's domestic tax rate	25.17%	31.20%
Expected income tax expenses	(580.59)	(4.42)
Tax effect of:		
Current year losses for which no deferred tax asset is created	834.24	272.41
Amorisation of goodwill	(210.68)	–
Others	(42.97)	(272.41)
Tax expenses as per Statement of profit and loss	580.59	–

13 Deferred Tax Liabilities

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred tax Assets	–	–
Deferred tax liability	(48.62)	(48.62)
	(48.62)	(48.62)

31 March 2020

Particulars	Net balance 1 April 2019	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities) Business losses							
Property, plant and equipment	(48.62)	(24.49)	–	–	(73.11)	–	(73.11)
Carried forward business loss	–	993.86	–	–	993.86	993.86	–
Employee benefits	–	54.75	–	–	54.75	54.75	–
Provision for doubtful debts	–	463.23	–	–	463.23	463.23	–
Deferred tax assets (net) #	(48.62)	1,487.34	–	–	1,438.72	1,511.84	(73.11)

31 March 2019

Particulars	Net balance 1 April 2018	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities) Business losses							
Property, plant and equipment	–	(48.62)	–	–	(48.62)	–	(48.62)
Deferred tax assets (net) #	–	(48.62)	–	–	(48.62)	–	(48.62)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. Any changes in future taxable income would impact the recoverability of deferred tax assets.

Notes:

\# With Effect from Financial Year 2019-20 (Assessment Year 2020-21), the Company has opted for the concessional tax rate of 22% vide circular number 29/2019 dated 02 October 2019 of the Income Tax Act, 1961. Surcharge of 10% and cess of 4% is to be charged in addition to the base rate of 22%.

 # Unrecognised deferred tax assets

Deferred tax assets (DTA) have not been recognised, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom:

Deferred tax assets for the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

14 Short-term borrowings

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2020	As 31 March 2019
Working capital loan (refer note below)	**2,000.00**	–
	2,000.00	–

Notes:

i) Working capital demand loan facility from Kotak Mahindra Bank is secured by first paripassu charge on inventories (including raw material, finished goods and stock in trade) and book debts.

ii) Loan carried interest rate of 9% p.a. The loan shall be due for repayment on or before the last day of the month for which the underlying receivables it is due and recoverable.

iii) Repayment terms is 180 days.

15 Trade payables

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2020	As 31 March 2019
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (refer note 30)	**480.29**	2.23
Total outstanding dues of creditors other than micro enterprises and small enterprises	**4,524.52**	5,985.75
	5,004.81	5,987.98

16 Other financial liabilities

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2020	As 31 March 2019
Other financial liabilities measured at amortised cost – Current		
Interest accrued on dues to micro enterprises and small enterprises	**101.60**	10.42
Interest accured on working capital loan	**20.00**	–
Trade deposit	**157.90**	172.59
Creditors for capital supplies/services	**–**	0.06
Others	**4.06**	1.90
	283.56	184.97

17 Other current liabilities

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2020	As 31 March 2019
Advances received from customers	**770.05**	370.57
Payable to employees	**327.74**	131.68
Statutory dues payable		
- Tax deducted at source	**42.88**	–
- Goods and service tax	**0.16**	16.35
Others	**9.24**	2.19
	1,150.08	520.79

18 Revenue from operations

(Currency: Indian Rupees in lakhs)

Particulars	1 April 2019 to 31 March 2020	9 October 2018 to 31 March 2019
Sale of products	**11,272.20**	1,058.18
Other operating revenue	**4.33**	–
	11,276.53	1,058.18

19 Other income

(Currency: Indian Rupees in lakhs)

Particulars	1 April 2019 to 31 March 2020	9 October 2018 to 31 March 2019
Gain on disposal of property, plant and equipment (Net)	**2.83**	–
Sundry balances written back	**17.50**	–
Write back of advance from customers	**13.49**	–
Provision for doubtful debts written back	**113.95**	–
Other income	**9.63**	4.62
	157.40	4.62

20 (a) Cost of materials consumed

(Currency: Indian Rupees in lakhs)

Particulars	1 April 2019 to 31 March 2020	9 October 2018 to 31 March 2019
Inventories at the beginning of the year	**293.00**	–
Add:- Purchases	**2,727.58**	279.10
	3,020.59	279.10
Less: Inventories at end of year	**371.37**	293.00
Cost of raw materials and components consumed	**2,649.21**	(13.91)
Packing materials consumed	**50.32**	83.86
	2,699.53	69.96

20 (b) Changes in inventories of finished goods and stock-in-trade

(Currency: Indian Rupees in lakhs)

Particulars	1 April 2019 to 31 March 2020	9 October 2018 to 31 March 2019
Inventories at the end of the year:		
Finished goods	**133.62**	154.27
Stock-in-trade	**2,392.74**	3,534.45
Goods in transit	**211.75**	–
	2,738.11	3,688.71
Inventories at the beginning of the year:		
Finished goods	**154.27**	–
Stock-in-trade	**3,534.45**	–
Goods in transit	–	–
	3,688.71	–
Net increase/(decrease)	**950.60**	(3,688.71)

21 Employee benefits expense*

(Currency: Indian Rupees in lakhs)

Particulars	1 April 2019 to 31 March 2020	9 October 2018 to 31 March 2019
Salaries and wages, including bonus	**1,888.19**	11.02
Contribution to provident and other funds (refer note 31)	**96.91**	–
Staff welfare expenses	**7.46**	–
	1,992.56	11.02

* This includes recoveries of Rs 311.59 lakhs as at 31 March 2020 (31 March 2019 Rs 11.02 lakhs) in respect of employees charged by other group companies.

22 Finance cost

(Currency: Indian Rupees in lakhs)

Particulars	1 April 2019 to 31 March 2020	9 October 2018 to 31 March 2019
Interest on:-		
- Working capital loan	**112.42**	–
- Delayed payment to micro enterprises and small enterprises (refer note 30)	**91.50**	0.77
	203.92	0.77

23 Depreciation and amortisation expense

(Currency: Indian Rupees in lakhs)

Particulars	1 April 2019 to 31 March 2020	9 October 2018 to 31 March 2019
Depreciation of property, plant and equipment (refer note 4)	**105.73**	0.73
Amortisation of intangible assets (refer note 5)	**45.44**	0.02
	151.17	0.75

24 Other expenses

(Currency: Indian Rupees in lakhs)

Particulars	1 April 2019 to 31 March 2020	9 October 2018 to 31 March 2019
Rent including lease rentals	**99.84**	-
Freight outward	**382.60**	-
Sales promotion expenses	**487.52**	2.87
Travelling and conveyance expenses	**529.49**	2.42
Business support charges from group companies	**249.49**	-
Legal and other professional costs	**314.86**	10.42
Subcontracting, Hire and Service Charges	**167.78**	-
Clearing and forwarding charges	**163.69**	-
Commission on sales	**59.11**	-
Insurance	**33.27**	-
Printing and stationary	**32.76**	-
Rates and taxes	**28.96**	-
Repairs and maintenance		
Plant and machinery	**2.85**	-
Others	**13.49**	-
Net loss on foreign currency transactions and translation	**24.67**	-
Bad debts write off	**122.29**	-
Telephone charges	**19.78**	-
Power and fuel	**18.72**	-
Auditors remuneration		
As Auditors		
(i) Audit fees	**15.04**	1.00
(ii) For other services	**4.57**	-
Miscellaneous expenses	**60.36**	3.51
	2,831.13	20.22

25 Earnings per share

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Basic earnings per share (Rs.)	**(1.85)**	(1,324.14)

Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Loss for the year attributable to owners of the Company	**(2,306.68)**	(62.76)
Weighted average number of equity shares for the purpose of basic earnings per share	**124,600,411**	4,740
Basic earning per share (Rs)	**(1.85)**	(1,324.14)

Note:

1. Weighted average number of shares is the number of equity shares outstanding at the beginning of the period adjusted by the number of equity shares issued during period, multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

26 Related party disclosures

List of related parties and relationships:

Name of the Related Parties where control exists	Relation
Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Agri Solutions Limited	Co-venturer
Sumitomo Corporation	Co-venturer
Summit Agro International Limited	Co-venturer
Mahindra Integrated Business Solutions Pvt. Ltd.	Fellow Subsidiary Company
Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary Company
Sumisho Agro India Private Limited	Fellow Subsidiary Company
NBS Interanational Limited	Fellow Subsidiary Company
Swaraj Engines Limited	Fellow Subsidiary Company

Name of the Related Parties where control exists	Relation
Bristlecone India Limited	Fellow Subsidiary Company
Mr. Ashok Hiralal Sharma	Key Managerial Personnel
Mr. Sandeep Bhargav Gadre	Director
Mr. Harishkumar Prakashchandra Gupta	Director
Mr. Kazuma Suzuki	Director
Mr. Kiyotaka Masuda	Director
Ms.Anwaya Sachin Kadu	Key Managerial Personnel
Mr. Gajanan Madhukar Chinchwadkar	Key Managerial Personnel
Mr Harish Gupta	Director (from 29 March 2019)
Mr S Durga Shankar	Director (from 29 March 2019)

27 Related party disclosures

Related party transactions and balances

			Transaction during the year								Closing balances	
Name of the related parties where control exists	Relation	Year	Sale of goods	Purchase of goods	Purchase of property and other assets	Reimbur-sement of expenses charged to the Company	Rent	Issue of share capital	Share appliction money pending for allotment	Managerial Remune-ration	Trade payables	Trade receivables
Mahindra Agri Solutions Limited	Co-venturer	31–Mar–20	–	–	–	623.20	–	–	–		225.23	–
		31–Mar–19	390.43	1,086.73	–	21.70	–	1.00	128.00		238.32	–
Mahindra & Mahindra Financial Services Limited	Fellow subsidiary company	31–Mar–20	–	–	–	9.44	–	–	–		–	–
		31–Mar–19	–	–	–	–	–	–	–		–	–
Mahindra & Mahindra Limited	Ultimate Holding Company	31–Mar–20	–	–	29.61	337.66	75.01	–	–		387.53	–
		31–Mar–19	–	–	–	–	–	–	–		–	–
Mahindra Integrated Business Solutions Private Limited	Fellow subsidiary company	31–Mar–20	–	–	–	52.06	–	–	–		1.94	–
		31–Mar–19	–	–	–	–	–	–	–		–	–
Sumisho Agro India Private Limited	Fellow subsidiary company	31–Mar–20	–	–	303.57	–	–	–	–		–	–
		31–Mar–19	–	–	–	–	–	–	–		–	–
NBS International Ltd.	Fellow subsidiary company	31–Mar–20	–	–	–	1.70	–	–	–		1.68	–
		31–Mar–19	–	–	–	–	–	–	–		–	–
Swaraj Enginees Ltd.	Fellow subsidiary company	31–Mar–20	–	–	–	1.30	–	–	–		0.20	–
		31–Mar–19	–	–	–	–	–	–	–		–	–
Bristlecone India Ltd.	Fellow subsidiary company	31–Mar–20	–	–	–	12.10	–	–	–		11.08	–
		31–Mar–19	–	–	–	–	–	–	–		–	–
Mr. Kiyotaka Masuda	Director	31–Mar–20	–	–	–	–	–	–	–	65.15	–	–
		31–Mar–19	–	–	–	–	–	–	–	–	–	–

28 Fair value measurement

Fair value of financial assets and financial liabilities that are not measured at fair value (Non-recurring)

(Currency: Indian Rupees in lakhs)

	As at 31 March 2020		As at 31 March 2019	
Particulars	**Carrying amount**	**Fair value (level 2)**	Carrying amount	Fair value (level 2)
Financial assets				
Financial assets carried at amortised cost				
– Trade and other receivables	**7,771.98**	**7,771.98**	8,237.53	8,237.53

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2020 Carrying amount	As at 31 March 2020 Fair value (level 2)	As at 31 March 2019 Carrying amount	As at 31 March 2019 Fair value (level 2)
– Deposits and similar assets	**30.36**	**30.36**	25.36	25.36
Total	**7,802.33**	**7,802.33**	8,262.89	8,262.89
Financial liabilities				
Financial liabilities at amortised cost				
– Trade and other payables	**5,004.81**	**5,004.81**	5,987.98	5,987.98
– Deposits and similar liabilities	**283.56**	**283.56**	184.97	184.97
Total	**5,288.37**	**5,288.37**	6,172.95	6,172.95

Note:

The carrying values of financial assets and liabilities represent their approximate fair value.

29 Financial instruments

i) Capital management

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company manages capital risk in order to maximize shareholders' value by maintaining sound/optimal capital structure through monitoring of financial ratios, such as net debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses net debt equity ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

The Company's Net debt-to-equity ratio as at 31 March 2020 and 31 March 2019 is as follows:

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Borrowing from bank	**2,000.00**	–
Gross debt (A)	**2,000.00**	–
Less :		
Cash and cash equivalents	**631.57**	1.31
Net debt (A)	**1,368.43**	(1.31)
Equity share capital	**12,811.00**	1.00
Other equity	**(2,502.05)**	12,617.58
Equity (B)	**10,308.95**	12,618.58
Debt ratio (A / B)	**13%**	0%

Financial risk management framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

ii) Categories of financial assets and financial liabilities

(Currency: Indian Rupees in lakhs)

	As at 31 March 2020 Amortised costs	FVTPL	FVOCI	Total
Non-current assets				
Other financial assets	**15.79**	–	–	**15.79**
Current assets				
Trade receivables	**7,771.98**	–	–	**7,771.98**
Other bank balances	**631.00**	–	–	**631.00**
Other financial assets	**14.57**	–	–	**14.57**
Current liabilities				
Short-term borrowings	**2,000.00**	–	–	**2,000.00**
Trade payables	**5,004.81**	–	–	**5,004.81**
Other financial liabilities	**283.56**	–	–	**283.56**

(Currency: Indian Rupees in lakhs)

	As at 31 March 2019 Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets	15.79	–	–	15.79
Current Assets				
Trade receivables	8,237.53	–	–	8,237.53
Other bank balances	0.58	–	–	0.58
Other financial assets	9.57	–	–	9.57

(Currency: Indian Rupees in lakhs)

	As at 31 March 2019			
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Current liabilities				
Trade payables	5,987.98	–	–	5,987.98
Other financial liabilities	184.97	–	–	184.97

iii) CREDIT RISK

Credit risk management

Credit risk arises when a customer defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of categorising the customers based on the performance and accordingly credit limit ceiling of each category is defined. Company also takes credit insurance for business specific customers. The Company's exposure and categorisation of its customers are continuously monitored . Credit exposure is controlled by customer credit limits which are reviewed and approved. The company also take security cheques from its domestic market customers.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The provision matrix at the end of the reporting period is as follow:-

(Currency: Indian Rupees in lakhs)

	As at 31 March 2020		As at 31 March 2019	
Ageing	**Expected credit loss (%)**	**Expected credit loss**	Expected credit loss (%)	Expected credit loss
Within the credit period	**1.20%**	**43.06**	1.27%	52.09
0-3 month past due	**2.48%**	**52.80**	2.75%	69.46
3-6 month past due	**6.42%**	**70.63**	7.37%	113.05
6 -12 month past due	**27.90%**	**157.58**	58.67%	424.46
>1 year	**91.96%**	**1,516.33**	100.00%	1,295.16
Total		**1,840.39**		1,954.22

Credit risk management

Age of receivables	**As at 31 March 2020**	As at 31 March 2019
Within the credit period	**4,171.37**	4,114.05
0-3 month past due	**2,127.02**	2,524.16
3-6 month past due	**1,100.00**	1,534.91
6 -12 month past due	**564.69**	723.46
>1 year	**1,648.95**	1,295.16
Total	**9,612.03**	10,191.75

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

iv) LIQUIDITY RISK

(a) Liquidity risk management

The board of directors has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(b) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(Currency: Indian Rupees in lakhs)

Particulars	**Less than 1 Year**	**1–3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial liabilities				
As at 31 March 2020				
Short-term borrowings	**2,000.00**	–	–	–
Trade payables	**5,004.81**	–	–	–
Other financial liabilities	**283.56**	–	–	–
Total	**7,288.37**	–	–	–
As at 31 March 2019				
Short-term borrowings	–	–	–	–
Trade Payables	5,987.98	–	–	5,987.98
Other Financial Liabilities	184.97	–	–	184.97
Total	6,172.96	–	–	6,172.96

(c) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Currency: Indian Rupees in lakhs)

Particulars	**Less than 1 Year**	**1–3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial assets				
As at 31 March 2020				
Non-interest bearing	**8,417.54**	–	–	–
Fixed interest rate instruments	**0.58**	–	–	–
Total	**8,418.12**	–	–	–

(Currency: Indian Rupees in lakhs)

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
As at 31 March 2019				
Non-interest bearing	8,247.84	–	–	8,247.84
Fixed interest rate instruments	0.58	–	–	–
Total	8,248.41	–	–	8,247.84

In the case of assets falling short of liabilities, banking facilities are available to honor the obligation through as cash credit, short term borrowing / long term borrowing and other necessary banking facilities.

v) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses permitted derivatives to manage market risks . Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Forex and investment Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

a) Currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by taking forward cover that are expected to occur within a maximum 12 month period for forecasted cash flow.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

(Currency: Indian Rupees in lakhs)

Particulars	Currency	As at 31 March 2020	As at 31 March 2019
Trade payables	USD	**2.94**	–

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

(Currency: Indian Rupees in lakhs)

Particulars	Currency	As at 31 March 2020	As at 31 March 2019
Trade payables	USD	**2.94**	–

b) Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts.

(Currency: Indian Rupees in lakhs)

Period	Currency	Change in rate	Effect on loss before tax	Effect on pre-tax equity
As at 31 March 2019	**USD**	**10%**	**(0.29)**	**(0.29)**
	USD	**3%**	**(0.09)**	**(0.09)**

c) Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The Company does not have any derivative or non-derivative instrument which may have an impact due to changes in interest rates.

30 Business combination

The Company had entered into a Business Transfer Agreement on 12 October 2018 with its holding company, Mahindra Agri Solutions Limited (MASL), whereby the entire asset and liability of Cropcare business has been transferred to the Company on slump sale basis with appointed date of 29 March 2019. The Company has paid Rs 12,810 lakhs as sale consideration based on the fair valuation report of an independent valuation firm.

The above transaction has been accounted as a Business Combination under a transitory common control accordingly transaction has been accounted using acquisition accounting.

(a) Payment of consideration

(Currency: Indian Rupees in lakhs)

Particulars	Amount
Share application money	12,810

(b) Assets acquired and liabilities recognised at the date of acquisition i.e. 29 March 2019

(Currency: Indian Rupees in lakhs)

Particulars	Amount
ASSETS	
NON-CURRENT ASSETS	
Property, plant and equipment	**1,763.50**
Other intangible assets	**547.12**
Other financial assets	**15.79**
	2,326.41
CURRENT ASSETS	
Inventories	**3,683.00**
Trade receivables	**7,628.37**
Other current assets	**885.73**
	12,197.10
TOTAL ASSETS	**14,523.51**
LIABILITIES	
Financial Liabilities	
Trade payables	**4,971.94**
Other financial liabilities	**172.59**
Provisions	**240.20**
Other current liabilities	**514.00**
TOTAL LIABILITY	**5,898.72**
Net Asset Aquired	**8,624.79**

(c) Goodwill arising on acquisition of Cropcare business

Goodwill arose in acquisition of Cropcare business is paid for benefit expected synergies, revenue growth and future market development. The goodwill on acquisition has been shown separately under Non-current assets.

(Currency: Indian Rupees in lakhs)

Particulars	Amount
Share application money	**12,810.00**
Less:- Fair value of net asset acquired	**8,624.79**
Goodwill arising on acquisition of Cropcare business	**4,185.21**

31 Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below:

(Currency: Indian Rupees in lakhs)

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
I	Principal amount remaining unpaid to any supplier at the end of the accounting year	**480.29**	2.23
II	Interest due thereon remaining unpaid to any supplier at the end of the accounting year	**101.60**	10.42
III	the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	–	–
IV	the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**90.03**	3.00
V	Amount of interest accrued and remaining unpaid as at the year end	**11.57**	10.42
VI	the amount of interest accrued and remaining unpaid at the end of each accounting year	**90.03**	6.66
VII	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**NIL**	NIL

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

32 Employee benefits expenses

(i) Defined contribution plans:

The Company's contribution to Provident Fund and Pension scheme aggregating Rs. 70.83 lakhs 31 March 2020 (31 March 2019 : Rs.Nil) has been recognised in the Statement of Profit and Loss under the head Employee benefits expense.

(ii) Defined benefit plans:

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India.

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
1. Discount rate	**5.60%**	0.00%
2. Salary escalation	**8.50%**	0.00%
3. Attrition rate	**22%**	22%
4. Mortality rate*	**The Indian Assured Lives Mortality (2006-08) Ult table**	The Indian Assured Lives Mortality (2006-08) Ult table
3. Attrition rate	**18%**	18%

* Based on Indian standard mortality table with modification to reflect expected changes in mortality.

Amount recognised in the Standalone Statement of Profit and Loss in respect of these defined benefit plans are as follows

(Currency: Indian Rupees in lakhs)

Particulars	Gratuity Year ended 31 March 2020	Year ended 31 March 2019
Service Cost:		
Current service cost	**21.38**	–
Net interest expense	**5.88**	–
Components of defined benefit costs reconised in profit or loss	**27.26**	–
Remeasurement on the net defined benefit liability:		
1. Changes in financial assumptions	**7.08**	**–**
2. Changes in demographic assumptions	**(0.00)**	**–**
3. Experience adjustments	**(4.12)**	**–**
4. Actual return on plan assets less interest on plan assets	**–**	**–**
Components of defined benefit costs recognised in Other Comprehensive Income	**2.95**	–
Total	**30.21**	–

The current service cost and the net interest expenses for the year are included in the Employee benefits expense line item in the Statement of Profit and Loss. The remeasurement of the net defined benefit liability/asset is included in Other Comprehensive Income

The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

(Currency: Indian Rupees in lakhs)

	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
I.	**Net liability recognised in the Balance sheet**		
1.	Present value of defined benefit obligation	**104.91**	105.42
4.	Current portion of the above	**29.97**	20.59
5.	Non current portion of the above	**74.94**	84.83

(Currency: Indian Rupees in lakhs)

Particulars		Year ended 31 March 2020	Year ended 31 March 2019
II.	**Change in the obligation during the year**		
1.	Present value of defined benefit obligation at the beginning of the year	–	–
2.	Expenses recognised in Profit and Loss Account	–	–
	- Current service cost	**21.38**	–
	- Interest expense (income)	**5.88**	–
3.	Recognised in other comprehensive income		
Remeasurement gains/(losses):			
-	Actuarial Gain (Loss) arising from:		
i.	Demographic Assumptions	**(0.00)**	–
ii.	Financial Assumptions	**7.08**	–
iii.	Experience Adjustments	**(4.12)**	–
4.	Benefit payments	**(20.21)**	–
5.	Others : Impact of liability assumed (transfer from Mahindra Agri Solutions Limited)	**94.90**	–
6.	Present value of defined benefit obligation at the end of the year	**104.91**	–

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(Currency: Indian Rupees in lakhs)

Principal assumption		Changes in assumption	Impact on defined benefit obligation Increase in assumption	Decrease in assumption
Discount rate	**31 March 2020**	**1.00%**	**-4.20%**	**4.58%**
	31 March 2019	1.00%	-3.88%	4.20%
Salary growth rate	**31 March 2020**	**1.00%**	**4.41%**	**-4.13%**
	31 March 2019	1.00%	4.11%	-3.87%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous year.

The Company expects to contribute Rs Nil to the gratuity trusts during the next financial year.

Maturity profile of defined benefit obligation:

(Currency: Indian Rupees in lakhs)

	As at 31 March 2020	As at 31 March 2019
Within 1 year	**29.97**	–
1 - 2 year	**16.49**	–
2 - 3 year	**11.94**	–
3 - 4 year	**11.72**	–
4 - 5 year	**10.96**	–
5 - 6 year	**9.40**	–
6 - 7 year	**8.99**	–
7 - 8 year	**7.00**	–
8 - 9 year	**6.33**	–
10 year and above	**25.84**	–

The weighted average duration of the defined benefit obligation as at 31 March 2020 is 4.38 years (31 March 2019 - 4.04 years).

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year, an amount of Rs 27.26 lakhs (31 March 2019 : Rs. Nil) has been included in statement of profit and loss under the head Employee benefit expenses.

Compensated absenses :

Compensated absences for the employee benefits of Rs. 112.61 lacs (31 March 2019 - Rs 130.61 lacs) expected to be paid in exchange for the services recognised as a expenses during the year.

33 Standards issued but not yet effective

There have been no new pronoucements which have been issued but not yet applicable as at 31 March 2020.

34 Impact of Covid-19

The country is in a crisis situation due to COVID-19, which has been declared as pandemic by World Health Organization. The countrywide lockdown declared by Govt of India covered a part of March 2020 and continues during first half of the month of May 2020. However, the Government of India has made certain allowances for movement of agricultural inputs during this period. Based on the current operations post 31 March 2020, the Company believes that so far, there is no significant impact of COVID-19 pandemic on the financial position and performance of the Company for the financial year ending 31 March 2021. The operations of the Company are temporarily affected due to challenges in Supply Chain & restriction in local markets. But, the Company is not expecting any major adverse effect as of now as more and more relaxations are being provided by relevant authorities.

35 Segment reporting

The Company is engaged in the business of production and trading of Crop inputs, which is the primary business segment and has only domestic sales. The Company has only one reportable business segment, which is production and trading of Crop inputs and only one reportable geographical segment. Accordingly, these financial statements are not reflective of the information required under Ind AS 108.

36 Other matters

Information with regard to other matters specified in Schedule III to the Act is either nil or not applicable to the Company for the year.

37 Prior year comparatives

Previous period's figures are in respect of the period starting from 09 October 2018 to 31 March 2019 and are strictly not comparable with those of the current year (comprising 12 months).

In terms of our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No:113959

Place : Mumbai
Date : 7th May 2020

For and on behalf of Board of Directors
Mahindra Summit Agriscience Limited
CIN - U01400MH2018PLC315558

Ashok Sharma	**Gajanan Chinchwadkar**	**Sandeep Gadre**
Chairman	Chief Financial Officer	Director

Place : Mumbai
Date : 7th May 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MERAKISAN PRIVATE LIMITED

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of MeraKisan Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its loss and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is included in the Director's report, but does not include the financial statements and our auditor's report thereon.
5. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
6. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated
7. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

8. The Company's Board of Directors is responsible for the matters in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.
9. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
11. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

12. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
    a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

14. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

16. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

17. As required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income),the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

f) In our opinion, considering the nature of business, size of operations and organizational structure of the entity, the Company has, in all material respects, adequate Internal Financial Control System over Financial Reporting effectively as at 31st March 2020, based on internal control over Financial Reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note of Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN: 20111212AAAAHH7115

Mumbai,
April 28, 2020

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 12 of our report of even date on the accounts of Members of MeraKisan Private Limited for the year ended March 31, 2020

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

ii) The Company physically verifies fixed assets at regular intervals and discrepancies noticed during verification have been properly dealt with in the books of account. In our opinion, the frequency of verification is reasonable.

iii) According to the information and explanation given to us, no immovable property is held by the Company in its own name.

2) Inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification. In our opinion, the frequency of verification is reasonable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause (iii), (iii) (a), (iii) (b) and (iii) (c) of the Order are not applicable to the Company.

4) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the provisions of clause (iv) of the Order are not applicable to the Company.

5) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, the provisions of Clause 3(v) of the Order are not applicable to the Company.

6) The Central Government has not specified the maintenance of cost records under sub-section (1) of the Section 148 of the Act for any of the products of the Company.

7) i) According to the records of the Company and information and explanations given to us, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance Scheme, Income Tax, Sales Tax, Goods and Service Tax, Custom Duty and other statutory dues applicable to it with concerned authorities.

ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Goods and Service Tax, Customs Duty and other statutory dues applicable that were outstanding, at the year-end for a period of more than six months from the date they became payable.

iii) According to the information and explanations given and records examined by us, there are no dues of Income tax, Sales Tax, Goods and Service Tax, Customs Duty and other statutory dues applicable which have not been deposited on account of any dispute.

8) Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to bank. The Company has not taken any loans or borrowings from financial institution and government and has not issued any debentures.

9) In our opinion and according to the information and explanations given to us, during the year, no term loans were obtained by the Company. During the year, there were no moneys raised by way of initial public offer or further public offer.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or no material fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.

11) Based on the records examined by us and according to information and explanations given to us, the Company has not paid any managerial remuneration during the year. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.

12) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company

13) The Company has entered into transactions with related parties in compliance with the provisions of Sections 187 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

14) The Company has made private placement of equity shares during the year under audit and has complied the provisions of section 42 of the Companies Act 2013. The amount raised being unutilized has been kept under separate bank account as of the reporting date.

15) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN: 20111212AAAAHH7115

Mumbai,
April 28, 2020

BALANCE SHEET AS AT 31 MARCH 2020

Figures in Rupees

	Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	3a	**3,519,292**	3,154,180
	(b) Intangible Assets	3b	**1,415,392**	490,636
	(c) Deferred Tax Assets (Net)	4	**125,724**	125,724
	(d) Other Non-current Assets	5	**939,600**	763,000
	SUB-TOTAL		**6,000,008**	4,533,541
	CURRENT ASSETS			
	(a) Inventories	6	**3,103,131**	2,987,480
	(b) Financial Assets			
	(i) Trade Receivables	7	**14,479,584**	10,124,838
	(ii) Cash and Cash Equivalents	8	**7,441,932**	17,275
	(c) Other Current Assets	5	**3,562,862**	1,857,135
	SUB-TOTAL		**28,587,509**	14,986,727
	Non-Current Assets Classified as Held for Sale		**–**	–
	TOTAL ASSETS		**34,587,517**	19,520,268
II	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity Share Capital	9	**15,654,520**	15,073,040
	(b) Other equity	10	**(69,828,453)**	(45,468,443)
	SUB-TOTAL		**(54,173,933)**	(30,395,403)
	LIABILITIES			
	2 NON-CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowings	11a	**41,493,226**	26,642,801
	(b) Other Non-current Liabilities	15	**–**	–
	SUB-TOTAL		**41,493,226**	26,642,801
	3 CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowing	11b	**20,702,647**	11,451,230
	(ii) Trade Payables	12	**19,359,617**	8,462,202
	(iii) Other Financial Liabilities	13	**–**	–
	(b) Provisions	14	**2,854,560**	2,366,729
	(c) Other Current Liabilities	15	**4,351,400**	992,709
	SUB-TOTAL		**47,268,224**	23,272,870
	Liabilities Associated with Assets Held for Sale		**–**	–
	TOTAL		**345,87,517**	195,20,268

The accompanying notes 1 to 25 are an integral part of the Financial Statements

As per Report of even date

For B.K.Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : 28th April 2020

For and on behalf of the Board of Directors of MeraKisan Private Limited

Ashok Sharma
Director
DIN - 02766679

Prashant Patil
Director
DIN - 07560367

Sagarmal Agrawal
Finance Controller

Place : Mumbai
Date : 28th April 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

Figures in Rupees

	Particulars	Note No.	For the year ended 31 March 2020	As at 31 March 2019
	Continuing Operations			
I	Revenue from operations	16	**121,853,459**	65,366,281
II	Other Income			
III	**Total Revenue (I + II)**		**121,853,459**	65,366,281
IV	**Expenses**			
	(a) Purchases of Stock-in-trade		**110,256,918**	62,142,069
	(b) Changes in stock of finished goods, work-in-progress and stock-in-trade	17	**(115,651)**	(2,543,451)
	(c) Employee benefit expense	18	**13,118,520**	9,353,230
	(d) Finance costs	19	**4,073,984**	1,927,900
	(e) Depreciation and amortisation expense	3a & 3b	**1,083,511**	650,054
	(f) Other expenses	20	**33,515,226**	21,149,885
	Total Expenses (IV)		**161,932,508**	92,679,686
V	**Profit/(loss) before exceptional items and tax (III - IV)**		**(40,079,049)**	(27,313,405)
VI	**Profit/(loss) before tax**		**(40,079,049)**	(27,313,405)
VII	**Tax Expense**			
	(1) Current tax		**–**	–
	(2) Deferred tax	4	**–**	–
	Total tax expense		**–**	–
VIII	**Profit/(loss) after tax from continuing operations (VI - VII)**		**(40,079,049)**	(27,313,405)
IX	**Profit/(loss) for the period**		**(40,079,049)**	(27,313,405)
X	**Earnings per equity share (for continuing operation):**			
	(1) Basic	21	**(26.53)**	(18.12)
	(2) Diluted	21	**(5.83)**	(5.50)
XI	**Earnings per equity share (for continuing and discontinued operations):**			
	(1) Basic	21	**(26.53)**	(18.12)
	(2) Diluted	21	**(5.83)**	(5.50)

The accompanying notes 1 to 25 are an integral part of the Financial Statements

As per Report of even date

For B.K.Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : 28th April 2020

For and on behalf of the Board of Directors of MeraKisan Private Limited

Ashok Sharma
Director
DIN - 02766679

Prashant Patil
Director
DIN - 07560367

Sagarmal Agrawal
Finance Controller

Place : Mumbai
Date : 28th April 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

A. Equity share capital

	Rupees
As at 31 March 2017	15,073,040
Changes in equity share capital during the year	–
As at 31 March 2018	15,073,040
Changes in equity share capital during the year	–
As at 31 March 2019	**15,073,040**
Changes in equity share capital during the year	**581,480**
As at 31 March 2020	**15,654,520**

For the year 2020
B. Other Equity

Figures in Rupees

Particulars	Equity component of compound financial instruments	Security Premium	Reserves and Surplus * Capital Reserve	Other Reserve (specify nature)#	Retained Earnings	Total 31 March 2020
As at 31 March 2017	2,176,255		(10,073,040)	(1,669,926)	(6,381,265)	–
Profit / (Loss) for the period	–		–	–	(19,944,243)	–
Total Comprehensive Income for the year						
Transfers to Reserves	–		–	–	–	–
Transfers from retained earnings	–		–	–	–	–
Any other changes (to be specified)	10,346,391		–	–	–	–
As at 31 March 2018	**12,522,646**		**(10,073,040)**	**(1,669,926)**	**(26,325,507)**	**–**
Profit / (Loss) for the period	–		–	–	(27,313,405)	–
Total Comprehensive Income for the year						
Transfers to Reserves	–		–	–	–	–
Transfers from retained earnings	–		–	–	–	–
Any other changes (to be specified)	7,390,790		–	–	–	–
As at 31 March 2019	**19,913,436**		**(10,073,040)**	**(1,669,926)**	**(53,638,913)**	**(45,468,443)**
Profit / (Loss) for the period					(40,079,049)	(40,079,049)
Total Comprehensive Income for the year	–		–	–	–	–
Transfers to Reserves	–		–	–	–	–
Transfers from retained earnings	–		–	–	–	–
Any other changes (to be specified)	12,300,518	3,418,520				15,719,038
As at 31 March 2020	**32,213,954**	**3,418,520**	**(10,073,040)**	**(1,669,926)**	**(93,717,961)**	**(69,828,453)**

Note

* Capital Reserve includes the difference between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor.

Optionally convertible preference shares: The Board Of Directors of the Company at their meeting help on 8th September, 2016 had resolved to create, offer, issue on right basis up to 76,50,000 unpaid warrants, convertible into OCPS and then in turn convertible into Equity share, pursuant to the provisions of the Companies Act 2013, Each warrant is convertible into one Optionally Convertible Preference Share ("OCPS") issued at par at Rs 10/- (Rupees Ten Only) each. Each OCPS is further convertible into one Equity Share of Rs 10/- (Rupees Ten Only) each. The said unpaid warrants were allotted on 28th September, 2016.

During the year, 24,50,000 warrants were converted into OCPS. As on 31.03.2020, 68,80,000 OCPS were allotted to MASL upon conversion of equal number of warrants . The balance warrants may be converted into equivalent number of OCPS at any time on or before 28th September, 2021.

OCPS shall be redeemable at any time after 1 April 2019 (the "Conversion Period Commencement Date") at the option of the holders of the OCPS (MASL) at Rs. 10.5 (Rupees Ten and a Half) each.

The OCPS can be converted into equivalent number of Equity shares at any time from the Conversion Period Commencement Date until 28th September, 2022 on the basis of a ratio of 1 Equity Share: 1 OCPS. Without prejudice to MASL's right to conversion into equity shares or their right to redeem part or all OCPS, the OCPS shall be compulsorily redeemed at Rs.10.5 (Rupees Ten and a Half) each at the expiry of 10 (Ten) years from the Closing date or at the expiry of the maximum period permitted under the Applicable Law, whichever is sooner.

Equity component of compound financial instruments includes equity component of such 68,80,000 Optionally Convertible Preference Shares derived as per the requirements of Paras 28 & 29 and of IND As 32 " Financial Instruments Presentation"

As per Report of even date

For B.K.Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : 28th April 2020

For and on behalf of the Board of Directors of
MeraKisan Private Limited

Ashok Sharma	**Prashant Patil**	**Sagarmal Agrawal**
Director	Director	Finance Controller
DIN - 02766679	DIN - 07560367	

Place : Mumbai
Date : 28th April 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

Figures in Rupees

Particulars	Note No.	Year ended 31 March 2020	Year ended 31 March 2019
I **Cash flows from operating activities**			
Profit before tax for the year	PL	**(40,079,049)**	(27,313,405)
Adjustments for:			
Finance costs of OCPS recognised in profit or loss	19	**2,650,943**	1,617,695
Depreciation and amortisation of non-current assets	3a & 3b	**1,083,511**	650,054
		(36,344,595)	(25,045,656)
Movements in working capital:			
Increase in trade and other receivables	7	**(4,354,746)**	(5,460,040)
(Increase)/decrease in inventories	6	**(115,651)**	(2,543,451)
(Increase)/decrease in other non current assets	5	**(176,600)**	(68,989)
(Increase)/decrease in other Current assets	5	**(1,705,726)**	487,652
Increase in trade and other payables	12	**10,897,415**	5,840,381
Increase/(decrease) in provisions	14	**487,831**	(265,715)
(Decrease)/increase in other liabilities	15	**3,358,691**	(415,197)
Cash generated from operations		**8,391,214**	(2,425,358)
Net cash generated by operating activities		**(27,953,381)**	(27,471,014)
II **Cash flows from investing activities**			
Payments for property, plant and equipment	3a & 3b	**(2,373,379)**	(2,292,382)
Net cash (used in)/generated by investing activities		**(2,373,379)**	(2,292,382)
III **Cash flows from financing activities**			
Proceeds from issue of equity instruments of the Company	9	**581,480**	–
Proceeds from premium on issue of equity instruments of the Company		**3,418,520**	–
Proceeds from issue of OCPS- Equity Component	10	**12,300,518**	12,226,905
Proceeds from issue of OCPS- Debt Component	11a	**12,199,482**	5,773,095
Borrowings from Bank	11b	**9,251,417**	11,451,230
Net cash used in financing activities		**37,751,417**	29,451,230
Net increase in cash and cash equivalents		**7,424,657**	(312,166)
Cash and cash equivalents at the beginning of the year		**17,275**	329,441
Cash and cash equivalents at the end of the year		**7,441,932**	17,275

The accompanying notes 1 to 25 are an integral part of the Financial Statements

As per Report of even date

For B.K.Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : 28th April 2020

For and on behalf of the Board of Directors of MeraKisan Private Limited

Ashok Sharma
Director
DIN - 02766679

Prashant Patil
Director
DIN - 07560367

Sagarmal Agrawal
Finance Controller

Place : Mumbai
Date : 28th April 2020

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. Corporate Information

MeraKisan Private Limited ("the company") a private limited company domiciled in India and incorporated as on 13 July 2016 under provision of Companies Act, 2013, (CIN: U51909MH2016PTC283578)

The Company was incorporated to carry on the business of procuring agricultural produce like grocery items cereals, fruits and vegetables from the farmers and selling to customers, facilitated by a digital technology platform. Company have now focusing on organic products.

2. Significant accounting policies

2.1 Use of estimate –

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of goodwill, impairment of investments and assets, useful lives of property, plant and equipment, valuation of deferred tax assets and provisions and contingent liabilities. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize.

2.2 Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

2.3 Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which the reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

2.4 Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

2.5 Statement of compliance

The financial statements have been prepared in accordance with Ind AS's notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

2.6 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.7 Going Concern

During the current year the Company has continued to incur losses and as at the year end it's net-worth is substantially eroded with the accumulated losses aggregating to 937.17 Lakhs. However, the Company is able to operate uninterruptedly with the continued support from the Parent company with infusion of funds by way of Optionally Convertible Preference Shares. Also, based on the future business plans and the turnaround strategy adopted, in the opinion of the management, the Company will be able to generate profits in the future in excess of its accumulated losses and continue to operate as a going concern. Factually, during the year there is substantially increase in business volume of the company.

The principal accounting policies are set out below.

2.8 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the company, liabilities incurred by the company to the former owners of the acquiree and the equity interests issued by the company in exchange of control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Business combination/s involving entities or businesses under common control has been accounted for using the pooling of interests method.

The pooling of interest method is considered to involve the following:

(i) The assets and liabilities of the combining entities are reflected at their carrying values.

(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

The consideration for the business combination may consist of securities, cash or other assets. Securities shall be recorded at nominal value. In determining the value of the consideration, assets other than cash shall be considered at their fair values.

The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee. Alternatively, it is transferred to General Reserve, if any.

The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves with disclosure of its nature and purpose in the notes.

2.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.9.1. Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.10 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.10.1 The Company as lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.11 Employee benefits

2.11.1 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.12.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.12.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.13 Property, plant and equipment

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

All Property, plant and equipments are stated at cost less depreciation. Costs comprise purchase price and any attributable costs of bringing the asset to its working condition for its intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

2.14 Intangible assets

2.14.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.14.2 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.14.3 Derecognising of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognising of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.15 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2.16 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.18 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2.19 Financial instruments

Financial assets and financial liabilities are recognised when a company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.20 Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings Per Share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

2.21 Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

2.22 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.22.1 Classification of financial assets

The company has not debt instruments. All other financial assets are subsequently measured at fair value.

For the impairment policy on financial assets measured at amortised cost.

2.22.2 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

2.22.3 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.23 Current vs non current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

– It is expected to be settled in normal operating cycle

– It is held primarily for the purpose of trading

– It is due to be settled within twelve months after the reporting period, or

– There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

The Company has identified twelve months as its operating cycle.

2.24 Financial liabilities and equity instruments

2.24.1 Classification as debt or equity

Debt and equity instruments issued by a company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.24.2 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2.24.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.25 Significant accounting estimates

The Company used certain significant accounting estimates which have been disclosed in the financial statements.

These includes valuation of inventory, fair valuation of financial and non-financial assets and liabilities, testing of impairment of assets, going concern assessment etc. requiring significant management judgement in estimating the same. Considering the continuing COVID-19 pandemic, the results in upcoming period may significantly vary and may affect the recoverability of assets and settlement of liabilities.

The Company, based on internal & external sources of information including market research, economic forecast and other information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2020 as at the date of approval of these financial statements.

Note No. 3a - Property, Plant and Equipment

Figures in Rupees

Description of Assets	Office Equipment	Furniture and Fixtures	Lease Improvement	Computers and EDP Equipment	Cold Storage	Mobile	Vehicle	Total
I. Gross Carrying Amount								
Balance as at 31 March 2018	**673,822**	**278,889**	**–**	**488,717**	**267,501**	**11,490**	**534,354**	**2,254,773**
Additions	577,102	523,067	283,810	379,553	–	1,600	–	1,765,132
Disposals	–	–	–	–	–	–	–	–
Balance as at 31 March 2019	**1,250,924**	**801,956**	**283,810**	**868,270**	**267,501**	**13,090**	**534,354**	**4,019,905**
Additions	668,522	102,922	253,509	200,058	63,891	5,300	–	1,294,202
Disposals	–	–	–	–	–	–	–	–
Balance as at 31 March 2020	**1,919,446**	**904,878**	**537,319**	**1,068,328**	**331,392**	**18,390**	**534,354**	**5,314,107**
II. Accumulated depreciation and impairment								–
Balance as at 31 March 2018	87,270	19,850	–	98,131	24,208	1,366	21,459	252,284
Depreciation expense for the year	170,363	71,334	68,513	203,722	25,413	1,577	72,519	613,441
Eliminated on disposal of assets	–	–	–	–	–	–	–	–
Balance as at 31 March 2019	**257,633**	**91,184**	**68,513**	**301,853**	**49,620**	**2,943**	**93,978**	**865,725**
Depreciation expense for the year	291,061	82,718	132,099	319,676	28,625	2,193	72,718	929,090
Eliminated on disposal of assets								
Balance as at 31 March 2020	**548,693**	**173,902**	**200,612**	**621,529**	**78,246**	**5,136**	**166,697**	**1,794,815**
III. Net carrying amount (I-II)								–
As on 31st March 2018	586,552	259,039	–	390,586	243,293	10,124	512,895	2,002,489
As on 31st March 2019	993,291	710,772	215,297	566,417	217,881	10,147	440,376	3,154,180
As on 31st March 2020	1,370,752	730,976	336,707	446,799	253,146	13,254	367,657	3,519,292

Note No. 3b - Intangible Assets

Figures in Rupees

Description of Assets	Trademark	Business Rights	Total
I. Gross Carrying Amount			
Balance as at 31 March 2018	**–**	**–**	**–**
Additions	527,250	–	527,250
Disposals	–	–	–
Balance as at 31 March 2019	**527,250**	**–**	**527,250**
Additions	–	1,079,177	1,079,177
Disposals		–	–
Balance as at 31 March 2020	**527,250**	**1,079,177**	**1,606,427**
II. Accumulated depreciation and impairment			–
Balance as at 31 March 2018	**–**		**–**
Depreciation expense for the year	36,614	–	36,614
Eliminated on disposal of assets	–		–
Balance as at 31 March 2019	**36,614**		**36,614**
Depreciation expense for the year	65,944	88,478	154,420
Eliminated on disposal of assets	–		–
Balance as at 31 March 2020	**102,558**	**88,478**	**191,035**
III. Net carrying amount (I-II)			
As on 31st March 2018	–		
As on 31st March 2019	490,636	–	490,636
As on 31st March 2020	424,692	990,699	1,415,392

Note No. 4: Current Tax and Deferred Tax

Figures in Rupees

Particulars	For the Year ended 31 March 2020			For the Year ended 31 March 2019		
	Opening Balance	Recognised in profit and Loss	Closing Balance	Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities						
Property, Plant and Equipment	**7,313**	**–**	**7,313**	7,313	–	7,313
	7,313	**–**	**7,313**	7,313	–	7,313
Tax effect of items constituting deferred tax assets						
Other Temporary Differences (Preliminary Expenses)	**119,445**	**–**	**119,445**	119,445	–	119,445
Interest on Debt Component of OCPS	**8,839**	**–**	**8,839**	8,839	–	8,839
Other Temporary Differences (Operating Lease Expenses)	**4,753**	**–**	**4,753**	4,753	–	4,753
	133,037	**–**	**133,037**	133,037	–	133,037
Net Tax Asset (Liabilities)	**(125,724)**	**–**	**(125,724)**	(125,724)	–	(125,724)

Note No. 5 - Other current and non current assets

Figures in Rupees

Particulars	As at 31 March 2020		As at 31 March 2019	
	Current	Non-Current	Current	Non-Current
(a) Capital advances				
(i) For Capital work in progress	**–**	**–**	–	–
(b) Advances other than capital advances				
(i) Security Deposits	**–**	**939,600.00**	–	738,000
(ii) Balances with government authorities (other than income taxes)	**1,663,735**	**–**	387,964	25,000
(iii) Other advances	**460,721**	**–**	190,662	–
(iv) Advance to Creditors	**1,239,474**	**–**	1,171,376	–
(v) Other Investments	**–**			
(c) Pre-paid Expenses	**198,932**	**–**	107,133	–
Total	**3,562,862**	**939,600**	**1,857,135**	**763,000**

Note No. 6 - Inventories

Figures in Rupees

Particulars	As at 31 March 2020	As at 31 March 2019
Stock-in-trade of goods acquired for trading	**3,103,131**	2,987,480
Total Inventories (at lower of cost and net realisable value)	**3,103,131**	2,987,480

Note No. 7 - Trade receivables

Figures in Rupees

Particulars	As at 31 March 2020		As at 31 March 2019	
	Current	Non Current	Current	Non Current
Trade receivables				
(a) Secured, considered good				
(b) Unsecured, considered good	19,345,766		12,374,358	
(c) Doubtful				
Less: Allowance for Credit Losses	(4,866,182)		(2,249,520)	
TOTAL	**14,479,584**	**–**	**10,124,838**	**–**
Of the above, trade receivables from:				
– Related Parties	–		–	
– Others	14,479,584		10,124,838	
Total	**14,479,584**		**10,124,838**	**–**

Note No. 8 - Cash and Bank Balances

Figures in Rupees

Particulars	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents		
Balances with banks	**7,441,932**	17,275
Cash on hand	**–**	–
Total Cash and cash equivalent	**7,441,932**	17,275

Note No. 9 - Equity Share Capital

Figures in Rupees

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of Rs. 10 each with voting rights	**3,757,400**	**37,574,000**	1,507,400	15,074,000
Equity shares of 10 each with differential voting rights	**–**	**–**	–	–
Preference shares of Rs. 10 each	**9,900,000**	**99,000,000**	7,650,000	76,500,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**1,565,452**	**15,654,520**	1,507,304	15,073,040
Equity shares of Rs. 10 each with differential voting rights	**–**	**–**	–	–
Preference shares of Rs. 10 each	**6,880,000**	**68,800,000**	4,430,000	44,300,000
Total	**8,445,452**	**84,454,520**	**5,937,304**	**59,373,040**

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Figures in Rupees

	Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
(a)	Equity Shares with Voting rights*						
	Year Ended 31 March 2020						
	No. of Shares	1,507,304	58,148	–	–	–	1,565,452
	Amount	15,073,040	581,480	–	–	–	15,654,520
	Year Ended 31 March 2019						
	No. of Shares	1,507,304	–	–	–	–	1,507,304
	Amount	15,073,040	–	–	–	–	15,073,040
	Year Ended 31 March 2018						
	No. of Shares	1,507,304	–	–	–	–	1,507,304
	Amount	15,073,040	–	–	–	–	15,073,040
	Year Ended 31 March 2017						
	No. of Shares		1,507,304	–	–	–	1,507,304
	Amount		15,073,040	–	–	–	15,073,040
	Amount						
(b)	Preference Shares						
	Year Ended 31 March 2020						
	No. of Shares	4,430,000	2,450,000	–	–	–	6,880,000
	Amount	44,300,000	24,500,000	–	–	–	68,800,000
	Year Ended 31 March 2019						
	No. of Shares	2,530,000	1,900,000	–	–	–	4,430,000
	Amount	25,300,000	19,000,000	–	–	–	44,300,000
	Year Ended 31 March 2018						
	No. of Shares	400,000	2,130,000				2,530,000
	Amount	4,000,000	21,300,000				25,300,000
	Year Ended 31 March 2017						
	No. of Shares		400000				400,000
	Amount		4000000				4,000,000

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March 2020 Number of shares held	% holding in that class of shares
Equity shares with voting rights		
Prashant V. Patil	**1,007,304**	**64.35%**
Mahindra Agri Solutions Limited	**500,000**	**31.94%**
Other	**58,148**	**3.71%**
Equity shares with differential voting rights		
Shareholder 1		
Optionally Convertible Preference Shares		
Mahindra Agri Solutions Limited	**6,880,000**	**100.00%**

(iii) As at 31 March 2020 shares were reserved for issuance as follows:

	Particulars	No. of shares As at 31 March 2020
a.	Outstanding employee stock options granted / available for grant.	–
b.	Outstanding share warrants	770,000
c.	Convertible securities [convertible bonds / debentures]	–

(iii) As at 31 March 2019 preference shares were reserved for issuance as follows:

	Particulars	No. of shares As at 31 March 2019
a.	Outstanding employee stock options granted / available for grant.	–
b.	Outstanding share warrants	3,220,000
c.	Convertible securities [convertible bonds / debentures]	–

Note : 10. Other Equity

Statement Of Changes In Equity for the year ended 31 March 2020

A. Equity share capital

	Rupees
As at 31 March 2017	15,073,040
Changes in equity share capital during the year	–
As at 31 March 2018	15,073,040
Changes in equity share capital during the year	–
As at 31 March 2019	**15,073,040**
Changes in equity share capital during the year	**581,480**
As at 31 March 2020	**15,654,520**

For the year 2020
B. Other Equity

Figures in Rupees

Particulars	Equity component of compound financial instruments	Security Premium	Reserves and Surplus * Capital Reserve	Other Reserve (specify nature)#	Retained Earnings	Total 31 March 2020
As at 31 March 2017	2,176,255		(10,073,040)	(1,669,926)	(6,381,265)	–
Profit / (Loss) for the period	–		–	–	(19,944,243)	–
Total Comprehensive Income for the year						
Transfers to Reserves	–		–	–	–	–
Transfers from retained earnings	–		–	–	–	–
Any other changes (to be specified)	10,346,391		–	–	–	–
As at 31 March 2018	**12,522,646**		**(10,073,040)**	**(1,669,926)**	**(26,325,507)**	**–**
Profit / (Loss) for the period	–		–	–	(27,313,405)	–
Total Comprehensive Income for the year			–	–	–	–
Transfers to Reserves	–		–	–	–	–
Transfers from retained earnings	–		–	–	–	–
Any other changes (to be specified)	7,390,790		–	–	–	–
As at 31 March 2019	**19,913,436**		**(10,073,040)**	**(1,669,926)**	**(53,638,913)**	**(45,468,443)**
Profit / (Loss) for the period					(40,079,049)	(40,079,049)
Total Comprehensive Income for the year	–		–	–	–	–
Transfers to Reserves	–		–	–	–	–
Transfers from retained earnings	–		–	–	–	–
Any other changes (to be specified)	12,300,518	3,418,520				15,719,038
As at 31 March 2020	**32,213,954**	**3,418,520**	**(10,073,040)**	**(1,669,926)**	**(93,717,961)**	**(69,828,453)**

Note

* Capital Reserve includes the difference between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor.

Optionally convertible preference shares: The Board Of Directors of the Company at their meeting help on 8th September, 2016 had resolved to create, offer, issue on right basis up to 76,50,000 unpaid warrants, convertible into OCPS and then in turn convertible into Equity share, pursuant to the provisions of the Companies Act 2013, Each warrant is convertible into one Optionally Convertible Preference Share ("OCPS") issued at par at Rs 10/- (Rupees Ten Only) each. Each OCPS is further convertible into one Equity Share of Rs 10/- (Rupees Ten Only) each. The said unpaid warrants were allotted on 28th September, 2016.

During the year, 24,50,000 warrants were converted into OCPS. As on 31.03.2020, 68,80,000 OCPS were allotted to MASL upon conversion of equal number of warrants . The balance warrants may be converted into equivalent number of OCPS at any time on or before 28th September, 2021.

OCPS shall be redeemable at any time after 1 April 2019 (the "Conversion Period Commencement Date") at the option of the holders of the OCPS (MASL) at Rs. 10.5 (Rupees Ten and a Half) each.

The OCPS can be converted into equivalent number of Equity shares at any time from the Conversion Period Commencement Date until 28th September, 2022 on the basis of a ratio of 1 Equity Share: 1 OCPS. Without prejudice to MASL's right to conversion into equity shares or their right to redeem part or all OCPS, the OCPS shall be compulsorily redeemed at Rs.10.5 (Rupees Ten and a Half) each at the expiry of 10 (Ten) years from the Closing date or at the expiry of the maximum period permitted under the Applicable Law, whichever is sooner.

Equity component of compound financial instruments includes equity component of such 68,80,000 Optionally Convertible Preference Shares derived as per the requirements of Paras 28 & 29 and of IND As 32 " Financial Instruments Presentation"

Note No. 11a - Non Current Borrowings

Figures in Rupees

Particulars	As at 31 March 2020	As at 31 March 2019
Borrowings		
Redeemable preference shares (at fair value)	**36,586,046**	24,386,564
Interest component of OCPS	**4,907,180**	2,256,237
(Debt component of Optionally convertible preference share and interest)		
Total Borrowings	**41,493,226**	26,642,801

Note No. 11b - Current Borrowings

Figures in Rupees

Particulars	As at 31 March 2020	As at 31 March 2019
Borrowings		
Borrowings From Bank	**20,702,647**	11,451,230
Total Borrowings	**20,702,647**	11,451,230

Note No. 12 - Trade Payables

Figures in Rupees

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non Current	As at 31 March 2019 Current	As at 31 March 2019 Non Current
Trade payable - Micro and small enterprises	–	–	–	–
Trade payable - Other than micro and small enterprises	**19,359,617**	–	8,462,202	–
Total trade payables	**19,359,617**	–	8,462,202	–

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Note No. 13 - Other Financial Liabilities

Figures in Rupees

Particulars	As at 31 March 2020	As at 31 March 2019
Other Financial Liabilities Measured at Amortised Cost-Current		
a) Trade Deposits	–	–
Total other financial liabilities	–	–

Note No. 14 - Provisions

Figures in Rupees

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non Current	As at 31 March 2019 Current	As at 31 March 2019 Non Current
(a) Provision for employee benefits				
(1) Long-term Employee Benefits	**1,128,490**	–	746,729	–
(2) Provision For Performance Pay	**1,726,070**	–	1,620,000	–
(b) Provision For Expenses	–	–	–	–
Total Provisions	**2,854,560**	–	2,366,729	–

Note No. 15 - Other Liabilities

Figures in Rupees

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non Current	As at 31 March 2019 Current	As at 31 March 2019 Non Current
a. Advances received from customers	**1,203,157**	–	579,957	–
b. Payments to Employees	**375,069**	–	216,816	–
c. Employee Reimbursements	**36,691**	–	33,942	–
d. Statutory dues	–			
– taxes payable (other than income taxes)	**262,053**	–	161,994	–
– Employee Recoveries and Employer Contributions	**107,935**	–	–	–
e. OCPS Issues subscribed and Paid up	–	–	–	–
f. Share Application Money -OCPS	**2,250,000**	–	–	–
g. Other Liabilities	**116,495**	–	–	–
TOTAL OTHER LIABILITIES	**4,351,400**	–	992,709	–

In FY 2019-20 application money received towards the conversion of 2,25,000 warrants to OCPS, warrants may be converted into equivalent number of OCPS at any time on or before 28th September, 2021. In the event the warrants are not converted into OCPS within the said period the balance warrants shall lapse. OCPS shall be redeemable at the option of the holders of the OCPS(MASL) at RS 10.5 (Rupees Ten and a Half) each. The OCPS can be converted into equivalent number of Equity shares at any time on or before 28th September, 2022. Without prejudice to MASL's right to conversion into equity shares or their right to redeem part or all OCPS, the OCPS shall be compulsorily redeemed at Rs.10.5 (Rupees Ten and a Half) each at the expiry of 10 (Ten) years from the Closing date or at the expiry of the maximum period permitted under the Applicable Law, whichever is sooner

Note No. 16 - Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Figures in Rupees

Particulars		For the year ended 31 March 2020	For the year ended 31 March 2019
(a)	Revenue from sale of products	**121,847,189**	64,984,853
(b)	Other operating revenue	**6,270**	381,428
Total Revenue from Operations		**121,853,459**	65,366,281

Note No.17 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Figures in Rupees

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventories at the end of the year:		
Traded Goods	**3,103,131**	2,987,480
	3,103,131	2,987,480
Inventories at the beginning of the year:		
Traded Goods	**2,987,480**	444,029
Net (increase) / decrease	**(115,651)**	(2,543,451)

Note No. 18 - Employee Benefits Expense

Figures in Rupees

Particulars		For the year ended 31 March 2020	For the year ended 31 March 2019
(a)	Salaries and wages, including bonus	**12,321,553**	8,820,563
(b)	Contribution for Gratuity, Leave encashment	**381,761**	255,246
(c)	Staff welfare expenses	**415,206**	277,421
Total Employee Benefit Expense		**13,118,520**	9,353,230

Note No. 19 - Finance Cost

Figures in Rupees

Particulars		For the year ended 31 March 2020	For the year ended 31 March 2019
(a)	Interest on OCPS	**2,650,943**	1,617,695
(b)	Bank Interest	**1,411,372**	245,814
(c)	Bank Charges	**11,669**	64,391
Total finance costs		**4,073,984**	1,927,900

Note No. 20 - Other Expenses

Figures in Rupees

Particulars		For the year ended 31 March 2020	For the year ended 31 March 2019
(a)	Administrative Expenses	**1,011,690**	718,113
(b)	Power & Fuel	**183,160**	149,736
(c)	Rent including lease rentals	**1,725,088**	1,733,480
(d)	Rates and taxes	**857,029**	1,164,528
(e)	Insurance	**203,437**	74,315
(f)	Repairs and maintenance - Others	**390,112**	157,973
(g)	Repairs & Maintenance - Vehicle	**20,290**	97,067
(h)	Advertisement & Sales Promotion	**4,581,545**	999,256
(i)	Freight outward & Inward	**4,851,630**	2,950,572

Figures in Rupees

Particulars		For the year ended 31 March 2020	For the year ended 31 March 2019
(j)	Travelling and Conveyance Expenses	**2,665,198**	1,952,027
(k)	Foreign Travelling	**209,151**	–
(l)	Subcontracting, Hire and Service Charges	**10,416,675**	5,175,757
(m)	Interest on TDS	**183**	18,980
(n)	Brokrage	**42,979**	90,000
(o)	Printing and Stationery Expenses	**256,938**	411,628
(p)	Medical Expenses-Employee	–	–
(q)	Provision for Doubtful Debts	**2,616,661**	1,947,662
(r)	Provision for Loans & Advances	–	1,039,186
(s)	Provision for Creditors Advances	–	350,572
(t)	Loading & Unloading	**140,816**	176,585
(u)	Licence Fees	–	–
(v)	Registration Charges	–	–
(w)	Payment to Auditors	–	–
	As Auditors	**125,000**	107,000
(x)	Legal and other professional costs	**2,347,131**	1,822,799
(y)	Foreign Exchange (Gain) / Loss	–	12,650
(z)	Other Miscellaneous Expenses	**870,513**	–
Total Other Expenses		**33,515,226**	21,149,886

Note No. 21 - Earnings per Share

Figures in Rupees

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	**(26.53)**	(18.12)
From discontinuing operations		-
Total basic earnings per share	**(26.53)**	(18.12)
Diluted Earnings per share		
From continuing operations	**(5.83)**	(5.50)
From discontinuing operations		
Total diluted earnings per share	**(5.83)**	(5.50)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Figures in Rupees

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit / (loss) for the year attributable to owners of the Company	**(40,079,049)**	(27,313,405)
Less: Preference dividend and tax thereon	–	–
Profit / (loss) for the year used in the calculation of basic earnings per share	**(40,079,049)**	(27,313,405)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	–	–
Profits used in the calculation of basic earnings per share from continuing operations	**(40,079,049)**	(27,313,405)
Weighted average number of equity shares	**1,510,640**	1,507,304
Earnings per share from continuing operations - Basic	**(26.53)**	(18.12)

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

Figures in Rupees

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit / (loss) for the year used in the calculation of basic earnings per share	**(40,079,049)**	(27,313,405)
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes		
Profit / (loss) for the year used in the calculation of diluted earnings per share	**(40,079,049)**	(27,313,405)
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	–	–
Profits used in the calculation of diluted earnings per share from continuing operations	**(40,079,049)**	(27,313,405)

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Figures in Rupees

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Weighted average number of equity shares used in the calculation of Basic EPS	**1,510,640**	1,507,304
Add: Effect of Warrants,	–	–
ESOPs		
Convertible bonds		
OCPS Issued	**6,880,000**	4,430,000
Weighted average number of equity shares (Including OCPS) used in the calculation of Diluted EPS	**6,870,832**	4,964,804

Note: The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year.

Note No. 22 - Leases

Figures in Rupees

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Details of leasing arrangements		
Operating Lease		
The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 3 years from Sept 16 to Aug 19 and may be renewed based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 10 % every 12 months.		
<Where relevant, state restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing etc.>		
Future Non-Cancellable minimum lease commitments		
not later than one year	–	–
later than one year and not later than five years	–	–
later than five years		
Expenses recognised in the Statement of Profit and Loss		
Minimum Lease Payments	**1,725,088**	1,733,480
Sub-lease payments		
Contingent rents (state basis)		
Future minimum sublease payments expected to be received under non-cancellable subleases		
Sublease payments received / receivable recognised in the Statement of Profit and Loss		
Liabilities in respect of Operating Leases		
Onerous Lease contracts		
Current	–	–
Non-Current		
Lease Incentives		
Current		
Non-Current		

Note No. 23 - Previous year's figures have been re-grouped/re-arranged wherever necessary

Note No. 24 - Related Party Transactions

Entities having joint control/ significant influence over Company	Mahindra & Mahindra Limited
Name of Fellow Subsidiary	Mahindra Greenyard Private Limited (formarly known as Mahindra Univeg Private Limited)
Entities having joint control/ significant influence over Company	Mahindra Agri Solutions Limited
Name of Fellow Subsidiary	Mahindra Integrated Business Solutions Limited
Name of Fellow Subsidiary	Mahindra Emarket Limited
KMP	Prashant V Patil

Note: Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

Details of transaction between the Company and its related parties are disclosed below:

Figures in Rupees

Nature of transactions with Related Parties	For the year ended	Entities having joint control/ significant influence over Company	Subsidiaries	Fellow subsidiaries	Joint ventures	KMP of the Company and KMP of parent Company	Other related parties
Sale of goods	31–Mar–20	54,324		–		8,413	
	31–Mar–19	–		–		14,902	
Purchase of goods	31–Mar–20	–		–			
	31–Mar–19	–		(100,400)		–	
Purchase of property and other assets	31–Mar–20	9,082		–		–	
	31–Mar–19	–		–			
Receiving of services	31–Mar–20	1,018,198		36,300			
	31–Mar–19	75,588		36,000			
Reimbursement of expenses	31–Mar–20	–		–		1,202,695	
	31–Mar–19	–		–		1,055,490	
Remuneration	31–Mar–20	–		–		7,700,000	
	31–Mar–19	–		–		6,640,821	
Collection of Trade Receivables on behalf of the Company	31–Mar–20	–		–		–	
	31–Mar–19	–		–		–	
Bad & doubtful debts recognised in respect of dues from related parties	31–Mar–19	–		–			

Figures in Rupees

Nature of Balances with Related Parties	Balance as on	Entities having joint control/ significant influence over Company	Subsidiaries	Fellow subsidiaries	Joint ventures	KMP of the Company and KMP of parent Company	Other related parties
Trade payables	31-Mar-20	–		304,100		35,439	
	31-Mar-19	–		354,100		35,439	
Trade Receivable	31-Mar-20	–		–		–	
	31-Mar-19	–		–		–	
Other balances	31-Mar-20	1,289,709		3,546		212,589	
	31-Mar-19	189,105		3,432		195,042	

Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

Particulars	Year ended 31/03/2020	Year ended 31/03/2019
Short-term employee benefits	**7,700,000**	6,640,821
Post-employment benefits	–	–
Other long-term benefits	–	–
Termination benefits	–	–
Share-based payment	–	–

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Note: Above disclosure is not required for the transactions/ balances with governments and an entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting company and the that entity.

However following disclosures shall be provided:

(a) name of the government and the nature of its relationship with the reporting company;

(b) (i) the nature and amount of each individually significant transaction; and

(b) (ii) for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

Note No. 25 - Provident Fund

In February 2019, the Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution from the date of the Supreme Court order.

As per Report of even date

For B.K.Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : 28th April 2020

For and on behalf of the Board of Directors of MeraKisan Private Limited

Ashok Sharma
Director
DIN - 02766679

Prashant Patil
Director
DIN - 07560367

Sagarmal Agrawal
Finance Controller

Place : Mumbai
Date : 28th April 2020

INDEPENDENT AUDITOR'S REPORT

To The Members of Mahindra EPC irrigation Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Mahindra EPC irrigation Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows/ the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the financial highlights, management discussion & analysis, Board Report and related annexure there to corporate governance, but does not include the standalone financial statements and our auditor's report thereon.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements in accordance with generally accepted accounting principles;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

Kedar Raje
Partner
(Membership Number: 102637)
UDIN: 20102637AAAAAX7601

Date: 14 May 2020
Place:- Mumbai

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra EPC Irrigation Limited ("the Company") as of 31 March, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2020, based on the criteria for internal financial control over financial reporting established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

Kedar Raje
Partner
(Membership Number: 102637)
UDIN: 20102637AAAAAX7601

Date: 14 May 2020
Place: Mumbai

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on other legal and regulatory requirements' section of our report to the members of Mahindra EPC Irrigation Limited of even date.)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a programme of verification of property, plant and equipment to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of buildings whose title deeds have been pledged as security for loans availed from banks are held in the name of the Company based on the confirmation directly received by us from the bank. In respect of immovable properties of land that have been taken on lease and disclosed as prepaid asset in the Ind AS financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals except stock lying with third parties for which confirmations have been obtained and no material discrepancies were noticed on physical verification.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.

iv. The Company has not granted any loans, made investments or provided guarantees to which the provisions of Sections 185 and 186 of the Act apply, and hence reporting under clause (iv) of the Order is not applicable.

v. According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

vi. The maintenance of cost records has been prescribed by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under Section 148(1) of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, goods and services tax, customs duty, cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and services tax, customs duty, cess and other material statutory dues in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of income-tax, goods and services tax, sales-tax, service tax, customs duty, excise duty, and value added tax which have not been deposited as on 31 March 2020 on account of disputes are given below:

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount unpaid (Rs. in lakhs)
Central Excise Act, 1944	Excise Duty	Commissioner of Central Excise (Appeals)	FY 1996-97	35.76
		Commissioner of Central Excise	FY 1997-98	8.12
Madhya Pradesh Vat Act, 2002	Sales Tax	Addtl CCT/APP DC/DCAPP DC Bhopal	FY 2014-15	286.81
Chhattisgarh VAT Act, 2003	Sales Tax	Deputy Commissioner of Commercial Tax, Raipur	FY 2014-15	8.39
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	FY 2016-17	113.31
		Commissioner of Income Tax (Appeals)	FY 2011-12	172.58

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks and government. The Company has not borrowed from financial institutions and has not issued any debentures.

ix. In our opinion and according to the information and explanations given to us, money raised by way of further public offer (rights offer) in the earlier years, have been applied by the Company during the year for the purposes as revised with appropriate approvals, other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of public offer of debt instruments or term loans.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence, provisions of Section 192 of the Act are not applicable.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

Kedar Raje
Partner
(Membership Number: 102637)
UDIN: 20102637AAAAAX7601

Date: 14 May 2020
Place: Mumbai

CEO AND CFO CERTIFICATION

We, the undersigned in our respective capacities as Chief Executive Officer and Chief Financial Officer, to the best of our knowledge and belief certify that:

A) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2020 and that to the best of our knowledge and belief, We confirm that:

1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2020 are fraudulent, illegal or violative of the Company's code of conduct/ethics.

C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, over financial reporting, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D) We have indicated to the Auditors and the Audit Committee that:

1) there has not been any significant change in internal control over financial reporting during the year under reference;

2) there has not been any significant change in the accounting policies during the year requiring the disclosure in the notes to the financial statements; and

3) We are not aware of any instance during the year of significant fraud with involvement therein of the Management or any employee having a significant role in the Company's internal control system over financial reporting.

Sunetra Ganesan
Chief Financial Officer

Abhijit Page
Chief Executive Officer

Nashik, 14th May, 2020

STANDALONE BALANCE SHEET AS AT MARCH 31, 2020

Rs. in Lakhs

	Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
	ASSETS			
I	**NON-CURRENT ASSETS**			
	(a) Property, Plant and Equipment	**2A**	**2,434.92**	2,420.82
	(b) Right of Use Assets	**2B**	**311.33**	–
	(c) Capital Work-in-Progress		**10.04**	–
	(d) Other Intangible Assets	**3**	**11.27**	23.37
	(e) Financial Assets			
	(i) Investments	**4**	**180.00**	180.00
	(ii) Trade Receivables	**5**	**3,510.40**	2,270.03
	(iii) Other Financial Assets	**6**	**67.77**	70.25
	(f) Income Tax Assets (Net)		**55.14**	12.74
	(g) Deferred Tax Assets (Net)	**7**	**531.10**	370.66
	(h) Other Non-Current Assets	**8**	**234.20**	536.42
	Total Non-Current Assets		**7,346.17**	5,884.29
II	**CURRENT ASSETS**			
	(a) Inventories	**9**	**3,587.63**	2,613.82
	(b) Financial Assets			
	(i) Trade Receivables	**5**	**12,868.38**	12,474.26
	(ii) Cash and Cash Equivalents	**10**	**1,110.80**	40.53
	(iii) Bank Balances other than (ii) above	**10**	**172.87**	251.83
	(iv) Other Financial Assets	**6**	**133.76**	51.09
	(c) Other Current Assets	**8**	**1,173.39**	821.39
	Total Current Assets		**19,046.83**	16,252.92
III	**Total Assets (I + II)**		**26,393.00**	22,137.21
	EQUITY AND LIABILITIES			
IV	**EQUITY**			
	(a) Equity Share Capital	**11A**	**2,778.37**	2,774.78
	(b) Other Equity	**11B**	**14,288.40**	12,237.51
	Total Equity		**17,066.77**	15,012.29
	LIABILITIES			
V	**NON-CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	**12**	**–**	8.50
	(ii) Lease Liabilities	**27**	**2.99**	–
	(b) Provisions	**15**	**36.99**	87.49
	Total Non-Current Liabilities		**39.98**	95.99
VI	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	**14**	**1,300.00**	327.52
	(ii) Lease Liabilities	**27**	**7.94**	–
	(iii) Trade Payables	**16**		
	a) total outstanding dues of micro and small enterprises		**234.56**	98.82
	b) total outstanding dues of creditors other than micro and small enterprises		**6,319.94**	5,152.72
	(iv) Other Financial Liabilities	**13**	**712.22**	729.97
	(b) Provisions	**15**	**315.13**	220.67
	(c) Current Tax Liabilities (Net)		**71.18**	176.62
	(d) Other Current Liabilities	**17**	**325.28**	322.61
	Total Current Liabilities		**9,286.25**	7,028.93
VII	**Total Liabilities (V+VI)**		**9,326.23**	7,124.92
VIII	**Total Equity and Liabilities (IV+VII)**		**26,393.00**	22,137.21
	See accompanying notes to the standalone financial statements.	**1-36**		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Kedar Raje
Partner

Place: Mumbai
Date: May 14, 2020

For and on behalf of the Board of Directors

Ashok Sharma
Managing Director
DIN-2766679
Place: Mumbai

Anand Daga
Director
DIN-696171
Place: Nashik

Abhijit Page
Chief Executive Officer
Place: Nashik

Sunetra Ganesan
Chief Financial Officer
Place: Nashik

R. V. Nawghare
Company Secretary
Place: Nashik

Date: May 14, 2020

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Rs. in Lakhs

	Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I	Revenue from Operations	18	28,395.86	26,010.95
II	Other Income	19	132.71	105.54
III	Total Income (I + II)		28,528.57	26,116.49
IV	EXPENSES			
	(a) Cost of materials consumed	20(a)	13,651.62	13,479.16
	(b) Purchases of Stock-in-trade	20(b)	7.31	138.47
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20(c)	(225.25)	458.75
	(d) Employee benefit expense	21	2,649.35	2,457.98
	(e) Finance costs	22	197.91	139.17
	(f) Depreciation, amortisation and impairment expense	2A,2B,3	380.11	306.93
	(g) Other expenses	23	8,627.52	7,441.96
	Total Expenses (IV)		25,288.57	24,422.42
V	Profit before tax (III - IV)		3,240.00	1,694.07
VI	Tax Expense			
	(1) Current tax	7	1,055.30	656.19
	(2) Deferred tax	7	(160.30)	(149.33)
	(3) Short/(Excess) provision for tax relating to prior years		16.35	42.82
	Total tax expense (VI)		911.35	549.68
VII	Profit after tax for the year from continuing operations (V - VI)		2,328.65	1,144.39
VIII	Other comprehensive income			
	(i) Items that will not be reclassified to profit or loss			
	a) Remeasurements of the defined benefit plans		(0.50)	(10.47)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		0.14	3.05
	Total Other comprehensive (loss) / income for the year		(0.36)	(7.42)
IX	Profit for the year attributable to owners of the Company (VII+VIII)		2,328.29	1,136.97
X	Earnings per equity share			
	(1) Basic (Face value Rs.10 per share)	24	8.38	4.13
	(2) Diluted	24	8.35	4.11
	See accompanying notes to the standalone financial statements	1-36		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Kedar Raje
Partner

Place: Mumbai
Date: May 14, 2020

For and on behalf of the Board of Directors

Ashok Sharma
Managing Director
DIN-2766679
Place: Mumbai

Anand Daga
Director
DIN-696171
Place: Nashik

Abhijit Page
Chief Executive Officer
Place: Nashik

Sunetra Ganesan
Chief Financial Officer
Place: Nashik

R. V. Nawghare
Company Secretary
Place: Nashik

Date: May 14, 2020

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

Rs. in Lakhs

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax for the year		**3,240.00**	1,694.07
Adjustments for:			
Finance costs recognised in profit or loss		**197.91**	139.17
Interest Income recognised in profit or loss		**(13.75)**	(25.85)
Profit on sale of current investments		**(5.94)**	(7.87)
Liabilities no longer required written-off		**(47.98)**	(42.11)
(Profit)/Loss on disposal of property, plant and equipment		**4.70**	(6.16)
Impairment (Gain) / Loss recognised on financial assets		**536.99**	125.80
Bad trade and other receivables, loans and advances written off		**71.18**	199.62
Depreciation and amortisation expense		**380.11**	306.93
Expense recognised in respect of equity-settled share-based payments		**55.49**	44.35
		4,418.71	2,427.95
Movements in working capital:			
Increase in trade receivables		**(2,242.67)**	(3,345.74)
(Increase)/ Decrease in inventories		**(973.81)**	855.89
(Increase)/Decrease in other Non current assets		**8.84**	(45.63)
Increase in other current assets		**(439.97)**	(214.87)
Increase in trade payables		**1,350.98**	1,463.37
Increase / (Decrease) in provisions		**43.46**	(11.10)
Increase/(Decrease) in other current liabilities		**17.74**	(95.78)
		(2,235.43)	(1,393.86)
Cash generated from operations		**2,183.28**	1,034.09
Income taxes paid (net)		**(1,219.49)**	(552.55)
Net cash generated from operating activities		**963.79**	481.54
Cash flows from investing activities			
Payments to acquire non-current Investment - Joint Venture		**–**	(180.00)
Payments to acquire property, plant and equipment and other Intangible assets		**(310.47)**	(224.04)
Proceeds on sale of plant and equipment and other Intangible assets		**0.37**	2.92
Interest received		**14.73**	22.48
Purchase of Current Investment		**(2,050.00)**	(1,765.00)
Sale of Current Investment		**2,055.94**	1,772.87
Bank balance not considered as cash and cash equivalents matured (net)		**78.96**	120.25
Net cash generated from (used in) investing activities		**(210.47)**	(250.52)
Cash flows from financing activities			
Proceeds from issue of equity instruments		**3.59**	3.59
Proceeds from share application money received		**1.60**	–
Proceeds from borrowings		**1,300.00**	–
Repayment of borrowings		**(342.14)**	(25.31)
Interest paid		**(270.41)**	(87.56)
Dividend paid for Equity shares (Including tax thereon)		**(329.13)**	(163.92)
Repayment of lease liability		**(46.56)**	–
Net cash generated from (used in) financing activities		**316.95**	(273.20)
Net increase / (decrease) in cash and cash equivalents		**1,070.27**	(42.18)
Cash and cash equivalents at the beginning of the year		**40.53**	82.71
Cash and cash equivalents at the end of the year		**1,110.80**	40.53
See accompanying notes to the financial statements	1-36		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Kedar Raje
Partner

Place: Mumbai
Date: May 14, 2020

For and on behalf of the Board of Directors

Ashok Sharma
Managing Director
DIN-2766679
Place: Mumbai

Anand Daga
Director
DIN-696171
Place: Nashik

Abhijit Page
Chief Executive Officer
Place: Nashik

Sunetra Ganesan
Chief Financial Officer
Place: Nashik

R. V. Nawghare
Company Secretary
Place: Nashik

Date: May 14, 2020

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

Rs. in Lakhs

A.	**Equity share capital**	
	As at March 31, 2018	2,771.00
	Changes in equity share capital during the year	
	Issue of equity shares under employee share option plan (Refer note 21)	3.59
	As at March 31, 2019	2,774.59
	Changes in equity share capital during the year	
	Issue of equity shares under employee share option plan (Refer note 21)	3.59
	As at March 31, 2020	**2,778.18**
B.	**Forfeited shares**	
	As at March 31, 2018	0.19
	Changes during the year	–
	As at March 31, 2019	0.19
	Changes during the year	–
	As at March 31, 2020	**0.19**

C. Other Equity

Particulars	Reserves and Surplus						
	Capital Reserve	Securities Premium Reserve	General Reserve	Share based payments (ESOP)	Share Application Money Pending Allotment	Retained earnings	Total
Balances as at March 31, 2018	40.00	9,263.55	425.44	96.22	–	1,398.01	11,223.22
Profit for the year	–	–	–	–	–	1,144.39	1,144.39
Dividend paid for Equity Shares (including tax thereon)	–	–	–	–	–	(167.03)	(167.03)
Issue of Shares towards ESOP	–	51.75	–	(51.75)	–	–	–
Recognition of Share based payments	–	–	–	44.35	–	–	44.35
Other Comprehensive loss for the year (net of tax)	–	–	–	–	–	(7.42)	(7.42)
Balances as at March 31, 2019	40.00	9,315.30	425.44	88.82	–	2,367.95	12,237.51
Profit for the year	–	–	–	–	–	2,328.65	2,328.65
Dividend paid for Equity Shares (including tax thereon)	–	–	–	–	–	(334.49)	(334.49)
Issue of Shares towards ESOP	–	51.76	–	(51.76)	–	–	–
Recognition of Share based payments	–	–	–	55.49	–	–	55.49
Share Application money received	–	–	–	–	1.60	–	1.60
Other Comprehensive loss for the year (net of tax)	–	–	–	–	–	(0.36)	(0.36)
Balances as at March 31, 2020	**40.00**	**9,367.06**	**425.44**	**92.55**	**1.60**	**4,361.75**	**14,288.40**

Remeasurement loss (net) on defined benefit plans Rs. 0.36 lakhs (March 31, 2019 loss (net) Rs. 7.42 lakhs) is recognised as part of retained earnings. For nature of reserves refer note no. 11 B.

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Kedar Raje
Partner

Place: Mumbai
Date: May 14, 2020

For and on behalf of the Board of Directors

Ashok Sharma
Managing Director
DIN-2766679
Place: Mumbai

Anand Daga
Director
DIN-696171
Place: Nashik

Abhijit Page
Chief Executive Officer
Place: Nashik

Sunetra Ganesan
Chief Financial Officer
Place: Nashik

R. V. Nawghare
Company Secretary
Place: Nashik

Date: May 14, 2020

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

NOTE NO. 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Corporate Information

Mahindra EPC Irrigation Limited (Formerly known as EPC Industrie Limited) is a Public Limited Company listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. It was incorporated on November 28, 1981 under the Companies Act, 1956. It is engaged in the business of Micro Irrigation Systems such as Drip and Sprinklers, Agricultural Pumps, Greenhouses and Land Scape Products. The Company is a subsidiary of Mahindra and Mahindra Limited.

The manufacturing facilities of the Company were closed on March 24, 2020 following countrywide lockdown due to COVID-19. The Company has since obtained required permissions and restored its manufacturing facilities partially in the last week of April 2020 in line with the terms and guidelines issued by the Ministry of Home Affairs as well as those of respective States. Based on immediate assessment and on the basis of available information of the impact of COVID-19 on the operations of the Company and ongoing discussions with customers, vendors and related service providers, the Company is hopeful of serving customer orders, obtaining regular supply of raw materials and logistics services after resumption of operations. In assessing the recoverability of trade receivables, the Company has considered subsequent recoveries, past trends, credit risk profile of customers, macroeconomic forecasts and internal and external information available up to the date of issuance of these financial results. In assessing recoverability of inventories, the Company has considered the latest selling prices, customer orders on hand and margins. Based on the above assessment, the Company is of the view that the carrying amounts of trade receivables, inventories are expected to be realisable. The impact of COVID-19 may be different from the estimates as at the date of approval of these standalone financial results and the Company will continue to closely monitor the developments.

B. Statement of compliance

The standalone financial statements have been prepared in accordance with IND AS's notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

C. Basis of preparation and presentation

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

D. Functional and presentation currency

These financial statements are presented in Indian Rupees ('Rupees') which is also the Company's functional currency. All amounts are rounded-off to the nearest rupee in lakhs (two decimals), unless otherwise indicated.

E. Recent Indian Accounting Standards

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

F. Property, Plant and equipment:

Property, Plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Cost includes cost of acquisition or construction and is stated at historical cost.

Depreciation on all property, plant and equipment, is provided on Straight Line Method as per the estimated useful life. Leasehold Assets are depreciated over the shorter of the lease term and their useful lives. Depreciation on additions to assets or on sale / disposal of assets is calculated from the date of such addition or up to the date of such sale / disposal as the case may be.

Property, Plant and equipment retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

Estimated useful life of the assets are as follows:

Assets	Useful life
Buildings	
Factory Building	30 Years
Office Building	60 Years
Extrusion Machines	19 Years
Other Machineries	15 Years
Electrical Installations, factory Equipment's, furniture	10 Years
Vehicles - Two Wheelers	10 Years
Moulds and Dies	6 Years
Office Equipment	5 Years
Computers	3 Years
Vehicles - Cars	8 Years
Vehicles - Cars (For employee use)	5 Years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on prospective basis.

G. Intangible Assets:

Intangible assets are recognised only when economic benefit attributable to the assets will flow to the enterprise and cost can be measured reliably. They are being amortised over the estimated useful life of three years.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the statement of profit or loss when the asset is derecognised.

H. Impairment of Assets:

The carrying value of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss of the amount. They are arrived at cost less accumulated amortisation and accumulated impairment losses.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

I. Inventories:

Inventories comprise of raw materials, work in progress, finished goods and stock in trade, are valued at costs of purchase, conversion and other costs incurred if any in bringing the inventories to their present location and condition. Inventories are stated at lower of cost and net realisable value.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost is determined on the basis of the weighted average method.

J. Foreign Exchange Transactions:

In preparing the financial statements transactions in other than the company's functional currency are recorded at the exchange rates prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be. Non - Monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

K. Revenue recognition:

Revenue from contracts with customer

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset. Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax.

The Company recognises revenue from the following major sources:

a) Sale of Products; and

b) Sale of services.

a) Sale of Products

The company sells Micro irrigation systems (MIS) both to the Open market and Project market. Sales-related warranties associated with MIS cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Company accounts for warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets (refer note no. 15).

For sales of MIS to open market, revenue is recognised when control of the good has transferred, being when the goods have been delivered to the dealer based on the terms and conditions in his agreement. Following delivery, the dealer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

For sales of MIS to project market, revenue is recognised when control of the good has transferred, being when the goods have been installed at the farmers' place as per the approved design and acknowledged by the farmer. Following which farmer has full control of the MIS.

A receivable is recognised by the Company when the goods are delivered to the distributor /MIS installation acknowledged by the farmers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

b) Sale of Services

Revenue relating to the services is recognised at a point in time.

L. Other income:

Dividend income from investments is recognised in statement of profit and loss when the shareholders right to receive payment has been established.

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable. The effective interest method is a method of calculating the amortised cost of the financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets, to that asset's net carrying amount on initial recognition.

M. Government Grants:

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in the statement profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to statement of profit or loss on a systematic and rational basis over the useful lives of the related assets.

N. Employee benefits:

a) Short term and other long term employee benefits

A liability is recognised for benefits accruing to employees in respected of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that services. Liabilities recognised in respect of other long -term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees upto the reporting date.

b) Post-employment benefits

(i) Defined contribution plans

The Company's contribution to provident fund, employee state insurance scheme and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employee.

(ii) Defined benefit plans

The employees' gratuity fund scheme, managed by Life Insurance Corporation (LIC) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation carried out as at the end of each financial year using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities, of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in the statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

(iii) Share based payment

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 21.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate with a corresponding adjustment to the equity-settled employee benefits reserve.

O. Lease Policy:

The Company assesses whether a contract is, or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the commencement date of the lease, the Company recognise a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is lessee, except for short-term leases (leases with a term of twelve months or less), leases of low value assets and, for contract where the lessee and lessor has right to terminate a lease without permission from the other party with no more than an insignificant penalty. The lease expense of such short-term leases, low value assets leases and cancellable leases, are recognised as an operating expense on a straight-line basis over the term of the lease.

At commencement date, lease liability is measure at the present value of the lease payments to be paid during non-cancellable period of the contract, discounted using the incremental borrowing rate. The right-of-use assets is initially recognised at the amount of the initial measurement of the corresponding lease liability, lease payments made at or before commencement date less any lease incentives received and any initial direct costs. Subsequently the right-of-use asset is measured at cost less accumulated depreciation and any impairment losses. Lease liability is subsequently measure by increasing the carrying amount to reflect interest on the lease liability (using effective interest rate method) and reducing the carrying amount to reflect the lease payments made. The right-of-use asset and lease liability are also adjusted to reflect any lease modifications or revised in-substance fixed lease payments.

As a lessor:

Income from operating leases where the Company is a lessor is recognised as income on a straight-line basis over the lease term.

P. Borrowing Costs:

All borrowing costs are charged to the Statement of Profit and Loss except, borrowing costs that are attributable to the acquisition or construction of qualifying assets which are those that necessarily take a substantial period of time to get ready for their intended use or sale, which are capitalised as part of the cost of such assets.

Q. Product Warranty:

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are discounted when required and are reviewed and revisions are made as required by the management of the company.

R. Taxes on income:

- **Current Tax**

Income Taxes are accounted for in accordance with IND AS-12. Tax expenses comprise both current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act 1961, and other applicable tax laws.

- **Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

S. Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities and assets are not recognised but are disclosed in the notes.

T. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the company. The CODM operation of the company reviews the operation of the company as Precision Farming Products & Services.

U. Investment in Joint Venture

The company accounts for its investments in Joint Venture at cost less accumulated impairment, if any.

V. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets:

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost:

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

W. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on going basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

- useful life of property, plant and equipment and intangible assets
- estimation of define benefit obligation (Refer Note 29)
- provision for warranty claims (Refer Note 15)
- income taxes - current and deferred taxes (Refer Note 7)
- impairment of trade receivables (Refer Note 5)
- impairment of investments

Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment within the next financial year is included in relevant notes for the above items.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Notes to the standalone financial statements for the year ended March 31, 2020 (Contd.)

NOTE NO. 2A - PROPERTY, PLANT AND EQUIPMENT

Rs. in Lakhs

	Description of Assets	Buildings	Plant and Equipment	Electrical Installations	Factory Equipments	Moulds and Dies	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
I.	**Gross Carrying Amount**										
	Balance as at March 31, 2019	**962.96**	**3,941.88**	**151.23**	**136.51**	**1,150.21**	**38.53**	**110.77**	**129.42**	**150.67**	**6,772.18**
	Additions	10.43	208.13	–	62.27	0.35	10.99	0.60	14.03	24.99	331.79
	Disposals	–	17.32	1.19	13.04	19.45	–	–	2.54	–	53.54
	Balance as at March 31, 2020	**973.39**	**4,132.69**	**150.04**	**185.74**	**1,131.11**	**49.52**	**111.37**	**140.91**	**175.66**	**7,050.43**
II.	**Accumulated depreciation**										
	Balance as at March 31, 2019	**603.69**	**2,225.56**	**128.35**	**111.40**	**987.76**	**28.58**	**74.59**	**114.70**	**76.73**	**4,351.36**
	Depreciation expense for the year	34.26	185.75	7.61	6.66	38.21	3.22	5.92	7.78	23.20	312.61
	Eliminated on disposal of assets	–	15.08	1.14	11.56	18.52	–	–	2.16	–	48.46
	Balance as at March 31, 2020	**637.95**	**2,396.23**	**134.82**	**106.50**	**1,007.45**	**31.80**	**80.51**	**120.32**	**99.93**	**4,615.51**
III.	**Net carrying amount (I-II)**	**335.44**	**1,736.46**	**15.22**	**79.24**	**123.66**	**17.72**	**30.86**	**20.59**	**75.72**	**2,434.92**

I.	**Gross Carrying Amount**										
	Balance as at March 31, 2018	**958.76**	**3,736.34**	**148.75**	**135.48**	**1,150.21**	**33.54**	**102.80**	**56.63**	**158.21**	**6,480.72**
	Additions	4.20	205.54	2.48	1.03	–	6.01	9.59	6.89	–	235.74
	Adjustments #	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**65.90**	**–**	**65.90**
	Disposals	–	–	–	–	–	1.02	1.62	–	7.54	10.18
	Balance as at March 31, 2019	962.96	3,941.88	151.23	136.51	1,150.21	38.53	110.77	129.42	150.67	6,772.18
II.	**Accumulated depreciation**										
	Balance as at March 31, 2018	**568.00**	**2,084.06**	**120.01**	**106.84**	**958.09**	**27.85**	**70.25**	**44.86**	**61.15**	**4,041.11**
	Depreciation expense for the year	35.69	141.50	8.34	4.56	29.67	2.07	5.64	8.90	21.45	257.82
	Adjustments #	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**60.94**	**–**	**60.94**
	Eliminated on disposal of assets	–	–	–	–	–	1.34	1.30	–	5.87	8.51
	Balance as at March 31, 2019	603.69	2,225.56	128.35	111.40	987.76	28.58	74.59	114.70	76.73	4,351.36
III.	**Net carrying amount (I-II)**	**359.27**	**1,716.32**	**22.88**	**25.11**	**162.45**	**9.95**	**36.18**	**14.72**	**73.94**	**2,420.82**

Adjustments on account of physical verification.

NOTE NO. 2B - RIGHT OF USE ASSETS (REFER NOTE 27)

	Description of Assets	Lease Hold Land	Buildings	Total
I.	**Gross Carrying Amount**			
	Balance as at March 31, 2019	**–**	**–**	**–**
	Impact of adoption of Ind AS 116 (Refer Note 27)	305.33	55.21	360.55
	Additions	–	–	–
	Disposals	–	–	–
	Balance as at March 31, 2020	**305.33**	**55.21**	**360.55**
II.	**Accumulated depreciation**			
	Balance as at March 31, 2019	**–**	**–**	**–**
	Depreciation expense for the year	4.26	44.97	49.22
	Disposals	–	–	–
	Balance as at March 31, 2020	**4.26**	**44.97**	**49.22**
III.	**Net carrying amount (I-II)**	**301.07**	**10.24**	**311.33**

NOTE NO. 3 - OTHER INTANGIBLE ASSETS

Rs. in Lakhs

	Description of Assets	Computer Software	Total
I.	**Gross Carrying Amount**		
	Balance as at March 31, 2019	208.48	208.48
	Additions	6.18	6.18
	Disposals	–	–
	Balance as at March 31, 2020	**214.66**	**214.66**
II.	**Accumulated amortisation**		
	Balance as at March 31, 2019	185.11	185.11
	Amortisation expense for the year	18.28	18.28
	Eliminated on disposal of assets	–	–
	Balance as at March 31, 2020	**203.39**	**203.39**
III.	**Net carrying amount (I-II)**	**11.27**	**11.27**

Rs. in Lakhs

	Description of Assets	Computer Software	Total
I.	**Gross Carrying Amount**		
	Balance as at March 31, 2018	204.52	204.52
	Additions	4.88	4.88
	Disposals	0.92	0.92
	Balance as at March 31, 2019	**208.48**	**208.48**
II.	**Accumulated amortisation**		
	Balance as at March 31, 2018	136.86	136.86
	Amortisation expense for the year	49.12	49.12
	Eliminated on disposal of assets	0.87	0.87
	Balance as at March 31, 2019	**185.11**	**185.11**
III.	**Net carrying amount (I-II)**	**23.37**	**23.37**

NOTE NO. 4 - INVESTMENTS

Rs. in Lakhs

Particulars	**As at March 31, 2020**	As at March 31, 2019
Investment in Equity Instruments		
Unquoted - At cost		
In Joint Venture company - Mahindra Top Greenhouses Private Limited (18 lakhs shares of Rs.10 each)	**180.00**	180.00
Total	**180.00**	180.00

NOTE NO. 5 - TRADE RECEIVABLES

Rs. in Lakhs

Particulars	**As at March 31, 2020**		As at March 31, 2019	
	Current	**Non Current**	Current	Non Current
Unsecured, considered good	**12,868.38**	**3,510.40**	12,474.26	2,270.03
Doubtful	**899.48**	**827.94**	662.16	528.27
	13,767.86	**4,338.34**	13,136.42	2,798.30
Less: Allowance for doubtful debts (expected credit loss)	**(899.48)**	**(827.94)**	(662.16)	(528.27)
Total	**12,868.38**	**3,510.40**	12,474.26	2,270.03

Refer Note 25 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

Trade receivables are valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and possibilities of consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of industries, impact immediately seen in the demand outlook of these industries and the financial strength of the customers in respect of from whom amounts are receivable.

NOTE NO. 6 - OTHER FINANCIAL ASSETS

Rs. in Lakhs

Particulars	**As at March 31, 2020**		As at March 31, 2019	
	Current	**Non-Current**	Current	Non-Current
Security deposits	**33.93**	**67.77**	40.83	70.25
Interest accrued on deposits	**9.28**	**–**	10.26	–
Other Receivables	**90.55**	**–**	–	–
Total	**133.76**	**67.77**	51.09	70.25

NOTE NO. 7 - CURRENT TAX AND DEFERRED TAX

(a) Income Tax recognised in profit or loss

Rs. in Lakhs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current Tax:		
In respect of current year	**1,055.30**	656.19
In respect of prior years	**16.35**	42.82
Deferred Tax:		
In respect of current year	**(210.60)**	(132.50)
In respect of prior years	**50.30**	(16.83)
Total income tax expense recognised in the current year relating to continuing operations	**911.35**	549.68

(b) Income tax recognised in other Comprehensive income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Deferred Tax		
Remeasurement of defined benefit obligations	**(0.50)**	(10.47)
Income taxes related to items that will not be reclassified to profit or loss	**0.14**	3.05
Total	**(0.36)**	(7.42)

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax from continuing operations	**3,240.00**	1,694.07
Income tax expense calculated at 25.17% (2019: 29.12%)	**815.51**	496.53
Effect on expense that is non-deductible in determining taxable profit	**29.19**	27.16
Effect of tax rate difference	**50.30**	–
	895.00	523.69
Adjustments recognised in the current year in relation to the current tax of prior years	**16.35**	25.99
Income tax expense recognised In profit or loss from continuing operations	**911.35**	549.68

The Company has adopted option available under section 115BAA of Income Tax Act, 1961 as per the taxation laws (amendment) act, 2019 dated December 11, 2019. Accordingly tax expenses, deferred tax assets/liabilities have been recomputed and impact of this has been recognised in the year ended on March 31, 2020. The company has remeasured the deferred tax assets (net) balances as on April 1, 2019 and Rs 50.30 Lakhs of deferred assets has been reversed and charged to statement of profit and loss for the year ended March 31, 2020.

The tax rate used for the March 31, 2020 and March 31, 2019 reconciliations above is the corporate tax rate of 25.17% and 29.12% respectively on taxable profits under Indian Income Tax Laws.

(d) Amounts on which deferred tax asset has not been created: Nil

(e) Movement in deferred tax assets / (Liabilities) for the year ended March 31, 2020

Rs. in Lakhs

Particulars	Opening Balance	Recognised in profit and Loss (including for earlier year)	Recognised in OCI	Utilised	Closing Balance
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment	319.97	(67.26)	–	–	252.71
	319.97	**(67.26)**	**–**	**–**	**252.71**
Tax effect of items constituting deferred tax assets					
Employee Benefits	78.48	(2.51)	0.14	–	76.11
Provision for receivables and advances	360.41	87.46	–	–	447.87
Other items	251.74	8.09	–	–	259.83
	690.63	93.04	0.14	–	783.81
Net Deferred Tax Asset (Liabilities)	**370.66**	**160.30**	**0.14**	**–**	**531.10**
Total	**370.66**	**160.30**	**0.14**	**–**	**531.10**

(f) Movement in deferred tax assets / (Liabilities) for the year ended March 31, 2019

Particulars	Opening Balance	Recognised in profit and Loss (including for earlier year)	Recognised in OCI	Utilised	Closing Balance
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment	344.29	(24.32)	–	–	319.97
	344.29	**(24.32)**	**–**	**–**	**319.97**

Particulars	Opening Balance	Recognised in profit and Loss (including for earlier year)	Recognised in OCI	Utilised	Closing Balance
Tax effect of items constituting deferred tax assets					
Employee Benefits	65.90	9.54	3.05	–	78.48
Provision for receivables and advances	325.20	35.21	–	–	360.41
Other items	171.47	80.26	–	–	251.74
	562.57	125.01	3.05	–	690.63
Net Deferred Tax Asset (Liabilities)	**218.28**	**149.33**	**3.05**	**–**	**370.66**
Total	**218.28**	**149.33**	**3.05**	**–**	**370.66**

NOTE NO. 8 - OTHER NON FINANCIAL ASSETS

Rs. in Lakhs

Particulars			**As at March 31, 2020**		As at March 31, 2019	
			Current	**Non-Current**	Current	Non-Current
(a)	Prepayments		**33.27**	**5.26**	25.02	7.10
(b)	Prepayments Land Lease		**–**	**–**	4.32	301.01
(c)	Balances with government authorities		**877.83**	**216.88**	610.00	221.41
(d)	Others					
	(i)	Capital advances	**–**	**12.06**	–	6.91
	(ii)	Advance to Creditors				
		Considered Good	**256.86**	**–**	177.46	–
		Doubtful	**–**	**21.92**	–	21.92
		Less: Provision for Doubtful advances	**–**	**(21.92)**	–	(21.92)
			256.86	**–**	177.46	–
	(iii)	Advances to employees				
		Considered Good	**5.43**	**–**	4.59	–
		Doubtful	**25.31**	**–**	25.31	–
		Less: Provision for Doubtful advances	**(25.31)**	**–**	(25.31)	–
			5.43	**–**	4.59	–
Total			**1,173.39**	**234.20**	821.39	536.42

NOTE NO. 9 - INVENTORIES

[Lower of cost and net realisable value]

Rs. in Lakhs

Particulars		**As at March 31, 2020**	As at March 31, 2019
(a)	Raw materials and components	**2,049.59**	1,301.03
(b)	Work-in-progress	**195.97**	145.78
(c)	Finished and semi-finished goods	**1,131.15**	845.29
(d)	Stock-in-trade of goods acquired for trading	**210.92**	321.72
Total		**3,587.63**	2,613.82
Included above, goods-in-transit:			
Raw materials and Components		**–**	38.25
Total		**–**	38.25

All inventories are pledged as security for credit facilities from banks.

Mode of valuation of inventories is stated in Note 1(J).

Out of the above Rs. 260.21 lakhs is lying with third party (year ended March 31, 2019 Rs. 125.15 Lakhs).

The amount of inventories recognised as an expense in respect of write-down of inventory to net realisable values is Rs. 156.10 lakhs (year ended March 31, 2019 Rs. 117.59 lakhs)

Inventories are valued considering provision for allowance for obsolescence, inventory carrying risk and possible delayed usage in view of lower production due to slowly pacing off-take in present situation. In addition to the historical pattern of inventory provision, we have considered the likelihood of variations in sales price, possibilities of cancellation of order, nature and aging of inventories due to Covid-19. This assessment is not based on any mathematical model but it is based on an assessment considering the product demand, expected price trend and sales plan. Based on the above assessment, the Company is of the view that the carrying amounts of inventories are expected to be realisable.

NOTE NO. 10 - CASH AND BANK BALANCES

Rs. in Lakhs

Particulars	**As at March 31, 2020**	As at March 31, 2019
Cash and cash equivalents		
Balances with banks - Current Accounts	**1,110.53**	40.40
Cash on hand	**0.27**	0.13
Total Cash and cash equivalents	**1,110.80**	40.53
Other Bank Balances		
Earmarked balances with banks	**31.32**	19.23
Balances with Banks - on margin accounts	**141.55**	232.60
Total Other Bank Balances	**172.87**	251.83

NOTE NO. 11 A - EQUITY SHARE CAPITAL

Particulars	**As at March 31, 2020**		As at March 31, 2019	
	No. of shares	**Rs. in Lakhs**	No. of shares	Rs. in Lakhs
Authorised				
Equity shares of Rs. 10 each	**32,000,000**	**3,200.00**	32,000,000	3,200.00
Preference share of Rs. 100 each	**1,800,000**	**1,800.00**	1,800,000	1,800.00
Issued				
Equity shares of Rs. 10 each	**27,785,598**	**2,778.56**	27,749,721	2,774.97
Subscribed and fully paid up				
Equity shares of Rs. 10 each	**27,781,698**	**2,778.18**	27,745,821	2,774.59
Forfeited shares (Amount originally paid up)	**3,900**	**0.19**	3,900	0.19
Total	**–**	**2,778.37**	–	2,774.78

Fully paid equity shares, which have a par value of Rs. 10, carry one vote per share and carry a right to dividends.

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rs. in Lakhs

Particulars		**Opening Balance**	**Issued during the year**	**Closing Balance**
March 31, 2020				
	No. of Shares	**27,745,821**	**35,877**	**27,781,698**
	Amount	**2,774.59**	**3.59**	**2,778.18**
March 31, 2019				
	No. of Shares	27,709,950	35,871	27,745,821
	Amount	2,771.00	3.59	2,774.59

Rights, preferences and restrictions attached to equity shares

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Details of shares held by the holding company

Particulars	As at March 31, 2020	As at March 31, 2019
Mahindra and Mahindra Ltd, the Holding Company	**15,144,433**	15,144,433

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
Mahindra and Mahindra Limited	**15,144,433**	**54.51%**	15,144,433	54.58%

(iv) Shares reserved for issuance as follows:

No. of shares

Particulars	As at March 31, 2020	As at March 31, 2019
Outstanding employee stock options granted / available for grant.	**415,431**	451,308

NOTE NO. 11 B - OTHER EQUITY

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Reserve	**40.00**	40.00
Securities Premium	**9,367.06**	9,315.30
General Reserve	**425.44**	425.44
Share based payments (ESOP)	**92.55**	88.82
Share Application Money Pending Allotment	**1.60**	–
Retained Earnings	**4,361.75**	2,367.95
Total	**14,288.40**	12,237.51

Nature of Reserves

Securities Premium - The Securities Premium is created on issue of shares at a premium.

General Reserve - The general reserve comprises of transfer of profits from retained earrings for appropriation purposes. The reserve can be distributed/utilised by the Company in accordance with the Companies Act, 2013.

Employee Stock Options Outstanding - The Employee Stock Options Outstanding represents reserve in respect of equity settled share options granted to the company's employees in pursuance of the Employee Stock Option Plan.

Details of Dividend Proposed

Rs. in Lakhs

Particulars	2020	2019
Dividend per share (Rupees)	**1.20**	1.00
Dividend on Equity Shares	**333.38**	277.46
Dividend Distribution Tax	**–**	57.03
Total Dividend including Dividend Distribution Tax	**333.38**	334.49

NOTE NO. 12 - NON-CURRENT BORROWINGS

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured Borrowings - at amortised Cost		
Deferred payment liabilities	**–**	8.50
Total	**–**	8.50

NOTE NO. 13 - OTHER CURRENT FINANCIAL LIABILITIES

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Current maturities of long-term debt	**–**	6.11
Interest payables to vendors/others	**142.96**	217.73
Unpaid matured deposits and interest accrued thereon (Refer note (i) below)	**0.16**	0.36
Unclaimed Dividend	**8.48**	3.11
Security Deposits	**499.02**	446.76
Subsidy Reimbursable to Customer	**–**	34.76
Others (Refer note (ii) below)	**61.60**	21.14
Total	**712.22**	729.97

Notes-

(i) There are no amounts due for transfer to Investor Education and Protection Fund.

(ii) Others include payable for capital assets, retention money and accruals towards claims.

NOTE NO. 14 - SHORT TERM BORROWINGS

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Secured Borrowings - at amortised cost		
Loans repayable on demand from Bank	**1,300.00**	327.52
Total	**1,300.00**	327.52

Note:

Loans repayable on demand is secured by way of first charge on entire stock and debtors of the Company both present and future. The above loan is also secured by way of second charge on fixed assets.

The Interest rate is 7.5%

NOTE NO. 15 - PROVISIONS

Rs. in Lakhs

	Particulars	As at March 31, 2020 Current	As at March 31, 2020 Non-Current	As at March 31, 2019 Current	As at March 31, 2019 Non-Current
a.	Provision for employee benefits				
	Compensated absences	**210.89**	**–**	189.25	–
b.	Other Provisions				
	Warranty	**104.24**	**36.99**	31.42	87.49
	Total	**315.13**	**36.99**	220.67	87.49

Details of movement in Warranty Provisions is as follows:

Particulars	Rs. in Lakhs
Balance at March 31, 2018	**143.22**
Additional provisions recognised	42.06
Amounts used during the year	(34.46)
Unused amounts reversed during the year	(40.92)
Unwinding of discount	9.02
Balance at March 31, 2019	**118.92**
Additional provisions recognised	52.97
Amounts used during the year	(35.07)
Unused amounts reversed during the year	–
Unwinding of discount	4.41
Balance at March 31, 2020	**141.23**

Warranty Claims:

Provision for warranty represents present value of management's best estimate of the future outflow of economic benefits that will be required in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. Management estimates the related provision for future warranty claims based on historical warranty claim information and is adjusted regularly to reflect new information. The products are generally covered under a free warranty period ranging from 6 months to 5 years. It is expected that most of these costs will be incurred in the next two financial years and all will have been incurred within five years after the reporting date.

NOTE NO. 16 - TRADE PAYABLES

Rs. in Lakhs

	Particulars	As at March 31, 2020	As at March 31, 2019
	Current		
a)	Total outstanding dues of micro and small enterprises	**234.56**	98.82
b)	Total outstanding dues of creditors other than micro and small enterprises	**6,319.94**	5,152.72
	Total	**6,554.50**	5,251.54
	Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as below:		
(a)	Dues remaining unpaid as at March 31		
	Principal	**234.56**	98.82
	Interest on the above	**–**	–

Rs. in Lakhs

Particulars		As at March 31, 2020	As at March 31, 2019
(b)	Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the year		
	Principal paid beyond the appointed date	3.98	82.05
	Interest paid in terms of Section 16 of the Act	–	–
(c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	0.02	1.10
(d)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	1.02	73.93
(e)	Amount of interest accrued and remaining unpaid as at March 31	1.04	75.04
	Due to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		

The average credit period on purchases of goods and availment of services is 15 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Interest is charged on the over due balances as per terms agreed with vendors.

NOTE NO. 17 - OTHER NON - FINANCIAL LIABILITIES

Rs. in Lakhs

Particulars		As at March 31, 2020	As at March 31, 2019
(a)	Advances received from customers	142.63	110.55
(b)	Statutory dues		
	- taxes payable (other than income taxes)	40.70	61.70
	- Employee Recoveries and Employer Contributions	4.31	5.52
(c)	Provision for liabilities	–	7.07
(d)	Deferred interest income	1.71	3.72
(e)	Deferred revenue arising from government grant	110.85	117.96
(f)	Balance with LIC (Gratuity)	25.08	16.09
	Total	**325.28**	322.61

NOTE NO. 18 - REVENUE FROM OPERATIONS

Rs. in Lakhs

Particulars		As at March 31, 2020	As at March 31, 2019
(a)	Revenue from sale of products	28,287.94	25,891.30
(b)	Revenue from rendering of services	38.06	67.94
(c)	Other operating revenue	69.86	51.71
Total		**28,395.86**	26,010.95

Rs. in Lakhs

Particulars		As at March 31, 2020	As at March 31, 2019
(i)	Sale of products comprises		
	Manufactured goods	28,233.60	25,634.92
Total - Sale of manufactured goods		**28,233.60**	25,634.92
Traded goods			
Pumps		6.78	71.25
Green Houses		30.65	174.00
Landscape		16.91	11.13
Total - Sale of traded goods		**54.34**	256.38
Total - Sale of products		**28,287.94**	25,891.30
(ii)	Sale of services comprises		
	Agronomy Services	–	0.22
	Installation Services	38.06	67.72
	Landscape Projects	–	–
Total - Sale of services		**38.06**	67.94
(iii)	Other operating revenues comprise:		
	Sale of scrap	62.74	44.42
	Government Grant Incentives	7.12	4.97
	Processing Charges	–	2.32
Total - Other operating revenues		**69.86**	51.71

Effective 1st April, 2018, the company has adopted IND AS 115 'Revenue from contracts with customers'.

Accordingly, the Company recognises revenue when it transfers control of a product or service to a customer as and when it satisfies the performance obligation by transferring promised goods or services to a customer and customer obtains the control or benefit of the same.

The revenue is recognised on satisfaction of performance obligation / transferring control to the customer and hence the same is recognised at a point in time. The company believes that above disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

There is no material impact on account of applying Ind AS 115 Revenue from Contract with customers instead of the erstwhile IND AS 18 Revenue, on the financial statements of the company.

NOTE NO. 19 - OTHER INCOME

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Interest Income		
1) Bank deposits (at amortised cost)	**10.25**	23.42
2) Interest on Security Deposit (at amortised cost)	**3.50**	2.43
3) Interest on tax refunds	**–**	0.56
(b) Operating lease rental income	**3.57**	3.76
(c) Net Gain on sale of current investments	**5.94**	7.87
(d) Profit/(Loss) on sale of assets (net of loss on assets sold)	**–**	6.16
(e) Liabilities no longer required written back	**47.98**	42.11
(f) Miscellaneous income	**56.56**	14.27
(g) Foreign Exchange profit	**4.91**	4.96
Total	**132.71**	**105.54**

NOTE NO. 20 (A) - COST OF MATERIALS CONSUMED

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Opening stock	**1,301.03**	1,698.17
Add: Purchases	**14,400.18**	13,082.02
	15,701.21	14,780.19
Less: Closing stock	**2,049.59**	1,301.03
Cost of materials consumed	**13,651.62**	13,479.16

NOTE 20 (B) - PURCHASES OF FINISHED, SEMI-FINISHED AND OTHER PRODUCTS (TRADED GOODS)

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Stock-in-trade - Pumps, Greenhouses & Landscape	**7.31**	138.47
Total	**7.31**	138.47

NOTE 20 (C) - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Inventories at the end of the year:		
Finished goods	**1,131.15**	845.29
Work-in-progress	**195.97**	145.78
Stock-in-trade	**210.92**	321.72
	1,538.04	1,312.79
Inventories at the beginning of the year:		
Finished goods	**845.29**	1,245.90
Work-in-progress	**145.78**	91.16
Stock-in-trade	**321.72**	434.48
	1,312.79	1,771.54
Net (increase)/decrease	**(225.25)**	458.75

NOTE NO. 21 - EMPLOYEE BENEFITS EXPENSE

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Salaries and wages, including bonus	**2,275.08**	2,127.40
(b) Contribution to provident and other funds (Refer Note No. 29)	**176.92**	150.78
(c) Share based payment transactions expenses	**55.49**	44.35
(d) Staff welfare expenses	**141.86**	135.45
Total Employee Benefit Expense	**2,649.35**	2,457.98

Pursuant to the “Employees Stock Option Scheme – 2014” (ESOS) approved by the Shareholders in the Annual General Meeting held on July 31, 2014, the Company had granted 80,424, 3,228, 1,33,432, 11,129 and 80,110 stock options to the eligible employees on October 28, 2014, October 31, 2015, November 22, 2016, November 22,2017 and February 28, 2019 respectively as per the recommendations of the Nomination and Remuneration Committee, at an exercise price of Rs 10/- each. In respect of the options granted in 2014, 2016, 2017 and 2019 the equity settled options vest in 5 tranches of 20% each upon the expiry of 12 months, 24 months, 36 months, 48 months and 60 months, respectively from the date of grant. Each tranche is exercisable within one year from the respective date of vesting. The number of options exercisable in each tranche is minimum 20% of the options vested, except in case of the last date of the exercise, where the employee can exercise all options vested but not exercised till that date. In respect of options granted in 2015, the equity settled options vest in 4 tranches of 25% each upon the expiry of 12 months, 24 months, 36 months and 48 months, respectively from the date of grant. Each tranche is exercisable within one year from the respective date of vesting. The number of options exercisable in each tranche is minimum 25% of the options vested, except in case of the last date of the exercise, where the employee can exercise all options vested but not exercised till that date.

The difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option representing share based payment expenses is expected over the vesting period.

		Number of Shares	Grant Date	Expiry Date	Exercise Price	Fair value at Grant Date
Equity Settled						
1	Series 1 Granted on October 28, 2014	80,424	October 28, 2014	October 28, 2019	10	170.97
2	Series 2 Granted on October 31, 2015	3,228	October 31, 2015	October 31, 2019	10	170.97
3	Series 3 Granted on November 22, 2016	133,432	November 22, 2016	November 22, 2021	10	131.75
4	Series 4 Granted on November 22, 2017	11,129	November 22, 2017	November 22, 2022	10	169.43
5	Series 5 Granted on February 28, 2019	80,110	February 28, 2019	February 28, 2024	10	83.51

Movement in Share Options

Particulars		**Year ended 31 March, 2020**		Year ended 31 March, 2019	
		Number of Shares	**Weighted average exercise price**	Number of Shares	Weighted average exercise price
1	Outstanding at the beginning of the year	**169,641**	**10**	129,850	10
2	Granted during the year	**–**	**10**	80,110	10
3	Exercised during the year	**(35,877)**	**10**	(35,871)	10
4	Expired during the year	**(166)**	**10**	(4,448)	10
5	Outstanding at the end of the year	**133,598**	**10**	169,641	10

Share Options Exercised in the Year

Particulars		**Year end March 31, 2020**			Year end March 31, 2019		
		Number Exercised	**Exercise Date**	**Share Price at Exercise Date**	Number Exercised	Exercise Date	Share Price at Exercise Date
Equity Settled							
1	Series 1 Granted on October 28, 2014	**9,342**	**December 30, 2019**	**100.60**	9,336	November 22, 2018	88.25
2	Series 2 Granted on October 31, 2015	**807**	**December 30, 2019**	**100.60**	807	November 22, 2018	88.25
3	Series 3 Granted on November 22, 2016	**24,373**	**December 30, 2019**	**100.60**	24,373	November 22, 2018	88.25
4	Series 4 Granted on November 22, 2017	**1,355**	**December 30, 2019**	**100.60**	1,355	November 22, 2018	88.25

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

Share Option Programmes

Particulars	**Series 1**		**Series 2**		**Series 3**		**Series 4**		**Series 5**	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Share price at grant date	**177.75**	177.75	**158.30**	158.30	**135.40**	135.40	**172.55**	172.55	**92.80**	92.80
Exercise price	**10**	10	**10**	10	**10**	10	**10**	10	**10**	10
Expected volatility (weighted-average)	**55%**	55%	**55%**	55%	**49%**	49%	**46%**	46%	**43%**	43%
Expected life/Option Life	**3.50 Year**	3.50 Year	**3.50 Year**	3.50 Year	**3.50 Year**	3.50 Year	**3.50 Year**	3.50 Year	**3.50 Year**	3.50 Year
Expected dividends yield	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil	**0.54%**	0.54%
Risk-free interest rate (based on government bonds)	**8.06%**	8.06%	**8.06%**	8.06%	**6.33%**	6.33%	**6.94%**	6.94%	**7.30%**	7.30%

The fair value of the employee share options has been measured using the Black-Scholes option Pricing formula.

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

The Holding Company has recovered Rs. 0.88 lakhs (March 31, 2019 Rs. Nil) as ESOP cost from the Company in respect of employees deputed to the Company.

NOTE NO. 22 - FINANCE COST

Rs. in Lakhs

Particulars		As at March 31, 2020	As at March 31, 2019
(a)	Interest Cost		
	- On credit facilities from Banks	**134.96**	56.19
	- On trade creditors	**5.48**	14.46
	- On government Grant	**14.98**	14.33
	- On delayed payment of taxes	**15.74**	19.09
	- On Inter-company Loan	**12.21**	21.01
	- On Lease Rental (Refer Note 27)	**2.28**	–
(b)	Other borrowing cost		
	Processing fees/Guarantee Commission	**7.84**	5.07
	Unwinding of discount on provisions	**4.42**	9.02
	Total finance costs	**197.91**	139.17

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Interest Expenses		
On Financial Liability at Amortised Cost	**152.65**	91.66

NOTE NO. 23 - OTHER EXPENSES

Rs. in Lakhs

Particulars		As at March 31, 2020	As at March 31, 2019
Stores consumed		**57.48**	62.57
Power & Fuel		**568.50**	527.78
Rent including lease rentals		**171.97**	227.98
Rates and taxes		**11.70**	5.66
Insurance		**30.35**	13.96
Repairs and maintenance - Buildings		**1.84**	0.71
Repairs and maintenance - Machinery		**58.50**	51.00
Repairs and maintenance - Others		**58.36**	48.15
Commission on sales		**3,168.70**	2,774.98
Freight outward		**1,053.35**	1,090.94
Travelling and Conveyance Expenses		**471.45**	436.42
Sub-contracting, Hire and Service Charges		**732.18**	369.14
Expenditure on Corporate Social Responsibility (CSR)		**25.08**	20.60
Donations and Contributions for CSR activity		**0.07**	0.24
Provision for doubtful trade and other receivables and loans		**536.99**	125.80
Bad trade and other receivables, loans and advances written off		**71.18**	199.62
Auditors remuneration and out-of-pocket expenses			
(i)	As Auditors	**32.75**	32.75
(ii)	For Other services	**8.25**	6.75
(iii)	For Cost auditors for Cost audit	**1.38**	1.60
(iv)	For reimbursement of expenses	**0.78**	0.61
Legal and other professional costs		**471.64**	497.01
Site Expenses		**646.47**	495.40
Warranty Claim		**53.27**	1.88
Loss on sale / written off assets		**4.70**	–
Directors' Fees and Commission		**20.46**	24.24
Other General Expenses		**370.12**	426.17
Total Other Expenses		**8,627.52**	7,441.96

NOTE NO. 24 - EARNINGS PER SHARE

Particulars	As at March 31, 2020	As at March 31, 2019
Profit for the year for basic and diluted EPS (Rs. in Lakhs)	**2328.65**	1144.39
Weighted average number of Equity shares used in computing basic EPS	**27,781,698**	27,722,726
Effect of potential Equity share on employee stock options	**120,888**	154,715
Weighted average number of equity shares used in computing of diluted EPS	**27,902,586**	27,877,441
Basic Earnings per share (Rs.) (Face value of Rs. 10 per share)	**8.38**	4.13
Diluted Earnings per share	**8.35**	4.11

NOTE NO. 25 - FINANCIAL INSTRUMENTS

I Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern.
- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Rs. in Lakhs

Particulars	March 31, 2020	March 31, 2019
Equity	**17,066.77**	15,012.29
Less: Cash and cash equivalents	**(1,110.80)**	(40.53)
	15,955.97	14,971.76

II Categories of financial assets and financial liabilities

As at March 31, 2020

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investment	180.00			**180.00**
Trade Receivables	3,510.40	–	–	**3,510.40**
Other Financial Assets	67.77			**67.77**
Current Assets				
Trade Receivables	12,868.38	–	–	**12,868.38**
Cash and Cash Equivalents	1,110.80	–	–	**1,110.80**
Other Bank Balances	172.87	–	–	**172.87**
Other Financial Assets	133.76	–	–	**133.76**
Non-current Liabilities				
Lease Liability	2.99	–	–	**2.99**
Current Liabilities				
Lease Liability	7.94			**7.94**
Borrowings	1,300.00	–	–	**1,300.00**
Trade Payables	6,554.50	–	–	**6,554.50**
Other Financial Liabilities	712.22	–	–	**712.22**

As at March 31, 2019

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investment	180.00			180.00
Trade Receivables	2,270.03	–	–	2,270.03
Other Financial Assets	70.25	–	–	70.25
Current Assets				
Trade Receivables	12,474.26	–	–	12,474.26
Cash and Cash Equivalents	40.53	–	–	40.53
Other Bank Balances	251.83	–	–	251.83
Other Financial Assets	51.09	–	–	51.09
Non-current Liabilities				
Borrowings	8.50	–	–	8.50
Current Liabilities				
Borrowings	327.52	–	–	327.52
Trade Payables	5,251.54	–	–	5,251.54
Other Financial Liabilities	729.97	–	–	729.97

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay, resulting in financial loss to the Company. The company has dealings with government organisation for subsidy related transaction and with private parties. For private non government parties credit limits are set quarterly. The Company has adopted a policy of only dealing with creditworthy non government parties and obtaining security cheques, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and credit worthiness of such parties are continuously monitored and controlled by counterparty limits that are reviewed by Credit Control function based on the approved process.

No interest is charged on overdue balance.

Trade receivables consist of a large number of customers, spread across geographical areas. On going credit evaluation is performed on the financial condition of accounts receivable. There are no non government customers who represent more than 5% of the total balance of trade receivable.

The Company applies the simplified approach to provide expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses. The Company has taken dealer deposit of Rs. 499.02 lakhs (March 31, 2019 Rs. 441.01 lakhs) and bank guarantees of Rs. 26.09 lakhs (March 31,2019 Rs. 37.05 lakhs) which is considered as collateral and these are considered in determination of expected credit losses, where applicable.

The loss allowance provision is determined as follows:

Rs. in Lakhs

As at March 31, 2020

Particulars	**Not due**	**Less than 1 Year**	**Non-Current**	**Total**
Project				
Expected loss rate	0.00%	4.32%	17.16%	
Gross carrying amount	102.71	12,616.84	4,012.67	**16,732.22**
Loss allowance provision	–	544.95	688.67	**1,233.62**
Non Project				
Expected loss rate	0.00%	33.82%	42.76%	
Gross carrying amount	–	1,048.31	325.67	**1,373.98**
Loss allowance provision	–	354.53	139.27	**493.80**

Rs. in Lakhs

As at March 31, 2019

Particulars	**Not due**	**Less than 1 Year**	**Non-Current**	**Total**
Project				
Expected loss rate	0.00%	5.06%	13.31%	
Gross carrying amount	59.88	12,291.95	2,409.08	14,760.91
Loss allowance provision	–	622.43	320.65	943.08
Non Project				
Expected loss rate	0.00%	5.07%	53.34%	
Gross carrying amount	–	784.60	389.21	1,173.81
Loss allowance provision	–	39.74	207.61	247.35

Reconciliation of loss allowance provision for Trade Receivables

Rs. in Lakhs

Particulars	**March 31, 2020**	March 31, 2019
Balance as at beginning of the year	**1,190.43**	1,069.19
Impairment losses recognised in the year based on lifetime expected credit loss		
- On receivables originated in the year	**608.17**	320.86
- Amounts written off during the year as uncollectible	**(71.18)**	(199.62)
- Amounts Recovered during the year	**–**	–
Balance at end of the year	**1,727.42**	1,190.43

The loss allowance provision has changed during the year due to recovery from debtors and business circumstances.

During the year, the company has made written off Rs. 71.18 lakhs (March 31, 2019 Rs. 199.62 lakhs) of trade receivables.

The Credit risk on bank balances and investment in mutual funds is limited as the counterparties are banks and fund houses with high credit ratings.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short - medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
March 31, 2020				
Non-interest bearing	7,274.66	2.99	–	–
Interest bearing	1,300.00	–	–	–
Total	**8,574.66**	**2.99**	**–**	**–**
March 31, 2019				
Non-interest bearing	5,981.51	8.51	–	–
Interest bearing	327.52	–	–	–
Total	**6,309.03**	**8.51**	**–**	**–**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
March 31, 2020				
Non-interest bearing	14,140.55	3,510.40	26.90	180.00
Fixed interest rate instruments	145.26	–	40.87	–
Total	**14,285.81**	**3,510.40**	**67.77**	**180.00**
March 31, 2019				
Non-interest bearing	12,585.11	2,251.19	49.74	180.00
Fixed interest rate instruments	232.60	–	39.35	–
Total	**12,817.71**	**2,251.19**	**89.09**	**180.00**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. As at the year end, there were no material foreign currency exposure.

NOTE NO. 26 - FAIR VALUE MEASUREMENT

a) The directors consider that the carrying amounts of financial assets and financial liabilities that are not measured at fair value, recognised in the financial statement approximate their fair values.

NOTE NO. 27 - LEASES (REFER NOTE 2B)

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. As a result, the comparative information has not been restated. In adopting Ind AS 116, the Company has applied the below practical expedients:

The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics

The Company has treated the leases with remaining lease term of less than 12 months as if they were "short term leases"

The Company has not applied the requirements of Ind AS 116 for leases of low value assets (assets of less than Rs. 3.5 lakhs in value)

The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition

The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease

On transition to Ind AS 116, the Company has followed the Modified Retrospective Approach, accordingly recognised right-of-use assets amounting to Rs. 360.55 lakhs, lease liabilities amounting to Rs. 55.21 lakhs as at April 1, 2019. The Company has discounted lease payments using the applicable incremental borrowing rate as at April 1, 2019, which is 8.50% for measuring the lease liability. In view of this, the operating lease rent which was hitherto accounted under 'Other expenses' in previous periods has now been accounted as depreciation and finance costs.

Reconciliation of operating lease commitments as at March 31, 2019 with the lease liabilities recognized in the Balance Sheet as at April 1, 2019:

	Particulars	**For the year ended March 31, 2020**
A.	**Operating lease commitments disclosure as per Ind AS 17 as of March 31, 2019**	**18.01**
	Weighted average incremental borrowing rate	**8.50**
B.	**Present value using incremental borrowing rate as on April 1, 2019**	**227.18**
	Recognition exemption for short term leases	**(171.97)**
	Recognition exemption for low value assets	**–**
Total lease liabilities on transition date		**55.21**

Impact of adoption of Ind AS 116 on the statement of profit and loss:

Particulars	**For the year ended March 31, 2020**
Depreciation - Right of use assets (Refer Note 2B)	**49.22**
Interest expense on Lease Liability (Refer Note 22)	**2.28**
Payment of Lease Liability	**(46.56)**
Amortization of Land Lease	**(4.25)**
Net Impact (loss) due to adoption of Ind AS 116	**0.69**

The following is the movement in lease liabilities during the year ended March 31, 2020:

Particulars	**For the year ended March 31, 2020**
Lease liabilities recognised at April 1, 2019	**55.21**
Additions	**–**
Finance cost accrued during the period	**2.28**
Deletions	**–**
Payment of lease liabilities	**(46.56)**
Balance as at March 31, 2020	**10.93**

The following is the break-up of current and non-current lease liabilities as at March 31, 2020:

Particulars	**For the year ended March 31, 2020**
Current lease liabilities (Refer Note 27)	**7.94**
Non-current lease liabilities (Refer Note 27)	**2.99**
Balance as at March 31, 2020	**10.93**
Carrying Value of Right of use assets (Refer Note 2B)	**311.33**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020:

Particulars	**For the year ended March 31, 2020**
Less than one year	**7.94**
One to Three years	**2.99**

NOTE NO. 28 - SEGMENT INFORMATION

The Company is engaged in the business of Precision Farming Products and Services and in a single geography viz, India. The Information reported to the chief operating decision maker (CODM) [Viz, The Managing Director] for assessment of performance of business and allocation of resources is under this segment.

Accordingly, The Company has identified a single segment under Ind AS 108 - "Operating Segments".

There is no single customer who accounts for 10% more of the company revenues.

Refer Note 18 for the analysis of revenue from it major products and services.

NOTE NO. 29 - EMPLOYEE BENEFITS

(a) Defined Contribution Plan

The Company's contribution to Provident Fund Rs.102.85 lakhs (year ended March 31, 2019: Rs. 79.13 lakhs) and Superannuation Fund Rs. 31.60 lakhs (year ended March 31, 2019: Rs.28.38 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India.

Through its defined plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset Volatility

The plan liabilities are calculated using a discount rate set with reference to government bond yields; if plan assets under perform compared to the government bond discount rate, this will create or increase a deficit. The defined benefit plans hold on investment with LIC, which are expected to perform in line with government bonds in the long-term.

The company believes that due to the long-term nature of the plan liabilities, investments of funds with LIC is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan assets.

Life expectancy

The plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

Defined benefit plans - as per actuarial valuation

		Rs. in Lakhs
Particulars	**Funded Plan**	
	Gratuity	
	2020	2019
Ia. Expense recognised in the Statement of Profit and Loss		
1. Current service cost	**27.55**	26.86
2. Interest cost	**15.69**	16.20
3. Expected return on plan assets	**(15.59)**	(16.91)
	27.65	26.15
Ib. Included in other Comprehensive Income		
1. Return on plan assets	**(6.50)**	0.87
2. Actuarial (Gain)/Loss on account of:		
- Demographic Assumptions	**1.44**	–
- Financial Assumptions	**8.14**	3.43
- Experience Adjustments	**(2.58)**	6.17
	0.50	10.47
Re-measurement on the net defined benefit liability:		
Return on plan assets (excluding amount included in net interest expense)	**(6.50)**	0.87
Actuarial gains and loss arising from changes in financial assumptions	**8.14**	3.43
Actuarial gains and loss arising from experience adjustments	**(2.58)**	6.17
Others (describe)	**–**	–
- Demographic Assumptions	**1.44**	–

		Rs. in Lakhs
Particulars	**Funded Plan**	
	Gratuity	
	2020	2019
Acturial gains and loss arising from components of defined benefit costs recognised in other comprehensive income	**0.50**	10.47
Total	**28.15**	36.61
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31 March	**302.38**	261.30
2. Fair value of plan assets as at 31 March	**277.30**	245.20
3. Surplus/(Deficit)	**(25.08)**	(16.09)
4. Current portion of the above	**–**	–
5. Non current portion of the above	**(25.08)**	(16.09)
II. Change in the obligation during the year		
1. Present value of defined benefit obligation at the beginning of the year	**261.30**	235.88
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer	**–**	–
3. Expenses Recognised in Profit and Loss Account	**–**	–
- Current Service Cost	**27.55**	26.86
- Interest Cost	**15.69**	16.20
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
- Actuarial Gain (Loss) arising from:		
- Demographic Assumptions	**1.44**	–
- Financial Assumptions	**8.14**	3.43
- Experience Adjustments	**(2.58)**	6.17
5. Benefit payments	**(9.16)**	(27.24)
6. Present value of defined benefit obligation at the end of the year	**302.38**	261.30
III. Change in fair value of assets during the year		
1. Fair value of plan assets at the beginning of the year	**245.20**	240.32
2. Adjustment to Opening Fair Value of the Asset	**–**	(2.35)
3. Expenses Recognised in Profit and Loss Account	**–**	–
- Expected return on plan assets	**15.59**	16.91
4. Recognised in Other Comprehensive Income	**–**	–
Remeasurement gains/(losses)	**–**	–
- Actual Return on plan assets in excess of the expected return	**6.50**	(0.87)
- Others (specify)	**–**	–

Rs. in Lakhs

Particulars	Funded Plan Gratuity 2020	2019
5. Contributions by employer (including benefit payments recoverable)	**10.00**	–
6. Benefit payments	**–**	(8.80)
7. Fair value of plan assets at the end of the year	**277.29**	245.20
IV. The Major categories of plan assets		
- Funds Managed By Insurer (LIC of India)	**277.29**	245.20
V. Actuarial assumptions		
1. Discount rate	**5.59%**	6.65%
2. Salary escalation	**5.36%**	5.70%

The sensitivity analysis of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. in Lakhs

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	2020	1.00%	12.22	13.34
	2019	1.00%	8.75	9.41
Salary growth rate	2020	1.00%	12.23	11.41
	2019	1.00%	8.40	7.95

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs. 25.08 lakhs to the gratuity trusts during the next financial year of 2020.

Rs. in Lakhs

Maturity profile of defined benefit obligation:	2020	2019
Within 1 year	**60.79**	51.30
1 - 2 year	**47.37**	59.87
2 - 3 year	**35.15**	42.70
3 - 4 year	**35.26**	31.19
4 - 5 year	**35.36**	28.59
5 - 10 year	**112.84**	87.06

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTE NO. 30 - RELATED PARTY DISCLOSURES

Name of the parent Company	Relationship
Mahindra and Mahindra Ltd.	Parent Company
Other related parties with whom transaction have been undertaken	
Mahindra Logistics Ltd.	Fellow subsidiary
Mahindra Susten Pvt Ltd.	Fellow subsidiary
Mahindra Agri Solutions Ltd.	Fellow subsidiary
Mahindra Lifespace Developers Ltd.	Fellow subsidiary
Mahindra Integrated Business Solutions Pvt Ltd.	Fellow subsidiary
Mahindra and Mahindra Ltd -Swaraj	Fellow subsidiary
Mahindra World City (Jaipur) Limited	Joint Venture of Parent
Mahindra Top Greenhouses Private Limited	Joint Venture
Mr. Ashok Sharma	Key Management Personnel (Managing Director)
Mr. Abhijit Page	Key Management Personnel (Chief Executive Officer) w.e.f. April 02, 2020
Ms. Sunetra Ganesan	Key Management Personnel (Chief Financial Officer)
Mr. Sanjeev Mohoni	Key Management Personnel (Chief Executive Officer) upto April 01, 2020

Details of transaction between the Company and its related parties are disclosed below:

Rs. in Lakhs

Nature of transactions with Related Parties	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of goods		
Mahindra Lifespace Developers Ltd.	**–**	2.85
Mahindra Susten Pvt Ltd.	**–**	–
Mahindra World City Jaipur Limited	**1.00**	1.40
Mahindra & Mahindra South Africa (Pty.) Ltd.	**–**	–
Mahindra and Mahindra Ltd -Swaraj	**3.09**	20.53
Mahindra Top Greenhouses Private Limited	**26.71**	25.92
Purchase of Goods /Services /Cars		
Mahindra & Mahindra Ltd.	**9.09**	–
Mahindra Top Greenhouses Private Limited	**0.28**	–
Investment in Equity Shares of Joint Venture		
Mahindra Top Greenhouses Private Limited	**–**	180.00
Interest on Inter Corporate Deposits		
Mahindra and Mahindra Ltd.	**12.21**	21.02
Remuneration		
Mr. Ashok Sharma	**24.00**	24.00*
Mr. Sanjeev Mohoni	**149.93**	124.99*
Ms. Sunetra Ganesan	**64.22**	56.48

Rs. in Lakhs

Nature of transactions with Related Parties	For the year ended March 31, 2020	For the year ended March 31, 2019
Management contract fees expenses (Including for deputation of personnel)		
Mahindra and Mahindra Limited	**188.75**	190.42
Mahindra Logistics Limited	**4.11**	4.11
Management contract fees income (Including for deputation of personnel)		
Mahindra Top Greenhouses Private Limited	**100.16**	18.35
Travelling Expense		
Mahindra and Mahindra Limited	**0.69**	0.91
Business Support Services		
Mahindra Agri Solutions Ltd.		100.00
Reimbursement of Expenses to		
Mahindra and Mahindra Limited	**25.69**	1.48
Reimbursement of Expenses from		
Mahindra Top Greenhouses Private Limited	**13.97**	7.29
Mahindra Agri Solutions Ltd.	**–**	1.42
Professional Fees		
Mahindra and Mahindra Limited	**61.64**	92.54
Mahindra Integrated Business Solutions Pvt Ltd.	**2.60**	4.02
Credit Note given for Expenses		
Mahindra Susten Pvt Ltd.	**–**	34.33

Nature of Balances with Related Parties	As at March 31, 2020	As at March 31, 2019
Trade payables		
Mahindra and Mahindra Limited	**164.91**	167.68
Mahindra Integrated Business Solutions Pvt Ltd.	**0.28**	0.51
Mahindra Agri Solutions Ltd.	**–**	9.00
Mahindra Top Greenhouses Private Limited	**–**	21.81
Mahindra Logistics Limited	**0.40**	0.40
Trade Receivables		
Mahindra and Mahindra Limited	**–**	13.42
Mahindra Agri Solutions Ltd.	**–**	3.59
Mahindra Lifespace Developers Ltd.	**2.68**	16.95
Mahindra World City (Jaipur) Limited	**27.16**	40.54
Mahindra Top Greenhouses Private Limited	**66.03**	60.75
Investments		
Investment in Joint Venture - Mahindra Top Greenhouses Private Limited	**180.00**	180.00

* Company has incurred Rs. 173.93 lakhs (March 31, 2019 Rs. 148.99 lakhs) for key managerial personnel services provided by Mahindra and Mahindra Limited.

Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

Rs. in Lakhs

Particulars	**Year ended March 31, 2020**				Year ended March 31, 2019			
	Directors	**Managing Director**	**Chief Executive Officer**	**Chief Financial Officer**	Directors	Managing Director	Chief Executive Officer	Chief Financial Officer
Remuneration	**–**	**24.00**	**149.93**	**64.22**	–	24.00	124.99	56.48
Fees for attending board committee meetings	**7.40**	**–**	**–**	**–**	7.30	–	–	–
Commission to independent directors	**15.00**	**–**	**–**	**–**	16.94	–	–	–
Legal Services	**0.53**	**–**	**–**	**–**	–	–	–	–
Share-based payment	**–**	**–**	**–**	**–**	–	–	–	–

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. Post employment benefits accounted as per actuarial valuation.

NOTE NO. 31 - CONTINGENT LIABILITIES AND COMMITMENTS

Rs. in Lakhs

	Contingent liabilities (to the extent not provided for)	As at March 31, 2020	As at March 31, 2019
	Contingent liabilities		
(a)	Claims against the Company not acknowledged as debt	**32.31**	31.15
(b)	Interest on account of commitment to Export, under Export Promotion Capital Goods Scheme	**13.26**	19.18
(c)	Demands against the Company, relating to issues of deductibility and taxability in respect of which the company is in appeal / Department is in appeal		
	Excise Duty:	**43.88**	43.88
(d)	Non-current non-financial asset includes refund claim made for excise duty paid under protest consequent upon the judicial pronouncement made by CESTAT in favour of the Company, which was disputed by the department before higher authorities	**166.79**	166.79
	The Commissioner (Appeals), Central Excise and Customs, Nashik has sanctioned the claim on merit but taking recourse to the principle of "Unjust Enrichment" has ordered the claim to be transferred to the credit of the "Consumer Welfare Fund".		
	The Company had filed an appeal against the order. On hearing the appeal the Hon' CESTAT, Mumbai remanded back the case to the adjudicating authorities to examine the issue afresh. The Adjudicating Authority issued a Show Cause Notice and after personal hearing passed an order rejecting the claim without following the guidelines given by the Hon' CESTAT.		
	The Company had filed an appeal against the order with the Commissioner (Appeals), Central Excise & Customs, Nashik. The order Passed by the Commissioner (Appeals), Central Excise & Customs, Nashik is similar to order as given in order in appeal. The Company has filed an appeal to CESTAT Mumbai and no hearing has happened thereafter. The Claim is still tenable, no provision has been considered.		
(e)	Determination of Turnover ignoring return filed 15-16- VAT/ CST / Entry Tax M P state Ex-party Assement by Dy .Comm .VAT Audit Wing at Bhopal since they found the Bhopal premises vacated Appeal filed and rehearing is ordered by Appellate Authority vide order dated 07/09/2018.	**301.91**	301.91
(f)	Determination of Turnover ignoring return filed 12-13 VAT/ CST / Entry Tax C G state Ex-party Assessment by ,VAT Comm Appeal filed.	**–**	7.56
(g)	Determination of demand ignoring CST return filed for F.Y. 13-14	**9.47**	9.47
(h)	Determination of Turnover ignoring return filed 14-15 VAT/ CST / Entry Tax C G state	**9.86**	–
(i)	Income Tax demand for A.Y. 17-18 against the Company, relating to issues of deductibility and taxability in respect of which the company is in appeal.	**113.31**	113.31
(j)	Income Tax demand for A.Y. 12-13 u/s section 143(3) r.w.s. 147 against the Company, relating to issues of deductibility and taxability in respect of which the Company is in appeal.	**215.72**	–

Note: In respect of items mentioned above, till the matters are finally decided, the timing of outflows of economic benefits cannot be ascertained.

NOTE NO. 32 - COMMITMENTS

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for in respect of Tangible assets.	**6.68**	42.67

NOTE NO. 33

In February 2019, Supreme Court of India in its judgement opined on the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and therefore has currently not considered any probable obligations for past periods. Accordingly, the Company has made a provision for provident fund contribution from the date of the Supreme Court order.

NOTE NO. 34

The Board has recommended a dividend of Rs.1.20 per equity share, subject to the approval of shareholders of the Company at the forthcoming Annual General Meeting.

NOTE NO. 35 - EVENT OCCURING AFTER THE REPORTING PERIOD

No material events have occured between the Balance sheet date and before the approvals of financials statements by Board of Directors.

NOTE NO. 36 - APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company were approved by the Board of Directors and authorised for issue on May 14, 2020.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Kedar Raje
Partner

Place: Mumbai
Date: May 14, 2020

For and on behalf of the Board of Directors

Ashok Sharma
Managing Director
DIN-2766679
Place: Mumbai

Anand Daga
Director
DIN-696171
Place: Nashik

Abhijit Page
Chief Executive Officer
Place: Nashik

Sunetra Ganesan
Chief Financial Officer
Place: Nashik

R. V. Nawghare
Company Secretary
Place: Nashik

Date: May 14, 2020

INDEPENDENT AUDITOR'S REPORT

To The Members of Mahindra Top Greenhouses Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Mahindra Top Greenhouses Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report, but does not include the financial statements and our auditor's report thereon
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work, we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) Reporting on the adequacy of Internal Financial Control Over Financial Reporting of the Company and the operating effectiveness of such controls, under section 143(3)(i) of the Act is not applicable in view of the exemption available to the Company in terms of the notification no. G.S.R. 583(E) dated 13 June 2017 issued by the Ministry of Corporate Affairs, Government of India, read with general circular No. 08/2017 dated 25 July 2017.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

      In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration not applicable.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position in its financial statement in accordance with the generally accepted accounting practices.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For, **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117346W)

Kedar Raje
Partner
(Membership No. 102637)
UDIN: 20102637AAAAAW9796

Place: Mumbai
Date: May 7, 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) The Company does not have any fixed assets and hence reporting under clause (i) of the CARO 2016 is not applicable.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees which are covered under the provisions of sections 185 and 186 of the Companies Act, 2013 and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year hence the directive issued by Reserve Bank of India and the provisions of Section 73 and 76 or any other relevant provisions of Companies Act, 2013 and rules framed thereunder are not applicable to the company and hence reporting under clause (v) of the CARO 2016 is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 However the company's operations were below the limits specified under the Companies (Cost Records and Audit) Rules, 2014 hence reporting under clause (vi) of CARO 2016 is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Income-tax, good and services tax and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, goods and service tax and other material statutory dues in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, good and service Tax and other material statutory dues applicable to company as on 31st March, 2020 on account of disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) The company is a private company and hence the provisions of Section 177 and second proviso to the section 188 (1) of the Companies Act, 2013 are not applicable to the company. The company has complied with the other provision of section 188 where applicable, as regards the transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For, **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117346W)

Kedar Raje
Partner
(Membership No. 102637)
UDIN: 20102637AAAAAW9796

Place: Mumbai
Date: May 7, 2020

BALANCE SHEET AS AT MARCH 31, 2020

Rs. in Lakhs

	Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
	ASSETS			
I	**NON-CURRENT ASSETS**			
	(a) Income Tax Assets (Net)		**1.10**	–
	Total Non-Current Assets		**1.10**	–
II	**CURRENT ASSETS**			
	(a) Inventories	2	**40.27**	15.30
	(b) Financial Assets			
	(i) Trade Receivables	6	**63.81**	–
	(ii) Cash and Cash Equivalents	3	**190.94**	326.54
	(iii) Other Financial Assets	4	**14.99**	1.28
	(c) Other Current Assets	5	**21.27**	6.37
	Total Current Assets		**331.28**	349.49
III	**Total Assets**		**332.38**	349.49
	EQUITY AND LIABILITIES			
IV	**EQUITY**			
	(a) Equity Share Capital	7	**300.00**	300.00
	(b) Other Equity		**(66.05)**	(24.94)
	Total Equity		**233.95**	275.06
	LIABILITIES			
V	**NON-CURRENT LIABILITIES**			
	(a) Provisions		**0.92**	–
	Total Non-Current Liabilities		**0.92**	–
VI	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Trade Payables			
	a) total outstanding dues of micro and small enterprises		**–**	
	b) total outstanding dues of creditors other than micro and small enterprises	8	**88.96**	47.72
	(b) Provisions	9	**1.82**	0.07
	(c) Other Current Liabilities	10	**6.73**	26.64
	Total Current Liabilities		**97.51**	74.43
VII	**Total Liabilities (V+VI)**		**98.43**	74.43
VIII	**Total Equity and Liabilities (IV+VII)**		**332.38**	349.49
	See accompanying notes to the financial statements	1-23		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Kedar Raje
Partner
Membership No. 102637

Sunetra Ganesan
Chief Financial Officer

Sanjeev Mohoni
Director
DIN-08089081

Amiram Regev
Director
DIN-08280833

Place : Mumbai
Date : May 7, 2020

Place : Nashik
Date : May 7, 2020

Place : Nashik
Date : May 7, 2020

Place : Israel
Date : May 7, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Rs. in Lakhs

	Particulars	Note No.	For the year ended March 31, 2020	For the period November 16, 2018 to March 31, 2019
I	Revenue from operations	11	**383.69**	18.77
II	Other Income	12	**9.89**	1.25
III	**Total Income (I + II)**		**393.58**	20.02
IV	**EXPENSES**			
	(a) Purchases of Stock-in-trade	12 (a)	**245.75**	25.92
	(b) Changes in inventories of stock-in-trade	12 (b)	**(24.97)**	(15.30)
	(c) Finance costs	15	**0.10**	–
	(d) Other expenses	13	**213.81**	34.34
	Total Expenses (IV)		**434.69**	44.96
V	**Loss before tax (III – IV)**		**(41.11)**	(24.94)
VI	**Tax Expense**		**–**	–
VII	**Loss after tax for the period from continuing operations (V – VI)**		**(41.11)**	(24.94)
VIII	**Other comprehensive income**		**–**	–
IX	**Loss for the period attributable to owners of the Company (VII+VIII)**		**(41.11)**	(24.94)
X	**Earnings per equity share**			
	Basic and Diluted (Face value Rs.10 per share)	14	**(1.37)**	(0.83)
	See accompanying notes to the financial statements	1-23		

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Amiram Regev
Director
DIN-08280833

Place : Mumbai
Date : May 7, 2020

Place : Nashik
Date : May 7, 2020

Place : Nashik
Date : May 7, 2020

Place : Israel
Date : May 7, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

Particulars		For the Year ended March 31, 2020	Rs. in Lakhs For the period November 16, 2018 to March 31, 2019
Loss before tax for the period		**(41.11)**	(24.94)
Adjustments for:			
Finance costs recognised in profit or loss		**0.10**	–
Interest Income recognised in profit or loss		**(9.89)**	(1.25)
		(50.90)	(26.19)
Movements in working capital:			
(Increase) in trade receivables		**(63.81)**	–
(Increase) in inventories		**(24.97)**	(15.30)
(Increase)/Decrease in other Non current assets		**(12.90)**	–
(Increase) in other current assets		**(14.90)**	(7.57)
Increase in trade payables		**41.24**	47.72
Increase in provisions		**2.57**	0.07
Increase/(Decrease) in other current liabilities		**(19.91)**	26.64
		(92.68)	51.56
Cash (used)/generated in operations		**(143.58)**	25.37
Income taxes paid (net)		**(1.10)**	–
Net cash generated from (used in) in operating activities		**(144.68)**	25.37
Cash flows from investing activities			
Interest received		**9.08**	1.17
Net cash generated from investing activities		**9.08**	1.17
Cash flows from financing activities			
Proceeds from issue of equity instruments		**–**	300.00
Net cash generated from financing activities		**–**	300.00
Net Increase in cash and cash equivalents		**(135.60)**	326.54
Cash and cash equivalents at the beginning of the period		**326.54**	–
Cash and cash equivalents at the end of the period		**190.94**	326.54
See accompanying notes to the financial statements	1-23		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Kedar Raje
Partner
Membership No. 102637
Place : Mumbai
Date : May 7, 2020

Sunetra Ganesan
Chief Financial Officer
Place : Nashik
Date : May 7, 2020

Sanjeev Mohoni
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DIN-08089081
Place : Nashik
Date : May 7, 2020

Amiram Regev
Director
DIN-08280833
Place : Israel
Date : May 7, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

Rs. in Lakhs

A. Equity share capital	**No. of Equity Shares**	**Total**
Balance at the beginning of the reporting period	–	–
Changes in equity share capital during the period November 16, 2018 to March 31, 2019	–	–
Issue of equity shares	30,00,000	300.00
As at March 31, 2019	**30,00,000**	**300.00**
Changes in equity share capital during the year		
Issue of equity shares	–	–
As at March 31, 2020	**30,00,000**	**300.00**

B. Other Equity

Rs. in Lakhs

Particulars	**Retained Earnings**	**Total**
Balance at the beginning of the reporting period	**–**	**–**
Loss for the year	(24.94)	(24.94)
Balance as at March 31, 2019	**(24.94)**	**(24.94)**
Loss for the year	(41.11)	(41.11)
Balance as at March 31, 2020	**(66.05)**	**(66.05)**

See accompanying notes to the financials statements. 1-23

In terms of our report attached

For Deloitte Haskins & Sells
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Kedar Raje
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Amiram Regev
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Place : Mumbai
Date : May 7, 2020

Place : Nashik
Date : May 7, 2020

Place : Nashik
Date : May 7, 2020

Place : Israel
Date : May 7, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note No. 1 – General information and Significant accounting policies

A. Corporate Information

Mahindra Top Greenhouses Private Limited was incorporated on November 16, 2018 under the Companies Act, 2013. It is engaged in the business of Protected cultivation Technology products. The Company is a joint venture of Mahindra EPC Irrigation Limited and Top Greenhouses Ltd., Israel.

The operations of the Company were suspended from March 24, 2020, following countrywide lockdown due to COVID-19. Based on the assessment of the impact of COVID-19 on the operations of the Company, the Management is expecting to resume operations as soon as movement of people is feasible. The Management has evaluated the recoverability of receivables and realisability of inventories based on subsequent recoveries and customer orders on hand respectively. The impact of COVID-19 may be different from that estimated as at the date of approval of these financial results and the Company will continue to closely monitor the developments.

B. Statement of compliance

i) The financial statements have been prepared in accordance with IND ASs notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

ii) As the company was incorporated on November 16, 2018 the comparative information is not for an equivalent period.

C. Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

D. Functional and presentation currency

These financial statements are presented in Indian Rupees (‘Rupees’) which is also the Company’s functional currency. All amounts are rounded-off to the nearest rupee in lakhs (two decimals), unless otherwise indicated.

E. Recent Indian Accounting Standards

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020

F. Inventories:

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition and are stated at lower of cost and net realisable value.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost is determined on the basis of the weighted average method.

G. Revenue recognition:

The Company recognises revenue from the following major sources:

a) Sale of Products; and

b) Sale of services.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

a) Sale of Products

The company sells Protected Cultivation Technology Products and Kits. Sales-related warranties associated the products cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Company accounts for warranties in accordance with IND AS 37 Provisions, Contingent Liabilities and Contingent Assets (refer note 8).

A receivable is recognised by the Company when the goods are delivered to the customer installation acknowledged by the farmers or delivery of the Kits to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

b) Sale of Services

Revenue relating to the services is recognised at a point in time.

H. Other income:

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

These income are recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably.

I. Leases:

The company does not have any lease which are covered under Ind AS 116 Leases.

J. Product Warranty:

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are reviewed and revisions are made as required.

K. Taxes on income:

- Current Tax

  Income Taxes are accounted for in accordance with IND AS-12. Tax expenses comprise both current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act 1961, and other applicable tax laws.

- Deferred Tax

  Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

  The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (contd.)

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

L. Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities and assets are not recognised but are disclosed in the notes.

M. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the company. The CODM operation of the company reviews the operation of the company as Protected Cultivation Technology Products.

N. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Classification of financial assets:</u>

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

<u>Financial assets at fair value through profit or loss (FVTPL)</u>

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item.

<u>Impairment of financial assets</u>

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

<u>Derecognition of financial assets</u>

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

<u>Financial liabilities subsequently measured at amortised cost:</u>

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

<u>Derecognition of financial liabilities:</u>

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

O. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on going basis. Revisions to estimates are recognised prospectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (contd.)

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

- Provision for warranty claims
- Going Concern (Refer Note 21)

Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment within the next financial year is included in relevant notes for the above items.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

P. Foreign Exchange Transactions:

In preparing the financial statements transactions in other than the company's functional currency are recorded at the exchange rates prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that rate. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be. Non - Monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Note No. 2 – Inventories (Refer Note 1F)
[Lower of cost and net realisable value]

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Stock-in-trade of goods acquired for trading (Lying with a third party Rs. 0.98 Lakhs, Previous Year Rs. 15.30 Lakhs)	**40.27**	15.30
Total	**40.27**	15.30

Inventories are valued considering provision for allowance for obsolescence, inventory carrying risk and delayed in usage in view of lower off-take in present situation. In addition, we have reviewed the likelihood of reduction in sales price and cancellation of orders, due to Covid-19. This is based on an assessment considering the orders in hand, product demand, expected price trend and sales plan. Based on the above assessment, the Company is of the view that the carrying amounts of inventories are expected to be realisable

Note No. 3 – Cash and Bank Balances

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
Balance with bank		
- Current Accounts	**40.94**	6.54
- Fixed Deposits with original maturity less than 3 months	**150.00**	320.00
Total Cash and cash equivalents	**190.94**	326.54

Note No. 4 – Other Financial Assets

Rs. in Lakhs

Particulars	As at March 31, 2020 Current	As at March 31, 2020 Non-Current	As at March 31, 2019 Current	As at March 31, 2019 Non-Current
Security deposits	**14.10**	–	–	–
Interest accrued on Fixed Deposits	**0.89**	–	0.08	–
Other Receivables	–	–	1.20	–
Total	**14.99**	–	1.28	–

Note No. 5 – Other Non Financial Assets

Rs. in Lakhs

Particulars	As at March 31, 2020 Current	As at March 31, 2020 Non-Current	As at March 31, 2019 Current	As at March 31, 2019 Non-Current
(a) Prepayments	**0.22**	–	0.20	–
(b) Balances with government authorities		–		–
(i) GST credit receivable	**15.52**	–	2.74	–
(c) Others				
(i) Advance to Creditors				
Considered Good	**5.53**	–	3.43	–
Total	**21.27**	–	6.37	–

Note No. 6 – Trade Receivables (Refer Note 17)

Rs. in Lakhs

Particulars	As at March 31, 2020 Current	As at March 31, 2020 Non-Current	As at March 31, 2019 Current	As at March 31, 2019 Non-Current
Unsecured, considered good	**63.81**	–	–	–
Less: Allowance for doubtful debts (expected credit loss)	–	–	–	–
Total	**63.81**	–	–	–

Trade receivables are valued considering likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of industries, impact immediately seen in the demand outlook of these industries and the financial strength of the customers in respect of whom amounts are receivable.

Note No. 7 – Equity Share Capital

Particulars	As at March 31, 2020 No. of shares	As at March 31, 2020 Rs. in Lakhs	As at March 31, 2019 No. of shares	As at March 31, 2019 Rs. in Lakhs
Authorised				
Equity shares of Rs. 10 each	**30,00,000**	**300.00**	30,00,000	300.00
Issued				
Equity shares of Rs. 10 each	**30,00,000**	**300.00**	30,00,000	300.00
Subscribed and fully paid up				
Equity shares of Rs. 10 each	**30,00,000**	**300.00**	30,00,000	300.00
Total	**30,00,000**	**300.00**	30,00,000	300.00

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Rs. in Lakhs

Particulars		Opening Balance	Issued during the year	Closing Balance
March 31, 2019	**No. of Shares**	30,00,000	–	30,00,000
	Amount	300.00	–	300.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (contd.)

Rights, preferences and restrictions attached to equity shares

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Details of shares held by each shareholder

Class of shares/ Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares				
Mahindra EPC Irrigation Limited (Formerly known as EPC Industrie Limited)	**1,800,000**	**60.00%**	1,800,000	60.00%
Top Greenhouses Limited, Israel	**1,200,000**	**40.00%**	1,200,000	40.00%

Note No. 8 – Trade Payables

Rs. in Lakhs

Particulars	**As at March 31, 2020**	As at March 31, 2019
Current		
Trade payable - Micro and small enterprises	**–**	–
Trade payable - Other than micro and small enterprises	**88.96**	47.72
Total	**88.96**	47.72

Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as below:

(a)	Dues remaining unpaid as at March 31, 2020		
	Principal	**–**	–
	Interest on the above	**–**	–
(b)	Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the period	**–**	–
	Principal paid beyond the appointed date	**–**	–
	Interest paid in terms of Section 16 of the Act	**–**	–
(c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the period	**–**	–
(d)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**–**	–
(e)	Amount of interest accrued and remaining unpaid as at March 31, 2020	**–**	–
	Due to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		

Note No. 9 – Provisions

Rs. in Lakhs

Particulars	**As at March 31, 2020**		As at March 31, 2019	
	Current	**Non-Current**	Current	Non-Current
Other Provisions				
Warranty	**1.82**	**0.92**	0.07	–
Total	**1.82**	**0.92**	0.07	–

Details of movement in Warranty Provisions is as follows:

Particulars	**(Rs. in Lakhs)**
Balance at the beginning	**0.07**
Additional provisions recognised	3.65
Amounts used during the year	0.99
Unused amounts reversed during the year	–
Balance at March 31, 2020	**2.74**

Warranty Claims:

Provision for warranty represents present value of management's best estimate of the future outflow of economic benefits that will be required in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. Management estimates the related provision for future warranty claims based on historical warranty claim information of shareholders entities past experience and is adjusted regularly to reflect new information. The products are generally covered under a free warranty period ranging from 1 year to 3 years. It is expected that most of these costs will be incurred in the next two financial years and all will have been incurred within 3 years after the reporting date.

Note No. 10 – Other non - financial Liabilities

Rs. in Lakhs

	Particulars	**As at March 31, 2020**		As at March 31, 2019	
		Current	**Non-Current**	Current	Non-Current
(a)	Advances received from customers	**5.07**	–	24.49	–
(b)	Statutory dues				
	- taxes payable (other than income taxes)	**1.03**	–	2.15	–
(c)	Security Deposits	**0.63**	–	–	–
Total		**6.73**	–	26.64	–

Note No. 11 – Revenue from Operations (Refer Note 17)

Rs. in Lakhs

	Particulars	**For the year ended March 31, 2020**	For the period November 16, 2018 to March 31, 2019
(a)	Revenue from sale of Greenhouse products	**314.99**	14.92
(b)	Revenue from rendering of services	**68.70**	3.85
Total		**383.69**	18.77

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (contd.)

The Company is engaged in the business of Protected Cultivation Technology Products. In terms of Ind AS 115, the Company is recognizing the revenue as and when it satisfies the performance obligation by transferring promised services to customer and customer obtains the benefit of the same. Hence the Company recognises revenue at a point in time. The effect on adoption of Ind AS 115 does not have any material impact on the financial statements of the Company.

Note No. 12 – Other Income

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the period November 16, 2018 to March 31, 2019
Interest Income		
Bank deposits	9.89	1.25
Total	**9.89**	1.25

Note No. 12 (a) – Purchase of traded goods

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the period November 16, 2018 to March 31, 2019
Opening stock	–	–
Add: Purchases (refer note 17)	245.75	25.92
	245.75	25.92
Less: Closing stock	–	–
Cost of materials consumed	**245.75**	25.92

Note 12 (b) Changes in inventories of stock-in-trade

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the period November 16, 2018 to March 31, 2019
Inventories at the end of the period:		
Stock-in-trade	40.27	15.30
	40.27	15.30
Inventories at the beginning of the period:		
Stock-in-trade	15.30	–
	15.30	–
Net (increase)	**(24.97)**	(15.30)

Note No. 13 – Other Expenses (Also refer with Note 17)

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the period November 16, 2018 to March 31, 2019
Rent including lease rentals	6.06	0.82
Insurance	0.97	0.04
Repairs and maintenance - Others	1.30	0.13
Commission on sales	3.15	–
Freight outward	2.89	0.45
Travelling and Conveyance Expenses (Net)	26.74	0.84
Subcontracting, Hire and Service Charges	1.01	–
Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	2.00	1.00
Legal and other professional costs (Net)	100.83	23.64
Site Expenses	62.87	2.77
Warranty Claim	3.94	0.07
Registration Charges	–	4.35
Other General Expenses	2.05	0.23
Total Other Expenses	**213.81**	34.34

Note No. 14 – Earnings per Share

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the period November 16, 2018 to March 31, 2019
Loss for the year for basic and diluted EPS (Rs. in Lakhs)	**(41.11)**	(24.94)
Weighted average number of Equity shares used in computing basic EPS	3,000,000	3,000,000
Weighted average number of equity shares used in computing of diluted EPS	3,000,000	3,000,000
Basic and Diluted Earnings per share (Rs.) (Face value of Rs. 10 per share)	**(1.37)**	(0.83)

Note No. 15 – Finance Cost

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the period November 16, 2018 to March 31, 2019
(a) Other borrowing cost		
Unwinding of discount on provisions	0.10	–
Total finance costs	**0.10**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (contd.)

Note No. 16 – Financial Instruments

I Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern.

– to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Rs. in Lakhs

Particulars	March 31, 2020	March 31, 2019
Equity	**233.95**	275.06
Less: Cash and cash equivalents	**(190.94)**	(326.54)
	43.01	(51.48)

II Categories of financial assets and financial liabilities

Rs. in Lakhs

Particulars	As at March 31, 2020 Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Trade Receivables	**63.81**	–	–	**63.81**
Cash and Cash Equivalents	**190.94**	–	–	**190.94**
Other Financial Assets	**14.99**	–	–	**14.99**
Current Liabilities				
Trade Payables	**88.96**	–	–	**88.96**

Rs. in Lakhs

Particulars	As at March 31, 2019 Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Cash and Cash Equivalents	326.54	–	–	326.54
Other Financial Assets	1.28	–	–	1.28
Current Liabilities				
Trade Payables	47.72	–	–	47.72

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay, resulting in financial loss to the Company. For parties credit limits are set quarterly. The Company has adopted a policy of only dealing with creditworthy parties and obtaining security cheques, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and credit worthiness of such parties are continuously monitored.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short - medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Note No. 17 – Related Party Disclosures

Name of the Company	Relationship
Mahindra EPC Irrigation Limited (Formerly known as EPC Industrie Limited)	JV Partner
Top Greenhouses Limited	JV Partner
Top Greenhouse Technologies Private Limited	A Subsidiary of Top Greenhouses Limited

Key Managerial Personnel
Meghnad Mitra
Sanjeev Shyamkant Mohoni
Asaf Elyahu
Amiram Regev

Details of transaction between the Company and its related parties are disclosed below:

Rs. in Lakhs

Nature of transactions with Related Parties	For the period ended March 31, 2020	For the period November 16, 2018 to March 31, 2019
1. Mahindra EPC Irrigation Limited (Formerly known as EPC Industrie Limited.)		
Issue of Equity Shares	**–**	180.00
Purchases of Goods	**26.71**	25.92
Sale of Goods	**0.28**	–
SAP Configuration Cost	**–**	6.00
Rent including lease rentals	**–**	0.45
Professional Fees	**100.76**	19.19
Reimbursement of expenses	**7.37**	4.58

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020 (contd.)

Rs. in Lakhs

Nature of transactions with Related Parties	For the period ended March 31, 2020	For the period November 16, 2018 to March 31, 2019
2. Top Greenhouses Limited		
Issue of Equity Shares	**–**	120.00
Reimbursement of expenses	**0.34**	–
3. Top Greenhouse Technologies Private Limited		
Professional Cost recovered	**–**	1.02
Reimbursement of expenses	**0.50**	–

Rs. in Lakhs

Nature of Balances with Related Parties	As at March 31, 2020	As at March 31, 2019
Trade payables		
Mahindra EPC Irrigation Limited (Formerly known as EPC Industrie Limited.)	**63.66**	36.72
Other Receivables		
Top Greenhouse Technologies Private Limited	**1.20**	1.20

Note No. 18 – Current Tax and Deferred Tax

The company has incurred loss for the period in books as well as per income tax provisions. Considering the loss, company has carried out the assessment of tax and deferred tax as required and concluded that the impact is negligible. Hence, the impact of the assessment has not been considered for adjustment and disclosures purpose in the financial statements.

Note No. 19 – Segment

The company operates in only one business segment viz Business of Protected cultivation Technology products and services in India. The information reported to chief operating and decision maker(CODM)(viz Board of Director)for the assessment of performance of business and allocation of resources is under this segment. Accordingly, the company has identified the single segment under 108 – Operating segments.

The company's revenues consists of more than 10% from the following customers:

1. Kheyti Technologies Limited

Note No. 20 – Contingent Liabilities and Commitments

There is no Contingent liabilities and Commitments.

Note No. 21 – Going Concern -Assumption

Mahindra Top Greenhouses Private Limited has recorded a loss of Rs. 41.11 Lakhs. (Cumulative Loss Rs.66.05 Lakhs) Based on the business plan for the next 3 years which considers the challenges due to Covid-19, the company has been assessed as a "Going Concern".

Note No. 22 – Event occurring after the Reporting period

No material events have occurred between the Balance sheet date and before the approvals of financials statements by Board of Directors.

Note No. 23 – Approval of financial statements

The financial statement of the company were approved by the Board of Directors and authorised for issue on May 07, 2020.

For and on behalf of the Board of Directors

Sunetra Ganesan	**Sanjeev Mohoni**	**Amiram Regev**
Chief Financial Officer	Director	Director
	DIN-08089081	DIN-08280833
Place : Nashik	Place : Nashik	Place : Israel
Date : May 7, 2020	Date : May 7, 2020	Date : May 7, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA HZPC PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra HZPC Private Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss, statement of cash flows for the year then ended, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and Loss, cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has

adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid/provided managerial remuneration.

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      (i) The Company does not have any pending litigations which would impact its financial position;
      (ii) The Company did not have any long- term contracts including derivative contracts for which there were any material foreseeable losses;
      (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For **B.K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shrish Rahalkar
Partner
Membership No.111212
UDIN:

Mumbai, April 21, 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its Fixed Assets:

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The physical verification of fixed assets of the Company is carried out as per the policy of the Company once in two years. The physical verification of fixed assets have not been carried out by the management during the year. In our opinion, the frequency of verification is at reasonable intervals considering the size of the Company.

c) In our opinion and according to the information and explanations given to us and on the examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) In respects of Inventory:

a) The inventories have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

a) In our opinion, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and nature of its business.

b) The company is maintaining proper records for inventory and discrepancies between the physical stocks and the book stocks, which have been properly dealt with in the books of account, were not material.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the company has not granted any loans or made investments or provided any guarantees or securities to the parties covered under section 185 and 186 of the Companies Act, 2013. Therefore, the requirements of clause 3(iv) of the said Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

(vi) On the basis of information given to us, the Central Government of India, has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act 2013, for any of the products of the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Service tax and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Service tax and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) According the information and explanations given to us and on the basis of the examination of the records of the Company, there are no disputed cases related to income tax, Good and Service tax and other taxes as applicable to the Company, which have not been deposited with the appropriate authorities on account of any dispute as at March 31, 2020.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to Banks. The Company has not taken any loans or borrowings from financial Institutions, and Government. The Company has not issued debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order are not applicable to the Company and not commented upon.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or no material fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.

(xi) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not paid/provided managerial remuneration.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company and hence not commented upon.

(xvi) In our opinion, the Company is not required to be registered under section 45-1 of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For **B.K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shrish Rahalkar
Partner
Membership No. 111212
UDIN:

Mumbai, April 21 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph "f" under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra HZPC Private Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **B.K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shrish Rahalkar
Partner
Membership No.111212
UDIN:

Mumbai, April 21, 2020

BALANCE SHEET AS AT MARCH 31, 2020

Amount in Rs.

Particulars		Note No.	As at March 31, 2020	As at March 31, 2019
	ASSETS			
1	**Non-current assets**			
	(a) Property, Plant and Equipment	1	**174,660,429**	184,308,471
	(b) Capital work-in-progress	2	**624,233**	–
	(c) Other Intangible assets	3	**452,072**	657,647
	(d) Financial Assets			
	(i) Loans	4	**616,091**	487,850
	(e) Deferred tax assets (net)	5	**–**	–
2	**Current assets**			
	(a) Inventories	6	**225,666,136**	172,469,145
	(b) Financial Assets			
	(i) Trade receivables	7	**6,209,244**	19,316,609
	(ii) Cash and cash equivalents	8	**17,372**	1,465,315
	(iii) Bank balances other than (ii) above		**–**	–
	(iv) Loans	9	**1,171,063**	657,253
	(c) Current Tax Assets	10	**174,745**	32,779
	(d) Other current assets	11	**9,647,157**	4,894,359
	Total Assets (1+2)		**419,238,541**	384,289,427
	EQUITY AND LIABILITIES			
1	**Equity**			
	(a) Equity Share capital	12	**418,900,000**	268,900,000
	(b) Other Equity	12.2	**(417,028,819)**	(353,154,888)
	LIABILITIES			
2	**Non-current liabilities**			
	(a) Financial Liabilities			
	(i) Long Term Borrowings	13	**13,035,839**	63,272,877
	(b) Provisions	14	**5,565,378**	5,069,212
3	**Current liabilities**			
	(a) Financial Liabilities			
	(i) Short Term Borrowings	15	**226,012,094**	267,049,089
	(ii) Trade payables	16	**86,525,015**	86,612,395
	(b) Provisions	14	**321,410**	369,254
	(c) Other current liabilities	17	**85,907,625**	46,171,488
Total Equity and Liabilities (1+2+3)			**419,238,541**	384,289,427

See accompanying notes to the financial statements

As per our Report of even date attached

For B K Khare & Co.

Chartered Accountants
Firm Regn. No. 105102W

Shirish Rahalkar

Partner
Membership No. 111212

Place: Mumbai
Date:

For and on behalf of the Board of Directors of

Mahindra HZPC Private Limited

Ashok Sharma

S Durgashankar
Meghnad Mitra
Kuldeep Singh (CFO)

Vibha Swaminathan (CS)
Davinder Singh Dosanjh (CEO)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Amount in Rs.

	Particulars	**Note No.**	**Year ended March 31, 2020**	Year ended March 31, 2019
	Continuing Operations			
I	Revenue from operations	18	**245,706,760**	157,699,500
II	Other Income	19	**6,134**	265,632
III	**Total Income (I + II)**		**245,712,894**	157,965,133
IV	**EXPENSES**			
	(a) Purchases of Stock-in-trade	20 a	**232,597,065**	176,067,351
	(b) Changes in inventories of stock-in-trade and work-in-progress	20 b	**(54,612,898)**	11,284,709
	(c) Cost of Packing materials consumed	20 c	**9,593,405**	3,620,874
	(d) Employee benefit expense	21	**29,806,898**	26,410,955
	(e) Finance costs	22	**25,368,135**	27,979,830
	(f) Depreciation and amortisation expense	1	**12,710,893**	12,316,560
	(h) Other expenses	23	**51,943,326**	64,543,520
	Total expenses (IV)		**307,406,825**	322,223,800
V	**(Loss)/Profit before exceptional items and tax (I - IV)**		**(61,693,931)**	(164,258,667)
VI	**Exceptional Items**		**–**	–
VII	**(Loss)/Profit before tax (V - VI)**		**(61,693,931)**	(164,258,667)
VIII	**Tax expense**			
	(1) Current tax		**–**	–
	(2) Deferred tax	5	**–**	–
	Total tax expense		**–**	–
IX	**(Loss)/Profit before continuing operations (VII - VIII)**		**(61,693,931)**	(164,258,667)
X	**(Loss)/profit for the year**		**(61,693,931)**	(164,258,667)
XI	**Other Comprehensive Income**			
	A (i) Items that will not be recycled to profit or loss			
	(a) Remeasurements of the defined benefit liabilities / (asset)		**405,465**	61,332
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	B (i) Items that may be reclassified to profit or loss		**–**	–
	(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
XII	**Total Comprehensive Income for the year (X + XI)**		**(61,288,466)**	(164,197,335)
XIII	**Earnings per equity share (for continuing operation):**			
	(1) Basic	24	**(1.80)**	(7.70)
	(2) Diluted	24	**(1.80)**	(7.70)

As per our Report of even date attached

For B K Khare & Co.

Chartered Accountants
Firm Regn. No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date:

For and on behalf of the Board of Directors of

Mahindra HZPC Private Limited

Ashok Sharma

S Durgashankar
Meghnad Mitra
Kuldeep Singh (CFO)

Vibha Swaminathan (CS)
Davinder Singh Dosanjh (CEO)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

Amount in Rs.

Particulars	**Year ended March 31, 2020**	Year ended March 31, 2019
A. Cash Inflow/(Outflow) from operating activities		
Loss before tax for the year	**(61,693,931)**	(164,258,667)
Adjustments for:		
Interest expenses on borrowings	**25,368,135**	27,979,830
Depreciation and amortisation of non-current assets	**12,710,893**	12,316,560
Operating Loss before working capital changes	**(23,614,903)**	(123,962,277)
Adjustments for:		
Increase in trade and other receivables	**13,107,365**	10,876,059
(Increase)/decrease in inventories	**(53,196,991)**	9,374,955
(Increase)/decrease in other assets	**(5,536,816)**	8,207,523
Increase/(decrease) in trade and other payables	**39,648,757**	773,265
Increase/(decrease) in provisions	**448,322**	581,509
	(5,529,363)	29,813,310
Cash generated from operations	**(29,144,265)**	(94,148,967)
Income tax paid	**–**	–
Net cash (outflow) by operating activities	**(29,144,265)**	(94,148,967)
B. Cash Inflow/(Outflow) from investing activities		
Purchase of property, plant and equipment	**(3,481,510)**	(1,948,249)
Net cash (outflow) by investing activities	**(3,481,510)**	(1,948,249)
C. Cash Inflow/(Outflow) from financing activities		
Proceeds from issue of equity share capital	**147,820,000**	59,940,000
Proceeds from borrowings	**(91,274,033)**	64,480,043
Finance cost	**(25,368,135)**	(27,979,830)
Net cash inflow from financing activities	**31,177,832**	96,440,213
Net changes in cash and cash equivalents	**(1,447,943)**	342,998
Cash and cash equivalents at the beginning of the year	**1,465,315**	1,122,318
Cash and cash equivalents at the end of the year	**17,372**	1,465,315
	17,372	1,465,315

Note: The above Cash Flow Statement has been prepared under the “Indirect Method” as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow.

As per our Report of even date attached

For **B K Khare & Co.**

Chartered Accountants
Firm Regn. No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date:

For and on behalf of the Board of Directors of

Mahindra HZPC Private Limited

Ashok Sharma

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Meghnad Mitra
Kuldeep Singh (CFO)

Vibha Swaminathan (CS)
Davinder Singh Dosanjh (CEO)

NOTES FORMING PART OF FINANCIAL STATEMENTS

1 Corporate Information

Mahindra HZPC Private Limited (Joint Venture with HZPC) is engaged in the business of contract growing, corporate farming, wholesale, retail trading of potato seeds, minitubers, table potato and processing potato, tissue culture plants and services.

2 Significant Accounting Policies

Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs under section 133 of Companies Act, 2013.

2.1 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except defined benefit plans - plan assets which has been fair valued. The financial statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013. Company's financial statements are presented in Indian Rupees (₹) which is also its functional currency.

2.2 Operating Cycle

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the companies act, 2013 and Ind AS 1 - Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

2.3 Revenue recognition

The Ministry of Corporate Affairs notified Ind AS 115 "Revenue from Contracts with Customers" in respect of accounting periods commencing on or after April 1, 2018, superseding Ind AS 11 "Construction Contracts" and Ind AS 18 "Revenue".

The Company's current revenue recognition policy is aligned to the principles enunciated in Ind AS 115 which is effective from April 1, 2018.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to receive in exchange for those products or services.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

2.3.1 Sale of goods

Revenue from the sale of goods is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration expected to receive in exchange for those products, at which time all the following conditions are satisfied:

- the company has transferred to the buyer the control of promised products to customers;
- the company has identified the contract with customer and performance obligation in the contract;
- the amount of revenue can be measured reliably;
- revenue is recognised when the division satisfy the performance obligation
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.3.2 Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.3.3 Other Income

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

2.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.5 Employee benefits

Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

Post-Employment Benefits

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund, Superannuation Fund and Pension Scheme. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined Benefit Plans

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/ superannuation. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act 1972.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income.

2.5.1 Employee Share based compensation

Certain employees of the company / holding company on deputation are covered under the stock option plans of the holding company. These plans are assessed, managed and administered by the holding company.

NOTES FORMING PART OF FINANCIAL STATEMENTS

The fair value of options granted under the Employee stock Option scheme applicable to eligible employees of the Company is charged in the statement of Profit and loss on a straight line basis over the service period / option vesting period with a corresponding increase in equity net of reimbursements, if any.

2.6 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income or equity.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

2.7 Property, plant and equipment

Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.7.1 Intangible Assets:

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation/depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised. Intangible assets are amortized over the period of five years.

2.7.2 Impairment of non-financial assets - property, plant and equipment and intangible assets:

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets may be impaired. If any such indication exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.8 Inventories

Inventories are valued as follows:

(a) Raw materials & components and stores & spares
At cost, arrived at on FIFO basis or net realizable value, whichever is lower. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition.

(b) Traded goods
At cost arrived at on FIFO basis or net realizable value, whichever is lower. Costs are determined after deducting rebates and discounts. Net relisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and sale.

(c) Agricultural Produce
Agricultural produce is recognized at fair value less costs to sell at the date of harvest. Once harvested, these goods are subsequently accounts for under Ind AS 2 in the same manner as other inventories purchased from third parties.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

2.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.10 Basis for classification of current and Non current assets

The basis for classification of current and non current assets is as per Ind AS 1- Presentation of financial statement

Current and Non current assets

An entity shall classify an asset as current when:

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
(b) it holds the asset primarily for the purpose of trading;
(c) it expects to realise the asset within twelve months after the reporting period; or

NOTES FORMING PART OF FINANCIAL STATEMENTS

(d) the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

Current and Non current liabilities

An entity shall classify a liability as current when:

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

2.11 Foreign Currency Transactions

In preparing the financial statements of entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment or realisation. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

2.12 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.13 Depreciation / amortisation and useful lives of property plant and equipment / intangible assets

Property, plant and equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

2.14 Provisions for doutful debtors

As per applicable credit policy company make a provision for doubtful debtors where outstanding remain unpaid for more than 180 days.

2.15 Biological assets and agricultural produce

The Company's operations include activities which are agricultural in nature and are subject to the recognition, measurements and disclosure requirements of Ind AS 41 - Agriculture. Biological Assets are recognised when the Company controls the assets as a result of past events and it is probable that the future economic benefits associated with the asset will flow to the Company and fair value can be measured reliably. On initial recognition and at the end of each reporting period, the biological assets are measured at fair value less cost to sell. Cost to sell includes the incremental cost to sell including commission to traders, brokers and dealers and estimated cost to transport to the market but excludes finance costs and income taxes. harvested biological assets (i.e. agriculture produce) are transferred to inventory at fair value less costs to sell when harvested.

Cost approximates fair value when little biological transformation has taken place since the costs were originally incurred or the impact of biological transformation on price is not expected to be material. Gains and losses arising on initial recognition of both biological assets and agricultural produce and any subsequent changes in fair value are recognised in the statement of Profit and Loss in the period in which they arise.

Cost for this purpose includes all direct costs incurred up to the stage of production of the respective inventories.

2.16 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.17 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with IND AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of financial statements and the reported amounts of revenues and expenses for the year presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note No. 1 - Property, Plant & Equipment – estimated useful life

Note No. 2 - Intangible assets – impairment and estimated useful life

Note No. 17 - Revenue Recognition – satisfaction of performance obligation and price of the performance obligation.

Note No. 28 - Recoverability of trade receivables and determining provision as per ECL model of the Company.

Note No. 5 Fair value measurements and inventory valuation processes

2.18 Leasing

Company has no significant transactions, all transactions are short term in nature.

2.19 Financial instruments, Financial assets, Financial liabilities and Equity Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial assets

Recognition: Financial assets include Investments, Trade Receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

NOTES FORMING PART OF FINANCIAL STATEMENTS

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.

(b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, Advances, Security Deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits hel d at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in Balance Sheet where there is legally enforceable right to offset the recognised amounts and there is an intension to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

2.20 Going Concern

During the current financial year, the shareholders has infused required equity. The performance of the Company in term of revenue is exceeding the budgeted expectations . Considering the order intake and advance received from the customers for the next financial years, the Company is confident of its ability to meet the future funds requirements and to continue its business as a going concern.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note No. 1 - Tangible Assets

Amount in Rs.

Description of Assets	Land – Freehold	Building	Plant and Equipment	Electrical Installation and Equipment	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
I. Gross Block									
Balance as at April 1, 2019	32,177,030	59,999,982	87,019,461	12,470,342	2,284,146	8,444,669	2,079,962	11,116,811	215,592,403
Additions during the year			1,356,709		7,500	506,700	94,400	891,967	2,857,276
Balance as at March 31, 2020	**32,177,030**	**59,999,982**	**88,376,170**	**12,470,342**	**2,291,646**	**8,951,370**	**2,174,362**	**12,008,778**	**218,449,679**
II. Accumulated depreciation and impairment									
Balance as at April 1, 2019	–	4,519,029	14,547,499	2,960,083	1,014,071	1,850,193	1,218,721	5,174,336	31,283,932
Depreciation/amortisation expense for the year 2019-20		**1,816,978**	**6,127,312**	**1,184,683**	**427,861**	**833,980**	**271,794**	**1,842,710**	**12,505,318**
Balance as at March 31, 2020	–	**6,336,007**	**20,674,811**	**4,144,766**	**1,441,932**	**2,684,173**	**1,490,515**	**7,017,046**	**43,789,250**
Net block (I-II)									
Balance as on March 31, 2019	32,177,030	55,480,952	72,471,962	9,510,259	1,270,074	6,594,476	861,241	5,942,475	184,308,471
Balance as on March 31, 2020	**32,177,030**	**53,663,975**	**67,701,359**	**8,325,576**	**849,713**	**6,267,195**	**683,847**	**4,991,732**	**174,660,429**

Note: Term loan of Rs. 10,00,00,000/- from HDFC bank has been availed on first charge on Aeroponic facility, including fixed and moveable assets, present and future excluding land.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note No. 2 - Capital Work in progress

Amount in Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Plant and Equipment	624,233	–
Total	624,233	–

Note No. 3 - Intangible Assets

Amount in Rs.

Description of Assets	As at March 31, 2020
I. Gross Block	
Balance as at April 1, 2019	1,027,873
Additions	–
Balance as at March 31, 2020	**1,027,873**
II. Accumulated depreciation and impairment for the year	
Balance as at April 1, 2019	370,226
Depreciation/amortisation expense for the year	205,574
Balance as at March 31, 2020	**575,800**
Net block (I-II)	
Balance as on March 31, 2019	657,647
Balance as on March 31, 2020	**452,073**

Note No. 4 - Loans

Amount in Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits		
– Unsecured, considered good	616,091	487,850
Total Loans	**616,091**	487,850

Note No. 5 - Deferred Tax

Amount in Rs.

Particulars	As at March 31, 2020	During the year	As at March 31, 2019
Deferred Tax Liabilities			–
Property, Plant and equipment	8,842,677	819,613	8,023,064
	8,842,677	819,613	8,023,064
Deferred Tax Assets			
Provision for employee benefits	1,530,565	116,564	1,414,001
Provision for doubtful debts/advances	4,853,079	170,783	4,682,296
Carry forward losses and unabsorbed depreciation*	130,475,488	16,489,321	113,986,167
	136,859,131	16,776,667	120,082,464
Reversal of Deferred Tax Assets not cosidering*	128,016,455	15,957,054	112,059,400

* Deferred tax assets on carry forward losses and unabsorbed depreciation is Rs. 13,04,75,488/-. However, it is recognised to the extent of deferred tax liablities on conservative basis.

Note No. 6 - Inventories

Amount in Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Work-in-progress	114,939,338	77,645,307
(b) Stock-in-trade of goods acquired for trading	78,598,209	71,286,301
(c) Agricultural produce (including biological assets)	29,674,620	19,667,662
(d) Packing Material	2,453,968	3,869,875
Total Inventories at the lower of cost and net realisable value	**225,666,136**	172,469,145

Notes

1) The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 17,79,84,167 (March 31 2019: Rs.18,73,52,061)
2) Mode of valuation of inventories is stated in Note 2.8 Accounting Policies.
3) WIP comprises of tubers(seed potatoes) and are valued at cost .

   Inventory comprising of traded as well as company product (grown through contract manufacturing) is valued at Cost or Net Realisable Value (NRV) whichever is lower. Having regard to the nature of business, uncertainties involved, long period time for final sale etc. while arriving at NRV, based on present market conditions and future pricing arrangements management is confident of realising value higher than cost. The auditors have relied upon the representation made by management in this behalf.

Note No. 7 - Trade receivables

Amount in Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
(a) Secured, considered good	–	–
(b) Unsecured, considered good	6,209,244	19,316,609
(c) Doubtful	18,641,041	17,322,007
Less Provision for doubtful debts	(18,641,041)	(17,322,007)
Total Trade Receivables	**6,209,244**	19,316,609
Of the above, trade receivables from:		
– Related parties	–	–
– Others	6,209,244	19,316,609
Total Trade Receivables	**6,209,244**	19,316,609

Note No. 7a - Movement in the allowance for doubtful debts

Amount in Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at beginning of the year - April 1, 2019	17,322,007	7,136,548
Addition during the year	1,319,034	10,185,459
Balance at end of the year - March 31, 2020	**18,641,041**	17,322,007

Note No. 8 - Cash and cash equivalents

Amount in Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Balances with banks	–	1,447,514
(b) Fixed Deposits with maturity less than 3 months	–	–
(c) Cash on hand	17,372	17,801
Total Cash and cash equivalents	**17,372**	**1,465,315**

Note No. 9 - Loans

Amount in Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
a) Security Deposits		
– Unsecured, considered good	–	21,000
Total (A)	–	21,000
b) Other Loans		
– **Staff Advance**		
– Secured, considered good	–	–
– Unsecured, considered good	1,171,063	636,253
– Doubtful		
Less: Allowance for Credit Losses	–	–
Total (B)	**1,171,063**	636,253
Total Loans (A+B)	**1,171,063**	657,253

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note No. 10 - Current Tax Assets (Net)

Amount in Rs.

Particulars	**As at March 31, 2020**	As at March 31, 2019
(a) Advance income tax (net of provisions)	**174,745**	32,779
Total Current Tax Assets (Net)	**174,745**	32,779

Note No.11 - Other current assets

Amount in Rs.

Particulars	**As at March 31, 2020**	As at March 31, 2019
	Current	Current
(a) Capital advances		
(i) For Capital work in progress		
(a) Advances other than capital advances		
(i) Prepaid Expenses	**435,110**	293,493
(ii) Advances to Supplier	**9,212,047**	4,600,866
(iii) For Advances to suppliers considered doubtful	**24,646**	686,823
Less: Provision for doubtful advances	**(24,646)**	(686,823)
Total Other current assets	**9,647,157**	4,894,359

Note No. 12 - Equity Share Capital

Particulars	**As at March 31, 2020**		As at March 31, 2019	
	No. of shares	**Amount (Rs.)**	No. of shares	Amount (Rs.)
Authorised:				
Equity shares of Rs: 10/- each with voting rights	**50,000,000**	**500,000,000**	28,000,000	280,000,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs: 10/- each with voting rights	**41,890,000**	**418,900,000**	26,890,000	268,900,000
Total Equity Share Capital	**41,890,000**	**418,900,000**	26,890,000	268,900,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	**Opening Balance**	**Fresh Issue**	**Closing Balance**
(a) Equity Shares with Voting rights*			
Year Ended March 31, 2020			
No. of Shares	**26,890,000**	**15,000,000**	**41,890,000**
Amount	**268,900,000**	**150,000,000**	**418,900,000**

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Direcors is subject to approval of the shareholders in the ensuing annual general meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) Details of shares held by the holding company

Particulars	**No. of Shares** **Equity Shares with Voting rights**
As at March 31, 2020	
Mahindra Agri Solutions Limited, Holding Company	**25,113,000**
As at March 31, 2019	
Mahindra Agri Solutions Limited, Holding Company	16,120,500

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	**As at March 31, 2020** **Number of shares held**	**% holding in that class of shares**	As at March 31, 2019 Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Agri Solutions Limited	**25,113,000**	**59.95%**	16,120,500	59.95%
HZPC SBDA B.V.	**16,777,000**	**40.05%**	10,769,500	40.05%

Note No. 12.2 - Equity Share Capital and other equity

A. Equity share capital

Amount. in Rs.

Balance as at March 31, 2019	**Changes in equity share capital during 2019-20**	**Balance as at March 31, 2020**
268,900,000	**150,000,000**	**418,900,000**

B. Other Equity

Amount. in Rs.

Particulars	**Reserves and Surplus**			
	Share premium reserve	**Retained earnings**	**Other Comprehensive Income**	**Total**
Balance as at March 31, 2019	68,940,000	(422,413,435)	318,528	(353,154,907)
Share issue expenses	(2,180,000)	–	–	(2,180,000)
Total Comprehensive income for the year	–	(62,099,396)	405,465	(61,693,931)
Balance as at March 31, 2020	**66,760,000**	**(484,512,831)**	**723,993**	**(417,028,838)**

Note No. 13 - Long Term Borrowings

Amount in Rs.

Particulars	**As at March 31, 2020**	As at March 31, 2019
Measured at amortised cost		
A. Secured Borrowings:		
(i) Term Loan from banks	**12,500,000**	62,500,000
(ii) Interest accured but not due	**535,839**	772,877
Total Long Term Borrowings	**13,035,839**	63,272,877

- Term Loan of Rs.10 crores (rate of interest 8.55% p.a.) from HDFC Bank which is secured by way of first charge on Aeroponic facility assets (excluding land) of the Company and the same is repayable in eight equal quarterly installments starting from September 2019.
- Second charge is on current assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note No. 14 - Provisions

Amount. in Rs.

Particulars		As at March 31, 2020			As at March 31, 2019		
		Current	Non-Current	Total	Current	Non-Current	Total
(a)	Provision for employee benefits						
	(1) Compensated absences	**218,272**	**2,182,554**	**2,400,826**	305,304	2,874,456	3,179,760
	(2) Gratuity	**103,138**	**3,382,824**	**3,485,962**	63,950	2,194,756	2,258,706
Total Provisions		**321,410**	**5,565,378**	**5,886,788**	369,254	5,069,212	5,438,466

Note No. 15 - Short Term Borrowings

Amount in Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
A. Secured Borrowings:		
(a) Cash Credit facility from Bank	**163,512,094**	229,549,089
(b) Term Loan	**62,500,000**	37,500,000
Total Short Term Borrowings	**226,012,094**	267,049,089

Note:

1) Cash credit facility is secured by first charge on inventory and debtors.
2) – Term Loan of Rs.10 crore (rate of interest 8.55% p.a.) from HDFC Bank which is secured by way of first charge on Aeroponic facility assets (excluding land) of the Company and the same is repayable in eight equal quarterly installments starting from September 2019.

   – Second Charge is on current assets.

Note No. 16 - Trade Payables

Amount in Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payable for goods & services-others	**79,730,155**	77,886,977
Trade payable-MSME	**773,199**	–
Payable to Related parties	**6,021,661**	**8,725,417**
Total Trade payables	**86,525,015**	86,612,395

Note No. 17 - Other Current Liabilities

Amount in Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
a. Other Advances		
(i) Adance received from customers	**60,967,136**	20,561,938
b. Others		
(ii) Taxes payable (other than income taxes)	**1,551,283**	1,525,834
-Employee Recoveries and Employer Contributions		
(iii) Provision for expenses	**22,958,876**	22,712,263
(iv) Miscellaneous liabilities	**430,330**	**1,371,453**
Total Other Current Liabilities	**85,907,625**	46,171,488

Note No. 18 - Revenue from Operations

Amount in Rs.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Revenue from sale of products	**240,191,885**	155,235,860
(b) Other operating revenue	**5,514,874**	2,463,641
Total Revenue from Operations	**245,706,760**	157,699,500

Note No. 19 - Other Income

Amount in Rs.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Interest Income		
- Interest on bank deposit	**–**	–
(b) Misc. Income	**6,134**	265,632
Total Other Income	**6,134**	265,632

Note No. 20 a - Purchases of stock in trade

Amount in Rs.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Purchases	**232,597,065**	176,067,351
Total Purchases	**232,597,065**	176,067,351

Note No. 20 b - Changes in inventories of finished goods, work-in-progress and stock-in-trade

Amount in Rs.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the end of the year:	**223,212,168**	168,599,270
	223,212,168	168,599,270
Inventories at the beginning of the year:	**168,599,270**	179,883,979
	168,599,270	179,883,979
Net (increase)/decrease in Inventories	**(54,612,898)**	11,284,709

Note No. 20 c - Cost of Packing materials consumed

Amount in Rs.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening stock	**3,869,875**	1,960,121
Add: Purchases	**8,177,498**	**5,530,629**
Less: Closing stock	**2,453,968**	**3,869,875**
Total Cost of packing material consumed	**9,593,405**	3,620,874

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note No. 21 - Employee Benefit Expenses

Particulars		Amount in Rs. **For the year ended March 31, 2020**	For the year ended March 31, 2019
(a)	Salaries and wages	**26,935,889**	23,929,117
(b)	Contribution to provident and other funds	**2,309,384**	2,035,000
(c)	Staff welfare expenses	**561,625**	446,838
Total Employee Benefit Expenses		**29,806,898**	26,410,955

Note No. 21.1 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 11,50,331/- (2019 : Rs. 9,97,307/-) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

Note: Where required by Ind AS 24 an entity discloses information about contributions to defined contribution plans for key management personnel.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Defined benefit plans – as per actuarial valuation on March 31, 2020

Particulars	Amount in Rs. Unfunded Plan Gratuity **2020**	2019
Ia. Expense recognised in the Statement of Profit and Loss for the year ended 31st March:		
1. Current service cost	**646,993**	522,393
2. Interest cost	**174,798**	140,643
Ib. Included in other Comprehensive Income		
1. Actuarial (Gain)/Loss on account of:		
- Financial Assumptions	**403,889**	(109,680)
- Experience Adjustments	**1,576**	170,858
- Demographic Assumptions	**0**	154
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Current Service Cost	**646,993**	522,393
Net interest expense	**174,798**	140,643
Components of defined benefit costs reconised in profit or loss	**821,791**	663,036
Actuarial gains and loss arising form changes in financial assumptions	**403,889**	(109,680)
Actuarial gains and loss arising form experience adjustments	**1,576**	170,858
Actuarial gains and loss arising form demographic assumptions	**–**	154
Componenets of defined benefit costs recognised in other comprehensive income	**405,465**	61,332
Total	**1,227,256**	724,368

Particulars	Amount in Rs. Unfunded Plan Gratuity **2020**	2019
I. Net Asset/(Liability) recognised in the Balance Sheet as at March 31		
1. Present value of defined benefit obligation as at March 31	**3,485,962**	2,258,706
2. Fair value of plan assets as at March 31	**–**	–
3. Surplus/(Deficit)	**(3,485,962)**	(2,258,706)
4. Current portion of the above	**103,138**	63,950
5. Non current portion of the above	**3,382,824**	2,194,756
II. Change in the obligation during the year ended March 31		
1. Present value of defined benefit obligation at the beginning of the year	**2,258,706**	1,778,338
2. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**646,993**	522,393
- Interest Expense (Income)	**174,798**	140,643
3. Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions		
ii. Financial Assumptions	**405,465**	61,332
4. Others (Liabilities assumed on acquisition)	**–**	**–**
5. Present value of defined benefit obligation at the end of the year	**3,485,962**	2,502,706
III. Actuarial assumptions		
1. Discount rate	**6.90%**	7.85%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Impact on defined benefit obligation Increase in assumption	Decrease in assumption
Discount rate	**2020**	**3,991,174**	**2,980,750**
	2019	2,821,522	2,183,890
Salary growth rate	**2020**	**3,921,707**	**3,050,217**
	2019	2,815,544	2,189,868

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note No. 22 - Finance Costs

Amount in Rs.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
– Interest expense	**25,368,135**	27,979,830
Total finance costs	**25,368,135**	27,979,830

Note No. 23 - Other Expenses

Amount in Rs.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Cold store charges	**16,481,611**	25,112,040
(b) Printing & Stationery	**522,693**	522,417
(c) Power & Fuel	**231,936**	431,667
(d) Security charges	**401,379**	671,738
(e) Housekeeping Expenses	**478,873**	273,514
(f) Director Sitting Fees	**480,000**	250,000
(g) Recruitment Expenses	**252,019**	961,043
(h) Quality Claims	**1,100,000**	–
(i) Repairs and maintenance - Others	**560,094**	353,696
(i) Insurance charges	**1,288,375**	982,578
(k) Mobile & Communication Expenses	**103,084**	119,626
(l) Freight outward	**9,163,129**	4,011,256
(m) Business promotion expenses	**1,590,049**	754,905
(n) Travelling and Conveyance Expenses	**6,111,915**	7,132,798
(o) Legal & Professional Charges	**4,716,685**	4,011,424
(p) Manpower Charges	**4,977,065**	5,648,887
(q) Bank Charges	**85,405**	80,810
(r) Provision for doubtful trade and other receivables, loans	**1,319,034**	10,185,459
(s) Misc. Expenses	**1,194,937**	2,391,916
(t) Auditors remuneration		
(i) Statutory Audit Fees	**472,000**	472,000
(ii) Taxation matters	**194,700**	118,000
(iii) Others	**218,347**	57,745
Total Other Expenses	**51,943,326**	64,543,520

Note No. 24 - Earning Per Share

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Basic Earnings per share		
From continuing operations	**(1.80)**	(7.70)
Total basic earnings per share	**(1.80)**	(7.70)
Diluted Earnings per share		
From continuing operations	**(1.80)**	(7.70)
From discontinuing operations		
Total diluted earnings per share	**(1.80)**	(7.70)
Profits used in the calculation of basic earnings per share from continuing operations	**(61,693,931)**	(164,258,667)
Weighted average number of equity shares	**34,242,459**	21,341,120
Earnings per share from continuing operations - Basic & Diluted	**(1.80)**	(7.70)

Note No. 25 - Segment information

A. Primary Segment - Business Segment

The Company's business activity falls within a single business segment viz. 'trading in seed potatoes'. All other activities of the Company revolve around its main business. Hence, there are no separate reportable primary segments as defined by Ind AS on "Segment Reporting".

B. Secondary Segment - Geographical Segment

The Company, at present, does not have any Secondary Segment.

Note No. 26 - Related Party Transactions

Related Party Disclosures:

List of Related Parties and Relationships:

Name of the Related Parties where control exists	**Description of Relationship**
Mahindra Agri Solutions Limited (MASL)	Holding Company

Name of the Related Parties where transactions have taken place during the period	**Description of Relationship**
Mahindra and Mahindra Ltd.(MMHO)	Ultimate Holding Company
Mahindra and Mahindra Ltd. (MMAD)	Ultimate Holding Company
Mahindra and Mahindra Ltd.- Tractor FES (MMTD)	Ultimate Holding Company
Mahindra Integrated Business Solutions Pvt. Ltd. (formerly known as Mahindra BPO Services Limited)	Fellow Subsidiary Company
HZPC Holland B.V.	Joint Venture Partner
AO HZPC SADOKAS	Subsidiary of Joint Venture Partner
IPR B.V.	Subsidiary of Joint Venture Partner
Solentum B.V	Subsidiary of Joint Venture Partner

Additional Disclosure of Key Management Personnel:-

Key Management Personnel	**Description of Relationship**
Mr. Davinder Singh Dosanjh (CEO)	KMP of the company
Mr. Kuldeep Singh (CFO)	KMP of the company
Ms. Vibha Swaminathan	KMP of the company

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Details of transaction between the Company and its related parties are disclosed below:

Amount in Rs.

Particulars	**For the year ended**	**Parent Company**	**Ultimate Holding Company**	**Subsidiaries**	**Associates**	**Joint ventures**	**Subsidiary of Joint Venture Partner**	**KMP of the Company**
Nature of transactions with Related Parties								
Mahindra Integrated Business Solutions Pvt. Ltd.(Formerly known as Mahindra BPO Services Limited):	31-03-2020			1,04,600				
Professional Fees	31-03-2019			1,04,900				
Mahindra and Mahindra Limited (MMHO):	31-03-2020		16,31,144					
Professional Fees	31-03-2019		17,53,277					
Inter company borrowings	31-03-2020		–					
	31-03-2019		–					
Interest on inter company borrowing	31-03-2020		–					
	31-03-2019		–					
Mahindra and Mahindra Limited (MMAD):	31-03-2020		38,880					
Professional Fees	31-03-2019		1,03,133					
Purchase of Vehicle	31-03-2020		–					
	31-03-2019		12,90,716					
Mahindra and Mahindra Limited (MMTD):	31-03-2020		4,69,537					
Cost allocation for employees	31-03-2019		6,60,050					
Mahindra Agri Solutions Limited (MASL):	31-03-2020	–						
Sales	31-03-2019	–						
Salary cost allocation (Income)	31-03-2020	12,24,452						
	31-03-2019	2,00,000						
ESOP	31-03-2020	4,41,492						
	31-03-2019	8,39,800						
Share Capital	31-03-2020	8,99,25,000						
	31-03-2019	3,59,70,000						
HZPC Holland B.V.								
Royalty received	31-03-2020					–		
	31-03-2019					1,35,059		
Royalty expenses	31-03-2020					–		
	31-03-2019					44,160		
Share Capital	31-03-2020					–		
	31-03-2019					2,40,30,000		
Solentum B.V.								
Purchase	31-03-2020						2,04,297	
	31-03-2019						20,19,114	
AO HZPC SADOKAS:	31-03-2020						83,96,024	
Sales	31-03-2019						10,07,500	
Davinder Singh Dosanjh (CEO)	31-03-2020							53,19,082
Gross Salary	31-03-2019							49,47,536
Kuldeep Singh (CFO)	31-03-2020							29,02,048
Gross Salary	31-03-2019							27,60,063
Ms. Vibha Swaminathan (CS)	31-03-2020							2,40,000
Gross Salary	31-03-2019							2,40,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Amount in Rs.

Nature of Balances with Related Parties-Receivable / (Payable)	**Balance as on**	**Parent Company**	**Ultimate Holding Company**	**Subsidiaries**	**Associates**	**Joint ventures**	**Subsidiary of Joint Venture Partner**	**KMP of the Company**
Mahindra Integrated Business Solutions Pvt. Ltd.(Formerly known as Mahindra BPO Services Limited.	31-03-2020			(9,152)				
	31-03-2019			(9,152)				
Mahindra and Mahindra Ltd.(MMHO)	31-03-2020		(30,70,327)					
	31-03-2019		(13,08,691)					
Mahindra and Mahindra Ltd.(MMAD)	31-03-2020		(1,55,802)					
	31-03-2019		1,11,382					
HZPC Holland B.V.	31-03-2020					16,05,152		
	31-03-2019					(26,934)		
Solentum B.V.	31-03-2020						(27,86,381)	
	31-03-2019						(37,81,571)	
IPR B.V.	31-03-2020						9,50,000	
	31-03-2019						–	
Mahindra Agri Solutions Limited (MASL)	31-03-2020	6,31,281						
	31-03-2019	(26,88,022)						
Mahindra and Mahindra Ltd.- Tractor FES (MMTD)	31-03-2020		4,52,556					
	31-03-2019		(7,81,665)					
Davinder Singh Dosanjh (CEO)	31-03-2020							–
	31-03-2019							(2,79,476)
Ms. Vibha Swaminathan (CS)	31-03-2020							–
	31-03-2019							(18,000)

Note No. 27 - Financial Risk Management

Financial Risk Management Framework

The company activities expose it to avariety of financial risks: market risk, credit risk and liquidity risk. The company primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the company is price risk. The company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

CREDIT RISK

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The company does not have significant credit risk exposure to any single counterparty.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The provision matrix at the end of the reporting period is as follow:-

Ageing	**For the year ended 31st March, 2020**	
	Expected credit loss (%)	**Expected credit loss (Rs.)**
0-3 month past due	8.34%	527,086.47
3-6 month past due	37.16%	2,360,133.59
>180 Days	100.00%	12,177,778.36
Total		**15,064,998.42**

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

All such transactions are carried out within the guidelines set by the Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-, medium- and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company is required to maintain ratios (including total debt to EBITDA / net worth, EBITDA to gross interest, debt service coverage ratio and secured coverage ratio) as mentioned in the loan agreements at specified levels. In the event of failure to meet any of these ratios these loans become callable at the option of lenders, except where exemption is provided by lender.

(ii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	31-Mar-20 Amount in Rs.	31-Mar-19 Amount in Rs.
Secured Bank Overdraft facility		
- Expiring within one year	**163,512,094**	229,549,089
- Expiring beyond one year	**–**	–
Term Loan		
- Expiring within one year	**62,500,000**	37,500,000
- Expiring beyond one year	**12,500,000**	62,500,000
	238,512,094	329,549,089

Categories of financial assets and financial liabilities

	For the year ended 31 March, 2020 Amortised Costs	For the year ended 31 March, 2019 Amortised Costs
Non-current Assets		
Loans	**616,091**	487,850
Current Assets		
Trade Receivables	**6,209,244**	19,316,609
Cash and cash equivalents	**17,372**	1,465,315
Loans	**1,171,063**	657,253
Non-current Liabilities		
Borrowings	**13,035,839**	63,272,877
Current Liabilities		
Borrowings	**226,012,094**	267,049,089
Trade Payables	**86,525,015**	86,612,395
Other Financial Liabilities	**–**	–

INDEPENDENT AUDITOR'S REPORT

To the Members of MAHINDRA GREENYARD PRIVATE LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **Mahindra Greenyard Private Limited** ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
   (g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors.
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The company does not have any pending litigations which will impact its financial positions.
      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Padmini Khare Kaicker
Partner
Membership No.044784
Mumbai, April 28, 2020
UDIN – 20044784AAAAAM5783

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Greenyard Private Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co**
Chartered Accountants
(Firm's Registration No. 105102W)

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, April 28, 2020
UDIN – 20044784AAAAAM5783

ANNEXURE "B" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Greenyard Private Limited** for the year ended March 31, 2020

Annexure to the Auditor's Report referred to in our report of even date:

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The Company does not have any immovable property as on March 31, 2020.

2) The inventory has been physically verified by management during the year the frequency of which, in our opinion, is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been dealt with in books of account.

3) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other related parties covered in the register maintained under section 189 of the Act.

4) In our opinion and according to information and explanations given to us, the provisions of section 185 and section 186 of the Act have been complied with in respect of the loan granted, investments made and guarantees given by the company as at March 31, 2020. We are informed that the company has not given any security during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2020 for a period of more than 6 months from the date they become payable.

   ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the money raised by the Company by the way of Buyer's credit term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number 044784

Mumbai, April 28, 2020

UDIN – 20044784AAAAAM5783

BALANCE SHEET AS AT 31ST MARCH 2020

Rupees in Lacs

	Particulars			Note No.	As at 31st March 2020	As at 31st March 2019
I	**ASSETS**					
1	**NON-CURRENT ASSETS**					
	(a)	Property, Plant and Equipment		3	**75.81**	62.97
	(b)	Other Intangible Assets		4	**2.85**	2.74
	(c)	Financial Assets				
		(i)	Other Financial Assets	6	**13.78**	13.78
	(d)	Other Non-current Assets		8	**–**	–
	SUB-TOTAL				**92.44**	79.49
2	**CURRENT ASSETS**					
	(a)	Inventories		9	**297.38**	942.43
	(b)	Financial Assets				
		(i)	Trade Receivables	5	**430.45**	752.94
		(ii)	Cash and Cash Equivalents	10	**23.00**	3.30
		(iii)	Other Bank Balances	10	**2.82**	5.28
		(iv)	Other Financial Assets	6	**0.35**	0.14
	(c)	Current Tax Assets (Net)		7	**1.46**	1.69
	(d)	Other Current Assets		8	**130.57**	309.83
	SUB-TOTAL				**886.01**	2,015.61
	TOTAL				**978.46**	2,095.10
II	**EQUITY AND LIABILITIES**					
1	**EQUITY**					
	(a)	Equity Share Capital		11	**1,043.00**	1,043.00
	(b)	Other Equity		SOCE - B	**(1,320.24)**	(955.46)
	SUB-TOTAL				**(277.24)**	87.54
	LIABILITIES					
2	**NON-CURRENT LIABILITIES**					
	(a)	Provisions		15	**24.94**	21.20
	SUB-TOTAL				**24.94**	21.20
3	**CURRENT LIABILITIES**					
	(a)	Financial Liabilities				
		(i)	Short Term Borrowings	12	**404.05**	568.22
		(ii)	Trade Payables	13	**793.84**	1,382.10
		(iii)	Other Financial Liabilities	14	**0.21**	0.21
	(b)	Provisions		15	**1.56**	1.84
	(c)	Other Current Liabilities		16	**31.09**	33.99
	SUB-TOTAL				**1,230.76**	1,986.36
	TOTAL				**978.46**	2,095.10

The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached.
For B.K. Khare & Co
Chartered Accountants
FRN : 105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place: Mumbai
Date: 28th April 2020

For **Mahindra Greenyard Private Limited**

Director

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place: Mumbai
Date: 28th April 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

Rupees in Lacs

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
Continuining Operations			
I. Revenue from operations	17	**7,890.03**	4,760.56
II. Other Income	18	**69.51**	52.91
III. Total Revenue (I + II)		**7,959.54**	4,813.46
IV. EXPENSES			
(a) Purchases of Stock-in-trade	19	**6,719.11**	5,335.29
(b) Changes in inventories of stock-in-trade	20	**645.05**	(858.50)
(c) Employee benefit expense	21	**350.16**	254.59
(d) Depreciation and amortisation expense	3, 4	**26.45**	27.08
(e) Finance Cost	22	**41.48**	45.46
(f) Other expenses	23	**539.86**	324.39
Total Expenses (IV)		**8,322.12**	5,128.30
V. Profit/(loss) before tax (III - IV)		**(362.58)**	(314.84)
VI. Tax Expense			
(1) Current tax		**–**	–
Total tax expense		**–**	–
VII. Profit/(loss) after tax for the period (V - VI)		**(362.58)**	(314.84)
VIII. Other comprehensive income			
(i) Items that will not be recycled to profit or loss			
(a) Remeasurements of the defined benefit liabilities/(asset)		**(2.20)**	(0.92)
Total other comprehensive income for the period		**(2.20)**	(0.92)
Total comprehensive income for the period		**(364.78)**	(315.76)
IX. Earnings per equity share:	24		
(1) Basic		**(3.48)**	(3.02)
(2) Diluted		**(3.48)**	(3.02)

The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached.
For B.K. Khare & Co
Chartered Accountants
FRN : 105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place: Mumbai
Date: 28th April 2020

For **Mahindra Greenyard Private Limited**

Director

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place: Mumbai
Date: 28th April 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2020

Rupees in Lacs

	Particulars	Note No.	**Year ended 31st March 2020**	Year ended 31st March 2019
A	**Cash flows from operating activities**			
	Profit before tax for the year	PL	**(364.78)**	(315.76)
	Adjustments for:			
	Interest Paid		**41.48**	45.46
	Depreciation and amortisation of non-current assets	3 & 4	**26.45**	27.08
	Profit on sale of Investment in Mera Kisan Pvt. Ltd.		**–**	(41.86)
			(296.85)	(285.08)
	Movements in working capital:			
	(Increase)/Decrease in trade and other receivables		**322.50**	(622.11)
	(Increase)/Decrease in inventories		**645.05**	(858.50)
	(Increase)/Decrease in other assets		**179.06**	(204.05)
	Income tax Refund/(Paid)		**0.24**	–
	Increase/(Decrease) in trade and other payables		**(587.70)**	1,140.39
	Net cash generated by operating activities		**262.30**	(829.35)
B	**Cash flows from investing activities**			
	Payments for property, plant and equipment		**(39.41)**	(71.08)
	Changes in earmarked balances with Banks		**2.46**	(1.02)
	Purchase of Investment in Mera kisan Pvt. Ltd		**–**	(180.00)
	Sale of Invesment in Mera Kisan Pvt. Ltd.		**–**	534.86
	Net cash (used in)/generated by investing activities		**(36.95)**	282.75
C	**Cash flows from financing activities**			
	Interest Paid		**(41.48)**	(45.46)
	Proceeds from Borrowings		**–**	559.00
	Repayment of Borrowings		**(164.17)**	–
	Net cash used in financing activities		**(205.65)**	513.54
	Net increase in cash and cash equivalents		**19.70**	(33.05)
	Cash and cash equivalents at the beginning of the year		**3.30**	36.36
	Cash and cash equivalents at the end of the year		**23.00**	3.30

The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached.
For B.K. Khare & Co
Chartered Accountants
FRN : 105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place: Mumbai
Date: 28th April 2020

For **Mahindra Greenyard Private Limited**

Director

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place: Mumbai
Date: 28th April 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2020

A. Equity share capital

Particulars	No of Shares	Rupees in Lacs
Balance as at 1st April 2019	10,430,000	1,043.00
Changes in equity share capital during the year	–	–
Balance as at 31st March 2020	**10,430,000**	**1,043.00**

B. Other Equity

Rupees in Lacs

Particulars	Reserves & Surplus		
	Securities Premium Reserve	Retained Earnings	Total
As at 1st April 2018	526.00	(1,165.70)	(639.70)
Profit/(Loss) for the period	-	(314.84)	(314.84)
Other Comprehensive Income/(Loss)	-	(0.92)	(0.92)
Balance as at 31st March 2019	526.00	(1,481.46)	(955.46)
As at 1st April 2019	526.00	(1,481.46)	(955.46)
Profit/(Loss) for the period		(362.58)	(362.58)
Other Comprehensive Income/(Loss)		(2.20)	(2.20)
Balance as at 31st March 2020	**526.00**	**(1,846.24)**	**(1,320.24)**

In terms of our report attached.
For B.K. Khare & Co
Chartered Accountants
FRN : 105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place: Mumbai
Date: 28th April 2020

For **Mahindra Greenyard Private Limited**

Director

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place: Mumbai
Date: 28th April 2020

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Corporate Information

Mahindra Greenyard Private Limited (Formerly known as Mahindra Univeg Private Limited) is a Joint Venture company formed by Mahindra Agri Solutions Limited (Formerly known as Mahindra Shubhlabh Services Limited) and Greenyard Fresh Holding NL BV with 60:40 sharing basis and incorporated on 9th July, 2014 under the provisions of the Companies Act, 1956 (CIN:U01403MH2014PTC55946). The Company deals in sourcing, storing and distribution of fresh fruits in domestic market.

1. Significant accounting policies

1.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended.

1.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

1.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

1.5 Employee benefits

1.5.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item ‘Employee benefits expense’. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

1.5.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

1.6 Taxation

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of Deferred Tax is reviewed at each Balance Sheet date.

1.7 Property, plant and equipment

Furniture & Fixtures, equipment and Vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.8 Intangible assets

1.8.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

1.8.2 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

1.8.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

IT Software 10 years

1.8.4 Impairment of Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

1.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

1.11 Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.12 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

1.12.1 Impairment of financial assets

This being the second full year of operations, there is no trend to depict expected credit losses. The company deals in fresh fruits which is a seasonal business & the commodity is perishable in nature. The Company has used the practical expedient as permitted by IND AS 109 and has maintained a policy of providing for debtors outstanding for a period exceeding 180 days. This policy will be regularly reviewed in line with the type of business that the company is in.

1.12.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

1.12.3 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

1.13 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

1.13.1 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

1.13.2 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

1.13.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

1.14 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.15 Taxation:

Income tax expense represents the sum of the tax currently payable and deferred tax.

1.15.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

1.15.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1.15.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.16 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks & rewards of ownership to the leases. All other leases are classified as operating leases.

The Company as lessee:

The assets held under finance leases are initially recongnised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expense and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policies on borrowing cost. Contingent rentals are recognized as expense in the period in which they are incurred.

Rental expense from the operating lease is generally recognized on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessors expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 3 - Property, Plant and Equipment

Rupees in Lacs

Description of Assets	Plant and Equipment	Vehicle	Furniture and Fixtures	IT Equipment	Office Equipment	Total
I. Gross Carrying Amount						
Balance as at 1st April 2019	56.48	19.42	20.71	10.06	1.39	108.06
Additions during the year	20.44	12.04	0.38	6.01	–	38.86
Disposals during the year						–
Balance as at 31st March 2020	**76.92**	**31.46**	**21.09**	**16.07**	**1.39**	**146.93**
II. Accumulated depreciation and impairment						
Balance as at 1st April 2019	33.30	2.33	1.80	7.44	0.23	45.09
Depreciation expense for the year	16.93	5.13	2.00	1.69	0.26	26.02
Eliminated on disposal of assets						–
Balance as at 31st March 2020	**50.23**	**7.46**	**3.80**	**9.14**	**0.49**	**71.12**
III. Net carrying amount (I-II)	**26.69**	**24.00**	**17.29**	**6.93**	**0.90**	**75.81**

Rupees in Lacs

Description of Assets	Plant and Equipment	Vehicle	Furniture and Fixtures	IT Equipment	Office Equipment	Total
I. Gross Carrying Amount						
Balance as at 1st April 2018	28.75	–	0.63	7.53	0.07	36.98
Additions during the year	27.73	19.42	20.09	2.52	1.32	71.08
Disposals during the year	–	–	–	–	–	–
Balance as at 31st March 2019	56.48	19.42	20.71	10.06	1.39	108.06
II. Accumulated depreciation and impairment						
Balance as at 1st April 2018	13.00	–	0.10	5.28	0.03	18.41
Depreciation expense for the year	20.29	2.33	1.70	2.16	0.20	26.68
Eliminated on disposal of assets	–		–	–	–	–
Balance as at 31st March 2019	33.30	2.33	1.80	7.44	0.23	45.09
III. Net carrying amount (I-II)	23.18	17.10	18.92	2.61	1.16	62.97

Note No. 4 - Other Intangible Assets

Rupees in Lacs

Description of Assets	Computer Software	Total
Intangible Assets		
Cost		
Balance as at 1st April 2019	3.90	3.90
Additions during the year	0.54	0.54
Disposals during the year	–	–
Balance as at 31st March 2020	**4.44**	**4.44**
II. Accumulated depreciation and impairment		
Balance as at 1st April 2019	1.16	1.16
Depreciation expenses for the year	0.43	0.43
Balance as at 31st March 2020	**1.59**	**1.59**
III. Net carrying amount (I-II)	**2.85**	**2.85**

Rupees in Lacs

Description of Assets	Computer Software	Total
Intangible Assets		
Cost		
Balance as at 1st April 2018	3.90	3.90
Additions during the year	–	–
Disposals during the year	–	–
Balance as at 31st March 2019	3.90	3.90
II. Accumulated depreciation and impairment		
Balance as at 1st April 2018	0.77	0.77
Depreciation expenses for the year	0.40	0.40
Balance as at 31st March 2019	1.16	1.16
III. Net carrying amount (I-II)	2.74	2.74

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 5 - Trade receivables

Rs in Lacs

Particulars	As at 31st March 2020 Current	As at 31st March 2020 Non-Current	As at 31st March 2019 Current	As at 31st March 2019 Non-Current
(a) Secured, considered good	–	–	–	–
(b) Unsecured, considered good	430.45	–	752.94	–
(c) Doubtful	186.11	–	111.06	–
Less: Allowance for Credit Losses	186.11	–	111.06	–
TOTAL TRADE RECEIVABLES	430.45	–	752.94	–
Of the above, trade receivables from:				
- Related Parties	3.44	–	6.04	–
- Others	427.00	–	746.90	–
Total	430.45	–	752.94	–

Note No. 6 - Other financial assets

Rs in Lacs

Particulars	As at 31st March 2020 Current	As at 31st March 2020 Non-Current	As at 31st March 2019 Current	As at 31st March 2019 Non-Current
Financial assets at amortised cost				
a) Security Deposit	0.02	13.78	0.02	13.78
b) Other Financial assets				
Accrued Interest	0.33	–	0.12	–
TOTAL OTHER FINANCIAL ASSETS	0.35	13.78	0.14	13.78

Note No. 7 - Current Tax Assets (Net)

Rs in Lacs

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Tax Deducted at Source	1.46	1.69
TOTAL	1.46	1.69

Note No. 8 - Other assets (Non Financials)

Rs in Lacs

Particulars	As at 31st March 2020 Current	As at 31st March 2020 Non-Current	As at 31st March 2019 Current	As at 31st March 2019 Non-Current
(a) Advances other than capital advances				
(i) Other advances				
Staff Advance	8.58	–	1.05	–
Advance to supplier	104.03	–	290.73	–
Prepaid Expenses	17.95	–	4.14	–
Customs Duty payment	–	–	13.92	–
TOTAL OTHER ASSETS	130.57	–	309.83	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 9 - Inventories

Rs in lacs

Particulars	As at 31st March 2020	As at 31st March 2019
Stock-in-trade of goods acquired for trading	**289.84**	933.52
Packing Material Stock	**7.54**	8.91
TOTAL INVENTORIES (at lower of cost and net realisable value)	**297.38**	942.43
Included above, goods-in-transit:		
Stock-in-trade of goods acquired for trading	**184.71**	770.52
Total goods-in-transit	**184.71**	770.52

* In the opinion of the Board, the realisable value of the inventory is higher than the carrying cost.

Note No. 10 - Cash and Bank Balances

Rs. In lacs

Particulars	As at 31st March 2020	As at 31st March 2019
Cash and cash equivalent		
(a) Balances with banks in current account	**18.64**	0.48
(b) Fixed Deposits with maturity less than 3 months	**2.38**	2.24
(c) Cash on hand	**1.97**	0.57
Total Cash and cash equivalent	**23.00**	3.30
Other Bank Balances		
(a) Balances with Banks:		
(i) Fixed Deposits with maturity greater than 3 months	**2.82**	5.28
Total Other Bank balances	**2.82**	5.28
TOTAL CASH & BANK BALANCES	**25.82**	8.57

Note No. 11 - Equity Share Capital

Particulars	As at 31st March 2020 No. of shares	As at 31st March 2020 Value (Rs in Lacs)	As at 31st March 2019 No. of shares	As at 31st March 2019 Value (Rs in Lacs)
Authorised:				
Equity shares of Rs 10 each with voting rights	**17,000,000**	**1,700.00**	17,000,000	1,700.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs 10 each with voting rights	**10,430,000**	**1,043.00**	10,430,000	1,043.00
Total	**10,430,000**	**1,043.00**	10,430,000	1,043.00

Terms / Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of Rs 10/- per share. Each holder of equity shares is entitled to one vote. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Closing Balance
Equity Shares with Voting rights			
Year Ended 31st March 2020			
No. of Shares	**10,430,000**	–	**10,430,000**
Amount in Lacs	**1,043.00**	–	**1,043.00**

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31st March 2020 Number of shares held	As at 31st March 2020 % holding in that class of shares	As at 31st March 2019 Number of shares held	As at 31st March 2019 % holding in that class of shares
Equity shares with voting rights				
Mahindra Agri Solution Limited	**6,258,000**	**60%**	6,258,000	60%
Greenyard Fresh NL BV	**4,172,000**	**40%**	4,172,000	40%

Note No. 12 Short Term Borrowing

Rs. In lacs

Particulars	As at 31st March 2020	As at 31st March 2019
(a) CC facility from HDFC Bank	**14.69**	10.43
(b) CC facility from Yes Bank	**389.26**	557.79
(c) CC facility from Axis Bank	**0.10**	–
Total Short Term Borrowing	**404.05**	568.22

Details of Borrowings :

(i) Cash credit facility from HDFC Bank Limited carry interest of 9.30% p.a.

(ii) Cash credit facility from YES Bank Limited carry interest of 8.75% p.a.

(iii) Cash credit facility from AXIS Bank Limited carry interest of 8.20% p.a.

The above borrowing is secured by first pari passu charges on the entire current asstes of the company present and Future.

Note No. 13 - Trade Payables

Rs in Lacs

Particulars	As at 31st March 2020 Current	As at 31st March 2020 Non-Current	As at 31st March 2019 Current	As at 31st March 2019 Non-Current
Trade payable - Micro and small enterprises	**2.78**	**–**	0.37	–
Trade payable - Other than micro and small enterprises	**791.06**	**–**	1,381.73	–
TOTAL TRADE PAYABLES	**793.84**	**–**	1,382.10	–

13 (a) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 14 - Other financial liabilities

Rs in Lacs

Particulars	As at 31st March 2020 Current	As at 31st March 2020 Non-Current	As at 31st March 2019 Current	As at 31st March 2019 Non-Current
a) Other Financial liabilities				
Others	**0.21**	**–**	0.21	–
TOTAL OTHER FINANCIAL LIABILITIES	**0.21**	**–**	0.21	–

Note No. 15 - Provisions

Rs in Lacs

Particulars	As at 31st March 2020 Current	As at 31st March 2020 Non-Current	As at 31st March 2019 Current	As at 31st March 2019 Non-Current
Provision for employee benefits				
Leave Encashment	**1.28**	**9.27**	1.72	11.99
Gratuity	**0.28**	**15.67**	0.12	9.21
TOTAL PROVISIONS	**1.56**	**24.94**	1.84	21.20

Note No. 16 - Other Liabilities

Rs in Lacs

Particulars	As at 31st March 2020 Current	As at 31st March 2020 Non-Current	As at 31st March 2019 Current	As at 31st March 2019 Non-Current
a. Advances received from customers	**22.10**	**–**	24.38	–
b. Statutory dues	**8.99**	**–**	9.61	–
TOTAL OTHER LIABILITIES	**31.09**	**–**	33.99	–

Note No. 17 - Revenue from Operations

Rs in Lacs

Particulars	For the year ended 31st March 2020	For the year ended 31st March, 2019
Revenue from sale of products	**7,890.03**	4,760.56
TOTAL REVENUE FROM OPERATIONS	**7,890.03**	4,760.56

Note No. 18 - Other Income

Rs in Lacs

Particulars	For the year ended 31st March 2020	For the year ended 31st March, 2019
Interest Income from Fixed Deposits	**0.36**	0.53
Profit on sale of Investment - Mera Kisan	**–**	41.86
Interest on IT Refund	**0.13**	0.13
Other Income	**4.46**	10.39
Service Income from MRL	**64.56**	–
TOTAL OTHER INCOME	**69.51**	52.91

Note No. 19 - Purchase of Stock-in-trade

Rs in Lacs

Particulars	For the year ended 31st March 2020	For the year ended 31st March, 2019
Purchase of Stock - in - trade	**6,719.11**	5,335.29
TOTAL PURCHASE STOCK-IN-TRADE	**6,719.11**	5,335.29

Note No. 20 - Changes in inventories of stock-in-trade

Rs in Lacs

Particulars	For the year ended 31st March 2020	For the year ended 31st March, 2019
Inventories at the end of the year:		
Stock-in-trade	**297.38**	942.43
	297.38	942.43
Inventories at the beginning of the year:		
Stock-in-trade	**942.43**	83.93
	942.43	83.93
NET (INCREASE) / DECREASE	**645.05**	(858.50)

Note No. 21 - Employee Benefits Expense

Rs in Lacs

Particulars	For the year ended 31st March 2020	For the year ended 31st March, 2019
(a) Salaries and wages, including bonus	**319.36**	234.47
(b) Contribution to provident and other funds	**19.35**	15.70
(d) Staff welfare expenses	**11.45**	4.42
TOTAL EMPLOYEE BENEFIT EXPENSE	**350.16**	254.59

Note No. 22 - Finance Cost

Rs in Lacs

Particulars	For the year ended 31st March 2020	For the year ended 31st March, 2019
(a) Interest Cost on short Term borrowing	**41.48**	45.46
TOTAL FINANCE COST	**41.48**	45.46

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 23 - Other Expenses

Rs in Lacs

	Particulars	For the year ended 31st March 2020	For the year ended 31st March, 2019
(a)	Stores consumed	**41.51**	50.05
(b)	Rent Expenses	**50.74**	71.32
(c)	Rates and taxes	**0.69**	2.29
(d)	Insurance	**45.31**	12.52
(e)	Sales promotion expenses	**2.07**	2.33
(f)	Travelling and Conveyance Expenses	**64.97**	48.16
(g)	Hire and Service Charges	**38.59**	36.70
(h)	Other Service Charges (MRL)	**50.90**	–
(i)	Legal and other professional costs	**97.20**	42.61
(j)	Commission, discounts and rebates	**4.16**	11.93
(k)	Bad Debts Written Off	**6.70**	–
(l)	Provision for doubtful trade and other receivables, loans	**75.05**	–
(m)	Foreign Exchange Loss/(Gain)	**18.74**	4.80
(n)	Auditors remuneration and out-of-pocket expenses	**5.17**	4.74
	(ii) As Auditors	**3.54**	3.54
	(ii) For Taxation matters	**1.63**	1.20
(o)	Other expenses	**38.06**	36.95
	TOTAL OTHER EXPENSES	**539.86**	324.39

Note No. 24 - Earnings per Share

Particulars	For the year ended 31st March 2020 Rs per Share	For the year ended 31st March, 2019 Rs per Share
Basic Earnings per share		
From continuing operations	**(3.48)**	(3.02)
Diluted Earnings per share		
From continuing operations	**(3.48)**	(3.02)

Basic & Diluted earnings per share
The earnings and weighted average number of ordinary shares used in the calculation of basic & diluted earnings per share are as follows:

Rs.

	For the year ended 31st March 2020	For the year ended 31st March, 2020
Profit / (loss) for the year attributable to owners of the Company	**(36,258,190)**	(31,483,538)
Less: Preference dividend and tax thereon	**–**	–
Profit / (loss) for the year used in the calculation of basic earnings per share	**(36,258,190)**	(31,483,538)
Profits used in the calculation of basic earnings per share	**(36,258,190)**	(31,483,538)
Weighted average number of equity shares	**10,430,000**	10,430,000
Earnings per share - Basic & Diluted	**(3.48)**	(3.02)

Note No. 25 - Financial Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The capital structure is monitored on the basis of net debt to equity of the company.

	31-Mar-20	31-Mar-19
Equity	**(277.24)**	87.54
Net Debt		
Short Term Borrowings	**404.05**	568.22
Less: Cash and cash equivalents	**25.82**	8.57
Net Debt	**378.23**	559.65
Total Capital	**100.99**	647.18

Categories of financial assets and financial liabilities

Rs in lacs				**As at 31st March 2020**
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Other Financial Assets	**13.78**			**13.78**
Current Assets				
Trade Receivables	**430.45**			**430.45**
Other Bank Balances	**2.82**			**2.82**
Other Financial Assets	**0.35**			**0.35**
Current Liabilities				
Trade Payables	**793.84**			**793.84**
Short Term Borrowing	**404.05**			**404.05**
Other Financial Liabilities	**0.21**			**0.21**

Rs in lacs				As at 31st March 2019
	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets	13.78			13.78
Current Assets				
Trade Receivables	752.94			752.94
Other Bank Balances	5.28			5.28
Other Financial Assets	0.14			0.14
Current Liabilities				
Trade Payables	1,382.10			1,382.10
Short Term Borrowing	568.22			568.22
Other Financial Liabilities	0.21			0.21

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, and where appropraite, credit guarantee insurance cover is purchased.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

	As at 31st March 2020			
	Not due	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Expected loss rate	**0.0%**	**0.5%**	**96.3%**	**30.2%**
Gross carrying amount	**–**	**425.57**	**190.98**	**616.55**
Loss allowance provision	**–**	**2.23**	**183.88**	**186.11**

	As at 31st March 2019			
	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0.0%	1.2%	82.7%	13.2%
Gross carrying amount	–	727.52	112.10	839.61
Loss allowance provision	–	0.29	110.77	111.06

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows -

(Amt in lacs)

Particulars	Currency	31-Mar-20	31-Mar-19
Trade Payables	USD	**5.42**	13.48
	EUR	–	1.09

Of the above foreing currency exposures, the following exposures are not hedged by a derivative:

(Amt in lacs)

Particulars	Currency	31-Mar-20	31-Mar-19
Trade Payables	USD	**5.42**	13.48
	EUR	–	1.09

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

Amt. In Lacs

	Currency	Change in rate	Effect on profit before tax	Effect on pre-tax equity
31-Mar-20	**USD**	**+10%**	**-0.54**	**-0.54**
	USD	**-10%**	**0.54**	**0.54**
	EUR	**+10%**	**0.00**	**0.00**
	EUR	**-10%**	**0.00**	**0.00**
31-Mar-19	USD	+10%	-1.35	-1.35
	USD	-10%	1.35	1.35
	EUR	+10%	-0.11	-0.11
	EUR	-10%	0.11	0.11

Note No. 26 - Fair Value Measurement

Rs in lacs

	Fair value hierarchy as at 31st March 2020			
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
<u>*Financial assets carried at Amortised Cost*</u>				
– trade and other receivables		**430.45**		**430.45**
– deposits and similar assets		**2.82**		**2.82**
– others		**14.13**		**14.13**
Total	**–**	**447.39**	**–**	**447.39**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables		**794.05**		**794.05**
– Short Term Borrowing		**404.05**		**404.05**
Total	**–**	**1,198.10**	**–**	**1,198.10**

	Fair value hierarchy as at 31st March 2019			
Financial assets	Level 1	Level 2	Level 3	Total
<u>*Financial assets carried at Amortised Cost*</u>				
– trade and other receivables		752.94		752.94
– deposits and similar assets		5.28		5.28
– others		13.92		13.92
Total	–	772.14	–	772.14
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables		1,382.31		1,382.31
– Short Term Borrowing		568.22		568.22
Total	–	1,950.53	–	1,950.53

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 27 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and other Funds aggregating Rs. 14,92,732/- (P.Y. - Rs. 11,18,271/-) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company has an obligation towards gratuity, a defined retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service. The company accounts for liability of future gratuity benefits based on an external actuarial valuation on Projected Unit Credit method carried out for assessing the liability as at each balance sheet date.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	31-Mar-20	**31-Mar-19**
Discount rate(s)	**6.80%**	7.70%
Expected rate(s) of salary increase	**8.00%**	8.00%

Defined benefit plans – as per actuarial valuation on 31st March, 2020

	Rs in lacs	
	Unfunded Plans Gratuity	
Particulars	**2020**	2019
Ia. Expense recognised in the Statement of Profit and Loss for the year ended 31st March:		
Service Cost		
Current Service Cost	**4.70**	3.21
Net interest expense	**0.64**	0.38
Components of defined benefit costs reconised in profit or loss	**5.34**	3.59
Ib. Included in other Comprehensive Income		
Actuarial gains and loss arising form changes in financial assumptions	**1.78**	0.06
Actuarial gains and loss arising form changes in demographic assumptions	**–**	0.00
Actuarial gains and loss arising form experience adjustments	**0.42**	0.86
Componenets of defined benefit costs recognised in other comprehensive income	**2.20**	0.92
Total	**7.54**	4.51
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of unfunded defined benefit obligation as at 31st March	**15.95**	8.41
2. Fair value of plan assets as at 31st March	**–**	–
3. Surplus/(Deficit)	**15.95**	8.41
4. Current portion of the above	**0.28**	0.11
5. Non current portion of the above	**15.67**	8.29
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**8.41**	4.98
2. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**4.70**	3.22
- Past Service Cost	**–**	–
- Interest Expense (Income)	**0.64**	0.38
3. Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	0.00
ii. Financial Assumptions	**1.78**	0.06
iii. Experience Adjustments	**0.42**	0.86
4. Benefit payments	**–**	(1.09)
5. Present value of defined benefit obligation at the end of the year	**15.95**	8.41
III. Actuarial assumptions		
1. Discount rate	**6.80%**	7.70%
2. Salary Growth rate	**8.00%**	8.00%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Rs in lacs	
		Impact on defined benefit obligation	
Principal assumption	**Changes in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate			
2020	**1.00%**	**13.99**	**18.29**
2019	1.00%	7.36	9.66
Salary growth rate			
2020	**1.00%**	**18.24**	**13.99**
2019	1.00%	9.64	7.35

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

		Rs in lacs
Particulars	**2020**	2019
Within 1 year	**0.28**	0.11
1 - 2 year	**0.43**	0.19
2 - 3 year	**0.66**	0.26
3 - 4 year	**0.88**	0.41
4 - 5 year	**1.33**	0.51
5 - 10 years	**42.73**	27.01

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 28 - Related Party Transactions

Name of the Parent Company	Mahindra Agri Solutions Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited
Name of the Fellow Subsidiary Company	Mahindra Integrated Business Solutions
	Mahindra Logistics Limited
	Origin Fruit Direct B.V.
	Origin Fruit Services South America
	Mahindra E Market Ltd
	Bristlecone India Ltd
	Greenyard Logistic Poland SP Zoo
	Greenyard Fresh Italy SRL
	Mera Kisan Pvt. Ltd.
	NBS International Ltd.
Name of the Joint Venture	Greenyard Fresh NL BV
Name of KMP of the Company	Mr Ravindranath Kamma (Chief Executive Officer) Mr Pradeep Jape (Chief Financial Officer)

Details of transaction between the Company and its related parties are disclosed below:

Rs in Lacs

Particulars	**For the year ended**	**Parent Company**	**Ultimate Holding Company**	**Fellow Subsidiaries**	**Joint ventures**	**KMP of the Company and KMP of parent Company**
Nature of transactions with Related Parties						
Purchase of goods	**31-Mar-20**	**172.16**	**9.92**	**2.12**	**–**	**–**
	31-Mar-19	15.13	12.05	136.70	–	–
Sale of goods	**31-Mar-20**	**7.69**	**0.64**	**–**	**–**	**–**
	31-Mar-19	1.32	0.76	–	–	–
Receiving of services	**31-Mar-20**	**–**	**21.93**	**226.18**	**–**	**67.80**
	31-Mar-19	–	8.33	65.79	–	62.72
Investment	**31-Mar-20**	–	–	–	**–**	**–**
	31-Mar-19	–	–	–	–	–
Issue of share capital	**31-Mar-20**	–	**–**	–	**–**	**–**
	31-Mar-19	–	–	–	–	–
Settlement of liabilities by the Company on behalf of related parties	**31-Mar-20**	**–**	**–**	**–**	**–**	**–**
	31-Mar-19	–	–	–	–	–
Other transactions	**31-Mar-20**	**8.37**	**–**	**–**	**–**	**–**
	31-Mar-19	6.03	–	–	–	–

Nature of Balances with Related Parties	**Balance as on**	**Parent Company**	**Ultimate Holding Company**	**Fellow Subsidiaries**	**Joint ventures**	**KMP of the Company and KMP of parent Company**
Investment	**31-Mar-20**	**–**	**–**	**–**	**–**	**–**
	31-Mar-19	–	–	–	–	–
Trade payables	**31-Mar-20**	**128.20**	**81.60**	**35.62**	**–**	**–**
	31-Mar-19	59.59	59.74	98.97	–	–
Trade Receivable	**31-Mar-20**	**–**	**0.37**	**4.05**	**–**	**–**
	31-Mar-19	1.34	0.08	4.55	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 29 - Additional Information to the consolidated Financial Statements

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	31-Mar-20 Rs in lacs	31-Mar-19 Rs in lacs
(i) Principal amount remaining unpaid to MSME suppliers as on	**2.78**	0.37
(ii) Interest due on unpaid principal amount to MSME suppliers as on	**0.04**	0.30
(iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	**–**	–
(iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	**0.04**	0.30
(v) The amount of interest accrued and remaining unpaid as on	**0.99**	0.95

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note No. 30 Recent accounting Pronouncement

Ind AS 115 – 'Revenue from Contracts with Customers':

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Amendment to Ind AS 12 – Income Taxes:

The amendments clarify the requirement for recognising deferred tax assets on unrealised losses on debt instruments that are measured at fair value. The amendment also clarify certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 21 – The Effect of Changes in Foreign Exchange Rates:

This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 28 - Investments in Associates and Joint Ventures:

The amendment clarifies accounting options in consolidated financial statements of a venture capital or similar entity and investment entity. These amendments are not applicable to the Company's financial statements.

Amendment to Ind AS 40 – Investment Property:

The amendments clarify transfers of investment property to or from the portfolio in the case of a change of use. The changes will not have any material impact on the financial statements of the Company's Financial Statements.

Note No. 31

The Company has made cumulative losses of Rs. 1846.24 Lakhs at the balance sheet date from the date of incorporation. These accounts have been prepared on the going concern basis, on the understanding that the shareholders will continue to financially support the company for the foreseeable future.

Note No. 32

From December 2019, COVID - 19, has spread globally, including India. This event has significantly affected economic activity globally and in India and as a result could / would impact the operations and financial results of the Company. The Company has performed an initial assessment of the likely impact this would have on the operations of the Company and its financial performance in the coming year.

For FY 20 financial reporting, the Company has used the principles of prudence in applying judgments, estimates and assumptions in significant areas like inventory valuation, estimating the remaining useful life of the tangible and intangible assets, cost to complete provision for long term contracts, evaluating the long term contracts for any onerous elements, recoverability of receivables including unbilled receivables, provision for receivables under ECL model, provision for warranties, recoverability of contract assets and contract costs, projection used to test goodwill and investments for impairment, evaluation of financial implications of probable cancellations of any long term commitments, impact of cancellation or modifications to the terms of the revenue contracts, cancellation or deferment of revenue contracts, penalties due to non-fulfilment of service legal obligations, fair valuation of financial assets and liabilities etc.

The Company has considered internal and external information upto the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

The Company has also evaluated the cash flows for FY 21 and based on the present estimate of the management, the Company does not foresee any impact on its ability to meet the statutory dues and creditors payment on due dates and honouring its loan repayment and forward contract contractual commitments. There has been no downgrade in ratings of the existing borrowing facilities of the Company. The Company also has undrawn sanctioned limits and this could be availed to meet the obligations. Accordingly based on the projected cash flows for the next twelve months, the management is of the view that the use of going concern assumption in preparing these financial statements is appropriate.

Note No. 33 - Comparitives

The figures for previous year have been regrouped wherever necessary to conform to current year's classification.

In terms of our report attached.
For B. K. Khare & Co
Chartered Accountants
FRN: 105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

Place: Mumbai
Date: 28th April 2020

For **Mahindra Greenyard Private Limited**

Director | Director

Chief Executive Officer | Chief Financial Officer

Company Secretary

Place: Mumbai
Date: 28th April 2020

INDEPENDENT AUDITORS' REPORT

A. Report on the audit of the financial statements 1 November 2018 until 31 October 2019

Our opinion

We have audited the financial statements for the year ended 31 October 2019 of Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V., based in Rotterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. as at 31 October 2019, and of its result for the period 1 November 2018 until 31 October 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 October 2019;
2. the income statement for 1 November 2018 until 31 October 2019; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of the board for the financial statements

The board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board is responsible for such internal control as the board determines is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

As part of the preparation of the financial statements, the board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board should prepare the financial statements using the going concern basis of accounting unless the board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatements of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board;
- Concluding on the appropriateness of the board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represents the underlying transactions and events free from material misstatements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Breda, 21 April 2020
Van Oers Audit B.V.
A.A. Hoeven RA

FISCAL POSITION

Calculation taxable amount

	2018/2019
	€
Total of result of activities before tax	**(18.130)**
Participation excemption	
Dividend income group companies	**(70.624)**
Taxable amount	**(88.754)**

Because of fiscal losses no corporate income tax is to be paid from the result.

Loss compensation

Year	Compensable loss
	€
2017/2018	14.517
2018/2019	88.754
	103.271

No deferred tax asset is recognized for the compensable losses.

We trust to have been of service.

Yours faithfully,
Van Oers Audit B.V.

A.A. Hoeven RA

BALANCE SHEET AS AT 31 OCTOBER 2019

(After appropriation of result)

	31 October 2019		31 October 2018	
	€	€	€	€
ASSETS				
Fixed assets				
Financial assets				
Participations in group companies		**4.161.491**		–
Current assets				
Receivables				
Receivables from group companies		**70.624**		–
Cash and cash equivalents		**176.236**		307
		4.408.351		307
EQUITY AND LIABILITIES				
Equity				
Share capital paid called up	**10.000**		10.000	
Other reserves	**(32.647)**		(14.517)	
		(22.647)		(4.517)
Long-term liabilities				
Payables to banks		**4.400.000**		–
Current liabilities				
Trade payables	**9.068**		371	
Liabilities to group companies	**90**		2.000	
Accruals and deferred income	**21.840**		2.453	
		30.998		4.824
		4.408.351		307

INCOME STATEMENT FOR THE PERIOD 1-11-2018 UNTIL 31-10-2019

	2018/2019		2017/2018	
	€	€	€	€
General expenses		**33.424**		14.467
Total of operating result		**(33.424)**		(14.467)
Interest and similar income	**70.624**		–	
Interest and similar expenses	**(55.330)**		(50)	
Financial income and expense		**15.294**		(50)
Total of result before tax				
Income tax expense		**(18.130)**		(14.517)
Total of result after tax		**–**		–
		(18.130)		(14.517)

NOTES TO THE FINANCIAL STATEMENTS

Entity information

Registered address and registration number trade register

The registered and actual address of Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. is Albert Plesmanweg 250, 3088 GD in Rotterdam. Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. is registered at the Chamber of Commerce under number 70100438.

General notes

The most important activities of the entity

The principal activity of Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. is holding of group companies.

Disclosure of group structure

Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. is part of a group. The head of this group is Mahindra Agri Solutions Limited which is located in India. The financial statements of Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. are included in the consolidated financial statements of Mahindra Agri Solutions Limited.

Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

The exemption of consolidation

In accordance with article 408, Title 9, Book 2 of the Netherlands Civil Code, consolidated financial statements of the Company are not disclosed because its financial figures together with its subsidiaries are included in the consolidated financial statements of Mahindra Agri Solutions Limited, which are filed with the Dutch Chamber of Commerce together with these financial statements.

General accounting principles

The accounting standards used to prepare the financial statements

The financial statement is drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

Conversion of amounts denominated in foreign currency

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statements are presented in euro; which is the functional and presentation currency of Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V.

Financial instruments

Securities included in financial and current assets are stated at fair value, if these are related to securities held for trading or if they relate to equity instruments not held for trading, as well as derivatives of which the underlying object is listed on a stock exchange. All other on-balance financial instruments are carried at (amortised) cost.

Accounting principles

Financial assets

The financial assets comprise the investments in subsidiary companies. In conjunction with exemption article 408, Title 9, Book 2 of the Dutch Civil Code, the investments are carried at cost. Provisions against the cost of investments are made for any permanent decline in the carrying value of the investments. Income from investments is recognised only to the extent of dividends declared.

Impairment of non-current assets

On each balance sheet date, Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An impairment occurs when the carrying amount of an asset is higher than the recoverable amount; the recoverable amount is the higher of the realisable value and the value in use. An impairment loss is directly recognised in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

The realisable value is initially based on a binding sale agreement; if there is no such agreement, the realisable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset/cash-generating unit; these cash flows are discounted.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported. An impairment of goodwill is not reversed.

Cash and cash equivalents

Cash at banks and in hand represent bank balances with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Share capital

If Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. purchases some of its own shares, the historical cost of the purchased shares is deducted from the 'other reserves', or from any other reserves, provided that this is permitted under the articles of association, until these shares are cancelled or sold. If purchased shares are sold, any proceeds are added to the reserve from which the purchase of these shares was initially deducted.

Costs directly related to the purchase, sale and/or issue of new shares are recognised directly in share capital, net of any relevant tax effects.

Other reserves

Other reserves are all reserves, except the legal and statutory reserves. Other reserves can freely be distributed to the shareholders.

Non-current liabilities

On initial recognition long-term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. If there is no premium/discount or if there are no transaction costs, the amortised cost price is the same as the nominal value of the debt.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the income statement on the basis of the effective interest rate during the estimated term of the long-term debts.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Other operating expenses

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Financial income and expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

NOTES TO THE BALANCE SHEET

Fixed assets

Financial assets

	31-10-2019	31-10-2018
	€	€
Participations in group companies		
Participation in OFD Holding B.V.	**4.161.491**	–

This concerns a 83,09% participation in OFD Holding B.V., Rotterdam.

	2018/2019	2017/2018
	€	€
Participation in OFD Holding B.V.		
Book value as at 1 November	**–**	–
Investments	**4.161.491**	–
Book value as at 31 October	**4.161.491**	–

Current assets

Disclosure of cash and cash equivalents

The cash at bank and in hand is at the Company's free disposal

Equity

Movements are as follows:

	Share capital paid called up	Other reserves	Total
	€	€	€
Balance as at 1 November 2018	10.000	(14.517)	(4.517)
Appropriation of result	–	(18.130)	(18.130)
Balance as at 31 October 2019	10.000	(32.647)	(22.647)

Statement of the proposed appropriation of the result

During the general meeting at which the financial statements will be adopted, will be proposed to subtract the 1 November 2018 until 31 October 2019 result after tax from the other reserves.

This proposal is already incorporated in the 2018/2019 financial statements of the company.

Disclosure of share capital

The share capital of Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. amounts to € 10.000, divided into 10.000 ordinary shares. All shares each have a nominal value of € 1.

Of the shares, 10.000 ordinary shares have been issued and fully paid up.

Long-term liabilities

Disclosure of non-current liabilities

On 26 September 2018 the company entered into a loan facility with Bank of America Merrill Lynch International Limited with a maximum of EUR 5 million which in November 2018 has been utilized for EUR 4,4 million. The facility bears interest at 1,5% per annum plus Euribor. The facility may be terminated at any time by Bank of America Merrill Lynch International Limited. There is no redemption scheme agreed upon. This loan is considered as non-current by management.

The following securities have been agreed upon:

- Pari passu with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies;
- The borrower shall not create, grant or permit to subsist any security interest over any of its present or future business assets or undertakings;
- The Borrower shall not enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction without giving the Lender 15 days prior notice;
- The Borrower shall procure that no substantial change is made to the general nature of the business of the Borrower.

Current liabilities

Accruals and deferred income

All currrent liabilities have a remaining term of maturity of less than one year. The fair value of current liabilities approximates the carrying amount, because of their short-term character.

Subsequent events

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and prevent the effects of the COVID-19 virus such safety and health measures for our people (like social distancing and working from home) and securing the supply of materials that are essential to our production process.

At this stage, the impact on our business and results is limited. We will continue to follow the various national institutes policies and advice and in parallel will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people.

NOTES TO THE INCOME STATEMENT

Average number of employees

2018/2019

	Number
Average number of employees	–

2017/2018

	Number
Average number of employees	–

	2018/2019	2017/2018
	€	€
General expenses		
Audit costs	**13.840**	–
Consultancy expenses	**9.067**	749
Management fee	**3.616**	3.993
Notarial expenses	**2.433**	4.998
Accounting costs	**1.404**	4.727
Other general expenses	**3.064**	–
	33.424	**14.467**

	2018/2019	2017/2018
Financial income and expense		
Interest and similar income		
Dividend income	**70.624**	–
Interest and similar expenses		
Interest loan facility Bank of America Merrill Lynch International Limited	**55.223**	–
Interest and cost bank	**107**	50
	55.330	50

Rotterdam, 21 April 2020

Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V.

P. Breeman N.V. Madgavkar J.M. van der Aa - Olierook

1 BALANCE SHEET AS AT OCTOBER 31, 2019
(after appropriation of results)

		October 31, 2019		October 31, 2018	
		€	€	€	€
Assets					
Fixed assets	(1)				
Intangible fixed assets					
Goodwill			6,942		34,696
Financial fixed assets	(2)				
Participations in group companies			5,576,731		5,125,531
Current assets					
Receivables, prepayments and accrued income	(3)				
Taxes and social securities		9,636		27,668	
Other receivables, deferred assets		85,000		–	
			94,636		27,668
Cash and cash equivalents	(4)		121,325		11,695
			5,799,634		5,199,590

		October 31, 2019		October 31, 2018	
		€	€	€	€
Equity and liabilities					
Equity	(5)				
Issued share capital		31,390		31,390	
Share premium reserve		2,402,318		2,402,318	
Other reserves		2,554,026		1,694,822	
			4,987,734		4,128,530
Long-term debts	(6)		724,629		1,040,101
Current liabilities	(7)				
Trade creditors		–		28,844	
Accruals and deferred income		87,271		2,115	
			87,271		30,959
			5,799,634		5,199,590

2 PROFIT AND LOSS ACCOUNT OVER 2018/2019

		2018/2019		2017/2018	
		€	€	€	€
Net turnover			50,000		
Expenses					
Amortisation and depreciation	(8)	27,754		27,754	
Other operating expenses	(9)	4,264		63,162	
			32,018		90,916
Operating result			17,982		(90,916)
Financial income and expenses	(10)		48,358		(47,509)
Result before tax			66,340		(138,425)
Taxes	(11)		(18,032)		27,668
			48,308		(110,757)
Share in result of participating interests	(12)		895,896		(154,621)
Result after tax			944,204		(265,378)

3 NOTES TO THE FINANCIAL STATEMENTS

General

Activities

The main activities of the company are to participate in and to hold the shares of group companies.

Registered office, legal form and registration number at the chamber of commerce

The registered and actual address of OFD Holding B.V. is Albert Plesmanweg 250 in Rotterdam of business and is registered at the chamber of commerce under number 24264988.

General accounting principles for the preparation of the annual accounts

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2, of the Dutch Civil Code and the Dutch Accounting Standards applicable to small legal entities, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet and profit and loss account, references are made to the Notes.

Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year, with the exception of the changes in accounting policies as set out in the relevant sections.

Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

The exemption of consolidation

In accordance with article 408, Title 9, Book 2 of the Netherlands Civil Code, consolidated financial statements of the Company are not disclosed because its financial figures together with its subsidiaries are included in the consolidated financial statements of Mahindra & Mahindra Limited, which are filed with the Dutch Chamber of Commerce together with these financial statements.

Translation of foreign currency

Items included in the financial statements of OFD Holding B.V. are valued with due regard for the currency in the economic environment in which the company carries out most of its activities (the functional currency). The financial statements are denominated in euros; this is both the functional currency and presentation currency of OFD Holding B.V.

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the profit and loss account.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

Accounting principles applied to the valuation of assets and liabilities

Intangible fixed assets

IIntangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset (or of the cash-generating unit to which the asset belongs) is higher than its recoverable amount.

Positive goodwill resulting from acquisitions and calculated in accordance with note "Participations" is capitalised and amortised on a straight-line basis over the estimated economic life.

Financial fixed assets

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as OFD Holding B.V. can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Securities

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material. Receivables are subsequently valued at the amortised cost price. Provisions for bad debts are deducted from the carrying amount of the receivable.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Long-term debts

On initial recognition long-term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the profit and loss account on the basis of the effective interest rate during the estimated term of the long-term debts.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the profit and loss account on the basis of the effective interest rate during the estimated term of the long-term debts.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for the determination of the result

General

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Expenses general

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Amortisation and depreciation

Intangible fixed assets including goodwill are amortised and depreciated from the date of when they are available for use, based on the estimated economic life/expected future useful life of the asset.

Financial income and expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Taxes

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

Share in result of participating interests

The result is the amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the earnings achieved by the participation to the extent that this can be attributed to OFD Holding B.V.

4 NOTES TO THE BALANCE SHEET AS OF OCTOBER 31, 2019

Assets

Fixed assets

1. Intangible fixed assets

	Goodwill
	€
Carrying amount as of November 1, 2018	
Purchase price	277,543
Cumulative depreciation and impairment	(242,847)
	34,696
Movement	
Amortization	(27,754)
Carrying amount as of October 31, 2019	
Purchase price	277,543
Cumulative depreciation and impairment	(270,601)
	6,942
Amortisation rates	%
Goodwill	10

2. Financial fixed assets

	10/31/2019	10/31/2018
	€	€
Participations in group companies		
Origin Fruit Direct B.V. at Rotterdam (100%)	5,576,731	5,098,815
Origin Direct Asia Ltd at Hong Kong (80%)	–	–
Origin Fruit Services Ltd at Chile (100%)	–	26,716
	5,576,731	**5,125,531**

	2018/2019	2017/2018
	€	€
Origin Fruit Direct B.V.		
Carrying amount as of November 1	5,098,815	4,662,732
Share in result	562,916	436,083
Dividend	(85,000)	–
Carrying amount as of October 31	5,576,731	5,098,815

Concerns a 100% participation in Origin Fruit Direct B.V. at Rotterdam

	10/31/2019	10/31/2018
	€	€
Origin Direct Asia Ltd		
Carrying amount as of November 1	–	914,353
Disposals	(116,985)	(182,871)
Reversal of impairment	584,927	–
Share in result	(467,942)	(731,482)
Carrying amount as of October 31	–	–

Concerns a 60% participation in Origin Direct Asia Ltd at Hong Kong

The participation has a negative equity amounting to € 217,686 as of October 31, 2019.

	2018/2019	2017/2018
	€	€
Origin Fruit Services Ltd		
Carrying amount as of November 1	26,716	47,567
Share in result	(26,716)	(20,851)
Carrying amount as of October 31	–	26,716

The participation has a negative equity amounting to € 44,413 as of October 31, 2019.

Current assets

3. Receivables, prepayments and accrued income

	10/31/2019	10/31/2018
	€	€
Taxes and social securities		
Corporate income tax	9,636	27,668
	–	–

Other receivables, deferred assets

Prepayments and accrued income		
Dividends to be received	85,000	–

	10/31/2019	10/31/2018
	€	€
4. Cash and cash equivalents		
ABN AMRO Bank N.V.	121,325	11,695

Equity and liabilities

5. Equity

	10/31/2019	10/31/2018
	€	€
Issued share capital		
Subscribed and paid up 31,390 ordinary shares at par value € 1.00	31,390	31,390

The statutory share capital amounts to € 92,000.

Share premium reserve

	2018/2019	2017/2018
	€	€
Carrying amount as of November 1	2,402,318	2,402,318
Carrying amount as of October 31	2,402,318	2,402,318

Other reserves

	2018/2019	2017/2018
	€	€
Carrying amount as of November 1	1,694,822	1,960,200
Allocation of financial year nett result	944,204	(265,378)
	2,639,026	1,694,822
Dividend to be paid	(85,000)	–
Carrying amount as of October 31	2,554,026	1,694,822

6. Long-term debts

	10/31/2019	10/31/2018
	€	€
Loans from group companies		
Origin Fruit Direct B.V.	724,629	1,040,101

In 2018/2019 € 30,420 interest is calculated (2018/2019: 4% (2017/2018: 4%)).

7. Current liabilities

Other liabilities and Accruals and deferred income

	10/31/2019	10/31/2018
	€	€
Accruals and deferred income		
Audit costs	2,271	2,115
Dividend to pay out	85,000	–
	87,271	2,115

5 NOTES TO THE PROFIT AND LOSS ACCOUNT 2018/2019

Notes to the profit and loss account 2018/2019

Staff

During 2018/2019, no employees were employed on a full-time basis.

	2018/2019	2017/2018
	€	€
8. Amortisation and depreciation		
Intangible fixed assets	27,754	27,754
9. Other operating expenses		
General expenses		
Audit costs	4,264	4,598
Consultancy fees	–	11,577
Legal charges	–	41,767
Notarial charges	–	870
Other general expenses	–	4,350
	4,264	63,162
10. Financial income and expenses		
Interest and similar income		
Interest swap	79,758	–
Interest and similar expenses		
Interest and costs bank	(128)	(168)
Differences of exchange	(852)	(152)
Interest taxes	–	(4,861)
Interest payable Origin Fruit Direct B.V.	(30,420)	(42,328)
	(31,400)	(47,509)

	2018/2019	2017/2018
	€	€
11. Taxes		
Corporate income tax	(18,032)	27,668
12. Share in result of participating interests		
Share in result of Origin Fruit Direct B.V.	562,916	436,083
Share in result of Origin Direct Asia Ltd	–	(731,482)
Share in result of Origin Fruit Services Ltd	(26,716)	(20,851)
Result on selling shares Origin Direct Asia Ltd	359,696	161,629
	895,896	(154,621)

Signing of the financial statements

Rotterdam, May 29, 2020

Management:

C.A.M. van de Klundert J.E. Prihti

N.V. Madgavkar A.H. Sharma

OTHER INFORMATION

Provisions of the Articles of Association relating to profit appropriation

In article 20 of association of the company is stated that the amount of distributable profits shall be at the unrestricted disposal of the general meeting of shareholders.

The company can only do payments of the distributable profits to shareholders or other entitled persons as far as capital and reserves exceed the paid up and called up part of the capital plus the legal reserves.

Appropriation of the result for the 2017/2018 financial year

The annual account for 2017/2018 was adopted by the General Meeting held on July 22, 2019. The General Meeting has determined the appropriation of the result as it was proposed.

Appropriation of the profit for 2018/2019

The board of directors proposes to add the profit for 2018/2019 of € 944,204 to the other reserves.

This proposal has been processed in the annual account in advance of the adoption by the General Meeting.

Audit

There is no need to provide an audit because OFD Holding B.V. has used the possibility of exemption of an expert report under art. 2: 393 paragraph 1 BW2 under Art. 2: 396 paragraph 7 of the Civil Code.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ORIGIN DIRECT ASIA LIMITED (INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

Opinion

We have audited the consolidated financial statements of Origin Direct Asia Limited (the "Company") and its subsidiary (together, the "Group") set out on pages 1908 to 1920, which comprise the consolidated statement of financial position as at 31 October 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 October 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance**.**

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 4 in the financial statements, which indicates that the Company incurred a net loss of USD1,231,842 during the year ended 31 October 2019 and, as of that date, the Company's current liabilities exceeded its current assets by USD420,375. As stated in Note 4, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises all the information included in the directors' report, but does not include the consolidated financial statements and our auditor's report thereon.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Fung, Yu & Co. CPA Limited
Certified Public Accountants (Practising)

LAU Vui Cheong
Practising Certificate Number: P03455

Date: 10th June 2020

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2019

	Notes	2019 USD	2018 USD
Turnover	6	**9,567,693**	13,089,039
Cost of sales		**(9,270,960)**	(12,140,474)
Gross profit		**296,733**	948,565
Other income	7	**29,952**	43,546
		326,685	992,111
Selling expenses		**(354,721)**	(670,697)
Administrative and other operating expenses		**(1,078,170)**	(836,174)
Loss from operations		**(1,106,206)**	(514,760)
Finance costs	8	**(55,394)**	(28,536)
Loss before taxation	9	**(1,161,600)**	(543,296)
Taxation	10	**(3,582)**	(8,993)
Loss for the year		**(1,165,182)**	(552,289)
Other comprehensive (loss)/ income for the year			
Items that may be reclassified subsequently to profits or loss:-			
Exchange difference arising from translation of financial statements of the PRC subsidiary		**(69,198)**	320,134
Total comprehensive loss for the year		**(1,234,380)**	(232,155)

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2019

	Notes	2019 USD	2018 USD
Non-current assets			
Plant and equipment	12	**14,590**	9,297
Interest in an associate	13	**1**	1
Deferred tax asset	18	**2,285**	5,867
		16,876	15,165
Current assets			
Inventories	14	**186,606**	831,865
Trade and other receivables		**753,954**	1,252,937
Rental and other deposits		**129,996**	201,884
Prepayment		**26,765**	111,887
Amount due from a former director	15	**10,066**	10,066
Amount due from an associate	16	**–**	44,112
Prepaid income tax		**–**	1,782
Cash at bank and in hand		**116,782**	106,433
		1,224,169	2,560,966
Deduct:			
Current liabilities			
Trade and other payables		**733,140**	1,349,760
Accrued expenses		**30,239**	31,076
Amount due to an associate	16	**8,959**	–
Amount due to a fellow subsidiary	17	**872,206**	364,414
		1,644,544	1,745,250
Net current (liabilities)/assets		**(420,375)**	815,716
Net (liabilities)/assets		**(403,499)**	830,881

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2019

	Note	2019 USD	2018 USD
Share capital			
Issued and fully paid:			
10,000 ordinary shares		**1,290**	1,290
Exchange reserve		**187,498**	256,696
(Accumulated losses)/retained profits		**(592,287)**	572,895
Shareholders' (deficiency)/fund		**(403,499)**	830,881

Approved and authorised for issue by the board of directors on

On behalf of the board:

Mr. Cornelis Adrianus Maria van de Klundert
Director

Mr. Meghnad Mitra
Director

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2019

	Share capital USD	Exchange reserve USD	Retained profits USD	Total equity USD
Balance at 1 November 2017	1,290	(63,438)	1,125,184	1,063,036
Loss for the year	–	–	(552,289)	(552,289)
Other comprehensive income for the year	–	320,134	–	320,134
Total comprehensive income/(loss) for the year	–	320,134	(552,289)	(232,155)
Balance at 31 October 2018	1,290	256,696	572,895	830,881
Loss for the year	–	–	(1,165,182)	(1,165,182)
Other comprehensive loss for the year	–	(69,198)	–	(69,198)
Total comprehensive loss for the year	–	(69,198)	(1,165,182)	(1,234,380)
Balance at 31 October 2019	**1,290**	**187,498**	**(592,287)**	**(403,499)**

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 OCTOBER 2019

	2019 **USD**	2018 USD
Cash flows from operating activities		
(Loss)/profit from operations	**(1,106,206)**	(514,760)
Adjustments for:-		
Depreciation	**5,363**	3,200
Interest income	**(1,282)**	(642)
Effect of foreign exchange differences	**(68,357)**	329,031
Operating loss before working capital changes	**(1,170,482)**	(183,171)
Decrease/(increase) in inventories	**645,259**	(694,636)
Decrease/(increase) in trade and other receivables	**498,983**	(79,044)
Decrease/(increase) in rental and other deposit	**71,888**	(199,084)
Decrease/(increase) in prepayment	**85,122**	(42,210)
Decrease in amount due from an associate	**44,112**	52,881
(Decrease)/increase in trade and other payables	**(616,620)**	587,098
Decrease in accrued expenses	**(837)**	(7,200)
Increase in amount due to an associate	**8,959**	–
Increase in amount due to a fellow subsidiary	**507,792**	212,531
Cash generated from/(used in) operations	**74,176**	(352,835)
Income tax refunded	**1,782**	79,729
Interest paid	**(55,394)**	(25,200)
Net cash generated from/(used in) operating activities	**20,564**	(298,306)
Cash flows from investing activities		
Acquisition of plant and equipment	**(10,682)**	(1,631)
Interest received	**1,282**	642
Net cash used in investing activities	**(9,400)**	(989)
Net increase/(decrease) in cash and cash equivalents carried forward	**11,164**	(299,295)
Net increase/(decrease) in cash and cash equivalents brought forward	**11,164**	(299,295)
Cash and cash equivalents at beginning of year	**106,433**	417,551
Effect of exchange rate changes	**(815)**	(11,823)
Cash and cash equivalents at end of year	**116,782**	106,433
Analysis of the balances of cash and cash equivalents		
Cash at bank and in hand	**116,782**	106,433

ORIGIN DIRECT ASIA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019

1. General information

Origin Direct Asia Limited is a company incorporated in Hong Kong with limited liability. The Company's registered office is located at 10/F., Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong. The principal activity of the Company is trading of fresh fruit. The principal activities of its subsidiary and associate are set out in notes 12 and 25 to the consolidated financial statements.

The immediate parent of the Company is OFD Holding B.V., a company incorporated in Netherlands, who holds 100% shares in capital of the Company. The ultimate parent of the Company is Mahindra & Mahindra Ltd., a company incorporated in India and is listed on Bombay Stock Exchange and National Stock Exchange of India.

2. Adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

Of these new and revised standards, Amendments and Interpretations, the following developments are relevant to the Company's financial statements:

- HKFRS 9, Financial instruments
- HKFRS 15, Revenue from contracts with customers

The effects of the application of these HKFRSs are summarized below.

(i) HKFRS 9, Financial instruments

HKFRS 9 replaces HKAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Company has applied HKFRS 9 retrospectively to items that existed at 1 November 2018 in accordance with the transition requirements.

The adoption of HKFRS 9 does not have material effect on these financial statements.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The measurement categories for all financial liabilities remain the same, except for financial guarantee contracts. The carrying amounts for all financial liabilities at 1 November 2018 have not been impacted by the initial application of HKFRS 9.

b. Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Company applies the new ECL model to the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, rental and sundry deposits and amounts due from related parties);

(ii) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The adoption of HKFRS 15 does not have material effect on these financial statements.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

a. Timing of revenue recognition

Previously, revenue arising from construction contracts and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

b. Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

c Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Company has an unconditional right to consideration. If the Company recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Company recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

3. New and revised HKFRSs issued but not yet effective

Up to the date of these consolidated financial statements, certain new and revised HKFRSs which may be relevant to the Group's operations and consolidated financial statements have been issued by the HKICPA but are not yet effective for the accounting year ended 31 October 2019. The Group is not yet in a position to state whether the adoption of them would have a significant impact on the Group's results of operations and financial position.

4. Going concern

The financial statements have been prepared on a going concern basis notwithstanding that there are net current liabilities and net liabilities in the financial position of the Company as the holding company has pledged its continuous financial support for the operations of the Company.

5. Significant accounting policies

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with the HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The consolidated financial statements are presented in United States dollars, which is the same as the functional currency of the Group. All amounts are rounded to the nearest one**.**

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The consolidated financial statements included the financial statements of the Company and its subsidiary made up to 31 October 2019. Significant intercompany transactions are eliminated on consolidation and all figures in the consolidated financial statements relate to external transactions only.

(c) Revenue recognition

Income is classified by the Company as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Company's business.

Revenue is recognized when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Company is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from sales of products was recognised on a similar basis in the comparative period under HKAS 18.

Sales of products

Revenue from sales of products is recognised when the customer takes possession and accepts the products.

Interest income

Bank interest income is recognised on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

(d) Taxation

Income tax for the year comprises current tax and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit and loss and other comprehensive income because it excludes items of income and expenses that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for by using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which cases, the deferred tax is recognised in other comprehensive income or directly in equity respectively.

(e) Translation of foreign currencies

(i) Functional and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of preparation for the consolidated financial statements, the results and financial position of each entity are expressed in United States dollars, which is the Group's functional currency and the presentation currency for the consolidated financial statements.

(ii) Transactions and balances

In preparing the consolidated financial statements of the individual entity, transactions in currencies other than the Group's functional currency (foreign currencies) are initially recorded at the rates of exchange ruling at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss. Exchange differences arising on the retranslation of non-monetary items carried at fair value are recognised in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income or directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income or directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in United States dollars using exchange rate ruling at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are classified as equity and transferred to the Group's exchange reserve. Such translation differences are recognized in the profit or loss in the period in which the foreign operation is disposed of**.**

(f) Borrowing costs

Borrowing costs are expensed when incurred, unless relating to the acquisition, construction and production of a qualifying asset where they are capitalised as part of cost of the asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

(g) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost can be measured reliably. All other expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is recognised as expenses during the period in which it is incurred.

The gain or loss on disposal of an item of plant and equipment is the difference between the net sale proceeds and the net carrying value of the relevant asset, and is recognised in profit or loss.

Depreciation is provided to write off the cost of plant and equipment, after deducting estimated scrap value, over their estimated useful lives by using the straight-line method at the following annual rates:

Computer equipment	20%–30%
Furniture and fixtures	25%
Office equipment	18%–33.33%

(h) Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The entire carrying amount of an investment in an assoicate (including goodwill) will be subject to test and review annually for any indication that the investment is impaired by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

(i) Trade and other receivables

A receivable is recognised when the Company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(j) Credit losses and impairment of financial assets other than investments

The Company recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, rental and sundry deposits and amount due from related parties).

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the company expects to receive). The expected cash shortfalls are discounted using the effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. In measuring ECLs, the Company takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies. ECLs on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

At each reporting date, the Company assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(k) Impairment of non-financial assets

At the end of each reporting period, the carrying amounts of the Company's tangible and intangible assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in profit or loss except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case, it is treated as a revaluation decrease.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Trade and other payables

Trade and other payables are initially recognized at fair value and are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Operating lease rentals payable are charged to profit or loss on a straight-line basis over the respective lease terms.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(p) Related parties

A related party is a person or entity that is related to the Group.

(i) A person or a close member of that person's family is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or of a parent of the Group.

(ii) An entity is related to the Group if any of the following conditions applies:

(a) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(f) The entity is controlled or jointly controlled by a person identified in (i).

(g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(h) The entity, or any member of a group of which it is a part, provides key management services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

6. Turnover

Turnover represents revenue from contracts with customers in respect of sales of goods during the year.

Disaggregated of revenue
Revenue from contracts with customers within the scope of HKFRS 15 is further analysis as follows:

	2019	2018
	USD	USD
Disaggregated by major revenue		
Sales of goods	**9,567,693**	13,089,039
Disaggregated by location of the revenue		
Hong Kong	**1,126,171**	1,076,699
China	**6,428,376**	12,012,340
South Korea	**1,296,016**	–
Malaysia	**615,522**	–
Taiwan	**52,478**	–
America	**49,130**	–
	9,567,693	13,089,039

7. Other income

	2019	2018
	USD	USD
Bank interest income	**1,282**	642
Sundry income	**28,670**	42,904
	29,952	43,546

8. Finance costs

	2019	2018
	USD	USD
Bank interest expenses	**1,094**	3,336
Interest on loan from a fellow subsidiary	**54,300**	25,200
	55,394	28,536

9. Loss before taxation

Loss before taxation is arrived at after charging, inter alia, the following items:

	2019	2018
	USD	USD
Auditor's remuneration	**19,510**	19,527
Depreciation	**5,363**	3,200
Net exchange loss	**25,212**	75,221
Operating lease rental	**40,838**	58,234
Staff costs		
Gross salaries	**289,126**	428,143

10. Taxation

	2019	2018
	USD	USD
Current tax:		
Over provision in prior years	–	(1,341)
	–	(1,341)
Deferred tax:		
Origination and reversal of temporary differences	**3,582**	2,234
Effect on deferred tax balance at 1 November resulting from a change in tax rate	–	8,100
Total income tax charge	**3,582**	8,993

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Company has sufficient tax loss brought forward to cover the estimated assessable profits for the year (2018: Nil).

No PRC enterprise income tax has been provided in the consolidated financial statements as the Company's subsidiary incurred a tax loss for the year (2018: Nil).

The tax charge for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019	2018
	USD	USD
Loss before taxation	**(1,161,600)**	(543,296)
Notional tax (credit) / charge on (loss) / profit before taxation, calculated at application tax rate	**(95,831)**	(44,821)
Tax effect of non-deductible expenses	**144,953**	53,854
Tax effect of non-taxable offshore income	**(43,884)**	(6,799)
Tax effect of unrecognition of temporary differences	**1,385**	–
Tax effect of utilization of losses not previously recognised	**(3,041)**	–
Effect on deferred tax balance at 1 November resulting from a change in tax rate	–	8,100
Overprovision in prior period	–	(1,341)
Total income tax charge	**3,582**	8,993

11. Directors' remuneration

Particulars of the directors' remuneration for the year disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance are as follows:-

	2019 USD	2018 USD
Fee	–	–
Other emoluments		
– Salary and allowance	–	–
– Contributions to Mandatory Provident Fund	–	–
– Quarter expenses	–	–
Retirement benefit	–	–
Compensation for loss of office	–	–
Key Management personnel's remuneration	–	–

12. Plant and equipment

	Computer equipment USD	Furniture and fixtures USD	Office equipment USD	Total USD
Cost				
At 1 November 2017	36,065	2,920	3,006	41,991
Additions	1,631	–	–	1,631
Exchange realignment	(748)	–	(102)	(850)
At 31 October 2018	36,948	2,920	2,904	42,772
Additions	9,976	–	706	10,682
Exchange realignment	(665)	–	(22)	(687)
At 31 October 2019	**46,259**	**2,920**	**3,588**	**52,767**
Accumulated depreciation				
At 1 November 2017	28,011	1,166	1,831	31,008
Charge for the period	2,083	752	365	3,200
Exchange realignment	(668)	–	(66)	(733)
At 31 October 2018	29,427	1,918	2,130	33,475
Charge for the year	4,020	752	591	5,363
Exchange realignment	(644)	–	(17)	(661)
At 31 October 2019	**32,803**	**2,670**	**2,704**	**38,177**
Net book value				
At 31 October 2019	**13,456**	250	884	14,590
At 31 October 2018	7,521	1,002	774	9,297

13. Interest in an associate

	2019 USD	2018 USD
Investment in an associate:-		
Unlisted shares, at cost	**645**	645
Share of post acquisition profit or loss and other comprehensive income, net of dividends received	**(644)**	(644)
End of the year	**1**	1

At 31 October 2019, the Company has interests in the following:-

Name of associate	HDG-Asia Limited
Form of business structure	Incorporated
Place of incorporation	Hong Kong
Class of shares held	Ordinary
Percentage of issued/registered capital held	50% (2018: 50%)
Nature of business	Quality inspectors and surveyors of fresh fruit and vegetables

Based on the audited financial statements of HDG-Asia Limited made up to 31 October 2019, the financial information in respect of the Group's associate is summarised as follows:-

	2019 USD	2018 USD
HDG-Asia Limited		
Current assets	**39,567**	76,235
Non-current assets	**29**	145
Current liabilities	**47,986**	98,362
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**21,005**	48,099
Current financial liabilities (excluding trade and other payables and provision)	–	–
Non-current financial liabilities (excluding trade and other payables and provision)	–	–
Revenue	**149,572**	201,025
Profit for the year	**13,597**	63,452
Other comprehensive income for the year	–	–
Total comprehensive income for the year	**13,597**	63,452
Dividends received from the associate during the year	–	–

The summarised financial information in respect of the Group's interest in the above associate is set out below:-

	2019 USD	2018 USD
Net liabilities of the associate	**(8,390)**	(21,982)
Proportion of the Company's ownership interest in the associate	**50%**	50%
Group's share of net liabilities of the associate	**(4,195)**	(10,991)

The Group had discontinued recognition of its share of loss of an associate since 31 October 2015 because its cumulative share of losses in this associate had exceeded its investment cost less subsequent accumulated impairment losses. The Group will not resume recognition of its share of any future profits in this associate until its share of such profits equals the cumulative share of losses not recognised in past years.

14. Inventories

	2019 USD	2018 USD
Merchandise - Fruits	**186,606**	831,865

15. Amount due from a former director

	Maximum balance outstanding during the year USD	2019 USD	2018 USD
Mr. Jason Dean BOSCH	**10,066**	**10,066**	10,066

The above amount is unsecured, interest free and has no fixed repayment terms.

16. Amount due from/(to) an associate

The above amount is unsecured, interest free and has no fixed repayment terms.

17. Amount due to a fellow subsidiary

The amount is unsecured, at 4% interest per annum on the average outstanding balance and has no fixed repayment terms.

18. Deferred taxation

The component of deferred tax liability recognised in the consolidated statement of financial position and the movements during the year are as follows:-

	Accelerated tax depreciation USD	Unused tax losses USD	Total USD
At 1 November 2017	1,215	(17,416)	(16,201)
(Credited)/debited to profit or loss	(692)	11,026	10,334
At 31 October 2018	523	(6,390)	(5,867)
Debited to profit or loss	540	504	1,044
At 31 October 2019	**1,063**	(5,886)	**(4,823)**

Deferred tax asset amounts to approximately USD202,628 (2018: USD202,628) arising from unused tax losses of the Company's subsidiary has not been recognised in the consolidated financial statements due to the uncertainty of future profit stream against which the asset can be utilised.

19. Financial instruments

The carrying amounts of each of the categories of financial instruments of the Group as at end of the reporting period are as follows:

	2019 USD	2018 USD
Financial assets at amortised costs		
Trade and other receivables	**753,954**	1,252,937
Rental and other deposits	**129,996**	201,884
Amount due from a former director	**10,066**	10,066
Amount due from an associate	–	44,112
Cast at bank and in hand	**116,782**	106,433
	1,010,798	1,615,432
Financial liabilities at amortised costs		
Trade and other payables	**733,140**	1,349,760
Accrued expenses	**30,239**	31,076
Amount due to an associate	**8,959**	**–**
Amount due to a fellow subsidiary	**872,206**	364,414
	1,644,544	1,745,250

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts.

20. Risks related to financial instruments

The Group's overall policy on risk management remained the same as in the previous year. The risks associated with the Group's financial instruments at the end of the reporting period are as follows:-

Currency risk

The Group's foreign currency risk primarily relates to trade and other receivables, bank deposits and trade and other payables that are denominated in a currency other than its functional currency. The currency giving rise to this risk is primarily Renminbi (RMB). The Group has not used any forward exchange contracts, currency borrowings or other means to hedge its foreign currency exposure. United States dollars against RMB was relatively stable during the year and as result, the Group considers it has no material foreign currency risk.

The directors consider that any reasonable changes in foreign exchange would not result in significant change in the Group's results and therefore no sensitivity analyse is presented for foreign exchange risk.

Credit risk

The carrying amounts of trade and other receivables and bank deposits as stated in the consolidated statement of financial position represent the Group's maximum exposure to credit risk at the end of the reporting period. The Group has a credit policy in place and exposures to the credit risk are monitored on an ongoing basis. At the end of the reporting period, the Group has a concentration of credit risk as the trade receivables accounted for 62% (2018: 49%) of the Group's current assets.

An analysis of the age of trade receivables that were past due as at the end of the reporting period but not impaired is as follows:-

	2019 USD	2018 USD
0 to 180 days	**431,351**	826,025
Over 180 days	**18,050**	18,155
	449,401	844,180

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the directors believe that no provision for doubtful debt is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Receivables that were neither past due nor impaired relate to a range of customers for whom there was no recent history of default.

20. Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis for the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted cash flows, is as follows:-

At 31 October 2019	**Amounts due to related parties USD**	**Payables and accruals USD**	**Total financial liabilities USD**
Carrying amount	**881,165**	**763,379**	**1,644,544**
Without fixed repayment terms	**881,165**	**–**	**881,165**
Within 3 months	**–**	**763,379**	**763,379**
Total contractual undiscounted cash flows	**881,165**	**763,379**	**1,644,544**

At 30 October 2018	**Amounts due to related parties USD**	**Payables and accruals USD**	**Total financial liabilities USD**
Carrying amount	364,414	1,380,836	1,745,250
Without fixed repayment terms	364,414	–	364,414
Within 3 months	–	1,380,836	1,380,836
Total contractual undiscounted cash flows	364,414	1,380,836	1,745,250

21. Capital management

The Group's primary objectives when managing capital, which comprises all capital and reserves attributable to the equity holders are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital structure in order to support its business and maximize shareholder value.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the equity holders, issue new shares or sell assets to reduce debt. The Group's overall policy on managing capital remained the same as in the previous year.

22. Critical accounting estimates and judgements

In preparing these consolidated financial statements, the management is required to exercise significant judgements in the selection and application of accounting principles, including making estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal to the related actual results. The following is a review of the more significant accounting policies that are impacted by judgements and uncertainties and for which different amounts may be reported under a different set of conditions or using different assumptions.

Impairment

The Group assesses annually whether plant and equipment and investment in an associate have any indication of impairment. The recoverable amounts of the assets have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates.

Depreciation

The Group's net book value of plant and equipment as at 31 October 2019 was USD14,590 (2018: USD9,297). The Group depreciates the assets on a straight-line basis, after deducting estimated scrap value, over their estimated useful life. The estimated useful life reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the assets.

Income taxes

No deferred tax asset was recognised in the Group's consolidated statement of financial position at 31 October 2019 in relating to the estimated unused tax losses arising from the Company's subsidiary of USD202,628 (2018: USD202,628) due to the unpredictability of future profit streams. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, a material recognition of deferred tax asset may arise, which would be recognised in profit or loss for the period in which such a recognition takes place.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the management's expectation of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

Provision

The Group recognises provisions when it has present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provision are reviewed at the end of each reporting period and adjusted to reflect the Group's current best estimate.

23. Operating lease commitments

At the end of the reporting period, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	USD	USD
Within one year	**39,143**	37,612
In the second to fifth year inclusive	**11,336**	20,913
	50,479	58,525

24. Related party transactions

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following transactions with related party.

	2019	2018
	USD	USD
Company controlled by the immediate parent		
Commission fee paid	**38,503**	39,469
Interest paid	**54,300**	25,200

25. Statement of financial position and reserve movement of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follow:-

	2019	2018
	USD	USD
Non-current assets		
Plant and equipment	**12,975**	6,453
Interest in an associate	**1**	1
Interest in a subsidiary	**1**	1
Deferred tax asset	**2,285**	5,867
	15,262	12,322
Current assets		
Trade and other receivables	**380,111**	826,025
Rental and other deposits	**129,996**	201,884
Amount due from a subsidiary	**283,161**	–
Amount due from a former director	**10,066**	10,066
Amount due from an associate	–	44,112
Prepaid income tax	–	1,782
Cash at bank and in hand	**61,374**	35,762
	864,708	1,119,631
Deduct:		
Current liabilities		
Trade and other payables	**464,741**	926,652
Accrued expenses	**25,476**	25,360
Amount due to an associate	**8,959**	**–**
Amount due to a fellow subsidiary	**872,206**	364,414
Amount due to a subsidiary	**–**	127,180
	1,371,382	1,443,606
Net current liabilities	**(506,674)**	(323,975)
Net liabilities	**(491,412)**	(311,653)

	2019	2018
Share capital	**USD**	USD
Issued and fully paid:		
10,000 ordinary shares	**1,290**	1,290
Accumulated losses	**(492,702)**	(312,943)
Shareholder's deficiency	**(491,412)**	(311,653)

A summary of reserve movement of the Company is as follow:-

	Share capital USD	Retained profits USD	Total equity USD
Balance at 1 November 2017	1,290	36,284	37,574
Loss for the year	–	(349,227)	(349,227)
Other comprehensive income for the year	–	–	–
Total comprehensive loss for the year	–	(349,227)	(349,227)
Balance at 31 October 2018	1,290	(312,943)	(311,653)
Loss for the year	–	(179,759)	(179,759)
Other comprehensive income for the year	–	–	–
Total comprehensive loss for the year	–	(179,759)	(179,759)
Balance at 31 October 2019	**1,290**	**(492,702)**	**(491,412)**

26. Subsidiary

The following is the details of the Company's subsidiary at the end of the reporting period:

Name of subsidiary	Place of incorporation	Class of shares	Percentage of registered capital held	Principal activity
Origin Direct Asia (Shanghai) Trading Company Limited (弗締(上海)貿易 有限公司)	P.R.C.	Ordinary shares	100%	Wholesale, import and export, and agent service of prepackaged foods and edible agricultural products

Approved and authorised for issue by the board of directors on

On behalf of the board:

Mr. Cornelis Adrianus Maria van de Klundert
Director

Mr. Meghnad Mitra
Director

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of
Origin Fruit Direct B.V.
Albert Plesmanweg
3088 GD Rotterdam

A. Report on the audit of the financial statements in the period 1 November 2018 until 31 October 2019

Our opinion

We have audited the financial statements for the year ended 31 October 2019 of Origin Fruit Direct B.V., based in Rotterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Origin Fruit Direct B.V. as at 31 October 2019, and of its result for the period 1 November 2018 until 31 October 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 October 2019;
2. the profit and loss account for 1 November 2018 until 31 October 2019; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Origin Fruit Direct B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The directors report;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of the board for the financial statements

The board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board is responsible for such internal control as the board determines is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

As part of the preparation of the financial statements, the board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board should prepare the financial statements using the going concern basis of accounting unless the board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatements of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board;
- Concluding on the appropriateness of the board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represents the underlying transactions and events free from material misstatements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Breda, 17 January 2020

Van Oers Audit B.V.

A.A. Hoeven RA

BALANCE SHEET AS AT 31 OCTOBER 2019

	31 October 2019		31 October 2018	
	€	€	€	€
ASSETS				
Fixed assets				
Intangible assets		**151,221**		201,053
Property, plant and equipment		**163,112**		194,624
Current assets				
Inventories and work in progress		**1,693,778**		2,556,875
Receivables				
Trade debtors	**7,575,764**		5,868,226	
Receivables from fellow subsidiaries	**835,201**		374,623	
Taxes and social security charges	**367,364**		142,073	
Current account shareholders	**724,630**		1,040,102	
Accrued income and prepaid expenses	**5,499,092**		5,885,732	
		15,002,051		13,310,756
Cash		**811,285**		537,605
		17,821,447		16,800,913

EQUITY AND LIABILITIES	31 October 2019		31 October 2018	
	€	€	€	€
Shareholders' equity				
Share capital paid called up	**13,620**		13,620	
Other reserves	**5,563,110**		5,085,194	
		5,576,730		5,098,814
Current liabilities				
Payables to banks	**5,656,761**		6,545,633	
Trade payables	**4,035,863**		3,159,245	
Payables relating to taxes and social security contributions	**77,123**		157,156	
Other liabilities and accrued liabilities	**2,474,970**		1,840,065	
		12,244,717		11,702,099
		17,821,447		16,800,913

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1-11-2018 UNTIL 31-10-2019

	2018/2019		2017/2018	
	€	€	€	€
Net turnover	**51,940,640**		45,105,276	
Cost of sales	**(48,306,664)**		(42,183,686)	
Gross margin		**3,633,976**		2,921,590
Expenses of employee benefits	**2,073,297**		1,787,969	
Depreciation of intangible fixed assets	**51,182**		53,107	
Depreciation of tangible fixed assets	**43,917**		22,068	
Other operating expenses	**867,343**		625,649	
Total of sum of expenses		**3,035,739**		2,488,793
Total of operating result		**598,237**		432,797
Financial income and expense		**137,402**		137,263
Total of result before tax		**735,639**		570,060
Income tax expense		**(172,723)**		(133,977)
Total of result after tax		**562,916**		436,083

CASH FLOW STATEMENT FOR THE PERIOD 1-11-2018 UNTIL 31-10-2019

	2018/2019		2017/2018	
	€	€	€	€
Total of cash flows from (used in) operating activities				
Operating result		**598,237**		432,797
Adjustments for				
Depreciation		**95,099**		77,590
Changes in working capital				
Decrease (increase) in inventories	**863,097**		(1,408,645)	
Receivables	**(1,675,629)**		(2,637,237)	
Increase (decrease) in other payables	**1,346,490**		468,328	
		533,958		(3,577,554)
Total of cash flows from (used in) operations		**1,227,294**		(3,067,167)
Interest received	**224,134**		175,667	
Interest paid	**(86,732)**		(38,404)	
Income tax expense	**(188,389)**		(293,013)	
		(50,987)		(155,750)
Total of cash flows from (used in) operating activities		**1,176,307**		(3,222,917)
Total of cash flows from (used in) investment activities				
Purchase of intangible assets	**(1,350)**		(254,160)	
Purchase of property, plant and equipment	**(13,464)**		(186,265)	
Proceeds from sales of property, plant and equipment	**1,059**		8,436	
Total of cash flows from (used in) investment activities		**(13,755)**		(431,989)
Total of cash flows from (used in) financing activities				
Increase (decrease) in payables to credit institutions		**(888,872)**		3,638,781
Total of increase (decrease) in cash and cash equivalents		**273,680**		(16,125)
Movement in cash and cash equivalents				
Cash and cash equivalents at the beginning		**537,605**		553,730
Increase (decrease) cash and cash equivalents		**273,680**		(16,125)
Cash and cash equivalents at the end		**811,285**		537,605

NOTES TO THE FINANCIAL STATEMENTS

Entity information

Registered address and registration number trade register

The registered and actual address of Origin Fruit Direct B.V. is Albert Plesmanweg, 3088 GD in Rotterdam. Origin Fruit Direct B.V. is registered at the Chamber of Commerce under number 24067257.

General notes

The most important activities of the entity

Origin Fruit Direct B.V.'s main activities are trading (in and export) in fruit.

Disclosure of group structure

Origin Fruit Direct B.V. is part of a group. The head of this group is Mahindra & Mahindra Ltd. The financial statements of Origin Fruit Direct B.V. are included in the consolidated financial statements of Mahindra & Mahindra Ltd.

Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of Origin Fruit Direct B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

General accounting principles

The accounting standards used to prepare the financial statements

The financial statements are prepared according to the stipulations in chapter 9 Book 2 of the Dutch Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention, unless presented otherwise.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are teaken into account if they have become known before preparation of the financial statements.

Conversion of amounts denominated in foreign currency

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated financial statements are presented in euro; which is the functional and presentation currency of Origin Fruit Direct B.V.

Foreign currency translation for the balance sheet

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the profit and loss account, unless hedge accounting is applied.

Non monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Non monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

Translation differences on intragroup long term loans that effectively constitute an increase or decrease in net investments in a foreign operation are directly recognised in equity as a component of the legal reserve for translation differences.

Translation differences on foreign currency loans contracted to finance a net investment in a foreign operation are recognised in the legal reserve for currency translation differences if and when such loans effectively hedge the exchange rate exposure on that net investment in a foreign operation.

Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency are translated at the rate of exchange prevailing at the balance sheet date; income and expenses are translated at average exchange rates during the financial year. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of these subsidiaries and translated at the closing rate. Any resulting exchange differences are taken directly to the legal reserve for translation differences within equity.

Operating leases

The company has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of or incurred by the vennootschap. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight line basis, taking into account reimbursements received from the lessor, in the profit and loss account for the duration of the contract.

Financial instruments

Securities included in financial and current assets are stated at fair value, if these are related to securities held for trading or if they relate to equity instruments not held for trading, as well as derivatives of which the underlying object is listed on a stock exchange. All other on balance financial instruments are carried at (amortised) cost.

Accounting principles

Intangible assets

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset is higher than its realisable value.

Property, plant and equipment

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Tangible fixed assets are capitalised if the economic ownership held by the company, and its group companies, is governed by a financial lease agreement. The commitment arising from the financial lease agreements is accounted for as a liability. The interest included in the future lease instalments is charged to the result over the term of the financial lease agreement.

Impairment of non-current assets

On each balance sheet date, Origin Fruit Direct B.V. assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined. An impairment occurs when the carrying amount of an asset is higher than the recoverable amount; the recoverable amount is the higher of the realisable value and the value in use.

An impairment loss is directly recognised in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

The realisable value is initially based on a binding sale agreement; if there is no such agreement, the realisable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset / cash generating unit; these cash flows are discounted.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported. An impairment of goodwill is not reversed.

Inventories

Inventories for resale are valued at acquisition price or lower net realizable value. This lower net realizable value is determined by individual assessment of the inventories. The valuation of inventories for resale is based on fifo prices.

Receivables

Upon initial recognition the receivables are valued at fair value and then valued at amortised cost. The fair value and amortised cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Equity

When Origin Fruit Direct B.V. purchases treasury shares, the consideration paid is deducted from equity (other reserves or any other reserve if the articles

NOTES TO THE FINANCIAL STATEMENTS

of association allow so) until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received is included in equity (other reserves or any other reserve). The consideration received will be added to the reserve from which earlier the purchase price has been deducted.

Incremental costs directly attributable to the purchase, sale and/or issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Other reserves

Other reserves are all reserves, except the legal and statutory reserves. Other reserves can freely be distributed to the shareholders.

Current liabilities

Upon initial recognition, loans and liabilities recorded are stated at fair value and then valued at amortised cost.

Accounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Revenue recognition

Net turnover represents amounts invoiced for goods and services supplied during the financial year reported on, net of discounts and value added taxes.

Revenues ensuing from the sale of goods are accounted for when all major entitlements to economic benefits as well as all major risks have transfered to the buyer. The cost price of these goods is allocated to the same period.

Wages

The benefits payable to personnel are recorded in the profit and loss account on the basis of the employment conditions.

Applied policy of pension costs

The pension plans of Origin Fruit Direct B.V. are financed through contributions to industry pension funds. The pension obligations are valued according to the 'valuation to pension fund approach'. This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account.

Based on the administration agreement it is assessed whether and, if so, which obligations exist in addition to the payment of the annual contribution due to the pension provider as at balance sheet date. These additional obligations, including any obligations from recovery plans of the pension provider, lead to expenses for the company and are included in a provision on the balance sheet. With final salary pension plans an obligation (provision) for (upcoming) past service is included if future salary increases have already been defined as at balance sheet date.

The valuation of the obligation is the best estimate of the amounts required to settle this as at balance sheet date. If the effect of the time value of money is material the obligation is valued at the present value. Discounting is based on interest rates of high quality corporate bonds.

Additions to and release of the obligations are recognized in the profit and loss account.

A pension receivable is included in the balance sheet when the group has the right of disposal over the pension receivable and it is probable that te future economic benefits which the pension receivable holds will accrue to the group, and the pension receivable can be reliably established.

As at year end 1 November 2018 until 31 October 2019 (and 1 November 2017 until 31 October 2018) no pension receivables and no obligations existed for the group in addition to the payment of the annual contribution due to the pension provider.

The industry pension fund AVH has stated that the funding ratio is 91,6% as per October 2019. Based on the administrative regulations the group has no obligation to make additional contributions in the event of a deficit other than through higher future contributions.

Amortisation of intangible assets and depreciation of property, plant and equipment

Intangible fixed assets, including goodwill, and tangible fixed assets are depreciated or amortised from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to buildings, investment property, other tangible fixed assets and capitalised goodwill. Land is not depreciated.

Future depreciation and amortisation is adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

Other operating expenses

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Financial income and expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Exchange differences that arise from the settlement or translation of monetary items are recorded in the profit and loss account in the period in which they occur, unless hedge accounting is applied.

Dividends to be received from participations and securities not carried at net asset value are recognised as soon as Origin Fruit Direct B.V. has acquired the right to them.

Changes in the value of financial instruments recognised at fair value are recorded in the profit and loss account.

Income tax expense

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realisation is likely.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. The purchase consideration paid for the acquired group corporation has been recognised as cash used in investing activities where it was settled in cash. Any cash at banks and in hand in the acquired group corporation have been deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the cash flow statement. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

NOTES TO THE BALANCE SHEET

Fixed assets

Intangible assets

Movements in intangible fixed assets are as follows:

	Other intangible assets
	€
Balance as at 1 November 2018	
Cost or manufacturing price	254,160
Accumulated amortization	(53,107)
Book value as at 1 November 2018	201,053
Movements	
Additions	1,350
Depreciation	(51,182)
Balance movements	(49,832)
Balance as at 31 October 2019	
Cost or manufacturing price	255,510
Accumulated amortization	(104,289)
Book value as at 31 October 2019	151,221
Depreciation percentages	20%

NOTES TO THE FINANCIAL STATEMENTS

Property, plant and equipment

Movements in tangible fixed assets are as follows:

	Machinery	Office equipment	Total
	€	€	€
Balance as at 1 November 2018			
Cost or manufacturing price	49,016	539,857	588,873
Accumulated depreciation	(49,016)	(345,233)	(394,249)
Book value as at 1 November 2018	–	194,624	194,624
Movements			
Additions	–	13,464	13,464
Depreciation	–	(43,917)	(43,917)
Disposals	–	(270,088)	(270,088)
Depreciation on disposals	–	269,029	269,029
Balance movements	–	(31,512)	(31,512)
Balance as at 31 October 2019			
Cost or manufacturing price	49,016	283,233	332,249
Accumulated depreciation	(49,016)	(120,121)	(169,137)
Book value as at 31 October 2019	–	163,112	163,112
Depreciation percentages	20%	20%	

Current assets

	31-10-2019	31-10-2018
	€	€
Inventories and work in progress		
Finished goods for resale	**1,693,778**	2,556,875

A provision for obsolescence finished goods is not deemed necessary,

Receivables

Disclosure of receivables from loans and advances to participants or registered shareholders

The annual interest on receivable from shareholders is 4% a year calculated over the average outstanding amount. No special conditions on the facility or repayments were agreed upon for the receivables from shareholders.

	31-10-2019	31-10-2018
	€	€
Trade debtors		
Trade debtors	**7,589,989**	5,868,226
Provision for doubtful debts	**(14,225)**	–
	7,575,764	5,868,226

The trade debtors are advanced up to 90% by factoringcompany BNP Paribas Factor N.V. Credit control is taken care of by Origin Fruit Direct B.V. BNP Paribas Factor N.V. reserves the right to take over credit control. The securities are described under amounts owed to credit institutions.

	31-10-2019	31-10-2018
	€	€
Receivables from fellow subsidiaries		
Origin Direct Asia Limited	**781,780**	321,353
Origin Fruit Services South America SpA	**53,421**	53,270
	835,201	374,623

The annual interest on receivable from Origin Direct Asia Limited is 4% (1 November 2017 until 31 October 2018: 4%) a year calculated over the average outstanding amount. The annual interest on Origin Fruit Services South America SpA is 0% (1 November 2017 until 31 October 2018: 0%) a year calculated over the average outstanding amount.

	31-10-2019	31-10-2018
	€	€
Taxes and social security charges		
Value added tax	**297,416**	87,112
Corporate income tax	**69,948**	54,282
Social security contributions	**–**	679
	367,364	142,073
Current account shareholders		
OFD Holding B.V.	**724,630**	1,040,102
Cash		
Deutsche Bank	**806,120**	533,183
Cash	**5,015**	4,422
ABN AMRO Commercial Finance	**150**	–
	811,285	537,605

Shareholders' equity

Statement of the proposed appropriation of the result

The board of directors proposes that the result for the financial year 1 November 2018 until 31 October 2019 amounting to € 562,916 should be transferred to the other reserves. This proposition is already reflected in the financial statements and will be decided on in the Meeting of Shareholders for the adoption of the financial statements.

Disclosure of share capital

The authorized share capital is divided into 68.100 ordinary shares with a nominal value of € 1. The issued and the paid up capital is divided in 13.620 shares.

	2018 / 2019	2017 / 2018
	€	€
Other reserves		
Balance as at 1 November	**5,085,194**	4,649,111
Appropriation of result	**562,916**	436,083
Dividend pay-out	**(85,000)**	–
Balance as at 31 October	**5,563,110**	5,085,194

Current liabilities

	31-10-2019	31-10-2018
	€	€
Payables to banks		
Payables to banks	**5,656,761**	6,545,633

	31-10-2019	31-10-2018
	€	€
Payables to banks		
BNP Paribas Factor N.V.	**2,656,761**	–
Kotak Mahindra Bank	**3,000,000**	3,000,000
ABN AMRO Commercial Finance	**–**	3,545,633
	5,656,761	6,545,633

NOTES TO THE FINANCIAL STATEMENTS

BNP Paribas Factor N.V.

For the total credit facility, including the credit in current account to a maximum of € 8,000,000, the following securities have been agreed upon:

– Pledge on all receivables;

– Minimum adjusted solvency ratio of 20% at all times.

Kotak Mahindra Bank

For the total credit facility, including the credit in current account to a maximum of € 4,000,000, no securities have been agreed upon.

	31-10-2019	31-10-2018
	€	€
Payables relating to taxes and social security contributions		
Wage tax	**58,901**	57,126
Social security contributions	**8,407**	–
Other taxes	**9,815**	100,030
	77,123	157,156

Off-balance-sheet rights, obligations and arrangements
Disclosure of off-balance sheet commitments

The total committed rent obligation for buildings with a maturity within one year amounts to € 73,600, the obligation with a maturity exceeding one year and within five year amounts to € 189,800 and the obligation with a maturity period exceeding five year amounts to nil.

Disclosure of operating leases

The company has entered into operational lease obligations for an amount of approximately € 119,483 per year. The lease obligations for more than one year and less than five amount to € 260,422, the lease obligations for more than five years amount to nil.

NOTES TO THE PROFIT AND LOSS ACCOUNT

Net turnover

The net turnover of Origin Fruit Direct B.V. increased with 15,16% over the year 1 November 2018 until 31 October 2019 compared to 1 November 2017 until 31 October 2018.

	2018/2019	2017/2018
	€	€
Expenses of employee benefits		
Wages and salaries	**1,605,235**	1,421,588
Social security contributions	**234,433**	219,418
Pension contributions	**132,074**	97,702
Other expenses of employee benefits	**101,555**	49,261
	2,073,297	1,787,969

Remuneration of (former) directors

The remuneration of (former) directors of the company amounts to approximately € 231,000
(1 November 2017 until 31 October 2018: € 175,000).

Average number of employees

2018 / 2019

	Active within the Netherlands	Active outside the Netherlands	Total
General manager	1,00	–	1,00
Commerce	10,00	–	10,00
Finance	5,00	–	5,00
Back office	1,00	–	1,00
Logistics & Quality	5,00	–	5,00
Average number of employees	**22,00**	**–**	**22,00**

2017 / 2018

	Active within the Netherlands	Active outside the Netherlands	Total
General manager	1,00	–	1,00
Commerce	9,00	–	9,00
Finance	4,00	–	4,00
Back office	1,00	–	1,00
Logistics & Quality	4,00	–	4,00
Average number of employees	**19,00**	**–**	**19,00**

	2018/2019	2017/2018
	€	€
Other operating expenses		
Housing expenses	**69,738**	59,565
Selling expenses	**267,032**	115,536
Car expenses	**189,070**	162,479
Office expenses	**199,170**	248,128
General expenses	**142,333**	39,941
	867,343	625,649

Financial income and expense		
Other interest and similar income	224,134	175,667
Other interest expenses	(86,732)	(38,404)
	137,402	137,263

Disclosure of financial income and expenses

In the other interest and similar income € 78,902 (2017/2018: € 63,866) is included from fellow subsidiaries and shareholders.

Rotterdam, 17 January 2020
Origin Fruit Direct B.V.

OFD Holding B.V.	OFD Holding B.V.
Represented by:	Represented by:
C.A.M. van de Klundert	S.V. Parmar

OTHER INFORMATION

Provisions of the Articles of Association relating to profit appropriation

Article 20 of the Articles of Association stipulates that the appropriation of the net result for the year is decided upon at the General Meeting.

Profit distributions to the shareholders may only be done as far as the shareholders' equity exceeds the paid up and called up part of the share capital, increased with the legal reserves.

BALANCE CLASSIFIED TO DECEMBER 31,

	2019	2018
	Chilean Peso	Chilean Peso
ASSETS		
Current assets		
Cash and cash equivalents	133,009,962	103,210,861
Accounts receivable	228,249,172	39,655,219
Notes receivable	–	2,142,228
Taxes to recover	55,811,129	26,588,220
Total current assets	**417,070,263**	**171,596,528**
Fixed assets		
Property, Plant & Equipment	55,949,208	43,665,945
Less: Accumulated Depreciation	(29,685,705)	(19,371,243)
Net Fixed assets	**26,263,503**	**24,294,702**
Total Assets	**443,333,766**	**195,891,230**
LIABILITIES		
Current liabilities		
Bank loans	8,222,295	–
Accounts payable	41,812,221	41,488,278
Other accounts payable	–	39,655,219
Provisions	838,802	838,802
Retentions	8,400,660	747,613
Earned income in advance	485,368,695	225,784,016
Total current liabilities	**544,642,673**	**308,513,928**
Heritage		
Common stock	1,000,000	1,000,000
Restatement of stockholders equity	148,153	148,153
Retained earnings	(113,770,851)	19,951,917
Net income for the year	11,313,791	(133,722,768)
Total Equity	**(101,308,907)**	**(112,622,698)**
Total Liabilities	**443,333,766**	**195,891,230**

Francisco Echeverria
Director

Date: 31-12-2019

INCOME STATEMENT FOR THE PERIOD UNDERSTOOD JANUARY 1 AND THE DECEMBER 31,

	2019	2018
	Chilean Peso	Chilean Peso
OPERATIONAL RESULT		
Net sales or net revenue	512,866,586	464,867,503
Cost of sales	(420,974,343)	(479,072,055)
Gross profit or gross margin	**91,892,243**	**(14,204,552)**
less		
Administrative expenses	(98,032,544)	(132,986,021)
Operating income	**(6,140,301)**	**(147,190,573)**
NON-OPERATIONAL RESULT		
Other income	25,260,152	28,518,240
Comprehensive financial cost	(3,871,449)	(5,899,953)
Monetary correction	–	849,454
Foreign exchange loss	(3,934,611)	(9,999,936)
Non-operational result	**17,454,092**	**13,467,805**
Income before taxes	**11,313,791**	**(133,722,768)**
Income taxes	–	–
NET LOSS	**11,313,791**	**(133,722,768)**

Francisco Echeverria
Director

Date: 31-12-2019

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. Incorporation of a Company by Shares.

Origin Fruit Services South America SpA Juan Carlos Álvarez Domínguez, Alternate Notary of the first notary of Santiago, with office at Calle Huérfanos 1160 office 101 and 102, Santiago, certifies by public deed dated May 27, 2013, before The holder, OFD Holding BV, a company incorporated under the laws of the Netherlands; Edmundo Eluchans number 2255 department 161 commune of Viña del Mar, fifth region Incorporates a Stock Company named "ORIGIN FRUIT SERVICES SOUTH AMERICA SpA". Purpose, the importation and exportation, distribution, consignment, brokerage and sale, wholesale and retail of all kinds of fruits or fruits of the country or abroad, raw materials and products elaborated or elaborated both in Chile and in the Foreign; The acquisition and alienation of all kinds of movable and immovable property, rights, privileges, patents of invention or trademarks; The use of licenses that are allowed, directly or indirectly related to the indicated item; Provision of Services and all other activities that are related, currently or in the future, with the aforementioned; And any other business that will agree the partner Capital $ 1,000,000. Divided into one thousand shares with no par value, all of them in a single series, fully subscribed and paid upon incorporation by partner OFD HOLDING B.V. Domicile: the company's address is the city of Santiago, metropolitan region, without prejudice to installing agencies, branches or establishments in the rest of the country or abroad. Duration: The duration of the company will be indefinite. Partner limits his liability to the amount of the contribution. Other pacts in extracted writing.

NOTE 2. Basis of presentation and Regulatory Framework.

The financial statements for the years ended December 31, 2018 and 2019 have been prepared in accordance with accounting principles generally accepted in Chile.

NOTE 3. Bases of Conversion.

Assets and Liabilities in development units and foreign currency have been converted into pesos at the exchange rate in effect at the closing date of each year.

NOTE 4. Income Tax.

The company determines and records the income tax taking into consideration the current tax rules.

NOTE 5. Accounting Changes.

During fiscal years 2018 and 2019 the company has not made any accounting changes.

Francisco Echeverria
Director

Date: 31-12-2019

AUDIT REPORT

XJY [2020] NO.

To Origin Direct Asia (Shanghai) Trading Company Limited,

I. Audit opinion

We have audited the financial statements of Origin Direct Asia (Shanghai) Trading Company Limited (hereinafter referred to as ODA Trading), including balance sheet on December 31, 2019, profit statement, cash flow statement, statement of changes in owners' equity and notes to financial statements of year 2019.

In our opinion, the accompany financial statements have been prepared in accordance with provisions of accounting standards for business enterprises in all material respects, and they reflect fairly the financial status of ODA Trading on December 31, 2019 as well as the operating results and cash flow of year 2019.

II. Material uncertainty related to going concern

We remind users of financial statements that ODA Trading incurred a net loss of RMB 9,733,556.54 in 2019 as stated in Note VIII to the financial statements. On December 31, 2019, ODA Trading's current liabilities exceeded total current assets by RMB 9,733,556.54. As stated in Note VIII to the financial statements, these matters or circumstances as well as other matters stated in Note VIII to the financial statements indicate a material uncertainty which may give rise to significant doubts about ODA Trading's ability to continue as a going concern. Such matters do not affect the published audit opinion.

III. Responsibility of management and governance toward financial statements

The management of ODA Trading (hereinafter referred to as management) is responsible for preparing financial statements according to provisions of accounting standards for business enterprises to realize fair presentation, and is also responsible for planning, implementing and maintaining necessary internal control so as to ensure that there is no material misstatement caused by fraud or error in the financial statements.

When preparing financial statements, management is responsible for assessing the ability to continue as a going concern of ODA Trading, disclosing matters related to going concern(if applicable) and applying the going concern assumption unless management plans to liquidate ODA Trading, ceases operations or has no other realistic option.

Governance is responsible for supervising the financial reporting process of ODA Trading.

IV. Responsibility of certified public accountants toward audit of financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free of material misstatement due to fraud or error or not, and to issue audit reports that contain audit opinion. Reasonable assurance is a high level of assurance, but there is no guarantee that a material misstatement will always be found when existing in an audit performed in accordance with auditing standards. The misstatement can be caused by fraud or error, and is generally considered to be material if it is reasonably expected that the misstatement, alone or aggregated, may affect economic decision made by users of the financial statements based on the financial statements.

In the process of performing audit in accordance with auditing standards, we have applied professional judgment and maintained professional doubt. At the same time, we have also performed the following tasks:

(I) Identify and assess the risk of material misstatement of financial statements due to fraud or error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidence as a basis for the publication of audit opinion. Because a fraud may involve collusion, forgery, deliberate omission, misrepresentation or override of internal control, the risk of failing to discover a material misstatement due to fraud is higher than the risk of failing to discover a material misstatement due to a mistake.

(II) Understand the internal control related to audit so as to design appropriate audit procedures, but not for the purpose of expressing an opinion on effectiveness of internal control.

(III) Appraise appropriateness of the accounting policies selected by management and reasonableness of making accounting estimates and related disclosures.

(IV) Draw a conclusion on appropriateness of management using the going concern assumption. At the same time, based on audit evidence obtained, draw a conclusion as to whether there is any material uncertainty about the issues or circumstances that may give rise to major doubts about the ability to continue as a going concern of ODA Trading or not. If we conclude that there is a material uncertainty, the auditing standards require us to remind users of the statements to pay attention to relevant disclosures in financial statements in the audit report; if the disclosures are not sufficient, we should issue an unqualified opinion. Our conclusion is based on the information available up to the date of audit report. However, future events or circumstances may make ODA Trading unable to continue as a going concern.

(V) Assess overall presentation, structure and content of the financial statements, and assess whether the financial statements have fairly reflected relevant transactions and events or not.

Shanghai Trust & Best Certified Public Accountants

Shanghai • China

Certified Public
Accountant of the P.R.C:
Ling De Jun

Certified Public
Accountant of the P.R.C:
Pan Li Jun

April 14, 2020

BALANCE SHEET

Item	As at: 31-Dec-2019 RMB At end of year	RMB Beginning of year
Current assets		
Cash and cash equivalents	142,854.31	1,395,225.14
Deposits reservation for balance	–	–
Lending funds	–	–
Transactional financial assets	–	–
Financial assets measured at fair value and changes recorded into current period profit or loss	–	–
Derivative financial assets	–	–
Note receivable	–	–
Accounts receivable	663,104.27	1,322,529.00
Accounts receivable financing	–	–
Prepayments	355,862.94	300,609.62
Premiums receivable	–	–
Reinsurance accounts receivable	–	–
Payable to the guarantee contracts	–	–
Other notes receivable	238,281.58	555,984.04
Redemptory monetary capital for sale	–	–
Inventories	615,300.84	82,980.76
Raw materials	–	–
Merchandise inventories (finished products)	615,003.84	82,980.76
Contract assets	–	–
Holding assets for sale	–	–
Non-current assets matured within one year	–	–
Other current assets	–	–
TOTAL CURRENT ASSETS	**2,015,403.94**	**3,657,328.56**
Non-current assets:		
Make loans and advances	–	–
Investments in debt	–	–
Available-for-sale financial assets	–	–
Other investments in debt	–	–
Held-to-maturity investments	–	–
Long-term receivables	–	–
Long-term equity investments	–	–
Other equities investments	–	–
Other non-current financial assets	–	–
Investment properties	–	–
Fixed assets	42,730.43	11,394.60
Construction-in-progress	–	–
Productive biological assets	–	–
Oil and gas assets	–	–
Right-of-use assets		
Intangible assets	–	–
Development expenditures	–	–
Goodwill	–	–
Long-term deferred expenses	–	–
Deferred income tax assets	–	–
Other non-current assets	–	–
Physical assets reserve specifically authorized	–	–
TOTAL NON-CURRENT ASSETS	**42,730.43**	**11,394.60**
TOTAL ASSETS	**2,058,134.37**	**3,668,723.16**

BALANCE SHEET

Item	As at: 31-Dec-2019 RMB At end of year	RMB Beginning of year
Current liabilities		
Short-term borrowings	–	–
Borrowings from central bank	–	–
Borrowing funds	–	–
Transaction financial liabilities	–	–
Financial liabilities measured as fair value and the variation included in current profit and loss	–	–
Financial derivative liabilities	–	–
Notes payable		
Accounts payable	13,049,732.56	13,350,404.94
Advances from customers	495,680.69	777,809.69
Contract Liabilities	–	–
Financial assets sold for repurchase	–	–
Accept deposits & due to banks	–	–
Receiving from vicariously traded securities	–	–
Funds received as stock underwrite	–	–
Employee benefit liabilities	33,614.90	44,290.90
Including: Accrued payroll	33,614.90	44,290.90
Welfare benefits payable	–	–
Bonus and allowance bond	–	–
Taxes and surcharges payable	(1,922,398.02)	(1,930,587.27)
Including: Taxes payable	(1,922,398.02)	(1,930,587.27)
Other payables	135,060.78	8,837.99
Handling charges and commissions payable	–	–
Dividend payables for reinsurance	–	–
Liabilities held for sale	–	–
Non-current liabilities maturing within one year	–	–
Other current liabilities	–	–
TOTAL CURRENT LIABILITIES	**11,791,690.91**	**12,250,756.25**
NON-CURRENT LIABILITIES:		
Long-term loans	–	–
Debentures payable	–	–
Preferred stocks	–	–
Perpetual capital securities	–	–
Lease liabilities	–	–
Long-term payables	–	–
Long-term Payroll Payables	–	–
Anticipation liabilities	–	–
Deferred Profits	–	–
Deferred tax liabilities	–	–
Other non-current liabilities	–	–
Authorized reserve funds	–	–
TOTAL NON-CURRENT LIABILITIES	–	–
TOTAL LIABILITIES	**11,791,690.91**	**12,250,756.25**
OWNERS'(OWNER'S)/SHAREHOLDERS' EQUITY		
Registered capital	925,876.00	925,876.00
National capital	–	–
State-owned legal person's capital		
Collective capital	–	–

BALANCE SHEET

Item	As at: 31-Dec-2019	
	RMB	RMB
	At end of year	Beginning of year
Private capital	–	–
Including: Personal capital	–	–
Foreign businessmen's capital	925,876.00	925,876.00
Less: Returned investments	–	–
Registered capital-net book value	925,876.00	925,876.00
Other equity instruments	–	–
Preferred stocks	–	–
Perpetual capital securities	–	–
Capital surplus	–	–
Less: Treasury stock	–	–
Other consolidated incomes	–	–
Including: transition reserve	–	–
Special reserve	–	–
Surplus reserves	–	–
Including: legal accumulation funds	–	–
Optional accumulation funds	–	–
Reserved funds	–	–
Enterprise expension funds	–	–
Capital redemption	–	–
General risk preparation	–	–
Undistributed profits	(10,659,432.54)	(9,507,909.09)
Total owner's equity vest in parent company	(9,733,556.54)	(8,582,033.09)
Minority stockholder's interest	–	–
TOTAL OWNERS' EQUITY	**(9,733,556.54)**	**(8,582,033.09)**
TOTAL LIABILITIES & OWNERS' EQUITY	**2,058,134.37**	**3,668,723.16**

INCOME STATEMENT FOR THE YEAR ENDED: 31-DEC-2019

Item	(RMB) Current Period	(RMB) Prior Period
1. OVERALL SALES	11,923,087.59	42,917,846.00
Including: Sales from operations	11,923,087.59	42,917,846.00
Interest income	–	–
Insurance premiums earned	–	–
Handling charges and commissions income	–	–
2. OVERALL COSTS	**13,079,895.86**	**50,355,175.59**
Including: Cost of operations	9,511,490.66	43,093,933.81
Interest expenses	–	–
Handling charges and commissions expenses	–	–
Surrender value	–	–
Net payments for insurance claims	–	–
Reserve fund for insurance contracts	–	–
Bond insurance expense	–	–
Reinsurance expense	–	–
Tax and surcharges	7,784.40	26,087.60
Selling expenses	1,584,770.46	5,010,388.20
Administration expenses	1,817,135.96	1,778,815.52
Research and development expenses	–	–
Financial expenses	158,714.38	445,950.46
Including: Interest expense	–	–
Interest income	3,428.92	3,699.65
Loss on foreign exchange transactions(Gain expressed with "–")	155,391.63	427,727.72
Others	–	–
Plus: Other Incomes	–	–
Investment income (loss expressed with "–")	–	–
Including: Investment income from joint ventures and affiliates (loss expressed with "–")	–	–
Gain on foreign exchange transactions (loss expressed with "–")	–	–
Net Open Hedging Return	–	–
Plus: Gain or loss from changes in fair values (loss expressed with "–")	–	–
Impairment losses on credit		
Impairment losses on assets		
Gains from disposal of assets (loss expressed with "–")	–	–
3. PROFIT FROM OPERATIONS (loss expressed with "–")	**(1,156,808.27)**	**(7,437,329.59)**
Plus: Non-operating profit	5,285.12	–
Including: Government grant incomes	–	–
Gains from debt restructuring	–	–
Less: Non-operating expenses	0.30	–
4. PROFIT BEFORE TAX (LOSS EXPRESSED WITH "–")	(1,151,523.45)	(7,437,329.59)
Less: Income tax expenses	–	–
5. NET PROFIT (LOSS EXPRESSED WITH "–")	(1,151,523.45)	(7,437,329.59)
(1) Classification by ownership	–	–
Net profit belonging to parent company	(1,151,523.45)	(7,437,329.59)
Minority interest	–	–
(2) Classification by business continuity	–	–
Income from continuing operations (Net loss expressed with "–")	(1,151,523.45)	(7,437,329.59)
Income from discontinued operations (Net loss expressed with "–")	–	–

INCOME STATEMENT FOR THE YEAR ENDED: 31-DEC-2019

Item	(RMB) Current Period	(RMB) Prior Period
6. Net of tax from other comprehensive income	–	–
Net of tax from other comprehensive income attributed to the parent company owners	–	–
(1) Other comprehensive income cannot reclassified into the profit and loss	–	–
Including: 1. Remeasure the variation of defined benefit plans	–	–
2. Other comprehensive incomes that cannot be converted into Profits and Losses under equity method	–	–
3. Fair value changes of investment in other equity instruments	–	–
4. Fair value changes of enterprise's credit Risk	–	–
5. Others	–	–
(2) Other comprehensive income that will be reclassified into the profit and loss	–	–
Other comprehensive incomes that can be converted into Profits and Losses under equity method	–	–
1. Fair value changes of investments in other equity instruments	–	–
2. Changes in fair value through profit and loss of available-for-sale financial assets	–	–
3. Amounts of financial assets reclassified into other comprehensive returns	–	–
4. Held-to-maturity investment reclassified into available-for sale financial assets	–	–
5. Credit losses of investments in other equity instruments	–	–
6. Cash-flow hedging reserves (Effective part of cash-flow hedge profit and loss)	–	–
7. Balance arising from the translation of foreign currency financial statements	–	–
8. Others	–	–
Net of tax from other comprehensive income belonging to the minority shareholders	–	–
TOTAL CONSOLIDATED INCOME	(1,151,523.45)	(7,437,329.59)
Total comprehensive income attributed to the parent company owners	(1,151,523.45)	(7,437,329.59)
Total comprehensive income belonging to the minority shareholders	–	–
EARNINGS PER SHARE (EPS):	–	–
Basic EPS	–	–
Diluted EPS	–	–

CASH FLOW STATEMENT FOR THE YEAR ENDED: 31-DEC-2019

Item	Current Period RMB	Prior Period RMB
1. Cash flow from operating activities	–	–
Cash from sale and render service	12,024,108.81	48,906,459.16
Net increase of customer's deposit and deposit taking of interbank		
Net increase borrowings from central bank	–	–
Net increase borrowing funds to other financing institution	–	–
Cash from original insurance contract premium	–	–
Net cash from reinsurance business		
Net increase of insured deposit and investment	–	–
Net increase of financial assets disposal measured as fair value and the variation included in current profit and loss	–	–
Cash for interest & commission	–	–
Net increase of loans	–	–
Net increase of repurchasing business funds	–	–
Net cash of agents selling securities	–	–
Refund of taxes and levies	1,534.12	–
Other cash received relating to operating activities	2,008,259.14	3,699.65
Cash inflows from operating activities	**14,033,902.07**	**48,910,158.81**
Cash inflows from operating activities	11,397,292.83	40,764,472.72
Net increase of customer loans and advances	–	–
Net increase depositing in central bank and other banks	–	–
Cash paid for original insurance contract compensation payment	–	–
Net increase lending funds		
Cash for payment of interest, commission	–	–
Cash paid for policy dividend	–	–
Cash paid to employee and for employee	1,665,129.02	1,549,643.30
Payments of all types of taxes	656,048.79	25,381.90
Other cash paid relating to operating activities	1,528,670.26	5,734,601.75
Cash inflows from operating activities	**15,247,140.90**	**48,074,099.67**
Net cash flows from operating activities	**(1,213,238.83)**	**836,059.14**
2. Cash Flows from Investing Activities	–	–
Cash from recouping the capital outlay	–	–
Cash from investment income	–	–
Net cash from disposal of fixed assets, Intangible assets & other long-term assets	–	–
Net cash received disposal subsidiary and other business units	–	–
Proceeds from other investment activities	–	–
Cash inflow from investment activities	**–**	**–**
Cash paid to acquire fixed assets, intangible assets and other long-term assets	36,132.00	2,797.87
Cash paid to acquire investments	–	–

CASH FLOW STATEMENT FOR THE YEAR ENDED: 31-DEC-2019

Item	Current Period RMB	Prior Period RMB
Net increase in pledged loans	–	–
Cash inflow from investment activities	–	–
Other cash payments relating to investing activities	3,000.00	
Cash inflow from investment activities	**39,132.00**	**2,797.87**
Cash inflow from investment activities	**(39,132.00)**	**(2,797.87)**
3. Cash flows from financing activities	**–**	**–**
Cash received from capital contribution	**–**	**–**
Including: cash inflows from minority investment in subsidiaries	**–**	**–**
Cash received from borrowings	–	–
Cash received from issuing bonds	–	–
Other cash received relating to financing activities	–	–
Cash inflow from investment activities		
Cash repayments of amounts borrowed	–	–
Cash payments for interest expenses and distribution of dividends or profit	–	–
Including: dividends and earnings paid to minorities by subsidiaries	–	–
Other cash payments relating to financing activities	–	–
Cash inflow from investment activities	–	–
Net cash flows from financing activities	**–**	**–**
4. Effect of Foreign Exchange Rate Changes on Cash	**–**	**–**
5. Net Increase in Cash and Cash Equivalents	**(1,252,370.83)**	**833,261.27**
Plus: Initial cash and cash equivalents balance	1,395,225.14	561,963.87
6. The final cash and cash equivalents balance	**142,854.31**	**1,395,225.14**

STATEMENT OF CHANGES IN OWNER'S EQUITY FOR THE YEAR ENDED: 31-DEC-2019

M Unit: RMB ¥

Item	Current year balance Total equity of parent company													
		Other equity instruments												
	Paid-in capital (or stock)	Preferred stocks	Perpetual capital securities	Others	Capital surplus	Minus: Treasury Stock	Other consolidated income	Special reserve	Surplus reserves	Generic Risk Reserve	Undistributed profit	Sub-total	*Minority interests	Total equity
Line no.	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Balance at the end of last year	**925,876.00**										**(9,507,909.09)**	**(8,582,033.09)**		**(8,582,033.09)**
Accountancy's policy changes	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Mistake correction of the last period	–	–	–	–	–	–	–	–	–	–	–	–	–	–
others														
Balance at the beginning of this year	**925,876.00**										**(9,507,909.09)**	**(8,582,033.09)**		**(8,582,033.09)**
Increase or decrease changes in current year											**(1,151,523.45)**	**(1,151,523.45)**		**(1,151,523.45)**
Total consolidated income	–	–	–	–	–	–		–	–	–	**(1,151,523.45)**	**(1,151,523.45)**		**(1,151,523.45)**
Capital contributed/reduced by owners														
Capital invested by owners		–	–	–		–	–	–	–	–	–			
Holders of other equity instruments invested capital						–	–	–	–	–	–			
The amount of share-based payments recorded in owners'equity		–	–	–		–	–	–	–	–	–			
		–	–	–										
Extraction and use of special reserves		–	–	–										
Extraction of special reserves	–	–	–	–	–	–	–		–	–	–			
Use of special reserves	–	–	–	–	–	–	–		–	–	–			
Profit distribution														
Surplus reserves	–	–	–	–	–	–	–	–		–			–	
Including: Statutory accumulation reserve	–	–	–	–	–	–	–	–		–			–	
Discretionary accumulation	–	–	–	–	–	–	–	–		–			–	
Reserve fund	–	–	–	–	–	–	–	–		–			–	
Enterprise expansion funds	–	–	–	–	–	–	–	–		–			–	
Profits capitalized on return of investment	–	–	–	–	–	–	–	–		–			–	
Provision for normal risks	–	–	–	–	–	–	–	–	–				–	
Profit distributed to owners (or stockholders)	–	–	–	–	–	–	–	–	–	–				
others														
Transfers within the owners' equity														
Capital surplus conversed to capital (or stock)						–	–	–	–	–	–		–	
Surplus reserve conversed to capital (or stock)		–	–	–	–	–	–	–		–	–		–	
Surplus reserve conversed to capital (or stock)	–	–	–	–	–	–	–	–		–			–	
Variation amounts of defined benefit plans transfer to retained earnings	–	–	–	–	–	–		–	–	–			–	
Other consolidated incomes transfer to retained earnings	–	–	–	–	–	–		–	–	–			–	
Others														
Balance at the end of this report period	**925,876.00**										**(10,659,432.54)**	**(9,733,556.54)**		**(9,733,556.54)**

STATEMENT OF CHANGES IN OWNER'S EQUITY FOR THE YEAR ENDED: 31-DEC-2019 (CONTD...)

M Unit: RMB ¥

	Prior year balance													
	Total equity of parent company													
		Other equity instruments												
Item	Paid-in capital (or stock)	Preferred stocks	Perpetual capital securities	Others	Capital surplus	Minus: Treasury Stock	Other consolidated income	Special reserve	Surplus reserves	Generic Risk Reserve	Undistributed profit	Sub-total	*Minority interests	Total equity
Line no.	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Balance at the end of last year	**925,876.00**										**(2,070,579.50)**	**(1,144,703.50)**		**(1,144,703.50)**
Accountancy's policy changes	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Mistake correction of the last period	–	–	–	–	–	–	–	–	–	–	–	–	–	–
others														
Balance at the beginning of this year	**925,876.00**										**(2,070,579.50)**	**(1,144,703.50)**		**(1,144,703.50)**
Increase or decrease changes in current year											**(7,437,329.59)**	**(7,437,329.59)**		**(7,437,329.59)**
Total consolidated income	–	–	–	–	–	–		–	–	–	**(7,437,329.59)**	**(7,437,329.59)**		**(7,437,329.59)**
Capital contributed/reduced by owners														
Capital invested by owners		–	–	–		–	–	–	–	–	–			
Holders of other equity instruments invested capital						–	–	–	–	–	–			
The amount of share-based payments recorded in owners'equity		–	–	–		–	–	–	–	–	–			
		–	–	–										
Extraction and use of special reserves		–	–	–										
Extraction of special reserves	–	–	–	–	–	–	–		–	–	–			
Use of special reserves	–	–	–	–	–	–	–		–	–	–			
Profit distribution														
Surplus reserves	–	–	–	–	–	–	–			–			–	
Including: Statutory accumulation reserve	–	–	–	–	–	–	–	–		–			–	
Discretionary accumulation	–	–	–	–	–	–	–	–		–			–	
Reserve fund	–	–	–	–	–	–	–	–		–			–	
Enterprise expansion funds	–	–	–	–	–	–	–	–		–			–	
Profits capitalized on return of investment	–	–	–	–	–	–	–	–		–			–	
Provision for normal risks	–	–	–	–	–	–	–	–	–				–	
Profit distributed to owners (or stockholders)	–	–	–	–	–	–	–	–	–	–				
others														
Transfers within the owners' equity														
Capital surplus conversed to capital (or stock)						–	–	–	–	–	–		–	
Surplus reserve conversed to capital (or stock)		–	–	–	–	–	–	–		–	–		–	
Surplus reserve conversed to capital (or stock)	–	–	–	–	–	–	–	–		–			–	
Variation amounts of defined benefit plans transfer to retained earnings	–	–	–	–	–	–		–	–	–			–	
Other consolidated incomes transfer to retained earnings	–	–	–	–	–	–		–	–	–			–	
Others														
Balance at the end of this report period	**925,876.00**										**(9,507,909.09)**	**(8,582,033.09)**		**(8,582,033.09)**

Notes to Financial Statements of 2019

Origin Direct Asia (Shanghai) Trading Company Limited All amounts in RMB unless otherwise stated.

I. Basic Information of the Company

Origin Direct Asia (Shanghai) Trading Company Limited is an enterprise invested and founded by Origin Direct Asia Limited. On February 11, 2010, Shanghai Municipal People's Government approved its establishment and issued the Approval Certificate for the Establishment of Enterprises with Investments of Taiwan, Hong Kong, Macao and Overseas Chinese in PRC (No. 0438 [2010] Certificate for Wholly-owned Foreign Investment Enterprise in Jing'an District in Shanghai). The Company was founded on May 28, 2010. It now possesses a Business License for Enterprise's Legal Person issued by Shanghai Administration for Industry & Commerce (Unified social code 91310000551501987A). Its registered capital totals 140,000 U.S. dollars, and its operation period is 20 years.

The Company mainly engages in the wholesale, import & export, and agent service with commission (excluding auction) of prepackaged foods (including frozen foods and refrigerated foods; excluding delicatessen and braised foods) and edible agricultural products (excluding unprocessed pork products). It also offers after-sale services regarding those products aforementioned. (Excluding goods subject to the state-run trade administration; for goods subject to administration of quotas and license, related applications shall be transacted in line with corresponding state provisions.) (Operating with administrative permits where they are applicable.)

II. Primary Accounting Policies and Estimates of the Company

1. **Accounting Standard & Accounting System:** The Company adopts the Accounting Standards for Enterprises and Accounting System for Business Enterprises and corresponding supplementary provisions launched by the state.

2. **Fiscal Year:** From January 1 to December 31 of a calendar year.

3. **Recording Currency:** RMB.

4. **Base of Accounting:** Accrual Basis; **Valuation Principle:** Based on Historical Cost

5. **Translation Method of Transactions in Foreign Currency**

Within a fiscal year, the amount of an economical business involving foreign currency shall be translated into RMB and recorded based on the market exchange rate (medium rate) on the first date of the month when related business occurs launched by People's Bank of China and cross exchange rate provided by State Administration of Foreign Exchange. At the end of each month, balance in foreign currency in foreign currency account shall be adjusted based on market exchange rate (medium rate) and cross exchange rate at the end of that month. For the difference incurred (profit and loss), if the special borrowing in foreign currency is related to the acquisition and construction of fixed assets, principle and interest incurred before they are ready for the intended use shall be capitalized. For those incurred during preparation period shall be recorded as long-term deferred expense. The rest shall be recorded as current expense.

6. **Recognition Standard of Cash Equivalents**

The Company recognizes short-term (expires within 3 months after they are purchased) and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value it holds as cash equivalents.

7. **Accounting Method for Bad Debt Losses of Accounts Receivable**

(1) Recognition Standard of Bad Debt Losses

(i) Accounts receivable whose collection is still not possible after the use of the bankruptcy assets for settlement or the estate for repayment due to the bankruptcy or death of the debtor;

(ii) Accounts receivable with obvious features that its collection is impossible due to the failure of the debtor to fulfill repayment obligations.

All accounts receivable mentioned above that are for sure irrecoverable shall be recognized as bad debt write-off after being approved by authorized department.

(2) Measurement Method of Bad Debts Losses

Losses on bad debts shall be measured by adopting allowance method. The Company shall withdraw bad debts provisions on all accounts receivable and all other accounts receivable by adopting the specific identification method.

8. **Accounting Method of Inventories**

(1) Classification of the Company's Inventories

Inventories are those finished products or merchandises or those in the process of production for the purpose of selling, and materials and goods used in the production or services providing process as well as others under the Company's possession during the normal production and operation process. Inventories of the Company can be classified as: commodities in storage and low-value consumables.

(2) Determination Method of Entry Value of Inventories Acquired

All inventories shall be initially accounted with their actual costs when they are acquired.

(3) Measurement Method of Inventories on Delivery

Normally, inventories shall be accounted based on their actual costs, while inventories on delivery shall be accounted with First-in First-out method.

(4) Amortization Method of Low-value Consumables

Low-value consumables are amortized on on-off amortization.

(5) Inventory System

The Company uses perpetual inventory system.

(6) Recognition Standard of Depreciation Provision and Related Withdrawing Method

At the end of year, the Company accounts inventories depending on which is lower between the cost and the net realizable value. When the cost of inventories can't be recovered because the inventories suffer from disuse or all or part is stale or out of date, or the sales price is lower than the cost, impairment provision on the exceeding part shall be withdrawn. Related depreciation provisions shall be accounted according to the difference between the cost of individual inventory item and corresponding net realized value. For inventories with huge quantity but lower unit price, cost and net realized value shall be determined based on categories.

Net realized value of inventories shall be determined based on the amount after deducting estimated cost for completion and estimated expense for sales from the estimated sales price during the Company's normal production and operation process.

9. **Measure and Depreciation Policies of Fixed Assets and Method to Withdraw**

Corresponding Impairment Provisions

(1) Standards to Recognize Fixed Assets: Fixed assets refer to as tangible assets having all features as follows synchronously: (i) held for the purpose of producing goods, providing services, lease or for operation and management; (ii) having more than one year of service life; and (iii) respective value is high. Detailed standards are: (i) buildings, structures, machines, machinery and transportation facilities with a service life over a year as well as other equipments, appliances and tools related to production and operation; and (ii) articles that are not major devices of production and operation and bear the unit value of over RMB 2,000 and a service life over 2 years.

(2) **Classification of Fixed Assets:** Electrical Equipments

(3) **Measurement of Fixed Assets and Methods for Impairment Examination and Withdrawing Impairment Provisions:** Fixed assets shall be recorded at actual costs or determined values. At the end of each year, the Company will take the impairment examination each by each. When recoverable amount is lower than carrying value, related difference shall be recognized as impairment provision and be recorded into current profits and losses. Impairment provisions of fixed assets shall be withdrawn on a single item assets base.

(4) **Depreciation Method of Fixed Assets**

Straight-line method is adopted in depreciation of fixed assets. Depreciation rate of each category of fixed assets was determined according to their original costs and their estimated economical usable lives after deducting their retained values (0% of original costs). Depreciation rate of each category of fixed assets is:

Category	Depreciation Age (Years)	Annual Depreciation Rate (%)
Electrical Equipments	3	33.33
Office furniture	5	20.00

For a fixed asset whose provision for depreciation had been made, when making depreciation, its depreciation rate and amount shall be re-determined based on its carrying amount and retained usable life. For a fixed asset whose provision for depreciation had been made, when its value resumes, its depreciation rate and amount shall be re-determined based on its resumed carrying amount and retained usable life.

10. Recognition Method of Revenues

(1) From Selling Goods

The Company recognizes related amount as operating revenue when it already transferred the significant risks and rewards of ownership of the goods to the buyer, when it retains neither continuous management right nor actual control over the sold goods, when relevant economic benefits may flow into the company, and when relevant amount of revenue and relevant costs incurred can be measured in a reliable way.

11. Accounting Treatment on Lease Business

(1) The Company's Accounting Treatment on Operating Lease Business as the Lessee

The rents from operating leases shall be recognized as the expense by using straight-line method over each period of the lease term.

12. Accounting Treatment Method on Income Tax

The Company adopts the tax payable method.

13. Taxes

Tax types and rates available for the Company are:

Tax Type	Income Tax	Value-added Tax
Tax Rate	25%	10%-11%
Tax Base	Income Tax Payable	Output Tax for the Period Deducting Input Tax for the Period

III. Changes on Significant Accounting Policies & Estimates and Explanations on Corrections of Material Accounting Errors

Till the date of these financial statements, the Company conducted no change on significant accounting policies and estimates and had no correction on material accounting errors.

IV. Notes to Items in Financial Statements

1. Cash and Cash Equivalents

Item	Ending Amount (RMB)	Beginning Amount (RMB)
Cash	36,899.44	14,783.26
Deposit in Bank	105,954.87	1,380,441.88
Total	**142,854.31**	**1,395,225.14**

2. Account Receivable

Analysis on account receivable based on aging:

	Ending Balance			Beginning Balance		
Aging	Amount (RMB)	Percentage in Total (%)	Bad Debt Provision	Amount (RMB)	Percentage in Total (%)	Bad Debt Provision
Within a Year	424,578.27	64.03		1,195,883.00	90.42	
1 to 2 Years	111,880.00	16.87				
2 to 3 Years	126,646.00	19.10		126,646.00	9.58	
Total	**663,104.27**	**100.00**		**1,322,529.00**	**100.00**	

Information of debtors regarding huge amount in account receivable at the end of year:

Name of Debtor	Balance at End of Year (RMB)	Type or Content	Aging
Anhui Ruifu International Trade Co., Ltd	247,646.00	Payment for Goods	Within a Year
Shanghai Guohuan Trading Co., Ltd	161,262.27	Payment for Goods	Within a Year
Shanghai tengying Industrial Co., Ltd	126,646.00	Payment for Goods	Within a Year

3. Other Account Receivable

Analysis on other account receivable based on aging:

	Ending Balance			Beginning Balance		
Aging	**Amount (RMB)**	**Percentage in Total (%)**	**Bad Debt Provision**	**Amount (RMB)**	**Percentage in Total (%)**	**Bad Debt Provision**
Within a Year	176,461.58	74.06		328,921.57	59.16	
1 to 2 Years	3,600.00	1.51		124,074.47	22.32	
2 to 3 Years	58,220.00	24.43		1,868.00	0.34	
Over 3 years				73,120.00	18.18	
Total	**238,281.58**	**100.00**		**555,984.04**	**100.00**	

Information of debtors regarding huge amount in other account receivable at the end of year:

Name of Debtor	**Balance at End of Year (RMB)**	**Type or Content**	**Aging**
Jason	135,475.95	Loan	Within 1 Year
Shanghai Hongshen freight forwarding Co., Ltd	50,000.00	Freight forwarding fee	Within 3 Years

4. Prepayment

Analysis on Prepayment based on aging:

	Ending Balance			Beginning Balance		
Aging	**Amount (RMB)**	**Percentage in Total (%)**	**Bad Debt Provision**	**Amount (RMB)**	**Percentage in Total (%)**	**Bad Debt Provision**
Within a Year	355,862.94	100.00		300,609.62	100.00	
Total	**355,862.94**	**100.00**		**300,609.62**	**100.00**	

Information of debtors regarding huge amount in Prepayment at the end of year:

Name of Debtor	**Balance at End of Year (RMB)**	**Type or Content**	**Aging**
Shanghai Ouheng Import and Export Co., Ltd	95,682.11	Expenses of taxation	In 1 Year
Shanghai Huizhan International Trade Co., Ltd	203,442.01	Taxes and agency fees	In 1 Year

5. Stock

Item	**Ending Amount (RMB)**	**Beginning Amount (RMB)**
Merchandise in stock	615,300.84	172,927.49
Total	**615,300.84**	**172,927.49**

6. Fixed Assets

(1) Original Cost:

Item	**Beginning Balance (RMB)**	**Current Increase (RMB)**	**Current Decrease (RMB)**	**Ending Balance (RMB)**
Electrical Equipments	99,270.71	31,975.22		131,245.93
Office Furniture	14,675.00			14,675.00
Total	**113,945.71**	**31,975.22**		**145,920.93**

(2) Accumulated Depreciation:

Item	**Beginning Balance (RMB)**	**Current Increase (RMB)**	**Current Decrease (RMB)**	**Ending Balance (RMB)**
Electrical Equipments	89,343.58	639.39		89,982.97
Office Furniture	13,207.53			13,207.53
Total	**102,551.11**	**639.39**		**103,190.50**

(3) Net Value:

Item	Beginning Balance (RMB)	Ending Balance (RMB)
Electrical Equipments	9,927.13	41,262.96
Office Furniture	1,467.47	1,467.47
Total	**11,394.60**	**42,730.43**

7. Account Payable

Analysis on account payable based on aging:

Aging	Ending Balance		Beginning Balance	
	Amount (RMB)	Percentage	Amount (RMB)	Percentage
Within a Year	9,585,066.32	73.45	13,350,404.94	100.00
1 to 2 Years	3,464,666.24	26.55		
Total	**13,049,732.56**	**100.00**	**13,350,404.94**	**100.00**

Information on creditors lending huge amount in account payable at the end of year:

Name of Debtor	Balance at End of Year (RMB)	Type or Content	Aging
ODA HK	11,774,058.69	Payment for Goods	Within 2 Years

8. Advances from customers

Analysis on advances from customers based on aging:

Aging	Ending Balance		Beginning Balance	
	Amount (RMB)	Percentage	Amount (RMB)	Percentage
Within a Year	495,680.69	100.00	777,809.69	100.00
Total	**495,680.69**	**100.00**	**777,809.69**	**100.00**

Information on creditors lending huge amount in advances from customers at the end of year:

Name of Debtor	Balance at End of Year (RMB)	Type or Content	Aging
Shanghai Yuqian Trading Co., Ltd.	495,680.69	Payment for Goods	Within 1 Year

9. Tax Payable

Type	Ending Balance (RMB)	Beginning Balance (RMB)
Value-added Tax	(1,937,324.46)	(1,963,346.85)
Individual Income Tax	7,142.04	6,671.98
Corporate income tax		
Stamp duty	7,784.40	26,087.60
Total	**(1,922, 398.02)**	**(1,930,587.27)**

10. Paid-in Capital

Name of Investor	Beginning Balance				Ending Balance	
	Invested Amount (RMB)	Percentage	Current Increase (RMB)	Current Decrease (RMB)	Invested Amount (RMB)	Percentage
Origin Direct Asia Limited	925,876.00	100.00%			925,876.00	100.00%
Total	**925,876.00**	**100.00%**			**925,876.00**	**100.00%**

Details in above paid-in capital item had already been reviewed by Shanghai Yonghua Certified Public Accountants and related Capital Verification Report (No. 141 [2011] Capital Verification Report of Shanghai Yonghua) was also issued by this office on August 24, 2011.

11. Undistributed Profit

Item	Amount (RMB)
Beginning Balance of Current Year	(9,507,909.09)
Current Increase	(1,151,523.45)
Including: Transfer-in of Net Profits of Current Year	(1,151,523.45)
Ending Balance of Current Year	**(10,659,432.54)**

12. Revenue of Main Business

Item	Amount of Current Year (RMB)	Amount of Last Year (RMB)
Revenue of Fruit Trading	11,923,087.59	42,917,846.00
Total	**11,923,087.59**	**42,917,846.00**

13. Cost of Main Business

Item	Amount of Current Year (RMB)	Amount of Last Year (RMB)
Cost of Fruit Trading	9,511,490.66	43,093,933.81
Total	**9,511,490.66**	**43,093,933.81**

14. Sales Expense

Item	Amount of Current Year (RMB)	Amount of Last Year (RMB)
Accumulative Amount of Current Year	**1,584,770.46**	**5,010,388.20**
Main Items Include:		
Logistics service fee	135,659.79	4,150,932.10
Freight	504,742.85	
The sales salary	516,998.78	546,298.37
Service charge	214,563.02	124,132.08
Warehousing charges	130,341.51	

15. Administrative Expense

Item	Amount of Current Year (RMB)	Amount of Last Year (RMB)
Accumulative Amount of Current Year	**1,817,135.96**	**1,778,815.52**
Main Items Include:		
Rents for Houses	256,000.00	219,129.14
Wages of Employees	857,631.47	846,988.02
Financial service fee	66,225.00	66,086.00
Social insurance premium	247,986.30	232,373.40

16. Financial Expense

Item	Amount of Current Year (RMB)	Amount of Last Year (RMB)
Interest Expense		
Less: Interest Income	3,428.92	3,699.65
Exchange Loss	155,391.63	427,727.72
Less: Exchange Income		
Bank Commission	6,751.67	21,922.39
Total	**158,714.38**	**445,950.46**

V. Relationship and Corresponding Transactions with Related Parties

1. Related Parties Having a Relationship of Controlling

(1) Information of Related Parties Having a Relationship of Controlling

Name of Enterprise	Origin	Relationship with the Company	Economical Characteristic or Type
Origin Direct Asia Limited	Hong Kong	Investor	Legal Representative in Hong Kong

(2) Quantities and Changes of Shares Held by Related Parties Having a Relationship of Controlling

Name of Enterprise	Beginning Amount		Current Increase (RMB)	Current Decrease (RMB)	Ending Amount	
	Amount (RMB)	Percentage			Amount (RMB)	Percentage
Origin Direct Asia Limited	925,876.00	100.00%			925,876.00	100.00%
Total	**925,876.00**	**100.00%**			**925,876.00**	**100.00%**

(3) The Final Transaction Balance of the Related Party in the Relationship of Controlling

Type	Ending Balance (RMB)	Beginning Balance (RMB)
Account Payable	11,774,058.69	12,047,976.68
Total	**11,774,058.69**	**12,047,976.68**

VI. Contingencies

Till December 31, 2019, the Company had no contingency such as mortgage or promise needed to be disclosed.

VII. Subsequent Events

Till these financial statements were signed and issued, the Company had no subsequent event that would affect the reading and understanding of them.

VIII. Explanation on going concern

Origin Direct Asia (Shanghai) Trading Company Limited On December 31, 2019, current liabilities are greater than total assets by RMB 9,733,556.54. The Company's stockholders undertake continuing support to the Company in the operations of year 2020 and the following years to assure the capital needed for development of business, to assure the ability of the Company as a going concern, and to gradually turn losses into gains.

IX. Approval of Accounting Statement

The Accounting Statement of 2019 was already approved by authorized department of the Company.

Origin Direct Asia (Shanghai) Trading Company Limited

Legal Representative:

April 14, 2020

INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors
Bristlecone Limited

We have audited the accompanying special purpose parent-only financial statements ("special purpose financial statements") of Bristlecone Limited (the 'Company', a Cayman Islands corporation and subsidiary of Mahindra Holdings Limited), which comprise the statement of assets and liabilities as of March 31, 2020, and the related statements of revenues and expenses, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the special purpose financial statements.

Management's responsibility for the special purpose financial statements

Management is responsible for the preparation and fair presentation of these special purpose financial statements in accordance with the basis of accounting as described in Note A(3.1) to the special purpose financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting as described in Note A(3.1).

Basis of accounting

We draw attention to Note A(3.1) of the accompanying special purpose financial statements, which describes the basis of accounting for the aforesaid special purpose financial statements. These special purpose financial statements have been prepared for the information and use of the management of Bristlecone Limited and to enable Mahindra Holdings Limited to prepare its consolidated financial statements for the year ended March 31, 2020 and therefore, these special purpose financial statements may not be suitable for any other purpose. Our opinion is not modified with respect to this matter.

Restriction on use

This report is intended solely for the use of the management of Bristlecone Limited and Mahindra Holdings Limited for the aforementioned purpose, and accordingly, may not be suitable for any other purpose, and should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Further, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

Grant Thornton India LLP

Mumbai, India

Date: 11 May 2020

STATEMENT OF ASSETS AND LIABILITIES

	Note ref	As at March 31, 2020 US$	As at March 31, 2020 INR (refer note L)	As at March 31, 2019 US$	As at March 31, 2019 INR (refer note L)
ASSETS					
Current assets					
Cash and cash equivalents	B	**496,258**	**37,388,085**	518,079	39,032,072
Total current assets		**496,258**	**37,388,085**	518,079	39,032,072
Non-Current assets					
Investments in subsidiaries	C	**28,558,405**	**2,151,590,213**	29,371,512	2,212,849,715
Total non-current assets		**28,558,405**	**2,151,590,213**	29,371,512	2,212,849,715
Total assets		**29,054,663**	**2,188,978,298**	29,889,591	2,251,881,787
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities					
Amounts payable to subsidiary		**260,760**	**19,645,734**	–	–
Other current liabilities, related parties		**244**	**18,383**	–	–
Other current liabilities, others		**60,723**	**4,574,923**	65,047	4,900,641
Accounts Payable, others		**802**	**60,343**	2,982	224,664
Short term borrowing	F	**12,750,000**	**960,585,000**	12,500,000	941,750,000
Accrued Interest	F	**1,193**	**89,896**	283,954	21,393,094
Total current liabilities		**13,073,722**	**984,974,279**	12,851,983	968,268,399
Stockholders' equity					
Common Stock		**10,182**	**767,114**	10,226	770,427
Series A Preferred Stock		**8,076**	**608,410**	8,076	608,410
Series B Preferred Stock		**6,920**	**521,353**	6,920	521,353
Additional paid-in-capital		**16,736,294**	**1,260,912,330**	16,934,537	1,275,848,053
Accumulated Surplus/(deficit)		**(780,531)**	**(58,805,188)**	77,849	5,865,145
Total stockholders' equity		**15,980,941**	**1,204,004,019**	17,037,608	1,283,613,388
Total liabilities and stockholders' equity		**29,054,663**	**2,188,978,298**	29,889,591	2,251,881,787

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF REVENUES AND EXPENSES

	Note Ref.	**Year ended March 31, 2020 US$**	**Year ended March 31, 2020 INR (refer note L)**	Year ended March 31, 2019 US$	Year ended March 31, 2019 INR (refer note L)
Income		**751,650**	**56,629,311**	525,728	39,608,348
Total income		**751,650**	**56,629,311**	525,728	39,608,348
Expenses					
Stock compensation expenses		**26,379**	**1,987,394**	41,965	3,161,643
General and administrative expenses		**89,914**	**6,774,101**	83,944	6,324,363
Provision for losses (impairment of investments) in subsidiary company	C	**813,107**	**61,259,502**	13,703	1,032,362
Interest expense		**492,720**	**37,121,525**	506,454	38,156,244
Total expenses		**1,422,120**	**107,142,522**	646,066	48,674,612
Net loss before tax		**(670,470)**	**(50,513,211)**	(120,338)	(9,066,264)
Income tax	D				
Foreign taxes		**187,910**	**14,157,122**	–	–
Net loss		**(858,380)**	**(64,670,333)**	(120,338)	(9,066,264)

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF CASH FLOWS

	Year ended March 31, 2020 US$	**Year ended March 31, 2020 INR (refer note L)**	Year ended March 31, 2019 US$	Year ended March 31, 2019 INR (refer note L)
Cash flow from operating activities				
Net loss	**(858,380)**	**(64,670,333)**	(120,338)	(9,066,264)
Adjustments to reconcile net loss to net cash used in operating activities				
Stock compensation expense	**26,379**	**1,987,394**	41,965	3,161,643
Provision for losses (impairment of investments) in subsidiary company	**813,107**	**61,259,502**	13,703	1,032,362
Changes in assets and liabilities				
Increase/(Decrease) in current liabilities, related parties	**244**	**18,383**	(5,152,350)	(388,178,049)
(Decrease)/Increase in current liabilities, others	**(289,265)**	**(21,793,237)**	286,936	21,617,779
Net cash used in operating activities	**(307,915)**	**(23,198,291)**	(4,930,084)	(371,432,529)
Cash flow from financing activities				
Proceeds from issue of Common Stock	**36,094**	**2,719,304**	38,034	2,865,482
Repayment of short term debt	**(250,000)**	**(18,835,000)**	(7,500,000)	(565,050,000)
Proceeds from short term debt, related parties	**500,000**	**37,670,000**	12,500,000	941,750,000
Net cash provided by financing activities	**286,094**	**21,554,304**	5,038,034	379,565,482
Net (decrease) / increase in cash and cash equivalents	**(21,821)**	**(1,643,987)**	107,950	8,132,953
Cash and cash equivalents at the beginning of the year	**518,079**	**39,032,072**	410,129	30,899,119
Cash and cash equivalents at the end of the year	**496,258**	**37,388,085**	518,079	39,032,072
Supplemental disclosures				
Interest paid	**775,481**	**58,424,723**	4,469,650	336,743,431
Foreign taxes paid	**187,910**	**14,157,122**	379,472	28,589,420
Dividend received	**751,650**	**56,629,311**	–	–

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Amounts in US$

	Preferred stock				Common stock						
	Authorized		Issued and outstanding		Authorized		Issued and outstanding		Additional paid in capital	Accumulated (deficit)/ surplus	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Amount	Amount
Balance as at April 1, 2018	**21,000,000**	**21,000**	**14,995,526**	**14,996**	**37,000,000**	**37,000**	**10,131,759**	**10,132**	**16,854,632**	**198,187**	**17,077,947**
Stock issued during the year	–	–	–	–	–	–	94,208	94	37,940	–	38,034
Stock compensation expense	–	–	–	–	–	–	–	–	41,965	–	41,965
Net loss for the year	–	–	–	–	–	–	–	–	–	(120,338)	(120,338)
Balance as at March 31, 2019	**21,000,000**	**21,000**	**14,995,526**	**14,996**	**37,000,000**	**37,000**	**10,225,967**	**10,226**	**16,934,537**	**77,849**	**17,037,608**
Stock issued during the year	–	–	–	–	–	–	46,875	47	36,047	–	36,094
Stocks repurchased during the year	–	–	–	–	–	–	(90,857)	(91)	(260,669)	–	(260,760)
Stock compensation expense	–	–	–	–	–	–	–	–	26,379	–	26,379
Net loss for the year	–	–	–	–	–	–	–	–	–	(858,380)	(858,380)
Balance as at March 31, 2020	**21,000,000**	**21,000**	**14,995,526**	**14,996**	**37,000,000**	**37,000**	**10,181,985**	**10,182**	**16,736,294**	**(780,531)**	**15,980,941**

Amount in INR (refer note L)

	Preferred stock				Common stock						
	Authorized		Issued and outstanding		Authorized		Issued and outstanding		Additional paid in capital	Accumulated (deficit)/ surplus	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Amount	Amount
Balance as at April 1, 2018	**21,000,000**	**1,582,140**	**14,995,526**	**1,129,763**	**37,000,000**	**2,787,580**	**10,131,759**	**763,345**	**1,269,828,010**	**14,931,409**	**1,286,652,527**
Stock issued during the year	–	–	–	–	–	–	94,208	7,082	2,858,400	–	2,865,482
Stock compensation expense	–	–	–	–	–	–	–	–	3,161,643	–	3,161,643
Net loss for the year	–	–	–	–	–	–	–	–	–	(9,066,264)	(9,066,264)
Balance as at March 31, 2019	**21,000,000**	**1,582,140**	**14,995,526**	**1,129,763**	**37,000,000**	**2,787,580**	**10,225,967**	**770,427**	**1,275,848,053**	**5,865,145**	**1,283,613,388**
Stock issued during the year	–	–	–	–	–	–	46,875	3,532	2,715,772	–	2,719,304
Stock compensation expense	–	–	–	–	–	–	–	–	1,987,394	–	1,987,394
Stock repurchased during the year	–	–	–	–	–	–	(90,857)	(6,845)	(19,638,889)	–	(19,645,734)
Net loss for the year	–	–	–	–	–	–	–	–	–	(64,670,333)	(64,670,333)
Balance as at March 31, 2020	**21,000,000**	**1,582,140**	**14,995,526**	**1,129,763**	**37,000,000**	**2,787,580**	**10,181,985**	**767,114**	**1,260,912,330**	**(58,805,188)**	**1,204,004,019**

(The accompanying notes are an integral part of these financial statements)

NOTES TO SPECIAL PURPOSE PARENT-ONLY FINANCIAL STATEMENTS

NOTE A – BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. NATURE OF OPERATIONS AND KEY DEVELOPMENTS

Bristlecone Limited (the "Company") is the Holding Company for the Bristlecone Group, which comprises of the Company and its wholly owned subsidiaries, Bristlecone India Limited, Bristlecone Inc., Bristlecone UK Ltd, Bristlecone GmbH, Bristlecone (Singapore) Pte. Limited, Bristlecone (Malaysia) SDN BHD, Bristlecone Consulting Limited (Canada), Bristlecone International AG (Switzerland) and Bristlecone Middle East DMCC (UAE). The Group is engaged in providing technology solutions and consulting services with principal operations in the United States of America, India, Singapore, Malaysia, Germany, Switzerland, Canada, United Kingdom and UAE. The Group's primary focus is on providing supply chain services ranging from supply chain strategy and network design to supply chain system implementations. The Group also provides application outsourcing services, data management services and development and integration services to independent software vendors.

Estimation uncertainty relating to the global health pandemic - COVID-19

In assessing the carrying value of investments in subsidiaries, the Company has considered internal and external information up to the date of these financial statements including future business projections and related net cash flow projections and economic forecasts for each of the subsidiaries basis the economic environment in which each of these subsidiaries operate. The Company has performed sensitivity analysis on the assumptions used and based on the current indicators of future economic conditions, the Company believes that fair value of investments in subsidiaries is expected to be higher than the carrying value of investments. The impact of the global health pandemic may be different from the estimates as at the date of these financial statements and the Company will closely monitor any material changes to future economic conditions as and when they arise and respond accordingly.

2. GENERAL INFORMATION

The Company was incorporated under the laws of 'The Cayman Islands' on February 3, 2004. The Company commenced commercial operations on May 17, 2004 and is a subsidiary of Mahindra Holdings Limited ("Holding Company"), an Indian Company, which is ultimately held by Mahindra & Mahindra Limited ("the Group's ultimate Holding Company").

In 2004, pursuant to a Contribution Agreement, the Company acquired the business of Mahindra Consulting Limited, Mahindra Consulting Inc., Mahindra Intertrade (UK) Limited, (all subsidiaries of Mahindra & Mahindra Limited), and Bristlecone Inc. The consideration was settled through the issue of Common Stock and Preferred Stock to Mahindra & Mahindra Limited and the issue of Common Stock, Preferred Stock and cash payments to the erstwhile shareholders of Bristlecone Inc.

During the year 2018-19, Mahindra & Mahindra Limited ("the Group's ultimate Holding Company) transferred all the shares held in Bristlecone Limited to its wholly owned subsidiary, Mahindra Holdings Limited ("Holding Company").

The Company does not have active commercial operations. It engages in financing and treasury functions for the Group as a whole.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying special purpose parent-only financial statements is as follows:

3.1. OVERALL CONSIDERATIONS

The accompanying financial statements have been prepared under the historical cost convention on the accrual basis of accounting in accordance with the group accounting policies as contained in consolidated financial statements of the holding Company, Bristlecone Limited and its subsidiaries and described herein these notes to reflect the financial position, revenues and expenses and cash flows of the Company.

These special purpose parent – only financial statements have been prepared for the purpose of consolidation with the financial statements of Mahindra Holdings Limited, the Holding Company and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

These special purpose financial statements have been prepared on a going concern basis, which assumes the realization of assets and satisfaction of liabilities in the normal course of business. These financial statements have been presented in the United States Dollars ('$'), which is the functional and reporting currency of the Company.

3.2. USE OF ESTIMATES

In preparing the Company's financial statements in conformity with the accounting policies stated herein, the Company's management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements as well as the reported amounts of other income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The management's estimates for expected forfeitures of employee stock options and realization of carrying value of investments represent certain of these particularly sensitive estimates.

3.3. CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments and deposits with an original maturity of three months or less to be cash equivalents. Cash comprises cash on hand and balance with banks.

3.4. INVESTMENTS

Investments in subsidiaries are carried at cost. Cost is determined based on the cash paid and other liabilities assumed by the Company. Consideration that has been settled by issue of the Company's shares is also considered in arriving at the cost of investments. Provision for impairment is made, whenever the estimated fair value of investments is expected to be lower than the carrying value of investments.

3.5. DIVIDEND INCOME

Dividend received from subsidiaries is recorded as income for the year and is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividends will flow to the Company and the amount of the dividend can be measured reliably. The taxes payable as per the applicable tax laws in respective jurisdictions are recorded as tax expense for the year.

3.6. INTEREST EXPENSE

Interest expense on inter corporate deposits availed from the Holding Company and loan from Subsidiary Company is recorded on accrual basis.

3.7. STOCK COMPENSATION

The Company accounts for equity-settled options granted to employees in accordance with ASC 718, "Stock Compensation". ASC 718 addresses the accounting for stock payment transactions in which an enterprise receives employee services in exchange for equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments.

In accordance with the provisions of ASC 718, stock compensation for the awards is recognized on a straight line basis over the requisite service period, which is generally the vesting period of the award.

ASC 718 requires the use of a valuation model to calculate the fair value of stock awards. The Company elected to use the Black-Scholes-Merton pricing model to determine the fair value of stock awards on the date of grant.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	As at March 31, 2020 US$	As at March 31, 2020 INR (Refer note L)	As at March 31, 2019 US$	As at March 31, 2019 INR (Refer note L)
Balance in checking and money market accounts	**496,258**	**37,388,085**	518,079	39,032,072

The balances of the Company are held in checking accounts and money market accounts, which are non-interest bearing, with the banks participating in the Transaction Account Guarantee Program of Federal Deposit Insurance Corporation (FDIC). Under that program, through March 2020, all non-interest-bearing transaction accounts are fully guaranteed by the FDIC for US$ 250,000 per tax ID for balances held in checking and money market accounts.

As at March 31, 2020, the Company has US$ 246,258 (INR 18,553,085) [2019: US$ 268,079 (INR 20,197,072)] as balances in excess of the federally insured amounts.

NOTE C – INVESTMENTS

Investments as at year end comprise of investment in subsidiary companies:

	As at March 31, 2020 US$	As at March 31, 2020 INR (Refer note L)	As at March 31, 2019 US$	As at March 31, 2019 INR (Refer note L)
Bristlecone India Limited	**5,141,789**	**387,382,383**	5,141,789	387,382,383
Bristlecone Inc.	**23,214,889**	**1,749,009,737**	23,214,889	1,749,009,737
Bristlecone UK Limited (net)	–	–	826,810	62,291,864
Bristlecone (Malaysia) SDN. BHD.	**129,262**	**9,738,599**	129,262	9,738,599
Bristlecone Consulting Ltd.	**1**	**75**	1	75
Bristlecone International AG.	**58,761**	**4,427,057**	58,761	4,427,057
Bristlecone Middle East DMCC	**13,703**	**1,032,362**	–	–
	28,558,405	**2,151,590,213**	29,371,512	2,212,849,715

The Company has investment of US$ 4,134,053 (INR 311,459,553) [2019: US$ 4,134,053 (INR 311,459,553)] in Bristlecone UK Limited, a wholly owned subsidiary company. The accumulated losses, as at March 31, 2020, of the subsidiary on the basis of audited financial statements for the year ended March 31, 2020 are GBP 1,831,708 (INR 170,679,489) [2019: 1,831,679 (INR 170,676,787)].

Considering the current and expected future operations of Bristlecone UK Limited, the management has created provision towards impairment of US$ 826,810 (INR 62,291,864) [2019: US$ NIL (INR NIL)].

Accordingly, the cumulative provision towards impairment of the value of investments is US$ 4,134,053 (INR 311,459,553) [2019: US$ 3,307,243 (INR 249,167,688)], which represents difference between total investment value and the estimated fair value of investments in the subsidiary.

The Company has investment of US$ 13,703 (INR 1,032,362) in Bristlecone Middle East DMCC, a wholly owned subsidiary company. The accumulated reserves, as at March 31, 2020, of the subsidiary on the basis of audited financial statements for the year ended March 31, 2020 are AED 965,064 (INR 19,822,209)[2019: AED (1,121,338) (INR (23,176,063))].

Considering the current and expected future operations of Bristlecone Middle East DMCC, the management has reversed provision towards impairment of US$ 13,703 (INR 1,032,362). The Company had created a provision towards impairment of investments during the year ended March 31, 2019 of US$ 13,703 (INR 1,032,362).

NOTE D – DIVIDEND INCOME

Bristlecone Consulting Limited paid a dividend of US$ 751,650 (INR 56,629,311) [2019: NIL (INR NIL)]. The tax on the dividend amounting to US$ 187,910 (INR 14,157,122) [2019: US$ NIL (INR NIL)] are classified as foreign taxes under income tax expenses.

NOTE E – LOAN FROM MAHINDRA & MAHINDRA LIMITED

Loan comprises of inter corporate deposits of US$ NIL (INR NIL) [2019: US$ NIL (INR NIL)]. The loan was granted at an interest rate of 6% p.a. and was repayable on demand. The loan availed from Mahindra and Mahindra Limited was fully paid during previous year.

Interest expense for the year ended March 31, 2020 towards the loan from Mahindra and Mahindra Limited was US$ NIL (INR NIL) [2019: US$ 222,500 (INR 16,763,150)].

NOTE F – SHORT TERM BORROWING

During the previous year, the Company had obtained an uncommitted line of credit amounting to US$ 12,500,000 (INR 941,750,000) from Bank of America, N.A. The terms of line of credit provided a ceiling for the total limit at US$ 12,500,000 (INR 941,750,000) and the amount drawn was repayable on demand. The interest rate was 4.40% p.a., which was 150 basis points over LIBOR. As at March 31, 2019, the entire amount was drawn against the said line of credit. The line of credit was unsecured and the agreement did not contain any financial covenants.

During the current year, the aforesaid line of credit was replaced with another uncommitted line of credit amounting to US$ 12,250,000 (INR 922,915,000) from Bank of America, N.A. The terms of line of credit provides a ceiling for the total limit at US$ 12,250,000 (INR 922,915,000) and the amount drawn is repayable on demand. It bears an interest rate of 3.565% p.a. which is 150 basis points over LIBOR. As at March 31, 2020, the entire amount was drawn against the said line of credit. The line of credit is unsecured and the agreement does not contain any financial covenants. The remaining availability on the line of credit was US$ NIL as at March 31, 2020.

During the current year, the Company has also obtained a loan of US$ 500,000 (INR 37,670,000) [2019: US$ NIL (INR NIL)] from Bristlecone Inc., on March 27, 2020. It bears an interest rate of 3.565% p.a. and is repayable on demand with final maturity date of 9 years from the first utilisation date. The line of credit is unsecured. The agreement does not contain any financial covenants.

Interest expense for the year ended March 31, 2020 towards the line of credit was US$ 492,476 (INR 37,103,142) [2019: US$ 283,954 (INR 21,393,094)] and towards the loan from Bristlecone Inc. was US$ 244 (INR 18,383) [2019: US$ NIL (INR NIL)].

NOTE G – STOCKHOLDERS' EQUITY

The Company's authorized share capital comprise of 9,000,000 Series A Preferred Stock at par of US$ 0.001 each, 12,000,000 Series B Preferred Stock at par of US$ 0.001 each and 37,000,000 Common Stock at par of US$ 0.001 each as at March 31, 2020 of which 8,075,526 Series A Preferred Stock, 6,920,000 Series B Preferred Stock and 10,181,985 Common Stock at par and outstanding as at March 31, 2020.

Conversion of Preferred Stock

Each Series A Preferred Stock and Series B Preferred Stock are entitled to be converted, without payment of any additional consideration, into one fully paid Common Stock.

Voting

Every member, present in person or by proxy, is entitled to one vote for each Common Stock held. Each Series A Preferred Stockholder and Series B Preferred Stockholder is entitled to votes derived based on ratio of conversion between Preferred Stock and Common Stock on the record date of the Meeting or if no record date is established, the date the poll is taken.

Liquidation

In the event of any liquidation, dissolution or winding up of the Company, holders of Series A & B Preferred Stock are entitled to an amount of one hundred and fifty percent (150%) of the original purchase price of such Stock (as adjusted for any recapitalization, stock combinations, dividends, stock splits and the like) in preference to any distribution to holders of Common Stock.

Additional Paid in Capital

Additional Paid in Capital comprises the capital contributions relating to the issue of the Company's Common Stock and Preferred Stock and amounts adjusted on accounting for the Group reorganization involving acquisition of stake in various subsidiary companies and on accounting for stock compensation.

NOTE H – STOCK COMPENSATION

Bristlecone Limited has four Stock Option Plans:

1. Bristlecone Limited 2004 Stock Option Plan (arising out of conversion of the earlier Bristlecone Inc. Existing Stock Option Plan) and Bristlecone Limited 2008 Stock Option Plan:

   Pursuant to the terms of the acquisition of Bristlecone Inc. on May 17, 2004 by Bristlecone Limited (the "transaction"), the then existing outstanding options of Bristlecone Inc., aggregating to a total of 2,058,493 options were cancelled and fresh options were issued by Bristlecone Limited under 2004 stock option plan based on the exchange criteria set out in the transaction documents.

   Options granted under these plans include incentive stock options and non-statutory stock options. As per these plans, 25 per cent of the Shares subject to the Option, vest on the one (1) year anniversary of the vesting commencement date, and 1/48 of the options vest each month thereafter on the same day of the month as the vesting commencement date, subject to the grantee continuing to be an employee through each such date. The term of each Option is stated in the Option Agreement; provided, however, that the term shall be no more than 10 years from the date of grant thereof. The exercise price of each option, (a) granted to an employee who at the time of grant of such option, owns stock representing more than 10 per cent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, shall be no less than 110 per cent of the Fair Market Value per Share as determined by the Board on the date of grant (b) granted to any other employee, shall be no less than 100 per cent of the Fair Market Value per Share determined by the Board on the date of grant, unless otherwise ratified by the Board.

2. Bristlecone Limited Amended and Restated 2004 Stock Option Plan and Bristlecone Limited 2005 Stock Option Plan for Bristlecone India employees:

   Options granted under these plans include incentive stock options and non-statutory stock options. As per these plans, 25 cent of the Shares subject to the Option, vest on the completion of 12 calendar months from the vesting commencement date, and no vesting shall occur prior to the completion of such period of 12 months. Subsequently, 6.25 per cent of the options vest on the completion of each 3 month period thereafter until full vesting is completed, subject to the grantee continuing to be an employee through each such date. The term of each Option is stated in the Option Agreement; provided, however, that the term shall be no more than 10 years from the date of grant thereof. The exercise price of each option, (a) granted to an employee who at the time of grant of such option, owns stock representing more than 10 per cent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, shall be no less than 110 per cent of the Fair Market Value per Share as determined by the Board on the date of grant (b) granted to any other employee, shall be no less than 100 per cent of the Fair Market Value per Share determined by the Board on the date of grant.

The following table summarizes information about the options issued under different Plans:

	Options outstanding Year ended March 31, 2020	**Weighted average exercise price March 31, 2020**	Options outstanding Year ended March 31, 2019	Weighted average exercise price March 31, 2019
Stock Option 2008 Plan				
Outstanding at April 1	**1,770,042**	**US$ 1.24**	1,779,608	US$ 1.24
Granted	**271,500**	**US$ 2.87**	175,000	US$ 2.38
Exercised	**46,875**	**US$ 0.77**	94,208	US$ 0.40
Expired / forfeited	**1,091,417**	**US$ 1.66**	90,358	US$ 0.73
Outstanding at March 31	**903,250**		1,770,042	
Stock Option 2004 Amended Plan				
Outstanding at April 1	–	–	–	–
Granted	–	–	–	–
Exercised	–	–	–	–
Expired / forfeited	–	–	–	–
Outstanding at March 31	–		–	
Stock Option 2005 Plan				
Outstanding at April 1	–	–	–	–
Granted	–	–	–	–
Exercised	–	–	–	–
Expired / forfeited	–	–	–	–
Outstanding at March 31	–		–	

The Company has a total option pool of 2,109,061 options as at March 31, 2020 towards all the above options and the unallocated options against this pool as at March 31, 2020 is 1,205,811 options.

Additional information on outstanding options:

Exercise price range for the options outstanding is given below:

Grant Price	**No of options outstanding**	
	March 31, 2020	March 31, 2019
US$ 0.10	**238,375**	260,042
US$ 0.77	**84,000**	534,000
US$ 1.26	**15,000**	15,000
US$ 1.41	**40,000**	40,000
US$ 2.14	**179,000**	746,000
US$ 2.38	**175,000**	175,000
US$ 2.87	**171,875**	–

Options outstanding that have vested and are expected to vest as of the end of the year,are as follows:

	March 31, 2020			March 31, 2019		
	Outstanding options	**Weighted average exercise price (in US$)**	**Weighted average remaining contract term (in years)**	Outstanding options	Weighted average exercise price (in US$)	Weighted average remaining contract term (in years)
Stock Option 2008 Plan						
Vested	**595,787**	**1.15**	**5.46**	1,013,589	0.86	6.11
Expected to vest	**307,463**	**2.50**	**8.53**	756,453	2.16	8.76
Stock Option 2004 Amended Plan						
Vested	–	–	–	–	–	–
Stock Option 2005 Plan						
Vested	–	–	–	–	–	–

Stock compensation expense has been determined based on the fair values of the options estimated on the date of grant using the Black-Scholes model with the following assumptions:

	Year ended March 31, 2020	Year ended March 31, 2019
Dividend yield	**0 percent**	0 percent
Expected life	**6.25 years**	6.25 years
Risk free interest rate	**1.15 percent**	2.27 percent
Volatility	**33.26 percent**	28 percent

The Black-Scholes option-pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since options pricing models require use of subjective assumptions, changes therein can materially affect fair value of the options. The options pricing models do not necessarily provide a reliable measure of fair value of the options.

Additional disclosures pertaining to compensation expense, net of costs allocated to Group entities:

The Company has recognized stock compensation expense of US$ 26,379 (INR 1,987,394) [2019: US$ 41,965 (INR 3,161,643)] for the year ended March 31, 2020. The Company received an amount of US$ 36,094 (INR 2,719,304) [2019: US$ 38,034 (INR 2,865,482)] for exercise of stock options in the current year.

Unrecognized compensation expense associated under the fair value method for shares expected to vest (unvested options net of expected forfeitures) as of March 31, 2020 was approximately US$ 27,522 (INR 2,075,158) [2019: US$ 51,306 (INR 3,868,472)] and is expected to be recognized over a weighted average period of 1.56 years.

NOTE I – CONTINGENCIES

The Company may be subject to legal claims in the normal course of business. Management believes that there are no such claims that would be material to the financial condition or results of operations.

NOTE J – RELATED PARTY TRANSACTIONS

The Company had the following transactions with its parent and subsidiaries:

1. **List of related parties and relationships (where there are transactions):**

Name of related party and relationship
Holding Company
Mahindra & Mahindra Limited (till 26 September 2018)
Mahindra Holdings Limited (w.e.f 27 September 2018)
Subsidiary Companies
Bristlecone Inc.
Bristlecone Consulting Limited
Key Management Personnel
Irfan Khan, CEO (up to 08 May 2019)

2. **Related party balances:**

		March 31, 2020		March 31, 2019	
Nature of transaction	**Name of related party**	**Amount (in US$)**	**Amount (in INR) (Refer note L)**	Amount (in US$)	Amount (in INR) (Refer note L)
Interest payable as at year end	Bristlecone Inc.	**244**	**18,383**	–	–
Principal amount of loan repayable as at year end	Bristlecone Inc.	**500,000**	**37,670,000**	–	–
Amount payable as at year end	Bristlecone Inc.	**260,760**	**19,645,734**	–	–

3. **Related party transactions:**

		March 31, 2020		March 31, 2019	
Nature of transaction	**Name of related party**	**Amount (in US$)**	**Amount (in INR) (Refer note L)**	Amount (in US$)	Amount (in INR) (Refer note L)
Payment of interest during the year	Mahindra & Mahindra Limited	–	–	4,469,650	336,743,431
Repayment of principal amount of loan during the year	Mahindra & Mahindra Limited	–	–	7,500,000	565,050,000
Interest expense for the year	Mahindra & Mahindra Limited	–	–	222,500	16,763,150
Dividend received during the year	Bristlecone Consulting Limited	**751,650**	**56,629,311**	–	–
Interest expense for the year	Bristlecone Inc.	**244**	**18,383**	–	–
Amount written back	Bristlecone Inc.	–	–	525,728	3,960,838
Stock repurchased	Irfan Khan, CEO	**260,760**	**19,645,734**	–	–

NOTE K - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the Company's cash equivalents, current assets and current liabilities approximated their fair values due to their short maturities.

NOTE L – CONVENIENCE TRANSLATION

For the convenience of the readers, the financial statements for the year ended March 31, 2020 along with comparatives for the year ended March 31, 2019 have been translated into Indian Rupees ("INR") at the rate of 1 US$ = 75.34 INR. The convenience translation should not be construed as a representation that the Indian Rupee amounts or the US$ amounts referred to in these financial statements have been, could have been, or could in the future be, converted into US$ or INR, as the case may be, at this or at any other rate of exchange, or at all.

NOTE M – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 11, 2020, the date these financial statements were available to be issued. The Company is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRISTLECONE INDIA LIMITED

Report on the Audit of the Standalone IND AS Financial Statements

Opinion

1. We have audited the Standalone IND AS Financial Statements of Bristlecone India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended, and notes to the IND AS Financial Statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid IND AS Financial Statements, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the IND AS Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the IND AS Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is included in the Director's report, but does not include the financial statements and our auditor's report thereon.

5. Our opinion on the IND AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

6. In connection with our audit of the IND AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the IND AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

7. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for Ind AS Financial Statements

8. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these IND AS Financial Statements that give a true and fair view of the financial position, financial performance, Changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

9. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the IND AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

10. In preparing the IND AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

11. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the IND AS Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the IND AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these IND AS Financial Statements.

13. As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   a. Identify and assess the risks of material misstatement of the IND AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls

   c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the IND AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

   e. Evaluate the overall presentation, structure and content of the IND AS Financial Statements, including the disclosures, and whether the IND AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

14. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

16. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

17. As required by Section 143(3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid IND AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

   g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its IND AS Financial Statements – Refer Note 29 to the IND AS Financial Statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN : 20040404AAAADU5462

Mumbai, May 04, 2020

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 12 of our report of even date on the accounts of Members of Bristlecone India Limited for the year ended March 31, 2020

1) **In respect of its Fixed Assets:**

   i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) The Fixed Assets are physically Verified once in two years by the management in accordance with the program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. During the year, Company has conducted the physical verification of physical assets and no material discrepancies were noticed on such verification.

   iii) In respect of immovable properties of building that have been taken on lease, according to the information and explanation given to us and on the basis of examination of records of the company, the lease agreements of immovable properties are held in the name of the Company, where the Company is the lessee in the agreements.

2) The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable to the Company.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause (iii), (iii) (a), (iii) (b) and (iii) (c) of the Order are not applicable to the Company.

4) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the provisions of clause (iv) of the Order are not applicable to the Company.

5) According to information given to us, Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore the provisions of Clause 3(v) of the Order are not applicable to the Company.

6) The Central Government has not specified the maintenance of cost records under sub-section (1) of the Section 148 of the Act for any of the products of the Company.

7) According to the information and explanation given to us, in respect of statutory dues :

   i) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Goods & Service Tax, , Cess and other material statutory dues applicable to it to the appropriate authorities during the year

   ii) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Goods & Service Tax, Sales tax, Service tax, Customs duty, Excise duty, Value Added Tax (VAT), Cess and other material applicable statutory dues as at 31st March 2020 for a period of more than six months from the date they become payable.

   iii) According to the information and explanations given to us and records of the Company examined by us, particulars of dues of Income Tax, Goods & Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value added Tax and Cess which have not been deposited as on March 31, 2020 on account of disputes are as under:

(Rs. Lakhs)

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount involved	Amount paid under protest
Income Tax Act, 1961	Income Tax	High Court	AY 2008-09	71.00	32.27
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	AY 2009-10	65.13	10.00
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	AY 2010-11	461.43	126.04
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	AY 2011-12	80.8	16.93
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	AY 2013-14	2.83	–
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	AY 2015-16	97.36	122.62
Income Tax Act, 1961	Income Tax	Assessing Officer	AY 2016-17	5.52	30.49
Income Tax Act, 1961	Income Tax	Assessing Officer	AY 2017-18	721.64	154.62

8) The Company has not taken any loans or borrowings from bank, financial institution and government and has not issued any debentures. Accordingly reporting under clause 3 (xviii) of the Order is not applicable.

9) Based on the records examined by us and according to the information and explanations given to us, the Company has not raised moneys by way of an initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have

neither come across any instance of fraud by the Company or no material fraud on the Company by its officers or employees, nor have any instances of material fraud been reported to us by the management during the year.

11) According to the information and explanations given to us, based on our examination of records of the Company and as stated in note no. 23 of the financial statements, the Company has paid/ provided for managerial remuneration in accordance with the provisions of Section 197 of the Act which also require the approval in the ensuing general meeting.

12) In our opinion and according to information and explanation given to us, the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company

13) According to information and explanation given to us and on the basis of examination of records of the Company, transactions with related parties are in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Indian Accounting Standards (IND AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

15) According to information and explanation given to us and on the basis of examination of records of the Company, Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN : 20040404AAAADU5462

Mumbai, May 04, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF BRISTLECONE INDIA LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Bristlecone India Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN : 20040404AAAADU5462

Mumbai, May 04, 2020

BALANCE SHEET AS AT 31 MARCH, 2020

Particulars	Note No.	As at 31 March, 2020	Rs. in Lakhs As at 31 March, 2019
I ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**3,113.64**	980.61
(b) Capital Work in Progress	4	**–**	325.79
(c) Intangible Assets	5	**46.86**	73.08
(d) Financial Assets			
(i) Investments	6a	**678.22**	577.92
(ii) Other Financial Assets	8	**159.01**	158.22
(e) Deferred Tax Assets (Net)	9	**699.00**	543.40
(f) Other Non-current Assets	10	**1,450.56**	1,248.81
SUB-TOTAL		**6,147.29**	3,907.83
CURRENT ASSETS			
(a) Financial Assets			
(i) Trade Receivables	11	**6,449.41**	5,401.07
(ii) Cash and Cash Equivalents	12	**406.99**	6,074.63
(iii) Other Bank Balances	12	**800.12**	2,189.49
(iv) Loans	7	**12.61**	14.57
(v) Other Financial Assets	8	**1,391.89**	1,502.40
(vi) Investments	6b	**6,309.93**	–
(b) Other Current Assets	10	**579.60**	433.78
SUB-TOTAL		**15,950.55**	15,615.94
TOTAL ASSETS		**22,097.84**	19,523.77
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	13	**1,904.94**	1,904.94
(b) Other Equity	14	**13,297.21**	11,041.63
SUB-TOTAL		**15,202.15**	12,946.57
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Other Financial Liabilities	**15**	**1,065.15**	**–**
(b) Provisions	16	**1,130.93**	944.85
SUB-TOTAL		**2,196.08**	944.85
3 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Trade Payables			
– Total outstanding dues of Micro Enterprises and Small Enterprises	18	**12.04**	16.57
– Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	18	**3,145.82**	3,770.08
(ii) Other Financial Liabilities	15	**518.09**	12.39
(b) Provisions	16	**318.83**	288.43
(c) Current Tax Liabilities (Net)		**101.77**	101.77
(d) Other Current Liabilities	17	**603.06**	1,443.11
SUB-TOTAL		**4,699.61**	5,632.35
TOTAL LIABILITIES		**22,097.84**	19,523.77

See accompanying notes to the financial statements

In terms of our report attached

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

Ravi Kapoor
Partner
Membership No: 040404

Place : Mumbai
Date : 04 May, 2020

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

P. R. Barpande
Director

Manaswini Goel
Director

Nikhilesh Panchal
Director

Harsh Vaish
Chief Financial Officer

Grisma Biswal
Company Secretary

Place : Mumbai
Date : 04 May, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

Rs. in Lakhs

	Particulars	Note No.	Year ended 31 March, 2020	Year ended 31 March, 2019
I	Revenue from operations	19	**33,453.03**	33,338.52
II	Other Income	20	**714.82**	572.33
III	**Total Revenue (I + II)**		**34,167.85**	33,910.85
IV	**EXPENSES**			
	(a) Purchases of Stock-in-trade		**2,783.30**	3,264.18
	(b) Employee benefit expense	21	**19,854.95**	19,706.61
	(c) Finance costs	22	**179.19**	11.78
	(d) Depreciation and amortisation expenses	4 & 5	**995.22**	424.00
	(e) Other expenses	23	**6,991.58**	6,689.21
	Total Expenses (IV)		**30,804.24**	30,095.78
V	**Profit before tax (III-IV)**		**3,363.61**	3,815.07
VI	**Tax Expense**			
	(a) Current tax	9	**1,198.95**	1,218.00
	(b) Deferred tax	9	**(139.32)**	13.25
	Total tax expense		**1,059.63**	1,231.25
VII	**Profit for the year (V-VI)**		**2,303.98**	2,583.82
VIII	**Other comprehensive income**			
	Items that will not be reclassified to the statement of profit or loss Remeasurements of the defined benefit plans net of income tax relating to items that will not be reclassified to profit or loss		**(48.40)**	(20.20)
IX	**Total comprehensive income for the year (VII+VIII)**		**2,255.58**	2,563.62
X	**Earnings per equity share:**			
	Basic and Diluted	24	**120.95**	135.64

See accompanying notes to the financial statements

In terms of our report attached

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

Ravi Kapoor
Partner
Membership No: 040404

Place : Mumbai
Date : 04 May, 2020

For and on behalf of the Board of Directors

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Director

P. R. Barpande
Director

Manaswini Goel
Director

Nikhilesh Panchal
Director

Harsh Vaish
Chief Financial Officer

Grisma Biswal
Company Secretary

Place : Mumbai
Date : 04 May, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2020

a. Equity share capital

Rs. in Lakhs

Particulars	Equity Share Capital
As at 1 April, 2018	**1,904.94**
Changes in equity share capital during the year	**–**
As at 31 March, 2019	**1,904.94**
Changes in equity share capital during the year	**–**
As at 31 March, 2020	**1,904.94**

b. Other Equity

Rs. in Lakhs

Particulars	Reserves and Surplus		Total
	Capital Reserve	Retained Earnings	
As at 1 April, 2018	88.34	8,389.67	8,478.01
Profit for the year	–	2,583.82	2,583.82
Other Comprehensive Loss	–	(20.20)	(20.20)
Total Comprehensive Income for the year	–	2,563.62	2,563.62
As at 31 March, 2019	88.34	10,953.29	11,041.63
Profit for the year	**–**	**2,303.98**	**2,303.98**
Other Comprehensive Loss	**–**	**(48.40)**	**(48.40)**
Total Comprehensive Income for the year	**–**	**2,255.58**	**2,255.58**
As at 31 March, 2020	**88.34**	**13,208.87**	**13,297.21**

See accompanying notes to the financial statements

In terms of our report attached

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

Ravi Kapoor
Partner
Membership No: 040404

Place : Mumbai
Date : 04 May, 2020

For and on behalf of the Board of Directors

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Director

Harsh Vaish
Chief Financial Officer

Grisma Biswal
Company Secretary

Place : Mumbai
Date : 04 May, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2020

Rs. in Lakhs

Particulars	**Year ended 31 March, 2020**	Year ended 31 March, 2019
Cash flows from operating activities		
Profit before tax for the year	**3,363.61**	3,815.07
Adjustments for:		
Finance costs recognised in profit or loss	**179.19**	11.78
Interest income	**(134.05)**	(37.57)
Income from Short Term Investments	**(284.93)**	(50.47)
Impairment of investment carried at cost written back	**(100.30)**	(50.15)
(Gain)/Loss on disposal of property, plant and equipment	**7.03**	(10.10)
Depreciation and amortisation	**995.22**	424.00
Net foreign exchange (gain)/loss	**146.77**	(232.96)
	4,172.54	3,869.60
Movements in working capital:		
Decrease/(Increase) in trade and other receivables	**(1,195.11)**	2,084.84
Decrease/(Increase) in other assets	**45.86**	1,340.12
Increase/(Decrease) in trade and other payables	**(628.79)**	1,006.36
Increase in Other liabilities	**(785.15)**	874.74
(Decrease)/Increase in provisions	**151.80**	(99.63)
	(2,411.39)	5,206.43
Cash generated from operations	**1,761.15**	9,076.03
Income taxes paid	**(1,451.58)**	(1,865.15)
Net cash inflow/(outflow) from operating activities	**309.57**	7,210.88
Cash flows from investing activities		
Payments for property, plant and equipment	**(806.70)**	(886.68)
Proceeds from disposal of property, plant and equipment	**20.89**	29.68
Interest received	**104.93**	40.42
Income from Short Term Investments	**284.93**	50.47
Investment in Short Term Investments	**(6,309.93)**	–
Fixed deposits with bank (net)	**1,389.37**	(1,204.47)
Net cash inflow from investing activities	**(5,316.51)**	(1,970.58)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2020 (contd.)

Rs. in Lakhs

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Cash flows from financing activities		
Interest paid	**(12.90)**	(11.78)
Principle portion of lease liability	**(481.51)**	–
Interest portion of lease liability	**(166.28)**	–
Cash Credit Account	**–**	–
Net cash outflow from financing activities	**(660.69)**	(11.78)
Net increase in cash and cash equivalents	**(5,667.64)**	5,228.52
Cash and cash equivalents at the beginning of the year	**6,074.63**	846.11
Cash and cash equivalents at the end of the year	**406.99**	6,074.63
Net increase/(decrease) in cash and cash equivalents	**(5,667.64)**	5,228.52

See accompanying notes to the financial statements

In terms of our report attached

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

Ravi Kapoor
Partner
Membership No: 040404

Place : Mumbai
Date : 04 May, 2020

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

P. R. Barpande
Director

Manaswini Goel
Director

Nikhilesh Panchal
Director

Harsh Vaish
Chief Financial Officer

Grisma Biswal
Company Secretary

Place : Mumbai
Date : 04 May, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

1 Corporate information

Bristlecone India Limited is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is principally engaged in Business Consulting, Software Implementation and related support activities.

The financial statements prepared herewith are the separate financial statements of the Company and the Company has elected not to present its consolidated financial statements since its ultimate parent produces consolidated financial statements that are available for public use and comply with IND AS.

2 Statement of Compliance

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

3 Significant accounting policies

3.01 Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended). The financial statements have been prepared on a historical cost basis. The financial statements are presented in Indian Rupees (INR or Rs.) and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

3.02 Use of estimate

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of goodwill, impairment of investments and assets, useful lives of property, plant and equipment, valuation of deferred tax assets and provisions and contingent liabilities. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialize.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable than an outflow of resources will be required to settle the obligation, in respect of which the reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. (Refer Note No. 9)

Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option 'on lease by lease basis'. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

3.03 Revenue recognition

The Company is principally engaged in Business Consulting, Software Implementation, and related support services.

Effective April 1, 2018, the Company has applied Ind AS 115 which lays down guidelines and a framework for the amount and timing of revenue to be recognized. Ind AS 115 replaced the existing Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated. Refer Note No 3 "Significant Accounting Policies" in the audited financial statements of the Company for Financial Year 2017-18 for accounting policies on revenue prior to April 1, 2018. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognised upon transfer of control of contracted products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

a. Revenue from time and material contracts is recognised on output basis measured by units delivered, efforts expended, time booked etc.

b. Revenue related to fixed price maintenance and support services contracts where the Company provides services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.

c. In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation.

d. Revenue from the sale of third party software is recognised upfront at the point in time when the software is delivered to the customer.

e. Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.

f. Revenue from subsidiaries is recognised based on transaction price which is at arm's length.

g. Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

h. Unearned and deferred revenue is recognised when there is billing in excess of revenues. The billing schedules agreed with customers include periodic performance based payments and/ or milestone based progress payments. Invoices are payable within contractually agreed credit period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020 (contd.)

i. In accordance with Ind AS 37, the Company recognizes an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

j. Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

k. For all instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

l. Dividend is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividends will flow to the company and the amount of the dividend can be measured reliably.

Use of significant estimates and judgments

a. The Company uses judgment to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

b. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended are used to measure progress towards completion as there is a direct relationship between input and productivity.

c. The Company uses significant judgments while determining the transaction price allocated to performance obligations using the expected cost plus margin approach.

d. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

3.04 Leases

Ind AS 116 is replaced the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees.

Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The amendment is effective for annual periods beginning on or after 01st April 19.

3.05 Foreign currencies

The functional currency of Bristlecone India Limited is Indian Rupee.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

3.06 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.07 Employee benefits

1. Defined Contribution Plan:

   Provident Fund: The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the Central Government Provident Fund and the Family Pension Fund and the same is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due and when services are rendered by the employees.

2. Defined Benefit Plan:

   For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

   - service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
   - net interest expense or income; and
   - remeasurement.

   (i) Gratuity: The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation.

   (ii) Compensated Absences: The Company provides for the encashment of compensated absences with pay subject to certain rules. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment. Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit and the accumulated leave expected to be carried forward beyond twelve month is treated as long-term employee benefit which are provided based on the number of days of un utilised compensated absence on the basis of an independent actuarial valuation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020 (contd.)

3.08 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

3.09 Property, plant and equipment

All Property, plant and equipments are stated at cost less depreciation. Costs comprise purchase price and any attributable costs of bringing the asset to its working condition for its intended use.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Owned Assets	**Useful life**
Leasehold improvement*	5 years
Right of Use Asset- Building	Lease Term
Furniture and fittings	10 years
Office equipment	5 years
Office equipment -mobile handset*	3 years
Computer and equipment	
IT equipment – server	6 years
IT equipment – non server	3 years
Vehicles	8 years

* For these class of assets, based on internal assessment the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful life for these assets is different from the useful lives as prescribed under Part C of Scheduled II of the companies Act 2013.

3.10 Intangible assets

Intangible assets are amortised on a straight line basis over their useful life of 5 years, which reflects the pattern in which the asset's economic benefits are consumed. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the change in pattern if any.

3.11 Impairment

(i) Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a Group of financial assets is impaired.

Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020 (contd.)

(ii) Non-financial assets

Tangible and intangible assets Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit or loss.

3.12 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when a company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains and losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.13 EPS

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings Per Share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

3.14 Business Segments

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is in the business of Business Consulting, Software Implementation and related support activities, which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 3. The revenues, total expenses and net profit as per the Statement of profit and loss represents the revenue, total expenses and the net profit of the sole reportable segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

3.15 Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cashflows by operating, investing and financing activities of the Company.

3.16 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020 (contd.)

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

The Company has identified twelve months as its operating cycle.

3.17 Share Capital

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.18 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

<u>Service Tax, GST, Sales/ value added taxes paid on acquisition of assets or on incurring expenses</u>

Expenses and assets are recognised net of the amount of Service Tax, GST, sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included the net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.19 Derivatives & Hedging

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

<u>Cash flow hedges that qualify for hedge accounting:</u>

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

<u>Derivatives that are not designated as hedges:</u>

The Company enters into certain derivative contracts to hedge foreign exchange risks which are not designated as hedges as in case of such transactions, the underlying is re-stated at closing exchange rates. Such contracts are accounted for at fair value through profit or loss and are included in other gains/(losses).

3.20 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.21 Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020 (contd.)

Note No. 4 – Property, Plant and Equipment and Capital Work In Progress

Rs. in Lakhs

Description of Assets	Right of Use Asset-Building	Owned Assets: Leasehold Improvement	Computer and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total	Capital Work in Progress
I. Gross Carrying Amount								
Balance as at 1 April, 2019	–	544.47	2,133.86	341.04	402.89	117.61	**3,539.87**	**325.79**
Additions	1,973.15	594.30	499.26	32.56	27.99	–	**3,127.26**	**159.14**
Disposals	–	(18.77)	(366.13)	(19.64)	(72.55)	–	**(477.09)**	**(484.93)**
Balance as at 31 March, 2020	**1,973.15**	**1,120.00**	**2,266.99**	**353.96**	**358.33**	**117.61**	**6,190.04**	–
II. Accumulated depreciation and impairment								
Balance as at 1 April, 2019	–	504.71	1,435.32	306.19	245.63	67.41	**2,559.26**	–
Depreciation expense for the year	517.93	54.99	338.07	12.00	28.85	14.46	**966.30**	–
Eliminated on disposal of assets	–	(18.77)	(351.93)	(17.90)	(60.57)	–	**(449.17)**	–
Balance as at 31 March, 2020	**517.93**	**540.93**	**1,421.46**	**300.29**	**213.91**	**81.87**	**3,076.39**	–
III. Net carrying amount (I-II)	1,455.21	579.07	845.53	53.67	144.42	35.74	**3,113.64**	–

Rs. in Lakhs

Description of Assets	Right of Use Asset-Building	Owned Assets: Leasehold Improvement	Computer and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total	Capital Work in Progress
I. Gross Carrying Amount								
Balance as at 1 April, 2018		504.83	2,075.19	329.06	431.09	83.52	**3,423.69**	–
Additions		44.36	421.73	12.04	41.09	34.09	**553.31**	**325.79**
Disposals		(4.72)	(363.06)	(0.06)	(69.29)	–	**(437.13)**	–
Balance as at 31 March, 2019	–	**544.47**	**2,133.86**	**341.04**	**402.89**	**117.61**	**3,539.87**	**325.79**
II. Accumulated depreciation and impairment								
Balance as at 1 April, 2018		503.81	1,446.00	296.47	280.20	53.60	**2,580.08**	–
Depreciation expense for the year		5.62	335.96	9.78	31.56	13.81	**396.73**	–
Eliminated on disposal of assets		(4.72)	(346.64)	(0.06)	(66.13)	–	**(417.55)**	–
Balance as at 31 March, 2019	–	**504.71**	**1,435.32**	**306.19**	**245.63**	**67.41**	**2,559.26**	–
III. Net carrying amount (I-II)	–	**39.76**	**698.54**	**34.85**	**157.26**	**50.20**	**980.61**	**325.79**

Note No. 5 – Intangible Assets

Rs. in Lakhs

Description of Assets	Computer Software
I. Gross Carrying Amount	
Balance as at 1 April, 2019	**140.65**
Additions	**2.70**
Balance as at 31 March, 2020	**143.35**
II. Accumulated Amortisation	
Balance as at 1 April, 2019	**67.57**
Amortisation expense for the year	**28.92**
Balance as at 31 March, 2020	**96.49**
III. Net carrying amount (I-II)	**46.86**

Rs. in Lakhs

Description of Assets	Computer Software
I. Gross Carrying Amount	
Balance as at 1 April, 2018	126.01
Additions	14.64
Balance as at 31 March, 2019	140.65
II. Accumulated Amortisation	
Balance as at 1 April, 2018	40.30
Amortisation expense for the year	27.27
Balance as at 31 March, 2019	67.57
III. Net carrying amount (I-II)	73.08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020 (contd.)

Note No. 6 – Investments

a) Non-Current, Unquoted, Carried at Cost

Particulars	As at 31 March, 2020 Qty	As at 31 March, 2020 Amounts (Rs. in Lakhs)	As at 31 March, 2019 Qty	As at 31 March, 2019 Amounts (Rs. in Lakhs)
Cost				
Investments in Equity Instruments				
– Subsidiaries				
Bristlecone (Singapore) Pte. Ltd. [see note (i) below]	**1,670,000**	**501.47**	1,670,000	501.47
Bristlecone GmbH [see note (ii) below]	**1**	**277.04**	1	277.04
Total Investments Carried at Cost (A)		**778.51**		778.51
Impairment				
Impairment value for investment carried at cost		**100.29**		200.59
Total Impairment value for investment carried at cost (B)	**–**	**100.29**	–	200.59
Total Investment at Carried Value (A) - (B)	**–**	**678.22**	–	577.92
Other disclosures				
Aggregate amount of unquoted investments		**778.51**		778.51
Aggregate amount of impairment in value of investments		**100.29**		200.59

(i) The Company has investment of SGD 1,670,000 (Rs. 501.47 lakhs) in Bristlecone (Singapore) Pte. Ltd., a wholly owned subsidiary company. The accumulated losses as at 31 March, 2020 of the subsidiary on the basis of audited financial statements for the year ended 31 March, 2020 are SGD 1,030,979 (previous year SGD 1,441,886). During past few years, the subsidiary company achieved significant improvement in its business operations and earned profits which resulted in improved financial position. Considering the healthy volume of closed customer contracts, the Management of the Company believes that there is a significant improvement in the value of investment in the subsidiary company. Accordingly, the Company has reversed the provision by Rs. 100.29 lakhs. However, considering the accumulated losses, the Company continues to carry provision of Rs. 100.29 lakhs i.e. 20% of the value of investment (previous year Rs. 200.59 lakhs i.e. 40% of the value of investment) as at the year ended 31 March, 2020.

(ii) Includes Rs. 248.54 Lakhs (previous year Rs. 248.54 Lakhs) invested towards capital reserve of the company in accordance with German Commercial Code.

b) Current Investment

Rs. in Lakhs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Investment in Mutual Funds	**6,309.93**	–
Total Current Investments	**6,309.93**	–

Note No. 7 – Loans

Rs. in Lakhs

Particulars	As at 31 March, 2020 Current	As at 31 March, 2020 Non-Current	As at 31 March, 2019 Current	As at 31 March, 2019 Non-Current
(a) **Other Loans**				
– Unsecured, considered good	**12.61**	**–**	14.57	–
Total Other Loans	**12.61**	**–**	14.57	–

Note No. 8 – Other financial assets

Rs. in Lakhs

Particulars	As at 31 March, 2020 Current	As at 31 March, 2020 Non-Current	As at 31 March, 2019 Current	As at 31 March, 2019 Non-Current
Financial assets at amortised cost				
Other Current Financial Assets				
– Interest Accrued	**34.90**	**–**	5.78	–
– Unbilled Revenue	**1,285.55**	**–**	1,059.77	–
– Claims Receivable	**39.31**	**–**	84.21	–
– Security Deposits	**32.13**	**159.01**	21.59	158.22
Measured at Fair Value through Profit and Loss				
– Foreign currency forward contracts	**–**	**–**	331.05	–
Total Other Financial Assets	**1,391.89**	**159.01**	1,502.40	158.22

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020 (contd.)

Note No. 9 – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rs. in Lakhs

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Current Tax:		
In respect of current year	**1,198.95**	1,218.00
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(139.32)**	13.25
Total	**1,059.63**	1,231.25

(b) Income tax recognised in other Comprehensive income

Rs. in Lakhs

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Deferred tax		
Income taxes related to items that will not be reclassified to profit or loss		
Remeasurement of defined benefit obligations	**(16.28)**	(10.84)
Total	**(16.28)**	(10.84)

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rs. in Lakhs

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Profit before tax from continuing operations	**3,363.61**	3,815.07
Income tax expense calculated at 25.17% (2019: 34.61%)	**846.55**	1,320.32
Effect of change in tax rate	**151.53**	–
Effect of Income not offered to tax	**(25.24)**	(17.52)
Effect of expenses that is non-deductible in determining taxable profit	**–**	8.49
Effect of current year expenses (net) for which no deferred tax asset is recognised	**19.59**	–
Changes in recognised deductible temporary differences	**50.91**	(90.88)
Income tax expense recognised in profit or loss	**1,043.34**	1,220.41

The tax rate used for the 31 March, 2020 reconciliations above is the corporate tax rate of 25.17% (Previous year : 34.94%) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(d) An Explanation of applicable tax rates

The Corporate income tax rate of 25.17% is effective from April 1, 2019 and has accordingly been applied.

(e) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items, because it is not probable to reasonably estimate the future taxable profit against which the Company can use the benefit therefrom.

Rs. in Lakhs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Deductible Temporary differences (will never expire)		
Impairment value for investment carried at cost	**100.29**	200.59
Total	**100.29**	200.59

(f) Movement in deferred tax balances

Rs. in Lakhs

Particulars	For the Year ended 31 March, 2020				
		Recognised in profit and Loss			
	Opening Balance	**Charge**	**Change in Tax Rate**	**Recognised in OCI**	**Closing Balance**
Tax effect of items constituting deferred tax assets					
Depreciation	**88.68**	**(14.55)**	**(24.80)**	**–**	**49.32**
Provision for doubtful Trade receivables	**39.07**	**175.49**	**(10.93)**	**–**	**203.63**
Expenses covered under section 43B	**430.92**	**38.20**	**(120.52)**	**16.28**	**364.89**
Expenses disallowed under section 40 (a) (ia)	**92.12**	**(24.29)**	**(25.76)**	**–**	**42.07**
Deferred Income	**1.59**	**(1.61)**	**–**	**–**	**(0.02)**
Mark to market loss on Forward covers	**(108.98)**	**92.31**	**30.48**	**–**	**13.81**
Ind AS 116 effect (excluding finance costs)		**25.30**	**–**	**–**	**25.30**
Net Tax Asset	**543.40**	**290.85**	**(151.53)**	**16.28**	**699.00**

Rs. in Lakhs

Particulars	For the Year ended 31 March, 2019				
		Recognised in profit and Loss			
	Opening Balance	Charge	Change in Tax Rate	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets					
Depreciation	32.24	56.44	–	–	88.68
Provision for doubtful Trade receivables	7.03	32.04	–	–	39.07
Expenses covered under section 43B	454.88	(34.80)	–	10.84	430.92
Expenses disallowed under section 40 (a) (ia)	51.21	40.91	–	–	92.12
Deferred Income	0.45	1.14	–	–	1.59
Mark to market gain on Forward covers	–	(108.98)	–	–	(108.98)
Net Tax Asset	545.81	(13.25)	–	10.84	543.40

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020 (contd.)

Note No. 10 – Other Assets

Rs. in Lakhs

Particulars	As at 31 March, 2020 Current	As at 31 March, 2020 Non-Current	As at 31 March, 2019 Current	As at 31 March, 2019 Non-Current
Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**311.74**	–	111.18	–
(ii) Prepaid expenses	**223.62**	**19.14**	190.61	70.02
(iii) Travel advances to employees	**0.89**	–	92.36	–
(iv) Other advances	**43.35**	–	39.63	–
(v) Advance Tax (net of provision Rs. 7,948.84 (As at 31 March, 2019 Rs. 6,938.68 Lakhs)	–	**1,041.30**	–	788.67
(vi) Fringe benefits tax paid	–	**11.42**	–	11.42
(vii) Tax payments under protest	–	**378.70**	–	378.70
Total Other Assets	**579.60**	**1,450.56**	433.78	1,248.81

Note No. 11 – Trade Receivables

Rs. in Lakhs

Particulars	As at 31 March, 2020 Current	As at 31 March, 2020 Non-Current	As at 31 March, 2019 Current	As at 31 March, 2019 Non-Current
Trade receivables				
(a) Unsecured, considered good	**6,449.41**	–	5,401.07	–
(b) Doubtful	**809.10**	–	111.84	–
Less: Allowance for Credit Losses	**(809.10)**	–	(111.84)	–
Total	**6,449.41**	–	5,401.07	–
Of the above, trade receivables from:				
– Related Parties	**5,078.40**	–	3,917.61	–
– Others	**1,371.01**	–	1,483.46	–
Total	**6,449.41**	–	5,401.07	–

Refer Note 27 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

11. (a) Movement in the allowance for doubtful debts

Rs. in Lakhs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Balance at beginning of the year	**111.84**	20.13
Impairment losses recognised in the year based on lifetime ECL		
– On receivables originated in the year	**–**	–
– Other receivables	**697.26**	91.71
Balance at end of the year	**809.10**	111.84

The average credit period on provision of services and sales of products is 60 days. No interest is charged on trade receivables.

Refer Note 27 for disclosures related to the trade balances from the Company's largest customers and related disclosures.

The company provides a loss allowance on a case to case basis at the end of each reporting period. An impairment analysis is performed at each reporting date on an individual basis for all customers. In addition, a larger number of customers that are due for collection are assessed for impairment collectively.

Note No. 12 – Cash and Cash Equivalents and Other Bank Balances

Rs. in Lakhs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Cash and cash equivalents		
(a) Balances with banks	**406.99**	1,827.14
(b) Others (Deposit account Less than 3 months)	–	1,000.00
(c) Remittance in transit	–	3,241.48
(d) Cheques on Hand	–	6.01
Total Cash and cash equivalents	**406.99**	6,074.63
Other Bank Balances		
(a) Balances with Banks:		
(i) Fixed Deposits with maturity greater than 3 months*	**800.12**	2,189.49
Total Other Bank balances	**800.12**	2,189.49

* Includes Fixed Deposit of Rs. 183.00 lakhs which was having lien against SBLC facility in 2019, disposed off during the year due to revocation of SBLC facility.

Note No. 13 – Equity Share Capital

Rs. In Lakhs

Particulars	As at 31 March, 2020 No. of shares	As at 31 March, 2020 Amount (Rs. in Lakhs)	As at 31 March, 2019 No. of shares	As at 31 March, 2019 Amount (Rs. in Lakhs)
Authorised:				
2,500,000 Equity shares of 100 each with voting rights	**2,500,000**	**2,500.00**	2,500,000	2,500.00
Issued:				
1,924,130 Equity shares of 100 each with voting rights	**1,924,130**	**1,924.13**	1,924,130	1,924.13
Subscribed and Fully Paid:				
1,904,944 Equity shares of 100 each with voting rights	**1,904,944**	**1,904.94**	1,904,944	1,904.94
Total		**1,904.94**		1,904.94

(i) The Company has only one class of shares i.e. equity shares having a par value of Rs.100. Each holder of equity share is entitled to one vote per share held. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets after deducting all its liabilities, in proportion to the number of equity shares held.

(ii) Details of shares held by the holding company:

All the above shares are held by Bristlecone Limited, Cayman Island, the holding company, including 36 equity shares held jointly with its nominees. The ultimate holding company is Mahindra & Mahindra Limited.

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 March, 2020 Number of shares held*	As at 31 March, 2020 % holding in that class of shares	As at 31 March, 2019 Number of shares held*	As at 31 March, 2019 % holding in that class of shares
Equity shares with voting rights				
Bristlecone Limited, Cayman Island	**1,904,944**	**100%**	1,904,944	100%

* Includes 36 equity shares held jointly with its nominees. The ultimate holding company is Mahindra & Mahindra Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020 (contd.)

Note No. 14 – Other Equity

Rs. in Lakhs

Particulars	Reserves and Surplus Capital Reserve	Retained Earnings	Total
As at 1 April, 2018	88.34	8,389.67	8,478.01
Profit for the year	–	2,583.82	2,583.82
Other Comprehensive Income	–	(20.20)	(20.20)
Total Comprehensive Income for the year	–	2,563.62	2,563.62
As at 31 March, 2019	**88.34**	**10,953.29**	**11,041.63**
Profit for the year	–	**2,303.98**	**2,303.98**
Other Comprehensive Loss	–	**(48.40)**	**(48.40)**
Total Comprehensive Income for the year	–	**2,255.58**	**2,255.58**
As at 31 March, 2020	**88.34**	**13,208.87**	**13,297.21**

Note No. 15 – Other Financial Liabilities

Rs. in Lakhs

Particulars	As at 31 March, 2020 Current	As at 31 March, 2020 Non-Current	As at 31 March, 2019 Current	As at 31 March, 2019 Non-Current
Other Financial Liabilities Measured at Amortised Cost				
(a) Creditors for capital purchases	**36.71**	–	12.39	–
(b) Provision for Lease Liability	**426.49**	**1,065.15**	–	–
Measured at Fair Value through Profit and Loss				
(a) Foreign currency forward contracts	**54.89**	–	–	–
Total other financial liabilities	**518.09**	**1,065.15**	12.39	–

Note No. 16 – Provisions

Rs. in Lakhs

Particulars	As at 31 March, 2020 Current	As at 31 March, 2020 Non-Current	As at 31 March, 2019 Current	As at 31 March, 2019 Non-Current
Provision for employee benefits				
(i) Gratuity	**163.77**	**677.15**	151.32	536.06
(ii) Compensated absences	**155.06**	**453.78**	137.11	408.79
Total Provisions	**318.83**	**1,130.93**	288.43	944.85

Note No. 17 – Other Liabilities

Rs. in Lakhs

Particulars	As at 31 March, 2020 Current	As at 31 March, 2020 Non-Current	As at 31 March, 2019 Current	As at 31 March, 2019 Non-Current
(a) Advance from Customers	**2.38**	–	304.90	–
(b) Income received in advance	**401.68**	–	696.97	
(c) Statutory dues				
(i) Taxes payable (other than income taxes)	–	–	272.44	–
(ii) Employee Recoveries and Employer Contributions	**103.70**	–	101.15	–
(iii) TDS Payable	**95.30**	–	67.65	–
Total Other Liabilities	**603.06**	–	1,443.11	–

Note No. 18 – Trade Payables

Rs. in Lakhs

Particulars	As at 31 March, 2020 Current	As at 31 March, 2020 Non-Current	As at 31 March, 2019 Current	As at 31 March, 2019 Non-Current
(a) Total outstanding dues of Micro Enterprises and Small Enterprises*	**12.04**	–	16.57	–
(b) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	**3,145.82**	–	3,770.08	–
Total trade payables	**3,157.86**	–	3,786.65	–

*This information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. Company's credit risk management processes are explained in Note 27.

Note No. 19 – Revenue from Operations

The following is an analysis of the company's revenue for the year from operations.

Rs. in Lakhs

Particulars	Year Ended 31 March, 2020	Year Ended 31 March, 2019
(a) Revenue from rendering of services	**30,642.20**	30,068.33
(b) Revenue from sale of products	**2,809.98**	3,266.03
(c) Other operating revenue (towards usage of IT and Mobile Equipments)	**0.85**	4.16
Total Revenue from Operations	**33,453.03**	33,338.52

Note No. 20 – Other Income

Rs. in Lakhs

Particulars	Year Ended 31 March, 2020	Year Ended 31 March, 2019
(a) Interest Income (On Fixed Deposits)	**118.62**	24.91
(b) Interest Income (On Financial Assets at Amortised Cost)	**15.43**	12.66
(c) Profit on sale of capital assets (net of loss on assets sold/ scrapped/written off)	**–**	10.10
(d) Net gain on foreign currency transactions and translation	**195.55**	424.04
(e) Income from Short Term Investments	**284.93**	50.47
(f) Impairment value for investment carried at cost written back	**100.29**	50.15
Total Other Income	**714.82**	572.33

Note No. 21 – Employee Benefits Expense

Rs. in Lakhs

Particulars	Year Ended 31 March, 2020	Year Ended 31 March, 2019
(a) Salaries and wages, including bonus	**18,829.80**	18,884.34
(b) Contribution to provident and other funds	**629.75**	583.27
(c) Gratuity	**187.88**	83.21
(d) Staff welfare expenses	**207.52**	155.79
Total Employee Benefit Expense	**19,854.95**	19,706.61

Note No. 22 – Finance Cost

Rs. in Lakhs

Particulars	Year Ended 31 March, 2020	Year Ended 31 March, 2019
Interest Expenses		
(a) On Financial Liability at Amortised Cost		
(i) Cash Credit Account	**1.41**	11.64
(ii) Interest on Lease Liability	**166.28**	–
(b) Other Finance Cost (interest on delayed payment of taxes)	**11.49**	0.14
Total Finance Cost	**179.19**	11.78

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020 (contd.)

Note No. 23 – Other Expenses

Rs. in Lakhs

	Particulars	Year Ended 31 March, 2020	Year Ended 31 March, 2019
(a)	Power	**100.12**	87.66
(b)	Rent*	**27.33**	582.82
(c)	Rates and taxes	**2.23**	17.49
(d)	Communication expenses	**123.97**	147.13
(e)	Travelling and conveyance	**791.99**	993.06
(f)	Recruitment expenses	**211.34**	222.07
(g)	Repairs and maintenance - computer and office equipment	**269.13**	155.10
(h)	Repairs and maintenance - Others	**13.60**	29.72
(i)	Insurance	**2.90**	10.41
(j)	Legal and other professional costs	**2,244.92**	2,303.98
(k)	Directors' Remuneration**	**63.00**	8.00
(l)	Subcontracting expenses	**1,618.54**	1,209.42
(m)	Software expenses	**246.47**	311.00
(n)	Training expenses	**87.93**	75.43
(o)	Provision for doubtful debts and Bad debts written off (See note below)	**683.99**	147.65
(p)	Commission on sales	**–**	–
(q)	Loss on write off/sale of fixed assets (net)	**7.03**	–
(r)	Expenditure on Corporate Social Responsibility (CSR) under section 135 of the Companies Act, 2013.	**68.26**	66.20
(s)	Miscellaneous expenses	**428.83**	322.07
	Total Other Expenses	**6,991.58**	6,689.21

* It represents lease rentals of short term leases and leases which having underlying assets of low value.

** Expenses for the year ended 31 March, 2020 require approval in the ensuing general meeting.

Provision for doubtful debts and Bad debts written off

Rs. in Lakhs

Particulars	Year Ended 31 March, 2020	Year Ended 31 March, 2019
Bad debts written off	**(13.28)**	55.94
Add/(Less):- Provision for the doubtful debts	**697.27**	91.71
	683.99	147.65

Note No. 24 – Earnings per Share

Basic and Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Rs. in Lakhs

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Profit for the year attributable to the owners of the company	**2,303.98**	2,583.82
Profit for the year used in the calculation of basic and diluted earnings per share	**2,303.98**	2,583.82
Weighted average number of equity shares	**1,904,944**	1,904,944
Earnings per share from continuing operations - Basic and Diluted (Rs.)	**120.95**	135.64

Note No. 25 – Disclosure of interest in Subsidiaries

(a) Details of the Company's material subsidiaries at the end of the reporting year are as follows:

Name of the Subsidiary	Principal Activity	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and Voting power held by the Company		Quoted (Y/N)
			As at 31 March, 2020	As at 31 March, 2019	
Bristlecone (Singapore) Pte. Ltd.	Sale of services	Singapore	100%	100%	N
Bristlecone GmbH	Sale of services	Germany	100%	100%	N

Investments in subsidiary companies are accounted at Cost in accordance with para 10 of Ind AS 27 Separate Financial Statements.

Note No. 26 – Leases

TRANSITION TO IND AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" in respect of lease contracts outstanding on April 1,2019 using modified retrospective method and has opted to measure Right-of-use asset at an amount equal to present value of lease liability outstanding on the date of initial application adjusted for any outstanding lease payment related to that lease recognised before that date. Accordingly, company has not restated comparative information.

Refer note 3.04 – Significant accounting policies – Leases in the Annual report of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

Company as a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at a carrying amount equals to corresponding lease liability. Accordingly, a right-of-use asset of Rs.1909.07 Lacs and a corresponding lease liability of similar amount. The principal portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities. On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020 (contd.)

Additional disclosures:

The details of the right-of-use asset held by the Company is as follows:

Rs. in Lakhs

Particulars	As at 31 March, 2020
Leasehold Premises	
Opening Balance	–
Additions during the year*	1,973.15
Depreciation	517.93
Balance as at 31 Mar, 2020	1,455.21

*It includes Prepaid rent of Rs. 64.07 Lacs which has been reclassified to right-to-use asset pursuant to transition to Ind AS 116 on the date of initial application.

The following is the break-up of current and non-current lease liabilities as at March 31, 2020

Rs. in Lakhs

Particulars	As at 31 March, 2020
Current Liabilities	426.49
Non-current Liabilities	1,065.15
Total	1,491.64

The following is the movement in lease liabilities during the year ended March 31, 2020:

Rs. in Lakhs

Particulars	As at 31 March, 2020
Lease Liabilities	
Opening Balance	–
Additions during the year	1,973.15
Payment of lease liabilities	481.51
Balance as at 31 Mar, 2020	1,491.64

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	As at 31 March, 2020
Not later than one year	551.33
Later than one year but not later than five years	1,175.21
Later than five years	46.92

Rental expense recorded for short-term leases was 27.33 Lacs for the year ended March 31,2020.

Note No. 27 - Financial Instruments

Capital Management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities.

The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Rs. in Lakhs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Equity	15,202.15	12,946.57
Less: Cash and cash equivalents	406.99	6,074.63
	14,795.16	6,871.94

Categories of financial assets and financial liabilities

Amortised Costs

Rs. in Lakhs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Non-current Assets		
Investments	678.22	577.92
Other Financial Assets		
– Non Derivative Financial Assets	159.01	158.22
Current Assets		
Trade Receivables	6,449.41	5,401.07
Cash and Cash Equivalents	406.99	6,074.63
Other Bank Balances	800.12	2,189.49
Loans	12.61	14.57
Other Financial Assets		
– Non Derivative Financial Assets	1,391.89	1,171.35
Investments	6,309.93	–
Non Current Liabilities		
Other Financial Liabilities	1,065.15	–
Current Liabilities		
Trade Payables	3,157.86	3,786.65
Other Financial Liabilities		
– Non Derivative Financial Liabilities	463.20	12.39

Fair Value through Profit and Loss

Rs. in Lakhs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Current Assets		
Other Financial Assets		
– Derivative Financial Instruments	–	331.05
Current Liabilities		
Other Financial Liabilities		
– Derivative Financial Instruments	54.89	–

Fair Value of Financial Assets/Liabilities At Amortised Cost

Rs. in Lakhs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Non-current Assets		
Investments	678.22	577.92
Other Financial Assets		
– Non Derivative Financial Assets	159.01	158.22
Current Assets		
Trade Receivables	6,449.41	5,401.07
Cash and Cash Equivalents	406.99	6,074.63
Other Bank Balances	800.12	2,189.49
Loans	12.61	14.57
Other Financial Assets		
– Non Derivative Financial Assets	1,391.89	1,171.35
Investments	6,309.93	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020 (contd.)

Rs. in Lakhs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Non Current Liabilities		
Other Financial Liabilities	**1,065.15**	–
Current Liabilities		
Trade Payables	**3,157.86**	3,786.65
Other Financial Liabilities		
– Non Derivative Financial Liabilities	**463.20**	12.39

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31 March, 2020				
Trade Payables	**3,157.86**	**–**	**–**	**–**
Other Financial Liabilities	**463.20**	**935.48**	**84.94**	**44.73**
Total	**3,621.06**	**935.48**	**84.94**	**44.73**
31 March, 2019				
Trade Payables	3,786.65	–	–	–
Other Financial Liabilities	12.39	–	–	–
Total	3,799.04	–	–	–

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Derivative financial Instruments				
31 March, 2020				
Forward Exchange Contracts	**(54.89)**	**–**	**–**	**–**
31 March, 2019				
Forward Exchange Contracts	–	–	–	–

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Rs. in Lakhs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Secured Bank Overdraft facility		
– Expiring within one year	2,000.00	2,000.00
	2,000.00	2,000.00

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31 March 2020				
Investments	**6,309.93**	**–**	**–**	**678.22**
Loans	**12.61**	**–**	**–**	**–**
Trade Receivables	**6,449.41**	**–**	**–**	**–**
Cash and Cash Equivalents	**406.99**	**–**	**–**	**–**
Other Bank Balances	**800.12**	**–**	**–**	**–**
Other Financial Assets	**1,391.89**	**159.01**	**–**	**–**
Total	**15,370.95**	**159.01**	**–**	**678.22**
31 March, 2019				
Investments	–	–	–	577.92
Loans	14.57	–	–	–
Trade Receivables	5,401.07	–	–	–
Cash and Cash Equivalents	6,074.63	–	–	–
Other Bank Balances	2,189.49	–	–	–
Other Financial Assets	1,502.40	158.22	–	–
Total	15,182.16	158.22	–	577.92

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Derivative financial Instruments				
31 March, 2020				
Forward Exchange Contracts	–	–	–	–
31 March 2019				
Forward Exchange Contracts	331.05	–	–	–

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020 (contd.)

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Balances in Functional Currency (INR)

Rs. in Lakhs

Particulars	Currency	As at 31 March, 2020	As at 31 March, 2019
Trade Receivables	USD	**3,639.92**	1,284.51
	MYR	**0.00**	3.18
	SGD	**666.53**	50.41
	EUR	**74.67**	293.79
Advance from Customers	USD	**0.00**	280.85
	EUR	–	–
Trade Payables	USD	–	–
	EUR	**0.75**	–

Balances in Respective Foreign Currency

Rs. in Lakhs

Particulars	Currency	As at 31 March, 2020	As at 31 March, 2019
Trade Receivables	USD	**4,827,474**	1,847,573
	MYR	–	18,745
	SGD	**1,258,798**	98,807
	EUR	**89,817**	378,289
Advance from Customers	USD	–	403,955
	EUR	–	–
Trade Payables	USD	–	–
	EUR	**900**	–

Of the above foreign currency exposures, the following exposures are not hedged by derivatives:

Balances in Functional Currency (INR)

Rs. in Lakhs

Particulars	Currency	As at 31 March, 2020	As at 31 March, 2019
Trade Receivables	USD	–	–
	MYR	–	3.18
	SGD	**666.53**	50.41
	EUR	**74.67**	151.67
Advance from Customers	USD	–	280.85
	EUR	–	–
Trade Payables	USD	–	–
	EUR	**0.75**	–

Balances in Respective Foreign Currency

Rs. In Lakhs

Particulars	Currency	As at 31 March, 2020	As at 31 March, 2019
Trade Receivables	USD	–	–
	MYR	–	18,745
	SGD	**1,258,798**	98,807
	EUR	**89,817**	195,289
Advance from Customers	USD	–	403,955
	EUR	–	–
Trade Payables	USD	–	–
	EUR	**900**	–

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, SGD, MYR and CHF exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Rs. in Lakhs

Particulars	Currency	Change in rate	Effect on profit before tax
For the year ended on 31 March, 2020	USD	+10%	**–**
	USD	-10%	**–**
	MYR	+10%	**–**
	MYR	-10%	**–**
	SGD	+10%	**66.65**
	SGD	-10%	**(66.65)**
	EUR	+10%	**7.39**
	EUR	-10%	**(7.39)**
For the year ended on 31 March, 2019	USD	+10%	(28.08)
	USD	-10%	28.08
	MYR	+10%	0.32
	MYR	-10%	(0.32)
	SGD	+10%	5.04
	SGD	-10%	(5.04)
	EUR	+10%	15.17
	EUR	-10%	(15.17)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not significantly exposed to the risk of changes in market interest rates.

Note No. 28 – Segment information

The Company is in the business of Business Consulting, Software Implementation and related support activities, which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020 (contd.)

Geographic information

The company operates in 2 principal geographical areas - India (country of domicile) and outside India. The Company's revenue from external customers by location of operations and information about its non current assets by location of assets are detailed below:

Rs. in Lakhs

Particulars	Year Ended 31 March, 2020	Year Ended 31 March, 2019
Revenue from external customers		
India	**15,824.86**	15,401.53
Outside India	**17,628.17**	17,936.99
Total revenue per statement of profit or loss	**33,453.03**	33,338.52

Non-current operating assets:

Rs. in Lakhs

Particulars	As at 31 March, 2020	As at 31 March, 2019
India	**3,160.50**	1,379.48
Outside India	**–**	–
Total	**3,160.50**	1,379.48

Non-current assets for this purpose consist of property, plant and equipment and intangible assets and Capital work in progress.

Revenue from major services

The Company's business activity falls within a single line of services viz. Business Consulting, Software Implementation and related support activities.

Information about major customers

Included in revenues arising from sale of services & products are revenue of approx. Rs. 24,673.41 lakhs (31 March, 2019: Rs 24,395.93 lakhs) which arose from sales to the Company's top 2 customers (31 March, 2019 top 2 customers). No other customer contributed to 10% or more to the Company's revenue for both the years 2019-20 and 2018-19.

Note No. 29 – Contingent liabilities and commitments

Rs. in Lakhs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Contingent liabilities		
(a) Income tax matters under litigations (including interest)	**1,314.49**	528.12
(b) Service tax matters under litigations (including interest)	**–**	201.15
(c) Standby Letter of Credit Issued in favour of subsidiary company	**–**	165.78
(d) Claim against Company not acknowledged as debt	**35.00**	35.00

Note: As on 31 March, 2020 the company's management does not expect any outflow in respect of these pending litigations related to tax matters stated above based on the legal advice obtained.

In a recent judgement, the Honourable Supreme Court of India opined that fixed and uniformly applicable allowances are part of basic salary for calculating provident fund contributions . Based on advise of legal counsel and in the opinion of management, there is uncertainty and lack of clarity regarding the period of applicability of the judgement. The company has paid the liability in accordance with the judement from the date of pronouncement and retrospective liability , if any, will be provided when the final legal view emerges.

Capital Commitments as at 31 March, 2020 Rs. 25.44 Lakhs (Previous Year Rs. 413.72 Lakhs).

Note No. 30 – Employee benefits

(a) Defined Contribution Plan

Contribution for the year to Defined Contribution Plan is recognised in the Statement of Profit and Loss included under employee benefits expense note 21. Contribution to provident and other funds as disclosed in note 21 are as under:

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Employer's Contribution to Provident Fund	**356.42**	314.56
Employer's Contribution to Family Pension Fund	**224.69**	212.31
Employer's Contribution to Superannuation Fund	**10.38**	6.10

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is as per the amount calculated as per the Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

<u>Changes in bond yields</u>

A decrease in government bond yields will increase plan liabilities.

<u>Life expectancy</u>

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at	
	31 March, 2020	**31 March, 2019**
Discount rate(s)	5.60%	6.80%
Expected rate(s) of salary increase	6.00%	6.00%
Rate of Leaving Service	Age 21-44 Years -25% Age 45-59 Years- 10%	Age 21-44 Years- 25% Age 45-59 Years- 10%
Mortality Rate	As per Indian Assured Lives Mortality (2012-14) Ult table	As per Indian Assured Lives Mortality (2012-14) Ult table

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020 (contd.)

Defined benefit plans – as per actuarial valuation

Gratuity (Unfunded)

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

Rs. in Lakhs

Particulars	For the Year Ended 31 March, 2020	For the Year Ended 31 March, 2019
Service Cost		
Current Service Cost	**135.75**	147.29
Past service cost	**–**	(106.92)
Net interest expense	**41.60**	42.84
Components of defined benefit costs recognised in profit or loss	**177.35**	83.21
Remeasurement on the net defined benefit liability		
Actuarial gains and loss arising from changes in financial assumptions	**47.99**	14.11
Actuarial gains and loss arising from changes in demographic assumptions	**–**	(0.05)
Actuarial gains and loss arising form experience adjustments	**16.69**	16.98
Components of defined benefit costs recognised in other comprehensive income	**64.68**	31.04
Total	**242.03**	114.25

	Particulars	As at 31 March, 2020	As at 31 March, 2019
I.	**Net Liability recognised in the Balance Sheet as at 31 March**		
1.	Present value of defined benefit obligation	**840.92**	687.38
2.	Fair value of plan assets	**–**	–
3.	**Surplus/(Deficit)**	**840.92**	687.38
4.	Current portion of the above	**163.77**	151.32
5.	Non current portion of the above	**677.15**	536.06
II.	**Change in the obligation during the year ended 31 March**		
1.	Present value of defined benefit obligation at the beginning of the year	**687.38**	660.47
2.	Expenses Recognised in Profit and Loss Account		
	– Current Service Cost	**135.75**	147.29
	– Past Service Cost	**–**	(106.92)
	– Interest Expense (Income)	**41.60**	42.84
3.	Recognised in Other Comprehensive Income		
	Remeasurement gains/(losses)		
	– Actuarial Gain (Loss)	**64.68**	31.04
4.	Benefit payments	**(88.50)**	(87.34)
5.	**Present value of defined benefit obligation at the end of the year**	**840.92**	687.38

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal Assumption	For the year ended	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	31 March, 2020	100 basis points	-4.80%	5.30%
	31 March, 2019	100 basis points	-4.45%	4.89%
Salary growth rate	31 March, 2020	100 basis points	5.14%	-4.81%
	31 March, 2019	100 basis points	4.85%	-4.52%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

Maturity profile of defined benefit obligation:

Rs. in Lakhs

Maturity Profile	As at 31 March, 2020	As at 31 March, 2019
Expected benefits for Year 1	**163.77**	151.32
Expected benefits for Year 2	**140.80**	120.68
Expected benefits for Year 3	**131.63**	107.43
Expected benefits for Year 4	**113.35**	99.18
Expected benefits for Year 5	**84.62**	82.38
Expected benefits for Year 6	**82.07**	59.06
Expected benefits for Year 7	**57.24**	60.43
Expected benefits for Year 8	**51.30**	40.15
Expected benefits for Year 9	**39.95**	37.01
Expected benefits for Year 10 and above	**303.10**	246.96

The weighted average duration of the defined benefit obligation as at 31 March, 2020 is 5.04 years (31 March, 2019: 4.66 years)

Experience Adjustments:

Rs. in Lakhs

	Particulars	For the Year Ended 31 March, 2020	For the Year Ended 31 March, 2019
	Gratuity		
1.	Defined Benefit Obligation	**840.92**	687.38
2.	Experience adjustment on plan liabilities [(Gain)/Loss]	**16.69**	16.98

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The current service cost and the net interest expense for the year are included in the employee benefits expense in Profit or Loss.

(c) Compensated Absences:

Compensated absences charged to Statement of Profit and Loss Rs. 135.15 lakhs (previous year Rs.90.07 lakhs) and liability as at 31 March, 2020 Rs. 608.84 lakhs (As at 31 March, 2019 Rs. 545.90 lakhs)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020 (contd.)

Note No. 31 – Related Party Transactions

Name of the Related Party and Nature of Relationship

Holding company and ultimate holding company

Bristlecone Limited (Holding company)

Mahindra Holdings Limited (Holding company)

Mahindra and Mahindra Limited (Ultimate Holding company)

Subsidiary companies

Bristlecone (Singapore) Pte. Ltd.

Bristlecone GmbH

Fellow subsidiaries (where there are transactions)

Bristlecone Inc.

Bristlecone Consulting Ltd

Bristlecone UK Limited

Bristlecone (Malaysia) Sdn. Bhd.

Bristlecone International AG

Bristlecone Middle East DMCC

Mahindra First Choice Services Limited

Mahindra First Choice Wheels Limited

Mahindra Lifespace Developers Limited

Mahindra Retail Private Limited

Mahindra Agri Solutions Limited
(formerly known as Mahindra Shubhlabh Services Limited)

Mahindra USA Inc.

Mahindra Integrated Business Solutions Private Limited

Mahindra Holidays & Resorts India Limited

Mahindra Susten Private Limited

Name of the Related Party and Nature of Relationship

Mahindra Trucks and Buses Limited

Mahindra Logistics Limited (w.e.f. 1 October 2017)

Mahindra and Mahindra Financial Services Limited

Mahindra MSTC Recycling Private Limited

Mahindra Greenyard Private Limited

Mahindra Automobile Distributor Private Limited

Mahindra Summit Agriscience Limited

Others (where there are transactions)

Associates of the ultimate holding company

Mahindra CIE Automotive Limited

Swaraj Engines Limited

Joint Venture of the ultimate holding company

Mahindra Logistics Limited (till 30 September 2017)

Subsidiary of Joint Venture of the ultimate holding company

Mahindra Aerostructures Private Limited

Post Employment benefit plan

Mahindra Consulting Ltd Employee's Superannuation Scheme

Key Managerial Personnel

Mr. Ulhas Yargop, Director

Ms. Manaswini Goel, Director

Mr. P R Barpande, Independent Director

Mr. Nikhilesh Panchal, Independent Director

Mr. Prashant Kamat - Manager (w.e.f. 25 January 2019)

Mr. Harsh Vaish - Chief Financial Officer

Ms. Grisma Biswal - Company Secretary

Details of transaction between the Company and its related parties are disclosed below:

Rs. in Lakhs

Nature of transactions with Related Parties	For the year ended	Ultimate Holding Company	Subsidiaries	Fellow Subsidiaries	Others
Reimbursement of expenses paid*	31-Mar-20	**199.37**	**–**	**–**	**–**
	31-Mar-19	48.02	–	0.07	–
Reimbursement of expenses received	31-Mar-20	**35.92**	**133.01**	**634.81**	**0.75**
	31-Mar-19	50.39	87.08	853.54	0.71
Income from services rendered	31-Mar-20	**7,390.65**	**1,865.91**	**16,077.72**	**3.33**
	31-Mar-19	6,991.33	2,280.02	15,989.54	10.80
Other Income	31-Mar-20	**–**	**0.85**	**–**	**–**
	31-Mar-19	–	1.65	–	–
Income from sale of product/hardware	31-Mar-20	**2,677.68**	**–**	**118.31**	
	31-Mar-19	3,262.25	–	3.78	–
Income from sub-lease	31-Mar-20	**–**	**–**	**–**	**–**
	31-Mar-19	–	–	–	–
Professional fees	31-Mar-20	**–**	**–**	**18.05**	**–**
	31-Mar-19	–	–	18.93	–
Business Promotion Expenses	31-Mar-20	**–**	**26.91**	**–**	**–**
	31-Mar-19	–	52.31	–	–
Rent Expenses	31-Mar-20	**1.12**	**–**	**–**	**–**
	31-Mar-19	1.01	–	–	–
Subcontracting Charges	31-Mar-20	**–**	**–**	**–**	**–**
	31-Mar-19	–	–	14.33	–
Other expenses	31-Mar-20	**–**	**–**	**–**	**–**
	31-Mar-19	–	–	0.33	–
Contribution for the year	31-Mar-20	**–**	**–**	**–**	**–**
	31-Mar-19	–	–	–	6.10

* Company has incurred Rs. 2.41 lakhs (31 March, 2019: Rs. 1.14 lakhs) for key managerial personnel services provided by Mahindra and Mahindra Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020 (contd.)

Rs. in Lakhs

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Subsidiaries	Fellow Subsidiaries	Others
Receivable balance at the year end	31-Mar-20	**643.34**	**753.58**	**3,681.48**	**–**
	31-Mar-19	2,132.61	341.66	1,441.43	1.91
Payable balance at the year end	31-Mar-20	**85.85**	**–**	**5.32**	**–**
	31-Mar-19	10.99	–	1.80	–
Unbilled Revenues as at the year end	31-Mar-20	**784.98**	**–**	**25.90**	
	31-Mar-19	594.64	–	8.63	–
Advances from Customer	31-Mar-20	**–**	**–**	**–**	**–**
	31-Mar-19	–	–	286.69	–
Income received in advance	31-Mar-20	**400.50**	**–**	**1.18**	**–**
	31-Mar-19	680.71	–	1.22	–

Compensation of key managerial personnel

The remuneration of key managerial personnel (KMP) during the year was as follows:

Rs. in Lakhs

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Directors:		
Director Remuneration	**63.00**	8.00
Director Sitting Fees	**2.40**	2.90
KMP Other than Directors:		
Salaries, bonus, etc.	**152.70**	165.22
Post-employment benefits	**2.47**	1.19
Other long-term benefits	**1.95**	(0.71)

Loan granted to key managerial personnel

Rs. in Lakhs

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Loan granted during the year	–	–
Repayment received during the year	–	21.00
Balance outstanding	–	–
Interest Charged during the year	–	0.91
Accrued Interest thereon	–	–

Note No. 32 - Additional Disclosures as per Ind-AS 115 Revenue from Contracts with Customers

The Company applied Ind-AS 115 Revenue from Contracts with Customers by using the modified retrospective method of adoption with date of initial application of 1st April 2018. This has not resulted any significant changes to retained earning or any other line item in financial statements.

i) Desegregation of revenue

Rs. in Lakhs

Particulars	As at 31 March, 2020	As at 31 March, 2019
By Geography/Regions		
Domestic	**15,824.86**	15,401.53
Export	**17,628.17**	17,936.99
	33,453.03	33,338.52

Rs. in Lakhs

Particulars	As at 31 March, 2020	As at 31 March, 2019
By Timing of Transfer		
at the point in time	**2,809.98**	3,266.03
Over the time	**30,643.05**	30,072.49
	33,453.03	33,338.52

ii) Contract balances

Rs. in Lakhs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Opening Receivables	**5,512.91**	7,604.13
Closing Receivables	**7,258.51**	5,512.91
Opening Contract Assets	**1,059.77**	2,439.38
Closing Contract Assets	**1,285.55**	1,059.77
Opening Contract Liabilities	**696.97**	89.89
Closing Contract Liabilities*	**401.68**	696.97
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	**696.97**	89.89

* Expected to fulfil the performance obligation in 0-6 Months.

iii) Company provides 60 to 90 days credit period to customers.

iv) As a practical expedient, the Company has not disclosed the information in paragraph 120 of Ind-AS 115 for a performance obligation since the performance obligation is part of a contract that has an original expected duration of one year or less.

Note No. 33 - Additional Information to the Financial Statements

(a) Expenditure in foreign currency on account of:-

Rs. in Lakhs

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Travelling	**429.55**	448.16
Subscription expenses	**39.55**	–
Subcontracting expenses	–	14.33
Business promotion expenses	**26.19**	52.31
Salaries, bonus, etc.	**0.13**	19.23
Asset - IT Equipment (Thingsee Devices)	**2.17**	–
Support Services - Thingsee Operations cloud services	**3.17**	–
Software Purchase Expenses	**6.92**	–
	507.68	534.03

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020 (contd.)

(b) Earnings in foreign exchange

Rs. in Lakhs

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Professional and consultancy fees in respect of services rendered (including unbilled revenue)	**17,628.17**	17,936.99

(c) Remuneration to auditors (excluding Service Tax/GST)

Rs. in Lakhs

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
As auditor		
Audit Fee	**13.00**	13.00
Tax audit fee	**2.00**	2.00
In other capacities		
Taxation matters & Others	**4.88**	8.83
Reimbursement of expenses		
Out of Pocket expenses	**0.29**	0.14
	20.16	23.97

(d) CSR

Pursuant to Companies Act 2013, Corporate Social Responsibility (CSR) committee has been formed on November 12, 2014 to undertake CSR projects. The CSR committee has identified, various long term projects. The Company has spent Rs. 68.26 lakhs on CSR activities during the year ended March 31, 2020. (Rs 66.20 lakhs for the year ended March 31, 2019).

(e) Impact of COVID 19:

From December 2019, the COVID – 19 pandemic, has spread globally, including India. The pandemic has significantly affected the economic activities worldwide and could potentially impact the operations and financial results of the Company too. The Company has performed an initial assessment of the likely impact it could have on its operations and the financial performance in the forthcoming year.

For the year ended 31st March, 2020 financial results , the Company has used the principles of prudence in applying judgments, estimates and assumptions in significant areas like estimating the remaining useful life of the tangible and intangible assets, cost to complete provision for long term contracts, evaluating the long term contracts for any onerous elements, recoverability of receivables including unbilled receivables, provision for receivables under Expected Credit Loss (ECL) model, , recoverability of contract assets and contract costs, projection used to test investments for impairment, evaluation of financial implications of probable cancellations of any long term commitments, impact of cancellation or modifications to the terms of the revenue contracts, cancellation or deferment of revenue contracts, penalties due to non-fulfilment of service legal obligations, fair valuation of financial assets and liabilities etc.

The Company has considered internal and external information upto the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

The Company has also evaluated the cash flows for the forthcoming Financial Year and based on the current estimate of the management, the Company does not foresee any impact on its ability to meet the statutory dues and creditor payments on due dates and honouring its loan repayment and forward contract contractual commitments. There has been no downgrade in ratings of the existing borrowing facilities of the Company. The Company also has undrawn sanctioned limits and this could be availed to meet the obligations. Accordingly based on the projected cash flows for the next twelve months, the management is of the view that the use of going concern assumption in preparing these financial statements is appropriate.

(f) Previous Year Groupings

Previous Year's figures have been regrouped/rearranged wherever necessary in order to confirm to current year's groupings and classifications.

In terms of our report attached

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

Ravi Kapoor
Partner
Membership No: 040404

Place : Mumbai
Date : 04 May, 2020

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

P. R. Barpande
Director

Manaswini Goel
Director

Nikhilesh Panchal
Director

Harsh Vaish
Chief Financial Officer

Grisma Biswal
Company Secretary

Place : Mumbai
Date : 04 May, 2020

AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Sr. No.	Particulars	Details	
	Name of the subsidiary	**Bristlecone (Singapore) Pte. Ltd.**	**Bristlecone GmbH**
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Year ended 31 March, 2020	Year ended 31 March, 2020
2.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Reporting Curr: SGD Exchange Rate 1 SGD= INR 52.97	Reporting Curr: EUR Exchange Rate 1 EUR= INR 83.13
3.	Share capital	88,463,240	39,486,750
4.	Reserves & surplus	(54,613,020)	364,926,112
5.	Total assets	168,735,420	461,291,693
6.	Total Liabilities	168,735,420	461,291,693
7.	Investments	–	–
8.	Turnover	145,930,338	333,697,473
9.	Profit before taxation	21,766,566	16,630,289
10.	Provision for taxation	–	4,352,020
11.	Profit after taxation	21,766,566	12,278,285
12.	Proposed Dividend	–	–
13.	% of shareholding	100%	100%

1. Names of subsidiaries which are yet to commence operations: **None**
2. Names of subsidiaries which have been liquidated or sold during the year: **None**

Part "B": Associates and Joint Ventures: Not Applicable

NIL

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

P. R. Barpande
Director

Manaswini Goel
Director

Nikhilesh Panchal
Director

Harsh Vaish
Chief Financial Officer

Grisma Biswal
Company Secretary

Place: Mumbai
Date: 04 May, 2020

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Bristlecone Consulting Limited

Opinion

1. We have audited the accompanying financial statements of Bristlecone Consulting Limited (the 'Company') (a wholly owned subsidiary of Bristlecone Limited), which comprise the balance sheet as at March 31, 2020, the statement of operations, statement of changes in stockholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020, and its financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code') together with the ethical requirements that are relevant to our audit of the financial statements in India and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

4. Management is responsible for the other information. Other information does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditor's report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

5. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

8. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Place: Mumbai, India
Date: 11 May 2020

Balance sheet

Particulars	Notes	As at March 31, 2020 (CAD$)	As at March 31, 2020 (INR) (refer Note G)	As at March 31, 2019 (CAD$)	As at March 31, 2019 (INR) (refer Note G)
Assets					
Current assets					
Cash and cash equivalents	B	**668,413**	**35,472,678**	2,118,176	112,411,600
Accounts Receivable					
– Due from related parties	E	**80,963**	**4,296,706**	–	–
– Others		**19,054**	**1,011,196**	308,809	16,388,493
Unbilled revenue		–	–	47,612	2,526,769
Other current assets					
– Due from related parties	E	–	–	19,080	1,012,576
– Others		**150**	**7,961**	150	7,961
Total current assets		**768,580**	**40,788,541**	2,493,827	132,347,399
Non-current assets					
Advance income tax		**22,928**	**1,216,789**	–	–
Total assets		**791,508**	**42,005,330**	2,493,827	132,347,399
Liabilities and stockholders' equity					
Current liabilities					
Accounts payable					
– Due to related party	E	**29,865**	**1,584,936**	599,878	31,835,525
– Others		**1,177**	**62,464**	23,812	1,263,703
Accrued expenses and other current liabilities	C	**56,131**	**2,978,872**	372,038	19,744,057
Unearned Revenue		**3,987**	**211,590**	–	–
Total current liabilities		**91,160**	**4,837,862**	995,728	52,843,285
Total liabilities		**91,160**	**4,837,862**	995,728	52,843,285
Stockholders' equity					
Common stock, no par value	H	**1**	**53**	1	53
Retained earnings		**700,347**	**37,167,415**	1,498,098	79,504,061
Total stockholders' equity		**700,348**	**37,167,468**	1,498,099	79,504,114
Total liabilities and stockholders' equity		**791,508**	**42,005,330**	2,493,827	132,347,399

The accompanying notes are an integral part of these financial statements.

Statement of operations

	Notes	**Year ended March 31, 2020 (CAD$)**	**Year ended March 31, 2020 (INR) (refer Note G)**	Year ended March 31, 2019 (CAD$)	Year ended March 31, 2019 (INR) (refer Note G)
Revenue		**912,741**	**48,439,165**	2,651,091	140,693,399
Cost of revenue		**545,059**	**28,926,281**	1,441,215	76,485,280
Gross profit		**367,682**	**19,512,884**	1,209,876	64,208,119
Operating expenses					
Selling, general and administrative expenses		**73,759**	**3,914,390**	109,290	5,800,020
Total operating expenses		**73,759**	**3,914,390**	109,290	5,800,020
Operating income		**293,923**	**15,598,494**	1,100,586	58,408,099
Other income/(expense)					
– Foreign exchange loss		**(18,650)**	**(989,756)**	(12,443)	(660,350)
Net income before tax		**275,273**	**14,608,738**	1,088,143	57,747,749
Income tax expense	**D**	**73,024**	**3,875,384**	290,000	15,390,300
Net income		**202,249**	**10,733,354**	798,143	42,357,449

The accompanying notes are an integral part of these financial statements.

Statement of changes in stockholders' equity

Particulars	Common stock Issued and outstanding		Additional paid-in capital	Retained earnings	Total stockholders' equity
	Shares	Amount (CAD$)	Amount (CAD$)	Amount (CAD$)	Amount (CAD$)
Balance as at April 1, 2018	1	1	–	699,955	699,956
Net income for the year	–	–	–	798,143	798,143
Balance as at March 31, 2019	**1**	**1**	**–**	**1,498,098**	**1,498,099**
Net income for the year	–	–	–	202,249	202,249
Dividend paid during the year				(1,000,000)	(1,000,000)
Balance as at March 31, 2020	**1**	**1**	**–**	**700,347**	**700,348**

Particulars	Common stock Issued and outstanding		Additional paid-in capital	Retained earnings	Total stockholders' equity
	Shares	Amount (INR) (refer Note G)	Amount (INR) (refer Note G)	Amount (INR) (refer Note G)	Amount (INR) (refer Note G)
Balance as at April 1, 2018	1	53	–	37,146,612	37,146,665
Net loss for the year	–	–	–	42,357,449	42,357,449
Balance as at March 31, 2019	**1**	**53**	**–**	**79,504,061**	**79,504,114**
Net income for the year	–	–	–	10,733,354	10,733,354
Dividend paid during the year				(53,070,000)	(53,070,000)
Balance as at March 31, 2020	**1**	**53**	**–**	**37,167,415**	**37,167,468**

The accompanying notes are an integral part of these financial statements.

Statement of cash flows

Particulars	Year ended March 31, 2020 (CAD$)	Year ended March 31, 2020 (INR) (refer Note G)	Year ended March 31, 2019 (CAD$)	Year ended March 31, 2019 (INR) (refer Note G)
Cash flow from operating activities				
Net income	**202,249**	**10,733,354**	798,143	42,357,449
Adjustments to reconcile net income to net cash provided by/ (used in) operating activities				
Changes in operating assets and liabilities				
Accounts receivable, related party	**(80,963)**	**(4,296,706)**	–	–
Accounts receivable, unbilled and unearned revenue	**341,354**	**18,115,656**	(330,298)	(17,528,915)
Accrued expenses and other current liabilities	**(315,907)**	**(16,765,185)**	363,767	19,305,115
Accounts payable, related party	**(570,013)**	**(30,250,589)**	597,491	31,708,847
Accounts payable, others	**(22,635)**	**(1,201,239)**	23,812	1,263,703
Other current assets, related party	**19,080**	**1,012,576**	(19,080)	(1,012,576)
Advance income tax	**(22,928)**	**(1,216,789)**	–	–
Net cash provided by/ (used in) operating activities	**(449,763)**	**(23,868,922)**	1,433,835	76,093,623
Cash flow from financing activities				
Dividend paid during the year	**(1,000,000)**	**(53,070,000)**	–	–
Net cash used in financing activities	**(1,000,000)**	**(53,070,000)**	–	–
Net increase/(decrease) in cash and cash equivalents	**(1,449,763)**	**(76,938,922)**	1,433,835	76,093,623
Cash and cash equivalents at the beginning of the year	**2,118,176**	**112,411,600**	684,341	36,317,977
Cash and cash equivalents at the end of the year	**668,413**	**35,472,678**	2,118,176	112,411,600

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

NOTE A – BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. NATURE OF OPERATIONS

Bristlecone Consulting Limited (the "Company") is engaged in providing technology solutions and consulting services, with operations and customers primarily in North America and Canada. The Company's primary focus is on providing supply chain services ranging from supply chain strategy and network design to supply chain system implementations. The Company also provides application outsourcing services, data management services and development and integration services to independent software vendors.

2. GENERAL INFORMATION

The Company was incorporated under the laws of Canada on June 1, 2010. The Company is a wholly-owned subsidiary of Bristlecone Limited, a Cayman Islands Company. Mahindra & Mahindra Limited, an Indian Company is the Company's ultimate parent.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

3.1. OVERALL CONSIDERATIONS

The accompanying financial statements have been prepared on a going concern basis under the historical cost convention and on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

These financial statements have been presented in Canadian Dollars ('CAD$'), which is the functional and reporting currency of the Company.

3.2. USE OF ESTIMATES

In preparing the Company's financial statements in conformity with accounting principles generally accepted in the United States of America, the Company's management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The management's estimates for allowances for uncollectable amounts, efforts to completion for fixed price projects and provision for variable pay represent certain of these particularly sensitive estimates.

3.3. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Transactions in foreign currencies are translated at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. All foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at year-end are recorded in the statement of operations.

3.4. CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Cash comprises balance held with banks.

3.5. ACCOUNTS RECEIVABLE

Accounts receivable that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are reported in the balance sheets at outstanding amount less any charge-offs and the allowance for doubtful accounts. The Company performs ongoing credit evaluations of its customers, and generally extends credit without requiring collateral. The Company maintains an allowance for doubtful accounts based on management's expectations of future losses, which is determined based on historical experience and current economic environment.

Accounts are charged to bad debt expense when they are deemed uncollectible based upon management's periodic review of the accounts.

3.6. REVENUE RECOGNITION

The Company is principally engaged in Business Consulting, Software Implementation and related support services.

Effective April 1, 2019, the Company has adopted new standard "Revenue from Contracts with Customers" ("ASC 606"). ASC 606 supersedes the revenue recognition requirements in ASC Topic 605, "Revenue Recognition" ("ASC 605") and nearly all other existing revenue recognition guidance under US GAAP. The core principle of ASC 606 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. The Company has adopted ASC 606 using the full retrospective method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application. Refer Note A (3.5) forming part of "Background Information and Summary of Significant Accounting Policies" in the audited financial statements of the Company for Financial Year 2017-18 for accounting policies on revenue recognised prior to April 1, 2018. The adoption of the new standard did not have any impact on the financial statements of the Company.

Revenue is recognised upon transfer of control of contracted products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenues with respect to time and material contracts are recognized on input method basis i.e. based on time /efforts spent.
- Revenue related to fixed price maintenance and support services contracts where the Company provides services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation.
- Revenue from the sale of third- party software is recognised upfront at the point in time when the software is delivered to the customer.
- Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.
- Unearned and deferred revenue is recognised when there is billing in excess of revenues. The billing schedules agreed with customers include periodic performance -based payments and / or milestone-based progress payments. Invoices are payable within contractually agreed credit period.
- Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Use of significant estimates and judgments

The Company uses the expected cost- plus margin approach to allocate the transaction price to each distinct performance obligation.

Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended are used to

Notes to Financial Statements

measure progress towards completion as there is a direct relationship between input and productivity.

The Company uses significant judgments while determining the transaction price allocated to performance obligations using the expected cost-plus margin approach.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

<u>**Disaggregation of Revenue**</u>

The Company disaggregates revenue from contracts with customers by contract-type, as it believes it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by industry, market and other economic factors.

The Company's revenue by type of contract is as follows:

Type of contract	Year ended March 31, 2020		Year ended March 31, 2019	
	CAD$	INR	CAD$	INR
Time and materials	682,003	36,193,899	1,403,078	74,461,349
Fixed-price	230,738	12,245,266	1,248,013	66,232,050
Total	912,741	48,439,165	2,651,091	140,693,399

3.7. COST OF REVENUES

Cost of revenues comprises salaries and employee benefits, sub-contractor fees, off-shore consultancy charges, project related travel and other costs.

3.8. INCOME TAXES

The Company accounts for income taxes and the related accounts in accordance with ASC 740, "Income Taxes." Deferred income tax assets and liabilities, if any, are computed annually, for differences between financial statements' base and tax base of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Deferred tax assets are reduced by valuation allowance when, in the opinion of the management, it is more likely than not that some portion or the entire deferred tax assets will not be realised. Valuation allowance is reversed when new evidence is available on future realisation of deferred tax assets. Tax expense comprises of tax payable or refundable for the period plus or minus the changes during the period in deferred tax assets and liabilities.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	As at March 31, 2020 CAD$	As at March 31, 2020 INR (refer Note G)	As at March 31, 2019 CAD$	As at March 31, 2019 INR (refer Note G)
Bank balances	668,413	35,472,678	2,118,176	112,411,600

Cash balances of the Company are held in checking accounts, which are non-interest bearing, and as per the Canada Deposit Insurance Corporation Act, all non-interest bearing transaction accounts are guaranteed by the CDIC for CAD$ 100,000 per depositor for Bank of Nova Scotia.

As at March 31, 2020, the Company has CAD$ 568,413 (INR 30,165,678) [2019 CAD$ 2,018,176 (INR 107,104,600)] as balances in excess of the insured amount.

NOTE C – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities comprise of the following:

	As at March 31, 2020 CAD$	As at March 31, 2020 INR (refer Note G)	As at March 31, 2019 CAD$	As at March 31, 2019 INR (refer Note G)
Other accruals	56,131	2,978,872	81,932	4,348,131
Provision for tax	–	–	290,106	15,395,926
	56,131	2,978,872	372,038	19,744,057

NOTE D - INCOME TAXES

Income tax expense for the year comprise of the following:

	Year ended March 31, 2020 CAD$	Year ended March 31, 2020 INR (refer Note G)	Year ended March 31, 2019 CAD$	Year ended March 31, 2019 INR (refer Note G)
Current tax	73,024	3,875,384	290,000	15,390,300
	73,024	3,875,384	290,000	15,390,300

NOTE E – RELATED PARTY TRANSACTIONS

1. List of related parties and their relationships (where there are transactions):

Name of related party	Relationship
Bristlecone Limited	Holding Company
Bristlecone India Limited	Fellow subsidiary
Bristlecone, Inc.	Fellow subsidiary

2. Related party transactions and balances:

Nature of transaction/ balance	Name of related party	March 31, 2020		March 31, 2019	
		Amount (in CAD$)	Amount (in INR) (refer Note G)	Amount (in CAD$)	Amount (in INR) (refer Note G)
Dividend payment (including withholding taxes deducted and paid of CAD$ 250,000)	Bristlecone Limited	1,000,000	53,070,000	–	–
Subcontracting services received	Bristlecone India Limited	141,553	7,512,218	416,830	22,121,168
Management fees	Bristlecone, India Limited	2,736	145,208	–	–
Reimbursement of expenses	Bristlecone India Limited	14,510	770,046	–	–
Amount payable as at year end	Bristlecone India Limited	9,711	515,363	–	–

Notes to Financial Statements

Nature of transaction/ balance	Name of related party	March 31, 2020		March 31, 2019	
		Amount (in CAD$)	Amount (in INR) (refer Note G)	Amount (in CAD$)	Amount (in INR) (refer Note G)
Amount receivable as at year end	Bristlecone India Limited	–	–	19,080	1,012,576
Subcontracting services provided	Bristlecone Inc.	77,452	4,110,366	–	–
Reimbursement of expenses from	Bristlecone Inc.	3,511	186,340	–	–
Amount receivable as at year end	Bristlecone Inc.	80,963	4,296,706	–	–
Subcontracting services received	Bristlecone Inc.	52,901	2,807,456	378,654	20,095,168
Management fees	Bristlecone Inc.	20,154	1,069,573	58,142	3,085,596
Reimbursement of expenses to	Bristlecone Inc.	59,036	3,133,041	163,082	8,654,762
Amount payable as at year end	Bristlecone Inc.	20,154	1,069,573	599,878	31,835,525

NOTE F – FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the Company's cash equivalents, accounts payable and accrued expenses approximated their fair values due to their short maturities.

NOTE G – CONVENIENCE TRANSLATION

For the convenience of the readers, the financial statements for the year ended March 31, 2020 along with comparatives for the year ended March 31, 2019 have been translated into Indian Rupees ("INR") at the rate of 1 CAD$ = 53.07 INR. The convenience translation should not be construed as a representation that the CAD$ amounts or the Indian Rupee amounts referred to in these financial statements have been, could have been, or could in the future be, converted into INR or CAD$, as the case may be, at this or at any other rate of exchange, or at all.

NOTE H – STOCKHOLDERS' EQUITY

The Company's authorized stock comprised of unlimited number of common shares without nominal or par value, out of which 1 common share was issued and outstanding as at March 31, 2020 and March 31, 2019 which is held entirely by the Holding Company, Bristlecone Limited.

NOTE I – CONTINGENCIES

The Company evaluates contingencies as per its assessments of probable, reasonably possible and remote, as per ASC 450 "Contingencies". It is subject to legal claims in the normal course of business. However, based on its evaluation, management believes that there are no claims or contingencies, potential outcomes of which could be material to the financial condition or results of operations of the Company.

NOTE J – ESTIMATION UNCERTAINTY RELATING TO GLOBAL HEALTH PANDEMIC COVID-19

In assessing the recoverability of receivables including unbilled receivables, the Company has considered internal and external information up to the date of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from the estimate as at the date of these financial statements and the Company will closely monitor any material changes to future economic conditions and respond accordingly.

NOTE K - SUBSEQUENT EVENTS

In accordance with ASC 855-10 "Subsequent events", the Company has evaluated subsequent events through May 11, 2020, the date these financial statements were available to be issued. The Company is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

Independent Auditors' Report to the Members of Bristlecone (Malaysia) Sdn. Bhd.

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of Bristlecone (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages herein.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

This report is made solely to the Members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SSY Partners	**Bavany a/p Chellappan**
AF: 0040	No. 03138/09/2021 J
Chartered Accountants	*Chartered Accountant*

Shah Alam
30 April 2020

Statement of Financial Position as at 31 March 2020

	Note	2020 RM	2019 RM
ASSETS			
Current assets			
Trade receivables	6	**317,329**	32,256
Other receivables and deposits	7	**3,976**	3,776
Tax recoverable		**28,895**	473,955
Fixed deposits with a licensed bank	8	**975,155**	949,219
Cash and bank balances		**1,027,069**	239,158
		2,352,424	1,698,364
TOTAL ASSETS		**2,352,424**	1,698,364
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	9	**500,000**	500,000
Retained earnings		**1,259,006**	1,147,605
TOTAL EQUITY		**1,759,006**	1,647,605
Current liabilities			
Trade payables	10	**542,198**	19,303
Other payables and accruals	11	**51,220**	31,456
TOTAL LIABILITIES		**593,418**	50,759
TOTAL EQUITY AND LIABILITIES		**2,352,424**	1,698,364

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income for the year ended 31 March 2020

	Note	**2020 RM**	2019 RM
Revenue	12	**1,491,167**	276,564
Cost of services		**(1,270,796)**	(267,183)
Gross profit		**220,371**	9,381
Other operating income		**74,558**	36,393
Administrative expenses		**(176,948)**	(106,353)
Profit/(Loss) Before Taxation	13	**117,981**	(60,579)
Taxation	14	**(6,580)**	75,684
Profit for the year		**111,401**	15,105

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2020

	Note	Share capital RM	Retained earnings RM	Total RM
At 1 April 2019		**500,000**	**1,147,605**	**1,647,605**
Profit for the year		**–**	**111,401**	**111,401**
At 31 March 2020		**500,000**	**1,259,006**	**1,759,006**
At 1 April 2018		500,000	1,132,500	1,632,500
Profit for the year		–	15,105	15,105
At 31 March 2019		500,000	1,147,605	1,647,605

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2020

	2020 RM	2019 RM
Cash flows from operating activities		
Profit before taxation	**117,981**	(60,579)
Adjustments for:		
Allowance for doubtful debts	**–**	43,955
Reversal of allowance for doubtful debts	**(43,955)**	–
Debt written-off	**30,592**	–
Plant and equipment written off	**–**	435
Depreciation of plant and equipment	**–**	145
Fixed deposits interest income	**(25,936)**	(24,693)
Net loss/(gain) on foreign exchange – unrealised	**304**	(11,700)
Operating profit/(loss) before working capital changes	**78,986**	(52,437)
(Increase)/decrease in trade and other receivables	**(271,910)**	113,254
Increase/(decrease) in trade and other payables	**542,355**	(1,724,332)
Cash generated from/(used in) operations	**349,431**	(1,663,515)
Tax paid	**(35,120)**	(61,249)
Tax refund	**473,600**	–
Net cash generated from/(used in) operating activities	**787,911**	(1,724,764)
Cash flows from investing activities		
Fixed deposits interest received	**25,936**	24,693
Net cash generated from investing activities	**25,936**	24,693
Cash flows from financing activities		
Net cash used in financing activities	**–**	–
Net increase/(decrease) in cash and cash equivalents	**813,847**	(1,700,071)
Cash and cash equivalents at beginning of the year	**1,188,377**	2,888,448
Cash and cash equivalents at end of the year	**2,002,224**	1,188,377
Cash and cash equivalents comprise:		
Fixed deposits with a licensed bank (Note 8)	**975,155**	949,219
Cash at bank	**1,027,069**	239,158
	2,002,224	1,188,377

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2020

1. Corporate information

The Company is a private limited company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at 41/F, Vista Tower, The Intermark, 348 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.

The principal activities of the Company are to act as information technology service advisors, business consultants and implementers of computerised systems and to render a full range of information technology services including application and programming services, computer networks and other forms of computer and electronic technology services, administration and management control, technical, scientific and operational assistance, systems design, project management and technical training of personnel, management of a computer and electronic service facility and generally, any type of business or activity relating to the information technology and electronic industry and to provide support and training in connection therein.

The Directors regard Bristlecone Limited, a corporation incorporated in Cayman Island, as the immediate holding corporation, Mahindra Holding Limited, a corporation incorporated in India, as the penultimate holding corporation and Mahindra & Mahindra Ltd., a corporation incorporated in India, as the ultimate holding corporation.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 30 April 2020.

2. Basis of preparation of the financial statements

The financial statements comply with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies (Note 3).

The preparation of financial statements in conformity with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The financial statements are presented in Ringgit Malaysia (RM).

3. Significant accounting policies

All significant accounting policies set out below are consistent with those applied in the previous financial year.

(a) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts on a review of all outstanding amounts at the year end.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(c) Payables

Payables are stated at cost, which is the fair value of the consideration to be paid in the future for goods and services costs.

(d) Provision for liabilities

Provision for liabilities is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(e) Equity instruments

Ordinary shares are classified as equity instruments. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(f) Revenue recognition

The Company recognise revenue from contracts with customers for the sale of goods and provision of services based on the five-step model as set out below:

i Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

ii Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

iii Determine the transaction price. The transaction price is the amount of consideration to which the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

iv Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expect to be entitled in exchange for satisfying each performance obligation.

v Recognise revenue when (or as) the Company satisfy a performance obligation.

The Company satisfy a performance obligation and recognise revenue over time if the Company's performance:

i Do not create an asset with an alternative use to the Company and have an enforceable right to payment for performance completed to-date; or

ii Create or enhance an asset that the customer controls as the asset is created or enhanced; or

iii Provide benefits that the customer simultaneously receives and consumes as the Company perform.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Company satisfy a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

i Revenue

a. Sale of goods/services

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Company transfers controls of the goods or services promised in a contract and the customer obtains control of the goods and services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of indirect taxes, returns, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

ii Other income

a. Interest income

Interest income is recognised on an accrual basis (taking into account the effective yield on the asset) unless its collectability is in doubt.

(g) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial year end.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided for, using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial year end.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(h) Impairment of non-financial assets

The Company assess at each financial year end whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company make an estimate of the asset's recoverable amount.

For goodwill, the recoverable amount is estimated at each financial year end or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are Companyed at the lowest levels for which there are separately identifiable cash flows (i.e. CGUs). In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or Companys of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or Companys of units and then, to reduce the carrying amount of the other assets in the unit or Companys of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each financial year end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss for an asset, other than goodwill, is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, in which case, the carrying amount of the asset is increased to its revised recoverable amount. The increase cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(i) Foreign currency

i Reporting currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

ii Foreign currency transactions and balances

Foreign currency transactions in the Company are accounted for at exchange rates prevailing at the transactions dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the financial year end, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2020 RM	2019 RM
1 United States Dollar (USD)	**4.30**	4.08

(j) Financial instruments

Financial instruments carried on the statement of financial position include cash and bank balances, investments, receivables, payables and borrowings. The recognition methods adopted are disclosed in the respective accounting policy statements.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Company become a party to the contractual provisions of the financial instrument.

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Company determine the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

i Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

ii Financial assets measured subsequently at fair value

Financial assets that are debt instruments are measured at fair value through other comprehensive income ("FVTOCI") if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives).

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Company's or the Company's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Company.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Company become a party to the contractual provisions of the financial instruments. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

i Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

ii Other financial liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

When an existing financial liability is replaced by another instrument from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

(k) Impairment of financial assets

At each financial year end, the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring as at the financial year end with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Company use external credit rating and other supportive information to assess deterioration in credit quality of a financial asset. The Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are Companyed on the basis of similar risk characteristics.

The Company consider past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cashflows that are due to the Company and all the cash flows that the Company expect to receive.

The Company measure the allowance for impairment loss on trade and other receivables based on the two-step approach as follows:

i 12-months expected credit loss

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Company measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occuring within the next 12 months considering the loss given default of that financial asset.

ii Lifetime expected credit loss

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime expected credit loss for that financial asset is recognised as the allowance for impairment loss by the Company. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Company revert the allowance for impairment loss measurement from lifetime expected credit loss to 12-months expected credit loss.

For trade and other receivables which are financial assets, the Company apply the simplified approach in accordance with MFRS 9 Financial Instruments and measure the allowance for impairment loss based on a 12-months expected credit loss from initial recognition.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

(l) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants act in their economic best interest when pricing the asset or liability.

The Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the financial year end.

(m) Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest methods and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the financial year.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and Equipment' policy.

(n) Employee benefits

i Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or construction obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

As required by law, the Company makes contributions to the statutory provident fund, the Employees Provident Fund. Such contributions are recognised as an expense in profit or loss in the period as incurred.

iii Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the financial year end are discounted to present value.

(o) Related parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

4. Adoption of new and revised Malaysian Financial Reporting Standards and interpretations

MFRSs that have been issued and effective

The following new and revised MFRSs issued by MASB, have been adopted, and the adoptions do not have any or significant impact to the financial statements except for MFRS 16:

Title		**Effective Date**
MFRS 16	Leases	1 January 2019
Amendments to MFRS 3:	Business Combinations	1 January 2019
Amendments to MFRS 11:	Joint Arrangements	1 January 2019
Amendments to MFRS 112:	Income Taxes	1 January 2019
Amendments to MFRS 119:	Employee Benefits	1 January 2019
Amendments to MFRS 123:	Borrowings Costs	1 January 2019
Amendments to MFRS 128:	Investments in Associates and Joint Ventures	1 January 2019
IC Interpretation 23:	Uncertainty over Income Tax Treatments	1 January 2019

The Company adopted MFRS 16 Leases on 1 January 2019. MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

MFRSs that have been issued but only effective for financial period beginning on 1 January 2020 and onwards

The following new and revised MFRSs issued by MASB, have not been adopted, and the adoptions are not expected to have any or significant impact to the financial statements:

Title		**Effective Date**
Amendments to MFRS 3:	Business Combinations	1 January 2020
Amendments to MFRS 7:	Financial Instruments: Disclosures	1 January 2020
Amendments to MFRS 9:	Financial Instruments	1 January 2020
Amendments to MFRS 101:	Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108:	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 139:	Financial Instruments: Recognition and measurement	1 January 2020
MFRS 17:	Insurance Contracts	1 January 2021
Amendments to MFRS 10:	Consolidated Financial Statements	Deferred
Amendments to MFRS 128:	Investments in Associates and Joint Ventures	Deferred

5. **Significant accounting estimates**

Key Sources of Estimation Uncertainty

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Loss allowances for financial assets

The Group recognises impairment losses for receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's financial position and result.

(b) Income taxes

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Deferred tax assets

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Fair value estimates of certain financial instruments

The Group carries certain financial assets and liabilities at fair value, which required extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value will differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit or loss/equity.

6. **Trade receivables**

	2020 RM	2019 RM
Trade receivables -non related parties	**259,058**	43,955
Less: Allowance for doubtful debts	**–**	(43,955)
	259,058	-
Amount due from related corporations		
- Bristlecone Inc.	**58,271**	–
Accrued billings	**–**	32,256
	317,329	32,256

The currency exposure profile of trade receivables of the Company is as follows:

	2020 RM	2019 RM
Ringgit Malaysia	**317,329**	–

The amount due from related corporation is unsecured, interest free and is repayable on demand.

7. **Other receivables and deposits**

	2020 RM	2019 RM
Deposit	**2,518**	2,518
Prepayment	**1,458**	1,258
	3,976	3,776

8. **Fixed deposits with a licensed bank**

Deposits with a licensed bank is pledged as securities for trade trading which bear interest at the rate of 2.20% (2019: 2.95%) per annum and have a maturity period of one month.

9. **Share capital**

	2020 Unit	2019 Unit	**2020 RM**	2019 RM
Issued and fully paid ordinary shares				
At beginning/end of the year	**500,000**	500,000	**500,000**	500,000

10. **Trade payables**

	2020 RM	2019 RM
Amount due to related corporations:		
Bristlecone India Limited	**3,842**	18,745
Bristlecone Inc.	**68,876**	558
	72,718	19,303
Amount due to non- related corporations:	**469,480**	–
Total	**542,198**	19,303

Amount due to related corporations is unsecured, interest free and repayable upon demand.

The currency exposure profile of trade payables of the Company is as follows:

	2020 RM	2019 RM
Ringgit Malaysia	**469,480**	18,745
United States Dollar	**72,718**	558
	542,198	19,303

11. **Other payables and accruals**

	2020 RM	2019 RM
Other payables	**29,831**	16,456
Provision for expenses	**21,389**	15,000
	51,220	31,456

12. **Revenue**

	2020 RM	2019 RM
Rendering of services	**1,491,167**	276,564

13. Loss before taxation

	2020 RM	2019 RM
Loss before taxation is arrived at after charging:		
Auditors' remuneration	**10,000**	10,000
Allowance for doubtful debts	**–**	43,955
Bad debts written off	**30,592**	–
Depreciation of plant and equipment	**–**	145
Loss on foreign exchange – realised	**–**	3,819
Loss on foreign exchange – unrealised	**304**	–
Rental of premises	**7,818**	6,250
Plant and equipment write-offs	**–**	435
and crediting:		
Reversal of allowance for doubtful debts	**43,955**	–
Gain on foreign exchange – realised	**4,667**	–
Gain on foreign exchange – unrealised	**–**	11,700
Fixed deposits interest income	**25,936**	24,693

14. Taxation

	2020 RM	2019 RM
Income Tax expense		
Current year		
– taxes payable in Malaysia	**6,225**	–
Under/(over)provision in prior years		
– taxes payable in Malaysia	**355**	(140,000)
– taxes payable outside Malaysia	**–**	48,316
	6,580	(91,684)
Deferred tax		
Related to reversal and origination of temporary differences	**–**	16,000
	6,580	(75,684)

The reconciliation of income tax expense applicable to the results of the Company at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2020 RM	2019 RM
Profit/(Loss) before taxation	**117,981**	(60,579)
Tax at Malaysian statutory tax rate of 24%	**28,315**	(14,539)
Tax effects of:		
- expenses not deductible for tax purposes	**9,191**	268
- non-taxable income	**(11,669)**	(5,387)
- deferred tax assets not recognised in respect of current year losses	**–**	19,658
- utilization of deferred tax assets not recognized previously	**(19,612)**	–
- reversal of deferred tax assets	**–**	16,000
Under/(over) provision in prior year	**355**	(91,684)
Tax expense for the year	**6,580**	(75,684)

15. Significant related party transactions

Significant transactions with related corporations during the year comprise the following:

	2020 RM	2019 RM
Services rendered to related corporations		
Bristlecone Inc.	**58,271**	–
Services rendered by related corporations:		
Bristlecone India Limited	**45,947**	18,745
Management fee charged by a related corporation:		
Bristlecone India Limited	**3,842**	–
Bristlecone Inc.	**68,876**	6,219

16. Commitment

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at financial year end but not recognised as liabilities are as follows:

	2020 RM	2019 RM
Rental of virtual office		
Future minimum rentals payments:		
Not later than 1 year	**1,997**	1,887

17. Financial risk management policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company is exposed to credit risk primarily from their trade receivables, other receivables which are financial assets, fixed deposits and cash and bank balances.

As at the current and previous financial year end, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the statements of financial position.

For fixed deposits, cash and bank balances, the Company minimises credit risk by adopting an investment policy which allows dealing with counterparties with good credit ratings only. The Company closely monitors the credit worthiness of their counterparties by reviewing their credit ratings and credit profiles on a regular basis. Receivables are monitored to ensure that exposure to bad debts is minimised.

For transactions that are not denominated in the functional currency of the relevant operating unit, the Company does not offer credit terms without the specific approval from the Head of Credit Control. Since the Company trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Fixed deposits and cash and bank balances

The Company's fixed deposits and cash and bank balances at the financial year end are as follows:

	RM
At 31 March 2020	
Fixed deposits with a licensed bank	**975,155**
Cash and bank balances	**1,027,069**
	2,002,224
At 31 March 2019	
Fixed deposits with a licensed bank	949,219
Cash and bank balances	239,158
	1,188,377

No expected credit loss on the Company's balances were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

Receivables

The ageing analysis of the Company's gross receivables (before deducting allowance for impairment loss) are as follows:

				Not credit impaired				
					Past due			
	Note	Total RM	Credit impaired RM	Not past due RM	1-60 days RM	61-120 days RM	>120 days RM	Total RM
At 31 March 2020								
Trade receivables	6	**317,329**	**–**	**317,329**	**–**	**–**	**–**	**–**
Other receivables which are financial assets	6	**2,518**	**–**	**2,518**	**–**	**–**	**–**	**–**
		319,847	**–**	**319,847**	**–**	**–**	**–**	**–**
At 31 March 2019								
Trade receivables	6	76,211	43,955	32,256	–	–	–	–
Other receivables which are financial assets	6	2,518	–	2,518	–	–	–	–
		78,729	43,955	34,774	–	–	–	–

Receivables that are neither past due nor credit impaired are creditworthy debtors with good payment records with the Company. The Company's trade receivables credit term ranges from 30 days to 60 days (2019: 30 days to 60 days).

Other receivables which are financial assets consist of deposits.

None of the Company's receivables that are neither past due nor credit impaired have been renegotiated during the current and previous financial years. Receivables are not secured by any collaterals or credit enhancements.

Impairment on receivables

The Company applies the simplified approach whereby allowance for impairment are measured at 12-months ECL. The movement of the allowance for impairment loss on receivables is as follows:

	Trade receivables			Other receivables which are financial assets		
	Credit impaired (Note i) RM	12-months ECL allowance RM	Total allowance RM	Credit impaired (Note i) RM	12-months ECL allowance RM	Total allowance RM
At 1 April 2019	**43,955**	**–**	**43,955**	**–**	**–**	**–**
Charge for the year (Note ii)	**(43,955)**	**–**	**(43,955)**	**–**	**–**	**–**
At 31 March 2020	**–**	**–**	**–**	**–**	**–**	**–**
At 1 April 2018	–	–	–	–	–	–
Charge for the year (Note ii)	43,955	–	43,955	–	–	–
At 31 March 2019	43,955	–	43,955	–	–	–

i Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments.

ii The Company's allowance for impairment loss on receivables during the current financial year decreased by RM43,955. In the previous financial year, the Company's allowance for impairment loss on receivables increased by RM43,955.

(a) Credit risk

Credit risks concentration profile

The Company's concentration of credit risks relates to an amount owing by 1 (2019: 1) major customer which constituted 81% (2019: 100%) of its trade receivables at the end of the reporting period.

As at the end of the reporting period, the maximum exposure of credit risk arising from trade receivables is represented by the carrying amount in the statement of financial position.

(b) Foreign currency risk

The Company is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is mainly United States Dollar (USD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Foreign currency risk sensitivity analysis

The sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period with all other variables held constant is as follows:

	Increase/ (decrease) in the Company's results	**Increase/ (decrease) in the Company's results**
	2020 RM	2019 RM
Effects on profit before taxation:		
USD		
– strengthened by 5% (2019: 5%)	**(3,635)**	1,469
– weakened by 5% (2019: 5%)	**3,635**	(1,469)

(c) Liquidity and cash flow risks

The Company relies on its management of working capital to ensure that the cash flow within the operating cycle are sustainable. In the event of additional funds required to operate the Company, the financial support from its holding company and related companies is necessary to meet its short-term funding needs.

(d) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

18. Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Amortised cost ("AC")

(b) Fair value through profit or loss ("FVTPL")

	Carrying amount RM	**AC RM**	**FVTPL RM**
2020			
Non-derivative financial assets			
Trade receivables	**317,329**	**317,329**	**–**
Other receivables and deposits	**2,518**	**2,518**	**–**
Fixed deposits with a licensed bank	**975,155**	**975,155**	**–**
Cash and bank balances	**1,027,069**	**1,027,069**	**–**
	2,322,071	**2,322,071**	**–**
Non-derivative financial liabilities			
Trade payables	**542,198**	**542,198**	**–**
Other payables and accruals	**51,220**	**51,220**	**–**
	593,418	**593,418**	**–**
2019			
Non-derivative financial assets			
Trade receivables	32,256	32,256	–
Other receivables and deposits	2,518	2,518	–
Fixed deposits with a licensed bank	949,219	949,219	–
Cash and bank balances	239,158	239,158	–
	1,223,151	1,223,151	–
Non-derivative financial liabilities			
Trade payables	19,303	19,303	–
Other payables and accruals	31,456	31,456	–
	50,759	50,759	–

To the general shareholders' meeting of
BRISTLECONE INTERNATIONAL AG
Rheinweg 7
8200 Schaffhausen

REPORT OF THE STATUTORY AUDITOR ON THE LIMITED STATUTORY EXAMINATION OF THE FINANCIAL STATEMENTS FOR THE YEAR 2019/2020

(for the period of 1 April 2019 until 31 March 2020)

1st May 2020

Report of the statutory auditor on the limited statutory examination to the general shareholders' meeting of **Bristlecone International AG, Schaffhausen**

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of BRISTLECONE INTERNATIONAL AG for the financial year ended 31 March 2020.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

Berne, 1st May 2020

BDO Ltd

Thomas Bigler
Auditor in Charge
Licensed Audit Expert

ppa. Sibylle Schmid
Licensed Audit Expert

Enclosure

Financial statements and proposed appropriation of available earnings

BALANCE SHEET AS PER 31 MARCH

ASSETS	2020 CHF	2020 INR	2019 CHF	2019 INR
Current assets				
Cash and cash equivalents	**1,745,454.23**	**137,122,884.31**	1,131,973.44	88,927,833.45
Accounts receivables due from				
group companies	**–**	**–**	119,234.36	9,367,051.32
third parties	**394,618.08**	**31,001,196.36**	449,260.09	35,293,872.67
Other receivables	**47,564.76**	**3,736,687.55**	75,086.30	5,898,779.73
Services in progress	**121,568.07**	**9,550,387.58**	230,811.48	18,132,549.87
Accrued income and prepaid expenses	**742.93**	**58,364.58**	752.70	59,132.11
	2,309,948.07	**181,469,520.38**	2,007,118.37	157,679,219.15
Non current assets				
Financial assets	**6,034.02**	**474,032.61**	6,033.42	473,985.48
Office equipment	**2.00**	**157.12**	2.00	157.12
Non paid up share capital	**50,000.00**	**3,928,000.00**	50,000.00	3,928,000.00
	56,036.02	**4,402,189.73**	56,035.42	4,402,142.60
TOTAL ASSETS	**2,365,984.09**	**185,871,710.11**	2,063,153.79	162,081,361.75
LIABILITIES AND SHAREHOLDER'S EQUITY				
Liabilities				
Accounts payable due to group companies	**167,468.88**	**13,156,355.21**	74,183.93	58,27,889.54
Other payables	**46,528.27**	**3,655,260.89**	41,006.72	32,21,487.93
Deferred income and accrued expenses	**147,758.13**	**11,607,878.70**	261,653.83	20,555,524.89
Short term liabilities	**361,755.28**	**28,419,494.80**	376,844.48	29,604,902.36
Shareholder's equity				
Share capital	**100,000.00**	**7,856,000.00**	100,000.00	7,856,000.00
Statutory reserves	**50,000.00**	**3,928,000.00**	50,000.00	3,928,000.00
Voluntary retained earnings				
– Balance brought forward from prior year	**1,536,309.31**	**120,692,459.39**	1,587,175.48	124,688,505.71
– Result for the period	**317,919.50**	**24,975,755.92**	(50,866.17)	(3,996,046.32)
Total voluntary retained earnings	**1,854,228.81**	**145,668,215.31**	1,536,309.31	120,692,459.39
Total shareholder's equity	**2,004,228.81**	**157,452,215.31**	1,686,309.31	132,476,459.39
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**2,365,984.09**	**185,871,710.11**	2,063,153.79	162,081,361.75

Bristlecone International AG

Schaffhausen,
Date : 1st May 2020

(Signature/s)

INCOME STATEMENT FOR THE YEAR ENDED

	2019/20 CHF	**2019/20 INR**	2018/19 CHF	2018/19 INR
Income from services	**2,205,655.47**	**173,276,293.72**	2,061,680.79	161,965,642.86
Changes services in progress	**(109,243.41)**	**(8,582,162.29)**	(73,718.11)	(5,791,294.72)
Provision for doubtful debts	**(27,791.99)**	**(2,183,338.73)**	(342.23)	(26,885.59)
Net income	**2,068,620.07**	**162,510,792.70**	1,987,620.45	156,147,462.55
Services expenses	**(1,034,765.31)**	**(81,291,162.75)**	(1,351,752.14)	(106,193,648.12)
Gross result I	**1,033,854.76**	**81,219,629.95**	635,868.31	49,953,814.43
Personnel expenses	**(474,539.59)**	**(37,279,830.19)**	(521,462.77)	(40,966,115.21)
Gross result II	**559,315.17**	**43,939,799.76**	114,405.54	8,987,699.22
Rental expenses	**(23,413.85)**	**(1,839,392.06)**	(23,397.95)	(1,838,142.95)
Administrative expenses	**(12,950.78)**	**(1,017,413.28)**	(17,497.10)	(1,374,572.18)
Consulting, accounting and audit fees	**(51,696.97)**	**(4,061,313.96)**	(43,594.38)	(3,424,774.49)
Operating result before depreciation	**471,253.57**	**37,021,680.46**	29,916.11	2,350,209.60
Depreciation	**–**	**–**	(2,249.16)	(176,694.01)
Operating result (level EBIT)	**471,253.57**	**37,021,680.46**	27,666.95	2,173,515.59
Financial income	**0.60**	**47.14**	11,566.85	908,691.74
Financial expenses	**(125,546.67)**	**(9,862,946.40)**	(86,913.98)	(6,827,962.28)
Other income	**2,688.45**	**211,204.63**	1,814.01	142,508.63
Result before taxes	**348,395.95**	**27,369,985.83**	(45,866.17)	(3,603,246.32)
Taxes	**(30,476.45)**	**(2,394,229.91)**	(5,000.00)	(392,800.00)
Result for the year	**317,919.50**	**24,975,755.92**	(50,866.17)	(3,996,046.32)

Bristlecone International AG

Schaffhausen,
Date : 1st May 2020

(Signature/s)

NOTES TO THE FINANCIAL STATEMENTS AS PER 31 MARCH 2020

Accounting principles applied in the preparation for the financial statements

These financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations (Art. 957 to 963b CO, effective since 1 January 2013).

Disclosure on balance sheet items	31-Mar-2020 CHF	31-Mar-2020 INR	31-Mar-2019 CHF	31-Mar-2019 INR
Services in progress	**121,568.07**	**9,550,387.58**	230,811.48	18,132,549.87

The services in progress are valued as below:-
a) Fixed Price Projects - Based on the percentage-of-completion method
b) Time & Material Projects - Based on the efforts and customer approved billing rate card"

Full-time equivalents

The annual average number of full-time equivalents for the reporting period, as well as the previous year, were below 10.

Translation into Indian Rupees

The financial information in this financial statements is presented in Swiss Franc (CHF) and Indian Rupees (INR). CHF amounts as at end of the year ended 31 March 2020 and 31 March 2019 have been translated for convenience into Indian Rupees at the closing exchange rate of CHF 1 = INR 78.56 as at 31 March 2020.

Other Information

The World Health Organization (WHO) declared the spread of novel coronavirus disease COVID-19 an international health emergency. The Board of Directors and Executive Board of Bristlecone Ltd are monitoring the developments closely and initiating actions as required. At the time these annual financial statements are being approved, the financial consequences of the direct and indirect effects of the COVID-19 pandemic cannot be reliably assessed. Particularly, it is currently not possible to estimate the duration and severity of the recession that is now expected or its impact on Bristlecone International AG. with any degree of accuracy. Apart from the potentially severe impact and uncertainty of a potential recession on account of the Pandemic, there are currently no grounds to assume that some or all of Bristlecone International AG's activities will cease within the meaning of Art. 958a para. 2 of the Swiss Code of Obligations.

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

	31-Mar-2020 CHF	31-Mar-2020 INR	31-Mar-2019 CHF	31-Mar-2019 INR
Balance brought forward from prior year	**1,536,309.31**	**120,692,459.39**	1,587,175.48	124,688,505.71
Result for the period	**317,919.50**	**24,975,755.92**	(50,866.17)	(3,996,046.32)
Total voluntary retained earnings	**1,854,228.81**	**145,668,215.31**	1,536,309.31	120,692,459.39
Motion of the board of directors:				
Balance to be carried forward to new period	**1,854,228.81**	**145,668,215.31**	1,536,309.31	120,692,459.39

Bristlecone International AG

Schaffhausen,
Date : 1st May 2020

(Signature/s)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BRISTLECONE UK LIMITED

Opinion

We have audited the financial statements of Bristlecone UK Limited (the 'company') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

— give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;

— have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

— have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to the COVID19 pandemic on our audit

Uncertainties related to the effects of COVID19 are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

COVID19 is one of the most significant public health, social and economic event and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for the company and this is particularly the case in relation to COVID19.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

— the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

— the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

— the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and

— the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

— adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

— the financial statements are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit; or

— the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditors responsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mukesh Desai (Senior Statutory Auditor)
for and on behalf of Butler & Co LLP
Chartered Accountants
& Statutory Auditor

Third Floor
126-134 Baker Street
London W1U 6UE

Date: 28 April 2020

BRISTLECONE UK LIMITED (REGISTERED NUMBER: 03169221)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARTCH 2020

	Notes	2020 £	2019 £
TURNOVER		**61,487**	230,313
Cost of sales		**13,965**	43,595
GROSS PROFIT		**47,522**	186,718
Administrative expenses		**49,003**	116,565
OPERATING (LOSS)/PROFIT	**4**	**(1,481)**	70,153
Interest receivable and similar income		**1,452**	29,203
(LOSS)/PROFIT BEFORE TAXATION		**(29)**	99,356
Tax on (loss)/profit	**5**	**–**	5,549
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		**(29)**	93,807
OTHER COMPREHENSIVE INCOME		**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(29)**	93,807

The notes form part of these financial statements

BRISTLECONE UK LIMITED (REGISTERED NUMBER: 03169221)

BALANCE SHEET 31 MARCH 2020

	Notes	2020 £	2019 £
CURRENT ASSETS			
Debtors	7	74,244	55,818
Cash at bank		476,480	483,492
		550,724	539,310
CREDITORS			
Amounts falling due within one year	8	32,432	20,989
NET CURRENT ASSETS		518,292	518,321
TOTAL ASSETS LESS CURRENT LIABILITIES		518,292	518,321
CAPITAL AND RESERVES			
Called up share capital	9	2,350,000	2,350,000
Retained earnings	10	(1,831,708)	(1,831,679)
SHAREHOLDERS' FUNDS		518,292	518,321

The financial statements were authorised for issue by the Board of Directors and authorised for issue on 28 April 2020 and were signed on its behalf by:

Harsh Vaish
Director

The notes form part of these financial statements

BRISTLECONE UK LIMITED (REGISTERED NUMBER: 03169221)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2018	**2,350,000**	**(1,925,486)**	**424,514**
Changes in equity			
Total comprehensive income	–	93,807	93,807
Balance at 31 March 2019	**2,350,000**	**(1,831,679)**	**518,321**
Changes in equity			
Total comprehensive income	–	(29)	(29)
Balance at 31 March 2020	**2,350,000**	**(1,831,708)**	**518,292**

The notes form part of these financial statements

BRISTLECONE UK LIMITED (REGISTERED NUMBER: 03169221)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. STATUTORY INFORMATION

Bristlecone UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Turnover

Turnover represents the invoiced amounts of services provided and it is stated net of Value Added Tax.

Revenue for software services is recognised on the basis of services rendered. For time and material contracts, invoices are raised on the basis of customer approved timesheets. For fixed price projects, invoices are raised for prescribed milestones achieved on the basis of acceptance/ sign-off received from the customer. Revenue on fixed price contracts is recognised based on the percentage completion method.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	–	50% on cost
Computer equipment	–	50% on cost

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future with the continuous support from the parent company.

Since the financial year end, there are uncertainties relating to the COVID19 pandemic which might impact the company. No provisions have been made in the financial statements in respect of these uncertainties.

3. EMPLOYEES AND DIRECTORS

	2020 £	2019 £
Wages and salaries	**45,584**	112,754
Social security costs	**3,688**	10,335
Other pension costs	**1,170**	2,016
	50,442	125,105

The average monthly number of employees during the year was as follows:

	2020	2019
Management	**3**	3
Administrative	**–**	–
Sales and Marketing	**1**	1
	4	4

	2020 £	2019 £
Directors' remuneration	–	–

4. OPERATING (LOSS)/PROFIT

The operating loss (2019 - operating profit) is stated after charging/(crediting):

	2020 £	2019 £
Auditors' remuneration	**2,700**	2,500
Foreign exchange differences	**(484)**	8,754

5. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020 £	2019 £
Current tax:		
UK corporation tax	–	**5,549**
Tax on (loss)/profit	–	**5,549**

UK corporation tax has been charged at 19%.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
(Loss)/profit before tax	**(29)**	99,356
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	**(6)**	18,878
Effects of:		
Tax losses brought forward	**–**	(13,329)
Adjustment for losses	**6**	–
Total tax charge	**–**	5,549

6. TANGIBLE FIXED ASSETS

	Plant and machinery	Computer equipment	Totals
	£	£	£
COST			
At 1 April 2019 and 31 March 2020	104	26,195	26,299
DEPRECIATION			
At 1 April 2019 and 31 March 2020	104	26,195	26,299
NET BOOK VALUE			
At 31 March 2020	–	–	–
At 31 March 2019	–	–	–

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	**73,814**	38,056
Amounts owed by group undertakings	–	17,623
Other debtors	–	139
VAT	430	–
	74,244	55,818

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	**17,988**	–
Amounts owed to group undertakings	**3,366**	2,312
Tax	–	5,549
Social security and other taxes	–	9
Other creditors	4,383	–
Accrued expenses	**6,695**	13,119
	32,432	20,989

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value	**2020**	2019
			£	£
2,350,000	Ordinary	£1	**2,350,000**	2,350,000

10. RESERVES

	Retained earnings
	£
At 1 April 2019	(1,831,679)
Deficit for the year	(29)
At 31 March 2020	**(1,831,708)**

11. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

12. ULTIMATE CONTROLLING PARTY

In the opinion of the directors, the immediate parent company is Bristlecone Limited, a company incorporated in the Cayman Islands.

The Directors consider the company's ultimate holding company and controlling party to be Mahindra & Mahindra Limited which is incorporated in India.

The company's results are included in the consolidated financial statements of Mahindra & Mahindra Limited which are publicly available from Gateway Building, Apollo Bunder, Mumbai 400 001, India.

Independent auditor's report

To the Board of Directors and Shareholders of Bristlecone, Inc.

Opinion

1. We have audited the accompanying financial statements of Bristlecone, Inc. (the 'Company') (a California Corporation and a wholly owned subsidiary of Bristlecone Limited), which comprise the balance sheet as at March 31, 2020, the statements of operations, statements of changes in stockholders' equity and statements of cash flows, for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020, and of its financial performance and cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code') together with the ethical requirements that are relevant to our audit of the financial statements in India and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report theron

4. Management is responsible for the other information. Other information does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditor's report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

5. Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

   Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
8. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Place: Mumbai, India
Date: May 11th, 2020

BALANCE SHEET

Particulars	Note ref.	**As at March 31, 2020 (US$)**	**As at March 31, 2020 (INR) (refer Note S)**	As at March 31, 2019 (US$)	As at March 31, 2019 (INR) (refer Note S)
ASSETS					
Current assets					
Cash and cash equivalents	B	**3,640,237**	**274,237,254**	2,089,677	157,425,817
Accounts receivable, net	C	**13,303,341**	**1,002,207,173**	18,421,355	1,387,772,779
Loan to related parties	I	**1,250,000**	**94,168,750**	2,030,000	152,930,050
Other current assets					
– Due from related parties		**721,285**	**54,338,005**	312,941	23,575,410
– Others	D	**1,290,313**	**97,205,730**	1,196,246	90,119,192
Total current assets		**20,205,176**	**1,522,156,912**	24,050,219	1,811,823,248
Non-current assets					
Property and equipment, net	E	**265,555**	**20,005,586**	610,515	45,993,148
Intangible assets, net	E	**72,567**	**5,466,835**	107,659	8,110,491
Deferred tax assets, net	H	**1,332,804**	**100,406,790**	1,505,571	113,422,191
Loan to related parties	I	**-**	**-**	210,000	15,820,350
Other assets		**128,787**	**9,702,170**	129,690	9,770,196
Total non-current assets		**1,799,713**	**135,581,381**	2,563,435	193,116,376
Total assets		**22,004,889**	**1,657,738,293**	26,613,654	2,004,939,624
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities					
Accounts payable:					
– Due to related parties		**5,074,705**	**382,302,901**	1,763,043	132,818,844
– Others		**464,393**	**34,985,035**	588,100	44,304,514
Employee related liabilities		**3,456,305**	**260,380,737**	4,118,570	310,272,471
Accrued expenses and other current liabilities	F	**1,877,637**	**141,451,774**	2,594,677	195,469,992
Unearned revenue		**2,290,910**	**172,585,705**	3,166,792	238,570,275
Short term borrowing	G	**-**	**-**	5,000,000	376,675,000
Short term borrowing - related party	J	**-**	**-**	**2,000,000**	**150,670,000**
Total current liabilities		**13,163,950**	**991,706,152**	19,231,182	1,448,781,096
Non-current liabilities					
Deferred rent and lease incentive		**-**	**-**	167,928	12,650,856
Total non-current liabilities		**-**	**-**	167,928	12,650,856
Total liabilities		**13,163,950**	**991,706,152**	19,399,110	1,461,431,952
Stockholders' equity	K				
Series A Preferred stock, no par value		**774,518**	**58,348,314**	774,518	58,348,314
Series B Preferred stock, no par value		**5,939,606**	**447,460,218**	5,939,606	447,460,218
Common stock, no par value		**136,664**	**10,295,582**	136,664	10,295,582
Additional paid-in capital		**18,505,323**	**1,394,098,508**	18,407,294	1,386,713,493
Accumulated deficit		**(16,515,172)**	**(1,244,170,481)**	(18,043,538)	(1,359,309,935)
Total stockholders' equity		**8,840,939**	**666,032,141**	7,214,544	543,507,672
Total liabilities and stockholders' equity		**22,004,889**	**1,657,738,293**	26,613,654	2,004,939,624

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF OPERATIONS

Particulars	**Note ref.**	**Year ended March 31, 2020 (US$)**	**Year ended March 31, 2020 (INR) (refer Note S)**	Year ended March 31, 2019 (US$)	Year ended March 31, 2019 (INR) (refer Note S)
Revenues		**60,395,725**	**4,549,911,943**	60,403,979	4,550,533,758
Cost of revenues		**44,854,285**	**3,379,097,560**	45,232,452	3,407,586,771
Gross profit		**15,541,440**	**1,170,814,383**	15,171,527	1,142,946,987
Operating expenses					
Selling, general and administrative expenses		**12,601,597**	**949,341,310**	12,330,902	928,948,502
Depreciation and amortization		**437,037**	**32,924,182**	1,232,816	92,874,193
Total operating expenses		**13,038,634**	**982,265,492**	13,563,718	1,021,822,695
Operating income		**2,502,806**	**188,548,891**	1,607,809	121,124,292
Interest expense		**166,839**	**12,568,816**	175,419	13,215,190
Net income before income tax expense		**2,335,967**	**175,980,075**	1,432,390	107,909,102
Income tax expense	H	**807,601**	**60,840,621**	283,296	21,342,104
Net Income		**1,528,366**	**115,139,454**	1,149,094	86,566,998

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Particulars	Preferred stock				Common stock				Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Authorized		Issued and outstanding		Authorized		Issued and outstanding				
	Shares	Amount (US$)	Shares	Amount (US$)	Shares	Amount (US$)	Shares	Amount (US$)	Amount (US$)	Amount (US$)	Amount (US$)
Balance as at April 1, 2018	4,494,500	–	3,615,535	6,714,124	30,000,000	–	8,492,157	136,664	18,114,131	(19,192,632)	5,772,287
Stock based compensation expense	–	–	–	–	–	–	–	–	293,163	–	293,163
Net income for the year	–	–	–	–	–	–	–	–	–	1,149,094	1,149,094
Balance as at March 31, 2019	**4,494,500**	–	**3,615,535**	**6,714,124**	**30,000,000**	–	**8,492,157**	**136,664**	**18,407,294**	**(18,043,538)**	**7,214,544**
Stock based compensation expense	–	–	–	–	–	–	–	–	98,029	–	98,029
Net income for the year	–	–	–	–	–	–	–	–	–	1,528,366	1,528,366
Balance as at March 31, 2020	**4,494,500**	–	**3,615,535**	**6,714,124**	**30,000,000**	–	**8,492,157**	**136,664**	**18,505,323**	**(16,515,172)**	**8,840,939**

Particulars	Preferred stock				Common stock				Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Authorized		Issued and outstanding		Authorized		Issued and outstanding				
	Shares	Amount (INR) (refer note S)	Shares	Amount (INR) (refer note S)	Shares	Amount (INR) (refer note S)	Shares	Amount (INR) (refer note S)	Amount (INR) (refer note S)	Amount (INR) (refer note S)	Amount (INR) (refer note S)
Balance as at April 1, 2018	4,494,500	–	3,615,535	505,808,532	30,000,000	–	8,492,157	10,295,582	1,364,628,058	(1,445,876,933)	434,855,239
Stock based compensation expense	–	–	–	–	–	–	–	–	22,085,435	–	22,085,435
Net income for the year	–	–	–	–	–	–	–	–	–	86,566,998	86,566,998
Balance as at March 31, 2019	4,494,500	–	**3,615,535**	**505,808,532**	**30,000,000**	-	**8,492,157**	**10,295,582**	**1,386,713,493**	**(1,359,309,935)**	**543,507,672**
Stock based compensation expense	–	–	–	–	–	–	–	–	7,385,015	–	7,385,015
Net income for the year	–	–	–	–	–	–	–	–	–	115,139,454	115,139,454
Balance as at March 31, 2020	**4,494,500**	-	**3,615,535**	**505,808,532**	**30,000,000**	-	**8,492,157**	**10,295,582**	**1,394,098,508**	**(1,244,170,481)**	**666,032,141**

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF CASH FLOWS

Particulars	Year ended March 31, 2020 (US$)	Year ended March 31, 2020 (INR) (refer Note S)	Year ended March 31, 2019 (US$)	Year ended March 31, 2019 (INR) (refer Note S)
Cash flow from operating activities				
Net income	**1,528,366**	**115,139,454**	1,149,094	86,566,998
Adjustments to reconcile net income to net cash from/(used in) operating activities				
Depreciation and amortization	**437,037**	**32,924,182**	1,232,816	92,874,193
Deferred tax charge/(credit)	**172,767**	**13,015,401**	(292,129)	(22,007,538)
Gain on disposal of equipment and software	**(238)**	**(17,964)**	(253)	(19,060)
Bad debts	**30,469**	**2,295,401**	20,542	1,547,532
Provision for doubtful debts	**548,857**	**41,348,158**	279,662	21,068,337
Stock compensation expense	**98,029**	**7,385,015**	293,163	22,085,435
Changes in assets and liabilities				
Accounts receivable and unbilled revenue	**4,538,688**	**341,922,060**	(2,146,735)	(161,724,283)
Other current assets, related parties	**(198,344)**	**(14,942,245)**	856,644	64,535,276
Other current assets and other assets	**(93,164)**	**(7,018,510)**	(397,809)	(29,968,941)
Accounts payable, related parties	**3,311,662**	**249,484,057**	(5,127,284)	(386,263,940)
Accounts payable	**(123,707)**	**(9,319,467)**	293,422	22,104,946
Other liabilities	**(2,423,115)**	**(182,545,369)**	565,041	42,567,364
Repayment by related parties	**1,280,000**	**96,428,800**	30,000	2,260,050
Loan to related parties	**(500,000)**	**(37,667,500)**	(1,500,000)	(113,002,500)
Net cash provided by/(used in) operating activities	**8,607,307**	**648,431,473**	(4,743,826)	(357,376,131)
Cash flow from investing activities				
Purchase of equipment and software	**(59,192)**	**(4,459,229)**	(160,944)	(12,124,717)
Sale of equipment and software	**2,445**	**184,193**	**299**	**22,525**
Net cash used in investing activities	**(56,747)**	**(4,275,036)**	(160,645)	(12,102,192)
Cash flow from financing activities				
Proceeds from term loan	**–**	**–**	5,000,000	376,675,000
Repayment of term loan	**(5,000,000)**	**(376,675,000)**	(1,500,000)	(113,002,500)
Repayment of loan, related party, net	**(2,000,000)**	**(150,670,000)**	(500,000)	(37,667,500)
Net cash (used in)/provided by financing activities	**(7,000,000)**	**(527,345,000)**	3,000,000	226,005,000
Net increase/(decrease) in cash and cash equivalents	**1,550,560**	**116,811,437**	(1,904,471)	(143,473,323)
Cash and cash equivalents at the beginning of the year	**2,089,677**	**157,425,817**	3,994,148	300,899,140
Cash and cash equivalents at the end of the year	**3,640,237**	**274,237,254**	2,089,677	157,425,817
Supplemental cash flow information				
Interest paid	**188,697**	**14,215,488**	157,554	11,869,331
Interest received	**77,803**	**5,861,306**	–	–
Income taxes paid	**817,183**	**61,562,481**	977,485	73,638,832

(The accompanying notes are an integral part of these financial statements)

Notes to Financial Statements

NOTE A - BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. NATURE OF OPERATIONS

Bristlecone, Inc. (the "Company") is engaged in providing technology solutions and consulting services, with operations and customers primarily in the United States of America (the 'US' or 'USA'). The Company's primary focus is on providing supply chain services ranging from supply chain strategy and network design to supply chain system implementations. The Company also provides application outsourcing services, data management services and development and integration services to independent software vendors.

2. GENERAL INFORMATION

The Company was incorporated under the laws of the State of California in 1998. In May 2004, the Company became a wholly-owned subsidiary of Bristlecone Limited, a Cayman Island Company. The Company's then stockholders and stock option holders, in exchange for their stock interest in Bristlecone, Inc., received cash, common stock, preferred stock, warrants and common stock options of Bristlecone Limited. Mahindra & Mahindra Limited, an Indian Company is the Company's ultimate parent.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

3.1. OVERALL CONSIDERATIONS

The accompanying financial statements have been prepared on a going concern basis under the historical cost convention and on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

These financial statements have been presented in United States Dollars ('US$'), which is the functional and reporting currency of the Company.

3.2. USE OF ESTIMATES

In preparing the Company's financial statements in conformity with accounting principles generally accepted in the United States of America, the Company's management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The management's estimates for allowance for uncollectible amounts, useful lives of assets, efforts to completion for fixed price projects and realization of deferred tax assets, provision for variable pay represent certain of these particularly sensitive estimates.

3.3. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Transactions in foreign currencies are translated at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. All foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at year-end are recorded in the statement of operations.

3.4. REVENUE RECOGNITION

The Company is principally engaged in Business Consulting, Software Implementation and related support services.

Effective April 1, 2019, the Company has adopted new standard "Revenue from Contracts with Customers" ("ASC 606"). ASC 606 supersedes the revenue recognition requirements in ASC Topic 605, "Revenue Recognition" ("ASC 605") and nearly all other existing revenue recognition guidance under US GAAP. The core principle of ASC 606 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. The Company has adopted ASC 606 using the full retrospective method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated. Refer Note A No 3.4 "Background Information and Summary of Significant Accounting Policies" in the audited financial statements of the Company for Financial Year 2017-18 for accounting policies on revenue prior to April 1, 2018. The adoption of the new standard did not have any impact on the financial statements of the Company.

Revenue is recognised upon transfer of control of contracted products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenues with respect to time and material contracts are recognized on input method basis i.e. based on time/efforts spent.
- Revenue related to fixed price maintenance and support services contracts where the Company provides services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation.
- Revenue from the sale of third- party software is recognised upfront at the point in time when the software is delivered to the customer.
- Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.
- Unearned and deferred revenue is recognised when there is billing in excess of revenues. The billing schedules agreed with customers include periodic performance-based payments and/or milestone-based progress payments. Invoices are payable within contractually agreed credit period.
- Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Use of significant estimates and judgments

The Company uses the expected cost- plus margin approach to allocate the transaction price to each distinct performance obligation.

Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended are used to measure progress towards completion as there is a direct relationship between input and productivity.

The Company uses significant judgments while determining the transaction price allocated to performance obligations using the expected cost-plus margin approach.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

Disaggregation of Revenue

The Company disaggregates revenue from contracts with customers by geography and contract-type, as it believes it best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by industry, market and other economic factors.

The Company's revenue by geography is as follows:

Geographic location	**Year ended March 31, 2020**		Year ended March 31, 2019	
	US$	**INR**	US$	INR
North America	**58,540,047**	**4,410,114,441**	58,606,234	4,415,100,638
Europe	**515,757**	**38,854,554**	712,252	53,657,504
Rest of the world	**1,339,921**	**100,942,948**	1,085,493	81,775,616
Total	**60,395,725**	**4,549,911,943**	60,403,979	4,550,533,758

The Company's revenue by type of contract is as follows:

Type of contract	Year ended March 31, 2020		Year ended March 31, 2019	
	US$	**INR**	US$	INR
Time and materials	**28,761,995**	**2,166,784,893**	25,653,343	1,932,594,595
Fixed-price	**31,633,730**	**2,383,127,050**	34,750,636	2,617,939,163
Total	**60,395,725**	**4,549,911,943**	60,403,979	4,550,533,758

3.5. ACCOUNTS RECEIVABLE

Account receivable are recorded net of allowance for doubtful accounts. Allowance for doubtful accounts are established through evaluation of the accounts receivable ageing and prior collection experience, current market conditions, customer's financial conditions and the amount of receivable in dispute to ascertain ultimate collectability of these receivables. Account balances are charged off against the allowance after all means of collection have been exhausted and potential for recovery is remote.

3.6. CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Cash comprises balance held with banks.

3.7. DIVIDENDS

Final dividend on common stock and preferred stock are recorded as a liability on the date of declaration by the Board of Directors.

3.8. PROPERTY, EQUIPMENT AND SOFTWARE

Equipment and software are stated at historical cost less accumulated depreciation and amortization.

Assets under capital lease obligations are recorded at lower of the present value of the minimum lease payments or the fair market value of the leased asset, at the inception of the lease.

Depreciation/amortization is calculated on the straight-line method over the estimated useful life of the respective assets. Assets under capital leases and leasehold improvements are amortized over lower of their estimated useful lives and the term of the lease.

The Company has determined the estimated useful lives of assets for depreciation/ amortization purposes as follows:

Computers	3 – 5 years
Furniture and fixtures	5 – 7 years
Office equipment	3 – 5 years
Software	3 years
Leased furniture and fixtures	6 years or period of lease, whichever is lower
Leased computers	3 years or period of lease, whichever is lower
Leased office equipment	3 years or period of lease, whichever is lower
Leasehold improvements	Over the shorter of primary lease period and the useful life of the asset

Expenditure for maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the cost of the asset and related accumulated depreciation and amortisation are eliminated from the financial records. Any gain or loss on disposal is credited or charged to the statement of operations.

3.9. SOFTWARE DEVELOPMENT COSTS

Costs related to research are expensed as incurred.

Development costs of new software products, are capitalised as deferred development costs if they can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the product. Otherwise, development costs are expensed as incurred. Expenditure capitalized include the direct manpower costs and overhead costs that are directly attributable to preparing the asset for its intended use.

Deferred development costs are depreciated, commencing when the product is available for general release and sale, over the estimated product life of three years using straight-line method.

The estimated useful life and amortisation method are reviewed as at each reporting date, with effect of any changes in estimate being accounted for on a prospective basis. During the year ended March 31, 2019, the Company had charged an additional amortization of US$ 494,435 (INR 37,248,261).

Subsequent to initial measurement, deferred development costs are stated at costs less accumulated depreciation and accumulated impairment losses.

3.10. IMPAIRMENT OF LONG LIVED ASSETS

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured at the amount by which the carrying value of the assets exceeds its fair value. Management has performed its impairment review and concludes that the Company's long lived assets are not impaired as of March 31, 2020.

3.11. COST OF REVENUES

Cost of revenues comprises salaries and employee benefits, stock compensation expense, sub-contractor fees, off-shore consultancy charges, project related travel and other costs, including those reimbursed by customers.

3.12. EMPLOYEE BENEFITS

Contributions to defined contribution plans are charged to statements of operations in the year in which they accrue.

The Company's liability towards compensated absences is determined on an arithmetical basis for the entire unavailed vacation balance standing to the credit of each employee as at year-end.

The Company has a 401(k) plan that provides defined contribution retirement benefits for all the employees. Participants may contribute a portion of their compensation to the plan, subject to the limitations under the Internal Revenue Code. The Company's contributions to the plan are at the discretion of the Board and expense is recorded in the year to which such contributions pertain.

3.13. STOCK COMPENSATION

The employees of the Company participate in various stock compensation plans which are operated by the Holding Company, based on which the employees of the Company have been granted stock options of the Holding Company. The Company accounts for stock compensation in accordance with ASC 718, "Stock Compensation".

The Company applies the same accounting principles as the Bristlecone Limited (Holding Company) for recording stock compensation in respect of stock of the Holding Company granted to employees of the Company for the purposes of reporting in the separate financial statements of the Company. An amount equal to such compensation expense for the year is recorded as a capital contribution in stockholders' equity in the separate financial statements of the Company.

The Company accounts for the equity-settled options granted to its employees in accordance with ASC 718, "Stock Compensation". ASC 718 addresses the accounting for stock based compensation transactions in which an enterprise receives employee services in exchange for equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments.

In accordance with the provisions of ASC 718, stock compensation for all awards granted, modified or settled, that the Company expects to vest is recognized on a straight line basis over the requisite service period, which is generally the vesting period of the award..

ASC 718 requires the use of a valuation model to calculate the fair value of stock-based awards. The Company elected to use the Black-Scholes-Merton pricing model to determine the fair value of stock-based awards on the date of grant.

3.14. INCOME TAXES

The Company applies the asset and liability method of accounting for income taxes as described in ASC 740, "*Income Taxes*". Under this method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statements' carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards.

Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recognized to reduce the deferred tax assets to an amount that is more likely than not to be realized. In assessing the likelihood of realization, management considers estimates of future taxable income and the effect of temporary differences.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. The amendments in this update simplify the presentation of deferred income taxes and require that deferred tax liabilities and assets be classified as non-current in a classified statement of financial position. The amendments are effective for financial statements issued for annual periods beginning after December 15, 2017. Early adoption is allowed for any annual financial statements that have not been issued.

Further, ASC 740-10 requires the Company to recognize a provision for uncertainty in income taxes based on minimum recognition threshold. The Company applies a two-step approach for recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining, based on the technical merits, that the position will be more likely than not sustained upon examination. The second step is to measure the tax benefit as the largest amount of the tax benefit that is greater than 50% likely of being realized upon settlement.

3.15. LEASES

The Company classifies all leases at the inception date as either a capital lease or an operating lease. Lease of assets under which there is transfer of substantially the entire risk and rewards incident to ownership as per ASC 840 "*Leases*" are classified as capital leases, otherwise all leases are classified as operating lease.

Assets under capital leases are capitalized and lease payments are appropriated towards the lease obligation and interest on the obligation amount.

Lease rental expenses on operating leases are charged to expense over the lease term as they become payable. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rental expense for these leases is recognized on a straight-line basis over the primary lease term.

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	As at March 31, 2020 US$	**As at March 31, 2020 INR (refer Note S)**	As at March 31, 2019 US$	As at March 31, 2019 INR (refer Note S)
Balance in checking and money market accounts	**3,640,237**	**274,237,254**	2,089,677	157,425,817

Cash balances of the Company are held in checking accounts, which are non-interest bearing, with the banks participating in the Transaction Account Guarantee Program of Federal Deposit Insurance Corporation (FDIC). Under that program, through March 2020, all non-interest-bearing transaction accounts are guaranteed by the FDIC for US$ 250,000 per tax ID for State Bank of India, California and Silicon Valley Bank.

As at March 31, 2020, the Company has US$ 3,140,237 (INR 236,569,766) [2019 US$ 1,589,677 (INR 119,758,341)] as balances in excess of the federally insured amounts.

NOTE C - ACCOUNTS RECEIVABLE, NET

Accounts receivables comprise of the following:

	As at March 31, 2020 US$	**As at March 31, 2020 INR (refer Note S)**	As at March 31, 2019 US$	As at March 31, 2019 INR (refer Note S)
Due from related parties	**834,699**	**62,882,049**	1,209,553	91,121,675
Due from others	**13,297,161**	**1,001,741,638**	17,491,464	1,317,719,441
	14,131,860	**1,064,623,687**	18,701,017	1,408,841,116
Less: Allowance for uncollectible accounts receivables	**(828,519)**	**(62,416,514)**	(279,662)	(21,068,337)
	13,303,341	**1,002,207,173**	18,421,355	1,387,772,779

Accounts receivable include unbilled accounts receivable which represent revenues on contracts to be billed, in subsequent periods, as per the terms of the related contracts. As of March 31, 2020 and 2019, the Company had US$ 2,024,277 (INR 152,498,924) [2019: US$ 3,264,191 (INR 245,907,864) of unbilled accounts receivable, respectively.

The allowance for uncollectible amounts reflected the following activity during the year:

	As at March 31, 2020 US$	**As at March 31, 2020 INR (refer Note S)**	As at March 31, 2019 US$	As at March 31, 2019 INR (refer Note S)
Balance at the beginning of the year	**279,662**	**21,068,337**	–	–
Add: Allowance created during the year	**579,326**	**43,643,578**	**300,204**	**22,615,833**
Less: Written off during the year	**(30,469)**	**(2,295,401)**	**(20,542)**	**(1,547,496)**
Balance at the end of the year	**828,519**	**62,416,514**	**279,662**	**21,068,337**

NOTE D - OTHER CURRENT ASSETS

Other current assets comprises of the following:

	As at March 31, 2020 US$	**As at March 31, 2020 INR (refer Note S)**	As at March 31, 2019 US$	As at March 31, 2019 INR (refer Note S)
Prepaid expenses	**258,939**	**19,507,170**	289,288	21,793,511
Prepaid expenses – software licenses	**323,929**	**24,403,191**	249,271	18,778,830
Taxes receivable	–	–	220,528	16,613,477
Advance income taxes	**269,658**	**20,314,686**	117,339	8,839,734
Others	**437,787**	**32,980,683**	319,820	24,093,640
	1,290,313	**97,205,730**	1,196,246	90,119,192

NOTE E - PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS, NET

(a) Property and equipment consist of the following:

	As at March 31, 2020 US$	**As at March 31, 2020 INR (refer Note S)**	As at March 31, 2019 US$	As at March 31, 2019 INR (refer Note S)
Computers	**814,547**	**61,363,897**	829,202	62,467,933
Furniture and fixtures	**246,602**	**18,577,762**	246,602	18,577,762
Office equipment	**16,080**	**1,211,387**	16,080	1,211,387
Lease hold improvements	**828,907**	**62,445,709**	813,981	61,321,259
Capital lease – Computers	**266,945**	**20,110,302**	266,945	20,110,302
Capital lease – Furniture and fixtures	**23,534**	**1,772,934**	23,534	1,772,934
Capital lease – Office equipment	**278,801**	**21,003,473**	278,801	21,003,473
	2,475,416	**186,485,464**	2,475,145	186,465,050
Less: Accumulated depreciation	**(2,209,861)**	**(166,479,878)**	(1,864,630)	(140,471,902)
Property and equipment, net	**265,555**	**20,005,586**	610,515	45,993,148

Depreciation expense for the year ended March 31, 2020 was US$ 362,189 (INR 27,285,508) and March 31, 2019 was US$ 381,011 (INR 28,703,463).

(b) Intangible assets consist of the following:

	As at March 31, 2020 US$	**As at March 31, 2020 INR (refer Note S)**	As at March 31, 2019 US$	As at March 31, 2019 INR (refer Note S)
Software	**284,670**	**21,445,614**	244,914	18,450,597
Software development costs	**839,388**	**63,235,295**	839,386	63,235,144
	1,124,058	**84,680,909**	1,084,300	81,685,741
Less: Accumulated amortization	**(1,051,491)**	**(79,214,074)**	(976,641)	(73,575,250)
Intangible assets, net	**72,567**	**5,466,835**	107,659	8,110,491

Amortization expense for the year ended March 31, 2020 was US$ 74,850 (INR 5,638,824) and March 31, 2019 was US$ 851,805 (INR 64,170,730)

NOTE F - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities comprise of the following:

	As at March 31, 2020 US$	**As at March 31, 2020 INR (refer Note S)**	As at March 31, 2019 US$	As at March 31, 2019 INR (refer Note S)
Provision for income tax expense	**645,485**	**48,627,612**	–	–
Accrued expenses	**1,079,053**	**81,290,449**	2,414,983	181,932,774
Interest on loan from related party	–	–	19,462	1,466,170
Interest on loan, others	–	–	2,396	180,503
Deferred rent and lease incentive	**153,099**	**11,533,713**	157,836	11,890,575
	1,877,637	**141,451,774**	2,594,677	195,469,992

NOTE G - SHORT TERM BORROWING

Short term borrowing comprises of the following:

	As at March 31, 2020 US$	**As at March 31, 2020 INR (refer Note S)**	As at March 31, 2019 US$	As at March 31, 2019 INR (refer Note S)
Line of credit	**-**	**-**	5,000,000	376,675,000

During the previous year, the Company had obtained a revolving line of credit amounting to US$ 5,000,000 (INR 376,675,000) from Australia and New Zealand Banking Group Limited (Singapore Branch). The terms of line of credit provided a ceiling for the total limit of US$ 5,000,000 (INR 376,675,000).

It bears an interest rate of 3.56% p.a. (2019: 4.14% p.a.), which is 150 basis points over LIBOR. The line of credit is secured by all the accounts receivables of the Company. The agreement does not contain any financial covenants.

During the current year, the Company has repaid the entire line of credit. Interest expense for the year ended March 31, 2020 towards the line of credit was US$ 131,880 (INR 9,935,180) [2019: US$ 2,396 (INR 180,503)].

NOTE H - INCOME TAXES

Income tax expense for the year comprises of the following:

	Year ended March 31, 2020 US$	**Year ended March 31, 2020 INR (refer Note S)**	Year ended March 31, 2019 US$	Year ended March 31, 2019 INR (refer Note S)
Current tax expense	**634,834**	**47,825,220**	575,425	43,349,642
Deferred tax expense/(credit)	**172,767**	**13,015,401**	(292,129)	(22,007,538)
	807,601	**60,840,621**	283,296	21,342,104

The difference between the amount of income tax expense that would result from applying domestic federal statutory income tax rates to the net profit and the net deferred tax assets is related to certain non-deductible expenses, state income taxes and the change in the valuation allowance. Permanent differences are primarily on account of non-deductible meals and entertainment expenses. During the year, the Company utilised carry forward Net Operating Losses (NOL) of US$ 122,294 (INR 9,213,018) [2019: US$ 302,894 (INR 22,818,519)].

Following is the summary of deferred tax assets and liabilities:

	As at March 31, 2020 US$	**As at March 31, 2020 INR (refer Note S)**	As at March 31, 2019 US$	As at March 31, 2019 INR (refer Note S)
Deferred tax assets				
Net operating loss carry forwards	**782,993**	**58,986,778**	792,634	59,713,082
Accrued payroll	**969,623**	**73,046,549**	1,218,613	91,804,210
Provision for uncollectible receivables	**232,897**	**17,545,295**	75,509	5,688,471
Sub-total	**1,985,513**	**149,578,622**	2,086,756	157,205,763
Valuation allowance	**(589,424)**	**(44,404,257)**	(566,149)	(42,650,835)
Total deferred tax asset	**1,396,089**	**105,174,365**	1,520,607	114,554,928
Deferred tax liability				
Equipment and software	**(63,285)**	**(4,767,575)**	(15,036)	(11,32,737)
Net deferred tax asset	**1,332,804**	**100,406,790**	1,505,571	113,422,191

As at March 31, 2020, the Company has US$ 2,586,024 (INR 194,818,118) [2019: US$ 2,708,318 (INR 204,031,137)] in US Federal Net Operating Loss ("NOL") carryovers, which can be carried forward for future utilization within

20 years from the year in which such losses are generated subject to certain limitations under US tax laws.

As at March 31, 2020, the Company also has US$ 1,743,482 (INR 131,345,216) [2019: US$ 1,813,184 (INR 136,596,217)] in State Operating Losses carried forward, which can be carried forward for future utilization within 5-17 years.

The carry forward of the NOLs prior to the date of change of ownership will be impacted by Sec 382 limitation under the International Revenue Code. In terms of this limitation, while the carry forward of any of the NOL's will not be restricted, there will be a limitation on the annual amounts available for set-off under the Code, (currently computed as the value of Bristlecone Inc. prior to the Transaction * 4.45%).

During the year ended March 31, 2020, the Company has not reversed any valuation allowance. In evaluating the Company's ability to recover deferred tax assets, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, Company's future plans and results of recent operations. In evaluating the objective evidence that historical results provide, the Company considers three years of cumulative operating income. Using all available evidence, the Company determined that it was uncertain that it will realize the deferred tax asset for certain of these carry forwards within the carry forward period.

No statutes have been extended on any of the Company's federal income tax filings. The statute of limitation on the Company's March 2017, March 2018 and March 2019 Federal income tax returns will expire on December 15, 2020, December 15, 2021 and December 15, 2022, respectively.

The Company is currently not under examination by any state authority for income tax purposes and no statutes of limitation for state income tax filings have been extended. As of March 31, 2020, the Company does not have any uncertain tax position in respect of unrecognized tax positions as per ASC 740-10.

NOTE I - LOAN TO RELATED PARTIES

The Company has granted unsecured loan, being inter-corporate deposits to a Fellow Subsidiary Company (Bristlecone Middle East DMCC), outstanding balance as at March 31, 2020 is US$ 750,000 (INR 56,498,750) [2019: US$ 1,000,000 (INR 75,335,000)]. The loan bears an interest rate of 2.35% p.a. as at March 31, 2020 [2019: 2.35% p.a.] and is repayable on demand.

During the current year, the Company has also granted an unsecured loan of US$ 500,000 (INR 37,670,000) [2019: US$ NIL (INR NIL)] being inter-corporate deposits to Holding Company (Bristlecone Limited), on March 27, 2020. The loan bears an interest rate of 3.565% p.a. and is repayable on demand.

Loan to related parties comprised of an outstanding secured loan as at March 31, 2019, of US$ 240,000 (INR 18,080,400) granted to a Key Management Personnel (Irfan Khan) on August 8, 2016. The loan was secured by 388,081 shares of the Common Stock of the Company held by the Key Management Personnel which were issued on exercise of employee stock options granted to him. The loan bears an interest rate of 2.5% p.a. and repayable as per the agreed upon repayment schedule within four years from the date of the grant of loan.

During the current year, Key Management Personnel has resigned from the Company on May 8, 2019 and has surrendered 90,857 shares at price of $2.87 per share equivalent to the $ 260,760 [INR 19,644,355]. The principal loan amount of US$ 240,000 (INR 18,080,400) along with the interest of US$ 20,760 [INR 1,563,955] have been adjusted against these surrendered shares of Holding Company. The amount is receivable from Holding Company.

During the previous year, the Company had granted an unsecured loan of US$ 1,000,000 (INR 75,335,000) being inter-corporate deposits to a Fellow Subsidiary Company (Bristlecone Singapore Pte Ltd), on October 11, 2018 and January 21, 2019. The loan bears an interest rate of 2.35% p.a. and is repayable on demand. The entire loan has been repaid by Bristlecone Singapore Pte Ltd. during the financial year ended March 31, 2020.

NOTE J - LOAN FROM RELATED PARTY

The Company had an outstanding unsecured loan of US$ 2,000,000 (INR 150,670,000) as at March 31, 2019 obtained from a fellow subsidiary company (Bristlecone GmbH) bearing an interest rate of 5.75% p.a., repayable in two years. The entire loan has been repaid by the Company during the financial year ended March 31, 2020.

NOTE K - STOCKHOLDERS' EQUITY

The Company's authorized stock comprised of 4,494,500 preferred stock at no par value and 30,000,000 common stock at no par value as at March 31, 2020 and March 31, 2019; of which 865,540 preferred stock Series A, 2,749,995 preferred stock series B and 8,492,157 common stock were issued and outstanding as at March 31, 2020 and March 31, 2019.

Conversion of preferred stock

Each preferred stock series A and preferred stock series B is entitled to be converted, without payment of any additional consideration, into one fully paid common stock.

Voting

Every holder of preferred stock series A and preferred stock series B is entitled to one vote for each common stock held into which such Series A or Series B preferred stock could be converted.

Liquidation

In the event of a liquidation, dissolution or winding up of the Company:

(a) holders of Preferred Stock series A and Preferred Stock series B, shall on a pari passu basis, in preference to any distribution to holders of Common Stock receive an amount per stock equal to (i) US$ 0.94 for each outstanding stock of preferred stock Series A and (ii) US$ 2.21 for each outstanding stock of preferred stock Series B subject to appropriate adjustments for stock splits, stock dividends, combinations or recapitalization etc. If upon the occurrence of such event, the assets available for distribution shall be insufficient to permit the payment of the full aforesaid preferential amounts, then the available funds shall be distributed rateably in proportion to the preferential amount each such holder is otherwise entitled to receive pursuant to this clause.

(b) Upon the completion of distribution required by clause (a) above, the remaining assets available for distribution shall be distributed among the holders of Series A Preferred Stock, Series B Preferred Stock and Common Stock pro rata based on the number of stocks of Common Stock held by each, provided that the Common Stock holders shall not receive any distribution unless the Series A Preferred Stock holders have received an aggregate of US$ 0.47 per stock and the Series B Preferred Stock holders have received an aggregate of US$ 1.11 per stock (not including amounts paid pursuant to clause (a) above).

NOTE L - EMPLOYEE BENEFIT PLANS

Accrual for compensated absences at current employee compensation rates as at March 31, 2020 is US$ - 364,490 (INR 27,458,891) [2019: US$ 397,150 (INR 29,919,327)].

The Company in the current year made a contribution of US$ 219,929 (INR 16,568,344) [2019: US$ 149,885 (INR 11,291,586)] to 401(k) plan.

NOTE M - STOCK COMPENSATION

Bristlecone Limited, the Holding Company has following Stock Option Plans under which the options are granted to the employees of the Company:

1. <u>Bristlecone Limited 2004 Stock Option Plan (arising out of conversion of the earlier Bristlecone Inc. Existing Stock Option Plan) and Bristlecone Limited 2008 Stock Option Plan:</u>

   Pursuant to the terms of the acquisition of Bristlecone Inc. on May 17, 2004 by Bristlecone Limited (the "transaction"), the then existing outstanding options of Bristlecone Inc., aggregating to a total of 2,058,493 options were cancelled and fresh options were issued by Bristlecone Limited under 2004 stock option plan based on the exchange criteria set out in the transaction documents.

   Features of these plans are as under:

   Options granted under these plans include incentive stock options and non-statutory stock options. As per these plans, 25 per cent of the Shares subject to the Option, vest on the one (1) year anniversary of the vesting commencement date, and 1/48 of the options vest each month thereafter on the same day of the month as the vesting commencement date, subject to the grantee continuing to be an employee through each such date. The term of each Option is stated in the Option Agreement; provided, however, that the term shall be no more than 10 years from the date of grant thereof. The exercise price of each option, (a) granted to an employee who at the time of grant of such option, owns stock representing more than 10 per cent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, shall be no less than 110 per cent of the Fair Market Value per Share as determined by the Board on the date of grant (b) granted to any other employee, shall be no less than 100 per cent of the Fair Market Value per Share determined by the Board on the date of grant, unless otherwise ratified by the Board.

The following table summarizes information about the options issued under different Plans:

	Options outstanding Year ended March 31, 2020	**Weighted average exercise price March 31, 2020**	Options outstanding Year ended March 31, 2019	Weighted average exercise price March 31, 2019
Stock Option 2008 Plan				
Outstanding at April 1	**1,525,817**	**US$ 1.50**	1,451,383	US$ 1.32
Granted	**271,500**	**US$ 2.87**	175,000	US$ 2.38
Exercised	**46,875**	**US$ 0.77**	41,500	US$ 0.10
Expired/forfeited	**1,091,417**	**US$ 1.66**	59,066	US$ 0.57
Outstanding at March 31	**659,025**		1,525,817	

Additional information on outstanding options

Exercise price range for the options outstanding is given below:

Exercise Price (US$)	**No of options outstanding**	
	March 31, 2020	March 31, 2019
US$ 0.10	**120,500**	142,167
US$ 0.77	**69,000**	519,000
US$ 1.41	**15,000**	15,000
US$ 2.14	**107,650**	674,650
US$ 2.38	**175,000**	175,000
US$ 2.87	**171,875**	-

Options outstanding that have vested and are expected to vest are as follows:

	March 31, 2020			March 31, 2019		
	Outstanding options	**Weighted average exercise price in US$**	**Weighted average remaining contract Term (in years)**	Outstanding options	Weighted average exercise price in US$	Weighted average remaining contract term (in years)
Stock Option 2008 Plan						
Vested	**386,215**	**1.37**	**5.82**	831,438	0.95	6.26
Expected to vest	**272,810**	**2.56**	**8.65**	694,379	2.17	8.77

Stock based compensation expense has been determined based on the fair values of the options estimated on the date of grant using the Black-Scholes model with the following assumptions:

	Year ended March 31, 2020	Year ended March 31, 2019
Dividend yield	0 percent	0 percent
Expected life	6.25 years	6.25 years
Risk free interest rate	1.15 percent	2.27 percent
Volatility	33.26 percent	28 percent

The Black-Scholes option-pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since options pricing models require use of subjective assumptions, changes therein can materially affect fair value of the options. The options pricing models do not necessarily provide a reliable measure of fair value of the options.

The Company has recognized stock compensation expense of US$ 98,029 (INR 7,385,015) [2019: US$ 293,163 (INR 22,085,435)] for the year ended March 31, 2020.

Unrecognized compensation expense associated under the fair value method for shares expected to vest (unvested options net of expected forfeitures) as of March 31, 2020 was approximately US$ 175,062 (INR 13,188,296) [2019: US$ 612,456 (INR 46,139,373)] and is expected to be recognized over a weighted average period of 2.45 years.

The aggregate fair value of all options granted during the year is US$ 81,261 (INR 6,121,797) and weighted average grant date fair value per option that vested during the year is US$ 0.30 (INR 23).

There have been no modifications or cancellations of these plans during the current or preceding year.

NOTE N - CONTINGENCIES

The Company evaluates contingencies as per its assessments of probable, reasonably possible and remote, as per ASC 450 “Contingencies”. It is subject to legal claims in the normal course of business. However, based on its evaluation, management believes that there are no claims or contingencies, potential outcomes of which could be material to the financial condition or results of operations of the Company.

NOTE O - OPERATING LEASES

The Company uses office space under operating lease expiring through the financial year 2020-21, which contains an annual rent escalation clause. The rental expense on this lease is recognized on a straight-line basis. Total rent expense was US$ 378,440 (INR 28,509,777) [2019: US$ 340,593 (INR 25,658,574)] for the year ended March 31, 2020.

Future minimum lease payments under operating leases consisted of the following as of March 31, 2020:

	In US$	**In INR**
Year ending March 31	**Operating lease**	**Operating lease**
2021	409,980	30,885,879
Total minimum payments	**409,980**	**30,885,879**

NOTE P - RELATED PARTY TRANSACTIONS

1. **List of related parties and their relationships (where there are transactions):**

Name of related party	**Relationship**
Mahindra & Mahindra Limited	Ultimate Holding Company
Tech Mahindra (Americas) Inc.	Affiliate of the Ultimate Holding Company
Mahindra USA Inc.	Fellow subsidiary
Mahindra Automotive North America Inc.	Fellow subsidiary
Mahindra Tractor Assembly, Inc.	Fellow subsidiary
Mahindra Racing UK Limited	Fellow subsidiary
Bristlecone Limited	Holding Company
Bristlecone India Limited	Fellow subsidiary
Bristlecone Consulting Limited	Fellow subsidiary
Bristlecone International AG	Fellow subsidiary
Bristlecone Middle East DMCC	Fellow subsidiary
Bristlecone (Singapore) Pte Ltd	Fellow subsidiary
Bristlecone (Malaysia) Sdn. Bhd.	Fellow subsidiary
Bristlecone UK Limited	Fellow subsidiary
Bristlecone GmbH	Fellow subsidiary
Irfan Khan	Key Management Personnel (up to May 08, 2019)
Ulhas Yargop	Key Management Personnel

2. Related party transactions and balances:

Nature of transaction/balance	Name of related party	**March 31, 2020**		March 31, 2019	
		Amount (in US$)	**Amount (in INR) (refer Note S)**	Amount (in US$)	Amount (in INR) (refer Note S)
Loan given during the year	Bristlecone Middle East DMCC	–	–	500,000	37,667,500
Amount received towards repayment of loan	Bristlecone Middle East DMCC	**250,000**	**18,833,750**	–	–
Loan receivable outstanding as at year end	Bristlecone Middle East DMCC	**750,000**	**56,498,750**	1,000,000	75,335,000
Loan given and outstanding as at year end	Bristlecone Limited	**500,000**	**37,670,000**	–	–
Amount received towards repayment of loan given	Bristlecone (Singapore) Pte. Ltd	**1,000,000**	**75,335,000**	–	–
Loan given and outstanding as at year end	Bristlecone (Singapore) Pte. Ltd	–	–	1,000,000	75,335,000
Amount received towards repayment of loan given	Irfan Khan	–	–	30,000	2,260,050
Interest income accrued during the year	Irfan Khan	**2,414**	**181,859**	18,346	1,382,096
Interest receivable as at year end	Irfan Khan	–	–	18,346	1,382,096
Loan receivable and accrued interest adjusted against surrendered shares of Bristlecone Limited	Irfan Khan	**260,760**	**19,644,355**	–	–
Loan receivable outstanding as at year end	Irfan Khan	–	–	240,000	18,080,400
Salary advance recovered during the year	Irfan Khan	**41,154**	**3,100,337**	30,183	2,273,836
Salary advance as at year end	Irfan Khan	–	–	41,154	3,100,337
Loan taken and repaid during the year	Bristlecone UK Limited	–	–	326,700	24,611,945
Interest paid during the year	Bristlecone UK Limited	–	–	9,706	731,202
Loan taken and repaid during the year	Bristlecone International AG	–	–	500,000	37,667,500
Interest paid during the year	Bristlecone International AG	–	–	11,597	873,660
Repayment of loan taken	Bristlecone GmbH	**2,000,000**	**150,670,000**	500,000	37,667,500
Loan taken and outstanding as at year end	Bristlecone GmbH	–	–	2,000,000	150,670,000
Interest expense for the year	Bristlecone GmbH	**34,959**	**2,633,636**	138,599	10,441,356
Interest outstanding as at year end	Bristlecone GmbH	–	–	19,462	1,466,170
Income from services rendered	Mahindra USA Inc.	**80,232**	**6,044,278**	1,791,914	134,993,841
Amount receivable as at year end	Mahindra USA Inc.	**651,671**	**49,093,635**	597,960	45,047,317
Unbilled revenues as at the year end	Mahindra USA Inc.	–	–	41,096	3,095,967
Interest accrued during the year and receivable as at year end	Bristlecone Limited	**244**	**18,382**	–	–
Amount receivable as at year end towards dues of Irfan Khan	Bristlecone Limited	**260,760**	**19,644,355**	–	–
Amount payable as at year end	Bristlecone India Ltd	**4,576,858**	**344,797,594**	1,675,554	126,227,861
Subcontracting services received	Bristlecone India Ltd	**20,660,326**	**1,556,445,659**	20,185,837	1,520,700,030
Reimbursement of expenses paid	Bristlecone India Ltd	**633,053**	**47,691,048**	861,251	64,882,344
Reimbursement of expenses received	Bristlecone GmbH	**157,113**	**11,836,108**	120,040	9,043,213
Income from services rendered	Bristlecone GmbH	**497,557**	**37,483,457**	673,201	50,715,597
Amount receivable as at year end	Bristlecone GmbH	**195,111**	**14,698,687**	178,184	13,423,492
Subcontracting services received	Bristlecone GmbH	**18,193**	**1,370,570**	–	–
Amount payable as at year end	Bristlecone GmbH	**18,193**	**1,370,570**	–	–
Interest receivable as at year end	Bristlecone (Singapore) Pte. Ltd.	–	–	7,300	549,945
Reimbursement of expenses received	Bristlecone International AG	**120,801**	**9,100,543**	40,346	3,039,466
Amount receivable at year end	Bristlecone International AG	**120,801**	**9,100,543**	40,346	3,039,466
Reimbursement of expenses received	Bristlecone (Singapore) Pte. Ltd	**47,838**	**3,603,876**	32,774	2,469,029
Amount receivable as at year end	Bristlecone (Singapore) Pte. Ltd	**47,838**	**3,603,876**	–	
Amount payable as at year end	Bristlecone (Singapore) Pte. Ltd	**8,476**	**638,539**	86,212	6,494,781
Subcontracting services received	Bristlecone (Singapore) Pte. Ltd	**131,586**	**9,913,031**	43,988	3,313,836
Interest income	Bristlecone (Singapore) Pte. Ltd	**11,033**	**831,171**	7,300	549,945
Reimbursement of expenses received	Bristlecone (Malaysia) Sdn. Bhd	**16,027**	**1,207,394**	1,528	115,112
Amount receivable as at year end	Bristlecone (Malaysia) Sdn. Bhd	**16,027**	**1,207,394**	1,528	115,112
Amount payable as at year end	Bristlecone (Malaysia) Sdn. Bhd	**13,559**	**1,021,467**	–	–
Subcontracting services received	Bristlecone (Malaysia) Sdn. Bhd	**13,559**	**1,021,467**	–	–
Reimbursement of expenses received	Bristlecone UK Ltd	**3,957**	**298,101**	3,021	227,587
Amount receivable as at year end	Bristlecone UK Ltd	**3,957**	**298,101**	3,021	227,587
Reimbursement of expenses received	Bristlecone Middle East DMCC	**93,914**	**7,075,011**	14,554	1,096,426
Interest income	Bristlecone Middle East DMCC	**21,754**	**1,638,838**	16,417	1,236,775

Nature of transaction/balance	Name of related party	**March 31, 2020**		March 31, 2019	
		Amount (in US$)	**Amount (in INR) (refer Note S)**	Amount (in US$)	Amount (in INR) (refer Note S)
Amount receivable as at year end	Bristlecone Middle East DMCC	**93,914**	**7,075,011**	14,554	1,096,426
Interest receivable as at year end	Bristlecone Middle East DMCC	**6,414**	**483,199**	23,369	1,760,504
Income from services rendered	Tech Mahindra (Americas) Inc.	**17,705**	**1,333,806**	309,804	23,339,084
Amount receivable as at year end	Tech Mahindra (Americas) Inc.	**21,945**	**1,653,227**	96,195	7,246,850
Amount receivable as at year end	Mahindra Tractor Assembly, Inc.	**14,068**	**1,059,813**	14,068	1,059,813
Reimbursement of expenses paid	Mahindra Racing UK Limited	**6,450**	**485,911**	16,030	1,207,620
Amount receivable as at year end	Bristlecone Consulting Limited	**14,216**	**1,070,962**	445,373	33,552,175
Amount payable as at year end	Bristlecone Consulting Limited	**57,110**	**4,302,382**	–	–
Subcontracting services received	Bristlecone Consulting Limited	**57,110**	**4,302,382**	–	–
Reimbursement of expenses received	Bristlecone Consulting Limited	**14,216**	**1,070,962**	43,283	3,260,725
Income from services rendered	Bristlecone Consulting Limited	**78,861**	**5,940.993**	402,090	30,291,450
Amount received in advance	Bristlecone Singapore Pte. Ltd	–	–	75,000	5,650,125
Amount receivable as at year end	Mahindra & Mahindra Limited	**109,017**	**8,212,796**	–	–
Reimbursement of expenses received	Mahindra & Mahindra Limited	**286,102**	**21,553,494**	158,208	11,918,600
Reimbursement of expenses paid	Mahindra & Mahindra Limited	**399,231**	**30,076,067**	1,277	96,203
Amount payable as at year end	Mahindra & Mahindra Limited	**400,508**	**30,172,270**	1,277	96,203
Consultancy Fees	Ulhas Yargop	**60,000**	**4,520,100**	–	–
Amount payable as at year end	Ulhas Yargop	**60,000**	**4,520,100**	–	–

NOTE Q - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents, trade receivables and bank deposits. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counter parties.

The Company's cash equivalents and bank deposits are invested with banks with high investment grade credit ratings.

Trade receivables (primarily denominated in US$) are typically unsecured and are derived from revenues earned from large multinational customers. The Company monitors the credit worthiness of its customers to which it grants credit terms in the normal course of the business. In the current year, the Company had one major customer which individually accounted for more than 10% of Company's revenues. Revenues from this customer amounted to US$ 6,433,848 (INR 484,693,939 or 10.65% of the total revenue. Revenue from two major customers in 2019 which individually accounted for more than 10% of Company's revenues amounted to US$ 13,176,831 (INR 992,676,563) or 21.82% of total revenue. Total accounts receivable from such customer is US$ 1,102,844 (INR 83,082,769) [2019: US$ 3,843,332 (INR 289,537,416)] at March 31, 2020 or 7.80% [2019: 25.36%] of total receivables.

During the year ended March 31, 2020, the sales in United States of America and Canada accounted for 96.93% of the total sales (2019: 93.75%).

NOTE R - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the Company's cash equivalents, accounts payable and accrued expenses approximated their fair values due to their short maturities. The carrying value of short term borrowings and lease obligations approximates fair value based upon the market interest rate available to the Company for debt with similar risk and maturities.

NOTE S - CONVENIENCE TRANSLATION

For the convenience of the readers, the financial statements for the year ended March 31, 2020 along with comparatives for the year ended March 31, 2019 have been translated unto Indian Rupees ("INR") at the average of the telegraphic buying and selling rates quoted by the Mumbai Branch of State Bank of India on March 31, 2020 of 1 US$ = 75.335 INR. The convenience translation should not be construed as a representation that the US$ amounts or the Indian Rupee amounts referred to in these financial statements have been, could have been, or could in the future be, converted into INR or US$, as the case may be, at this or at any other rate of exchange, or at all.

NOTE T - RECENT ACCOUNTING PRONOUNCEMENT

In February 2016, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842) ("ASU 2016-02"). These amendments require the recognition of leased assets and lease liabilities on the balance sheet by lessees for those leases currently classified as operating leases under ASC 840 "Leases". These amendments also require qualitative disclosures along with specific quantitative disclosures. These amendments are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early application is permitted. Entities are required to apply amendments at the beginning of the earliest period permitted using a modified retrospective approach. The Company is currently evaluating the impact that the adoption of ASU 2016-02 on the financial statements.

NOTE U - Estimation uncertainty relating to the global health pandemic on COVID-19

In assessing the recoverability of receivables including unbilled receivables, the company has considered internal and external information up to the date of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from the estimate as at the date of these financial statements and the Company will closely monitor any material changes to future economic conditions.

NOTE V - SUBSEQUENT EVENTS

In accordance with ASC 855-10 "Subsequent events", the Company has evaluated subsequent events through May 11, 2020, the date these financial statements were available to be issued. The Company is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

Independent Auditor's Report

To the Shareholder of Bristlecone Middle East DMCC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bristlecone Middle East DMCC (the "Company"), which comprise the statement of financial position as at March 31, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year ended March 31, 2020, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view of the financial position of the Company as at the end of the reporting period, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the *Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of DMCC Companies Regulations 2020, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the financial statements of the Company have been properly prepared, in all material respects, in accordance with the applicable provisions of the DMCC Companies Regulations 2020. Based on the information that has been made available to us during our audit of the financial statements of the Company for the year ended March 31, 2020, nothing has come to our attention that causes us to believe that the activities undertaken by the Company and as disclosed in note 1 to these financial statements, are not significantly different from the activities mentioned in the license issued to the Company by DMCCA.

GRANT THORNTON

Farouk Mohamed
Registration No. 86

Dubai, May 4, 2020

Statement of financial position
As at March 31, 2020

	Note	2020 AED	2019 AED
ASSETS			
Current			
Trade and other receivables	5	**1,233,693**	2,645,413
Cash and cash equivalents	6	**2,435,333**	678,200
Other financial asset	7	**5,529,961**	–
		9,198,987	3,323,613
TOTAL ASSETS		**9,198,987**	3,323,613
EQUITY AND LIABILITIES			
Equity			
Share capital	8	**50,000**	50,000
Retained earnings/(accumulated losses)		**965,065**	(1,121,338)
Total equity		**1,015,065**	(1,071,338)
LIABILITIES			
Non-current			
Employees' end of service benefits	9	**5,538**	29,068
Current			
Related party payables	10	**7,238,646**	3,758,008
Trade and other payables	11	**939,738**	607,875
		8,178,384	4,365,883
Total liabilities		**8,183,922**	4,394,951
TOTAL EQUITY AND LIABILITIES		**9,198,987**	3,323,613

These financial statements for the year ended March 31, 2020 (including comparatives) was approved by the Board of Directors on May 4, 2020 and signed on their behalf by:

Mr. Kulashekar Raghavan
Director

The accompanying notes from 1 to 18 form an integral part of these financial statements.

Statement of comprehensive income
For the year ended March 31, 2020

	Note	For the year ended March 31, 2020 AED	For the year ended March 31, 2019 AED
Revenue		**5,895,299**	3,293,224
Cost of sales	12	**(3,041,780)**	(4,220,708)
GROSS PROFIT/(LOSS)		**2,853,519**	(927,484)
Selling, administrative and general expenses	13	**(633,718)**	(146,024)
Finance costs	10	**(133,398)**	(60,166)
NET PROFIT/(LOSS) FOR THE YEAR		**2,086,403**	(1,133,674)
Other comprehensive income for the year		**–**	–
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**2,086,403**	(1,133,674)

The accompanying notes from 1 to 18 form an integral part of these financial statements.

Statement of changes in equity
For the year ended March 31, 2020

	Share capital	Retained earnings/ (accumulated losses)	Total equity
	AED	**AED**	**AED**
Balance at March 31, 2018	50,000	12,336	62,336
Net loss for the year	–	(1,133,674)	(1,133,674)
Balance at March 31, 2019	**50,000**	**(1,121,338)**	**(1,071,338)**
Net profit for the year	**–**	2,086,403	2,086,403
Balance at March 31, 2020	**50,000**	**965,065**	**1,015,065**

The accompanying notes from 1 to 18 form an integral part of these financial statements.

Statement of cash flows
For the year ended March 31, 2020

	Note	**For the year ended March 31, 2020 AED**	For the year ended March 31, 2019 AED
OPERATING ACTIVITIES			
Net profit/(loss) for the year		**2,086,403**	(1,133,674)
Adjustment for non-cash items:			
Provision for employees' end of service benefits	9	**25,829**	21,365
(Reversal)/provision for expected credit losses on unbilled revenue and trade receivables	12	**(20,817)**	39,640
Finance costs	10	**133,398**	60,166
Net changes in working capital:			
Trade and other receivables		**1,432,537**	(169,827)
Other assets		**(5,529,961)**	–
Trade and other payables		**331,863**	(796,266)
Employees' end of service benefits paid		**(49,359)**	–
Net cash used in operating activities		**(1,590,107)**	(1,978,596)
FINANCING ACTIVITIES			
Repayment of loan	10	**(926,722)**	–
Loan received from group companies	10	**4,407,360**	1,836,300
Finance costs	10	**(133,398)**	
Net cash from financing activities		**3,347,240**	1,836,300
Net change in cash and cash equivalents		**1,757,133**	(142,296)
Cash and cash equivalents, beginning of year		**678,200**	820,496
Cash and cash equivalents, end of year	6	**2,435,333**	678,200

The accompanying notes from 1 to 18 form an integral part of these financial statements.

Notes to the financial statements
For the year ended March 31, 2020

1 Legal status and nature of operations

Bristlecone Middle East DMCC (the "Company") was incorporated in Dubai, United Arab Emirates ("UAE") on July 18, 2016 under the commercial license number DMCC-208734 issued by Dubai Multi Commodities Centre. The registered address of the Company is Unit No. 3O-01-3572, DMCC Business Center, Level No. 1, Jewellery & Gemplex 3, Dubai, UAE.

The principal activities of the Company is to provide supply chain services ranging from supply chain strategy and network design to supply chain system implementation.

The Company is a wholly-owned subsidiary of Bristlecone Limited (the "Parent Company"), a company incorporated in Cayman Islands.

2 Statement of compliance with IFRS

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

3 Standards, interpretations and amendments to existing standards

3.1 Standards, interpretations and amendments to existing standards that are effective in 2019

The following significant pronouncements from the IASB have been issued and have been adopted by the Company.

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The adoption of this new Standard results in recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new standard has been applied using the prospective approach as of January 1, 2019 and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. All right-of-use assets were measured at the amount of the lease liability on adoption (adjusted for prepaid or accrued lease expenses). Each lease payment is allocated between the liability and finance cost. The finance cost is charged to statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Company has assessed the lease arrangements and has accounted the lease arrangements as short-term leases and low value leases using the practical expedients available under IFRS 16.

3.2 Standards, interpretations and amendments to existing standards not yet adopted

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

4 Summary of significant accounting policies

The significant accounting policies that have been used in the preparation of these financial statements are consistent with those used in prior year and are summarised below

4.1 Overall considerations

These financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

Functional and presentation currency

These financial statements are presented in UAE Dirham (AED), which is the Company's functional currency

4.2 Financial instruments Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

4.3 Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset has expired, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or has expired.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs.

Financial assets and financial liabilities are measured subsequently as described below.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified and measured at amortised cost if both of the following conditions are met:

- The asset is held in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest, if any, on the principal amount outstanding.

If the financial asset does not pass either of the above conditions, or only one of the above conditions, it is measured at fair value through profit or loss ('FVTPL'). Even if both conditions are met, management may designate a financial asset at FVTPL if doing so reduces or eliminates a measurement or recognition inconsistency.

As at the reporting date, the Company's financial assets comprise trade and most other receivables, amounts due from related parties, other financial assets and cash and cash equivalents. These are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

All income and expenses relating to financial assets measured at amortised cost are recognised in profit or loss and presented within 'finance costs - net' or 'other income – net', except for impairment of trade receivables which is presented within 'administrative and general expenses'.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received

Notes to the financial statements
For the year ended March 31, 2020 (continued)

that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and subsequent measurement of financial liabilities

Financial liabilities comprise trade and most other payables, amount due to related parties and loan from Group Company.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Discounting is omitted if the impact is immaterial.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.4 Cash and cash equivalents

Cash and cash equivalents are items, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the statement of financial position comprise cash on hand and balance in bank accounts and are initially and subsequently recorded at fair value.

For purpose of the statement of cash flows, all cash and bank balances are considered to be cash and cash equivalents.

4.5 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense when the employee renders services that increase their entitlement or, in the case of non-accumulating absences, when the absences occur.

Employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the U.A.E. Labour Law and is reported as separate line item under non-current liabilities.

The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period as specified in U.A.E. Labour Law. The expected costs of these benefits are accrued over the period of employment.

4.6 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Accumulated profits include all current and prior period profits/losses (net of earnings).

4.7 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

4.8 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be

Notes to the financial statements
For the year ended March 31, 2020 (continued)

reliably measured regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable by the Company, excluding discounts, rebates, and duty.

IFRS 15 'Revenue from Contracts with Customers' outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within IFRSs. It establishes a five-step model, explained below, which will apply to revenue arising from contracts with customers.

Step 1 Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company, and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations.

When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

Amounts included in the financial statements, which relate to recoverable costs and accrued margins, if any, not yet billed on contracts are classified as "Unbilled revenue".

4.9 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

Cost of sales comprises salaries and employee benefits, sub-contractor fees, project related travel and other costs.

4.10 Leases

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

4.11 Significant management judgments and estimates in applying accounting policies

The preparation of these financial statements in conformity with the recognition and measurement principles of IFRS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Key source of estimation uncertainty at the date of the financial statements, which may cause material adjustments to the carrying amount of assets and liabilities within the next financial year, is in respect of allowance for uncollectible amounts and efforts to completion for fixed price projects represents certain of these particularly sensitive estimates.

Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due and based on historical recovery rates. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of comprehensive income.

Efforts to completion for fixed price contracts

The management considers man-days to be the best possible measure of progress in these contracts. Revenues from fixed-price contracts are recognized in accordance with percentage of completion method measured by the percentage of man-days incurred to date in relation to the estimated total man-days for each of such contracts

5 Trade and other receivables

	2020	2019
	AED	AED
Financial assets		
Trade receivables	**1,096,087**	824,880
Unbilled revenue	**71,649**	817,294
Amounts due from related parties (note 10)	**–**	1,000,704
Deposits	**7,000**	10,000
Others	**–**	1,482
	1,174,736	2,654,360
Less: Provision for expected credit losses on unbilled revenue and trade receivables	**(18,823)**	(39,640)
	1,155,913	2,614,720
Non-financial asset		
Prepayments	**77,780**	30,693
	1,233,693	2,645,413

Notes to the financial statements
For the year ended March 31, 2020 (continued)

5.1 Trade receivables and unbilled revenue – provision for expected credit loss

	2020	2019
	AED	AED
As at April 1,	**39,640**	–
(Reversal)/provision for expected credit loss	**(20,817)**	39,640
As at March 31,	**18,823**	39,640

6 Cash and cash equivalents

	2020	2019
	AED	AED
Cash at bank	**2,435,333**	678,200
	2,435,333	678,200

7 Other assets

	2020	2019
	AED	AED
Margin money held	**5,529,961**	–
	5,529,961	–

Margin money kept with Emirates NBD bank amounting to AED 5,529,961 in respect of a guarantee given for bidding of a customer project. The margin money is subject to restrictions and are therefore not available for general use by the Company.

8 Share capital

The share capital of the Company consists of 50 fully paid ordinary shares with a par value of AED 1,000 each.

Shares issued and fully paid:

Beginning and end of the year	**50**
Total shares authorised at March 31, 2020	**50**
Total share capital (issued and fully paid at March 31, 2020, in AED)	**50,000**

The Company's issued share capital is held by the following shareholder:

	2020	2019
	AED	AED
Bristlecone Limited	**50,000**	50,000

9 Employees' end of service benefits

	2020	2019
	AED	AED
Opening balance	**29,068**	7,703
Charge for the year	**25,829**	21,365
Paid during the year	**(49,359)**	–
Closing balance	**5,538**	29,068

10 Related parties

The Company in the normal course of business carries on transactions with other business enterprises that fall within the definition of a related party. These transactions are carried out in the normal course of business and are measured at exchange amounts, being the amounts agreed by both the parties.

The Company's related parties mainly include its shareholder, key management personnel and entities under common control.

Amounts due from related parties

	2020	2019
	AED	AED
Entities under common control		
Bristlecone International AG	**-**	18,482
Bristlecone India Limited	**-**	982,222
	-	1,000,704

Amounts due to related parties

	2020	2019
	AED	AED
Entities under common control		
Bristlecone India Limited	**330,218**	–
Bristlecone Inc.	**344,927**	53,452
	675,145	53,452

Loan from related parties

Bristlecone Gmbh	**4,460,683**	–
Bristlecone Inc.	**2,777,963**	3,758,008
	7,238,646	3,758,008

The loan from related parties is unsecured and repayable on demand. The loan from Bristlecone Inc. carries interest at the rate of 2.35% per annum (2019: 2.35% per annum) and loan from Bristlecone GmbH carries interest at the rate of 3.56% per annum.

Transactions with related parties

Significant transactions carried out with related parties:

	For the year ended March 31, 2020	For the year ended March 31, 2019
	AED	AED
Related party transactions		
Reimbursement of expenses	**526,988**	810,270
Sub-contracting charges	**1,412,797**	1,582,335
Sub-contracting income	**–**	386,334
Loan from group company	**4,407,360**	1,836,300
Repayment of loan to related parties	**1,060,370**	–
Finance costs	**133,398**	60,166
Management fees (note 13)	**362,227**	53,452

Notes to the financial statements
For the year ended March 31, 2020 (continued)

Key management personnel compensation

Key management personnel of the Company are the Directors of the Company. During the year, the key management personnel compensation was paid by a group company and a portion of it was recharged to the Company as part of management fees.

11 Trade and other payables

	2020 AED	2019 AED
Trade payables	**117,923**	71,260
Amounts due to related parties (note 10)	**675,145**	53,452
Accruals and provisions	**139,498**	483,163
Other liabilities	**7,172**	–
	939,738	607,875

12 Cost of sales

	For the year ended March 31, 2020 AED	For the year ended March 31, 2019 AED
Sub-contracting charges	**1,798,707**	2,266,673
Salaries and other benefits	**830,864**	919,164
Travelling expenses	**404,985**	955,816
Insurance expense	**10,181**	9,925
(Reversal)/provision for expected credit losses	**(20,817)**	39,640
Others	**17,860**	29,490
	3,041,780	4,220,708

13 Selling, administrative and general expenses

	For the year ended March 31, 2020 AED	For the year ended March 31, 2019 AED
Management fees (note 10)	**362,227**	53,452
Legal and professional fees	**119,516**	31,751
Sales commission	**71,469**	994
Bank charges	**27,814**	6,034
License fees	**20,264**	20,330
Rent	**15,999**	15,996
Sales promotion expenses	**–**	7,345
Others	**16,429**	10,122
	633,718	146,024

14 Contingencies and commitments

As at the year end, commitments under non-cancellable operating leases as lessee were:

	2020 AED	2019 AED
Within one year	**3,921**	3,919

15 Financial instrument risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated at Parent Company level, in close cooperation with the management, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial instrument risks to which the Company is exposed are described below.

15.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Most of the Company's transactions are carried out in AED and US dollars (USD). The AED is effectively pegged to the USD thus balances in USD do not represent significant currency risks.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, the Company's loans from related parties are at fixed agreed rates, therefore, the interest rate risk is considered minimal.

15.2 Credit risk

Credit risk is the risk that the counterparty fails to discharge an obligation to the Company. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2020 AED	2019 AED
Trade and other receivables (note 5)	**1,155,913**	2,614,720
Cash at banks (note 6)	**2,435,333**	678,200
Other assets (note 7)	**5,529,961**	–
	9,121,207	3,292,920

The Company's management considers that all the above financial assets are not impaired and the same are of good credit quality. None of the Company's financial assets are secured by collateral or other credit enhancements. The credit risk for cash and cash equivalents is limited, since the counterparties are reputable banks with quality credit ratings.

Some of the unimpaired receivables are past due as at the reporting date. Financial assets past due but not impaired are given below:

	2020 AED	2019 AED
Not more than 3 months	**602,630**	435,576
Between 3 and 6 months	**75,336**	–
More than 6 months	**–**	–
	677,966	435,576

Notes to the financial statements
For the year ended March 31, 2020 (continued)

15.3 Liquidity risk

Liquidity risk also referred to as funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

	Less than 12 months
At March 31, 2020	**AED**
Loan from group company (note 10)	**7,238,646**
Trade and other payables (note 11)	**939,738**
	8,178,384

	Less than 12 months
At March 31, 2019	AED
Loan from group company (note 10)	3,758,008
Trade and other payables (note 11)	607,875
	4,365,883

16 Fair value measurement

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

None of the Company's financial instruments, non-financial assets and non-financial liabilities as at the reporting date are measured at fair value.

17 Capital management policies and procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholder. Capital for the reporting period under review is summarised as follows:

	2020	2019
	AED	AED
Equity	**1,015,065**	(1,071,338)
Cash and cash equivalents	**2,435,333**	678,200

18 Subsequent events

During the fourth quarter, there was an outbreak of a global pandemic (COVID-19), causing significant disruption to economies & businesses across the globe including the Company. As the situation is fluid and rapidly evolving, we do not consider it is practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company. The impact of this outbreak on the macroeconomic forecasts did not have a significant impact in the Company's IFRS 9 estimates of expected credit loss provisions at March 31, 2020. Management will continue to monitor the situation and assess the impact of this outbreak in fiscal 2021.

A. <u>Audit engagement</u>

After appointment as auditor at the shareholder meeting of

Bristlecone GmbH, Frankfurt am Main,

(hereinafter also referred to "the Company") the management of the Company has assigned us to audit the annual financial statements for the year ended March 31, 2020, including the accounting records.

The terms governing this assignment are set out in the General Terms of Engagement for public accountants and firms of public accountants in the version of January 1, 2017, which are attached as Annexure 5 to this report.

The performance and results of our audit are included in this report to which the audited financial statements (consisting of balance sheet, income statement and notes) are enclosed as annexures 1 - 3. This report includes remarks in connection with HGB § 321 (1) sentence 3 (German Commercial Code) as well as a summary of the other results of the audit and the audit opinion. The performance and the results of the audit are specified in chapter C. and D. of this report in detail.

According to § 321 (4 a) HGB we confirm that we have followed the independence rules for the audit.

B. <u>Statement to the management report</u>

The management has legally refrained from drawing up a management report. Therefore we cannot give a statement to the management report. The financial statements do not express an opinion of the financial situation of the company in the future, except for the general principle of going concern.

C. <u>Objects, nature and scope of the audit</u>

We have audited the annual financial statements, including the accounting records, of Bristlecone GmbH for the financial year ended March 31, 2020. The bookkeeping and the preparation of the annual financial statements is the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements based on our audit.

The audit of the compliance of other legal regulations is only part of the annual year end audit, if the regulations have usually an impact on the financial statements.

We have conducted the audit of the annual financial statements in accordance with § 316 HGB considering the German generally accepted standard on auditing No. 200: "Objectives and general principles of orderly performance of financial statements audits". The standard requires to plan and perform the audit, that reasonable assurance can be obtained, that the accounting records and the financial statements are free of material misstatements. The audit includes the assessment of the accoun-ting-, valuation- and classification-principles as well as the evaluation of the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Within the audit the following main audit procedures were carried out:

- Reconciliation statements for trade debtors
- Reconciliation of claims and liabilities due to affiliated companies
- Reconciliation statements of the banks
- Completeness and valuation of accruals
- Check of the significant expenses and income positions with regard to completeness as well as consistency in classification and presentation compared to last year

We have carried out the audit within April 2020.

All requested information and verifications were given to us. The management supplied us with a letter of representation confirming the completeness of the accounting records and the financial statements.

D. <u>Observations and explanations of the financial accounting</u>

I. Accuracy of the accounting

1. Accounting records and further documents

The Company's accounting records are properly maintained. The function of the accounting documents comply with requirement. The accounting records and further documents audited, comply with German legal regulations and the supplementary articles of the association.

2. Financial statements

The financial statements as of March 31, 2020, are orderly developed from the accounting records and other necessary records of the Company.

The balance sheet and the income statement are prepared in accordance with the regulations in German Commercial Code for the accounting of private limited companies [GmbH]. The notes to the financial statements include all legally required information.

We have no knowledge of significant matters that happened after the end of the financial year 2019 / 2020, which should be reported.

II. Overall statement of financial statements

1. Observation to overall statement of the financial statements

In our opinion, the financial statements show a true and fair view of the Company in accordance with the German principles of proper accounting.

2. Essential valuation methods

The essential valuation methods are specified correctly by the company in the notes. Essential changes of the valuation methods in comparison with the year before cannot be recorded.

3. Contingent liabilities

As of balance sheet date, there are no contingent liabilities according to Sect. 251 German Commercial Code (HGB) which have to be reported on.

4. Headcount

During the fiscal year the Company employed an average of 6 employees(prior year: 6 employees).

5. Consolidation scope

Mahindra & Mahindra Ltd., Mumbai, India is the ultimate parent company responsible for preparing the consolidated financial statements for the largest and smallest group of companies.

6. Translation into Indian Rupees

The financial information in this financial statements is presented in Euro (EUR) and Indian Rupees (INR). EUR amounts as at end of the year ended 31 March 2020 and 31 March 2019 have been translated for convenience into Indian Rupees at the closing exchange rate of EUR 1 = INR 83,13 as at 31 March 2020.

Frankfurt am Main, April 14, 2020

Kulashekar Raghavan	Harsh Vaish

F. <u>Concluding Remark</u>

The audit report was prepared in accordance with legal requirements and the principles of drawing up audit reports established by the German Institute of Chartered Accountants (“Grundsätze ordnungsmäßiger Berichterstattung bei Abschlussprüfungen” (IDW PS 450)).

Nettetal, April 22, 2020

WWS Wirtz, Walter, Schmitz GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

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Annexure 1

Balance sheet as of March 31, 2020

	2020/3/31 €	2020/3/31 Rs.	2019/3/31 €	2019/3/31 Rs.
Assets				
A. Fixed assets				
I. Property, plant and equipment				
1. Other equipment, operational and office equipment	**11.922,00**	**9,91,076**	16.258,00	13,51,528
II. Financial assets				
1. Loans due from affiliated companies	**1.091.206,69**	**9,07,12,013**	1.780.151,31	14,79,83,979
B. Current assets				
I. Accounts receivable and other assets				
1. Accounts receivable, trade	**630.299,11**	**5,23,96,766**	2.380.335,22	19,78,77,267
2. Receivables due from share-holder	**23.706,46**	**19,70,719**	25.934,00	21,55,894
3. Receivables due from affiliated companies	**–**	**–**	15.420,00	12,81,865
4. Other assets	**105.696,83**	**87,86,578**	11.827,90	9,83,254
– thereof with a remaining term of more than one year: € 11.737,90 (Rs. 9,75,772) {(prior year: € 11.737,90 (Rs. 9,75,772)}				
	759.702,40	**6,31,54,061**	2.433.517,12	20,22,98,279
II. Cash in banks	**3.675.400,64**	**30,55,36,056**	2.240.378,31	18,62,42,649
C. Prepaid expenses	**10.808,24**	**8,98,489**	8.157,45	6,78,129
	5.549.039,97	**46,12,91,693**	6.478.462,19	53,85,54,562
Shareholder's equity and liabilities				
A. Equity				
I. Subscribed capital	**50.000,00**	**41,56,500**	50.000,00	41,56,500
II. Capital reserve	**425.000,00**	**3,53,30,250**	425.000,00	3,53,30,250
III. Profit carried forward	**4.242.124,71**	**35,26,47,828**	3.685.995,19	30,64,16,781
IV. Net profit	**147.699,81**	**1,22,78,286**	556.129,52	4,62,31,047
	4.864.824,52	**40,44,12,863**	4.717.124,71	39,21,34,578
B. Provisions				
1. Tax accruals	**18.239,19**	**1,516,224**	144.330,59	1,19,98,202
2. Other provisions and accrued liabilities	**296.221,76**	**2,46,24,915**	1.010.585,93	8,40,10,009
	314.460,95	**2,61,41,139**	1.154.916,52	9,60,08,211
C. Liabilities				
1. Accounts payable, trade	**32.861,11**	**27,31,745**	27.399,27	22,77,702
– thereof with a remaining term of less than one year: € 32.861,11 (Rs. 27,31,745 {(prior year: € 27.399,27 (Rs. 22,77,702)}				
2. Liabilities due to shareholder	**100.699,78**	**83,71,173**	378.334,06	3,14,50,911
– thereof with a remaining term of less than one year: € 100.699,78 (Rs. 83,71,173) {(prior year: € 378.334,06 (Rs. 3,14,50,911)}				
3. Liabilities due to affiliated companies	**166.365,56**	**1,38,29,970**	172.317,82	1,43,24,781
– thereof with a remaining term of less than one year: € 166.365,56 (Rs. 1,38,29,970) {(prior year: € 172.317,82 (Rs. 1,43,24,781)}				
4. Other liabilities	**5.816,38**	**4,83,516**	28.369,81	23,58,383
– thereof with a remaining term of less than one year: € 5.816,38 (Rs. 4,83,516) {(prior year: € 28.369,81 (Rs. 23,58,383)}				
– thereof for taxes: € 0,00 (Rs. 0,0) {(prior year: € 17.872,19 (Rs. 14,87,716)}				
	305.742,83	**2,54,16,402**	606.420,96	5,04,11,775
	5.549.039,97	**46,12,91,693**	6.478.462,19	53,85,54,562

Annexure 2

Income Statement for the Period April 1, 2019 through March 31, 2020

	2019/4/1 – 2020/3/31		**2019/4/1 – 2020/3/31**		2018/4/1 – 2019/3/31		2018/4/1 – 2019/3/31	
	€	**€**	**Rs.**	**Rs.**	€	€	Rs.	Rs.
1. Sales		**4.014.164,24**		**33,36,97,474**		5.921.518,34		49,22,55,820
2. Other operating income		**289.389,15**		**2,40,56,921**		261.721,87		2,17,56,940
– thereof from foreign currency translation: € 182.712,41 (Rs. 1,51,88,883) {(prior year: € 193.914,98) (Rs. 1,50,51,680)}								
3. Costs of purchased services		**2.504.640,13**		**20,82,10,735**		3.960.116,61		32,92,04,494
4. Personnel expenses								
a) Wages and salaries	**954.147,89**		**7,93,18,315**		916.909,10		7,62,22,654	
b) Social security, pension and other benefit costs	**122.580,34**		**1,01,90,104**		102.701,99		85,37,617	
		1.076.728,23		**8,95,08,418**		1.019.611,09		8,47,60,270
5. Depreciation on intangible assets, plant and equipment		**4.336,00**		**3,60,452**		5.243,13		4,35,862
6. Other operating expenses		**562.006,00**		**4,67,19,559**		581.433,89		4,83,34,600
– thereof from foreign currency translation: € 108.243,34 (Rs. 89,98,269) {(prior year: € 14.308,48) (Rs. 11,10,624)}								
7. Other interest and similar income		**46.022,76**		**38,25,873**		123.485,74		1,02,65,370
8. Other interest and similar expenses		**1.814,00**		**1,50,798**		1.607,19		1,33,606
9. Taxes on income		**50.659,14**		**42,11,295**		182.181,52		1,51,44,750
– thereof deferred taxes: € -24.492,13 (Rs. -20,36,031) {(prior year: € 36.856,44) (Rs. 28,60,796)}								
10. **Profit after taxes on income**		**149.392,65**		**1,24,19,011**		556.532,52		4,62,64,549
11. Other taxes		1.692,84		1,40,726		403,00		33,502
12. **Net profit**		**147.699,81**		**1,22,78,286**		556.129,52		4,62,31,047

Annexure 3

Notes to the financial statements for the fiscal year from April 1, 2019 to March 31, 2020

I. GENERAL EXPLANATIONS TO THE BALANCE SHEET AND INCOME STATEMENT

Bristlecone GmbH, Frankfurt am Main (referred to below as the "Company"), has its seat in Frankfurt am Main and has been registered in the trade register at the local court in Frankfurt am Main in department B, with number 58387.

The financial statements of the Company for the fiscal year ended March 31, 2020 have been prepared according to the Sect. 242 ff. and 264 ff. of the German Commercial Code (HGB) and the relevant Sections of the Law on Limited Liability Companies (GmbHG).

The income statement is structured towards the cost-summary method in accordance with Sect. 275 Para. 2 German Commercial Code (HGB).

The Company is a small corporation according to Sect. 267 Para. 1 German Commercial Code (HGB).

II. ACCOUNTING POLICIES

1. Fixed assets

Purchased intangible assets are stated at acquisition cost less regular depreciation.

Tangible assets are stated at acquisition- or production cost and, if utilizable, depreciated through the useful life.

Depreciation on additions to tangible assets is calculated pro rata temporis.

Low value items are fully depreciated in the year of acquisition.

Depreciation takes place as follows:

Item	Depreciation method	Useful lifetime
Other equipment, operational and office equipment	straight line	3 - 13 years

2. Accounts receivable and other assets

Accounts receivable and other assets are stated at nominal value or their net realizable value.

3. Provisions and accrued liabilities

Tax accruals, other provisions and accrued liabilities are stated with the settlement amount based on reasonable business judgement and cover all identifiable risks from uncertain liabilities and anticipated losses from pending transactions.

4. Liabilities

Liabilities are stated at the settlement amount.

5. Deferred assets and liabilities

Deferred taxes resulting from temporary or quasi-permanent differences between the commercial values and the respective tax base of assets, liabilities and deferred items as well as from tax loss carry forwards are measured at the tax rates specific to the Company that are expected to apply to the period when the asset is realised or the liability is settled and are not discounted. Deferred tax assets and deferred tax liabilities are offset. Deferred taxes were set up according to § 249 HGB and are stated within the tax provisions.

6. Receivables and payables in foreign currencies

Receivables and payables in foreign currencies are evaluated with the exchange rate at the business transaction date.

Receivables and payables in foreign currencies with a remaining term of less than one year are stated with the average spot exchange rate of the balance sheet date.

Receivables and payables in foreign currencies with a remaining term of more than one year are stated with the average spot exchange rate of the balance sheet date or the lower or higher of cost or market value.

III. INDIVIDUAL COMMENTS TO THE BALANCE SHEET

1. Fixed assets

Reference is made to the separate analysis of fixed assets (refer as stated below).

2. Other provisions and accrued liabilities

Other provisions and accrued liabilities in the amount of K€ 296 (Rs. 2,46,06,480) mainly represent provisions for outstanding invoices (K€ 107) (Rs. 88,94,910), accruals for personnel expenses (K€ 179) (Rs. 1,48,80,270) as well as accruals for the audit of the financial statements (K€ 8) (Rs. 6,65,040) and for legal and advisory fees (K€ 2) (Rs. 1,66,260).

3. Receivables and liabilities from shareholder and affiliated companies

Receivables and liabilities from the shareholder and affiliated companies result from current business operations.

IV. OTHER INDIVIDUAL COMMENTS

1. Affiliated companies

Companies which are directly or indirectly controlled by Mahindra & Mahindra Ltd., Mumbai, India, are considered as affiliated companies.

2. Financial commitments

Substantial financial commitments which are not stated in provisions, liabilities or contingent liabilities, exist of the following commitments from a rental and lease agreement:

	Total amount K€	Total amount K Rs.
Office premises	40	33,25,200
Vehicles	30	24,93,900
	70	58,19,100

The payments refer to the following years:

	Total amount K€	Total amount K Rs.
2020 / 2021	52	43,22,760
2021 / 2022	18	14,96,340
	70	58,19,100

E. Replication of the Audit Opinion

We have granted the following audit opinion as stated below to the financial statements as of March 31, 2019 of Bristlecone GmbH, Frankfurt am Main:

"Audit Opinion

To Bristlecone GmbH:

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of Bristlecone GmbH, Frankfurt am Main, for the business year from April 1, 2018 until March31, 2019. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German Commercial Code and supplementary provisions in the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements including the bookkeeping system based on our audit.

Annexure 3

Notes to the financial statements (Continued)

We conducted our audit of the annual financial statements in accordance with § 317 HGB [“Handelsgesetzbuch: German Commercial Code”] and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW). Those standards require that we plan and perform the audit, such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statement are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting.

Nettetal, April 22, 2020

WWS Wirtz, Walter, Schmitz GmbH
Wirtschaftsprüfungsgesellschaft
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Development of fixed assets for the year ended March 31, 2020

		At costs				Accumulated Depreciation				Net Book Value	
		April 1, 2019	Additions	Retirements	March 31, 2020	April 1, 2019	Additions	Reversals	March 31, 2020	March 31, 2020	March 31, 2019
		€	€	€	€	€	€	€	€	€	€
I. Property, Plant and Equipment											
1. Other equipment, operational and office equipment		81.205,77	0,00	0,00	81.205,77	64.947,77	4.336,00	0,00	69.283,77	11.922,00	16.258,00
	Rs.	67,50,636	0,00	0,00	67,50,636	53,99,109	3,60,452	0.00	57,59,560	9,91,076	13,51,528
II. Financial Assets											
1. Loans due from affiliated companies		1.780.151,31	1.091.206,69	1.780.151,31	1.091.206,69	0,00	0,00	0,00	0,00	1.091.206,69	1.780.151,31
	Rs.	14,79,83,979	9,07,12,013	14,79,83,979	9,07,12,012	0.00	0.00	0.00	0.00	9,07,12,013	14,79,83,979
		1.861.357,08	1.091.206,69	1.780.151,31	1.172.412,46	64.947,77	4.336,00	0,00	69.283,77	1.103.128,69	1.796.409,31
	Rs.	14,44,78,536	9,07,12,013	14,79,83,979	9,74,62,648	53,99,109	3,60,452	0.00	57,59,560	9,17,03,088	14,93,35,506

Annexure 4

Audit Opinion

To Bristlecone GmbH:

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of Bristlecone GmbH, Frankfurt am Main, for the business year from April 1, 2019 until March 31, 2020. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German Commercial Code and supplementary provisions in the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements including the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ["Handelsgesetzbuch: German Commercial Code"] and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW). Those standards require that we plan and perform the audit, such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting.

Nettetal, April 22, 2020

WWS Wirtz, Walter, Schmitz GmbH
Wirtschaftsprüfungsgesellschaft
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BRISTLECONE (SINGAPORE) PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bristlecone (Singapore) Pte. Ltd. (the "Company"), which comprise the balance sheet as at 31 March 2020, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages herein.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages herein.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and
Chartered Accountants

Singapore
27 April 2020

BALANCE SHEET AS AT 31 MARCH 2020

	Note	2020	2019
		$	$
ASSETS			
Current assets			
Cash at bank	4	299,145	1,320,923
Trade and other receivables	5	2,778,484	541,530
Contract assets	11(b)	100,088	163,927
Other current assets	6	7,653	27,700
Total assets		3,185,370	2,054,080
LIABILITIES			
Current liabilities			
Borrowings	7	–	1,605,900
Trade and other payables	8	1,597,461	220,066
Provision	9	71,200	–
Contract liabilities	11(b)	877,688	–
Total liabilities		2,546,349	1,825,966
NET ASSETS		639,021	228,114
EQUITY			
Share capital	10	1,670,000	1,670,000
Accumulated losses		(1,030,979)	(1,441,886)
		639,021	228,114

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	2020	2019
		$	$
Revenue	11(a)	2,754,858	2,286,314
Cost of sales		(2,084,954)	(1,792,331)
Gross profit		669,904	493,983
Other income	16	50,000	100,000
Other gain/(loss), net	12	21,868	(12,904)
Expenses			
– Selling and marketing		(22,851)	(282,541)
– Administrative		(289,497)	(183,667)
– Finance		(18,517)	(14,992)
Profit before income tax		410,907	99,879
Income tax expense	15	–	–
Total comprehensive income, representing net profit		410,907	99,879

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Share capital	Accumulated losses	Total
	$	$	$
2020			
Beginning of financial year	**1,670,000**	**(1,441,886)**	**228,114**
Total comprehensive income for the financial year	**–**	**410,907**	**410,907**
End of financial year	**1,670,000**	**(1,030,979)**	**639,021**
2019			
Beginning of financial year	1,670,000	(1,541,765)	128,235
Total comprehensive income for the financial year	–	99,879	99,879
End of financial year	1,670,000	(1,441,886)	228,114

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	2020	2019
	$	$
Cash flows from operating activities		
Profit before income tax	**410,907**	99,879
Adjustments for:		
Unrealised foreign exchange gain	**(26,273)**	(3,852)
Interest expense	**18,517**	14,992
	403,151	111,019
Change in working capital		
– Trade and other receivables	**(2,221,092)**	375,014
– Contract assets and liabilities	**941,527**	(163,927)
– Other current assets	**20,047**	(11,033)
– Trade and other payables	**1,390,875**	(748,512)
– Provision	**71,200**	–
Net cash provided by/(used in) operating activities	**605,708**	(437,439)
Cash flows from financing activities		
– Proceed from borrowings	**–**	1,465,900
– Repayment of borrowings	**(250,000)**	(50,000)
– Repayment to related corporation	**(1,355,900)**	–
– Interest on borrowings paid	**(29,001)**	(4,508)
Net cash (used in)/provided by financing activities	**(1,634,901)**	1,411,392
Net (decrease)/increase in cash at bank	**(1,029,193)**	973,953
Cash at bank		
Beginning of financial year	**1,320,923**	365,181
Effect on foreign exchange difference	**7,415**	(18,211)
End of financial year	**299,145**	1,320,923

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

				Non-cash changes		
	1 April	Proceeds from borrowings	Principals and interest payments	Interest expense	Foreign exchange movement	31 March
	$	$	$	$	$	$
Borrowings						
2020	**1,605,900**	**–**	**(1,651,001)**	**29,001**	**16,100**	**–**
2019	200,000	1,465,900	(54,508)	4,508	(10,000)	1,605,900

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

These financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors of Bristlecone (Singapore) Pte. Ltd. on 27 April 2020.

1. GENERAL INFORMATION

The Company is incorporated and domiciled in the Republic of Singapore. The registered office is at 77, Robinson Road, #13-00, Robinson 77, Singapore 068896 and the principal place of business is at 3, Temasek Avenue, #21-00 Centennial Tower, Singapore 039190.

The principal activity of the Company is those of providing software related consulting services.

The Company's immediate holding corporation is Bristlecone India Limited, incorporated in India. The Company's intermediate holding corporation is Bristlecone Limited, incorporated in Cayman Islands. The Company's penultimate holding corporation is Mahindra Holdings Limited, incorporated in India. The Company's ultimate holding corporation is Mahindra & Mahindra Ltd., incorporated in India.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The financial statements are presented in Singapore Dollar ("$"), which is the functional currency of the Company.

Interpretations and amendments to published standards effective in 2019

On 1 April 2019, the Company has adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Adoption of FRS 116 Leases

When the Company is the lessee

Prior to the adoption of FRS 116, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Company's accounting policy on leases after the adoption of FRS 116 is as disclosed in Note 2.6.

On initial application of FRS 116, the Company has elected to apply the following practical expedients:

(i) For all contracts entered into before 1 April 2019 and that were previously identified as leases under FRS 17 *Leases* and INT FRS 104 *Determining whether an Arrangement contains a Lease*, the Company has not reassessed if such contracts contain leases under FRS 116; and

(ii) On a lease-by-lease basis, the Company has accounted for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases.

There were no onerous contracts as at 1 April 2019.

2.2 Financial assets

(a) *Classification and measurement*

The Company classifies its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The Company classifies and measures its financial assets at amortised cost.

The classification of debt instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) *At initial recognition*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets.

(ii) *At subsequent measurement*

Debt instruments mainly comprise of cash and bank balances and trade and other receivables.

The subsequent measurement category depending on the Company's business model formanaging the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assetsis included in interest income using the effective interest rate method.

(b) *Impairment*

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade receivable, the Company applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and bank deposits, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2.3 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.4 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring the promised services to a customer. Revenue is recognised when the Company satisfies a performance obligation by transferring a promised service to the customer, which is when the customer obtains control of the service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. Revenue are presented, net of goods and services tax, rebates and discounts.

The Company provide software related consulting services. Revenue is recognised when the control over the agreed services has been transferred to the customer. At contract inception, the Company assesses whether the Company transfers control of the services over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Company; and (b) the Company has an enforceable right to payment for performance completed to date.

For contract where the asset created has no alternative use for the Company due to contractual restriction, and the Company has enforceable rights to payment arising from the contractual terms, revenue is recognised over time by reference to the Company's progress towards completing the asset. The measure of progress is determined based on the proportion of actual service provided to date relative to the estimated total services to be provided. This is determined based on the direct expenses incurred or actual labour hours spent relative to the total expected labour hours.

For contracts where the Company does not have an enforceable right to payment, revenue is recognised only when the asset is delivered to the customers and the customers have accepted it in accordance with the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The customer is invoiced on a milestone payment schedule. A contract asset is recognised when the Company has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Company has not yet performed under the contract but has billed the customer. Contract assets are transferred to the receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue when the Company performs under the contract.

2.5 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

2.6 Leases

The accounting policy for leases <u>before 1 April 2019</u> are as follows:

<u>When the Company is the lessee - Operating lease</u>

The Company leases office under operating leases from a non-related party.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

The accounting policy for leases <u>after 1 April 2019</u> are as follows:

<u>When the Company is the lessee</u>

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed

- Right-of-use assets

  The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The accounting policy for leases <u>before 1 April 2019</u> are as follows:

- Lease liabilities

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  – There is a change in future lease payments arising from changes in an index or rate;

  – There is a change in the Company's assessment of whether it will exercise an extension option; or

  – There is modification in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short-term and low-value leases

  The Company has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments

  Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Company shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

2.7 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

2.8 Cash at bank

For the purpose of presentation in the statement of cash flows, cash at bank include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.9 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.10 Currency translation

(a) *Functional and presentation currency*

The financial statements are presented in Singapore Dollar ("$"), which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gain/(loss), net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.12 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Impairment of trade receivables

As at 31 March 2020, the Company's trade receivables amounted to $2,767,317 (2019: $380,194) (Note 5), arising from the Company's software related consulting services.

Based on the Company's historical credit loss experience, management has determined the expected loss rates by grouping the receivables according to the category of internal credit rating.

The Company's credit risk exposure for trade receivables are set out in Note 18(b).

4. CASH AT BANK

	2020	2019
	$	$
Cash at bank	**299,145**	1,320,923

5. TRADE AND OTHER RECEIVABLES

	2020	2019
	$	$
Trade receivables		
– non-related parties	**2,767,317**	380,194
Other receivable		
– related corporation	**11,167**	161,336
	2,778,484	541,530

Other receivable from related corporation is unsecured, interest free and repayable on demand.

6. OTHER CURRENT ASSETS

	2020	2019
	$	$
Deposits	**2,015**	23,914
Prepayments	**3,609**	3,550
Other current assets	**2,029**	236
	7,653	27,700

7. BORROWINGS

	2020	2019
	$	$
Short-term revolving loan	**–**	250,000
Loan from related corporation	**–**	1,355,900
	–	1,605,900

During the financial year, the Company repaid the short-term revolving loan from Australia and New Zealand Bank of $250,000 (2019: drawn down $250,000). The rate of interest on this loan was 2.20% per annum (2019: 2.20% per annum). The borrowing was secured with a guarantee issued by the immediate holding corporation, interest expense for the financial year amounted to $3,794 (2019: $4,508).

During the financial year, the Company repaid the loan from Bristlecone Inc. the related corporation of approximately $1,372,000 (equivalent to USD1,000,000). The loan from related corporation was at the interest rate of 2.35% per annum (2019: 2.35%). The loan is unsecured and repayable within one year from date of loan received. Interest expense for the financial year amounted to $14,723 (2019: $10,484) (Note 16).

8. TRADE AND OTHER PAYABLES

	2020	2019
	$	$
Trade payable		
– immediate holding corporation	**1,258,798**	98,807
Other payable		
– immediate holding corporation	**6,411**	–
– related corporation	**68,121**	45,324
– non-related parties	**11,457**	17,072
Accrued operating expenses		
– related corporation	**–**	10,484
– non-related parties	**99,662**	48,379
Goods and Service Tax payable	**153,012**	–
	1,597,461	220,066

Other payable to Immediate holding corporation and related corporation are unsecured, interest free and repayable on demand.

9. PROVISION

	2020	2019
	$	$
Provision of legal claim	**71,200**	–

The provision is in respect of a legal claim brought against the Company by a customer. Since the Court proceedings have not yet reached the evidentiary phase, the outcomes of these legal claims cannot be ascertained with reasonable degree of accuracy. However, the Company has recorded a provision of SGD 71,200 as at 31 March 2020 based on management's best estimates.

10. SHARE CAPITAL

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

The Company's share capital comprises fully paid-up 1,670,000 (2019: 1,670,000) ordinary shares with no par value, amounting to a total of $1,670,000 (2019: $1,670,000).

Fully paid ordinary share carry one vote per share and carry a right to dividends as and when declared by the Company.

11. REVENUE

(a) Service revenue from contracts with customer

	2020	2019
	$	$
Rendering of service	**2,754,858**	2,286,314

(b) Contract assets and liabilities

	2020	2019
	$	$
Contract assets	**100,088**	163,927
Contract liabilities	**877,688**	–

The contract assets balance decreased due to lesser contracts in which the Company provided more services ahead of the agreed payment schedules.

The contract liabilities balance represents contact in which the Company billed ahead of the provision of services to customer.

12. OTHER GAIN/(LOSS), NET

	2020	2019
	$	$
Currency translation gain/(loss), net	**21,868**	(12,904)

13. EXPENSES BY NATURE

	2020	2019
	$	$
Employee compensation (Note 14)	**153,183**	298,676
Professional and consulting fee	**24,097**	21,138
Legal fee	**140,523**	–
Lease expenses – Short-term lease/ Operating lease	**3,936**	3,578
Management fees	**74,532**	44,199
Interest expense on borrowings	**18,517**	14,992
Subcontractor cost	**1,883,558**	1,787,688

14. EMPLOYEE COMPENSATION

	2020	2019
	$	$
Salaries, bonus, commission and allowances	**151,058**	296,676
Directors' fees	**2,125**	2,000
	153,183	298,676

15. INCOME TAX EXPENSE

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follows:

	2020	2019
	$	$
Profit before income tax	**410,907**	99,879
Tax calculated at a tax rate of 17% (2019: 17%)	**69,854**	16,979
Expenses not deductible for tax purposes	**19,366**	2,939
Utilisation of tax losses not recognised previously	**(89,220)**	(19,918)
Tax charge	**–**	–

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Company has unrecognised tax losses of approximately $800,126 (2019: $1,324,955) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to the agreement of the tax authorities and compliance with certain statutory requirements. The tax losses have no expiry date.

16. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

	2020	2019
	$	$
(a) Sales and purchases of services		
Rendering of services		
Immediate holding corporation		
Marketing fees	**50,000**	100,000
Related corporation		
Professional service charges	**180,921**	59,643
Purchase of services		
Immediate holding corporation		
Subcontractor fees	**1,812,505**	1,125,089
Management fees (Note 8)	**6,411**	–
Related corporation		
Management fees (Note 8)	**68,121**	45,324
Interest expense (Note 7)	**14,723**	10,484

Related parties comprise mainly companies which are controlled or significantly influenced by the Company's key management personnel and their close family members.

Outstanding balances as at 31 March 2020 and 2019, arising from sales and purchases of services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 5, 7 and 8 to the financial statements.

(b) Key management compensation

Except for the directors of the Company, there are no other key management personnel. Among the three directors, other than Mr Tiong Hin Won, Eric (Note 14), remuneration for one of them is paid by its immediate holding corporation and for other it's paid by a related corporation.

17. COMMITMENT

The future minimum lease payable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	2020	2019
	$	$
Not later than one year	**2,952**	2,952

18. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk (including currency risk, interest rate and price risk), credit risk, liquidity risk and capital risk. The financial risk management is handled by the immediate holding corporation as part of the operations of the Group.

(a) Market risk

(i) Currency risk

The Company is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the Company to which they relate. The currencies giving rise to this risk are mainly the United States Dollar ("USD") and Indonesian Rupiah ("IDR"). Foreign exchange exposures in transactional currencies other than functional currency of the Company are kept to an acceptable level.

The Company's currency exposure based on the information provided to the board of directors is as follows:

	SGD	**USD**	**IDR**	**Total**
	$	**$**	**$**	**$**
2020				
Financial Assets				
Cash at bank	**105,298**	**193,847**	**–**	**299,145**
Trade and other receivables	**11,167**	**2,312,184**	**455,133**	**2,778,484**
Contract assets	**–**	**11,984**	**88,104**	**100,088**
Other current assets	**4,044**	**–**	**–**	**4,044**
	120,509	**2,518,015**	**543,237**	**3,181,761**
Financial Liabilities				
Trade and other payables	**1,300,924**	**143,525**	**–**	**1,444,449**
Provision	**–**	**71,200**	**–**	**71,200**
	1,300,924	**214,725**	**–**	**1,515,649**
Currency exposure of financial assets	**–**	**2,303,290**	**543,237**	**2,846,527**

	SGD	**USD**	**IDR**	**Total**
	$	**$**	**$**	**$**
2019				
Financial Assets				
Cash at bank	455,645	865,278	–	1,320,923
Trade and other receivables	44,611	496,995	–	541,606
Contract assets	14,025	149,826	–	163,851
Other current assets	24,150	–	–	24,150
	538,431	1,512,099	–	2,050,530
Financial Liabilities				
Borrowings	250,000	1,355,900	–	1,605,900
Trade and other payables	164,238	55,828	–	220,066
	414,238	1,411,728	–	1,825,966
Currency exposure of financial assets	–	100,371	–	100,371

If the USD and IDR change against the SGD by 5% with all other variables including tax rate being held constant, the effects arising from net financial liabilities/assets position will be as follows:

	Increase/(decrease) 2020		Increase/(decrease) 2019	
	Net profit	**Equity**	Net profit	Equity
	$	**$**	$	$
USD against SGD				
– strengthened	**115,165**	**115,165**	5,019	5,019
– weakened	**(115,165)**	**(115,165)**	(5,019)	(5,019)
IDR against SGD				
– strengthened	**27,162**	**27,162**	–	–
– weakened	**(27,162)**	**(27,162)**	–	–

(ii) Interest rate and price risks

The Company has no significant financial assets or liabilities that are exposed to floating interest rate and price risks.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligation, resulting in financial loss to the Company.

For banks and financial institutions, the Company mitigates its credit risks by transacting only with counterparties who are rated "A" and above by independent rating agencies.

There are no significant concentration of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Company has applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses for trade receivables from customers.

To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers, and adjusts for forward-looking macroeconomic data.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a receivable for write off when a debtor fails to make contractual payment greater than 180 days past due based on historical collection trend. Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Company's credit risk exposure in relation to trade receivables from customers as at 31 March 2020 and 31 March 2019 are set out in the provision matrix as follows:

		Past due				
	Current	**Within 30 days**	**30 to 60 days**	**60 to 90 days**	**More than 90 days**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
31 March 2020						
Expected loss rate	**–**	**–**	**–**	**–**	**–**	**–**
Trade receivables	**2,063,543**	**703,774**	**–**	**–**	**–**	**2,767,317**
Loss allowance	**–**	**–**	**–**	**–**	**–**	**–**

		Past due				
	Current	Within 30 days	30 to 60 days	60 to 90 days	More than 90 days	Total
	$	$	$	$	$	$
31 March 2019						
Expected loss rate	–	–	–	–	–	–
Trade receivables	119,689	–	–	260,505	–	380,194
Loss allowance	–	–	–	–	–	–

There are no credit loss allowance for other financial asset at amortised cost as at 31 March 2020 and 2019.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The trade receivables of the Company comprise three debtors (2019: two debtors) that represented 99% (2019: 100%) of trade receivables.

The normal trade credit terms granted to customers ranged from 30 to 60 days (2019: 30 to 60 days) or contractual periods based on project contract sales.

The balance of receivables that are past due but not impaired are unsecured in nature. The management is confident that the remaining receivables are recoverable as these accounts are still active.

(c) Liquidity risk

The Company monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Company's operations and to mitigate effects of fluctuations in cash flows.

All financial liabilities of the Company are current for the financial years ended 31 March 2020 and 2019.

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payout to shareholder or obtain borrowings.

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company comprises only of issued capital.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except for the following:

	2020	2019
	$	$
Financial assets, amortised cost	**3,181,761**	2,050,530
Financial liabilities at amortised cost	**1,515,649**	1,825,966

19. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 April 2020 and which the Company has not early adopted:

<u>Effective for annual periods beginning on or after 1 April 2020</u>

- Amendments to References to the Conceptual Framework in FRS Standards
- Amendments to illustrative examples, implementation guidance and FRS practice statements
- Amendments to FRS 103 *Definition of a Business*
- Amendments to FRS 1 and FRS 8 *Definition of Material*

<u>Effective for annual periods beginning on or after 1 April 2021</u>

- FRS 117 *Insurance Contracts*

<u>Effective date: to be determined</u>

- Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA – BT INVESTMENT COMPANY (MAURITIUS) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahindra – BT Investment Company (Mauritius) Limited**, the "Company", which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The supplementary information presented in Indian Rupee in the financial statements is solely for the convenience of the users of the financial statements. The supplementary information presented in Indian Rupee does not form part of the audited financial statements. We have therefore not audited the supplementary information and, accordingly, we do not express an opinion on this supplementary information. This paragraph has no impact on the audit opinion expressed in this auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises the information included under the Corporate Data and Commentary of the Directors sections but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards of Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Use of this report

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date: 07 May 2020

Ebene 72201, Republic of Mauritius

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020	2020	2019	2019
		USD	INR (Note 1)	USD	INR (Note 1)
INCOME					
Interest income on bank deposits		**340,549**	**25,653,556**	359,678	27,094,544
Dividends		**79,351**	**5,977,511**	48,512	3,654,409
		419,900	**31,631,067**	408,190	30,748,953
EXPENDITURE					
Professional fees	12	**39,395**	**2,967,625**	103,213	7,775,035
Audit fees		**5,590**	**421,095**	5,815	438,044
Licence fees		**2,650**	**199,625**	2,500	188,325
Bank charges		**3,989**	**300,493**	5,139	387,121
		51,624	**3,888,838**	116,667	8,788,525
PROFIT BEFORE TAX		**368,276**	**27,742,229**	291,523	21,960,428
Tax expense	8	**(2,089)**	**(157,364)**	(784)	(59,059)
PROFIT FOR THE YEAR		**366,187**	**27,584,865**	290,739	21,901,369
OTHER COMPREHENSIVE INCOME:					
Items that will not be reclassified subsequently to profit or loss		**–**	**–**	–	–
Items that will be reclassified subsequently to profit or loss					
Fair value (loss)/gain on financial asset at fair value through other comprehensive income	9(i)	**(902,553)**	**(67,989,318)**	339,480	25,573,028
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(902,553)**	**(67,989,318)**	339,480	25,573,028
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(536,366)**	**(40,404,453)**	630,219	47,474,397

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020	2020	2019	2019
		USD	INR	USD	INR
			(Note 1)		(Note 1)
ASSETS					
Non-current					
Financial asset at fair value through other comprehensive income (''FVTOCI'')	9	**1,822,121**	**137,260,374**	2,724,674	205,249,692
Current					
Prepayments		**2,883**	**217,176**	2,439	183,730
Cash and cash equivalents	10	**18,124,955**	**1,365,352,860**	17,751,516	1,337,221,700
Current assets		**18,127,838**	**1,365,570,036**	17,753,955	1,337,405,430
Total assets		**19,949,959**	**1,502,830,410**	20,478,629	1,542,655,122
EQUITY AND LIABILITIES					
Equity					
Stated capital	11	**11,880,000**	**894,920,400**	11,880,000	894,920,400
Retained earnings		**6,320,653**	**476,134,789**	5,954,466	448,549,924
Fair value reserves for financial asset at fair value through other comprehensive income	9(iii)	**1,732,076**	**130,477,285**	2,634,629	198,466,603
Total equity		**19,932,729**	**1,501,532,474**	20,469,095	1,541,936,927
Liabilities					
Current					
Accruals		**15,141**	**1,140,572**	8,750	659,136
Current tax liability	8	**2,089**	**157,364**	784	59,059
		17,230	**1,297,936**	9,534	718,195
Total equity and liabilities		**19,949,959**	**1,502,830,410**	20,478,629	1,542,655,122

Approved by the Board of Directors on 7 May 2020 and signed on its behalf by:

Zakir Hussein Niamut
Director

Abdool Fareed Soreefan
Director

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Stated capital	Retained earnings	Fair value reserves	Fair value reserves	Total
			Financial asset at fair value through other comprehensive income	Available-for-sale financial asset	
	USD	USD	USD	USD	USD
Balance at 01 April 2018	11,880,000	5,663,727	–	2,295,149	19,838,876
Reclassification of AFS reserves to FVOCI reserves	–	–	2,295,149	(2,295,149)	–
Balance at 01 April 2018	11,880,000	5,663,727	2,295,149	–	19,838,876
Profit for the year	–	290,739	–	–	290,739
Other comprehensive income	–	–	339,480	–	339,480
Total comprehensive income for the year	–	290,739	339,480	–	630,219
Balance at 31 March 2019	11,880,000	5,954,466	2,634,629	–	20,469,095
Balance at 01 April 2019	**11,880,000**	**5,954,466**	**2,634,629**	**–**	**20,469,095**
Profit for the year	**–**	**366,187**	**–**	**–**	**366,187**
Other comprehensive income	**–**	**–**	**(902,553)**	**–**	**(902,553)**
Total comprehensive income for the year	**–**	**366,187**	**(902,553)**	**–**	**(536,366)**
Balance at 31 March 2020	**11,880,000**	**6,320,653**	**1,732,076**	**–**	**19,932,729**

	Stated capital	Retained earnings	Fair value reserves	Fair value reserves	Total
			Financial asset at fair value through other comprehensive income	Available-for-sale financial asset	
	INR	INR	INR	INR	INR
Balance at 01 April 2018	894,920,400	426,648,555	–	–	1,271,568,955
Reclassification of AFS reserves to FVOCI reserves	–	–	172,893,575	(172,893,575)	–
Balance at 01 April 2018	894,920,400	426,648,555	172,893,575	–	1,494,462,530
Profit for the year	–	21,901,369	–	–	21,901,369
Other comprehensive income	–	–	25,573,028	–	25,573,028
Total comprehensive income for the year	–	21,901,369	25,573,028	–	47,474,397
Balance at 31 March 2019	894,920,400	448,549,924	198,466,603	–	1,541,936,927
Balance at 01 April 2019	**894,920,400**	**448,549,924**	**198,466,603**	**–**	**1,541,936,927**
Profit for the year	**–**	**27,584,865**	**–**	**–**	**27,584,865**
Other comprehensive income	**–**	**–**	**(67,989,318)**	**–**	**(67,989,318)**
Total comprehensive income for the year	**–**	**27,584,865**	**(67,989,318)**	**–**	**(40,404,453)**
Balance at 31 March 2020	**894,920,400**	**476,134,789**	**130,477,285**	**–**	**1,501,532,474**

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Operating activities				
Profit before tax	**368,276**	**27,742,229**	291,523	21,960,428
Adjustments for:				
Dividend	**(79,351)**	**(5,977,511)**	(48,512)	(3,654,409)
Interest income	**(340,549)**	**(25,653,556)**	(359,678)	(27,094,544)
Operating loss before working capital changes	**(51,624)**	**(3,888,838)**	(116,667)	(8,788,525)
Changes in working capital:				
(Increase)/decrease in prepayments	(444)	(33,446)	399	30,057
Increase in accruals	**6,391**	**481,436**	983	74,049
Total changes in working capital	**5,947**	**447,990**	1,382	104,106
Tax paid	**(784)**	**(59,059)**	–	–
Net cash used in operating activities	**(46,461)**	**(3,499,907)**	(115,285)	(8,684,419)
Investing activities				
Interest received	**340,549**	**25,653,556**	359,678	27,094,544
Dividend received	**79,351**	**5,977,511**	48,512	3,654,409
Net cash from investing activities	**419,900**	**31,631,067**	408,190	30,748,953
Net change in cash and cash equivalents	**373,439**	**28,131,160**	292,905	22,064,534
Cash and cash equivalents, beginning of year	**17,751,516**	**1,337,221,700**	17,458,611	1,315,157,166
Cash and cash equivalents, end of year	**18,124,955**	**1,365,352,860**	17,751,516	1,337,221,700
Cash and cash equivalents made up of:				
Cash at bank (Note 10)	**18,124,955**	**1,365,352,860**	17,751,516	1,337,221,700

The notes on pages herein form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The Company was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 9 May 2005 as a private company with liability limited by shares and holds a Global Business Licence (formerly called Category 1 Global Business Licence) issued by the Financial Services Commission. The Company's registered office is IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Republic of Mauritius.

The principal activity of the Company is to hold investments.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Indian Rupee ("INR") amounts are included solely for convenience. These transactions should not be construed as representations that the USD amounts actually represent, or have been or could be converted into INR. As the amounts shown in INR are for convenience only, the rate of 1 USD = INR75.33 has been used for the purpose of presentation of the INR amounts in the accompanying financial statements for the year ended 31 March 2020 and 31 March 2019.

2. ADOPTION OF NEW AND AMENDED IFRS

2.1 New and amended standards that are effective for the current year

The Company has applied the following Standards, amendments and Interpretations to existing Standards for the first time for the annual reporting period commencing on 01 April 2019:

IFRS 16	Leases
IFRS 9	Prepayment Features with Negative Compensation (Amendments to IFRS 9)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
IFRIC 23	Uncertainty over Income Tax Treatments
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
IAS 12/ IAS 23/ IFRS 3 and IFRS 11	Annual Improvements to IFRS 2015-2017 Cycles

The directors have assessed the impact of these revised Standards and amendments and concluded that none of these has an impact on these financial statements.

2.2 Standards, amendments and Interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, standards, amendments to existing Standards and Interpretations have been published by the IASB. None of these standards, amendments or interpretations have been adopted early by the Company.

Management anticipates that all relevant pronouncements, will be adopted in the Company's accounting policies for the first period beginning on or after the effective date of the pronouncement. Information on new Standards, amendments to existing Standards and Interpretations is provided below.

IFRS 3	Definition of a Business (Amendments to IFRS 3)
IAS 1 and IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)
IFRS 9/ IAS 39 and IFRS 7	Interest Rate Benchmark Reform
IFRS 17	Insurance Contracts

Management has yet to assess the impact of the above Standards, amendments to existing Standards and interpretations on the Company's financial statements.

3. SUMMARY OF ACCOUNTING POLICIES

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Revenue

Dividend income is recognised when the Company's right to receive such dividend is established.

Interest income is recognised on the accrual basis using the effective interest method, unless collectability is in doubt.

3.3 Expenses

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

3.4 Taxation

Tax expense recognised in the statement of comprehensive income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting years, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

3.5 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, where appropriate.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVTOCI).

In the current year, the Company does not have any financial assets categorised as FVTPL.

The classification is determined by both:

- the Company's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect their contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost, using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income ('FVTOCI')

The Company accounts for financial assets at FVTOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income will be recycled upon derecognition of the asset.

Subsequent measurement of financial liabilities

The Company's financial liabilities consist of accruals.

Financial liabilities are measured subsequently at amortised costs, using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.7 Equity and reserves

Stated capital is determined using the value of shares that have been issued.

Retained earnings include all current and prior years' results as disclosed in the statement of comprehensive income.

Fair value reserves comprises of accumulated gains and losses relating to financial asset at FVOCI.

3.8 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.9 Foreign currency translation

Functional and presentation currency

The financial statements are presented in United States Dollar ("USD"), which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

3.11 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION CERTAINTY

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

Significant management judgement in applying the accounting policies of the Company that has the most significant effect on the financial statements is set below.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the USD.

Estimation uncertainty

There are no estimates that would affect the recognition and measurement of assets, liabilities, income and expenses.

5. FINANCIAL INSTRUMENT RISK

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Financial assets				
Non-current				
Financial asset at fair value through other comprehensive income				
Investment in listed equity securities	**1,822,121**	**137,260,374**	2,724,674	205,249,692
Current				
Financial assets measured at amortised cost:				
Cash and cash equivalents	**18,124,955**	**1,365,352,860**	17,751,516	1,337,221,700
Total financial assets	**19,947,076**	**1,502,613,234**	20,476,190	1,542,571,392
Financial liabilities				
Current				
Financial liabilities measured at amortised cost:				
Accruals	**15,141**	**1,140,572**	8,750	659,136

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate measures and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The most significant financial risks to which the Company is exposed are described below.

5.1 Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and other price risk, which result from both its operating and investing activities.

Foreign currency sensitivity

Foreign currency risk, as defined in IFRS 7: *Financial Instruments: Disclosures*, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign exchange risk on account of its financial assets at fair value through other comprehensive income denominated in the Indian Rupee ("INR").

The currency profile of its financial assets and financial liabilities is as follows:

	Financial assets 2020	Financial liabilities 2020	Financial assets 2019	Financial liabilities 2019
	USD	USD	USD	USD
Long term exposure				
Indian Rupee (INR)	**1,822,121**	**–**	2,724,674	–
Short term exposure				
United States Dollar (USD)	**18,124,955**	**15,141**	17,751,516	8,750
Total exposure	**19,947,076**	**15,141**	20,476,190	8,750

	Financial assets 2020	Financial liabilities 2020	Financial assets 2019	Financial liabilities 2019
	INR	INR	INR	INR
	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Long term exposure				
Indian Rupee (INR)	**137,260,374**	**–**	205,249,692	–
Short term exposure				
United States Dollar (USD)	**1,365,352,860**	**1,140,572**	1,337,221,700	659,136
Total exposure	**1,502,613,234**	**1,140,572**	1,542,571,392	659,136

The following analysis illustrates the sensitivity of profit and equity with regard to the Company's financial assets and financial liabilities and the USD/INR exchange rate, "all other things being equal".

It assumes a 9% change of the USD/INR exchange rate for the year ended 31 March 2020 (31 March 2019: 6.58%). The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the USD had strengthened against the INR by 9%, other comprehensive income and equity would have decreased by **USD 163,991** (2019: USD 179,284). If the USD had weakened against the INR by 9%, then other comprehensive income and equity would have increased by **USD 163,991** (2019: USD 179,284). There would be no impact on profit or loss for the year as the investment denominated in INR comprises listed securities classified as financial asset at fair value through other comprehensive income.

Interest rate sensitivity

The Company's exposure to interest rate risk is limited to its bank balance and the interest thereon is based on market interest rates. At 31 March 2020, the bank balance stood at **USD 18,079,849** (2019: USD 17,689,748) and bank interest income earned during the year was **USD 340,549** (2019: USD 359,678). A change in the market interest rate would only impact marginally on the Company's operating cash flows.

Other price sensitivity

The Company is exposed to other price risk in respect of the listed securities held by it, which are listed on the Bombay Stock Exchange and the National Stock Exchange of India. The average volatility observed in the share price during the year ended 31 March 2020 is shown in the table below:

Name of investee company	% change in share price 2020	% change in share price 2019
Tech Mahindra Limited	**28%**	21%

	Other comprehensive income and equity			
	2020 USD	2020 INR (Note 1)	2019 USD	2019 INR (Note 1)
Increase	**510,194**	**38,432,884**	572,182	43,102,470
Decrease	**(510,194)**	**(38,432,884)**	(572,182)	(43,102,470)

The listed securities are classified as a financial asset at fair value through other comprehensive income and therefore no effect on profit has occurred.

5.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2020	2020	2019	2019
	USD	INR (Note 1)	USD	INR (Note 1)
ASSETS				
Non-current				
Financial asset at fair value through other comprehensive income	**1,822,121**	**137,260,374**	2,724,674	205,249,692
Current				
Cash and cash equivalents	**18,124,955**	**1,365,352,860**	17,751,516	1,337,221,700
Total assets	**19,947,076**	**1,502,613,234**	20,476,190	1,542,471,392

The Company holds an investment in Tech Mahindra Limited, a listed company incorporated in the Republic of India. The fair value of this investment exceeds its cost (Note 9 to these financial statements).

The credit risk for the bank balance is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings. None of the Company's financial assets are secured by collateral or other credit enhancements.

5.3 Liquidity risk analysis

Liquidity risk is the risk that the Company might be unable to meet its obligations.

The Company manages its liquidity risk by carefully monitoring all its cash inflows and outflows. Cash inflows during the year mainly relate to dividend income and cash outflows mainly relate to operating expenses.

At 31 March 2020, the Company's financial liabilities have contractual maturities which are summarised below:

	Within 1 year	Within 1 year
	USD	INR (Note 1)
Accruals	**15,141**	**1,140,572**

This compares with the maturity of the Company's financial liabilities in the previous reporting year as follows:

	Within 1 year	Within 1 year
	USD	INR (Note 1)
Accruals	8,750	659,136

6. FAIR VALUE MEASUREMENT

6.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

– Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of financial assets measured at fair value on a recurring basis at 31 March 2020 and 31 March 2019:

31 March 2020	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		USD	**USD**	**USD**	**USD**
Assets					
Listed investment	(i)	**1,822,121**	–	–	**1,822,121**
		1,822,121	–	–	**1,822,121**

31 March 2020	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		INR	**INR**	**INR**	**INR**
		(Note 1)	**(Note 1)**	**(Note 1)**	**(Note 1)**
Assets					
Listed investment	(i)	**137,260,374**	–	–	**137,260,374**
		137,260,374	–	–	**137,260,374**

31 March 2019	Note	Level 1	Level 2	Level 3	Total
		USD	USD	USD	USD
Assets					
Listed investment	(i)	2,724,674	–	–	2,724,674
		2,724,674	–	–	2,724,674

31 March 2019	Note	Level 1	Level 2	Level 3	Total
		INR	INR	INR	INR
		(Note 1)	(Note 1)	(Note 1)	(Note 1)
Assets					
Listed investment	(i)	205,249,692	–	–	205,249,692
		205,249,692	–	–	205,249,692

There has been no transfers between Level 1 and Level 2 in 2020 and 2019.

Measurement of fair value

The methods used for the purpose of measuring fair value are unchanged compared with the previous reporting year.

(i) Listed investment

The listed equity investment is denominated in INR and is publicly traded on the Bombay Stock Exchange and the National Stock Exchange of India. Fair values have been determined by reference to its quoted closing share price at the reporting date.

The Company's other financial assets and financial liabilities are measured at their carrying amounts, which approximate to their fair values.

6.2 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial asset consists of prepayments and non-financial liability consists of current tax liability. For these items, fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position.

7. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its shareholders.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its members, buy back shares or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. For the years ended 31 March 2020 and 31 March 2019, the Company was not geared.

8. TAXATION

(i) Income tax

The Company, under current laws and regulations, is liable to pay income tax on its net income at the rate of 15%. The Company is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritian tax payable in respect of its foreign source income. Gains or profits arising from sale of units or securities are exempt from tax in the Republic of Mauritius and any dividends or redemption proceeds paid by the Company to shareholders would not attract withholding tax in the Republic of Mauritius.

The Company holds a Global Business Licence (formerly called Category 1 Global Business Licence) for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the Finance Act 2018, with effect as from 1 January 2020, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Global Business Licence (formerly called Category 1 Global Business Licence) on or before 16 October 2017, including the Company, have been grandfathered and will benefit from the deemed tax credit regime up to 30 June 2021.

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its foreign source income resulting in an effective tax rate on net income of up to 3%, up to 30 June 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from any sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to shareholders or in respect of redemptions or exchanges of shares.

After 30 June 2021, under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the Financial Services Commission, the Company will be entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) a partial exemption of 80% of some of the income derived, including but not limited to foreign source dividends or interest income.

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the balance sheet liability method.

At 31 March 2020, the Company has a current tax liability of **USD 2,089** (2019: USD 784).

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
31 March 2020	**2,089**	**157,364**	784	59,059

Movement in current tax liability

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
At 01 April	**784**	**59,059**	–	–
Charge for the year	**2,089**	**157,364**	784	59,059
Paid during the year	**(784)**	**(59,059)**	–	–
Current tax liability	**2,089**	**157,364**	784	59,059

(ii) Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 3%. At 31 March 2020, the Company had no temporary differences and hence no deferred taxation is to be recognised in the financial statements

(iii) Income tax reconciliation

The income tax on the Company's profit before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Profit before tax	**368,276**	**27,742,229**	291,523	21,960,428
Tax calculated at the rate of 3%	**11,048**	**832,246**	8,746	658,836
Exempt income not subject to tax	**(10,216)**	**(769,571)**	(10,790)	(812,811)
Expenses not allowable for tax purposes	**1,257**	**94,689**	3,084	232,318
Tax losses utilised	–	–	(256)	(19,284)
Tax expense	**2,089**	**157,364**	784	59,059

9. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
(i) Fair value				
At beginning of year	**2,724,674**	**205,249,692**	2,385,194	179,676,664
Fair value adjustment for the year	**(902,553)**	**(67,989,318)**	339,480	25,573,028
At end of year	**1,822,121**	**137,260,374**	2,724,674	205,249,692

(ii) Details pertaining to the listed company incorporated in the Republic of India and representing a stake of 0.02% are as follows:

Name of investee company	**Cost 2019 & 2020**	**Fair value 2020**	Fair value 2019	**Cost 2019 & 2020**	**Fair value 2020**	Fair value 2019
	USD	**USD**	USD	**INR (Note 1)**	**INR (Note 1)**	INR (Note 1)
Tech Mahindra Limited	**90,045**	**1,822,121**	2,724,674	**6,783,090**	**137,260,374**	205,249,692

(iii) Fair value reserves for financial asset at fair value through other comprehensive income

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
At beginning of year	**2,634,629**	**198,466,603**	2,295,149	172,893,575
Fair value adjustment for the year	**(902,553)**	**(67,989,318)**	339,480	25,573,028
At end of year	**1,732,076**	**130,477,285**	2,634,629	198,466,603

The World Health Organisation ("WHO") declared the new coronavirus ("COVID-19") outbreak to be a pandemic on 11 March 2020. The directors acknowledge the current outbreak of COVID-19 and its adverse impact on industries and markets. The directors are monitoring the situation closely and have adopted various measures to mitigate the risk involved such as business continuity planning. The fair value of the financial assets at fair value through other comprehensive income as at 31 March 2020 reflects the conditions known as at that date. On 15 April 2020, the fair value of the investment was USD 1,715,391.

10. CASH AND CASH EQUIVALENTS

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Cash at bank – USD	**735,267**	**55,367,663**	702,378	52,910,135
Short term deposits	**17,344,582**	**1,306,567,362**	16,987,370	1,279,658,582
Interest receivable	**45,106**	**3,397,835**	61,768	4,652,983
Total	**18,124,955**	**1,365,352,860**	17,751,516	1,337,221,700

The Company has fixed deposit placements with Standard Chartered Bank (Mauritius) Limited bearing interest at the rate of 1.51% per annum.

11. STATED CAPITAL

	2020 & 2019	**2020 & 2019**
	USD	**INR (Note 1)**
Issued and fully paid:		
11,880,000 Ordinary shares of USD1 each	**11,880,000**	**894,920,400**

In accordance with the Company's Constitution, the main rights and obligations attached to the ordinary shares are as follows:

- confer to its holder the rights to attend and exercise one vote at meetings of members generally and class meetings of the ordinary shares;
- have a right to receive any dividend or distribution; and
- be entitled, on a winding up, to share in the assets of the Company available for distribution.

12. PROFESSIONAL FEES

	2020	2020	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Administration fees and disbursements	**22,167**	**1,669,840**	21,173	1,594,962
Directors' fees	**3,750**	**282,488**	3,750	282,488
Secretarial fees	**1,500**	**112,995**	1,500	112,995
Professional fees (Notes (i) and (ii))	**10,278**	**774,241**	75,090	5,656,529
Tax filing fees	**1,700**	**128,061**	1,700	128,061
Total	**39,395**	**2,967,625**	103,213	7,775,035

Professional fees consist principally of the followings:

(i) Khaitan & Co were appointed to seek a ruling by the Authority for Advance Rulings (AAR) in India on the question of whether capital gains realised by the Company from a sale of shares of Tech Mahindra Limited to AT&T International, Inc. on 22 March 2010 were exempt from tax in the Republic of India under the Mauritius-India Tax Treaty. Fees of USD 1,673 (2019: USD 33,343) were paid to Khaitan & Co in the year under review, in respect of early listing of the matter including coordination with the Registrar of Bombay High Court on behalf of the Company.

(ii) Fees of USD 5,000 (2019: USD 38,000) were paid to Mr Porus Kaka during the year under review, in respect of representing the Company at Bombay High Court hearings.

13. CONTINGENT ASSETS AND LIABILITIES

Contingent assets

On 22 March 2010, the Company disposed of part of its shareholding in Tech Mahindra Limited, a listed company incorporated in India, to AT&T International, Inc. ("AT&T"). Following the withholding tax order received from the Indian Tax Authorities, AT&T withheld an amount of INR190,061,898 as 'withholding tax' under Section 195 of the Indian Income Tax Act and paid the same into the treasury of the Government of India. In the opinion of the Company, there is no tax liability on this transaction as the Company is a resident of Mauritius and capital gains realised in India on this disposal are therefore exempt from tax in India under the Mauritius- India Tax Treaty. Accordingly, in line with the decision of its Board of Directors, the Company filed an application before the Authority for Advance Rulings ("AAR") in India on the taxability of capital gains in India under the Mauritius-India Tax Treaty. The AAR pronounced its ruling in favour of the Company on 8 August 2016. However, the Indian Tax Authorities have filed a Writ Petition against the AAR ruling in the High Court of Bombay in India. On 24 January 2019, the Counsel granted the Company's Notice of Motion requesting an early hearing of the Writ Petition. The Writ Petition was listed for final hearing as from the week commencing on 11 February 2019 but has not yet been heard, owing to the volume of cases ahead of it in the list.

During the year under review, the Counsels representing the Company had planned to mention the matter to Court for early hearing. However, the Counsels of the Indian Tax Authorities were not present at Court and hence the matter was postponed.

Beginning January 2020, the tax bench of the Bombay High Court has changed. The Counsels are deliberating regarding mentioning of this matter before the new bench for an early hearing.

Contingent liabilities

At 31 March 2020, the Company had no material litigation claims outstanding, pending or threatened against it, which could have a material adverse effect on its financial position or results.

14. EVENTS AFTER REPORTING DATE

There have been no events after the reporting date, which require disclosure or adjustment to the 31 March 2020 financial statements.

15. HOLDING COMPANIES

The directors regard Mahindra Overseas Investment Company (Mauritius) Ltd, a company incorporated in the Republic of Mauritius, as the Company's immediate holding company and Mahindra and Mahindra Limited, a listed company incorporated in India, as the Company's ultimate holding company.

INDEPENDENT AUDITORS' REPORT

To the Members of Mahindra Intertrade Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Intertrade Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Directors report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are

appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) As required by Section 143(3) of the Act, we report that:

      a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

      b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

      c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

      d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

      e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

      f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. the Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial statements – Refer Note 32 to the financial statements.

      ii. the Company did not have any long–term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

      In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act read with Schedule V of the act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
(Firm's Registration No: 101248W/W–100022)

Jayesh T Thakkar
Partner
(Membership No. 113959)
UDIN: 20113959AAAACK8188

Place: Mumbai
Date: 18 May 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT – 31 MARCH 2020

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have been physically verified by the management in accordance with regular programme of verification once in three year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company. In respect of leasehold lands, we have verified the lease agreements are duly registered with appropriate authorities.

(ii) The inventories have been physically verified by management at reasonable intervals during the year. In our opinion, frequency of verification is reasonable. No material discrepancies were noticed on such physical verification, discrepancies noted have been suitably dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of grant of loans. Further, as informed to us the Company has not made any investments nor provided any guarantees and securities during the year.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, for maintenance of cost records in respect of products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account of the Company, the Company is regular in depositing undisputed statutory dues accrued/ deducted including, Provident Fund, Employees' State Insurance, Income–Tax, Goods and Service Taxand other material statutory dues with the appropriate authorities. Further as informed to us, the Company did not have any dues on account of Sales–tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income–Tax, Goods and Service Tax and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable. Further as informed to us, the Company did not have any dues on Sales–tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales–Tax, Service Tax, Customs duty, Excise duty, Value Added Tax, Goods and Service Tax and Cess which have not been deposited with the authorities on account of any dispute other than those mentioned below:

Name of the Statute	Nature of the Dues	Rupees in Crores		Period to which the amount relates	Forum where dispute is pending
		Amount demanded	Amount not deposited under dispute		
Central Sales Tax Act, 1956	Central Sales Tax	1.12	0.94	2010-11	Appellate Tribunal

(viii) In our opinion and according to the information and explanations given to us by the management, the company has not taken any loans or borrowings from a financial institutions, banks or government nor has issued any debentures during the year. Accordingly, paragraph 3 (viii) of the Order is not applicable to the Company.

(ix) According to the information and explanations given to us by the management, the Company did not raise money by way of term loan, initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given by the management, managerial remuneration has been paid or provided is in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V of the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us by the management, the Company has entered into transactions with related parties in compliance with the provisions of Section 177 and Section 188 of the Act, where applicable and the details of such related party transaction have been disclosed in the Ind AS financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act.

(xiv) According to the information and explanations given to us by the management, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3 (xiv)of the Order is not applicable to the company.

(xv) According to the information and explanations given to us, the Company has not entered into any non–cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45–IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
(Firm's Registration No: 101248W/W–100022)

Jayesh T Thakkar
Partner
(Membership No. 113959)
UDIN: 20113959AAAACK8188

Place : Mumbai
Date : 18 May 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA INTERTRADE LIMITED FOR THE PERIOD ENDED 31 MARCH 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub–section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Intertrade Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No. 113959)
UDIN:20113959AAAACK8188

Place : Mumbai
Date : 18 May 2020

BALANCE SHEET AS AT MARCH 31, 2020

Rs. in Crores

	Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
A	**ASSETS**			
	1 Non–current assets			
	a) Property, plant and equipment	5	**67.51**	72.53
	b) Capital work–in–progress		**–**	0.24
	c) Other intangible assets	6	**0.01**	0.01
	d) Financial assets			
	(i) Investments	7	**112.46**	112.46
	(ii) Loans	8	**0.17**	0.16
	e) Other non–current assets	9	**7.92**	5.17
	Total non–current assets		**188.07**	190.57
	2 Current assets			
	a) Inventories	10	**233.50**	278.10
	b) Financial assets			
	(i) Investments	7	**27.61**	30.36
	(ii) Trade receivables	11	**187.95**	296.34
	(iii) Cash and cash equivalents	12	**7.89**	8.38
	(iv) Bank balances other than (iii) above	12	**113.90**	20.00
	(v) Loans	8	**56.61**	26.65
	(vi) Others	13	**4.85**	5.20
	c) Other current assets	9	**6.59**	11.68
	Total current assets		**638.90**	676.71
	Total assets (1+2)		**826.97**	867.28
B	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	a) Equity share capital	14	**16.60**	16.60
	b) Other equity	15	**579.21**	571.67
	Total equity		**595.81**	588.27
	LIABILITIES			
	2 Non–current liabilities			
	a) Financial liabilities			
	Other financial liabilities (other than those specified in item (b))	16	**0.90**	0.13
	b) Provisions	17	**3.58**	3.75
	c) Deferred tax liabilities (Net)	19	**1.05**	4.25
	Total non–current liabilities		**5.53**	8.13
	3 Current liabilities			
	a) Financial liabilities			
	(i) Borrowings	20	**2.06**	–
	(ii) Trade payables			
	(a) total outstanding dues of micro enterprises and small enterprises; and	21	**0.49**	0.13
	(b) total outstanding dues of creditors other than micro enterprises and small enterprises	21	**210.20**	250.46
	(iii) Other financial liabilities (other than those specified in item (c))	22	**6.69**	11.40
	b) Other current liabilities	23	**5.37**	7.39
	c) Provisions	24	**0.73**	0.76
	d) Current tax liabilities (Net)		**0.09**	0.74
	Total current liabilities		**225.63**	270.88
	Total equity and liabilities (1+2+3)		**826.97**	867.28

See accompanying notes to the financial statements

for and on behalf of Board of Directors

For B S R & Co. LLP
Chartered Accountants
Firm's registration
number : 101248 W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place: Mumbai
Date: 18 May, 2020

For and on behalf of board of directors
U51900MH1978PLC020222

Zhooben Bhiwandiwala
Executive Vice-Chairman
DIN: 00110373

Sumit Issar
Managing Director
DIN: 06951249

Romali Malvankar
Company Secretary
Membership No : A-29447

Percy Mahernosh
Chief Financial Officer

Place: Mumbai
Date: 18 May, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Rs. in Crores

	Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I	Revenue from operations	25	**1,043.89**	1,510.56
II	Other income	26	**18.37**	11.31
III	**Total revenue (I + II)**		**1,062.26**	1,521.87
IV	**Expenses**			
	a) Cost of materials consumed	27	**776.13**	1,082.67
	b) Purchases of stock–in–trade (Steel products)		**166.19**	275.81
	c) Changes in inventories finished goods, work–in–progress and stock–in–trade	28	**0.88**	(30.63)
	d) Employee benefits expense	29	**19.31**	19.67
	e) Finance costs	30	**4.63**	5.97
	f) Depreciation and amortisation expense	5 & 6	**9.92**	7.23
	g) Other expenses	31	**38.97**	43.48
	Total expenses (IV)		**1,016.03**	1,404.20
V	**Profit before tax (III – IV)**		**46.23**	117.67
VI	**Tax expense**			
	a) Current tax	18	**13.13**	39.31
	b) Deferred tax	19	**(3.35)**	1.02
	Total tax expense		**9.78**	40.33
VII	**Profit after tax for the year (V – VI)**		**36.45**	77.34
VIII	**Other comprehensive (income) / loss**		**(0.45)**	0.06
	(i) Items that will not be reclassified to profit or loss – Remeasurements of the defined benefit liabilities/(asset)		**(0.60)**	0.09
	(ii) Income tax relating to items that will not be reclassified to profit or loss	19	**0.15**	(0.03)
IX	**Total comprehensive income for the year (VII – VIII)**		**36.90**	77.28
X	**Earnings per equity share (of Rs. 10 each): Basic/Diluted (Rs.)**	33	**21.96**	46.59

See accompanying notes to the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248 W/W–100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place: Mumbai
Date: 18 May, 2020

For and on behalf of board of directors
U51900MH1978PLC020222

Zhooben Bhiwandiwala
Executive Vice–Chairman
DIN: 00110373

Sumit Issar
Managing Director
DIN: 06951249

Romali Malvankar
Company Secretary
Membership No : A–29447

Percy Mahernosh
Chief Financial Officer

Place: Mumbai
Date: 18 May, 2020

STATEMENT OF CHANGES IN EQUITY

Rs. in Crores

A. Equity share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	**16.60**	16.60
Changes in equity share capital during the year	**–**	–
Balance at the close of the year	**16.60**	16.60

B. Other equity

Particulars	General reserve	Capital redemption reserve	Retained earnings	Total
Balance as at March 31, 2018	**52.87**	**18.75**	**447.02**	**518.64**
Profit for the year	–	–	77.34	77.34
Other comprehensive loss (net of tax)	–	–	(0.06)	(0.06)
Total comprehensive income for the year	–	–	77.28	77.28
Dividend paid on equity shares (Rs.12.5 per share on fully paid & Rs.3.75 per share on partly paid equity share)	–	–	(20.75)	(20.75)
Dividend distribution tax	–	–	(3.50)	(3.50)
Balance as at March 31, 2019	**52.87**	**18.75**	**500.05**	**571.67**
Profit for the year	–	–	36.45	36.45
Other comprehensive income (net of tax)	–	–	0.45	0.45
Total comprehensive income for the year	–	–	36.90	36.90
Dividend paid on equity shares (Rs.15 per share on fully paid & Rs.4.50 per share on partly paid equity share)	–	–	(24.90)	(24.90)
Dividend distribution tax	–	–	(4.46)	(4.46)
Balance as at March 31, 2020	**52.87**	**18.75**	**507.59**	**579.21**

See accompanying notes to the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration
number : 101248 W/W–100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place: Mumbai
Date: 18 May, 2020

For and on behalf of board of directors
U51900MH1978PLC020222

Zhooben Bhiwandiwala
Executive Vice–Chairman
DIN: 00110373

Sumit Issar
Managing Director
DIN: 06951249

Romali Malvankar
Company Secretary
Membership No : A–29447

Percy Mahernosh
Chief Financial Officer

Place: Mumbai
Date: 18 May, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

		Rs. in Crores
Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019
A. Cash flows from operating activities		
Profit before tax	**46.23**	117.67
Adjustments for:		
Finance costs	**4.63**	5.97
Depreciation and amortisation expense	**9.92**	7.23
Dividend income	**(3.73)**	(4.83)
Interest income	**(6.79)**	(5.86)
Gain on sale of current investments	**(1.77)**	(0.57)
Unrealised net loss / (gain) on foreign exchange transactions and translations	**6.12**	(3.36)
Other write backs	**(0.75)**	–
Net loss arising on financial assets caarried at FVTPL	**2.13**	1.81
Fair value (gain) / loss on financial instruments at fair value through profit or loss	**(4.75)**	2.61
Net gain on sale / scrapped / write off of property, plant and equipment	**(0.03)**	(0.04)
	4.98	2.96
Operating profit before working capital changes	**51.21**	120.63
Changes in working capital:		
Decrease / (Increase) in inventories	**44.60**	(91.64)
Decrease / (Increase) in trade receivable	**108.39**	(73.92)
Decrease in other assets	**7.61**	4.48
(Decrease) / Increase in trade payables	**(46.00)**	90.26
Increase / (Decrease) in provision	**0.40**	(0.26)
(Decrease) / Increase in other liabilities	**(0.55)**	0.15
	114.45	(70.93)
Cash generated from operations	**165.66**	49.70
Net income tax paid	**(16.34)**	(38.77)
Net cash from operating activities (A)	**149.32**	10.93
B. Cash flows from investing activities		
Payment for property, plant and equipment's	**(2.84)**	(15.34)
Proceeds from sale of property, plant and equipment's (net)	**0.29**	0.04
Inter corporate deposits placed	**(130.25)**	(43.75)
Inter corporate deposits refunded	**100.30**	42.10
Bank balances not considered as cash and cash equivalents		
– Placed	**(286.60)**	(190.65)
– Matured	**192.70**	226.15
Investment in equity shares of subsidiaries	**–**	(21.73)
Current investments not considered as Cash and cash equivalents		
– Purchased	**(1,670.49)**	(2,330.09)
– Proceeds from sale	**1,663.76**	2,341.66
Proceeds from redemption of Optionally convertible debenture	**9.10**	–
Interest received	**6.42**	6.41

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020 (CONTINUED)

Rs. in Crores

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Dividend received		
– Subsidiaries	**3.19**	3.71
– Others	**0.54**	1.12
Net cash (used in) / from investing activities (B)	**(113.88)**	19.63
C. Cash flows from financing activities		
Payments for the principal portion of the lease liability	**(1.88)**	–
Repayment of borrowings	**(0.06)**	(0.44)
Dividend paid	**(24.90)**	(20.75)
Dividend distribution tax paid	**(4.46)**	(3.50)
Payments for the interest portion of the lease liability	**(0.28)**	–
Finance costs	**(4.35)**	(5.97)
Net cash used in financing activities (C)	**(35.93)**	(30.66)
Net (decrease) in cash and cash equivalents (A + B + C)	**(0.49)**	(0.10)
Cash and cash equivalents at beginning of the year	**8.38**	8.48
Cash and cash equivalents at end of the year	**7.89**	8.38
	(0.49)	(0.10)
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 12)	**7.89**	8.38

See accompanying notes forming part of the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration
number : 101248 W/W–100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place: Mumbai
Date: 18 May, 2020

For and on behalf of board of directors
U51900MH1978PLC020222

Zhooben Bhiwandiwala
Executive Vice–Chairman
DIN: 00110373

Sumit Issar
Managing Director
DIN: 06951249

Romali Malvankar
Company Secretary
Membership No : A–29447

Percy Mahernosh
Chief Financial Officer

Place: Mumbai
Date: 18 May, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. Corporate information

Mahindra Intertrade Limited is a public limited company domiciled in India and is incorporated on 20 March, 1978 under the erstwhile Companies Act, 1956. The registered office of the Company is located at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018.

The Company's main activity is steel processing from the plants located at Nashik and Vadodara. The Company is principally engaged in processing of automotive and electrical steel.

2 Statement of Compliance and Basis of preparation and presentation:

2.1 The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act 2013 and other relevant provision of the Act.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All values are rounded to the nearest crores.

The financial statements were approved by the Board of Directors and authorised for issue on May 18, 2020.

2.2 Use of estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note No.3.1	Property, plant & equipment
Note No.3.2	Intangible asset acquired separately
Note No.3.8	Employee benefits
Note No.3.16	Leases

3 Significant accounting policies:

3.1 Property, plant & equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets up to the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset class based on the Company's expected usage pattern :

(a) Vehicles : 5 years

(b) Blanking Line (Nashik) and Roll forming line (Nashik) : 20 years

3.2 Intangible asset aquired separately:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on straight line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effects of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment loss.

3.3 Impairment of assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash–generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre–tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash–generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash–generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash–generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash–generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss.

3.4 Inventories:

Inventories, except for stores and spares which are valued at cost, are valued at the lower of cost (on weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary.

Cost comprises of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Net Realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Work–in–progress and finished goods include appropriate proportion of overheads.

3.5 Foreign Currencies:

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non–monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit or Loss in the period in which they arise.

3.6 Financial assets and Financial liabilities:

Financial instruments:

Financial assets and financial liabilities are recognised when a

Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit or Loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

Financial liabilities and equity instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instrument issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

All the financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit or Loss.

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately.

3.7 Revenue recognition:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue is measured based on the transaction price as specified in the contract with the customer. It excludes taxes or other amounts collected from customers in its capacity as an agent. In determining the transaction price, the Company considers:

Significant financing component – Generally, the Company receives short–term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The accounting policies for specific revenue streams of the company is summarised below:

Sale of goods:

Customers obtain control of the goods when the goods are delivered to and have been accepted.

Sale of Services:

Service income is recognized over time based on as and when service is performed.

3.8 Employee benefits:

Retirement benefit costs and termination benefits:

Payment to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return of plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset. Defined benefit costs are categorised as follows;

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit or Loss in the line item "Employee benefits expense". Curtailment gains and losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for the termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Short–term and other long–term employee benefits:

A liability is recognized for benefits accruing to the employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.

Liabilities recognized in respect of short–term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of related service.

Liabilities recognized in respect of other long–term employee benefits are measured at present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employee upto the reporting date.

3.9 Stock appreciation rights (SARs):

For cash–settled share–based payments, a liability is recognized for the services availed, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in the Statement of Profit or Loss for the year.

3.10 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit or Loss in the period in which they are incurred.

3.11 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3.12 Taxes on income:

Income Tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

3.13 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short–term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.14 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non–cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating investing and financing activities of the Company are segregated based on the available information.

3.15 Earning per share:

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year.

3.16 Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee:

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand–alone prices. However, for the leases of property the Company has elected not to separate non–lease components and account for the lease and non–lease components as a single lease component.

The Company recognises a right–of–use asset and a lease liability at the lease commencement date. The right–of–use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right–of–use asset is subsequently depreciated using the straight–line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right–of–use asset reflects that the Company will exercise a purchase option. In that case the right–of–use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right–of–use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company presents right–of–use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in the statement of financial position.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short–term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight–line basis over the lease term.

4 A) Significant changes in accounting policies:

The Company has adopted Ind AS 116 'Leases' from 1 April 2019 using the modified retrospective method. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted.

Definition of lease:

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under 'Appendix C' to Ind AS 17 determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in significant accounting policy.

On transition to Ind AS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 and 'Appendix C' were not reassessed for whether there is a lease under Ind AS 116. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

i. Leases classified as operating lease under Ind AS 17:

Previously, the Company classified property leases as operating leases under Ind AS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right–of–use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right–of–use assets for impairment on the date of transition and has concluded that there is no indication that the right–of–use assets are impaired.

The Company used following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17:

- did not recognise right–of–use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application; and
- did not recognise right–of–use assets and liabilities for leases of low value assets

ii. Leases classified as finance leases under Ind AS 17

The leases which were classified as finance leases under Ind AS 17, the carrying amount of the right–of–use asset and the lease liability at 1 April 2019 were determined at the carrying amount of the lease asset and lease liability under Ind AS 17 immediately before transition date.

iii. Impact on financial statements

On transition date the Company recognised Right–of–Use asset and lease liability, the impact is as follows:

1)	Reclassification in Property, plant & equipment's: From leasehold land to Right–of–Use assets	1.16
2)	Reclassification in Property, plant & equipment's: From Accumulated depreciation on leasehold land to Right–of–Use assets depreciation	0.16
3)	Recognition of Right–of–Use assets: Property, plant & equipment's	3.93
4)	Recognition of lease liabilities	3.93

B) Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Note 5 - Property, Plant and Equipment

Rs. in Crores

Description of Assets	Land - freehold	Right of use asset	Land - leasehold	Buildings - freehold*	Plant and equipment	Electrical installations	Office equipment	Furniture and fixtures	Computers	Vehicles	Total
I. Cost											
Balance as at April 1, 2019	**1.11**	**–**	**1.16**	**27.40**	**99.05**	**0.49**	**0.58**	**0.67**	**1.61**	**2.82**	**134.89**
Reclassification on transition (refer note 4(A))	–	1.16	(1.16)	–	–	–	–	–	–	–	–
Recognition on transition (refer note 4(A))	–	3.93	–	–	–	–	–	–	–	–	3.93
Additions	–	–	–	0.09	0.84	–	–	0.01	0.04	0.25	1.23
Disposals	–	–	–	–	(0.10)	–	(0.05)	–	(0.03)	(0.67)	(0.85)
Balance as at March 31, 2020	**1.11**	**5.09**	**–**	**27.49**	**99.79**	**0.49**	**0.53**	**0.68**	**1.62**	**2.40**	**139.20**
II. Accumulated depreciation											
Balance as at April 1, 2019	**–**	**–**	**0.16**	**8.47**	**49.98**	**0.12**	**0.42**	**0.43**	**1.48**	**1.30**	**62.36**
Reclassification on transition (refer note 4(A))	–	0.16	(0.16)	–	–	–	–	–	–	–	–
Depreciation expense for the year	–	1.97	–	1.07	6.23	0.04	0.06	0.04	0.06	0.45	9.92
Eliminated on disposal of assets	–		–	–	(0.07)	–	(0.05)	–	(0.02)	(0.45)	(0.59)
Balance as at March 31, 2020	**–**	**2.13**	**–**	**9.54**	**56.14**	**0.16**	**0.43**	**0.47**	**1.52**	**1.30**	**71.69**
Net carrying amount (I–II)											
Balance as at March 31, 2020	**1.11**	**2.96**	**–**	**17.95**	**43.65**	**0.33**	**0.10**	**0.21**	**0.10**	**1.10**	**67.51**
Balance as at March 31, 2019	1.11	–	1.00	18.93	49.07	0.37	0.16	0.24	0.13	1.52	72.53

Rs. in Crores

Description of Assets	Land - freehold	Right of use asset	Land - leasehold	Buildings - freehold*	Plant and equipment	Electrical installations	Office equipment	Furniture and fixtures	Computers	Vehicles	Total
I. Cost											
Balance as at April 1, 2018	**1.11**	**–**	**1.16**	**23.18**	**68.48**	**0.39**	**0.55**	**0.56**	**1.65**	**2.11**	**99.19**
Additions	–	–	–	4.22	30.57	0.10	0.04	0.11	–	0.85	35.89
Disposals	–	–	–	–	–	–	(0.01)	–	(0.04)	(0.14)	(0.19)
Balance as at March 31, 2019	**1.11**	**–**	**1.16**	**27.40**	**99.05**	**0.49**	**0.58**	**0.67**	**1.61**	**2.82**	**134.89**
II. Accumulated depreciation											
Balance as at April 1, 2018	**–**	**–**	**0.15**	**7.51**	**44.42**	**0.08**	**0.38**	**0.39**	**1.40**	**0.99**	**55.32**
Depreciation expense for the year			0.01	0.96	5.56	0.04	0.05	0.04	0.12	0.44	7.22
Eliminated on disposal of assets	–	–	–	–	–	–	(0.01)	–	(0.04)	(0.13)	(0.18)
Balance as at March 31, 2019	**–**	**–**	**0.16**	**8.47**	**49.98**	**0.12**	**0.42**	**0.43**	**1.48**	**1.30**	**62.36**
Net carrying amount (I–II)											
Balance as at March 31, 2019	**1.11**	**–**	**1.00**	**18.93**	**49.07**	**0.37**	**0.16**	**0.24**	**0.13**	**1.52**	**72.53**
Balance as at March 31, 2018	1.11	–	1.01	15.67	24.06	0.31	0.17	0.17	0.25	1.12	43.87

* Includes Rs. 500 (2019: Rs. 500) in respect of 10 shares of Rs. 50 each in Shah and Nahar Industrial Premises (A–1) Co–operative Society Limited.

Note : Estimated amount of contracts remaining to be executed on capital account and not provided for as on March 31, 2020 Rs. 0.10 Crores (March 31, 2019 Rs.0.26 Crore)

Note 6 - Other intangible assets

Rs. in Crores

Description of Assets	Computer software	Website	Total
I. Cost			
Balance as at April 1, 2019	**0.59**	**0.47**	**1.06**
Additions	–	–	–
Disposals	–	–	–
Balance as at March 31, 2020	**0.59**	**0.47**	**1.06**
II. Accumulated amortisation			
Balance as at April 1, 2019	**0.58**	**0.47**	**1.05**
Amortisation expense for the year	*	–	*
Eliminated on disposal of assets	–	–	–
Balance as at March 31, 2020	**0.58**	**0.47**	**1.05**
Net carrying amount (I–II)			
Balance as at March 31, 2020	**0.01**	**–**	**0.01**
Balance as at March 31, 2019	0.01	–	0.01

*** Represent : Rs.11,970**

Rs. in Crores

Description of Assets	Computer software	Website	Total
I. Cost			
Balance as at April 1, 2018	**0.58**	**0.47**	**1.05**
Additions	0.01	–	0.01
Disposals	–	–	–
Balance as at March 31, 2019	**0.59**	**0.47**	**1.06**
II. Accumulated amortisation			
Balance as at April 1, 2018	**0.57**	**0.47**	**1.04**
Amortisation expense for the year	0.01	–	0.01
Eliminated on disposal of assets	–	–	–
Balance as at March 31, 2019	**0.58**	**0.47**	**1.05**
Net carrying amount (I–II)			
Balance as at March 31, 2019	**0.01**	**–**	**0.01**
Balance as at March 31, 2018	0.01	–	0.01

Note 7 - Investments

Rs. in Crores

Particular	As at March 31, 2020 QTY	As at March 31, 2020 Amounts Current	As at March 31, 2020 Amounts Non–current	As at March 31, 2019 QTY	As at March 31, 2019 Amounts Current	As at March 31, 2019 Amounts Non–current
A. Investment carried at cost						
Unquoted investments (all fully paid)						
Investments in equity instruments of subsidiaries						
a) Equity shares of USD 550 each in Mahindra Middle East Electrical Steel Service Centre (FZC), Sharjah	**900**	–	**2.25**	900	–	2.25
b) Equity shares of Rs 10 each in Mahindra Electrical Steel Private Limited.	**500,000**	–	**0.50**	500,000	–	0.50
c) Equity shares of Rs 10 each in Mahindra Steel Service Centre Limited	**10,089,257**	–	**42.45**	10,089,257	–	42.45

Rs. in Crores

Particular		As at March 31, 2020 QTY	Amounts Current	Amounts Non–current	As at March 31, 2019 QTY	Amounts Current	Amounts Non–current
d)	Equity shares of Rs 10 each in Mahindra Auto Steel Private Limited..	**34,935,000**	–	**34.93**	34,935,000	–	34.93
e)	Equity shares of Rs 10 each in Mahindra MSTC Recycling Private Limited..	**18,600,000**	–	**18.60**	18,600,000	–	18.60
f)	Equity shares of Indonesian Rp. 10,000,000 each in PT Mahindra Accelo Steel Service Indonesia.	**2,824**	–	**13.73**	2,824	–	13.73
	Investment carried at cost [A]	–	–	**112.46**	–	–	112.46
B.	**Investments carried at fair value through profit and loss**						
	Unquoted investments						
	Investments in equity instruments (all fully paid)						
	500 Ordinary shares of Rs.1,000 each fully paid up in Seeker Fashions Private Limited	**500**	–	–	500	–	–
	Investments in mutual funds						
a)	Mahindra Liquid Fund – Reg – Growth	**39,193**	**5.03**		–	–	–
b)	Aditya Birla Sun Life Liquid Fund – Reg – Growth	**236,815**	**7.52**		–	–	–
c)	ICICI Prudential Liquid Fund – Reg – Growth	**240,249**	**7.03**		–	–	–
d)	HDFC Liquid Fund – Growth	**20,686.81**	**8.03**		–	–	–
e)	Kotak Liquid Fund – Reg – Growth	–	–	–	58,074	7.01	–
f)	UTI–Liquid Cash Plan – IP – Growth	–	–	–	19,696	6.01	–
g)	Aditya Birla Sun Life Cash Plus – Reg – Growth	–	–	–	200,882	6.00	–
			27.61	–		19.02	–
	Investments in optionally convertible debentures						
	– of Subsidiaries (refer Note below)						
	0.25% Optionally Convertible Unsecured Debentures of Rs 1,000 each in Mahindra Electrical Steel Private Limited *	–	–	–	91,000	11.34	–
	Investment carried at FVTPL [B]		**27.61**	–		30.36	–
	Total investments [A] + [B]		**27.61**	**112.46**		30.36	112.46

* During the year 2015–16 the issuer had exercised the call option to redeem 16,500 debentures and during the current year all remaining 91,000 0.25% Optionally convertible unsecured debentures are redeemed by issuer.

Note 8 - Loans

Rs. in Crores

Particulars		As at March 31, 2020 Current	Non-current	Total	As at March 31, 2019 Current	Non-current	Total
Security deposits							
Unsecured considered good							
With others		**–**	**0.17**	**0.17**	–	0.16	0.16
Total (A)		**–**	**0.17**	**0.17**	–	0.16	0.16
Loans							
Inter–corporate deposits given:							
Unsecured considered good							
to related parties							
a)	Mahindra Electrical Steel Private Limited (refer Note 38) *	**11.60**	**–**	**11.60**	**1.65**	**–**	**1.65**
b)	Mahindra & Mahindra Financial Services Limited	**–**	**–**	**–**	**10.00**	**–**	**10.00**
c)	Mahindra Rural Housing Finance Limited (refer Note 38)	**15.00**	**–**	**15.00**	**–**	**–**	**–**
to others							
a)	Bajaj Finance Limited	**10.00**	**–**	**10.00**	–	–	–
b)	Kotak Mahindra Investments Ltd	**10.00**	**–**	**10.00**	15.00	–	15.00
c)	HDFC Ltd	**10.00**	**–**	**10.00**	–	–	–
To employees		**0.01**	**–**	**0.01**	–	–	–
Total (B)		**56.61**	**–**	**56.61**	**26.65**	**–**	**26.65**
Total (A+B)		**56.61**	**0.17**	**56.78**	26.65	0.16	26.81

* Private Limited companies in which directors of the Company are directors.

Note 9 - Other assets

Rs. in Crores

Particulars	As at March 31, 2020 Current	Non–current	Total	As at March 31, 2019 Current	Non–current	Total
Capital advances	–	–	–	–	0.14	0.14
Prepayments	0.09	–	0.09	0.25	–	0.25
Advance income tax (net of provision for tax)	–	6.84	6.84	–	4.28	4.28
Balances with government authorities						
a) GST credit	4.70	–	4.70	9.95	–	9.95
b) VAT credit	0.10	–	0.10	0.10	–	0.10
c) Custom duty	0.66	–	0.66	0.70	–	0.70
	5.46	–	5.46	10.75	–	10.75
Others						
a) Advance to vendors	0.84	–	0.84	0.49	–	0.49
b) Surplus of plan assets over obligation – gratuity	–	0.90	0.90	–	0.57	0.57
c) Others	0.20	0.18	0.38	0.19	0.18	0.37
	1.04	1.08	2.12	0.68	0.75	1.43
Total	6.59	7.92	14.51	11.68	5.17	16.85

Note 10 - Inventories

Rs. in Crores

Particulars	As at March 31, 2020	As at March 31, 2019
a) Raw materials [refer note 27]	158.75	202.49
b) Work–in–Progress [refer note 28]	11.29	15.35
c) Finished goods and semi–finished goods [refer note 28]	14.64	14.36
d) Stock–in–trade [refer note 28]	47.47	44.57
e) Stores and spares	1.35	1.33
Total	233.50	278.10
Included above, goods–in–transit:		
Raw materials	32.41	47.19

Notes:

i) The cost of inventories recognised as an expenses during the year was Rs. 943.20 Crores (March 31, 2019 – 1,327.85 Crores).

ii) The cost of inventories recognised as an expenses includes Rs. 2.14 Crores (March 31,2019 – Rs.0.31 Crores) in respect of write–downs of inventory to net realisable value.

iii) The mode of valuation of inventories has been stated in note 3.4

Note 11 - Trade receivables

Rs. in Crores

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
a) Considered good–Unsecured	187.95	296.34
b) Credit impaired	1.63	1.63
Less: Allowances for bad and doubtful debts	(1.63)	(1.63)
	–	–
Total (a+b)	187.95	296.34

Notes:

(i) The average credit period on Job work processing is 30 days and on sales of products ranges between 90 to 120 days.

(ii) There are no trade receivable which have significant increase in credit risk or are credit impaired.

Note 12 - Cash and cash equivalents and Other bank balances

Rs. in Crores

Particulars	As at March 31, 2020	As at March 31, 2019
a) Cash and cash equivalents		
Unrestricted balances with banks		
In current account	7.89	5.93
Cheques on hand	–	2.45
Cash on hand	*	*
	7.89	8.38
b) Other bank balances		
In deposit account	113.90	20.00
	113.90	20.00

* Represents Rs 34,813 (2019 : Rs 70,521)

Note 13 - Other financial assets

Rs. in Crores

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost		
Interest receivable		
a) Interest accrued on deposits	0.77	0.37
b) Interest accrued on investments	–	0.04
c) Interest accrued on inter–corporate deposit	1.37	1.36
Others		
a) Export rebate receivable	0.05	1.56
b) Export incentive receivable	0.51	1.86
Total (A)	2.70	5.19
Financial assets at fair value		
Derivatives financial instruments		
Foreign currency forward contracts	2.15	0.01
Total (B)	2.15	0.01
Total (A + B)	4.85	5.20

Note 14 - Share capital

Particulars	As at March 31, 2020 Number of Shares	As at March 31, 2020 Rs. in Crores	As at March 31, 2019 Number of Shares	As at March 31, 2019 Rs. in Crores
(a) Authorised				
Equity shares of Rs. 10 each	**28,000,000**	**28.00**	28,000,000	28.00
Cumulative redeemable preference shares of Rs. 100 each	**1,875,000**	**18.75**	1,875,000	18.75
	29,875,000	**46.75**	29,875,000	46.75
(b) Issued				
Equity shares of Rs. 10 each	**27,100,007**	**27.10**	27,100,007	27.10
(c) Subscribed and fully paid up				
Equity shares of Rs. 10 each	**12,100,007**	**12.10**	12,100,007	12.10
(d) Subscribed but not fully paid up				
Equity shares of Rs. 10 each, Rs. 7 not paid up	**15,000,000**	**4.50**	15,000,000	4.50
	27,100,007	**16.60**	27,100,007	16.60

(i) **Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period**

Particulars	As at March 31, 2020 Number of Shares	As at March 31, 2020 Rs. in Crores	As at March 31, 2019 Number of Shares	As at March 31, 2019 Rs. in Crores
Equity shares of Rs. 10 each				
Subscribed and fully paid up				
Opening Balance	**12,100,007**	**12.10**	12,100,007	12.10
Fresh issue	**–**	**–**	–	–
Buy back	**–**	**–**	–	–
Closing Balance	**12,100,007**	**12.10**	12,100,007	12.10
Subscribed but not fully paid up				
Opening Balance	**15,000,000**	**4.50**	15,000,000	4.50
Fresh issue	**–**	**–**	–	–
Buy back	**–**	**–**	–	–
Closing Balance	**15,000,000**	**4.50**	15,000,000	4.50

(ii) The Company has not allotted any equity shares for consideration other than cash , bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of Rs. 10/– per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person or being a company present by a representative duly authorised shall have one vote. and (ii) On a poll: the voting rights of every member entitled to vote and present in person (including a company present by representative duly authorised) or by proxy shall be in proportion to his share of the paid up equity capital of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(iii) **Details of shares held by the holding company**

Particulars	As at March 31, 2020	As at March 31, 2019
Mahindra Vehicle Manufacturers Limited (including 6 equity shares held jointly with its nominees)	**27,100,007**	27,100,007

(iv) **Details of shares held by each shareholder holding more than 5% shares**

Particulars	As at March 31, 2020 Number of shares	As at March 31, 2020 % of holding	As at March 31, 2019 Number of shares	As at March 31, 2019 % of holding
Mahindra Vehicle Manufacturers Limited (including 6 equity shares held jointly with its nominees)	**27,100,007**	**100%**	27,100,007	100%

Note 15 - Other equity

Rs. in Crores

Particulars	General reserve	Capital redemption reserve	Retained earnings	Total
Balance as at March 31, 2018	**52.87**	**18.75**	**447.02**	**518.64**
Profit for the year	–	–	77.34	77.34
Other comprehensive loss (net of tax)	–	–	(0.06)	(0.06)
Total comprehensive income for the year	–	–	77.28	77.28
Dividend paid on equity shares (Rs.12.5 per share on fully paid & Rs.3.75 per share on partly paid equity share)	–	–	(20.75)	(20.75)
Dividend distribution tax..	–	–	(3.50)	(3.50)
Balance as at March 31, 2019.........................	**52.87**	**18.75**	**500.05**	**571.67**
Profit for the year	–	–	36.45	36.45
Other comprehensive income (net of tax)	–	–	0.45	0.45
Total comprehensive income for the year	–	–	36.90	36.90
Dividend paid on equity shares (Rs.15 per share on fully paid & Rs.4.50 per share on partly paid equity share)	–	–	(24.90)	(24.90)
Dividend distribution tax..	–	–	(4.46)	(4.46)
Balance as at March 31, 2020.........................	**52.87**	**18.75**	**507.59**	**579.21**

Proposed dividends on Equity shares

Particulars	As at March 31, 2020
Proposed final dividend for the year ended on 31 March 2020: Rs. 8.60 per share on fully paid & Rs. 2.58 per share on partly paid	**14.28**

Proposed dividends on equity shares are subject to approval in annual general meeting and are not recognised as a liability as at March 31, 2020.

Note 16 - Other non–current financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
	Rs. in Crores	
Financial liabilities measured at fair value		
Cash–settled share–based payments	**0.90**	0.13
Total	**0.90**	0.13

Note 17 - Non–current Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
	Rs. in Crores	
Provision for employee benefits		
a) Provision for compensated absences	**3.14**	3.36
b) Provision for post retirement medical benefit	**0.44**	0.39
Total	**3.58**	3.75

Note 18 - Current tax

(a) Income Tax recognised in profit and loss

Particulars	For the year ended on March 31, 2020	For the year ended on March 31, 2019
	Rs. in Crores	
Current tax:		
In respect of current year	**12.94**	39.39
In respect of prior year	**0.19**	(0.08)
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**(3.35)**	1.02
Total	**9.78**	40.33

(b) Income tax recognised in other comprehensive income

Particulars	For the year ended on March 31, 2020	For the year ended on March 31, 2019
	Rs. in Crores	
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligation	**0.15**	(0.03)
Total	**0.15**	(0.03)
Bifurcation of income tax recognised in other comprehensive income into:		
– Items that will not be reclassified to profit and loss	**0.15**	(0.03)
– Items that may be reclassified to profit and loss	**–**	–

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	For the year ended on March 31, 2020	For the year ended on March 31, 2019
	Rs. in Crores	
Profit before tax	**46.23**	117.67
Income tax expense calculated at 25.168% (FY 2019 : 34.944%)	**11.64**	41.12
Effect of income that is exempt from taxation	**(0.94)**	(1.30)
Effect of expenses that is non–deductible in determining taxable profit	**0.53**	0.55
Effect of change in income tax rate	**(1.19)**	–
Others	**(0.30)**	–
	9.74	40.38
Adjustments recognised in the current year in relation to the current tax of prior years	**0.19**	**(0.08)**
Income tax expense recognised in the Statement of profit and loss	**9.93**	40.30

The tax rate used for the year ended March 31, 2020 and March 31, 2019 reconciliations above is the corporate tax rate of 25.168% and 34.944% [including surcharge of 10% in FY 2019–20 and 12% in FY 2018–19 and education cess of 4%] payable by corporate entities in India on taxable profits under Indian Income Tax Law.

Note 19 - Deferred tax

Rs. in Crores

Particulars	As at March 31, 2020 Opening Balance	Recognised in profit and loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	**6.30**	**(1.82)**	**–**	**4.48**
Investment in optionally convertible debentures at fair value	**0.77**	**(0.77)**	**–**	**–**
Tax effect of items constituting deferred tax assets				
Employee benefits	**(1.95)**	**(0.45)**	**0.15**	**(2.25)**
Allowance for bad and doubtful debts	**(0.56)**	**0.15**	–	**(0.41)**
FVTPL financial instruments including derivatives	**(0.31)**	**0.23**	–	**(0.08)**
Others	**–**	**(0.69)**	–	**(0.69)**
Total	**4.25**	**(3.35)**	**0.15**	**1.05**

Particulars	As at March 31, 2019 Opening Balance	Recognised in profit and loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	4.36	1.94	–	6.30
Investment in optionally convertible debentures at fair value	1.42	(0.65)	–	0.77
Tax effect of items constituting deferred tax assets				
Employee benefits	(1.96)	0.04	(0.03)	(1.95)
Allowance for bad and doubtful debts	(0.56)	–	–	(0.56)
FVTPL financial instruments including derivatives	–	(0.31)	–	(0.31)
Total	3.26	1.02	(0.03)	4.25

Note 20 - Borrowings

Rs. in Crores

Particulars	As at March 31, 2020	As at March 31, 2019
Current Borrowings:		
Lease Liability (refer note 4(A))	**2.06**	–
Total	**2.06**	–

Note 21 - Trade payable

Rs. in Crores

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payable for goods and services		
a) total outstanding dues of micro enterprises and small enterprises; and	**0.49**	0.13
b) total outstanding dues of creditors other than micro enterprise and small enterprises		
i) Trade payable for goods and services	**98.13**	129.87
ii) Acceptances	**112.07**	120.59
Total	**210.69**	250.59

Note: Dues to Micro, Small and Medium Enterprises

Rs. in Crores

Particulars	As at March 31, 2020	As at March 31, 2019
1) The amounts remaining unpaid to micro and small suppliers as at the end of the year Principal	**0.49**	0.13
2) Interest due thereon	–	–
3) The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	–	–
4) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act,2006	–	–
5) The amount of interest accrued and remaining unpaid at the end of each accounting year.	–	–
6) The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	–	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

Note 22 - Other financial liabilities

Rs. in Crores

Particulars	As at March 31, 2020	As at March 31, 2019
a) Financial liabilities measured at amortised cost		
i) Overdrawn bank balances (as per books)	**0.11**	0.17
ii) Short term deposits	**0.73**	1.43
iii) Creditors for capital supplies/services	**0.03**	2.77
iv) Salary & wages payable	**2.09**	3.56
Total (a)	**2.96**	7.93
b) Financial liabilities measured at fair value		
i) Derivatives financial instruments		
Foreign currency forward contracts	–	**2.61**
ii) Others		
Cash–settled share–based payments	**3.73**	0.86
Total (b)	**3.73**	3.47
Total (a+b)	**6.69**	11.40

Note 23 - Other liabilities

Rs. in Crores

Particulars	As at March 31, 2020	As at March 31, 2019
a) Advances received from customers	**4.49**	1.83
b) Others		
- Employee recoveries and employer contributions	**0.21**	0.25
– Statutory dues (TDS, GST payable etc)	**0.67**	5.31
Total	**5.37**	7.39

Note 24 - Provisions

Rs. in Crores

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
a) Provision for compensated absences	**0.72**	0.73
b) Provision for post retirement medical benefit	**0.01**	0.03
Total	**0.73**	0.76

Note 25 - Revenue from operations

Rs. in Crores

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from contracts with customers :		
a) Revenue from sale of goods (Refer Note (a) below)	**1,005.38**	1,460.23
b) Revenue from rendering of services (Refer Note (b) below)	**5.86**	7.32
Total (A)	**1,011.24**	1,467.55
Other operating income (Refer Note (c) below) (B)	**32.65**	43.01
Total (A+B)	**1,043.89**	1,510.56

Note :

The management determines that the segment information reported under Note 37 Segment information is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no separate disclosures of disaggregated revenues are reported.

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
		Rs. in Crores	
Note:			
(a)	Sale of products comprises:		
	Manufactured goods		
	– Steel products	**823.34**	1,165.18
	Traded goods		
	– Steel products	**182.04**	295.05
	Total	**1,005.38**	1,460.23
(b)	Rendering of services comprises:		
	– Job work processing	**0.85**	0.49
	– Installation / repairs	**0.44**	0.15
	– Management fees	**4.57**	6.68
	Total	**5.86**	7.32
(c)	Other operating income comprise:		
	– Scrap sales	**27.05**	35.24
	– Commission income	**3.68**	5.24
	– Insurance claim	**0.31**	0.25
	– Other operating income	**1.61**	2.28
	Total	**32.65**	43.01
Total		**1,043.89**	1,510.56

Note 26 - Other income

Rs. in Crores

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
a)	**Interest income:**		
	– Bank deposits (at amortised cost)	**3.52**	3.12
	– Investments in debt instruments	*	0.02
	– Interest on inter–corporate deposits	**3.25**	2.69
	– Other	**0.02**	0.03
b)	**Dividend income:**		
	– From long–term investments in subsidiaries	**3.19**	3.71
	– From current investments	**0.54**	1.12
c)	**Other:**		
	– Liabilities no longer required written back	**1.31**	–
	– Fair value gain on derivatives financial instruments at fair value through profit or loss	**4.74**	0.01
	– Gain on sale of current investments	**1.77**	0.57
	– Gain on sale of property, plant and equipment (net of loss on property, plant and equipment sold / scrapped / written off)	**0.03**	0.04
Total		**18.37**	11.31

* Represents Rs. 54,226/-

Note 27 - Cost of materials consumed

Rs. in Crores

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening Stock	**202.49**	141.71
Add: Purchases [includes processing charges Rs. 11.61 Crores (2019 Rs.15.83 Crores)]	**732.39**	1,143.45
	934.88	1,285.16
Less: Closing Stock	**158.75**	202.49
Total	**776.13**	1,082.67

Note 28 - Changes in inventories of finished goods, work–in–progress and stock–in–trade

Rs. in Crores

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the end of the year: Steel products		
Finished goods	**14.64**	14.36
Work–in–progress	**11.29**	15.35
Stock–in–trade	**47.47**	44.57
	73.40	74.28
Inventories at the beginning of the year: Steel products		
Finished goods	**14.36**	13.15
Work–in–progress	**15.35**	12.85
Stock–in–trade	**44.57**	17.65
	74.28	43.65
Decrease / (Increase) in Stock	**0.88**	(30.63)

Note 29 - Employee benefits expense

Rs. in Crores

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
a)	Salaries and wages	**13.87**	15.39
b)	Contribution to provident and other funds (refer Note 36)	**1.09**	0.94
c)	Share based payments to employees	**3.78**	1.30
d)	Staff welfare expenses	**0.57**	2.04
Total		**19.31**	19.67

Note 30 – Finance costs

Rs. in Crores

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Usance interest	**3.74**	5.09
b) Interest expenses on lease liability	**0.28**	–
c) Other finance cost	**0.61**	0.88
Total	**4.63**	5.97

Analysis of interest expenses by category

Rs. in Crores

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) On financial liability at amortised cost	**4.02**	5.09
b) On non financial liabilities	**0.61**	0.88
Total	**4.63**	5.97

Note 31 - Other expenses

Rs. in Crores

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Stores and spares consumed	**0.66**	1.33
b) Power & fuel oil consumed	**1.06**	1.12
c) Freight and handling charges	**11.40**	15.61
d) Repairs and maintenance – Buildings	**0.35**	0.33
e) Repairs and maintenance – Machinery	**0.27**	0.43
f) Repairs and maintenance – Others	**0.88**	1.13
g) Rent	**0.23**	2.41
h) Rates and taxes	**0.21**	0.35
i) Insurance charges	**0.60**	0.73
j) Bad debts written off	**0.03**	0.01
k) Net loss on foreign currency transactions and translation	**9.78**	4.81
l) Fair value loss on derivatives financial instruments at fair value through profit or loss	**–**	2.61
m) Net loss arising on financial assets designated as at FVTPL	**2.13**	1.81
n) Auditors' remuneration (refer Note below)	**0.25**	0.24
o) Legal and professional fees	**1.15**	1.30
p) Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013 (refer Note 34)	**2.02**	1.87
q) Other general expenses	**7.95**	7.39
Total	**38.97**	43.48

Rs. in Crores

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Payment to auditors		
To Statutory auditors–		
a) For audit	**0.23**	0.23
b) For other services	–	*
c) Reimbursement of expenses	**0.02**	0.01
* Represent Rs.30,000	**0.25**	0.24

Note 32 - Contingent liabilities and commitments (to the extent not provided for)

Rs. in Crores

Particulars	As at March 31, 2020	As at March 31, 2019
Contingent liabilities and commitments (to the extent not provided for):		
(i) Claims against the Company not acknowledged as debts:		
Central Sales Tax (CST) (Gujarat) FY 2010–11	**1.12**	1.12
(ii) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**0.10**	0.26

Note: The Company has given comfort letter to its wholly owned subsidiary Mahindra Electrical Steel Private Limited (MESPL) to provide such financial support as may be required by MESPL from time to time to meet its financial obligations atleast till March 31, 2021.

Note 33 - Earnings per share:

Rs. in Crores

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic / Diluted		
Profit after tax for the year (Rs in Crores) (A)	**36.45**	77.34
Weighted average number of shares Basic/Diluted (B)	**16,600,007**	16,600,007
Earnings per share Basic/Diluted (Rupees) (A/B)	**21.96**	46.59
Nominal value of equity share (Rupees)	**10.00**	10.00

Note 34 - Corporate social responsibility

The CSR obligation for the year as computed by the Company and relied upon by the auditors is Rs. 2.02 Crores (FY 2019 Rs. 1.87 Crores). CSR amount spent during the year is Rs. 2.02 Crores (FY 2019 Rs. 1.87 Crores).

Note 35 - Stock Appreciation Rights

In accordance with the directions and recommendations of the Remuneration Committee of the Company, the Company grants SARs to eligible employees/directors. SARs granted would vest over a period of five years, or such period as stipulated by the Remuneration Committee, from the date of grant. Upon vesting of SARs eligible employees are entitled to earn cash benefits as prescribed.

One SAR shall be entitled to a cash benefit which would be the difference between the Fair Value of one fully–paid Equity Share of the Company on the exercise date less the Face Value of the Equity Share of the Company on the grant date. Provided, however, that once SARs have vested, an eligible employee will have the option to exercise the same within a maximum period of three years from the vesting date during such periods of time as determined by the Company.

Once SARs are vested and exercised by an employee, the Company would, within a period of 90 days from the exercise date, compute the cash benefit due in respect of those SARs and pay the same to the employee after deducting the applicable income tax at source. The latest available Fair Value of the Company's Equity Share would be considered for computing the said cash benefit.

If an eligible employee fails to exercise the SARs within a period of three years as aforesaid, the unexercised SARs will lapse and the Company's liability for such unexercised SARs will cease.

The Company has granted Stock Appreciation Rights ("SARs") to eligible employees in accordance with the Stock Appreciation Rights Schemes

The Company has granted Stock Appreciation Rights ("SARs") to eligible employees in accordance with the Stock Appreciation Rights Scheme 2013 (SARS–2013) during the years ended 31st March, 2015, 31st March 2016,31st March 2017, 31st March 2018 and 31st March 2020.

Details of stock appreciation rights outstanding as on March 31, 2020

					Rs. in Crores
Particulars	**Number of shares**	**Grant date**	**Expiry date**	**Exercise price (In Rs.)**	**Fair value at grant date (In Rs.)**
Cash settled					
F'15 grants	45,731	28/01/2015	31/01/2023	10	83.83
F'16 grants	3,043	27/10/2015	31/01/2023	10	84.51
F'16 grants	3,293	28/01/2016	31/01/2023	10	84.51
F'16 grants	3,293	28/01/2016	31/01/2024	10	108.75
F'17 grants	3,870	28/01/2017	31/01/2023	10	108.75
F'18 grants	2,784	27/04/2017	31/01/2023	10	108.75
F'18 grants	2,784	27/04/2017	31/01/2024	10	108.75
F'18 grants	2,786	27/04/2017	31/01/2025	10	108.75
F'18 grants	213	02/08/2017	31/01/2023	10	108.75
F'18 grants	213	02/08/2017	31/01/2024	10	108.75
F'18 grants	215	02/08/2017	31/01/2025	10	108.75
F'18 grants	118	06/02/2018	31/01/2022	10	108.75
F'18 grants	4,237	06/02/2018	31/01/2023	10	108.75
F'18 grants	4,237	06/02/2018	31/01/2024	10	108.75
F'18 grants	4,237	06/02/2018	31/01/2025	10	108.75
F'18 grants	4,239	06/02/2018	31/01/2026	10	108.75
F'20 grants	69,154	25/04/2019	31/01/2023	10	179.42
F'20 grants	69,154	25/04/2019	31/01/2024	10	179.42
F'20 grants	69,154	25/04/2019	31/01/2025	10	179.42
F'20 grants	69,154	25/04/2019	31/01/2026	10	179.42
F'20 grants	69,214	25/04/2019	31/01/2027	10	179.42

Movement in Stock appreciation rights

	Particulars	**Number of shares**
1	The number of share options outstanding at the beginning of the year	85,293
2	Granted during the period	345,830
3	Forfeited during the year	–
4	Exercised during the period	–
5	Outstanding at the end of the period	431,123

Stock Appreciation Right's vested during the year

Pursuant to the circular resolution passed by the Nomination and Remuneration Committee of the Board, during the financial year 2020, on account of business uncertainty & outbreak of COVID 19, the Company has deferred the opening of its exercise window for SARs in case of the following SARs which have vested on 31 January 2020. According to the resolution, the Exercise window will be opened before 31 Jan 2021 at an exercise price of Rs 236.57 per SARs being the share valuation of the holding company, Mahindra Intertrade Limited as on 31st March 2020. Accordingly, expense on account of SARs vested, but deferred for exercise has been valued at 226.57 per SARs being Rs. 236.57 (Exercise Price) less Rs. 10 (Grant Price). The details of such SARs as below:

Particulars	**Number of shares**
F'15 grants	45,731
F'16 grants	6,336
F'17 grants	3,870
F'18 grants	7,352
F'20 grants	69,154

Stock Appreciation Right's exercised during the year

During the current year number of SAR's exercised : NIL

The inputs used in the measurement of the fair values at grant date of the cash–settled share–based payment plans were as follows.

	Particulars	**Cash settled share appreciation rights**
1	Share price (In Rs.)	236.57
2	Exercise price (In Rs.)	10
3	Expected volatility (weighted-average)	27.89%
4	Expected life / Option Life (weighted-average)	4.84
5	Expected dividends yield	4.92%
6	Risk–free interest rate (based on government bonds)	6.26%

Note 36 - Employee benefits

(a) Defined Contribution Plan

The Company has recognized, in the Statement of profit and loss for the year, an amount of Rs. 0.87 Crore (March 31, 2019 Rs. 0.73 Crore) as expenses under defined contribution plans.

Benefit (Contribution to)	**For the year ended March 31, 2020**	For the year ended March 31, 2019
Provident fund	**0.46**	0.43
Pension fund	**0.28**	0.17
Superannuation fund	**0.13**	0.13
Total	**0.87**	0.73

(b) Defined Benefit Plans:

(i) Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Nature of benefits:

The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the income tax and rules. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

Governance of plan:

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The plan is funded under Group Gratuity Scheme which is administered by LIC. The Company makes annual contribution to the plan.

Inherent risk

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

(ii) Post retirement medical benefits:

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through Mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Nature of benefits:

The Company operates a defined benefit post–retirement medical plan. The benefits payable to the employees are post their retirement from the Company. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for such a post–retirement medical plan in India. The Company has chosen not to fund the post–retirement benefit liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts.

Governance of plan:

The Company is responsible for the overall governance of the plan. Since the plan is unfunded, the governance of the plan is limited to employees being paid the benefits as per the terms of the plan.

Inherent risk

The plan is of a defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse increase in healthcare costs or demographic experience can result in an increase in cost of providing these benefits to employees in future. The benefits are also paid post retirement upto a specified age of the beneficiaries and the plan carries the longevity risks.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Defined benefit plans – as per actuarial valuation on March 31, 2020

				Rs. in Crores
	Funded Plan		**Unfunded Plans**	
	Gratuity		**Post retirement medical**	
Particulars	**For the year ended March 31, 2020**	For the year ended March 31, 2019	**For the year ended March 31, 2020**	For the year ended March 31, 2019
I. Expense recognised in the Statement of Profit and Loss for the year ended March 31:				
1. Current / past service cost................................	**0.30**	0.27	**0.02**	0.01
2. Interest on net defined benefit liability/ (asset)...	**(0.05)**	(0.02)	**0.03**	0.04
	0.25	0.25	**0.05**	0.05
II. Included in other Comprehensive Income				
1. Actual return on plan assets less interest on plan assets..................	**(0.03)**	(0.03)	**–**	**–**
2. Actuarial (Gain)/Loss on account of:				
– Financial Assumptions	**(0.56)**	0.10	**0.05**	0.01
– Experience Adjustments	**(0.10)**	0.07	**(0.08)**	(0.10)
3. Adjustment to recognise the effect of asset ceiling	**0.12**	0.03	**–**	**–**
	(0.57)	0.17	**(0.03)**	(0.09)
III. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March				
1. Present value of defined benefit obligation as at 31st March...................	**3.85**	3.84	**0.45**	0.42
2. Fair value of plan assets as at 31st March	**4.90**	4.45	**–**	–
3. Amount not recognised due to asset limit........	**0.15**	0.04	**–**	–
4. Surplus/(Deficit)	**0.90**	0.57	**(0.45)**	(0.42)
5. Current portion of the above	**–**	–	**(0.01)**	(0.03)
6. Non current portion of the above	**0.90**	0.57	**(0.44)**	(0.39)
IV. Change in the obligation during the year ended 31st March				
1. Present value of defined benefit obligation at the beginning of the year..	**3.84**	3.42	**0.42**	0.48
2. Expenses Recognised in Profit and Loss Account				
- Current Service Cost.	**0.30**	0.27	**0.02**	0.01
- Past Service Cost......	**–**	–	**–**	–
- Interest Expense (Income)..................	**0.27**	0.26	**0.03**	0.04

Rs. in Crores

Particulars	Funded Plan		Unfunded Plans	
	Gratuity		Post retirement medical	
	For the year ended March 31, 2020	For the year ended March 31, 2019	**For the year ended March 31, 2020**	For the year ended March 31, 2019
3. Recognised in Other Comprehensive Income				
Remeasurement gains / (losses)				
- Actuarial Gain (Loss) arising from:				
i. Financial Assumptions............	**(0.56)**	0.10	**0.05**	0.01
ii. Experience Adjustments............	**(0.10)**	0.07	**(0.08)**	(0.10)
4. Benefit payments	**(0.02)**	(0.12)	**(0.01)**	(0.02)
5. Liabilities assumed / (settled) on intra group transfer	**0.12**	(0.16)	**0.02**	–
6. Present value of defined benefit obligation at the end of the year	**3.85**	3.84	**0.45**	0.42
V. Change in fair value of assets during the year ended March 31				
1. Fair value of plan assets at the beginning of the year	**4.45**	3.54		
2. Interest on plan assets....	**0.32**	0.28		
3. Recognised in Other Comprehensive Income				
Remeasurement gains / (losses)				
- Actual Return on plan assets in excess of the expected return...........	**0.03**	0.03		
4. Contributions by employer (including benefit payments recoverable)	**0.12**	0.71	**0.01**	0.02
5. Benefit paid....................	**(0.02)**	(0.12)	**(0.01)**	(0.02)
6. Assets acquired / (settled) on intra group transfer	**–**	0.01		
7. Fair value of plan assets at the end of the year ..	**4.90**	4.45	**–**	–
VI. The Major categories of plan assets				
– List the plan assets by category here				
– Insurer managed funds.......................	**4.90**	4.45	**–**	–
VII. Actuarial assumptions				
1. Discount rate	**6.50%**	7.50%	**6.50%**	7.50%
2. Medical premium inflation	**–**	–	**6%**	6%
3. Rate of increase in compensation levels....	**7%**	10%	**7%**	10%
4. Mortality table	IALM (2012–14) ult	IALM (2006–08) ult	IALM (2012–14) ult	IALM (2006–08) ult

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(c) Sensitivity analysis:

Gratuity

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. in Crores

Principal assumptions	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	**2020**	**1%**	**3.61**	**4.13**
	2019	1%	3.57	4.16
Salary growth rate	**2020**	**1%**	**4.12**	**3.61**
	2019	1%	4.15	3.57

Post retirement medical benefits

The benefit obligation results for the cost of paying hospitalization premiums to insurance company in future for the employee / beneficiaries during their lifetime is sensitive to discount rate and future increase in healthcare costs.

The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account changes in these three key parameters:

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. in Crores

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	**2020**	**1%**	**0.39**	**0.52**
	2019	1%	0.37	0.47
Medical inflation rate	**2020**	**1%**	**0.52**	**0.39**
	2019	1%	0.47	0.37

(d) Expected contributions for the next year:

The Company expects to contribute Rs. 0.15 Crores to the gratuity trusts during the next financial year of 2021.

(e) Expected future benefits payable :

Gratuity

Rs. in Crores

Maturity profile of defined benefit obligation:	As at March 31, 2020	As at March 31, 2019
Within 1 year	**0.63**	0.59
1 - 2 year	**0.29**	0.26
2 - 3 year	**0.29**	0.27
3 - 4 year	**0.44**	0.27
4 - 5 year	**0.46**	0.44
5 - 9 years	**1.34**	1.52
10 years and above	**3.09**	4.55

Post retirement medical benefits

Rs. in Crores

Maturity profile of defined benefit obligation:	As at March 31, 2020	As at March 31, 2019
Within 1 year	**0.01**	0.03
1 - 2 year	**0.01**	0.03
2 - 3 year	**0.01**	0.02
3 - 4 year	**0.01**	0.03
4 - 5 year	**0.01**	0.02
5 - 9 years	**0.09**	0.10
10 years and above	**1.16**	1.01

Note 37 - Segment Reporting

Segment information :

The Company has identified 'Steel Processing' (for steel entities) as its only primary reportable segment. The Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined under Ind AS 108. CODM reviews overall financial information of the Company together for performance evaluation and allocation of resources and does not review any discrete information to evaluate performance of any individual product or geography.

Geographical Information

The amount of the Company's revenue from external customers broken down by location of the customers is shown in the table below:

Rs. in Crores

Location	For the year ended March 31, 2020	For the year ended March 31, 2019
India	**990.83**	1444.32
Overseas	**20.41**	23.23

The Company operates and has its manufacturing / processing facilities based out of Nashik and Vadodara in India.

There are two customers (FY 2018–19 : 1 Customer) contributing to more than 10% of the Company's revenue, total amount of revenue from such customers for the year ended on 31 March 2020 are Rs 188.18 Cr and Rs.121.12 Cr respectively (the year ended on 31 March 2019 was Rs 278.69 Crores).

Note 38 - Related party transactions:

Related party disclosures as required by Ind AS–24 "Related Party Disclosures" are given below :

(A) List of Related Parties:

Ultimate Holding Company

M & M	Mahindra & Mahindra Limited

Holding Company

MVML	Mahindra Vehicle Manufacturers Limited

Subsidiary Companies

MESPL	Mahindra Electrical Steel Private Limited
MMESS	Mahindra MiddleEast Electrical Steel Service Centre (FZC)
MSSCL	Mahindra Steel Service Centre Limited
MASPL	Mahindra Auto Steel Private Limited
MMSTC	Mahindra MSTC Recycling Private Limited
PT MASI	PT Mahindra Accelo Steel Indonesia

Key Managerial Personnel

Mr. Sumit Issar, Managing Director

Mr. Zhooben Bhiwandiwala, Executive Director

Fellow Subsidiaries:

MHRIL	Mahindra Holidays & Resorts India Limited
MRL	Mahindra Retail Private Limited
MBPO	Mahindra Integrated Business Solutions Private Limited
NBS	NBS International Limited
MFCWL	Mahindra First Choice Wheels Limited
MECP	Mahindra Engineering & Chemical Products Limited
MLDL	Mahindra Lifespace Developers Limited
MRDL	Mahindra Residential Developers Limited
MLL	Mahindra Logistics Limited (w.e.f. 1st October, 2017)
MEPC	Mahindra Susten Private Limited
MMFSL	Mahindra & Mahindra Financial Services Limited
MBDL	Mahindra Bloomdale Dev. Limited
MFCSL	Mahindra First Choice Services Limited
MRHFL	Mahindra Rural Housing Finance Ltd.

Company which is associate of ultimate holding Company

MCIE	Mahindra CIE Automotive Limited

Companies which are joint venture of ultimate holding Company

MHPL	Mahindra Homes Private Limited
MWCDL	Mahindra World City Developers Limited – Chennai
MHDL	Mahindra Happinest Developers Limited

(B) Disclosure of transactions between the Company and related parties during the year ended March 31, 2020

(a)	(Receipt/income)/Expenditure/payment										(Rs. in Crores)	
	Ultimate Holding Company		**Holding Company**		**Subsidiary Companies**		**Fellow Subsidiaries**		**Company which is associate of ultimate holding Company**		**Companies which are joint venture of ultimate holding Company**	
Particulars	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Purchase of Raw material / finished goods **	**23.98**	–	**0.26**	–	**3.00**	0.44	–	–	–	0.04	–	–
Purchase of Property, plant & equipment	–	0.12	–	–	**0.04**	–	–	0.08	–	–	–	–
Sale of Property, plant & equipment	–	–	–	–	**0.15**	–	–	0.93	–	–	–	–
Processing charges paid	–	–	–	–	**10.65**	15.83	–	–	–	–	–	–
Sale of finished goods **	**188.40**	278.69	**59.81**	119.01	**12.73**	23.86	**1.88**	–	**31.39**	113.38	–	–
Management Fees **	–	–	–	–	**4.57**	6.68	–	–	–	–	–	–
Deputation of personnel to related parties	**0.23**	0.24	–	–	**0.78**	1.16	–	0.01	–	–	–	–
Deputation of personnel from related parties	–	0.06	–	–	**0.21**	0.17	–	–	–	–	–	–
Other income	**0.41**	–	–	–	**0.07**	0.07	–	0.02	–	–	–	0.03
Other expenses	**2.30**	3.27	–	–	*	0.02	**0.40**	1.17	**0.07**	0.07	–	–
Reimbursement received from parties	**0.03**	0.03	–	–	**0.41**	0.33	**0.05**	(*)	–	–	–	–
Reimbursement made to parties	**1.29**	0.37	–	–	**0.02**	0.04	**0.06**	0.05	–	–	–	–
Interest received	–	–	–	–	**1.13**	0.16	**0.96**	0.35	–	–	–	–
Dividend received	–	–	–	–	**3.19**	3.71	–	–	–	–	–	–
Inter corporate deposits placed	–	–	–	–	**80.25**	17.75	**15.00**	11.00	–	–	–	–
Inter corporate deposits refunded by parties	–	–	–	–	**70.30**	16.10	**10.00**	1.00	–	–	–	–
Other Deposits placed	–	–	–	–	–	–	–	–	**0.02**	0.02	–	–
Investment in Equity Shares	–	–	–	–	–	21.73	–	–	–	–	–	–
Proceeds from redemption of Optionally convertible debentures	–	–	–	–	**9.10**	–	–	–	–	–	–	–
Dividend on equity shares paid during the current year	–	–	**24.90**	20.75	–	–	–	–	–	–	–	–

** excluding taxes

(b) Transactions with Key Management Personnel:

(Rs. in Crores)

	For the year ended March 31, 2020 Rs. in Crores	For the year ended March 31, 2019 Rs. in Crores
Managerial Remuneration		
Mr. Sumit Issar, Managing Director@	**1.62**	1.73
Mr. Zhooben Bhiwandiwala, Executive Director	**–**	0.45

(c) Outstanding receivables:

(Rs. in Crores)

	As at March 31, 2020	As at March 31, 2019
Ultimate Holding Company	–	1.78
Holding Company	**0.78**	0.06
Subsidiary Companies (including Inter–corporate Deposits & Interest thereon)	**17.24**	12.04
Fellow subsidiaries (including Inter–corporate Deposits & Interest thereon)	**17.56**	0.04
Company which is associate of ultimate holding Company	**8.08**	22.66
Companies which are joint venture of ultimate holding Company	**0.01**	**0.02**

(d) Outstanding payables:

(Rs. in Crores)

	As at March 31, 2020	As at March 31, 2019
Ultimate Holding Company	**2.21**	–
Fellow Subsidiaries	**0.03**	0.05
Key Managerial Personnel		
Mr. Zhooben Bhiwandiwala, Executive Director	–	0.40

@ Excludes provision for gratuity, compensated absences and post retirement medical benefits, which is determined on the basis of actuarial valuation done on overall basis for the Company.

(e) Disclosure of transactions & outstanding balances between the Company and related parties during the year ended March 31, 2020

																										Rs. in Crores
	Subsidiary Companies							**Fellow Subsidiaries**															**Companies which are joint venture of ultimate holding Company**			
Particulars	**MMESS**	**MSSCL**	**MESPL**	**MASPL**	**MMSTC**	**PT MASI**	**TOTAL**	**MHRIL**	**MRL**	**MBPO**	**NBS**	**MFCWL**	**MECP**	**MLDL**	**MRDL**	**MLL**	**MEPC**	**MMFSL**	**MBDL**	**MFCSL**	**MRHFL**	**TOTAL**	**MHPL**	**MWCDL**	**MHDL**	**TOTAL**
Purchase of finished goods **	1.20	**1.30**	–	**0.51**	–	–	**3.00**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(0.38)	(–)	(0.06)	(–)	(–)	(0.44)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–	(–)	(–)	(–)	–
Purchase of Property, plant & equipment..	–	–	–	–	0.04	–	0.04	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	–	(–)	(–)	(–)	(0.08)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(0.08)	(–)	(–)	(–)	–
Sale of Property, plant & equipment..	–	0.01	–	–	**0.14**	–	**0.15**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	–	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(0.93)	(–)	(–)	(–)	(–)	(0.93)	(–)	(–)	(–)	–
Processing charges paid..	–	**10.65**	–	–	–	–	**10.65**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(15.83)	(–)	(–)	(–)	(–)	(15.83)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–	(–)	(–)	(–)	–
Sale of finished goods **	3.57	**8.26**	–	**0.90**	–	–	**12.73**	–	–	–	–	–	–	–	–	–	1.88	–	–	–	–	1.88	–	–	–	–
	(–)	(16.87)	(–)	(6.98)	(–)	(–)	(23.86)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–	(–)	(–)	(–)	–
Management Fees **	**1.01**	**1.56**	–	**2.00**	–	–	**4.57**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(0.99)	(2.25)	(–)	(3.44)	(–)	(–)	(6.68)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–	(–)	(–)	(–)	–
Deputation of personnel to related parties..........	–	**0.58**	–	**0.19**	–	–	**0.78**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(0.60)	(–)	(0.20)	(0.36)	(–)	(1.16)	(–)	(–)	(–)	(–)	(–)	(0.01)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(0.01)	(–)	(–)	(–)	–
Deputation of personnel from related parties..........	–	**0.21**	–	–	–	–	**0.21**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(0.16)	(–)	(–)	(0.01)	(–)	(0.17)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–	(–)	(–)	(–)	–
Other income.	–	**0.07**	–	–	–	–	**0.07**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(0.07)	(–)	(–)	(–)	(–)	(0.07)	(–)	(–)	(–)	(–)	(–)	(–)	(0.02)	(–)	(–)	(–)	(–)	(0.01)	(–)	(–)	(0.03)	(0.02)	(–)	(0.01)	(0.03)
Other expenses.......	–	–	–	*	–	–	*	**0.01**	**0.02**	**0.01**	0.02	–	*	–	–	0.34	–	–	–	–	–	**0.40**	–	–	–	–
	(–)	(–)	(–)	(0.02)	(–)	(–)	(0.02)	(0.01)	(0.12)	(0.01)	(0.03)	(–)	(–)	(–)	(–)	(1.00)	(–)	(–)	(–)	(–)	(–)	(1.17)	(–)	(–)	(–)	–
Reimbursement received from parties....	**0.04**	**0.04**	–	**0.02**	**0.04**	**0.27**	**0.41**	–	*	–	–	–	–	–	–	–	–	–	–	0.05	–	0.05	–	–	–	–
	(0.04)	(0.15)	(–)	(0.06)	(0.09)	(–)	(0.33)	(–)	(*)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(*)	(–)	(–)	(–)	–
Reimbursement made to parties	–	*	–	–	0.02	–	0.02	–	–	–	–	0.02	–	–	–	0.04	–	–	–	–	–	**0.06**	–	–	–	–
	(–)	(0.04)	(–)	(–)	(–)	(–)	(0.04)	(–)	(–)	(–)	(–)	(0.03)	(–)	(0.02)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(0.05)	(–)	(–)	(–)	–
Interest received........	–	0.22	**0.92**	–	–	–	**1.13**	–	–	–	–	–	–	–	–	–	–	0.58	–	–	0.38	**0.96**	–	–	–	–
	(–)	(0.04)	(0.09)	(–)	(0.04)	(–)	(0.16)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(0.35)	(–)	(–)	(–)	(0.35)	(–)	(–)	(–)	–
Dividend Received.......	–	**1.61**	–	**1.57**	–	–	**3.19**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(1.61)	(–)	(2.10)	(–)	(–)	(3.71)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–	(–)	(–)	(–)	–

																										Rs. in Crores
	Subsidiary Companies							Fellow Subsidiaries															Companies which are joint venture of ultimate holding Company			
Particulars	MMESS	MSSCL	MESPL	MASPL	MMSTC	PT MASI	TOTAL	MHRIL	MRL	MBPO	NBS	MFCWL	MECP	MLDL	MRDL	MLL	MEPC	MMFSL	MBDL	MFCSL	MRHFL	TOTAL	MHPL	MWCDL	MHDL	TOTAL
Inter corporate deposits placed	–	57.55	22.70	–	–	–	80.25	–	–	–	–	–	–	–	–	–	–	–	–	–	15.00	**15.00**	–	–	–	–
	(–)	(11.00)	(1.65)	(–)	(5.10)	(–)	(17.75)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(11.00)	(–)	(–)	(–)	(11.00)	(–)	(–)	(–)	–
Inter corporate deposits refunded by parties	–	57.55	12.75	–	–	–	70.30	–	–	–	–	–	–	–	–	–	–	10.00	–	–	–	**10.00**	–	–	–	–
	(–)	(11.00)	(–)	(–)	(5.10)	(–)	(16.10)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(1.00)	(–)	(–)	(–)	(1.00)	(–)	(–)	(–)	–
Investment in Equity Shares	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(8.00)	(13.73)	(21.73)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–	(–)	(–)	(–)	–
Proceeds from redemption of Optionally convertible debentures	–	–	9.10	–	–	–	**9.10**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–	–	–	–	–	–	(–)	(–)	–
Outstanding balances as at March 31,2020 (as at March 31, 2019)																										
Outstanding receivables (including Inter corporate deposit & interest thereon)	**0.28**	**4.48**	**11.85**	**0.39**	**0.15**	**0.08**	**17.24**	–	–	–	–	–	–	–	–	–	**2.22**	–	–	–	**15.34**	**17.56**	**0.01**	–	–	**0.01**
	(0.26)	(10.69)	(1.72)	(0.97)	(0.06)	(–)	(13.69)	(–)	(–)	(–)	(–)	(–)	(–)	(0.02)	(*)	(–)	(0.01)	(–)	(0.01)	(–)	(–)	(0.04)	(0.01)	(*)	(0.01)	**(0.02)**
Outstanding payables	–	–	–	–	–	–	–	–	**0.02**	*	*	–	*	–	–	–	–	–	–	–	–	**0.03**	–	–	–	**–**
	(–)	(–)	(–)	(–)	(–)	(–)	–	(–)	(0.02)	(*)	(–)	(–)	(–)	(–)	(–)	(0.03)	(–)	(–)	(–)	(–)	(–)	(0.05)	(–)	(–)	(–)	**–**

1. * Represents amount less than Rs. 1 lakh
2. ** excluding taxes
3. Previous year's figures are in brackets
4. No amount has been written off/provided for or written back in respect of amounts receivable from or payable to the related parties.
5. The sales/provision of services to and purchases/provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2019: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note 39 - Financial Instruments

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

[A] CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(i) Trade receivables: Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on payment performance over the period of time and financial analysis including credit rating issued by credit rating agencies. Outstanding customer receivables are regularly monitored and any shipments to other small customers are generally covered by letters of credit . At 31 March 2020, the Company had 23 customers that owed the Company more than Rs.1.75 Crores each and accounted for approximately 90% of all the receivables outstanding.

An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company does not hold collateral as security.

(ii) Financial instruments and cash deposits: Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved mutual funds or banks and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

[B] LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	Less than 1 Year	1–3 Years	3–4 Years	5 Years and above	Total	Carrying value
Non–derivative financial liabilities						
March 31, 2020						
Non–interest bearing	**105.31**	**0.90**	**–**	**–**	**106.21**	**106.21**
Variable interest rate instruments*	**114.84**	**–**	**–**	**–**	**114.84**	**114.13**
Total	**220.15**	**0.90**	**–**	**–**	**221.05**	**220.34**
March 31, 2019						
Non–interest bearing	138.79	0.13	–	–	138.92	138.92
Variable interest rate instruments*	121.71	–	–	–	121.71	120.59
Total	260.50	0.13	–	–	260.63	259.51

**** Effective interest rate is 2.81 % (FY 2019 2.60 %)***

Sensitivity interest rate increase by 1%: Profit will decrease by Rs. 1.14 Crore for the year ended March 31, 2020 (Rs. 1.22 Crore for the year ended 31 March, 2019)

Sensitivity interest rate decrease by 1%: Profit will increase by Rs. 1.14 Crore for the year ended March 31, 2020 (Rs. 1.22 Crore for the year ended 31 March, 2019)

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1–3 Years	3–4 Years	5 Years and above	Total	Carrying amount
Non–derivative financial assets						
March 31, 2020						
Non-interest bearing	**224.01**	**–**	**–**	**–**	**224.01**	**224.01**
Variable interest rate instruments	**–**	**–**	**–**	**0.17**	**0.17**	**0.17**
Fixed interest rate instruments	**175.84**	**–**	**–**	**–**	**175.84**	**170.50**
Total	**399.85**	**–**	**–**	**0.17**	**400.02**	**394.68**
March 31, 2019						
Non-interest bearing	338.50	–	–	–	338.50	338.50
Variable interest rate instruments	–	–	–	0.16	0.16	0.16
Fixed interest rate instruments	49.43	–	–	–	49.43	46.65
Total	387.93	–	–	0.16	388.09	385.31

**** Effective interest rate is 7.2% (FY 2019 : 6.85%)***

The amounts included above for variable interest rate instruments for both non–derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(iv) Liquidity analysis for its derivative financial instruments

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above
Derivative financial instruments				
March 31, 2020				
Gross settled:				
- foreign exchange forward contracts - liabilities	–	–	–	–
- foreign exchange forward contracts - assets	2.15	–	–	–
March 31, 2019				
Gross settled:				
- foreign exchange forward contracts - liabilities	2.61	–	–	–
- foreign exchange forward contracts - assets	0.01	–	–	–

(v) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at March 31, 2020	As at March 31, 2019
Bank Overdraft/ WCDL facility.............	**22.00**	23.00
Non-Fund Based facility: (LC, BG, LUT, LER)	**168.04**	148.05

[C] MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

(i) Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for contracted purchases.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges, the derivatives covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Amounts in Crores

Particulars	Currency	As at March 31, 2020	As at March 31, 2019
Trade Payables	USD	**1.69**	2.10
Payable for Property, plant and equipment	EURO	**–**	0.03
	JPY	**–**	0.25
Trade Receivable	USD	*****	0.06
Receivable towards commission	USD	**0.02**	0.01
	EURO	**–**	#

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Amounts in Crores

Particulars	Currency	As at March 31, 2020	As at March 31, 2019
Trade Payables	USD	**1.00**	0.82
Payable for Property, plant and equipment	EURO	**–**	–
	JPY	**–**	–
Trade Receivable	USD	*****	0.06
Receivable towards commission	USD	**0.02**	0.01
	EURO	**–**	#

* Represent amount USD 48523

Represents amount FY 2019 : EURO 46,210

(ii) Interest rate risk

Refer comment given above in maturities of financial liabilities under liquidity risk.

(iii) Raw material price risk

The Company dose not have significant risk in raw material price variations. In case of any variation in price same is passed on to customers through appropriate adjustment to selling prices.

Note 40 - Fair value measurement

Fair valuation techniques and inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example
  - interest rates and yield curves observable at commonly quoted intervals
  - implied volatilities
  - credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market–corroborated inputs')

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Fair value of financial assets and financial liabilities that are not measured at fair value

Rs. in Crores

Particulars	Fair value hierarchy as at March 31, 2020 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables..................	**–**	**187.95**	**–**	**187.95**
– Cash and cash equivalents..................	**–**	**121.79**	**–**	**121.79**
– deposits and similar assets..........................	**–**	**0.17**	**–**	**0.17**
– Inter Corporate Deposits......................	**–**	**56.60**	**–**	**56.60**
– Interest receivable	**–**	**2.14**	**–**	**2.14**
– Others..........................	**–**	**0.57**	**–**	**0.57**
Total	**–**	**369.22**	**–**	**369.22**

Rs. in Crores

Particulars	Fair value hierarchy as at March 31, 2020 Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities held at amortised cost				
– Lease liabilities	**–**	**2.06**		**2.06**
– Short term deposits	**–**	**0.73**	**–**	**0.73**
– trade and other payables	**–**	**212.92**	**–**	**212.92**
Total	**–**	**215.71**	**–**	**215.71**

Rs. in Crores

Particulars	Fair value hierarchy as at March 31, 2019 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	296.34	–	296.34
– Cash and cash equivalents	–	28.38	–	28.38
– deposits and similar assets	–	0.16	–	0.16
– Inter Corporate Deposits	–	26.65	–	26.65
– Interest receivable	–	1.77	–	1.77
– Others	–	3.42	–	3.42
Total	–	356.72	–	356.72
Financial liabilities				
Financial liabilities held at amortised cost				
– Short term deposits	–	1.43	–	1.43
– trade and other payables	–	257.09	–	257.09
Total	–	258.52	–	258.52

Financial assets/ financial liabilities measured at fair value

Financial assets/ financial liabilities	Fair value as at: As at 31 March, 2020	As at 31 March, 2019	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
Financial assets						
Investments						
1) Mutual fund investments	**27.61**	19.02	Level 1	Net assets value declared by the respective asset management companies	NA	NA
2) Investment in optionally convertible debentures	–	11.34	Level 2	Cost approach is used. Valuation of OCD has been done by using Net asset value method.	NA	NA
Other financial assets						
Foreign currency forward contracts	**2.15**	0.01	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rate that reflects the credit risk of various counter parties.	NA	NA
Total financial assets	**29.76**	30.37				
Financial liabilities						
Other financial liabilities						
Foreign currency forward contracts	–	2.61	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rate that reflects the credit risk of various counter parties.	NA	NA
Cash-settled share-based payments	**4.63**	0.99	Level 2	The Black–Scholes model. Inputs used: Current Stock Price of the base instrument, Annual Volatility based on Sensex, Risk Free Return based on Zero Coupon Yield, Exercise Price, time to option maturity, dividend yield. "	NA	NA
Total financial liabilities	**4.63**	3.60				

The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value

The Company consider that the carrying amount of financial asset and financial liabilities recognised in the financial statements approximate their fair value.

Note 41 - COVID-19

In March 2020, World Health Organization have declared Covid-19 as a pandemic. Escalation of Covid-19 has the potential to impact the global economic growth and business developments. The countrywide lockdown declared by Government of India covered a part of March 2020 and continued until April 2020. Whilst overall impact is still uncertain, the Company has carried out an assessment for any possible impact on performance of the Company due to Covid outbreak. Based on the current situation, the Company does not expect operations and performance for next year to get very significantly impacted. The Company will continue to monitor the situation as it evolves in coming months.

Note 42 -

Previous year's figure have been regrouped/reclassified wherever necessary.

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration
number : 101248 W/W–100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place: Mumbai
Date: 18 May, 2020

For and on behalf of board of directors
U51900MH1978PLC020222

Zhooben Bhiwandiwala
Executive Vice–Chairman
DIN: 00110373

Sumit Issar
Managing Director
DIN: 06951249

Romali Malvankar
Company Secretary
Membership No : A–29447

Percy Mahernosh
Chief Financial Officer

Place: Mumbai
Date: 18 May, 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA STEEL SERVICE CENTRE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Steel Service Centre Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company has disclosed the impact of pending litigations as at 31 March 2020 in the financial statements – Refer note 31 of the financial statements.

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act read with Schedule V of the act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No. 113959)
UDIN: 20113959AAAACE7281

Place: Mumbai
Date: 11 May 2020

Annexure A to the Independent Auditor's Report – 31 March 2020

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets were physically verified by the management during the year ended 31 March 2018 in accordance with planned program of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in leasehold land are held in the name of the Company.

(ii) The inventories have been physically verified by management at reasonable intervals during the year. In our opinion, frequency of verification is reasonable. No material discrepancies were noticed on such physical verification, discrepancies noted have been suitably dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not granted any loan or made any investment or given any guarantee or security during the year. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, for maintenance of cost records in respect of products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account of the Company, the Company is regular in depositing undisputed statutory dues accrued/ deducted including, Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax and other material statutory dues with the appropriate authorities. Further as informed to us, the Company did not have any dues on account of Sales-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable. Further as informed to us, the Company did not have any dues on Sales-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales-Tax, Service Tax, Customs duty, Excise duty, Value Added Tax, Goods and Service Tax and Cess which have not been deposited with the authorities on account of any dispute other than those mentioned below:

		Rupees in Lakhs			
Name of the Statute	**Nature of the Dues**	**Amount demanded**	**Amount not deposited under dispute**	**Period to which the amount relates**	**Forum where dispute is pending**
Central Excise Act, 1944	Excise Duty	406.88	391.62	2013-2014 to 2017-2018	Custom, Excise and Service Tax Appellate Tribunal
Madhya Pradesh Value Added Tax Act, 2002	Value Added Tax	8.95	6.85	2011-2012	Additional Commissioner Commercial Taxes (Appellate Authority)

		Rupees in Lakhs			
Name of the Statute	**Nature of the Dues**	**Amount demanded**	**Amount not deposited under dispute**	**Period to which the amount relates**	**Forum where dispute is pending**
Madhya Pradesh Value Added Tax Act, 2002 and Central Sales Tax Act, 1956	Value Added Tax	7.21	6.47	2012-2013	Additional Commissioner Commercial Taxes (Appellate Authority)
Customs Act, 1962	Duty of Customs	13.95	–	2010-2011	Commissioner of Customs (Appeals)

(viii) In our opinion and according to the information and explanations given by the management, the company has not defaulted in repayment of loans or borrowing to bank. The Company has not taken any loans or borrowings from a financial institutions or government nor has issued any debentures during the year.

(ix) According to the information and explanations given by the management, the term loans taken by the Company has been applied for the purpose for they were raised. The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given by the management, managerial remuneration has been paid or provided is in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V of the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us by the management, the Company has entered into transactions with related parties in compliance with the provisions of Section 177 and Section 188 of the Act, where applicable and the details of such related party transaction have been disclosed in the Ind AS financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act.

(xiv) According to the information and explanations given to us by the management, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3 (xiv)of the Order is not applicable to the company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No: 113959)
UDIN: 20113959AAAACE7281

Place: Mumbai
Date: 11 May 2020

Annexure B to the Independent Auditors' report on the financial statements of Mahindra Steel Service Centre Limited for the period ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Steel Service Centre Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No: 113959)
UDIN: 20113959AAAACE7281

Place: Mumbai
Date: 11 May 2020

BALANCE SHEET AS AT MARCH 31, 2020

Rs. in Lakhs

	Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
A	**ASSETS**			
1	**Non-current assets**			
	(a) Property, plant and equipment	5	**7,008.74**	7,714.04
	(b) Capital work-in-progress		**3,808.90**	1,677.27
	(c) Financial assets			
	(i) Loans	6	**165.23**	39.24
	(ii) Industrial Investment Promotion Assistance receivable	7	**204.87**	900.35
	(d) Other non-current assets	8	**470.17**	463.19
	Total non - current assets		**11,657.91**	10,794.09
2	**Current assets**			
	(a) Inventories	9	**5,640.64**	8,186.97
	(b) Financial assets			
	(i) Trade receivables	10	**2,639.74**	5,819.31
	(ii) Cash and cash equivalents	11	**780.77**	533.24
	(iii) Industrial Investment Promotion Assistance receivable	7	**163.52**	94.34
	(iv) Derivatives:Foreign currency forward contracts receivable		**68.15**	–
	(c) Other current assets	8	**1,248.68**	1,228.48
	Total current assets		**10,541.50**	15,862.34
	Total assets (1+2)		**22,199.41**	26,656.43
B	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity share capital	12	**1,653.98**	1,653.98
	(b) Other equity	13	**8,644.57**	9,459.78
	Total equity		**10,298.55**	11,113.76
	LIABILITIES			
2	**Non-current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	14	**1,675.32**	1,625.67
	(ii) Lease Liability	18	**67.02**	–
	(iii) Other financial liabilities (other than those specified in (b) below)	19	**21.75**	5.49
	(b) Provisions	16	**132.90**	136.65
	(c) Deferred tax liabilities (Net)	22	**294.82**	759.77
	Total non - current liabilities		**2,191.81**	2,527.58
3	**Current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	17	**2,050.00**	3,700.00
	(ii) Trade payables	15		
	A. Total outstanding dues from micro enterprises and small enterprises, and		**34.94**	70.89
	B. Total outstanding dues of creditors other than micro enterprises and small enterprises		**6,289.94**	8,529.62
	(iii) Lease Liability	18	**22.88**	–
	(iv) Other financial liabilities (other than those specified in (b) below)	19	**1,104.94**	491.15
	(b) Provisions	16	**22.98**	30.59
	(c) Current tax liabilities (Net)		**–**	45.23
	(d) Other current liabilities	20	**183.37**	147.61
	Total current liabilities		**9,709.05**	13,015.09
	Total equity and liabilities (1+2+3)		**22,199.41**	26,656.43

See accompanying notes to the financial statements

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248w/w-100022

Jayesh T Thakkar
Partner

Place: Mumbai
Date: May 11 2020

CIN:U27100MH1993PLC070416

Romali Malvankar
Company Secretary
Membership No-A29447

Jitendra T. Rahate
Chief Financial Officer

Place: Mumbai
Date: May 11 2020

Sumit Issar
Managing Director
DIN: 06951249

Vijay Arora
Director
DIN: 07347126

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Rs. in Lakhs

	Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I	Revenue from operations	23	21,092.47	29,720.82
II	Other Income	24	83.93	34.41
III	**Total Income (I + II)**		21,176.40	29,755.23
IV	**EXPENSES**			
	(a) Cost of materials consumed	25	16,233.00	23,736.33
	(b) Changes in inventories of finished goods, stock-in-trade and work-in-progress	26	918.89	(432.84)
	(c) Employee benefits expense	27	1,070.06	1,034.71
	(d) Finance costs	28	320.92	400.27
	(e) Depreciation expense	29	1,035.73	968.77
	(f) Other expenses	30	2,752.58	2,692.14
	Total Expenses (IV)		22,331.18	28,399.38
V	**(Loss)/Profit before tax (III-IV)**		(1,154.78)	1,355.85
VI	**Tax expense**			
	(1) Current tax	21	(159.17)	460.60
	(2) Deferred tax	22	(474.55)	15.09
	Total tax expense		(633.72)	475.69
VII	**(Loss)/Profit for the year (V-VI)**		(521.06)	880.16
VIII	**Other comprehensive income**		24.89	4.03
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit liabilities/(asset)		(34.49)	(6.20)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		9.60	2.17
IX	**Total comprehensive(Loss)/Income for the year (VII + VIII)**		(496.17)	884.19
	Earning per equity share (of Rs. 10 each):			
	(a) Basic/Diluted	37	(3.15)	5.32

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248w/w-100022

Jayesh T Thakkar
Partner

Place: Mumbai
Date: May 11 2020

Romali Malvankar
Company Secretary
Membership No-A29447

Jitendra T. Rahate
Chief Financial Officer

Place: Mumbai
Date: May 11 2020

CIN:U27100MH1993PLC070416

Sumit Issar
Managing Director
DIN: 06951249

Vijay Arora
Director
DIN: 07347126

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flow from operating activities		
(Loss)/Profit for the year	**(1,154.78)**	1,355.85
Adjustment for:		
(1) Depreciation expense	**1,035.73**	968.77
(2) Bad debts/advances written off	**0.12**	1.13
(3) Loss on sale of property, plant and equipment	**–**	0.03
(4) Finance costs	**320.92**	400.27
(5) unrealised (gain)/loss on foreign exchange transactions and translations	**182.77**	(32.68)
(6) Fair value loss on financial instruments at fair value	**(68.15)**	(30.14)
(7) Lease rent	**–**	2.09
(8) Interest income recognised in Statement of Profit and Loss	**(49.11)**	(11.69)
(9) Dividend income recognised in Statement of Profit and Loss	**(0.42)**	(9.84)
(10) Profit on sale of current investments	**(1.94)**	(2.10)
(11) Profit on sale of property, plant and equipment	**(7.26)**	–
(12) Liabilities no longer required written back	**(25.20)**	(10.78)
	232.68	2,630.91
Movement in working capital:		
(1) Decrease in trade receivable	**3,179.57**	233.75
(2) Decrease/(Increase) in inventories	**2,546.33**	(173.81)
(3) Decrease/(Increase) in other assets	**322.63**	(554.80)
(4) (Decrease) in trade payable	**(2,433.20)**	(44.92)
(5) Increase in provision	**23.13**	8.51
(6) Increase in other liabilities	**24.52**	119.13
	3,662.98	(412.14)
Cash generated from operations	**3,895.66**	2,218.77
Less: income taxes Refund/(paid) - [net]	**209.33**	(586.14)
Net cash generated from operating activities	**4,104.99**	1,632.63
Cash flows from investment activities		
(1) Payment for property, plant and equipment	**(1,930.26)**	(3,183.36)
(2) Proceed from disposal of property, plant and equipment	**24.93**	24.74
(3) Interest received	**49.11**	11.69
(4) Other dividend received	**0.42**	9.84
(5) Purchase of current investments	**(10,390.42)**	(30,305.84)
(6) Sale of current investments	**10,392.36**	30,307.94
Net cash used in investment activities	**(1,853.86)**	(3,134.99)
Cash flow from financing activities		
(1) Proceeds of long term borrowings	**461.97**	1,612.70
(2) Repayment of long term borrowings	**(138.79)**	(101.62)
(3) Proceeds from short term borrowings	**28,455.00**	19,624.50
(4) Repayment from short term borrowings	**(30,105.00)**	(18,655.58)
(5) Payments for the principal portion of the lease liability	**(16.39)**	–
(6) Payments for the interest portion of the lease liability	**(7.47)**	–
(7) Interest paid	**(333.88)**	(371.11)
(8) Dividend paid (including dividend distribution tax)	**(319.04)**	(319.04)
Net cash generated/(used in) from financing activities	**(2,003.60)**	1,789.85
Net increase in cash and cash equivalents	**247.53**	287.49
Cash and cash equivalents at the beginning of the year	**533.24**	245.75
Cash and cash equivalents at the end of the year	**780.77**	533.24
Reconciliation of cash and cash equivalents with statement of financial position		
Bank balance in current accounts (refer note 11)	**780.39**	533.08
Cash in hand (refer note 11)	**0.38**	0.16
Total	**780.77**	533.24

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248w/w-100022

Jayesh T Thakkar
Partner

Place: Mumbai
Date: May 11 2020

CIN:U27100MH1993PLC070416

Romali Malvankar
Company Secretary
Membership No-A29447

Jitendra T. Rahate
Chief Financial Officer

Place: Mumbai
Date: May 11 2020

Sumit Issar
Managing Director
DIN: 06951249

Vijay Arora
Director
DIN: 07347126

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A. Equity share capital

Particulars	Rs. In Lakhs
Balance at April 1, 2018	1,653.98
Changes in equity during the year	–
Balance at March 31, 2019	1,653.98
Changes in equity during the year	–
Balance at March 31, 2020	**1,653.98**

B. Other Equity

Rs. in Lakhs

Particulars		Capital reserve	Securities premium	General reserve	Retained earnings	Total
Balance at April 1, 2018	A	20.00	4,011.15	164.44	4,699.04	8,894.63
Profit for the year	B				880.16	880.16
Other comprehensive income (net of taxes)	C				4.03	4.03
Total comprehensive income for the year	**D = (B+C)**				884.19	884.19
Dividends	E				(264.64)	(264.64)
Dividend distribution tax	F				(54.40)	(54.40)
Balance at March 31, 2019	**G = (A+D+E+F)**	**20.00**	**4,011.15**	**164.44**	**5,264.19**	**9,459.78**
Loss for the year	H				(521.06)	(521.06)
Other comprehensive income (net of taxes)	I				24.89	24.89
Total comprehensive Loss for the year	**J=(H+I)**				(496.17)	(496.17)
Dividends	K				(264.64)	(264.64)
Dividend distribution tax	L				(54.40)	(54.40)
Balance at March 31, 2020	**M=(G+J+K+L)**	**20.00**	**4,011.15**	**164.44**	**4,448.98**	**8,644.57**

Description of the nature and purpose of Other Equity:

Capital Reserve: Capital Reserve represents the amount received from SICOM Limited towards Special Capital incentive under 1988 Scheme of Incentives.

Securities Premium: The Securities Premium is created on issue of shares.

General Reserve: The General Reserve comprises of transfer of profits from retained earnings for appropriation purposes. The reserve can be distributed/utilised by the Company in accordance with the Companies Act, 2013.

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248w/w-100022

Jayesh T Thakkar
Partner

Place: Mumbai
Date: May 11 2020

CIN:U27100MH1993PLC070416

Romali Malvankar
Company Secretary
Membership No-A29447

Jitendra T. Rahate
Chief Financial Officer

Place: Mumbai
Date: May 11 2020

Sumit Issar
Managing Director
DIN: 06951249

Vijay Arora
Director
DIN: 07347126

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1 Corporate information:

Mahindra Steel Service Centre Limited is a public limited company domiciled in India and is incorporated on 15 January 1993 under the erstwhile Companies Act, 1956. The registered office of the Company is located at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400018.

The Company's main activity is steel processing from the plants located at Kanhe (Pune), Bhopal and Noida. The Company is principally engaged in processing of automotive and electrical steel and manufacturing of electrical component.

The Company is the subsidiary of Mahindra Intertrade Limited, Mumbai, a Company incorporated in India. The ultimate parent Company is Mahindra and Mahindra Limited.

2 Significant accounting policies:

2.1 Statement of Compliance and Basis of preparation and presentation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All values are rounded to the nearest Lakhs.

The financial statements were approved by the Board of Directors and authorised for issue on May 11, 2020.

2.2 Use of estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note No. 2.3 Property, plant & equipment

Note No. 2.10 Employee benefits

2.3 Property, plant & equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets up to the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset class based on the Company's expected usage pattern:

(a) Vehicles - 5 years

2.4 Impairment of assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss.

2.5 Inventories:

Inventories, except for Stores and spares which are valued at cost, are valued at the lower of cost (on weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary.

Cost comprises of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Net Realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

2.6 Foreign exchange transactions and translations:

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise.

2.7 Financial assets and Financial liabilities:

Financial instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

Financial liabilities and equity instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instrument issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

All the financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligation is discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately.

2.8 Revenue recognition:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue is measured based on the transaction price as specified in the contract with the customer. It excludes taxes or other amounts collected from customers in its capacity as an agent. In determining the transaction price, the Company considers:

Significant financing component - Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The accounting policies for specific revenue streams of the company is summarised below:

Sale of goods:

Customers obtain control of the goods when the goods are delivered to and have been accepted.

Sale of Services:

Service income is recognized over time based on as and when service is performed.

2.9 Government grants:

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable for the purpose of giving immediate financial support to the Company with no future related costs are recognized in the Statement of Profit and Loss in the year in which they become receivable.

2.10 Employee benefits:

Retirement benefit costs and termination benefits:

Payment to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return of plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to Statement of profit and loss. Past service cost is recognised in Statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Profit and Loss in the line item “Employee benefits expense”. Curtailment gains and losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for the termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Short-term and other long-term employee benefits:

A liability is recognized for benefits accruing to the employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of related service.

Liabilities recognized in respect of other long-term employee benefits are measured at present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employee up to the reporting date.

2.11 Stock appreciation rights (SARs):

For cash-settled share-based payments, a liability is recognized for the services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in the Statement of Profit and Loss for the year.

2.12 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

2.13 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.14 Taxes on income:

Income Tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognized in the Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.15 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.16 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.17 Earning per share:

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year.

2.18 Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee:

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in the statement of financial position.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease.

3 Significant changes in accounting policies

The Company has adopted Ind AS 116 'Leases' from 1 April 2019 using the modified retrospective method. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted.

A. Definition of lease:

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under 'Appendix C' to Ind AS 17 Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in significant accounting policy.

On transition to Ind AS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 and 'Appendix C' were not reassessed for whether there is a lease under Ind AS 116. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

I. Leases classified as operating lease under Ind AS 17:

Previously, the Company classified property leases as operating leases under Ind AS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application; and
- did not recognise right-of-use assets and liabilities for leases of low value assets

II. Leases classified as finance leases under Ind AS 17

The leases which were classified as finance leases under Ind AS 17, the carrying amount of the right-of-use asset and the lease liability at 1 April 2019 were determined at the carrying amount of the lease asset and lease liability under Ind AS 17 immediately before transition date.

III. Impact on financial statements

On transition date the Company recognised Right-of-Use asset and lease liability, the impact is as follows:

Rs. in Lakhs

Particulars	**Amount**
Right-of-Use assets – Property, plant and equipment	150.88
Lease liability	106.29

4 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Note No. 5 - Property, Plant & Equipment:

Rs. in Lakhs

Description of Assets	**Buildings**	**Right-of-Use Asset-Land and Building**	**Plant and Equipments**	**Electric Installations**	**Office Equipments**	**Furniture and Fixtures**	**Vehicles**	**Computers**	**Total**
I. Cost									
Balance as at 1 April, 2019	**3,079.33**	**–**	**13,186.73**	**358.34**	**76.91**	**75.84**	**63.39**	**104.57**	**16,945.11**
Additions (Refer note (ii))	7.35	150.88	144.65	–	1.03	1.23	42.35	3.09	350.58
Disposals	–	–	5.19	–	0.43	–	24.47	0.33	30.42
Balance as at March 31, 2020	**3,086.68**	**150.88**	**13,326.19**	**358.34**	**77.51**	**77.07**	**81.27**	**107.33**	**17,265.27**
II. Accumulated depreciation									
Balance as at April 1, 2019	**1,018.15**	**–**	**7,723.07**	**272.94**	**59.04**	**50.42**	**18.70**	**88.75**	**9,231.07**
Depreciation expense for the year	94.87	24.36	862.60	27.97	3.95	6.07	14.29	4.10	1,038.21
Eliminated on disposal of assets	–	–	0.09	–	0.40	–	11.95	0.31	12.75
Balance as at March 31, 2020	**1,113.02**	**24.36**	**8,585.58**	**300.91**	**62.59**	**56.49**	**21.04**	**92.54**	**10,256.53**
Net carrying amount (I-II)									
Balance as on March 31, 2020	**1,973.66**	**126.52**	**4,740.61**	**57.43**	**14.92**	**20.58**	**60.23**	**14.79**	**7,008.74**
Balance as on March 31, 2019	2,061.18	–	5,463.66	85.40	17.87	25.42	44.69	15.82	7,714.04
I. Cost									
Balance as at April 1, 2018	**2,933.50**	**–**	**11,224.92**	**353.30**	**74.36**	**72.57**	**46.48**	**102.74**	**14,807.87**
Additions	145.83	–	1,988.25	5.04	2.55	3.27	24.62	1.83	2,171.39
Disposals	–	–	26.44	–	–	–	7.71	–	34.15
Balance as at March 31, 2019	**3,079.33**	**–**	**13,186.73**	**358.34**	**76.91**	**75.84**	**63.39**	**104.57**	**16,945.11**
II. Accumulated depreciation									
Balance as at April 1, 2018	**927.36**	**–**	**6,900.70**	**244.62**	**54.75**	**44.38**	**17.83**	**82.07**	**8,271.71**
Depreciation expense for the year	90.79	–	824.45	28.32	4.29	6.04	8.20	6.68	968.77
Eliminated on disposal of assets	–	–	2.08	–	–	–	7.33	–	9.41
Balance as at March 31, 2019	**1,018.15**	**–**	**7,723.07**	**272.94**	**59.04**	**50.42**	**18.70**	**88.75**	**9,231.07**
Net carrying amount (I-II)									
Balance as on March 31, 2019	**2,061.18**	**–**	**5,463.66**	**85.40**	**17.87**	**25.42**	**44.69**	**15.82**	**7,714.04**
Balance as on March 31, 2018	2,006.14	–	4,324.22	108.68	19.61	28.19	28.65	20.67	6,536.16

Notes:

i) Refer note 14 for details of securities.

ii) Additions also includes 'Recognition of right of use assets on initial application of IND AS 116' of Rs. 150.88 Lakhs.

Note No. 6 - Loans

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits		
– Unsecured, considered good	**165.23**	39.24
	165.23	39.24

Note No. 7 - Industrial Investment Promotion Assistance receivable

Rs. in Lakhs

Particulars	As at March 31, 2020			As at March 31, 2019		
	Current	Non-Current	Total	Current	Non-Current	Total
Industrial Investment Promotion Assistance receivable – Unsecured, considered good	**163.52**	**204.87**	**368.39**	94.34	900.35	994.69
Refer Note 41	**163.52**	**204.87**	**368.39**	94.34	900.35	994.69

Note No. 8 - Other assets

Rs. in Lakhs

Particulars	As at March 31, 2020			As at March 31, 2019		
	Current	Non-Current	Total	Current	Non-Current	Total
(i) Advances to suppliers	**54.49**	**–**	**54.49**	62.83	–	62.83
(ii) Capital advances	**–**	**14.02**	**14.02**	–	24.42	24.42
(iii) Balances with government authorities (other than income taxes)						
(i) Custom/Excise deposits	**–**	**29.21**	**29.21**	–	30.13	30.13
(ii) CENVAT/GST input credit	**1,107.66**	**–**	**1,107.66**	994.18	–	994.18
(iii) Value added tax credit	**–**	**39.26**	**39.26**	–	39.26	39.26
(iv) Service tax credit	**–**	**–**	**–**	–	–	–
(iv) Prepayments	**84.66**	**10.32**	**94.98**	37.16	47.86	85.02
(v) Income tax assets (net)	**–**	**354.22**	**354.22**	128.09	321.52	449.61
(vi) Surplus of plan assets over obligation - gratuity	**–**	**23.14**	**23.14**	–	–	–
(vii) Other advances						
(i) Advance to employees	**1.87**	**–**	**1.87**	3.11	–	3.11
(ii) Others	**–**	**–**	**–**	3.11	–	3.11
Total	**1,248.68**	**470.17**	**1,718.85**	1,228.48	463.19	1,691.67

Note No. 9 - Inventories

Rs. in Lakhs

	Particulars	As at March 31, 2020	As at March 31, 2019
(a)	Raw materials	**4,588.21**	6,139.43
(b)	Work-in-progress	**404.36**	820.87
(c)	Finished goods	**558.50**	1,060.88
(d)	Stock in trade	**2.66**	2.66
(e)	Stores and spares	**55.49**	54.18
(f)	Others: Scrap	**31.42**	108.95
	Total Inventories at the lower of cost and net realisable value	**5,640.64**	8,186.97
	Included above, goods-in-transit:		
(i)	Raw materials	**2,258.98**	2,938.67

Notes:

(i) The cost of inventories recognised as an expense during the year was Rs. 17,151.89 Lakhs (FY 2019: Rs. 23,303.49 Lakhs)

(ii) The cost of inventories recognised as an expenses includes Rs. 60.97 Lakhs in respect of write-downs of inventory to net realisable value and provision on slow moving inventory. (FY 2019: Rs. 34.53 Lakhs in respects of write-down of inventory to net realisable value and provision on slow moving inventory).

(iii) The mode of valuation of inventories has been stated in note 2.5

(iv) Refer note no 14 and 17 for details of securities.

Note No. 10 - Trade receivables

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
Considered good, Unsecured	**2,639.74**	5,819.31
Total	**2,639.74**	5,819.31

Notes:

(i) The average credit period for sales of products ranges between 90 to 120 days and for Job work processing is 30 days.

(ii) There are no trade receivable which have significant increase in Credit Risk or are credit impaired.

Note No. 11 - Cash and cash equivalents

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
(a) Balances with banks	**780.39**	533.08
(b) Cash on hand	**0.38**	0.16
Total	**780.77**	533.24

Note No. 12 - Equity Share Capital

Rs. in Lakhs

Particulars	As at March 31, 2020 No. of shares	Amount	As at March 31, 2019 No. of shares	Amount
Authorised:				
Equity shares of Rs. 10 each with voting rights	**17,000,000**	**1,700.00**	17,000,000	1,700.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**16,539,759**	**1,653.98**	16,539,759	1,653.98
Total	**16,539,759**	**1,653.98**	16,539,759	1,653.98

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
Equity Shares of Rs. 10 each				
Year ended March 31, 2020				
Number of shares	**16,539,759**	**–**	**–**	**16,539,759**
Amount (in Lakhs)	**1,653.98**	**–**	**–**	**1,653.98**
Year ended March 31, 2019				
Number of shares	16,539,759	–	–	16,539,759
Amount (in Lakhs)	1,653.98	–	–	1,653.98

The Company has not allotted any equity shares for consideration other than cash , bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: one vote for each equity share registered in the name of the member. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

Details of shares held by the holding company

Particulars	As at March 31, 2020	As at March 31, 2019
Mahindra Intertrade Limited, the holding Company (including 7 equity shares held jointly with its nominees)	**10,089,257**	10,089,257

Details of shares held by each shareholder holding more than 5% shares

Particulars	As at March 31, 2020 Number of shares	% of holding	As at March 31, 2019 Number of shares	% of holding
Mahindra Intertrade Limited, the holding Company (including 7 equity shares held jointly with its nominees)	**10,089,257**	**61%**	10,089,257	61%
Metal One Corporation	**6,450,502**	**39%**	6,450,502	39%

Note No. 13 - Other equity

Rs. in Lakhs

Particulars		Capital reserve	Securities premium	General reserve	Retained earnings	Total
Balance at April 1, 2018	A	20.00	4,011.15	164.44	4,699.04	8,894.63
Profit for the year	B	–	–	–	880.16	880.16
Other comprehensive income (net of taxes)	C	–	–	–	4.03	4.03
Total comprehensive income for the year	**D(B+C)**	–	–	–	**884.19**	**884.19**
Dividend (Rs. 1.60 per share)	E	–	–	–	(264.64)	(264.64)
Dividend distribution tax (DDT)	F	–	–	–	(54.40)	(54.40)
Balance at March 31, 2019	G (A+D+E+F)	20.00	4,011.15	164.44	5,264.19	9,459.78
Loss for the year	H	–	–	–	(521.06)	(521.06)
Other comprehensive income (net of taxes)	I	–	–	–	24.89	24.89
Total comprehensive loss for the year	J(H+I)	–	–	–	**(496.17)**	**(496.17)**
Dividend (Rs. 1.60 per share)	K	–	–	–	(264.64)	(264.64)
Dividend distribution tax (DDT)	L	–	–	–	(54.40)	(54.40)
Balance at March 31, 2020	**M (G+J+K+L)**	**20.00**	**4,011.15**	**164.44**	**4,448.98**	**8,644.57**

Note No. 14 Non current borrowings

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Measured at amortised cost		
A. Secured:		
Term loans:		
From banks [Refer note (i)]	**2,032.69**	1,612.70
Less: Current maturities of long term debts	**(357.37)**	(41.98)
Total secured	**1,675.32**	1,570.72
B. Unsecured		
(i) Interest free sales tax loan from SICOM [Refer note (ii)]	**48.40**	119.75
Less: Current maturities of long term debts	**(48.40)**	(71.35)
	–	48.40
(ii) Other Loans		
Deferred payment liabilities [Refer note (iii)]	**6.55**	32.01
Less: Current maturities of long term debts	**(6.55)**	(25.46)
	–	6.55
Total unsecured	**–**	54.95
Total	**1,675.32**	1,625.67

Notes:

(i) As on 31 March 2020, the Company has taken term loan of Rs 2032.69 Lakhs (FY 2019 Rs. 1,612.70 Lakhs) under sanction extended by HDFC Bank [interest payable at the rate of 8.25% p.a. to 8.45% p.a.(FY 2019 8.80% p.a. and 8.87% p.a.) (payable monthly) linked to the base rate], secured by exclusive charge on movable property, plant and equipment situated at Noida, Bhopal and Chennai plant. The repayment Schedule is as under:

Rs. in Lakhs

Name of the Bank	Rate of Interest	repayable in FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
HDFC Bank	8.25%	75.00	75.00	37.50	–
HDFC Bank	8.25%	8.95	8.95	4.48	–
HDFC Bank	8.45%	39.81	66.35	66.35	92.89
HDFC Bank	8.45%	0.22	0.37	0.37	0.51
HDFC Bank	8.45%	2.62	4.37	4.37	6.12
HDFC Bank	8.45%	13.95	23.24	23.24	32.54

Rs. in Lakhs

Name of the Bank	Rate of Interest	repayable in FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
HDFC Bank	8.45%	3.75	6.25	6.25	8.75
HDFC Bank	8.40%	21.60	36.00	36.00	50.40
HDFC Bank	8.30%	22.50	37.50	37.50	52.50
HDFC Bank	8.30%	7.50	12.50	12.50	17.50
HDFC Bank	8.32%	121.06	201.78	201.78	282.50
HDFC Bank	8.32%	38.27	63.78	63.78	89.29
HDFC Bank	8.32%	2.14	3.56	3.56	4.99
Total		**357.37**	**539.65**	**497.68**	**637.99**

(ii) Interest Free SICOM loan of Rs. 48.40 Lakhs is repayable as follows:

Rs. in Lakhs

Installment	Outstanding as at 31 March, 2020	Repayable on
1	48.40	July 25, 2020
Total	**48.40**	

(iii) The Company has received a Certificate of Entitlement from the Deputy Commissioner of Sales Tax, Maharashtra State, in terms of the Package Scheme of Incentives, 1993 of the Government of Maharashtra, consequent to which the Company has deferred the sales tax liability with effect from May 1, 2002. The Sales Tax liability so deferred is Rs. 6.55 Lakhs as at March 31, 2020 which is repayable as follows.

Repayment Details of Sales Tax VAT liability	Amount to be repaid (Rs. in Lakhs)	Repayment date
VAT liability of FY 2005-2006	6.55	April 30, 2020
Total	**6.55**	

Note No. 15 Trade payables

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payable for goods & services		
A. Total outstanding dues from micro enterprises and small enterprises, and	**34.94**	70.89
B. Total outstanding dues of creditors other than micro enterprises and small enterprises	**3,226.22**	5,327.79
Subtotal	**3,261.16**	5,398.68
Acceptances	**3,063.72**	3,201.83
Total	**6,324.88**	8,600.51

Note: Dues to Micro, Small and Medium Enterprises

Particulars	As at March 31, 2020	As at March 31, 2019
The amounts remaining unpaid to micro and small suppliers as at the end of the year Principal	**34.94**	70.89
Interest due thereon	**–**	–
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	**–**	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	**–**	–
The amount of interest accrued and remaining unpaid at the end of each accounting year.	**–**	–
The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	**–**	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

Note No. 16 Provisions

Rs. in Lakhs

Particulars	As at March 31, 2020 Current	Non-Current	Total	As at March 31, 2019 Current	Non-Current	Total
(a) Provision for employee benefits						
(1) Long-term employee benefits						
(i) Provision for compensated absences	**22.67**	**120.70**	**143.37**	21.96	126.67	148.63
(ii) Provision for Post-retirement medical benefit	**0.31**	**12.20**	**12.51**	–	9.98	9.98
(iii) Provision for gratuity (net)	**–**	**–**	**–**	8.63	–	8.63
Total	**22.98**	**132.90**	**155.88**	30.59	136.65	167.24

Note:

The provision for employee benefits includes privileged leave entitlements accrued. The decrease in the carrying amount of the provision for the current year results from accrual of the privileged leave entitlements for the current year. For other disclosures, refer note 32

Note No. 17 - Current borrowings

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
A. Secured		
Short term loan from bank Refer note (i)	**2,050.00**	2,000.00
Total	**2,050.00**	2,000.00
B. Unsecured		
Short term loan from bank Refer note (ii)	**–**	1,700.00
Total	**–**	1,700.00
Total	**2,050.00**	3,700.00

Notes:

(i) As at March 31, 2020, the Company has a working capital short term loan of Rs. 2,050 Lakhs (FY 2019: Rs. 2,000 Lakhs) under sanction extended by HDFC Bank secured by first pari passu charge on the stock and book debts of the Company. Interest is payable at the rate of 7.90% p.a linked to 3 months MCLR (FY 2019: 8.45% p.a.).

(ii) The Company had a short term loan of Rs. 1,700 Lakhs as at March 31,2019 under sanction extended by HDFC Bank. Interest was payable at the rate 8.71% p.a.

Note No. 18 - Lease Liability

Rs. in Lakhs

Particulars	As at March 31, 2020 Current	As at March 31, 2020 Non-current	As at March 31, 2020 Total	As at March 31, 2019 Current	As at March 31, 2019 Non-current	As at March 31, 2019 Total
Lease Liability	**22.88**	**67.02**	**89.90**	–	–	–
Total	**22.88**	**67.02**	**89.90**	–	–	–

Note No. 19 - Other financial liabilities

Rs. in Lakhs

Particulars	As at March 31, 2020 Current	As at March 31, 2020 Non-current	As at March 31, 2020 Total	As at March 31, 2019 Current	As at March 31, 2019 Non-current	As at March 31, 2019 Total
Other financial liabilities measured at amortised cost						
(a) Current maturities of long-term debt (refer note below)	**412.32**	–	**412.32**	138.79	–	138.79
(b) Interest accrued but not due on borrowings	**27.55**	–	**27.55**	47.98	–	47.98
(c) Other liabilities						
(1) Creditors for capital supplies/services	**428.71**	–	**428.71**	40.52	–	40.52
(2) Dealer deposit	**37.72**	–	**37.72**	53.06	–	53.06
(3) Employee wages and salary payable	**114.18**	–	**114.18**	163.74	–	163.74
Total	**1,020.48**	–	**1,020.48**	444.09	–	444.09
Other financial liabilities measured at fair value						
(1) Derivatives						
Foreign currency forward contracts	–		–	30.14		30.14
(2) Other						
Liability for Cash-settled share-based payments	**84.46**	**21.75**	**106.21**	16.92	5.49	22.41
Total	**84.46**	**21.75**	**106.21**	47.06	5.49	52.55
Total	**1,104.94**	**21.75**	**1,126.69**	491.15	5.49	496.64

Note: Refer note 14 for details of securities.

Note No. 20 - Other current liabilities

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
a. Advances received from customers	**96.62**	43.01
b. Others		
(i) Employee recoveries and employer contributions	**12.21**	9.84
(ii) Statutory remittances (withholding taxes, GST etc.)	**74.54**	94.76
Total	**183.37**	147.61

Note No. 21 - Current Tax and deferred tax

(a) Income tax recognised in Statement of Profit and Loss

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax:		
In respect of current year	–	460.60
In respect of prior year	**(159.17)**	–
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**(474.55)**	15.09
Total	**(633.72)**	475.69

(b) Income tax recognised in other comprehensive income

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Tax		
Remeasurement of defined benefit obligations	–	2.71
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**9.60**	(0.55)
Total	**9.60**	2.16
Bifurcation of income tax recognised in other comprehensive income into:		
– Items that will not be reclassified to profit and loss	**9.60**	2.16
Total	**9.60**	2.16

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	**(1,154.78)**	1,355.85
Income tax expense calculated at 27.82% (2019: 34.944%)	**(321.26)**	473.79
Effect of income that is exempt from taxation	**(0.12)**	(3.44)
Effect of expenses that are non-deductible in determining taxable profit	**7.26**	5.33
Others	**(10.13)**	0.01
Effect of expenses due to change in income tax rate	**(150.30)**	–
Current tax in respect of prior period	**(159.17)**	–
Income tax (income)/expense recognised in Statement of Profit and Loss	**(633.72)**	475.69

Note:

The tax rate used for the 31 March 2020 and 31 March 2019 reconciliations above is the corporate tax rate of 27.82% and 34.944% [including surcharge of 7% and 12% respectively and Health and Education Cess of 4% (Education and higher education cess of 2% and 1% respectively for FY 2019)] payable by corporate entities in India on taxable profits under Indian income tax laws.

Note No. 22 - Deferred tax

Rs. in Lakhs

For the year ended March 31, 2020

Particulars	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	(830.20)	226.04	–	(604.16)
Tax effect of items constituting deferred tax assets				
Employee benefits	63.28	19.23	(9.60)	72.91
FVTPL financial liabilities including derivatives	7.15	(3.34)	–	3.81
Carried forward loss of current year	–	218.16	–	218.16
Other	–	14.46	–	14.46
Net tax asset/(liabilities)	**(759.77)**	**474.55**	**(9.60)**	**(294.82)**

Rs. in Lakhs

For the year ended March 31, 2019

Particulars	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	(804.97)	(25.23)	–	(830.20)
Tax effect of items constituting deferred tax assets				
Employee benefits	59.74	2.99	0.55	63.28
FVTPL financial liabilities including derivatives	–	7.15	–	7.15
Net tax asset/(liabilities)	**(745.23)**	**(15.09)**	**0.55**	**(759.77)**

Note No. 23 - Revenue from operations

The following is an analysis of the company's revenue for the year from continuing operations.

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Revenue from contract with customers: (Refer Note (i)		
(a) Revenue sale of products (Refer note (ii) below)	**18,042.36**	25,267.18
(b) Revenue from rendering of services (Refer note (iii) below)	**1,727.12**	2,238.18
Less: Capitalised	**(0.08)**	–
Subtotal	**19,769.40**	27,505.36
B. Other operating revenue (Refer note (iv) below)	**1,323.07**	2,215.46
Total	**21,092.47**	29,720.82

Notes:

(i) The management determines that the segment information reported under Note 23 A above Segment information is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no separate disclosures of disaggregated revenues are reported.

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(ii) Sale of products comprises:		
Manufactured goods		
Steel products	**18,042.36**	25,267.18
Total	**18,042.36**	25,267.18
(iii) Sale of services comprises:		
Steel processing	**1,727.12**	2,238.18
(iv) Other operating revenues comprise**:**		
Scrap sales	**1,195.70**	1,340.90
Insurance claim	**22.98**	26.78
Industrial Investment Promotion Assistance (Refer note 41)	**95.83**	831.11
Other operating income	**8.56**	16.67
Total	**1,323.07**	2,215.46

Note No. 24 - Other Income

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Interest income		
Other	**49.11**	11.69
(b) Dividend income		
Others	**0.42**	9.84
(c) Profit on sale of current investments	**1.94**	2.10
(d) Profit on sale of property, plant and equipment	**7.26**	–
(e) Liabilities no longer required written back	**25.20**	10.78
Total	**83.93**	34.41

Note No. 25 - Cost of materials consumed

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening stock	**6,139.43**	6,418.22
Add: Purchases	**14,713.38**	23,457.54
Less: Capitalised	**(31.60)**	–
Less: Closing stock	**(4,588.21)**	(6,139.43)
Cost of materials consumed - Steel Products	**16,233.00**	23,736.33

Note No. 26 - Changes in inventories of finished goods, stock-in-trade and work-in-progress

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the end of the year:		
Finished goods - Steel Products	**558.50**	1,060.88
Work-in-progress - Steel Products	**404.36**	820.87
Stock in trade - Steel Products	**2.66**	2.66
	965.52	1,884.41
Inventories at the beginning of the year:		
Finished goods - Steel Products	**1,060.88**	624.50
Work-in-progress - Steel Products	**820.87**	823.47
Stock in trade - Steel Products	**2.66**	3.60
	1,884.41	1,451.57
Net decrease/(increase)	**918.89**	(432.84)

Note No. 27 - Employee benefits expense

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Salaries and wages	**910.36**	807.92
(b) Contribution to provident and other funds	**83.50**	67.11
(c) Share based payment to employees	**83.81**	30.65
(d) Post-retirement medical benefit expense	**1.64**	1.21
(e) Staff welfare expenses	**83.68**	143.70
Sub-Total	**1,162.99**	1,050.59
Less: Capitalised	**92.93**	15.88
Total	**1,070.06**	1,034.71

Note No. 28 - Finance costs

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense on		
(a) Borrowings	**388.12**	202.22
(b) Lease Liability	**7.47**	–
(c) Other		
- Usance Interest	**104.01**	207.91
Sub-Total	**499.60**	410.13
Less: Capitalised	**178.68**	9.86
Total	**320.92**	400.27

Analysis of interest expense by category

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense		
(a) On financial liability at amortised cost..	**492.13**	410.13
(b) On non-financial liabilities at FVTPL*...	**7.47**	–
Total	**499.60**	410.13

* FVTPL (Fair Value through Profit and Loss)

Note No. 29 - Depreciation expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on		
Property, plant and equipment (Refer Note 5)	**1,038.21**	968.77
Less: Capitalised	**2.48**	–
Total	**1,035.73**	968.77

Note No. 30 - Other expenses

Rs. in Lakhs

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a)	Stores and tools consumed.......	**45.52**	75.32
(b)	Power & fuel	**482.42**	454.98
(c)	Rent including lease rentals.......	**11.75**	33.28
(d)	Rates and taxes.......	**27.88**	153.05
(e)	Insurance	**46.66**	38.05
(f)	Repairs and maintenance - Buildings..	**19.43**	7.90
(g)	Repairs and maintenance - Machinery.......	**41.79**	101.92
(h)	Repairs and maintenance - Others....	**193.19**	166.58
(i)	Freight outward.......	**307.14**	283.03
(j)	Subcontracting, hire and service charges	**426.21**	457.68
(k)	Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013. (Refer note No. 38).......	**21.54**	17.93
(l)	Net loss on foreign currency transactions and translations	**155.39**	507.65
(m)	Fair value loss on financial instruments at fair value through profit and loss.......	**–**	30.14
(n)	Auditors remuneration and out-of-pocket expenses(note below).......	**9.29**	9.41
(o)	Legal and other professional costs ...	**128.73**	129.43
(p)	Bad debts / advances written off........	**0.12**	1.13
(q)	Industrial Investment Promotion Assistance written off (Refer note 41)..	**722.13**	–
(r)	Loss on sale of property, plant and equipment.......	**–**	0.03
(s)	Software charges.......	**40.50**	34.54
(t)	Miscellaneous expenses	**162.86**	207.15
	Total	**2,842.55**	2,709.20
	Less: Capitalised	**89.97**	17.06
	Total	**2,752.58**	2,692.14

Note

Rs. in Lakhs

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
	Payment to statutory auditors (excluding GST):		
(i)	For Audit.......	**9.00**	9.00
(ii)	For other services.......	**–**	0.14
(iii)	For reimbursement of expenses.......	**0.29**	0.27
	Total	**9.29**	9.41

Note No. 31 - Contingent liabilities and commitments (to the extent not provided for)

Rs. in Lakhs

	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	**Claims against the Company not acknowledged as debts:**		
	(a) Excise duty demand for FY 13-14 to June 17.......	**406.88**	406.88
	(b) Custom duty demand for the financial year 2009-10.......	**13.95**	13.95
	(c) Madhya Pradesh VAT/CST demand Financial Year 2011-12	**8.95**	8.95
	(d) Madhya Pradesh VAT/CST demand Financial Year 2012-13	**7.21**	7.21
(ii)	**Commitments:**		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		
	Tangible assets	**255.53**	697.85
(iii)	**Other money for which the Company is contingently liable**		
	(a) Corporate guarantee given by the Company to M/s SHV Energy Private Limited.......	**12.00**	12.00

Note No. 32 - Employee benefits

(a) Defined Contribution Plan

The Company has recognized, in the Statement of Profit and Loss for the year, an amount of Rs. 56.63 Lakhs (FY 2019: Rs. 44.33 Lakhs as expenses under defined contribution plans).

Rs. in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Provident Fund	**38.38**	31.66
Pension Fund.......	**18.25**	12.67
Total	**56.63**	44.33

(b) Defined benefit plans:

(i) GRATUITY

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Nature of Benefits:

The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the income tax and rules. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

Governance of Plan:

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The plan is funded under Group Gratuity Scheme which is administered by LIC. The Company makes annual contribution to the plan.

Inherent Risk:

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

(ii) POST-RETIREMENT MEDICAL BENEFITS

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse up to a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Nature of Benefits:

The Company operates a defined benefit post-retirement medical plan. The benefits payable to the employees are post their retirement from the Company. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for such a post-retirement medical plan in India. The Company has chosen not to fund the post-retirement benefit liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts.

Governance of Plan:

The Company is responsible for the overall governance of the plan. Since the plan is unfunded, the governance of the plan is limited to employees being paid the benefits as per the terms of the plan.

Inherent Risk:

The plan is of a defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse increase in healthcare costs or demographic experience can result in an increase in cost of providing these benefits to employees in future. The benefits are also paid post retirement up to a specified age of the beneficiaries and the plan carries the longevity risks.

Life expectancy:

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Defined benefit plans – as per actuarial valuation on 31st March, 2020

Rs. in Lakhs

Particulars	Funded Plan		Unfunded Plans	
	Gratuity		Post-retirement medical benefit	
	2020	2019	**2020**	2019
(iii) Expense recognised in the Statement of Profit and Loss for the year ended March 31:				
1) Current service cost	**23.33**	19.87	**0.89**	0.64
2) Interest on net defined benefit liability/ (asset)	**0.28**	0.64	**0.75**	0.57
	23.61	20.51	**1.64**	1.21
(iv) Included in Other Comprehensive Income				
1) Actual return on plan assets less interest on plan assets	**0.34**	(1.10)	**–**	–
2) Actuarial (gain)/loss on account of :				
– Changes in demographic assumptions	**–**	0.11	**–**	0.03
– Financial assumptions	**(31.10)**	(27.40)	**1.64**	0.50
– Experience adjustments	**(5.13)**	20.62	**(0.24)**	1.04
	(35.89)	(7.77)	**1.40**	1.57
(v) Net asset/(liability) recognised in the Balance Sheet as at March 31				
1) Present value of defined benefit obligation as at March 31	**192.38**	204.32	**12.51**	9.98
2) Fair value of plan assets as at March 31	**215.52**	195.69	**–**	–
3) Surplus/(Deficit)	**23.14**	(8.63)	**(12.51)**	(9.98)
4) Current portion of the above	**–**	(8.63)	**(0.31)**	–
5) Non current portion of the above	**23.14**	–	**(12.20)**	(9.98)
(vi) Change in the obligation during the year ended March 31				
1) Present value of defined benefit obligation at the beginning of the year	**204.32**	181.77	**9.99**	7.21
2) Expenses recognised in Statement of Profit and Loss account				
– Current service cost	**23.33**	19.87	**0.89**	0.64
– Past Service Cost	**–**	–	**–**	–
– Interest expense (income)	**14.39**	13.78	**0.75**	0.57
3) Recognised in Other Comprehensive Income				
Remeasurement gains/(losses)				
– Actuarial gain (loss) arising from:				
(i) Changes in demographic assumptions	**–**	0.11	**–**	0.03
(ii) Financial assumptions	**(31.10)**	(27.40)	**1.64**	0.50
(iii) Experience adjustments	**(5.13)**	20.62	**(0.24)**	1.04
4) Benefit payments	**(3.14)**	(2.97)	**–**	–
5) Liabilities settled	**(10.29)**	(1.46)	**(0.51)**	–
6) Present value of defined benefit obligation at the end of the year	**192.38**	204.32	**12.52**	9.99

Rs. in Lakhs

Particulars	Funded Plan		Unfunded Plans	
	Gratuity		Post-retirement medical benefit	
	2020	2019	**2020**	2019
(vii) Change in fair value of assets during the year ended March 31				
1) Fair value of plan assets at the beginning of the year	**195.69**	168.66	**–**	–
2) Expenses recognised in Statement of Profit and Loss account				
– interest on plan assets	**14.12**	13.12	**–**	–
3) Recognised in Other Comprehensive Income				
Remeasurement gains/(losses)				
– Actual return on plan assets in excess of the expected return	**(0.34)**	1.10	**–**	–
– Others (specify)				
4) Contributions by employer (including benefit payments recoverable)...........................	**9.19**	20.35	**–**	–
5) Benefit payments	**(3.14)**	(2.97)	**–**	–
6) Assets settled	**–**	(4.57)	**–**	–
7) Fair value of plan assets at the end of the year	**215.52**	195.69	**–**	–
(viii) The major categories of plan assets				
List the plan assets by category here				
– Insurer managed funds............	**215.52**	195.69	**–**	–
(ix) Actuarial assumptions				
1) Discount rate	**6.50%**	7.50%	**6.50%**	7.50%
2) Medical premium inflation......	**–**	–	**6.00%**	6.00%
3) Rate of increase in compensation levels	**7.00%**	10.00%	**–**	–
4) Mortality table	**IALM(2012-14) ult**			

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(x) Sensitivity analysis:

Gratuity

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The sensitivity of the gratuity benefits to changes in the weighted principal assumptions is:

Rs. in Lakhs

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	**2020**	**1%**	**179.06**	**207.58**
	2019	1%	188.91	221.97
Salary growth rate	**2020**	**1%**	**207.35**	**179.00**
	2019	1%	220.80	189.21

Post retirement medical benefits

The benefit obligation results for the cost of paying future hospitalization premiums to insurance company in future for the employee / beneficiaries during their lifetime is sensitive to discount rate and future increase in healthcare costs. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account changes in these three key parameters:

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The sensitivity of the post retirement medical benefit obligation to changes in the weighted principal assumptions is:

Rs. in Lakhs

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	**2020**	**1%**	**10.87**	**14.53**
	2019	1%	8.65	11.61
Medical inflation rate	**2020**	**1%**	**14.52**	**10.85**
	2019	1%	11.61	8.62

(xi) Expected contributions for the next year:

The Company expects to contribute Rs. 10 lakhs to the gratuity trusts during the next financial year of 2021.

(xii) Maturity profile:

Gratuity

Rs. in Lakhs

Maturity profile of defined benefit obligation:	**2020**	2019
Within 1 year..	**25.74**	24.89
1 - 2 year..	**23.17**	15.83
2 - 3 year..	**15.31**	22.76
3 - 4 year..	**15.46**	15.66
4 - 5 year..	**16.78**	15.87
5 - 10 years..	**74.56**	81.43
More than 10 years	**175.14**	258.38

Post-retirement medical benefits

Rs. in Lakhs

Maturity profile of defined benefit obligation:	**2020**	2019
Within 1 year..	**0.31**	–
1 - 2 year..	**0.33**	0.27
2 - 3 year..	**0.35**	0.29
3 - 4 year..	**0.37**	0.31
4 - 5 year..	**0.39**	0.33
5 - 10 years..	**2.23**	1.72
More than 10 years	**35.27**	34.87

Note No. 33 - Segment reporting

Segment information:

The company has identified 'Steel Processing' as its only primary reportable segment. The Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined under Ind AS 108. CODM reviews overall financial information of the Company together for performance evaluation and allocation of resources and does not review any discrete information to evaluate performance of any individual product or geography.

Geographical Information:

Almost all of the company's customers are located within India.

The Company operates and has its manufacturing/processing facilities based out of Pune, Bhopal and Noida in India.

There are 2 customers (having revenue more than Rs. 4,217.92 Lakhs from each customer) who are individually contributing to more than 10% of the Company's revenue. [FY 2019 There were 3 customers (having revenue more than Rs. 3,502.38 Lakhs from each customer) who were individually contributing to more than 10% of the Company's revenue.]

Note No. 34 Related party transactions

Related party disclosures as required by IND AS 24 "Related Party Disclosures" are given below.

Relation	**Name**
Ultimate holding company	Mahindra & Mahindra Ltd.
Holding company	Mahindra Intertrade Limited
Key management personnel (KMP)	Mr. Sumit Issar (Managing Director)
Other parties with whom transactions have taken place during the year.	
(i) Fellow Subsidiaries	Mahindra Integrated Business Solutions Pvt. Limited (MIBS)
	Mahindra Auto Steel Private Limited (MASPL)
	Mahindra Retail Limited (formally known as Mahindra Retail Private Limited) (MRL)
	Mahindra Susten Private Limited (MSL)
	Mahindra MSTC Recycling Private Limited (MMRPL)
	Mahindra Logistics Limited (MLL)
	Mahindra Electric Mobility Ltd. (MEML)
	Mahindra Engineering & Chemical Products Ltd (MECPL)
(ii) Company which is associate of ultimate holding company	Mahindra CIE Limited (MCIE)
(iii) A Company having significant influence	Metal One Corporation

Managerial Remuneration

The Company is not required to pay any managerial remuneration in respect of the "Managing Director" appointed under section 197 and other applicable provisions of the Companies Act, 2013, from time to time, as per the terms approved.

(a) Disclosure of transactions (net of duties and taxes) between the company and related parties during the year ended March 31, 2020:

Rs. in Lakhs

					Fellow subsidiary																					
	Ultimate holding company		Holding company		MME		MASPL		MIBS		MRL		MSL		MMRPL		MLL		MEML		MECPL		Company which is associate of ultimate holding company		A Company having Significant influence	
Nature of transactions	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Dividend paid	–	–	**161.43**	161.43	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**103.21**	103.21
Processing Income	–	–	**1,064.91**	1,585.54	–	–	–	0.99	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Processing Expense	–	–	–	0.07	–	–	**0.09**	1.73	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sales	–	–	**129.78**	34.93	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**8.34**	2.23	–	–	–	–	–	–
Scrap sales	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Purchases	–	–	**825.92**	1,681.33	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**5,704.33**	11,708.92
Purchase of spares	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.42	–	–
Purchase of miscellaneous material	–	–	–	–	–	–	–	–	–	–	**3.71**	9.97	–	–	–	–	–	–	–	–	**0.14**	–	–	–	–	–
Purchase of solar power	–	–	–	–	–	–	–	–	–	–	–	–	**41.82**	40.77	–	–	–	–	–	–	–	–	–	–	–	–
Marketing and support service charges	–	–	**155.89**	225.42	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sublease expenses	–	–	**6.85**	6.85	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Professional expenses	**4.85**	10.50	–	–	–	–	–	–	**1.15**	1.24	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Freight Charges paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**29.71**	73.49	–	–	–	–	–	–	–	–
Interest on loan paid	–	–	**21.64**	3.78	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Recovery for tool development	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**11.35**	7.87	–	–	–	–	–	–
Balance written back	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**0.06**	–	–	–
Reimbursement received from parties	–	–	**0.29**	3.62	–	–	**11.45**	22.84	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Reimbursement made to parties	**41.13**	36.35	**3.55**	15.27	–	–	–	–	–	–	–	–	–	–	**7.28**	3.46	**1.96**	5.11	–	–	–	–	–	131.99	–	–
Deputation of personnel to related parties	–	–	**20.53**	15.95	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deputation of personnel from related parties	–	–	**58.27**	60.24	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of property, plant and equipment	**58.05**	12.77	**0.58**	5.84	–	–	–	0.02	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sale of property, plant and equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Intercorporate Deposit Received	–	–	–	1,100.00	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Intercorporate Deposit Repaid	–	–	–	1,100.00	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deposit for appointment of director received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deposit for appointment of director paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

(b) Outstanding receivable from and payable to related parties

Rs. in Lakhs

					Fellow subsidiary																					
	Ultimate holding company		Holding company		MME		MASPL		MIBS		MRL		MSL		MMRPL		MLL		MEML		MECPL		Company which is associate of ultimate holding company		A Company having Significant influence	
Nature of transactions	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Outstanding receivable		–	–	–	–	–	**1.07**	2.40	–	–	–	–	–	–	–	–	–	–	**3.96**	9.83	–	–	–	–	–	–
Outstanding payable	**4.61**	6.84	**447.79**	1,068.82	–	–	–	–	**0.15**	0.16	–	–	–	–	**1.94**	3.41	**0.43**	0.43	–	–	**0.16**	–	**134.58**	133.76	**2,387.05**	4,500.65

Notes:

1) In respect of the outstanding balances recoverable, no provision for doubtful debts was made in respect of these parties.

2) During the year Rs. 0.06 Lakhs was written off from such parties.

3) The sales/provision of services to and purchases/provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. During the year, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note No. 35 - Financial instruments

[I] Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Company consists of net debt (borrowings as detailed in note 14 and 17 and offset by cash and cash equivalents) and total equity of the Company.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company's policy is to keep the gearing ratio within 150%.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Rs. in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Debt	**4,137.64**	5,464.46
Less: Cash and cash equivalents (Refer note 11)	**780.77**	533.24
Net debt	**3,356.87**	4,931.22
Equity	**10,298.55**	11,113.76
Gearing ratio	**33%**	44%

[II] Financial risk management framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A. CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primary trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on payment performance over the period of time and financial analysis including credit rating issued by credit rating agencies. Outstanding customer receivables are regularly monitored and any shipments to other small customers are generally covered by letters of credit.

The Company follows expected credit loss method for determination of impairment of trade receivable. Additionally, an impairment analysis is performed at each reporting date on specific case basis for major customers.

(ii) Financial instruments and cash deposits:

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved mutual fund or banks and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

B. LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total	Carrying amount
Non-derivative financial liabilities						
As at March 31, 2020						
Non-interest bearing	**2,985.76**	**17.68**	**4.07**	**–**	**3,007.51**	**3,007.51**
Variable interest rate instruments	**6,706.16**	**1,269.94**	**682.21**	**24.61**	**8,682.92**	**8,259.28**
Total	**9,691.92**	**1,287.62**	**686.28**	**24.61**	**11,690.43**	**11,266.79**
As at March 31, 2019						
Non-interest bearing	4,067.73	60.28	0.16	–	4,128.17	4,128.17
Variable interest rate instruments	8,930.92	936.63	940.30	–	10,807.85	10,264.51
Total	12,998.65	996.91	940.46	–	14,936.02	14,392.68

Sensitivity interest rate increase by 1%:

Profit will decrease on variable interest rate instrument by Rs. 82.59 lakhs for the year ended 31 March, 2020 (Rs. 102.65 lakhs for the year ended March 31, 2019)

Sensitivity interest rate decrease by 1%:

Profit will increase on variable interest rate instrument by Rs. 82.59 lakhs for the year ended 31 March, 2020 (Rs. 102.65 lakhs for the year ended March 31, 2019)

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above
Derivative financial instruments				
31 March, 2020				
Gross settled:				
– foreign exchange forward contracts	**68.15**	**–**	**–**	**–**
31 March, 2019				
Gross settled:				
– foreign exchange forward contracts	30.14	–	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above	Carrying amount
Non-derivative financial assets					
31 March, 2020					
Non-interest bearing	**3,584.03**	**204.87**	–	**143.26**	**3,932.16**
Variable interest rate instruments	–	–	–	**21.97**	**21.97**
Total	**3,584.03**	**204.87**	–	**165.23**	**3,954.13**
31 March 2019					
Non-interest bearing	6,446.89	900.35	–	20.07	7,367.31
Variable interest rate instruments	–	–	–	19.17	19.17
Total	6,446.89	900.35	–	39.24	7,386.48

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(iv) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Rs. in Lakhs

Particulars	March 31, 2020	March 31, 2019
Secured bank overdraft/ WCDL facility	**950.00**	700.00
– Expiring within one year	**950.00**	700.00
Unsecured working capital short term loan facility	**1,700.00**	–
– Expiring within one year	**1,700.00**	–
Secured working capital non-fund based facility: (LC, BG, LUT, LER)	**1,111.00**	2,650.00
– Expiring within one year	**1,111.00**	2,650.00

Rs. in Lakhs

Particulars	March 31, 2020	March 31, 2019
Unsecured working capital non-fund based facility: (LC, BG, LUT, LER)	**4,500.00**	1,339.62
– Expiring within one year	**4,500.00**	1,339.62
Secured Capex Rupee Term Loan	–	621.50
– Expiring beyond one year	–	621.50
Total	**8,261.00**	5,311.12

C. MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

(i) Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases and for 36 months period for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Figures in Lakhs

Particulars	Currency	March 31, 2020	March 31, 2019
Trade payables/acceptance	USD	**53.48**	70.12
Creditors for capital supplies/services	EURO	**4.47**	–
Trade receivables	USD	–	2.21

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Figures in Lakhs

Particulars	Currency	March 31, 2020	March 31, 2019
Trade payables/acceptance	USD	**28.14**	41.59
Creditors for capital supplies/services	EURO	**0.19**	–
Trade receivables	USD	–	2.21

(ii) Interest rate risk

Refer note B (ii) for interest rate sensitivity

(iii) Raw material price risk

The Company does not have significant risk in raw material price variations. In case of any variation in price same is passed on to the customer through appropriate adjustments to selling prices.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Note No. 36 - Fair value measurement

Fair valuation techniques and inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs:

Level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval
- implied volatilities
- credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 inputs:

Level 3 inputs inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Rs. in Lakhs

	Fair value hierarchy as at March 31, 2020			
Financial assets/ financial liabilities	**Level-1**	**Level-2**	**Level-3**	**Total**
Financial assets				
Financial assets carried at amortised cost				
– Cash and cash equivalents	–	**780.77**	–	**780.77**
– Trade and other receivables	–	**2,639.74**	–	**2,639.74**
– Industrial Investment Promotion Assistance receivable	–	**368.39**	–	**368.39**
– Deposits and similar assets	–	**165.23**	–	**165.23**
Total	–	**3,954.13**	–	**3,954.13**
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	–	**4,165.19**	–	**4,165.19**
– Short term deposits	–	**37.72**	–	**37.72**
– Trade and other payables	–	**6,957.67**	–	**6,957.67**
Total	–	**11,160.58**	–	**11,160.58**

Rs. in Lakhs

	Fair value hierarchy as at March 31, 2019			
Financial assets/ financial liabilities	**Level-1**	**Level-2**	**Level-3**	**Total**
Financial assets				
Financial assets carried at amortised cost				
– Cash and cash equivalents	–	533.24	–	533.24
– Trade and other receivables	–	5,819.31	–	5,819.31
– Industrial Investment Promotion Assistance receivable	–	994.69	–	994.69
– Deposits and similar assets	–	39.24	–	39.24
Total	–	7,386.48	–	7,386.48
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	–	5,512.44	–	5,512.44
– Short term deposits	–	53.06	–	53.06
– Trade and other payables	–	8,804.77	–	8,804.77
Total	–	14,370.27	–	14,370.27

Financial assets/ financial liabilities measured at Fair value

Financial assets/financial liabilities	**Mar 31, 2020**	Mar 31, 2019	Fair value hierarchy	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value and sensitivity**
Other Financial Liabilities						
Foreign currency forward contracts	**–**	30.14	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rate that reflects the credit risk of various counter parties.	NA	NA
Liability for Cash-settled share-based payments	**106.21**	22.41	Level 2	The Black-Scholes model. Inputs used: Current Stock Price of the base instrument, Annual Volatility based on Sensex, Risk Free Return based on Zero Coupon Yield, Exercise Price, time to option maturity, dividend yield.	NA	NA
Total financial liabilities	**106.21**	52.55				
Other Financial Assets						
Foreign currency forward contracts	**68.15**	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rate that reflects the credit risk of various counter parties.	NA	NA
Other Financial Assets	**68.15**	–				

The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value

The Company consider that the carrying amount of financial asset and financial liabilities recognised in the financial statements approximate their fair value.

Note No. 37 - Earnings per share

Particulars	As at March 31, 2020	As at March 31, 2019
(loss)/Profit after tax (Rs. in Lakhs) (A).....	**(521.06)**	880.16
Weighted average number of shares Basic (B)	**16,539,759**	16,539,759
Earnings per share basic/diluted (Rupees) (A/B)	**(3.15)**	5.32
Nominal value of equity share (Rupees)...	**10.00**	10.00

Note No. 38 - Corporate social responsibility (CSR)

The CSR obligation for the year as computed by the Company and relied upon by the auditors is Rs. 21.43 Lakhs (F.Y 2019 Rs. 17.81 Lakhs). CSR amount spent during the year is Rs. 21.54 Lakhs (F.Y 2019 Rs. 17.93 Lakhs).

Note No. 39 Stock Appreciation Rights

In accordance with the directions and recommendations of the Remuneration Committee of the Company, the Company grants SARs to eligible employees/directors. SARs granted would vest over a period of five years, or such period as stipulated by the Remuneration Committee, from the date of grant. Upon vesting of SARs eligible employees are entitled to earn cash benefits as prescribed.

One SAR shall be entitled to a cash benefit which would be the difference between the Fair Value of one fully-paid Equity Share of the holding company on the exercise date less the face value of the equity share of the holding company on the grant date. Provided, however, that once SARs have vested, an eligible employee will have the option to exercise the same within a maximum period of three years from the vesting date during such periods of time as determined by the Company.

Once SARs are vested and exercised by an employee, the Company would, within a period of 90 days from the exercise date, compute the cash benefit due in respect of those SARs and pay the same to the employee after deducting the applicable income tax at source. The latest available fair value of the Company's equity share would be considered for computing the said cash benefit.

If an eligible employee fails to exercise the SARs within a period of three years as aforesaid, the unexercised SARs will lapse and the Company's liability for such unexercised SARs will cease.

The Company has granted Stock Appreciation Rights ("SARs") to eligible employees in accordance with the Stock Appreciation Rights Scheme 2013 (SARS-2013) during the years ended March 31, 2015, March 31, 2016, March 31, 2017, March 31, 2018 and March 31, 2020.

Details of stock appreciation rights outstanding as on March 31, 2020

Particulars	Number of Grants	Grant Date	Expiry Date	Exercise Price	Fair value at Grant Date
Cash settled					
F'15 grant..........	8,328	Jan 28, 2015	Feb 28, 2023	10.00	83.83
F'16 grant..........	1,311	Jan 28, 2016	Feb 28, 2023	10.00	84.70
F'16 grant..........	1,311	Jan 28, 2016	Feb 28, 2024	10.00	84.70
F'18 grant..........	3,485	Apr 27, 2017	Feb 28, 2023	10.00	118.40
F'18 grant..........	3,485	Apr 27, 2017	Feb 28, 2024	10.00	118.40
F'18 grant..........	3,486	Apr 27, 2017	Feb 28, 2025	10.00	118.40
F'18 grant..........	789	Jan 29, 2018	Feb 28, 2023	10.00	118.40
F'18 grant..........	789	Jan 29, 2018	Feb 28, 2024	10.00	118.40
F'18 grant..........	789	Jan 29, 2018	Feb 28, 2025	10.00	118.40
F'18 grant..........	792	Jan 29, 2018	Feb 28, 2026	10.00	118.40
F'20 grant..........	14,653	Apr 23, 2019	Feb 28, 2020	10.00	178.76
F'20 grant..........	14,653	Apr 23, 2019	Feb 28, 2021	10.00	178.76
F'20 grant..........	14,653	Apr 23, 2019	Feb 28, 2022	10.00	178.76
F'20 grant..........	14,653	Apr 23, 2019	Feb 28, 2023	10.00	178.76
F'20 grant..........	14,694	Apr 23, 2019	Feb 28, 2024	10.00	178.76

Movement in Stock appreciation rights

Particulars	Number of Shares
(1) The number of share options outstanding at the beginning of the year;	25,423
(2) Granted during the year..	73,306
(3) Exercised during the year	–
(4) Expired/forfeited during the year	858
(5) Outstanding at the end of the year	97,871

Stock Appreciation Right's vested during the year

Persuant to the circular resolution passed by the Nomination and Remuneration Committee of the Board, during the financial year 2020, on account of business uncertainty & outbreak of COVID 19, the Company has deferred the opening of its exercise window for SARs in case of the following SARs which have vested on 28 February 2020. According to the resolution, the Excercise window will be opened before 31 Jan 2021 at an exercise price of Rs 236.57 per SARs being the share valuation of the holding company, Mahindra Intertrade Limited as on 31st March 2020. Accordingly, expense on account of SARs vested, but deferred for excercise has been valued at 226.57 per SARs being Rs. 236.57 (Excercise Price) less Rs. 10 (Grant Price). The details of such SARs as below:

SARs vested during the year but deferred for excercise and remaining outstanding as on 31 March 2020

Particulars	Number of SAR's	Vesting date	Share price at Exercise date
F'15 grant	8,328	Feb 28, 2020	236.57
F'16 grant	1,311	Feb 28, 2020	236.57
F'18 grant	4,274	Feb 28, 2020	236.57
F'20 grant	14,653	Feb 28, 2020	236.57
Total	**28,566**		

The inputs used in the measurement of the fair values at grant date of the cash-settled share-based payment plans were as follows.

Particulars	Cash settled share appreciation rights
(1) Share price...	236.57
(2) Exercise price	10.00
(3) Expected volatility (weighted-average)	27.89%
(4) Option Life..	4.92
(5) Expected dividends yield	4.92%
(6) Risk-free interest rate (based on government bonds)	6.16%

Note No. 40

In March 2020, World Health Organization have declared Covid-19 as a pandemic. Escalation of Covid-19 has the potential to impact the global economic growth and business developments. The countrywide lockdown declared by Government of India covered a part of March 2020 and continued until April 2020. Whilst overall impact is still uncertain, the Company has carried out an assessment for any possible impact on performance of the Company due to Covid outbreak. Based on the current situation, the Company does not expect operations and performance for next year to get very significantly impacted. The Company will continue to monitor the situation as it evolves in coming months.

Note No. 41 - Madhya Pradesh Industrial Investment Promotion Assistance

In terms of Madhya Pradesh Industrial Investment Promotion Assistance Scheme, the Company in respect of Plant set up in an earlier year at Bhopal is entitled for Industrial Investment Promotion Assistance (IIPA) equivalent to 75% of amount deposited as VAT or CST during each of the 10 years ending March 2020. During the year ended on 31 March 2018, The Company had recognised income of Rs 69.18 Lakhs for the period 1 April 2017 to 30 June 2017.

W.e.f. 1 July 2017, VAT has been subsumed in GST. On 22 June 2018 Madhyapradesh Government provided the notification for computation of Subsidy from 1 June 2017 under GST regime. Pursuant to the notification the Company had accounted for the benefit under the scheme of Rs. 380.05 Lakhs for the period from 1 July 2017 to 31 March 2018 and Rs. 451.12 Lakhs for the financial year ended on 31 March 2019.

However, during the current year, the Madhya Pradesh Government issued a Notification dated 6 August 2019 which effectively adds restrictions on claiming the Subsidy retrospectively from 1 July 2017 (post GST) and revising the formula for computing the Subsidy. The order has certain ambiguities.

The Company has therefore taken an opinion from a leading GST consultant. Based on the opinion from the consultant, the figure of Subsidy available for the year 2018 and 2019 has been recomputed in the light of the order dated 6 Aug 2019, read with the IIPA Sceme. The revised Subsidy receivable for the period 1 July 2017 to 31 March 2018 is now revised to Rs. 19.06 Lakhs (instead of Rs 380.05 Lakhs accrued earlier) and for the year ended 31 March 2019 is Rs. 89.98 Lakhs (instead of Rs 451.12 Lakhs accrued earlier). Accordingly, during the year, the Company has written off a figure of Rs 722.13 Lakhs accounted for the above period, being in excess of the revised computation pursuant to the Notification dated 6th August 2019.

Note No. 42 - Previous year's figures have been regrouped/reclassified wherever necessary.

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248w/w-100022

Jayesh T Thakkar
Partner

Place: Mumbai
Date: May 11 2020

CIN:U27100MH1993PLC070416

Romali Malvankar
Company Secretary
Membership No-A29447

Jitendra T. Rahate
Chief Financial Officer

Place: Mumbai
Date: May 11 2020

Sumit Issar
Managing Director
DIN: 06951249

Vijay Arora
Director
DIN: 07347126

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA ELECTRICAL STEEL PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahindra Electrical Steel Private Limited** ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company does not have any pending litigations which would impact its financial position.

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

   In our opinion and according to the information and explanations given to us, there was no remuneration paid by the Company to its directors during the current year and hence the provisions of Section 197 of the Act read with Schedule V of the act are not applicable to the company. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
Membership No. 113959
UDIN: 20113959AAAABW5812

Place: Mumbai
Date: 4th May 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT – 31 MARCH 2020

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in leasehold land are held in the name of the Company.

(ii) The Company does not have any physical inventories and, Accordingly, the requirement under paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not granted any loan or made any investment or given any guarantee or security during the year. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the products of the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account of the Company, the Company has generally been regular in depositing undisputed statutory dues accrued/ deducted including, Income-tax and other material statutory dues with the appropriate authorities. Further as informed to us, the Company did not have any dues on account of Provident Fund, Employees' State Insurance, Sales-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable. Further as informed to us, the Company did not have any dues on Provident Fund, Employees' State Insurance, Sales-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax and Cess.

(b) According to the information and explanations given to us, there are no dues of Income tax, sales tax, service tax, custom duty, excise duty, value added tax and goods and service tax and cess which have not been deposited with the authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the company has not defaulted in repayment to debenture holders. The Company has not taken any loans or borrowings from a financial institutions, bank or government during the year.

(ix) The Company did not raise money by way of term loans, initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given by the management, there was no remuneration paid by the Company to its directors during the current year and hence the provision of Section 197 read with schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us by the management, the Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act, where applicable and the details of such related party transaction have been disclosed in the Ind AS financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act. The provisions of Section 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to Section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us by the management, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
Membership No: 113959
UDIN: 20113959AAAABW5812

Place: Mumbai
Date: 4th May 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA ELECTRICAL STEEL PRIVATE LIMITED FOR THE PERIOD ENDED 31 MARCH 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Electrical Steel Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
Membership No. 113959
UDIN: 20113959AAAABW5812

Place: Mumbai
Date: 4th May 2020

BALANCE SHEET AS AT MARCH 31, 2020

Amount in Rs.

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
A. ASSETS			
1. Non-current assets			
a) Property, plant and equipment	3	**69,286,657**	70,052,024
b) Other non-current assets	4	**11,032**	8,593
Total non-current assets		**69,297,689**	70,060,617
2. Current assets			
Financial assets			
(i) Cash and cash equivalents	5	**2,104,041**	1,600,000
(ii) Others	6	**947,848**	958,944
Total current assets		**3,051,889**	2,558,944
Total assets (1+2)		**72,349,578**	72,619,561
B. EQUITY AND LIABILITIES			
1. Equity			
a) Equity share capital	7	**5,000,000**	5,000,000
b) Other equity	8	**(51,622,776)**	(39,734,993)
Total equity		**(46,622,776)**	(34,734,993)
LIABILITIES			
2. Deferred tax liabilities (Net)	10	**–**	430,359
3. Current liabilities			
a) Financial liabilities			
(i) Borrowings	11	**116,000,000**	105,671,497
(ii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises; and	12	**–**	–
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	12	**351,650**	323,840
(iii) Other financial liabilities	13	**2,503,034**	900,866
b) Other current liabilities	14	**117,670**	27,992
c) Current tax liabilities (Net)		**–**	–
Total current liabilities		**118,972,354**	106,924,195
Total equity and liabilities (1+2+3)		**72,349,578**	72,619,561

See accompanying notes to the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration number: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place : Mumbai
Date: 4th May 2020

For and on behalf of the Board of Directors

CIN: U27100MH2009PTC193205

Sumit Issar
DIN: 06951249

Vijay Arora
DIN: 07347126

Place : Mumbai
Date: 4th May 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Amount in Rs.

	Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
	Other income	15	**109,061**	84,509
I	**Total Revenue**		**109,061**	84,509
II	**EXPENSES**			
	a) Finance costs	16	**11,002,588**	9,054,118
	b) Amortisation expense	3	**765,367**	763,276
	c) Other expenses	17	**659,248**	16,983,236
	Total expenses (II)		**12,427,203**	26,800,630
III	**Loss before tax (I - II)**		**(12,318,142)**	(26,716,121)
IV	**Tax expense**			
	a) Current tax	9	**–**	–
	b) Deferred tax	10	**(430,359)**	(2,171,310)
	Total tax expense (IV)		**(430,359)**	(2,171,310)
V	**Loss after tax (III - IV)**		**(11,887,783)**	(24,544,811)
VI	**Other comprehensive income**		**–**	–
	a) Items that will not be reclassified to profit or loss		**–**	–
	b) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
VII	**Total comprehensive income for the year (V + VI)**		**(11,887,783)**	(24,544,811)
VIII	**Earnings per equity share (of Rs. 10 each)**			
	Basic/Diluted (Rs.)	19	**(23.78)**	(49.09)

See accompanying notes to the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration number: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place : Mumbai
Date : 4th May 2020

For and on behalf of the Board of Directors

CIN: U27100MH2009PTC193205

Sumit Issar
DIN: 06951249

Vijay Arora
DIN: 07347126

Place : Mumbai
Date : 4th May 2020

STATEMENT OF CHANGES IN EQUITY

A. Equity share capital

Amount in Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	**5,000,000**	5,000,000
Changes in equity share capital during the year	**–**	–
Balance at the close of the year	**5,000,000**	5,000,000

B. Other equity

Particulars	Equity component of compound financial instruments	Retained earnings	Total
Balance as at March 31, 2018	**43,781,884**	**(64,458,993)**	**(20,677,109)**
Loss for the year	–	(24,544,811)	(24,544,811)
Recognition of equity component of compound financial instrument at fair value	7,414,766	–	7,414,766
Deferred tax on equity component of compound financial instrument		(1,927,839)	(1,927,839)
Other comprehensive income [Net of tax]	–	–	–
Total comprehensive income for the year	7,414,766	(26,472,650)	(19,057,884)
Balance as at March 31, 2019	**51,196,650**	**(90,931,643)**	**(39,734,993)**
Loss for the year	–	(11,887,783)	(11,887,783)
Other comprehensive income [Net of tax]	–	–	–
Total comprehensive income for the year	–	(11,887,783)	(11,887,783)
Balance as at March 31, 2020	**51,196,650**	**(102,819,426)**	**(51,622,776)**

See accompanying notes forming part of the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration number: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place : Mumbai
Date : 4th May 2020

For and on behalf of the Board of Directors

CIN: U27100MH2009PTC193205

Sumit Issar
DIN: 06951249

Vijay Arora
DIN: 07347126

Place : Mumbai
Date : 4th May 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

Amount in Rs.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Cash flow from operating activities		
Loss for the year	**(12,318,142)**	(26,716,121)
Adjustments for:		
Interest income	**(109,061)**	(84,509)
Amortisation expense	**765,367**	763,276
Finance costs	**11,002,588**	9,054,118
	11,658,894	9,732,885
Operating loss before working capital changes	**(659,248)**	(16,983,236)
Changes in working capital:		
Increase in trade payables	**27,810**	139,600
Increase in other current liabilities	**89,678**	9,567
	117,488	149,167
Cash generated from operations	**(541,760)**	(16,834,069)
Net income tax paid	**(2,439)**	(8,963)
Net cash flow used in operating activities (A)	**(544,199)**	(16,843,032)
B. Cash flow from investing activities	**–**	–
Interest received	**120,157**	74,831
Net cash flow from investing activities (B)	**120,157**	74,831
C. Cash flow from financing activities		
Redemption of Optionally convertible debentures	**(91,000,000)**	–
Inter-corporate deposit taken	**227,000,000**	16,500,000
Inter-corporate deposit repaid	**(127,500,000)**	–
Interest paid	**(7,405,285)**	(292,372)
Net cash flow from financing activities (C)	**1,094,715**	16,207,628
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**670,673**	(560,573)
Cash and cash equivalents at beginning of the year	**1,433,368**	1,993,941
Cash and cash equivalents at end of the year	**2,104,041**	1,433,368
	670,673	(560,573)
Reconciliation of cash and cash equivalents with statement of financial position		
Bank balance in current accounts (refer note 5)	**2,104,041**	–
In deposit account (refer note 5)	**–**	1,600,000
Overdrawn bank balances (as per books) (refer note 13)	**–**	(166,632)
Total	**2,104,041**	1,433,368

See accompanying notes forming part of the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration number: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place : Mumbai
Date : 4th May 2020

For and on behalf of the Board of Directors

CIN: U27100MH2009PTC193205

Sumit Issar
DIN: 06951249

Vijay Arora
DIN: 07347126

Place : Mumbai
Date : 4th May 2020

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Corporate information:

Mahindra Electrical Steel Limited ('the Company') was incorporated in India on 10 June, 2009 as a Public Company with authorised share capital of Rs.150,000,000. The Ministry of Corporate Affairs approved the change of name from Mahindra Electrical Steel Limited to Mahindra Electrical Steel Private Limited with effect from 13 January, 2012. The Company is a public Company by virtue of proviso to Section 2(71) of the Companies Act, 2013 ("the 2013 Act") as it is a subsidiary of Mahindra Intertrade Limited a public limited Company. The Company's main object is to trade in or process non-ferrous/ferrous materials including various grades of steel.

2 Significant Accounting Policies followed by the Company

2.1 Statement of Compliance and Basis of preparation and presentation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act 2013 and other relevant provision of the Act.

Going concern:

As at 31 March 2020, the Company has negative net worth of Rs. 46,622,776 and current liabilities in excess of assets by Rs. 115,920,465. The Company has taken leasehold land at Dahej in Gujarat of around 1 lakhs sq mtr in earlier years with intention to set up a plant, however, management has prioritized other projects and hence this project is expected to commence only after April 2022 onwards. Based on rates declared by Gujarat Industrial Development Corporation for the same location the value of land is much higher considering its location. Management believes that the Market value of the land is around Rs. 19 crores per rates. Market value of the land is fairly higher than cost and sufficient to repay its debt along with interest, if required.

Management has prepared financial statements for year ended 31 March 2020 on going concern basis based on the support available from Mahindra Intertrade Limited (MIL), holding company. Management of MIL confirmed that it will not enforce repayment of its loan and accrued interest until the ability of the Company to do so and will continue to provide unconditional financial support to the Company as is necessary to maintain the Company as a going concern for the foreseeable future and to meet its debts, liabilities and operating expenses, both present as well as in the future until 31 March 2021, as and when they fall due for payment in the normal course of business.

Accordingly, these financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 4th May 2020.

2.2 Use of estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

2.3 Property, plant & equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013.

Right-of-use assets are amortised over the period of lease.

2.4 Financial assets and Financial liabilities:

Financial instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit or Loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial liabilities and equity instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instrument issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

All the financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit or loss.

Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

2.5 Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.6 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.7 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

2.8 Taxes on income:

Income Tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.9 Leases:

The Company has adopted Ind AS 116 'Leases' from 1 April 2019 using the modified retrospective method. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted.

A. Definition of lease :

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under 'Appendix C' Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in significant accounting policy.

On transition to Ind AS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 and 'Appendix C' were not reassessed for whether there is a lease under Ind AS 116. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

B. As a lessee :

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet. At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

i. Leases classified as operating lease under Ind AS 17 :

Previously, the Company classified property leases as operating leases under Ind AS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application; and
- did not recognise right-of-use assets and liabilities for leases of low value assets.

ii. Leases classified as finance leases under Ind AS 17

The leases which were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 April 2019 were determined at the carrying amount of the lease asset and lease liability under Ind AS 17 immediately before transition date.

C. Impact on financial statements

On transition date the Company recognised Right-of-Use asset and lease liability, the impact is as follows:

1) Right-of-Use assets : Property, plant & equipments	75,676,646
2) Right-of-Use liabilites	–

2.10 Provisions and contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

Note 3 - Property, plant and equipment

Amount in Rs.

Description of Assets	ROU	Land – Leasehold
I. Cost		
Balance as at April 1, 2019		**75,676,646**
Reclassification on transition (refer note 2.9)	**75,676,646**	**(75,676,646)**
Additions	–	–
Disposals	–	–
Other changes	–	–
Balance as at March 31, 2020	**75,676,646**	–
II. Accumulated amortisation		
Balance as at April 1, 2019	–	**5,624,622**
Reclassification on transition (refer note 2.9)	**5,624,622**	**(5,624,622)**
Amortisation expense for the year	**765,367**	–
Eliminated on disposal of assets	–	–
Balance as at March 31, 2020	**6,389,989**	–
Net carrying amount (I-II)		
Balance as at March 31, 2020	**69,286,657**	–
Balance as at March 31, 2019	–	70,052,024

Description of Assets	Land – Leasehold
I. Cost	
Balance as at April 1, 2018	**76,624,494**
Additions	–
Disposals	–
Other changes	(947,848)
Balance as at March 31, 2019	**75,676,646**
II. Accumulated amortisation	
Balance as at April 1, 2018	**4,861,346**
Amortisation expense for the year	763,276
Eliminated on disposal of assets	–
Balance as at March 31, 2019	**5,624,622**
Net carrying amount (I-II)	
Balance as at March 31, 2019	**70,052,024**
Balance as at March 31, 2018	71,763,148

Note 4 - Other non current assets

Amount in Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
Non current portion		
Advance income tax (net of provision for tax)	11,032	8,593
Total other non current assets	**11,032**	**8,593**

Note 5 - Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
Unrestricted balances with banks		
In current account	2,104,041	–
In deposit account	–	1,600,000
Total	**2,104,041**	**1,600,000**

Note 6 - Other financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Financial assets at amortised cost		
Interest accrued on deposits	–	11,096
Others		
Refund due from GIDC - leashold land at Dahej	947,848	947,848
Total	**947,848**	**958,944**

Note 7 - Share capital

Amount in Rs.

Particulars	As at March 31, 2020 Number of shares	As at March 31, 2020 Rupees	As at March 31, 2019 Number of shares	As at March 31, 2019 Rupees
(a) Authorised				
Equity shares of Rs. 10 each	**15,000,000**	**150,000,000**	15,000,000	150,000,000
	15,000,000	**150,000,000**	15,000,000	150,000,000
(b) Issued, subscribed and fully paid up				
Equity shares of Rs. 10 each	**500,000**	**5,000,000**	500,000	5,000,000
	500,000	**5,000,000**	500,000	5,000,000

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	Opening balance	Fresh issue	Buy back	Closing balance
Issued, subscribed and fully paid up				
Equity Shares of Rs. 10 each				
For the year ended March 31, 2020				
Number of shares	**500,000**	–	–	**500,000**
Amount (in Rupees)	**5,000,000**	–	–	**5,000,000**
For the year ended March 31, 2019				
Number of shares	500,000	`–	–	500,000
Amount (in Rupees)	5,000,000	–	–	5,000,000

The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

(ii) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: in proportion to the share in paid-up equity share capital of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, if the assets available for distribution are less/more than sufficient to repay the whole of the paid up share capital, the losses/excess shall be borne/distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively.

(iii) Details of shares held by the holding company

Particulars	As at March 31, 2020 Number of shares	As at March 31, 2019 Number of shares
Mahindra Intertrade Limited (Including 6 equity shares held jointly with its nominees)	**500,000**	500,000

(iv) Details of shares held by each shareholder holding more than 5% shares

Particulars	As at March 31, 2020 Number of shares	As at March 31, 2020 % of holding	As at March 31, 2019 Number of shares	As at March 31, 2019 % of holding
Mahindra Intertrade Limited (Including 6 equity shares held jointly with its nominees)	**500,000**	**100%**	500,000	100%

Note 8 - Other equity

Amount in Rs.

Particulars	Equity component of compound financial instruments	Retained earnings	Total
Balance as at March 31, 2018	**43,781,884**	**(64,458,993)**	**(20,677,109)**
Loss for the year	–	(24,544,811)	(24,544,811)
Recognition of equity component of compound financial instrument at fair value	7,414,766	–	7,414,766
Deferred tax on equity component of compound financial instrument	–	(1,927,839)	(1,927,839)
Other comprehensive income [Net of tax]	–	–	–
Total comprehensive income for the year	7,414,766	(26,472,650)	(19,057,884)
Balance as at March 31, 2019	**51,196,650**	**(90,931,643)**	**(39,734,993)**
Loss for the year	–	(11,887,783)	(11,887,783)
Other comprehensive income [Net of tax]	–	–	–
Total comprehensive income for the year	–	(11,887,783)	(11,887,783)
Balance as at March 31, 2020	**51,196,650**	**(102,819,426)**	**(51,622,776)**

Note 9 - Current tax

(a) Income Tax recognised in profit and loss

Amount in Rs.

Particulars	For the year ended on March 31, 2020	For the year ended on March 31, 2019
Current tax:		
In respect of current year	–	–
Excess provision for income tax for prior year	–	–
Total	**–**	**–**
Deferred tax:		
In respect of current year origination and reversal of temporary differences	(430,359)	(2,171,310)
Due to change in income tax rate	–	–
Total	**(430,359)**	(2,171,310)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Amount in Rs.

Particulars	For the year ended on March 31, 2020	For the year ended on March 31, 2019
Loss before tax	**(12,318,142)**	(26,716,121)
Effect of expenses that is non-deductible in determining taxable profit	–	–
Deferred tax on accrued interest on liability portion of compound financial instrument	**(430,359)**	(2,171,310)
Due to change in income tax rate	–	–
	(430,359)	(2,171,310)
Adjustments recognised in the current year in relation to the current tax of prior years	–	–
Income tax expense recognised in the Statement of profit and loss	**(430,359)**	(2,171,310)

Note 10 - Deferred tax

Particulars	As at March 31, 2020 Opening Balance	Recognised in profit and loss	Recognised in equity	Closing Balance
Tax effect of items constituting deferred tax liabilities				
– Deferred tax portion of recognition of equity component	**15,343,054**	–	–	**15,343,054**
Tax effect of items constituting deferred tax assets				
– Deferred tax on recognition of accrued interest on compound financial instrument	**14,912,695**	**430,359**	–	**15,343,054**
Total	**430,359**	**(430,359)**	–	–

Particulars	As at March 31, 2019 Opening Balance	Recognised in profit and loss	Recognised in equity	Closing Balance
Tax effect of items constituting deferred tax liabilities				
- Deferred tax portion of recognition of equity component	13,415,215	–	1,927,839	15,343,054
Tax effect of items constituting deferred tax assets				
- Deferred tax - on recognition of accrued interest on compound financial instrument	12,741,385	2,171,310	–	14,912,695
Total	**673,830**	**(2,171,310)**	**1,927,839**	**430,359**

Note 11 - Borrowings

Amount in Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
Measured at amortised cost		
Unsecured borrowings - at amortised Cost		
Current portion		
Liability component of compound financial instruments (0.25% Optionally convertible unsecured debentures of Rs. 1,000 each - refer Note below)	**–**	89,171,497
Loans		
Inter-corporate deposits taken :		
Unsecured		
From related parties		
Mahindra Intertrade Limited	**116,000,000**	16,500,000
Total current borrowings	**116,000,000**	105,671,497

Note: The Company had issued 107,500 non transferable 0.25% Optionally Convertible Unsecured Debentures of Rs. 1,000 each to its Holding Company, Mahindra Intertrade Limited. During the year 2015–16 the issuer had exercised call option to redeem 16,500 debentures. During the current year company has redeemed the remaining 91,000 Optionally Convertible Unsecured Debenture of Rs.1000 each.

Note 12 - Trade payables

Amount in Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
Creditors for supplies / services		
(a) total outstanding dues of micro enterprises and small enterprises; and	–	–
(b) total outstanding dues of creditors other than micro enterprise and small enterprises	351,650	323,840
Total	**351,650**	323,840

Note - There are no Micro and Small Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. This has been determined to the extent such parties have been identified based on the information available with the Company which has been relied upon by the auditors.

Note 13 – Other financial liabilities

Amount in Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
Financial liabilities measured at amortised cost		
Overdrawn bank balances (as per books)	–	166,632
Interest accrued on debentures	–	150,404
Interest accrued on inter corporate deposits	2,503,034	583,830
Total	**2,503,034**	900,866

Note 14 - Other liabilities

Amount in Rs.

Particulars	As at March 31, 2020	As at March 31, 2019
Others		
- Statutory Dues (TDS)	117,670	27,992
Total	**117,670**	27,992

Note 15 - Other income

Amount in Rs.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income:		
- Bank deposits (at amortised cost)	108,725	84,509
- On income tax refund	336	–
Total	**109,061**	84,509

Note 16 - Finance costs

Amount in Rs.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense		
(a) Interest on debentures	54,226	227,502
(b) Unwinding of interest on liability portion of compound financial instrument	1,828,502	8,177,917
(c) Interest on inter corporate deposit	9,119,860	648,699
Total	**11,002,588**	9,054,118

Analysis of interest expenses by category

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) On financial liability at amortised cost	11,002,588	9,054,118
(b) On non financial liabilities	–	–
Total	**11,002,588**	9,054,118

Note 17 - Other expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Non utilisation fees paid on leashold land	–	15,859,673
(b) Rates and taxes	154,919	311,357
(c) Legal & professional expenses	350,929	300,190
(d) Auditors' remuneration (refer Note below)	153,400	157,898
(e) Other general expenses	–	354,118
Total	**659,248**	16,983,236

Note:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Payment to statutory auditors:		
For audit (Including GST)	153,400	153,400
For Reimbursement of expenses	–	4,498
Total	**153,400**	157,898

Note 18 – Related Party Disclosures

Related party disclosures as required by Ind AS-24 "Related Party Disclosures" are given below.

(A) List of Related Parties:

Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Intertrade Limited

(B) Transactions with Related Parties:

(a) Disclosure of transactions between the Company and related parties during the year ended March 31, 2020:

	For the year ended March 31, 2020	For the year ended March 31, 2019
(i) Ultimate Holding Company		
Professional fees	230,000	267,000
(ii) Holding Company		
Interest on Debentures	54,226	227,502
Interest on Inter Corporate Deposits	9,119,860	648,699
Unwinding of interest on liability portion of compound financial instrument	1,828,502	8,177,917

(b) Outstanding balances:

	As at March 31, 2020	As at March 31, 2019
Outstanding payables		
Holding Company : borrowings....................	**116,000,000**	106,405,732
Outstanding payables		
Ultimate Holding Company...........................	**187,650**	134,100

During the year, there is no amount written off or written back in respect of such parties.

Note 19 - Earnings per share

Amount in Rs.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Loss after tax (Rs.) (A)	**(11,887,783)**	(24,544,811)
Weighted average number of shares (B)..	**500,000**	500,000
Earnings per share [Basic/Diluted] (Rs.) (A/B)	**(23.78)**	(49.09)
Nominal value of equity share (Rs.)	**10.00**	10.00

Note 20

As at March 31, 2020 the Company is having negative net worth of Rs. 46,622,776 (FY 2019 : Rs. 34,734,993). The Company has taken Leasehold land at Dahej (Gujarat) and is currently in process of evaluating options for its project. In view of the foregoing and on account of the continuing support from the holding company, the financial statements have been prepared on a going concern basis.

Note 21 - Financial Instruments

Financial Risk Management Framework

The Company's activities expose it to liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flow, and by matching the monitoring profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flow.

Amount in Rs.

Particulars	Effective interest rate	Less than 1 Year	1–3 Years	3–4 Years	5 Years and above	Total	Carrying value
Non-derivative financial liabilities							
March 31, 2020							
Non-interest bearing		**2,854,684**	**–**	**–**	**–**	**2,854,684**	**2,854,684**
Variable interest rate instruments..............................	**9.75%**	**116,000,000**	**–**	**–**	**–**	**116,000,000**	**116,000,000**
Total		**118,854,684**	**–**	**–**	**–**	**118,854,684**	**118,854,684**
March 31, 2019							
Non-interest bearing................		1,224,706	–	–	–	1,224,706	1,224,706
Variable interest rate instruments..............................	8.75%	107,500,000	–	–	–	107,500,000	105,671,497
Total.......................................		**108,724,706**	–	–	–	**108,724,706**	**106,896,203**

Sensitivity interest rate increase by 1%: Profit will decrease by by Rs. 11,600,000 for the year ended March 31, 2020 (Rs. 1,056,715 March 31, 2019)

Sensitivity interest rate decrease by 1%: Profit will increase by by Rs. 11,600,000 for the year ended March 31, 2020 (Rs. 1,056,715 March 31, 2019)

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Amount in Rs.

Particulars	Effective interest rate	Less than 1 Year	1–3 Years	3–4 Years	5 Years and above	Total	Carrying value
Non-derivative financial assets							
March 31, 2020							
Interest bearing	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Non-interest bearing		3,051,889		**–**	**–**	3,051,889	3,051,889
Total		**3,051,889**	**–**	**–**	**–**	**3,051,889**	**3,051,889**
March 31, 2019							
Interest bearing.......................	6.25%	1,600,000	–	–	–	1,600,000	1,600,000
Non-interest bearing................		958,944	–	–	–	958,944	958,944
Total		**2,558,944**	–	–	–	**2,558,944**	**2,558,944**

Note 22 - Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example
  - interest rates and yield curves observable at commonly quoted intervals
  - implied volatilities
  - credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Amount in Rs.

Particulars	Fair value hierarchy as at March 31, 2020 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalents	–	2,104,041	–	2,104,041
– Others	–	947,848	–	947,848
Total	–	3,051,889	–	3,051,889

Amount in Rs.

Particulars	Fair value hierarchy as at March 31, 2020 Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities held at amortised cost				
– Optionally convertible debentures	–	–	–	–
– Inter corporate deposit	–	116,000,000	–	116,000,000
– trade and other payables	–	2,854,684	–	2,854,684
Total	–	118,854,684	–	118,854,684

Amount in Rs.

Particulars	Fair value hierarchy as at March 31, 2019 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalents	–	1,600,000	–	1,600,000
– Others	–	958,944	–	958,944
Total	–	25,58,944	–	25,58,944
Financial liabilities				
Financial liabilities held at amortised cost				
– Optionally convertible debentures	–	89,171,497	–	89,171,497
– Inter corporate deposit	–	16,500,000	–	16,500,000
– trade and other payables	–	1,224,706	–	1,224,706
Total	–	106,896,203	–	106,896,203

Fair value of financial assets and financial liabilities that are not measured at fair value

The Company consider that the carrying amount of financial asset and financial liabilities recognised in the financial statements approximate their fair value.

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration No.: 101248W/W-100022

Jayesh Thakkar
Partner
Membership No. 113959

Place : Mumbai
Date : 4th May, 2020

For and on behalf of the Board of Directors
CIN: U27100MH2009PTC193205

Sumit Issar
DIN: 06951249

Vijay Arora
DIN: 07347126

Place : Mumbai
Date : 4th May, 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA AUTO STEEL PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Auto Steel Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profits and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we

are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company does not have any pending litigations which would impact its financial position.

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

   In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act read with Schedule V of the act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No. 113959)
UDIN: 20113959AAAACD7366

Place: Mumbai
Date: 9 May 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT – 31 MARCH 2020

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in leasehold land are held in the name of the Company.

(ii) The inventories have been physically verified by management at reasonable intervals during the year. In our opinion, frequency of verification is reasonable. No material discrepancies were noticed on such physical verification, discrepancies noted have been suitably dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not granted any loan or made any investment or given any guarantee or security during the year. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, for maintenance of cost records in respect of products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account of the Company, the Company has generally been regular in depositing undisputed statutory dues accrued/ deducted including, Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax and other material statutory dues with the appropriate authorities though there has been slight delay in one case. Further as informed to us, the Company did not have any dues on account of Sales-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable. Further as informed to us, the Company did not have any dues on Sales-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess.

(b) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax, goods and service tax and cess which have not been deposited with the authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the company has not defaulted in repayment of loans or borrowing to bank. The Company has not taken any loans or borrowings from a financial institutions or government nor has issued any debentures during the year.

(ix) According to the information and explanations given by the management, the term loans taken by the Company has been applied for the purpose for they were raised. The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given by the management, managerial remuneration has been paid or provided is in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V of the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us by the management, the Company has entered into transactions with related parties in compliance with the provisions of Section 177 and Section 188 of the Act, where applicable and the details of such related party transaction have been disclosed in the Ind AS financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act.

(xiv) According to the information and explanations given to us by the management, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3 (xiv)of the Order is not applicable to the company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No. 113959)
UDIN: 20113959AAAACD7366

Place: Mumbai
Date: 9 May 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA AUTO STEEL PRIVATE LIMITED FOR THE PERIOD ENDED 31 MARCH 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Auto Steel Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No. 113959)
UDIN: 20113959AAAACD7366

Place: Mumbai
Date: 9 May 2020

BALANCE SHEET AS AT 31 MARCH, 2020

Amount (Rs)

	Particulars	Note No.	As at 31 March, 2020	As at 31 March, 2019
A	**ASSETS**			
	1 Non-current assets			
	(a) Property, Plant and Equipment	5	**739,472,643**	772,642,912
	(b) Capital work in progress		**38,632,942**	–
	(c) Financial Assets			
	(i) Loans	6	**2,395,430**	2,395,430
	(ii) Others	12	**106,679,000**	72,914,600
	(d) Other non-current assets	7	**45,980,358**	3,456,803
	Total Non - Current Assets		**933,160,373**	851,409,745
	2 Current assets			
	(a) Inventories	8	**103,288,956**	113,635,986
	(b) Financial Assets			
	(i) Investments	9	**40,089,505**	–
	(ii) Trade receivables	10	**131,231,456**	258,594,390
	(iii) Cash and cash equivalents	11	**54,262,025**	303,703
	(iv) Loans	6	**100,000**	–
	(v) Others	12	**7,141,823**	28,699,400
	(c) Other current assets	7	**9,137,812**	3,777,250
	Total Current Assets		**345,251,577**	405,010,729
	Total Assets (1+2)		**1,278,411,950**	1,256,420,474
B	**EQUITY AND LIABILITIES**			
	1 Equity			
	(a) Equity Share capital	13	**685,000,000**	685,000,000
	(b) Other Equity	14	**279,200,470**	263,894,465
			964,200,470	948,894,465
	Total equity		**964,200,470**	948,894,465
	LIABILITIES			
	2 Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	15	**36,900,000**	62,500,000
	(ii) Other financial liabilities (other than those specified in (c) below)	19	**427,782**	29,393
	(b) Deferred tax Liabilities (net)	23	**21,192,268**	13,981,525
	(c) Provisions	16	**3,108,407**	2,143,353
	Total Non - Current Liabilities		**61,628,457**	78,654,271
	3 Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	17	**40,980,159**	38,051,909
	(ii) Trade payables			
	(a) total outstanding dues of Micro enterprises and Small enterprises	18	**1,165,521**	1,535,861
	(b) total outstanding dues of creditors other than Micro enterprises and Small enterprises	18	**144,325,058**	114,154,576
	(iii) Other financial liabilities (other than those specified in (b) below)	19	**61,480,332**	58,837,815
	(b) Provisions	16	**322,712**	237,943
	(c) Current Tax Liabilities (Net)	20	**2,249,563**	176,923
	(d) Other current liabilities	21	**2,059,678**	15,876,711
	Total Current Liabilities		**252,583,023**	228,871,738
	Total Equity and Liabilities (1+2+3)		**1,278,411,950**	1,256,420,474

See accompanying notes forming part of the financial statements

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration
No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: 9 May, 2020

Percy Mahernosh
Chief Financial Officer

Bhavna Awatramani
Company Secretary

For and on behalf of the Board of Directors of
Mahindra Auto Steel Private Limited
CIN No: U27100MH2013PTC250979

Zhooben Bhiwandiwala DIN: 00110373
Sumit Issar DIN 06951249
Directors

Place: Mumbai
Date: 9 May, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

Amount (Rs)

	Particulars	Note No.	**For the year ended 31 March, 2020**	For the year ended 31 March, 2019
I	Revenue from operations	24	**886,969,926**	1,262,213,737
II	Other Income	25	**9,493,299**	1,825,388
III	**Total Revenue (I + II)**		**896,463,225**	1,264,039,125
IV	**EXPENSES**			
	(a) Cost of materials consumed	26(a)	**631,364,237**	980,292,824
	(b) Purchases of stock-in-trade		**43,514,071**	–
	(c) Changes in stock of finished goods and stock-in-trade	26(b)	**15,554,337**	(27,082,684)
	(d) Employee benefits expense	27	**21,789,832**	23,742,510
	(e) Finance costs	28	**8,281,109**	14,771,539
	(f) Depreciation and amortisation	5	**43,889,443**	48,313,681
	(g) Other expenses	29	**62,337,271**	82,989,144
	Total Expenses (IV)		**826,730,300**	1,123,027,014
V	**Profit/(loss) before tax (III - IV)**		**69,732,925**	141,012,111
VI	**Tax Expense**			
	(a) Current tax	22	**10,329,926**	28,093,179
	(b) Deferred tax	22	**7,262,725**	13,092,777
	Total tax expense		**17,592,651**	41,185,956
VII	**Profit/(loss) for the year (V - VI)**		**52,140,274**	99,826,155
VIII	**Other comprehensive income**		**326,901**	(12,339)
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit liabilities/(asset)		**(452,897)**	17,409
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**125,996**	(5,070)
IX	**Total comprehensive income for the period (VII + VIII)**		**52,467,175**	99,813,816
	Earnings per equity share (of Rs. 10/- each)			
	Basic/Diluted		**0.76**	1.46

See accompanying notes forming part of the financial statements

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration
No: 101248W/W-100022

Percy Mahernosh
Chief Financial Officer

For and on behalf of the Board of Directors of
Mahindra Auto Steel Private Limited
CIN No: U27100MH2013PTC250979

Zhooben Bhiwandiwala DIN: 00110373 Directors
Sumit Issar DIN 06951249

Jayesh T Thakkar
Partner
Membership No: 113959

Bhavna Awatramani
Company Secretary

Place: Mumbai
Date: 9 May, 2020

Place: Mumbai
Date: 9 May, 2020

STATEMENT OF CHANGES IN EQUITY

A. Equity share capital

Particulars	Amount (Rs)
Balance at 1 April, 2018	685,000,000
Changes in equity during the year	–
Balance at 31 March, 2019	685,000,000
Changes in equity during the year	–
Balance at 31 March, 2020	685,000,000

B. Other Equity

For the year ended 31 March, 2020

Particulars	Retained earnings
Balance at 1 April, 2018 (A)	213,628,877
Profit for the year (B)	99,826,155
Other comprehensive income (C)	(12,339)
Total comprehensive income for the year (D)=(B)+(C)	**99,813,816**
Dividend paid on Equity Shares (E)	(41,100,000)
Dividend Distribution Tax (F)	(8,448,228)
Balance at 31 March, 2019 (G)=(A)+(D)+(E)+(F)	**263,894,465**
Profit for the year (H)	**52,140,274**
Other comprehensive income (I)	**326,901**
Total comprehensive income for the year (J)=(H)+(I)	**52,467,175**
Dividend paid on Equity Shares (K)	(30,825,000)
Dividend Distribution Tax (L)	(6,336,170)
Balance at 31 March, 2020 (G)+(J)+(K)+(L)	**279,200,470**

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration
No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: 9 May, 2020

Percy Mahernosh
Chief Financial Officer

Bhavna Awatramani
Company Secretary

For and on behalf of the Board of Directors of
Mahindra Auto Steel Private Limited
CIN No: U27100MH2013PTC250979

Zhooben Bhiwandiwala DIN: 00110373
Sumit Issar DIN 06951249
Directors

Place: Mumbai
Date: 9 May, 2020

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2020

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Cash flow from operating activities		
Profit before tax for the year	**69,732,925**	141,012,111
Adjustment for:		
(1) Income tax expense recognised in statement of profit and loss		
(2) Depreciation and amortisation	**43,889,443**	48,313,681
(3) Finance costs	**8,281,109**	14,771,539
(4) Unrealised loss/(gain) on derivative contracts	**(2,268,405)**	–
(5) Interest income recognised in Statement of Profit and Loss	**(491,391)**	(173,429)
(6) Dividend income recognised in Statement of Profit and Loss	**(9,557)**	(990,309)
(7) Profit on sale of current investments	**(1,277,716)**	(255,423)
(8) Net gain arising on financial assets designated as FVTPL	**(89,269)**	–
	117,767,139	202,678,170
Movement in working capital:		
(1) (Increase)/decrease in trade receivable	**127,362,934**	(121,214,224)
(2) (Increase)/decrease in inventories	**10,347,030**	(33,592,878)
(3) Increase in other assets	**(15,714,035)**	(268,732)
(4) Increase in trade payable	**29,800,142**	14,225,696
(5) Increase/(decrease) in provision	**1,502,720**	(665,608)
(6) Increase/(decrease) in other liabilities	**(15,436,848)**	10,337,697
	137,861,943	(131,178,049)
Cash generated from operations	**255,629,082**	71,500,121
Less: income taxes paid	**(8,919,293)**	(29,632,962)
Net cash generated by operating activities	**246,709,789**	41,867,159
Cash flows from investment activities		
(1) Payment for property, plant and equipment	**(73,631,908)**	(4,816,632)
(2) Proceed from disposal of property, plant and equipment	**–**	2,116
(3) Interest received	**491,391**	173,429
(4) Other dividend received	**9,557**	990,309
(5) Purchase of current investments	**(1,050,000,236)**	(2,517,173,268)
(6) Sale of current investments	**1,011,277,715**	2,587,041,325
Net cash generated/(used in) investment activities	**(111,853,481)**	66,217,279

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2020 (CONTD...)

Amount (Rs)

Particulars	**For the year ended 31 March, 2020**	For the year ended 31 March, 2019
Cash flow from financing activities		
(1) Proceeds from long term borrowings	**36,900,000**	–
(2) Repayment of long term borrowings	**(74,973,185)**	(87,500,000)
(3) Proceeds from short term borrowings	**77,943,639**	38,051,909
(4) Repayment of short term borrowings	**(75,015,389)**	–
(5) Interest paid	**(8,591,881)**	(15,229,981)
(6) Dividend paid (including dividend distribution tax)	**(37,161,170)**	(49,548,228)
Net cash (used in) financing activities	**(80,897,986)**	(114,226,300)
Net increase in cash and cash equivalents	**53,958,322**	(6,141,862)
Cash and cash equivalents at the beginning of the year	**303,703**	6,445,565
Cash and cash equivalents at the end of the year	**54,262,025**	303,703

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration
No: 101248W/W-100022

Percy Mahernosh
Chief Financial Officer

For and on behalf of the Board of Directors of
Mahindra Auto Steel Private Limited
CIN No: U27100MH2013PTC250979

Zhooben Bhiwandiwala DIN: 00110373
Sumit Issar DIN 06951249
Directors

Jayesh T Thakkar
Partner
Membership No: 113959

Bhavna Awatramani
Company Secretary

Place: Mumbai
Date: 9 May, 2020

Place: Mumbai
Date: 9 May, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

1 Corporate information

Mahindra Auto Steel Private Limited ("the Company") is incorporated on December 12, 2013 under the Companies Act, 2013. The Company is a public company by virtue of proviso to Section 2(71) of Companies Act,2013 (''the 2013 Act'') as it is a subsidiary of a public limited company. The registered office of the Company is located at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400018.

The Company's main activity is processing and trading of various grades of steel. The Company's steel processing plant is located at Chakan.

The Company is the subsidiary of Mahindra Intertrade Limited, Mumbai, a Company incorporated in India. The ultimate parent Company is Mahindra and Mahindra Limited.

2 Significant accounting policies:

2.1 Statement of Compliance and Basis of preparation and presentation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. For all periods upto and including the financial year ended 31 March, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013 (Previous GAAP) which includes standards notified under the Companies (Accounting Standards) Rules, 2006.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 9 May, 2020.

2.2 Use of estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note No.2.3 Property, plant & equipment

Note No.2.10 Employee benefits

2.3 Property, plant & equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following class based on the technical advise which has considered estimated usage and operating condition of the assets:

(a) Blanking line (plant and equipment) - 20 years

(b) Vehicles - 5 years

2.4 Impairment of assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss.

2.5 Inventories:

Inventories, except for stores and spares which are valued at cost, are valued at the lower of cost (on weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary.

Cost comprises of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Net Realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

2.6 Foreign Currencies:

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit or Loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest cost on those foreign currency borrowings.

2.7 Financial assets and Financial liabilities:

Financial instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit or Loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

Financial liabilities and equity instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instrument issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

All the financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit or Loss.

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and cross currency swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately.

2.8 Revenue recognition:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue is measured based on the transaction price as specified in the contract with the customer. It excludes taxes or other amounts collected from customers in its capacity as an agent. In determining the transaction price, the Company considers:

Significant financing component - Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The accounting policies for specific revenue streams of the company is summarised below:

Sale of goods:

Customers obtain control of the goods when the goods are delivered to and have been accepted.

Sale of services:

Service income is recognised over time based on as and when service is performed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

2.9 Government grants:

The Company is entitled to incentives from government authority in respect of manufacturing unit located in developing region. The Company accounts for its entitlement as income on an accrual basis.

2.10 Employee benefits:

Retirement benefit costs and termination benefits:

Payment to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return of plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to Statement of profit or loss. Past service cost is recognised in Statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset. Defined benefit costs are categorised as follows

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit or Loss in the line item “Employee benefits expense”. Curtailment gains and losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for the termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to the employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of related service.

Liabilities recognized in respect of other long-term employee benefits are measured at present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employee upto the reporting date.

2.11 Stock appreciation rights (SARs):

For cash-settled share-based payments, a liability is recognized for the services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in the Statement of Profit or Loss for the year.

2.12 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit or Loss in the period in which they are incurred.

2.13 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.14 Taxes on income:

Income Tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.15 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.16 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating investing and financing activities of the Company are segregated based on the available information.

2.17 Earning per share:

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year.

2.18 Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in the statement of financial position.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

3 Significant changes in accounting policies:

The Company has adopted Ind AS 116 'Leases' from 1 April 2019 using the modified retrospective method. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted.

A. Definition of lease:

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under 'Appendix C' to Ind AS 17 Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in significant accounting policy.

On transition to Ind AS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 and 'Appendix C' were not reassessed for whether there is a lease under Ind AS 116. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

i. Leases classified as operating lease under Ind AS 17:

Previously, the Company classified property leases as operating leases under Ind AS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application; and
- did not recognise right-of-use assets and liabilities for leases of low value assets

ii. Leases classified as finance leases under Ind AS 17

The leases which were classified as finance leases under Ind AS 17, the carrying amount of the right-of-use asset and the lease liability at 1 April 2019 were determined at the carrying amount of the lease asset and lease liability under Ind AS 17 immediately before transition date.

iii. Impact on financial statements

On transition date the Company recognised Right-of-Use asset and lease liability, the impact is as follows:

1) Right-of-Use assets: Property, plant & equipments	233,580,077
2) Right-of-Use liabilites	–

4 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note No. 5: Property, Plant and Equipment

Amount (Rs)

Description of Assets	Right of use asset	Land-Leasehold	Buildings	Plant and Equipment	Electrical installations	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
I. Cost or deemed cost										
Balance as at 1 April, 2019	**–**	**246,635,528**	**210,189,328**	**457,652,981**	**20,069,940**	**1,726,268**	**1,941,085**	**1,338,261**	**2,971,237**	**942,524,628**
Reclassification on transition (refer note 3)	246,635,528	(246,635,528)	–	–	–	–	–	–	–	–
Additions	–	–	–	8,113,898	1,544,500	125,302	–	–	935,474	10,719,174
Balance as at 31 March, 2020	**246,635,528**	**–**	**210,189,328**	**465,766,879**	**21,614,440**	**1,851,570**	**1,941,085**	**1,338,261**	**3,906,711**	**953,243,802**
II. Accumulated depreciation										
Balance as at 1 April, 2019	**–**	**13,055,451**	**28,790,134**	**116,323,051**	**7,077,797**	**1,087,238**	**619,769**	**903,318**	**2,024,958**	**169,881,716**
Reclassification on transition (refer note 3)	13,055,451	(13,055,451)	–	–	–	–	–	–	–	–
Depreciation and amortisation for the year	2,621,116		7,417,371	30,549,410	1,983,700	341,169	185,128	173,871	617,678	43,889,443
Balance as at 31 March 2020	**15,676,567**	**–**	**36,207,505**	**146,872,461**	**9,061,497**	**1,428,407**	**804,897**	**1,077,189**	**2,642,636**	**213,771,159**
Net carrying amount (I-II)										
Balance as on 31 March, 2020	**230,958,961**	**–**	**173,981,823**	**318,894,418**	**12,552,943**	**423,163**	**1,136,188**	**261,072**	**1,264,075**	**739,472,643**
Balance as on 31 March, 2019	–	233,580,077	181,399,194	341,329,930	12,992,143	639,030	1,321,316	434,943	946,279	772,642,912
I. Cost or deemed cost										
Balance as at 1 April, 2018	**–**	**246,635,528**	**210,189,328**	**453,298,639**	**20,069,940**	**1,683,856**	**1,759,685**	**1,380,596**	**2,971,237**	**937,988,809**
Additions	–	–	–	4,354,342	–	42,412	181,400	–	–	4,578,154
Disposals	–	–	–	–	–	–	–	42,335	–	42,335
Balance as at 31 March, 2019	**–**	**246,635,528**	**210,189,328**	**457,652,981**	**20,069,940**	**1,726,268**	**1,941,085**	**1,338,261**	**2,971,237**	**942,524,628**
II. Accumulated depreciation										
Balance as at 1 April, 2018	**–**	**10,441,497**	**21,254,028**	**81,376,692**	**5,170,750**	**764,280**	**446,459**	**694,334**	**1,460,214**	**121,608,254**
Depreciation and amortisation for the year	–	2,613,954	7,536,106	34,946,359	1,907,047	322,958	173,310	249,203	564,744	48,313,681
Eliminated on disposal of assets	–	–	–	–	–	–	–	40,219	–	40,219
Balance as at 31 March, 2019	**–**	**13,055,451**	**28,790,134**	**116,323,051**	**7,077,797**	**1,087,238**	**619,769**	**903,318**	**2,024,958**	**169,881,716**
Net carrying amount (I-II)										
Balance as on 31 March, 2019	**–**	**233,580,077**	**181,399,194**	**341,329,930**	**12,992,143**	**639,030**	**1,321,316**	**434,943**	**946,279**	**772,642,912**
Balance as on 31 March, 2018	–	238,807,985	196,769,389	407,839,431	16,806,235	1,061,948	1,480,431	780,832	2,075,767	816,380,555

Notes:

(i) Refer note 15 for details of securities

Note No. 6: Loans

Amount (Rs)

Particulars	**As at 31 March, 2020**			As at 31 March, 2019		
Financial assets at amortised cost	**Current**	**Non-Current**	**Total**	Current	Non-Current	Total
Security Deposits						
Unsecured, considered good						
With others	**100,000**	**2,395,430**	**2,495,430**	–	2,395,430	2,395,430
Total	**100,000**	**2,395,430**	**2,495,430**	–	2,395,430	2,395,430

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note No. 7: Other assets

Amount (Rs)

Particulars			As at 31 March, 2020 Current	As at 31 March, 2020 Non–Current	As at 31 March, 2020 Total	As at 31 March, 2019 Current	As at 31 March, 2019 Non–Current	As at 31 March, 2019 Total
(i)	Capital advances		**–**	**41,724,470**	**41,724,470**	–	–	–
(ii)	Prepayments		**1,608,533**	**1,117,873**	**2,726,406**	1,027,827	608,125	1,635,952
(iii)	Income tax assets (net)		**–**	**3,138,015**	**3,138,015**	–	2,653,985	2,653,985
(iv)	Balances with government authorities (other than income taxes)		**6,692,530**	**–**	**6,692,530**			
	Value added tax credit		**–**	**–**	**–**	2,634,496	–	2,634,496
(v)	Others advances							
	(a)	Surplus of plan assets over obligation - Gratuity	**–**	**–**	**–**	–	194,693	194,693
	(b)	Defined contribution plan assets receivable in respect of employees transferred to the company	**763,607**		**763,607**			
	(c)	Advances to suppliers	**73,142**	**–**	**73,142**	73,260	–	73,260
	(d)	Advances to employee	**–**	**–**	**–**	41,667	–	41,667
Total			**9,137,812**	**45,980,358**	**55,118,170**	3,777,250	3,456,803	7,234,053

Note No. 8: Inventories

Amount (Rs)

Particulars		As at 31 March, 2020	As at 31 March, 2019
(a)	Raw materials	**67,878,337**	61,966,290
(b)	Finished goods	**16,570,761**	44,941,334
(c)	Stock-in-trade	**12,816,236**	–
(d)	Stores and spares	**6,023,622**	6,728,362
Total inventories at the lower of cost or net realisable value		**103,288,956**	113,635,986

(i) The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 690,432,645 (2019: Rs.953,210,140)

(ii) The cost of inventories recognised as an expenses includes Rs. 2,907,059 (2019: Rs 1,942,623) in respect of write-downs of inventory to net realisable value.

(iii) The mode of valuation of inventories has been stated in note 2.5

Note No. 9: Investments

Amount (Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Current		
Unquoted investments		
Investments in Mutual Funds		
22,291.776 (2019: Nil) units of Rs.10 each in Mahindra Liquid Fund-Regular-Growth	**28,587,789**	–
3,566.957 (2019: Nil) units of Rs.10 each in SBI Overnight Fund Regular Growth	**11,501,716**	–
Aggregate carrying value of Unquoted investments	**40,089,505**	–

Note No. 10: Trade receivables

Amount (Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Trade receivables		
Unsecured, considered good	**131,231,456**	258,594,390
Total	**131,231,456**	258,594,390

Notes:

(i) The average credit period for sales of products ranges between 10 to 90 days and for Job work processing ranges between 10 to 60 days.

(ii) There are no trade receivable which have significant increase in credit risk or are credit impaired.

Note No. 11: Cash and cash equivalents

Amount (Rs)

Particulars		As at 31 March, 2020	As at 31 March, 2019
(a)	Cash in hand	**16,412**	4,707
(b)	Cheque on hand	**917,730**	–
(c)	Balances with banks		
	In Current Account	**53,327,883**	298,996
Total		**54,262,025**	303,703

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note No. 12: Other financial assets

Amount (Rs)

Particulars	As at 31 March, 2020 Current	Non-Current	Total	As at 31 March, 2019 Current	Non-Current	Total
(a) Financial assets at amortised cost						
Industrial promotion subsidy receivable	**–**	**106,679,000**	**106,679,000**	28,699,400	72,914,600	101,614,000
Total	**–**	**106,679,000**	**106,679,000**	28,699,400	72,914,600	101,614,000
(b) Financial assets at fair value						
Derivative financial instruments						
Forward contracts	**2,268,405**	**–**	**2,268,405**	–	–	–
Amount receivable from bank	**4,873,418**		**4,873,418**			
	7,141,823	**–**	**7,141,823**	–	–	–
Total	**7,141,823**	**106,679,000**	**113,820,823**	28,699,400	72,914,600	101,614,000

Note No. 13: Share capital

Amount (Rs)

Particulars	As at 31 March, 2020 Number of shares	Amount (Rs)	As at 31 March, 2019 Number of shares	Amount (Rs)
(a) **Authorised**				
Equity Shares of Rs. 10 each	**76,000,000**	**760,000,000**	76,000,000	760,000,000
	76,000,000	**760,000,000**	76,000,000	760,000,000
(b) **Issued, subscribed and fully paid up**				
Equity Shares of Rs. 10 each	**68,500,000**	**685,000,000**	68,500,000	685,000,000
	68,500,000	**685,000,000**	68,500,000	685,000,000

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
Equity Shares of Rs. 10 each				
Year ended 31 March, 2020				
Number of shares	**68,500,000**	**–**	**–**	**68,500,000**
Amount (Rs.)	**685,000,000**	**–**	**–**	**685,000,000**
Year ended 31 March, 2019				
Number of shares	68,500,000	–	–	68,500,000
Amount (Rs.)	685,000,000	–	–	685,000,000

(ii) The Company has not alloted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back since its incorporation (i.e. 12 December, 2013).

Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: in proportion to the share in paid-up equity share capital of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, if the assets available for distribution are less/ more than sufficient to repay the whole of the paid up share capital, the losses/ excess shall be borne/ distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively.

(iii) Details of shares held by the holding company:

Particulars	**As at 31 March, 2020** Number of shares	As at 31 March, 2019 Number of shares
Mahindra Intertrade Limited (Including 2 equity shares held jointly with its nominees)	**34,935,000**	34,935,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(iv) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Number of shares	% of holding	Number of shares	% of holding
Mahindra Intertrade Limited (Including 2 equity shares held jointly with its nominees)	**34,935,000**	**51.00%**	34,935,000	51.00%
CSGT International Corporation	**16,782,500**	**24.50%**	16,782,500	24.50%
Mitsui & Co.Ltd	**16,782,500**	**24.50%**	16,782,500	24.50%

Note No. 14: Other Equity

Amount (Rs)

Particulars	Retained earnings As at 31 March, 2020	As at 31 March, 2019
Balance at beginning of year (A)	**263,894,465**	213,628,877
Profit for the year (B)	**52,140,274**	99,826,155
Other comprehensive income (net of taxes) (C)	**326,901**	(12,339)
Total comprehensive income for the year (D)=(B)+(C)	**52,467,175**	99,813,816
Dividend (Rs. 0.45 per share) (2019: Rs.0.60 per share) (E)	**(30,825,000)**	(41,100,000)
Dividend Distribution tax (DDT) (F)	**(6,336,170)**	(8,448,228)
Balance at end of year (A)+(D)+(E)+(F)	**279,200,470**	263,894,465

Particulars	As at 31 March, 2020
Proposed dividends on Equity shares	
Final dividend for the year ended on 31 March, 2020: Rs 0.14 per share	**9,590,000**
	9,590,000

Proposed dividends on equity shares are subject to approval in annual general meeting and are not recognised as a liability As at 31 March, 2020.

Note No. 15: Non Current Borrowings

Amount (Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Measured at amortised cost		
Secured		
Term loans from banks		
Rupee term loan (Refer Note 1, 2 and 3)	**74,426,815**	112,500,000
Less: Current maturities of long term debts	**37,526,815**	50,000,000
Total	**36,900,000**	62,500,000

Note 1 : The Company has taken Rupee term loan at MCLR plus 0.30% of Rs 200,000,000 on 31st January 2018 repayable in 16 quaterly installments commencing from June 2018.

Note 2 : During the year, the Company has taken Rupee term loan at MCLR plus 0.40% of Rs 36,900,000. The repayment Schedule is as under:

Name of the Bank	Rate of Interest	repayable in				
		FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
HDFC Bank	8.20%	37,526,815				
HDFC Bank	8.40%		7,380,000	7,380,000	11,070,000	11,070,000

Note 3 : Secured by first pari passu charge on the moveable fixed assets of the Company, present and future. Further, the Company has created negative lien on other fixed assets in favour of HDFC Bank limited.

Note No. 16: Provisions

Amount (Rs)

Particulars	As at 31 March, 2020			As at 31 March, 2019		
	Current	Non–Current	Total	Current	Non–Current	Total
Provision for employee benefits						
Long–term Employee Benefits						
(i) Provision for gratuity	**–**	**413,478**	**413,478**	–	–	–
(ii) Provision for compensated absences	**322,712**	**2,221,580**	**2,544,292**	237,943	1,904,544	2,142,487
(iii) Provision for post retirement medical benefit	**–**	**473,349**	**473,349**	–	238,809	238,809
Total	**322,712**	**3,108,407**	**3,431,119**	237,943	2,143,353	2,381,296

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note No. 17: Current borrowings

Amount (Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Unsecured		
Loan repayable on demand from Banks	**40,980,159**	38,051,909
Total	**40,980,159**	38,051,909

Note No. 18: Trade payables

Amount (Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Trade payable for goods & services		
(a) Micro and Small enterprises	**1,165,521**	1,535,861
(b) Other than Micro and Small enterprises	**144,325,058**	114,154,576
Total	**145,490,579**	115,690,437

Note: Dues to Micro, Small and Medium Enterprises

Particulars	As at 31 March, 2020	As at 31 March, 2019
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
Principal	**1,165,521**	1,535,861
Interest due thereon	–	–
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	–	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	–	–
The amount of interest accrued and remaining unpaid at the end of each accounting year.	–	–
The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	–	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

Note No. 19: Other financial liabilities

Amount (Rs)

Particulars	As at 31 March, 2020 Current	Non-Current	Total	As at 31 March, 2019 Current	Non-Current	Total
Other Financial Liabilities Measured at Amortised Cost						
(a) Current maturities of long-term debt (refer note below)	**37,526,815**	–	**37,526,815**	50,000,000	–	50,000,000
(b) Interest accrued but not due on borrowings	**615,170**	–	**615,170**	925,942	–	925,942
(c) Other liabilities						
(1) Dealer deposit	**959,500**	–	**959,500**	1,735,932	–	1,735,932
(2) Other deposit	–	–	–	–	–	–
(3) Creditors for capital supplies/services	**17,444,678**	–	**17,444,678**	–	–	–
(4) Others	**2,656,908**	–	**2,656,908**	5,465,081	–	5,465,081
	59,203,071	–	**59,203,071**	58,126,955	–	58,126,955
Other Financial Liabilities Measured at Fair value						
Liability for Cash-settled share-based payments	**2,277,261**	**427,782**	**2,705,043**	710,860	29,393	740,253
	2,277,261	**427,782**	**2,705,043**	710,860	29,393	740,253
Total	**61,480,332**	**427,782**	**61,908,114**	58,837,815	29,393	58,867,208

Note: Refer note 15 for details of securities

Note No. 20: Current tax liabilities

Amount (Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Provision for tax (Net of advance income tax)	**2,249,563**	176,923
Total	**2,249,563**	176,923

Note No. 21: Other current liabilities

Amount (Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
(a) Advances received from customers	**419,752**	1,418,624
(b) Others		
(1) Employee Recoveries and Employer Contributions	**161,595**	170,621
(2) Statutory Dues (Service tax, sales tax, TDS etc)	**1,270,893**	1,256,475
(3) Defined contribution plan assets payable in respect of employees transferred to the company	–	109,614
(4) GST payable	**207,438**	12,921,377
Total	**2,059,678**	15,876,711

Note No. 22: Current Tax and Deferred Tax

(a) Income Tax recognised in Statement of profit or loss

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Current Tax:		
In respect of current year	**10,329,926**	28,093,179
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**1,367,470**	1,725,064
Minimum Alternate Tax Credit	**5,895,255**	11,367,713
	7,262,725	13,092,777
Total	**17,592,651**	41,185,956

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(b) Income Tax recognised in other comprehensive income

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Current Tax:		
Remeasurement of defined benefit obligations	**177,977**	3,766
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**(51,981)**	(8,836)
Total	**125,996**	(5,070)
Bifurcation of income tax recognised in other comprehensive income into:		
– Items that will not be reclassified to profit and loss	**125,996**	(5,070)
– Items that will be reclassified to profit and loss	–	–
Total	**125,996**	(5,070)

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Profit before tax	**69,732,925**	141,012,111
Income tax expense calculated at 27.82% (2019: 29.12%)	**19,399,700**	41,062,727
Effect of income that is exempt from taxation	**(2,659)**	(288,378)
Effect of expenses that is non–deductible in determining taxable profit	**1,213,030**	1,323,233
Others	**(720,158)**	(911,626)
Decrease/(Increase) in tax rate	**(2,297,262)**	–
Income tax expense recognised In profit or loss	**17,592,651**	41,185,956

Note:

The tax rate used for the 31 March 2020 reconciliations above is the corporate tax rate of 27.82% (including surcharge 7% and Education and higher education cess of 3% and 1% respectively) and 31 March 2019 reconciliations above is the corporate tax rate of 29.12% (including surcharge 12% and Education and higher education cess of 3% and 1% respectively) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

Note No. 23: Deferred Tax

Amount (Rs)

For the Year ended 31 March, 2020

Particulars	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	**(53,397,822)**	**29,997**	–	**(53,427,819)**
FVTPL financial asset including derivatives	–	**1,963,371**	–	**(1,963,371)**
Tax effect of items constituting deferred tax assets				
Minimum Alternate Tax Credit	**38,197,591**	**5,895,255**	–	**32,302,336**
Unabsorbed depreciation	–	–	–	–
Employee Benefits	**693,433**	**(94,094)**	**(51,981)**	**839,509**
Cash–Settled Share Based payments	**215,562**	**(536,981)**	–	**752,543**
Others	**309,711**	**5,177**	–	**304,534**
Net Tax Asset (Liabilities)	**(13,981,525)**	**7,262,725**	**(51,981)**	**(21,192,268)**

Amount (Rs)

For the Year ended 31 March, 2019

Particulars	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	(51,349,854)	2,047,968	–	(53,397,822)
FVTPL financial asset including derivatives	(30,460)	(30,460)	–	–
Tax effect of items constituting deferred tax assets				
Minimum Alternate Tax Credit	49,565,303	11,367,712	–	38,197,591
Employee Benefits	689,377	4,780	(8,836)	693,433
Cash–Settled Share Based payments	228,050	12,488	–	215,562
Others	–	(309,711)	–	309,711
Net Tax Asset (Liabilities)	(897,584)	13,092,777	(8,836)	(13,981,525)

Note No. 24: Revenue from operations

The following is an analysis of the company's revenue for the year from continuing operations.

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a) Revenue from sale of goods (Refer Note (i) below)	**776,452,412**	1,123,203,262
(b) Revenue from rendering of services (Refer Note (ii) below)	**41,901,103**	55,524,275
(c) Other operating revenue (Refer Note (iii) below)	**68,616,411**	83,486,200
Total	**886,969,926**	1,262,213,737

Notes: (i)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Particulars		For the year ended 31 March, 2020	For the year ended 31 March, 2019
(i)	Revenue from sale of goods comprises: Manufactured goods		
	– Steel products	**741,815,990**	1,122,631,624
	Traded goods		
	– Steel products	**34,636,422**	571,638
(ii)	Revenue from rendering of services comprises:		
	– Job work processing	**41,901,103**	55,524,275
(iii)	Other operating revenue comprises:		
	– Scrap sales	**34,852,411**	49,722,200
	– Industrial promotion subsidy	**33,764,000**	33,764,000

Notes: (ii)

The management determines that the segment information reported under Note 32 Segment information is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no seperate disclosures of disaggregated revenues are reported.

Note No. 25: Other income

Amount (Rs)

Particulars		For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a)	Interest Income:		
	On fixed deposits	**4,686**	–
	On others	**486,705**	173,429
(b)	Dividend Income on current investments	**9,557**	990,309
(c)	Gain on sale of current investments	**1,277,716**	255,423
(d)	Net gain arising on financial assets designated as FVTPL	**89,269**	–
(e)	Net gain on derivative contracts	**6,968,138**	–
(f)	Net gain on foreign currency transactions	**4,200**	31,727
(g)	Liabilities no longer required written back	–	69,305
(h)	Others	**653,028**	305,195
Total		**9,493,299**	1,825,388

Note No. 26(a): Cost of materials consumed

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Opening stock	**61,966,290**	55,185,066
Add: Purchases	**637,276,284**	987,074,048
	699,242,574	1,042,259,114
Less: Closing stock-Steel	**67,878,337**	61,966,290
Cost of materials consumed-Steel	**631,364,237**	980,292,824

Note No. 26(b): Change in stock of finished goods

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Inventories at the end of the year:		
Finished goods-Steel	**16,570,761**	44,941,334
Stock-in-trade	**12,816,236**	–
	29,386,997	44,941,334
Inventories at the beginning of the year:		
Finished good-Steel	**44,941,334**	17,858,650
Stock-in-trade	–	–
	44,941,334	17,858,650
Net (increase)/decrease	**15,554,337**	(27,082,684)

Note No. 27: Employee benefits expense

Amount (Rs)

Particulars		For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a)	Salaries and wages	**17,833,371**	19,015,893
(b)	Contribution to provident and other funds	**1,371,349**	1,227,945
(c)	Share based payment to employees	**1,964,790**	1,157,469
(d)	Post retirement medical benefit expense	**47,694**	35,990
(e)	Staff welfare expenses	**572,628**	2,305,213
Total		**21,789,832**	23,742,510

Note No. 28: Finance cost

Amount (Rs)

Particulars		For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a)	Interest expense on		
	(i) Borrowings	**7,861,933**	14,491,539
(b)	Other finance cost	**419,176**	280,000
Total		**8,281,109**	14,771,539

Analysis of interest expense by category

Particulars		For the year ended 31 March, 2020	For the year ended 31 March, 2019
Interest Expense			
(a)	On financial liability at amortised cost	**8,281,109**	14,771,539
(b)	On non-financial liabilities	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note No. 29: Other Expenses

Amount (Rs)

	Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a)	Stores and spares consumed	**433,533**	506,390
(b)	Power & fuel	**6,777,239**	7,322,342
(c)	Rates and taxes	**1,242,313**	1,127,108
(d)	Insurance charges	**1,116,159**	1,052,368
(e)	Repairs and maintenance - Building	**203,419**	359,088
(f)	Repairs and maintenance - machinery	**3,036,587**	4,076,259
(g)	Repairs and maintenance - others	**1,565,803**	1,499,429
(h)	Freight and handling charges	**8,473,261**	9,229,445
(i)	Management fees	**20,000,000**	34,411,634
(j)	Auditors' remuneration (refer note below)	**904,120**	881,645
(k)	Directors' fees	**370,000**	380,000
(l)	Commission to non whole time directors	**1,000,000**	1,000,000
(m)	Printing and stationery	**164,533**	318,114
(n)	Legal and professional	**4,594,810**	6,681,649
(o)	Travelling expenses	**662,084**	1,375,285
(p)	Expenditure on corporate social responsibilty (CSR) under section 135 of the Companies Act, 2013	**2,938,927**	2,487,802
(q)	Other general expenses	**8,854,483**	10,280,586
Total		**62,337,271**	82,989,144

Note

Amount (Rs)

	Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
	Payment to Auditor		
(a)	For audit	**525,000**	525,000
(b)	For certification	**20,000**	35,000
(c)	For other services	**325,000**	300,000
(d)	For reimbursement of expenses	**34,120**	21,645
		904,120	881,645

Note No. 30: Commitments (to the extent not provided for)

Amount (Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**205,590,526**	–

Note No. 31: Employee benefits

(a) Defined Contribution Plan

The Company has recognized, in statement of profit and loss for the year, an amount of Rs 907,249 (2019: Rs. 791,819) pertaining to defined contribution plans.

Amount (Rs)

Benefit (Contribution to)	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Provident Fund	**548,330**	498,747
Pension Fund	**358,919**	293,072
Total	**907,249**	791,819

(b) Defined Benefit Plans:

(i) GRATUITY

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Nature of Benefits:

The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the income tax and rules. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

Governance of Plan:

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The plan is funded under Group Gratuity Scheme which is administered by LIC. The Company makes annual contribution to the plan.

Inherent Risk

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. since the benefits are lump sum in nature the plan is not subject to any longevity risks.

(ii) POST RETIREMENTS MEDICAL BENEFITS

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Nature of Benefits:

The Company operates a defined benefit post-retirement medical plan. The benefits payable to the employees are post their retirement from the Company. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for such a post-retirement medical plan in India. The Company has chosen not to fund the post-retirement benefit liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts.

Governance of Plan:

The Company is responsible for the overall governance of the plan. Since the plan is unfunded, the governance of the plan is limited to employees being paid the benefits as per the terms of the plan.

Inherent Risk

The plan is of a defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse increase in healthcare costs or demographic experience can result in an increase in cost of providing these benefits to employees in future. The benefits are also paid post retirement upto a specified age of the beneficiary and plan carries the longevity risks.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Defined benefit plans - as per actuarial valuation on 31st March, 2020

Amount (Rs.)

Particulars				**Funded Plan** **Gratuity** **31-Mar-20**	**Unfunded Plan** **Post retirement medical benefit** **31-Mar-20**	Funded Plan Gratuity 31-Mar-19	Unfunded Plan Post retirement medical benefit 31-Mar-19
(iii)	**Expense recognised in the Statement of Profit and Loss for the year ended 31st March:**						
	1.	Current service cost		**408,045**	**29,783**	369,194	22,450
	2.	Past service cost		**–**	**–**	–	–
	3.	Interest on net defined benefit liability/(asset)		**(33,352)**	**17,911**	32,352	13,540
				374,693	**47,694**	401,546	35,990
(iv).	**Included in other Comprehensive Income**						
	1.	Actual return on plan assets less interest on plan assets		**12,352**	**–**	23,539	–
	2.	Actuarial (Gain)/Loss on account of:					
		–	Financial Assumptions	**(519,807)**	**68,851**	73,855	12,890
		–	Demographic Assumptions	**–**	**–**	752	818
		–	Experience Adjustments	**(132,288)**	**117,995**	(111,077)	16,632
				(639,743)	**186,846**	(12,931)	30,340
(v).	**Net Asset/(Liability) recognised in the Balance Sheet as at 31st March**						
	1.	Present value of defined benefit obligation as at 31st March		**3,336,105**	**473,349**	2,524,030	238,809
	2.	Fair value of plan assets as at 31st March		**2,922,627**	**–**	2,718,723	–
	3.	Surplus/(Deficit)		**(413,478)**	**(473,349)**	194,693	(238,809)
	4.	Current portion of the above		**–**	**–**	–	–
	5.	Non current portion of the above		**(413,478)**	**(473,349)**	194,693	(238,809)
(vi).	**Change in the obligation during the year ended 31st March**						
	1.	Present value of defined benefit obligation at the beginning of the year		**2,524,030**	**238,809**	2,207,238	172,479
	2.	Expenses Recognised in Statement of Profit and Loss Account					
		–	Current Service Cost	**408,045**	**29,783**	369,194	22,450
		–	Past Service Cost	**–**	**–**	–	–
		–	Interest Expense (Income)	**182,904**	**17,911**	167,499	13,540
	3.	Recognised in Other Comprehensive Income					
		Remeasurement gains/(losses)					
		–	Actuarial Gain (Loss) arising from:				
			i. Financial Assumptions	**(519,807)**	**68,851**	73,855	12,890
			ii. Demographic Assumptions	**–**	**–**	752	818
			iii. Experience Adjustments	**(132,288)**	**117,995**	(111,077)	16,632
	4.	Benefit payments		**–**	**–**	(73,817)	–
	5.	Impact of liability assumed or (settled)		**873,221**	**–**	(109,614)	–
	6.	Present value of defined benefit obligation at the end of the year		**3,336,105**	**473,349**	2,524,030	238,809

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Amount (Rs.)

Particulars	Funded Plan Gratuity 31-Mar-20	Unfunded Plan Post retirement medical benefit 31-Mar-20	Funded Plan Gratuity 31-Mar-19	Unfunded Plan Post retirement medical benefit 31-Mar-19
(vii). Change in fair value of assets during the year ended 31st March				
1. Fair value of plan assets at the beginning of the year	**2,718,723**	–	1,545,113	–
2. Expenses Recognised in Statement of Profit and Loss Account				
– interest on plan assets	**216,256**	–	135,147	–
3. Recognised in Other Comprehensive Income				
Remeasurement gains/(losses)				
– Actual Return on plan assets in excess of the expected return	**(12,352)**	–	(23,539)	–
4. Contributions by employer (including benefit payments recoverable)	–	–	718,558	–
5. Benefit payments	–	–	(73,817)	–
6. Assets acquired/(settled)	–	–	417,261	–
7. Fair value of plan assets at the end of the year	**2,922,627**	–	2,718,723	–
(viii). The Major categories of plan assets				
– List the plan assets by category here				
– Insurer managed funds	**2,922,627**	–	2,718,723	–
(ix). Actuarial assumptions				
1. Discount rate	**6.50%**	**6.50%**	7.50%	7.50%
2. Attrition rate	**8.00%**	**8.00%**	8.00%	8.00%
3. Medical premium inflation	–	**6.00%**	–	6.00%
4. Rate of increase in compensation levels	**7.00%**	**7.00%**	10.00%	10.00%
5. Mortality table	**IALM(2012-14) ult**	**IALM(2012-14) ult**	IALM(2006-08) ult	IALM(2006-08) ult

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(x) Sensitivity analysis:

Gratuity

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The sensitivity of the Gratuity Benefits to changes in the weighted principal assumptions is:

Amount (Rs)

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation Increase in assumption	 Decrease in assumption
Discount rate	**2020**	**1%**	**3,103,181**	**3,598,325**
	2019	1%	2,321,896	2,755,821
Salary growth rate	**2020**	**1%**	**3,594,461**	**3,102,145**
	2019	1%	2,748,004	2,324,499

Post retirement medical benefits

The benefit obligation results for the cost of paying future hospitalization premiums to insurance company in future for the employee / beneficiaries during their lifetime is sensitive to discount rate and future increase in healthcare costs.

The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account changes in these three key parameters:

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The sensitivity of the post retirement medical benefit obligation to changes in the weighted principal assumptions is:

Amount (Rs)

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation Increase in assumption	 Decrease in assumption
Discount rate	**2020**	**1%**	**404,497**	**556,968**
	2019	1%	204,173	280,946
Medical inflation rate	**2020**	**1%**	**556,538**	**403,606**
	2019	1%	281,163	203,426

(xi) Expected contributions for the next year:

The Company expects to contribute Rs. 500,000 to the gratuity trusts during the next financial year of 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(xii) Maturity profile:

Gratuity

Maturity profile of defined benefit obligation:

Amount (Rs)

	2020	2019
Within 1 year	**268,930**	170,607
1 – 2 year	**274,184**	176,679
2 – 3 year	**272,893**	185,894
3 – 4 year	**274,754**	195,922
4 – 5 year	**867,828**	200,538
5 – 10 years	**827,446**	1,238,001
More than 10 years	**3,071,283**	3,406,648

Post retirement medical benefits

Maturity profile of defined benefit obligation:

	2020	2019
Within 1 year	–	–
1 – 2 year	–	–
2 – 3 year	–	–
3 – 4 year	–	–
4 – 5 year	–	–
5 – 10 years	**78,320**	47,379
More than 10 years	**1,444,046**	905,771

Note No. 32: Segment Reporting

The Company has identified 'steel Processing', as its only primary reportable segment. The Manager (as appointed under Companies Act, 2013) have been identified as the Chief Operating Decision Maker (CODM) as defined under Ind AS 108. CODM reviews overall financial information of the Company together for performance evaluation and allcation of resources and does not review any discrete information to evaluate performance of any individual product or geography.

Geographical Information

All the customers of the company are located within india.

The Company operates and has its processing facility based out of Chakan in India.

There are 5 customers (2019 : 3 customers) those are individually contributing to more than 10% of the Company's revenue, Total amount of revenue from such customers for the year ended on 31 March 2020 are Rs. 621,116,055 (2019: 785,391,989).

Note No. 33: Related Party Disclosures

Related party disclosures as required by IND AS 24 " Related Party Disclosures" are given below.

(A) List of Related Parties:

Ultimate Holding Company	Mahindra & Mahindra Limited (M&M)
Intermediate Holding Company	Mahindra Vehicle Manufacturers Limited (MVML)
Holding Company	Mahindra Intertrade Limited (MIL)

Other parties with whom transactions have taken place during the year

(i) Fellow Subsidiaries	Mahindra Integrated Business Solutions Private Limited (MIBS)
	Mahindra Steel Service Centre Limited (MSSCL)
	Mahindra Logistics Limited (MLL)
	Mahindra Retail limited (MRL)
	Mahindra MSTC Recycling Private Limited (MMRPL)
	Mahindra Engineering & Chemical Products Ltd. (MECP)
(ii) Company which is Associate of Ultimate Holding Company	Mahindra CIE Limited (MCIE)
(iii) Companies having significant influence	CSGT International Corporation (CSGT)
	Mitsui & Co. Ltd (Mitsui)
(iv) Key Management Personnel (KMP)	Mr. Sanjay Somkumar, Manager w.e.f. 29 April, 2015

(B) Disclosure of transactions (net of duties and taxes) between the Company and related parties during the period ended 31 March, 2020:

Amount (Rs)

	Ultimate Holding Company		Intermediate Holding Company		Holding Company		A Company having significant influence		A Company having significant influence		Fellow Subsidiary	
	M&M		MVML		MIL		CSGT		Mitsui		MECP	
	31 March, 2020	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019
Dividend paid	–	–	–	–	**15,720,750**	20,961,000	**7,552,125**	10,069,500	**7,552,125**	10,069,500	–	–
Purchase of raw materials	**5,071,209**	–	–	–	**9,014,092**	69,842,219	–	–	–	–	–	–
Sale of Traded goods	–	–	–	–	**5,070,618**	571,638	–	–	–	–	–	–
Sale of finished goods	**13,937,015**	5,001,431	**110,887,862**	289,916,297	–	–	–	–	–	–	–	–
Job work processing	–	–	–	–	**11,527**	172,457	–	–	–	–	–	–
Other expenses	**766,464**	1,545,570	–	–	–	–	–	–	–	–	**2,373**	–
Legal and professional	**599,000**	900,650	–	–	–	–	–	–	–	–	–	–
Management fees	–	–	–	–	**20,000,000**	34,411,635	–	–	–	–	–	–
Processing charges	–	–	–	–	–	–	–	–	–	–	–	–
Reimbursement received from parties	–	–	–	–	–	–	**331,500**	303,500	–	–	–	–
Reimbursement made to parties	–	–	–	–	**2,123,708**	2,570,486	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(C) Outstanding receivable from and payable to related parties

	Ultimate Holding Company		Intermediate Holding Company		Holding Company		Fellow Subsidiary	
	M&M		MVML		MIL		MECP	
	31 March, 2020	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019
Outstanding receivable	**1,717,238**	3,519,328	**1,542,791**	4,231,150	**1,789,172**	85,424	–	–
Outstanding payable	**6,318,712**	623,717		–	**5,737,894**	9,746,224	**2,800**	–

Note No. 33: Related Parties contd..

Amount (Rs)

	Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Company which is Associate of Ultimate Holding Company		Name of KMP*	
	MSSCL		MIBS		MLL		MRL		MCIE		MLL		Mr. Sanjay Somkumar	
	31 March, 2020	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019
Sale of Property, Plant and Equipment	–	2,119	–	–	–	–	–	–	–	–	–	–	–	–
Sale of finished goods	–	–	–	–	–	–	–	–	–	–	**127,557,211**	**121,622,231**	–	–
Job work processing	**9,347**	173,460	–	–	–	–	–	–	–	–	–	–	–	–
Legal and professional	–	–	**113,500**	122,900	–	–	–	–	**60,579**	–	–	–	–	–
Reimbursement received from parties	–	–	–	–	–	450,530	–	–	–	–	–	–	–	–
Reimbursement made to parties	**1,145,146**	2,283,956	–	–	–	–	–	–	–	–	–	–	–	–
Processing charges	–	98,752	–	–	–	–	–	–	–	–	–	–	–	–
Freight charges	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenses	–	–	–	–	–	–	**79,328**	219,684	–	–	–	–	–	–
Managerial Remuneration	–	–	–	–	–	–	–	–	–	–	–	–	**4,084,071**	4,042,529

	Fellow Subsidiary		Fellow Subsidiary		Company which is Associate of Ultimate Holding Company		Fellow Subsidiary	
	MSSCL		MIBS		MCIE		MLL	
	31 March, 2020	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019
Outstanding receivable	–	200,999	–	–	**25,663,805**	50,431,279	–	–
Outstanding payable	**107,309**	441,346	**15,336**	16,016	–	–	**65,425**	–

* excludes provision for gratuity and compensated absences, which is determined on the basis of actuarial valuation done on overall basis for the Company.

Note:

1. The sales/provision of services to and purchases/provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2019: Rs Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note No. 34: Financial Instruments

[I] Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Company consists of net debt (borrowings as detailed in note 15 and offset by cash and cash equivalents and current investments) and total equity of the Company.

The Company monitors capital using a gearing ratio, which is Net Debt divided by total capital. The Company's policy is to keep the gearing ratio within 150%.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Amount (Rs)

	31 March, 2020	31 March, 2019
Debt	**115,406,974**	150,551,909
Less:– Cash and Cash Equivalent including current investments	**54,262,025**	303,703
Net Debt	**61,144,949**	150,248,206
Equity	**964,200,470**	948,894,465
Gearing ratio	**6%**	16%

[II] Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

(A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Companies's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on payment performance over the period of time and financial analysis including credit rating issued by credit rating agencies. Outstanding customer receivables are regularly monitored and any shipments to other small customers are generally covered by letters of credit.

The company follows expected credit loss method for determination of impairment of trade receivable. Additionally, an impairment analysis is performed at each reporting date on specfic case basis for major customers.

Financial instruments and cash deposits:

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved mutual fund or banks and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

[B] LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Amount (Rs)

	Less than 1 Year	**1-3 Years**	**3-5 Years**	**5 Years and above**	**Total**	**Carrying amount**
Non-derivative financial liabilities						
31 March 2020						
Non-interest bearing	**168,828,926**	**427,782**	**–**	**–**	**169,256,708**	**169,256,708**
Variable interest rate instruments	**83,756,682**	**20,011,487**	**24,441,771**	**–**	**128,209,940**	**115,406,974**
Total	**252,585,608**	**20,439,269**	**24,441,771**	**–**	**297,466,648**	**284,663,682**
31 March 2019						
Non-interest bearing	123,631,703	–	–	–	123,631,703	123,631,703
Variable interest rate instruments	97,191,464	66,590,325	–	–	163,781,789	150,551,909
Total	220,823,167	66,590,325	–	–	287,413,492	274,183,612

Sensitivity interest rate increase by 1%: Profit will decrease by Rs. 1,154,070 for the year ended 31 March, 2020 (Rs. 1,505,519 for the year ended 31 March, 2019)

Sensitivity interest rate decrease by 1%: Profit will increase by Rs. 1,154,070 for the year ended 31 March, 2020 (Rs. 1,505,519 for the year ended 31 March, 2019)

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Amount (Rs)

	Less than 1 Year	**1-3 Years**	**3-5 Years**	**5 Years and above**	**Total**	**Carrying value**
Non–derivative financial assets						
31 March 2020						
– Non–interest bearing	**192,735,304**	**106,679,000**	**–**	**–**	**299,414,304**	**299,414,304**
– Variable interest rate instruments	**–**	**–**	**–**	**2,395,430**	**2,395,430**	**2,395,430**
Total	**192,735,304**	**106,679,000**	**–**	**2,395,430**	**301,809,734**	**301,809,734**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Amount (Rs)

	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total	Carrying value
31 March 2019						
– Non–interest bearing	287,597,493	72,914,600	–	–	360,512,093	360,512,093
– Variable interest rate instruments	–	–	–	2,395,430	2,395,430	2,395,430
Total	287,597,493	72,914,600	–	2,395,430	362,907,523	362,907,523

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Amount (Rs)

	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total
Derivative financial instruments					
31 March 2020					
Gross settled:					
– foreign exchange forward contracts	**7,141,823**	**–**	**–**	**–**	**7,141,823**
31 March 2019					
Gross settled:					
– foreign exchange forward contracts	–	–	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(iv) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Amount (Rs)

	31-Mar-20	31-Mar-19
Bank Overdraft/ WCDL facility	**59,019,841**	59,875,330
– Expiring within one year (Unsecured)	**59,019,841**	59,875,330
Working Capital Non-Fund Based facility: (LC, BG, LUT, LER)	**362,076,600**	525,000,000
– Expiring within one year (Unsecured)	**362,076,600**	525,000,000
Capex Rupee Term Loan	**176,700,000**	–
– Expiring within one year	**176,700,000**	–

[C] MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

(i) Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases and for 36 months period for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

(ii) Interest Rate Risk

Refer Note B (ii) for interest rate sensitivity

(iii) Raw material price risk

The Company does not have significant risk in raw material price variations. In case of any variation in price, same is passed on to the customer through appropriate adjustments to selling prices

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Note No. 35: Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

– quoted prices for similar assets or liabilities in active markets

– quoted prices for identical or similar assets or liabilities in markets that are not active

– inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval

– implied volatilities

– credit spreads

– inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

				Amount (Rs)
Financial assets/financial liabilities	**Fair value hierarchy as at 31 March, 2020**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalent	**–**	**54,262,025**	**–**	**54,262,025**
– trade receivables	**–**	**131,231,456**	**–**	**131,231,456**
– deposits	**–**	**2,495,430**	**–**	**2,495,430**
– Industrial promotion subsidy receivable	**–**	**106,679,000**	**–**	**106,679,000**
Total	**–**	**294,667,911**	**–**	**294,667,911**
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	**–**	**115,406,974**	**–**	**115,406,974**
– Short term deposits	**–**	**959,500**	**–**	**959,500**
– trade and other payables	**–**	**165,592,165**	**–**	**165,592,165**
– Interest payable		**615,170**	**–**	**615,170**
Total	**–**	**282,573,809**	**–**	**282,573,809**

				Amount (Rs)
Financial assets/financial liabilities	Fair value hierarchy as at 31 March, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalent	–	303,703	–	303,703
– trade receivables	–	258,594,390	–	258,594,390
– deposits	–	2,395,430	–	2,395,430
– Industrial promotion subsidy receivable	–	101,614,000	–	101,614,000
Total	–	362,907,523	–	362,907,523
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	–	150,551,909	–	150,551,909
– Short term deposits	–	1,735,932	–	1,735,932
– trade and other payables	–	121,155,518	–	121,155,518
– Interest payable		925,942	–	925,942
Total	–	274,369,301	–	274,369,301

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Financial assets/financial liabilities measured at Fair value

Amount (Rs.)

Financial assets/financial liabilities	Fair value as at 31-Mar-20	31-Mar-19	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
Financial assets						
Investments						
Mutual fund investments	**40,089,505**	–	Level 2	Net assets value declared by the respective asset management companies	NA	NA
Other Financial Assets						
Forward contracts	**7,141,823**	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rate that reflects the credit risk of various counter parties.	NA	NA
Total financial assets	**47,231,328**	–				
Financial liabilities						
Other Financial Liabilities						
Liability for Cash-settled share-based payments	**2,705,043**	740,253	Level 2	Black Scholes option model	NA	NA
Total financial liabilities	**2,705,043**	740,253				

The fair values of the financial assets and financial liabilities included in the level 2 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value

The Company considers that the carrying amount of financial assets and financial liabilities recognised in financial statements approximates their fair value.

Note No. 36: Earnings per share

Amount (Rs)

Particulars	For the Year ended 31 March, 2020	For the Year ended 31 March, 2019
Profit after tax (Rs.) (A)	**52,140,274**	99,826,155
Weighted average number of shares (B)	**68,500,000**	68,500,000
Earnings per share [Basic/Diluted] (Rs.) (A/B)	**0.76**	1.46
Nominal value of equity share (Rs.)	**10.00**	10.00

Note No. 37: Corporate Social Responsibility (CSR)

The CSR obligation for the year as computed by the Company and relied upon by the auditors is Rs. 2,901,393 (2019: 2,361,078) . CSR amount spent during the year is Rs. 2,938,927 (2019: 2,487,802).

Note No. 38:

In March 2020, World Health Organization have declared Covid-19 as a pandemic. Escalation of Covid-19 has the potential to impact the global economic growth and business developments. The countrywide lockdown declared by Government of India covered a part of March 2020 and continued until April 2020. Whilst overall impact is still uncertain, the Company has carried out an assessment for any possible impact on performance of the Company due to Covid outbreak. Based on the current situation, the Company does not expect operations and performance for next year to get very significantly impacted. The Company will continue to monitor the situation as it evolves in coming months.

Note No. 39: Stock Appreciation Rights

In accordance with the directions and recommendations of the Remuneration Committee of the Company, the Company grants SARs to eligible employees/ directors. SARs granted would vest over a period of five years, or such period as stipulated by the Remuneration Committee, from the date of grant. Upon vesting of SARs eligible employees are entitled to earn cash benefits as prescribed.

One SAR shall be entitled to a cash benefit which would be the difference between the Fair Value of one fully-paid Equity Share of the holding company on the exercise date less the Face Value of the Equity Share of the holding company on the grant date. Provided, however, that once SARs have vested, an eligible employee will have the option to exercise the same within a maximum period of three years from the vesting date during such periods of time as determined by the Company.

Once SARs are vested and exercised by an employee, the Company would, within a period of 90 days from the exercise date, compute the cash benefit due in respect of those SARs and pay the same to the employee after deducting the applicable income tax at source. The latest available Fair Value of the Company's Equity Share would be considered for computing the said cash benefit.

If an eligible employee fails to exercise the SARs within a period of three years as aforesaid, the unexercised SARs will lapse and the Company's liability for such unexercised SARs will cease.

The Company has granted Stock Appreciation Rights ("SARs") to eligible employees in accordance with the Stock Appreciation Rights Scheme 2015 (SARS-2015) during the year ended 31st March, 2015, 31st March, 2016, 31st March 2018 and 31st March, 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Details of stock appreciation rights outstanding as on 31st March 2020

	Number of Shares	Grant Date	Expiry Date	Exercise Price (Rs.)	Fair value at Grant Date (Rs.)
Cash settled					
F'15 grant	3,507	18 Feb 2015	18 Feb 2023	10	83.70
F'16 grant	1,409	26 Feb 2016	26 Feb 2023	10	84.70
F'18 grant	207	28 Apr 2017	28 Feb 2023	10	125.38
F'18 grant	207	28 Apr 2017	29 Feb 2024	10	125.38
F'18 grant	205	28 Apr 2017	28 Feb 2025	10	125.38
F'20 grant	3,498	24 Apr 2019	28 Feb 2023	10	178.89
F'20 grant	3,498	24 Apr 2019	29 Feb 2024	10	178.89
F'20 grant	3,498	24 Apr 2019	28 Feb 2025	10	178.89
F'20 grant	3,498	24 Apr 2019	28 Feb 2026	10	178.89
F'20 grant	3,503	24 Apr 2019	28 Feb 2027	10	178.89

Movement in Stock appreciation rights

		Number of Shares
1.	The number of share options outstanding at the beginning of the year;	5,535
2.	Granted during the period	17,495
3.	Exercised during the period	–
4.	Outstanding at the end of the period	23,030

Stock Appreciation Right's vested during the year

Persuant to the circular resolution passed by the Nomination and Remuneration Committee of the Board, during the financial year 2020, on account of business uncertainty & outbreak of COVID 19, the Company has deferred the opening of its exercise window for SARs in case of the following SARs which have vested on 28 February 2020. According to the resolution, the Excercise window will be opened before 31 Jan 2021 at an exercise price of Rs 236.57 per SARs being the share valuation of the holding company, Mahindra Intertrade Limited as on 31st March 2020. Accordingly, expense on account of SARs vested, but deferred for excercise has been valued at 226.57 per SARs being Rs. 236.57 (Excercise Price) less Rs. 10 (Grant Price). The details of such SARs as below:

SARs vested during the year but deferred for excercise and remaining outstanding as on 31 March 2020

	Number of SAR's	Vesting date	Share price at Exercise date
Cash settled			
F'15 grant	3,507	28-02-2020	236.57
F'16 grant	1,409	28-02-2020	236.57
F'18 grant	207	28-02-2020	236.57
F'20 grant	3,498	28-02-2020	236.57

The inputs used in the measurement of the fair values at grant date of the cash-settled share-based payment plans were as follows.

		Cash settled Share Appreciation Rights
1.	Share price	236.57
2.	Exercise price	10
3.	Expected volatility (weighted-average)	27.89%
4.	Expected life/Option Life (weighted-average)	4.89
5.	Expected dividends yield	4.92%
6.	Risk-free interest rate (based on government bonds)	5.92%

Note No. 40

Previous year's figure have been regrouped/reclassfied wherever necessary.

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration
No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: 9 May, 2020

Percy Mahernosh
Chief Financial Officer

Bhavna Awatramani
Company Secretary

For and on behalf of the Board of Directors of
Mahindra Auto Steel Private Limited
CIN No: U27100MH2013PTC250979

Zhooben Bhiwandiwala DIN: 00110373
Sumit Issar DIN 06951249
Directors

Place: Mumbai
Date: 9 May, 2020

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Mahindra MiddleEast Electrical Steel Service Centre (FZC)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra MiddleEast Electrical Steel Service Centre (FZC) ("the Company"), which comprise the statement of financial position as at 31 March 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis Of Matter – Supplementary Information

We draw attention to Note 2(c) of the financial statement, which describes the fact that the United Arab Emirate Dirhams and Indian Rupee amounts in the accompanying financial statements are presented as supplementary information solely for the convenience of users which does not form part of the financial statements and have not been audited. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in accordance with the applicable implementing rules and regulations of Sharjah Airport International Free Zone, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We further report that the financial statements comply, in all materials respects, with applicable implementing rules and regulations of Sharjah Airport International Free Zone.

KPMG Lower Gulf Limited

Fawzi AbuRass

Registration No.: 968

Place: Sharjah, United Arab Emirates
Date: 17 May 2020

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

				Unaudited Supplementary information (refer note 2 (c))			
	Note	**31 March 2020**	31 March 2019	**31 March 2020**		31 March 2019	
		USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
ASSETS							
Property, plant and equipment	4	**3,497,635**	2,973,647	**12,836,319**	**263,494,331**	10,913,282	224,019,695
Capital advances		**276,700**	–	**1,015,489**	**20,845,195**	–	–
Non-current assets		**3,774,335**	2,973,647	**13,851,808**	**284,339,526**	10,913,282	224,019,695
Inventories	5	**1,206,821**	1,837,950	**4,429,033**	**90,915,860**	6,745,280	138,461,964
Trade and other receivables	6	**879,163**	1,679,243	**3,226,529**	**66,231,745**	6,162,821	126,505,769
Prepayments	7	**3,645**	31,540	**13,378**	**274,596**	115,751	2,376,066
Cash and bank balances	8	**167,532**	115,080	**614,842**	**12,621,023**	422,343	8,669,552
Current assets		**2,257,161**	3,663,813	**8,283,782**	**170,043,224**	13,446,195	276,013,351
Total assets		**6,031,496**	6,637,460	**22,135,590**	**454,382,750**	24,359,477	500,033,046
EQUITY							
Share capital	9	**550,000**	550,000	**2,018,500**	**41,434,250**	2,018,500	41,434,250
Retained earnings		**2,648,815**	3,500,054	**9,721,153**	**199,548,478**	12,845,197	263,676,568
Statutory reserves	17	**275,063**	275,063	**1,009,481**	**20,721,871**	1,009,481	20,721,871
Total equity		**3,473,878**	4,325,117	**12,749,134**	**261,704,599**	15,873,178	325,832,689
LIABILITIES							
Employee end of service benefits		**38,923**	46,085	**142,848**	**2,932,267**	169,131	3,471,813
Lease liabilities	19	**691,137**	–	**2,536,472**	**52,066,809**	–	–
Non-current liabilities		**730,060**	46,085	**2,679,320**	**54,999,076**	169,131	3,471,813
Short-term borrowings	10	**1,585,366**	–	**5,818,292**	**119,433,547**	–	–
Trade and other payables	11	**242,192**	2,266,258	**888,844**	**18,245,528**	8,317,168	170,728,544
Current liabilities		**1,827,558**	2,266,258	**6,707,136**	**137,679,075**	8,317,168	170,728,544
Total liabilities		**2,557,618**	2,312,343	**9,386,456**	**192,678,151**	8,486,299	174,200,357
Total equity and liabilities		**6,031,496**	6,637,460	**22,135,590**	**454,382,750**	24,359,477	500,033,046

The attached notes 1 to 22 are an integral part of these financial statements.

The independent auditors' report is set out on pages herein.

To the best of our knowledge, the financial statements fairly presents, in all material respects, the financial position, results of operation and cash flows of the Company as of, and for, the year ended 31 March 2020.

The Board of Directors has authorised the issue of these financial statements on 22nd April 2020 and signed on behalf of the Board of Directors by:

Zhooben Bhiwandiwala
Sumit Issar
Directors

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

				Unaudited Supplementary information (refer note 2 (c))			
	Note	**31 March 2020**	31 March 2019	**31 March 2020**		31 March 2019	
		USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Revenue from operations	12	**4,036,313**	7,604,767	**14,813,268**	**304,075,640**	27,909,494	572,905,122
Cost of sales	13.1	**(4,472,423)**	(7,222,227)	**(16,413,792)**	**(336,929,987)**	(26,505,575)	(544,086,471)
Gross (loss) / profit		**(436,110)**	382,540	**(1,600,524)**	**(32,854,347)**	1,403,919	28,818,651
Other income	14	**69,956**	2,668	**256,738**	**5,270,135**	9,792	200,994
Selling and distribution expenses		**(63,024)**	(142,261)	**(231,299)**	**(4,747,913)**	(522,097)	(10,717,232)
Administrative and general expenses	13.2	**(333,581)**	(506,224)	**(1,224,239)**	**(25,130,324)**	(1,857,839)	(38,136,387)
Operating loss		**(762,759)**	(263,277)	**(2,799,324)**	**(57,462,449)**	(966,225)	(19,833,974)
Finance cost	15	**(88,480)**	(96,095)	**(324,720)**	**(6,665,641)**	(352,671)	(7,239,317)
Loss for the year		**(851,239)**	(359,372)	**(3,124,044)**	**(64,128,090)**	(1,318,896)	(27,073,291)
Other comprehensive income		**–**	–	**–**	**–**	–	–
Total comprehensive loss for the year		**(851,239)**	(359,372)	**(3,124,044)**	**(64,128,090)**	(1,318,896)	(27,073,291)
Earning per equity share *(Basic and Diluted)* 1000 Shares of USD 550 (Dhs. 2,019) (Rs. 35,703) *(Refer note 21)*		**(851)**	(359)	**(3,124)**	**(64,128)**	(1,319)	(27,073)

The attached notes 1 to 22 are an integral part of these financial statements.

The independent auditors' report is set out on pages herein.

The Board of Directors has authorised the issue of these financial statements on 22nd April 2020 and signed on behalf of the Board of Directors by:

Zhooben Bhiwandiwala
Sumit Issar
Directors

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

					Unaudited Supplementary information (refer note 2 (c))							
	Share capital USD	Retained earnings USD	Statutory reserve USD	Total equity USD	Share capital Dhs.	Share capital Rs.	Retained earnings Dhs.	Retained earnings Rs.	Statutory reserve Dhs.	Statutory reserve Rs.	Total equity Dhs.	Total equity Rs.
Balance as at 1 April 2018	550,000	3,859,426	275,063	4,684,489	2,018,500	41,434,250	14,164,093	290,749,858	1,009,481	20,721,871	17,192,074	352,905,979
Total comprehensive income for the year												
Loss for the year	–	(359,372)	–	(359,372)	–	–	(1,318,896)	(27,073,290)	–	–	(1,318,896)	(27,073,290)
Total comprehensive loss for the year	–	(359,372)	–	(359,372)	–	–	(1,318,896)	(27,073,290)	–	–	(1,318,896)	(27,073,290)
Balance as at 31 March 2019	550,000	3,500,054	275,063	4,325,117	2,018,500	41,434,250	12,845,197	263,676,568	1,009,481	20,721,871	15,873,178	325,832,689
Total comprehensive income for the year												
Loss for the year	–	(851,239)	–	(851,239)	–	–	(3,124,044)	(64,128,090)	–	–	(3,124,044)	(64,128,090)
Total comprehensive loss for the year	–	(851,239)	–	(851,239)	–	–	(3,124,044)	(64,128,090)	–	–	(3,124,044)	(64,128,090)
Balance as at 31 March 2020	**550,000**	**2,648,815**	**275,063**	**3,473,878**	**2,018,500**	**41,434,250**	**9,721,153**	**199,548,478**	**1,009,481**	**20,721,871**	**12,749,134**	**261,704,599**

The attached notes 1 to 22 are an integral part of these financial statements.

The Board of Directors has authorised the issue of these financial statements on 22nd April 2020 and signed on behalf of the Board of Directors by:

Zhooben Bhiwandiwala
Sumit Issar
} Directors

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

				Unaudited Supplementary information (refer note 2 (c))			
	Note	31 March 2020	31 March 2019	31 March 2020		31 March 2019	
		USD	USD	Dhs.	Rs.	Dhs.	Rs.
Cash flows from operating activities:							
Loss for the year		**(851,239)**	(359,372)	**(3,124,044)**	**(64,128,090)**	(1,318,896)	(27,073,289)
Adjustments for:							
Depreciation		**345,061**	265,759	**1,266,372**	**25,995,170**	975,337	20,020,954
Loss on discarding of property, plant and equipment		**–**	1,973	**–**	**–**	7,238	148,633
Interest expenses		**88,480**	94,901	**324,720**	**6,665,641**	348,288	7,149,367
		(417,698)	3,261	**(1,532,952)**	**(31,467,279)**	11,967	245,665
Changes in working capital:							
Inventories		**631,129**	1,363,339	**2,316,247**	**47,546,104**	5,003,453	102,707,144
Trade and other receivables		**800,080**	742,028	**2,936,292**	**60,274,024**	2,723,242	55,900,679
Prepayments		**15,529**	69,774	**56,991**	**1,169,877**	256,072	5,256,424
Trade and other payables		**(2,113,180)**	(1,664,834)	**(7,755,371)**	**(159,196,417)**	(6,109,939)	(125,420,268)
Employee benefit expenses		**(7,162)**	(1,093)	**(26,285)**	**(539,546)**	(4,013)	(82,341)
Net cash from operating activities		**(1,091,302)**	512,475	**(4,005,078)**	**(82,213,237)**	1,880,782	38,607,303
Investing activity							
Acquisition of property, plant and equipment		**(2,883)**	(1,431)	**(10,581)**	**(217,191)**	(5,250)	(107,804)
Paid for capital advances		**(276,700)**	–	**(1,015,489)**	**(20,845,195)**	–	–
Net cash used in investing activities		**(279,583)**	(1,431)	**(1,026,070)**	**(21,062,386)**	(5,250)	(107,804)
Financing activity							
Interest paid		**(63,173)**	(109,890)	**(231,843)**	**(4,759,136)**	(403,298)	(8,278,562)
Short term borrowings taken		**5,926,839**	–	**21,751,501**	**446,498,416**	–	–
Short term borrowings repayment		**(4,785,665)**	–	**(17,563,391)**	**(360,528,073)**	–	–
Repayment of lease liabilities		**(98,856)**	–	**(362,803)**	**(7,447,317)**	–	–
Net cash generated / (used) in financing activities		**979,145**	(109,890)	**3,593,464**	**73,763,890**	(403,298)	(8,278,562)
Net (decrease) / increase in cash and cash equivalents		**(391,740)**	401,154	**(1,437,684)**	**(29,511,733)**	1,472,234	30,220,937
Cash and cash equivalents:							
Cash and cash equivalents at the beginning of the year		**115,080**	(286,074)	**422,343**	**8,669,552**	(1,049,891)	(21,551,385)
Cash and cash equivalents at the end of the year		**(276,660)**	115,080	**(1,015,341)**	**(20,842,181)**	422,343	8,669,552
Reconciliation of cash and cash equivalents with statement of financial position							
Cash on hand	**8**	**7,460**	1,441	**27,377**	**561,999**	5,287	108,558
Bank balance in current accounts	**8**	**160,072**	113,639	**587,465**	**12,059,024**	417,056	8,560,994
Bank overdraft repayable on demand	**10**	**(444,192)**	–	**(1,630,183)**	**(33,463,204)**	–	–
Total		**(276,660)**	115,080	**(1,015,341)**	**(20,842,181)**	422,343	8,669,552

The attached notes 1 to 22 are an integral part of these financial statements.

The independent auditors' report is set out on pages herein.

The Board of Directors has authorised the issue of these financial statements on 22nd April 2020 and signed on behalf of the Board of Directors by:

Zhooben Bhiwandiwala
Sumit Issar
Directors

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. **Reporting Entity**

Mahindra MiddleEast Electrical Steel Service Centre (FZC) ("the Company"), was incorporated and licensed on 8 August 2004 at Sharjah Airport International Free Zone, Sharjah (FZ) with limited liability in the United Arab Emirates (UAE). Subsequently, the Company has entered into an agreement for subscription of capital by Nippon Steel & Sumitomo Metal Corporation (NSSMC), Japan to reorganise the Company and manage it as a Free Zone Company (FZC). Consequent upon the induction of NSSMC as a shareholder, the status changed from Free Zone Establishment (FZE) to Free Zone Company (FZC) with limited liability with effect from 28 November 2005. The Company is engaged in processing of steel coils and supply of slit coils and laminations. The shareholding pattern as of 31 March 2020 is as follows:

Shareholders	Percentage
Mahindra Intertrade Limited	90%
Nippon Steel & Sumitomo Metal Corporation	10%

The ultimate holding company is Mahindra & Mahindra Limited.

2. **Basis Of Preparation**

The financial statements have been prepared under the historical cost convention.

(a) **Statement of compliance**

The financial statements have been prepared in compliance with International Financial Reporting Standards issued by the International Accounting Standards Board and the rules and regulations of the Sharjah Airport International Free Zone Authority (SAIF Zone).

(b) **Functional and presentation currency**

These financial statements are presented in United States Dollars ("USD"), which is the Company's functional currency.

(c) **Convenience translation**

In addition to presenting the financial statements in USD, unaudited supplementary information in United Arab Emirates Dirham ("Dhs") and Indian Rupee ("Rs") has been prepared for the convenience of users of the financials statements.

All amounts (including previous year information) are translated from USD to Dhs. and Rs. at the closing exchange rate at 31 March 2020 based on average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India of Dhs. 3.67 to USD 1 and Rs. 75.34 to USD 1 respectively.

(d) **Use of estimates and judgements**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in every future period affected.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) *Impairment losses on trade receivables*

The Company follows expected credit loss model for creating provision for loss allowance relating to trade receivables. Additionally, management review outstanding trade receivables on specific case to case basis at each year end to determine provision for loss allowance. The Company's credit risk is primarily attributable to its trade receivables.

(ii) *Provision for obsolete and expired inventory*

The Company reviews its inventory to assess loss on account of obsolescence and expiry on a regular basis. In determining whether provision for obsolescence should be recorded in the profit or loss, the Company makes judgements as to whether there is any observable data indicating that there is any future saleability of the product and the net realisable value for such product. Accordingly, provision for impairment is made where the net realisable value is less than cost based on best estimates by the management. The provision for obsolescence of inventory is based on the aging and past movement of the inventory.

(iii) *Estimated useful lives of property, plant and equipment*

The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and on the historical experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

3. **Significant Accounting Policies**

(i) **Changes in significant accounting policies**

Leases

The Company has adopted IFRS 16 'Leases' from 1 April 2019 using the modified retrospective method Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted.

Definition of lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in significant accounting policy.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 April 2019.

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet. At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

Leases classified as operating lease under IAS 17

Previously, the Company classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Impact on financial statements

On transition date the Company recognised Right of use assets and lease liabilities, the impact is as follows:

Right of use assets *	USD 866,166
Lease liabilities	USD 853,799

* Adjusted for prepaid rent

(ii) The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Property, plant and equipment and depreciation

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of Property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of Property, plant and equipment.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives for the current and comparative periods are as follows:

Factory Building	18 years
Plant and Machinery	20 years
Vehicles	5 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Computers	5 years

Residual value of the property plant and equipments has been estimated at 5% of its capitalised value for the purpose of calculating depreciation.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

The components of an asset are identified and depreciated separately, if they have differing patterns of benefits and are significant to the total cost of the item. The overall value of an asset is split fairly between significant components and accounted for separately. The components' useful lives and the method of depreciation are determined on a reasonable and consistent basis.

(b) Inventories

Inventories are measured at the lower of cost and net realizable value, after making due allowance for any obsolete or slow moving items. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

Raw materials

The cost of raw materials includes insurance, freight and other incidental charges incurred in acquiring the inventories and bringing them to their present location and condition. Valuation of the raw materials is determined on a weighted average cost basis.

Work in progress

The cost of work in progress includes cost of raw material and an appropriate share of production overheads based on normal operating capacity.

Finished goods

The cost of finished goods is arrived at on a weighted average cost basis and includes cost of direct materials and direct labour plus an appropriate share of production overheads based on normal operating capacity.

(c) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer. Revenue is recognised when the goods are delivered and have been accepted by customers at their premises. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific products. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods.

(d) Finance income and finance costs

Finance income comprises interest income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expenses on borrowings and preshipment credit. Interest costs is recognised as it accrues in profit or loss, using the effective interest method.

(e) Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency ("USD") at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(f) Employee benefit

The provision for staff terminal benefits is calculated in accordance with the provisions of the UAE Labour Law and is based on the liability that would arise if the employment of all staff were to be terminated at the reporting date.

(g) Assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at lower of their carrying amount and fair value less cost to sale. Impairment losses on initial classification as held for sale and subsequent gain / losses on measurement are recognized in profit and loss. Once classified as held for sale, intangible assets and property plant and equipment are no longer amortized or depreciated.

(h) Financial instruments:

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets:

(i) Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

(ii) Financial liabilities and equity instruments:

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Derivative financial instruments

The Company holds derivative financial instruments (currency forward contracts) to hedge its foreign currency risk exposure.

Derivatives are recognised initially at fair value attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes there in are recognised in the profit or loss.

Financial liabilities

Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost and are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

(i) Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

Non-derivative financial assets

Financial instruments and contract assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances and other debt securities for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For its customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(i) Earning per share:

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding,without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(j) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(k) Lease

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1st April 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1st April 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1st April 2019

Operating lease – as lessee

In the comparative period, leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit or loss as an integral part of the total lease expense.

(l) Standards issued but yet not effective

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements. Management has performed its assessment on the following standards and concluded that these standards do not have material impact on the Company's financial statements in the period of initial application.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 – (CONTINUED)

4. PROPERTY, PLANT AND EQUIPMENT:

Particulars	Factory Building	Plant and Machinery	Vehicles	Furniture and Fixtures	Office Equip–ment	Comp–uters	Right of use assets – land	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Cost:								
At 1 April 2018	641,164	4,546,591	36,962	27,753	2,542	4,132	–	5,259,144
Additions	–		–	–	1,431	–	–	1,431
Disposals	–	(6,431)	–	–	(292)		–	(6,723)
At 31 March 2019	641,164	4,540,160	36,962	27,753	3,681	4,132	–	5,253,852
Recognition of right of use assets on initial application of IFRS 16	–	–	–	–	–	–	866,166	866,166
Adjusted balance at 1 April 2019	641,164	4,540,160	36,962	27,753	3,681	4,132	866,166	6,120,018
Additions	–	983	–	–	878	1,022	–	2,883
Disposals	–	–	–	–	–			–
At 31 March 2020	641,164	4,541,143	36,962	27,753	4,559	5,154	866,166	6,122,901
Depreciation:								
At 1 April 2018	214,545	1,742,341	35,873	20,031	2,448	3,958	–	2,019,196
Depreciation for the year	35,620	227,566	–	2,349	224	–	–	265,759
Disposals	–	(4,458)	–	–	(292)	–	–	(4,750)
At 31 March 2019	250,165	1,965,449	35,873	22,380	2,380	3,958	–	2,280,205
Depreciation for the year	35,620	227,359	–	2,215	395	128	79,344	345,061
Depreciation on Addition	–	–	–	–	–	–		–
On disposals	–	–	–	–	–	–		–
At 31 March 2020	285,785	2,192,808	35,873	24,595	2,775	4,086	79,344	2,625,266
Net Book Value:								
At 31 March 2020	**355,379**	**2,348,335**	**1,089**	**3,158**	**1,784**	**1,068**	**786,822**	**3,497,635**
At 31 March 2019	390,999	2,574,711	1,089	5,373	1,301	174	–	2,973,647

Unaudited Supplementary information (refer note 2 (c))

Particulars	Factory Building		Plant and Machinery		Vehicles		Furniture and Fixtures		Office Equipment		Computers		Right of use assets – land		Total	
	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.
Cost:																
At 1 April 2018	2,353,074	48,302,090	16,685,986	342,517,432	135,651	2,784,532	101,853	2,090,772	9,331	191,502	15,162	311,284	–	–	19,301,057	396,197,612
Additions	–	–		–	–	–	–	–	5,250	107,804	–	–	–	–	5,250	107,804
Disposals	–	–	(23,600)	(484,479)	–	–	–	–	(1,070)	(21,998)	–	–	–	–	(24,670)	(506,477)
At 31 March 2019	2,353,074	48,302,090	16,662,386	342,032,953	135,651	2,784,532	101,853	2,090,772	13,511	277,308	15,162	311,284	–	–	19,281,637	395,798,939
Recognition of right of use assets on initial application of IFRS 16	–	–	–	–	–	–	–	–	–	–	–	–	3,178,828	65,252,616	3,178,828	65,252,616
Adjusted balance at 1 April 2019	2,353,074	48,302,090	16,662,386	342,032,953	135,651	2,784,532	101,853	2,090,772	13,511	277,308	15,162	311,284	3,178,828	65,252,616	22,460,465	461,051,555
Additions	–	–	3,608	74,054	–	–	–	–	3,223	66,144	3,750	76,992	–	–	10,581	217,190
Disposals	–	–			–	–	–	–							–	–
At 31 March 2020	2,353,074	48,302,090	16,665,994	342,107,007	135,651	2,784,532	101,853	2,090,772	16,734	343,452	18,912	388,276	3,178,828	65,252,616	22,471,046	461,268,745
Depreciation:																
At 1 April 2018	787,383	16,162,748	6,394,381	131,259,259	131,656	2,702,492	73,516	1,509,035	8,986	184,420	14,528	298,176	–	–	7,410,450	152,116,130
Depreciation for the year	130,726	2,683,433	835,168	17,143,685	–	–	8,621	176,962	822	16,875	–	–	–	–	975,337	20,020,955
Disposals	–	–	(16,362)	(335,843)	–	–	–	–	(1,070)	(21,998)	–	–	–	–	(17,432)	(357,841)
At 31 March 2019	918,109	18,846,181	7,213,187	148,067,101	131,656	2,702,492	82,137	1,685,997	8,738	179,297	14,528	298,176	–	–	8,368,355	171,779,244
Depreciation for the year	130,726	2,683,433	834,406	17,128,090	–	–	8,130	166,867	1,449	29,757	470	9,643	291,191	5,977,380	1,266,372	25,995,170
Depreciation on Addition	–	–	–	–	–		–								–	–
On disposals												–			–	–
At 31 March 2020	1,048,835	21,529,614	8,047,593	165,195,191	131,656	2,702,492	90,267	1,852,864	10,187	209,054	14,998	307,819	291,191	5,977,380	9,634,727	197,774,414
Net Book Value:																
At 31 March 2020	**1,304,239**	**26,772,476**	**8,618,401**	**176,911,816**	**3,995**	**82,040**	**11,586**	**237,908**	**6,547**	**134,398**	**3,914**	**80,457**	**2,887,637**	**59,275,236**	**12,836,319**	**263,494,331**
At 31 March 2019	1,434,965	29,455,909	9,449,199	193,965,852	3,995	82,040	19,716	404,775	4,773	98,011	634	13,108	–	–	10,913,282	224,019,695

4(i) Depreciation expenses has been allocated as follows:

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Cost of sales (refer note 13.1)	**342,451**	263,186	**1,256,793**	**25,798,546**	965,893	19,827,117
Administrative and general expenses (refer note 13.2)	**2,610**	2,573	**9,579**	**196,624**	9,444	193,837
	345,061	265,759	**1,266,372**	**25,995,170**	975,337	20,020,954

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 – (CONTINUED)

				Unaudited Supplementary information (refer note 2 (c))			
		31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
		USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
5.	**INVENTORIES**						
	Raw materials and consumables	**463,385**	951,829	**1,700,622**	**34,909,109**	3,493,215	71,706,039
	Work in progress	**630,610**	675,482	**2,314,338**	**47,507,004**	2,479,020	50,887,436
	Finished goods	**112,826**	210,639	**414,073**	**8,499,747**	773,045	15,868,489
		1,206,821	1,837,950	**4,429,033**	**90,915,860**	6,745,280	138,461,964

The cost of inventories recognised as an expenses includes USD 143,729 (March 31, 2019 – USD 23,667) in respect provision for slow moving and write–downs of inventory to net realisable value.

				Unaudited Supplementary information (refer note 2 (c))			
		31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
		USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
6.	**TRADE AND OTHER RECEIVABLES**						
	Trade receivables	**842,449**	1,642,825	**3,091,789**	**63,465,895**	6,029,168	123,762,220
	Deposits	**17,988**	23,267	**66,017**	**1,355,126**	85,390	1,752,819
	Advance to suppliers	**9,954**	777	**36,530**	**749,885**	2,850	58,535
	Vat receivable	**8,772**	12,374	**32,193**	**660,839**	45,413	932,195
		879,163	1,679,243	**3,226,529**	**66,231,745**	6,162,821	126,505,769

				Unaudited Supplementary information (refer note 2 (c))			
		31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
		USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
7.	**PREPAYMENTS**						
	Prepayments	**3,645**	31,540	**13,378**	**274,596**	115,751	2,376,066
		3,645	31,540	**13,378**	**274,596**	115,751	2,376,066

				Unaudited Supplementary information (refer note 2 (c))			
		31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
		USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
8.	**CASH AND BANK BALANCES**						
	Cash on hand	**7,460**	1,441	**27,377**	**561,999**	5,288	108,558
	Bank balance in current accounts	**160,072**	113,639	**587,465**	**12,059,024**	417,055	8,560,994
		167,532	115,080	**614,842**	**12,621,023**	422,343	8,669,552

				Unaudited Supplementary information (refer note 2 (c))			
		31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
		USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
9.	**SHARE CAPITAL**						
	Authorized, issued and paid:						
	1,000 Shares of USD 550	**550,000**	550,000	**2,018,500**	**41,434,250**	2,018,500	41,434,250
	(Dhs. 2,019) (Rs. 35,703) each	**550,000**	550,000	**2,018,500**	**41,434,250**	2,018,500	41,434,250

[900 Shares of USD 550 (Dhs. 2,019) (Rs. 35,703) each held by Mahindra Intertrade Limited, which is a subsidiary of Mahindra & Mahindra Limited] [100 Shares of USD 550 (Dhs. 2,019) (Rs. 35,703) each held by Nippon Steel & Sumitomo Metal Corporation, Japan.]

Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of USD 550 per share. Each shareholder is entitled to one vote per share at general meetings of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 – (CONTINUED)

	31 March 2020	31 March 2019	Unaudited Supplementary information (refer note 2 (c))			
			31 March 2020		31 March 2019	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
10. SHORT-TERM BORROWINGS						
Trust receipts	**641,174**	–	**2,353,109**	**48,302,843**	–	–
Working capital demand loans	**500,000**	–	**1,835,000**	**37,667,500**	–	–
Bank overdraft	**444,192**	–	**1,630,183**	**33,463,204**	–	–
	1,585,366	–	**5,818,292**	**119,433,547**	–	–

During the year, the Company obtained several Trust receipts, Working capital demand loans, which are unsecured, repayable within 30–90 days and interest rate of USD Libor Plus 2.4%. Also Company has availed bank overdraft facility during the year at Libor plus 1.5%.

During the year the company has availed unsecured bank overdraft facility from BNP Paribas for short term working capital requirements. One of the covenant under the arrangement is to have minimum networth of USD 3.50 milion. Based on performance of the company in the current year, management have assessed that net worth as at 31 March 2020 is marginally lower than prescribed threshold leading to breach of covenant. Management has already reached out to the bank to obtain waiver for the said breach. Considering that it is a short term loan, there is no implication on classification in the financial statements.

	31 March 2020	31 March 2019	Unaudited Supplementary information (refer note 2 (c))			
			31 March 2020		31 March 2019	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
11. TRADE AND OTHER PAYABLES:						
Due to related parties (refer note 18)	**40,809**	37,581	**149,770**	**3,074,346**	137,922	2,831,165
Trade payables	**50,143**	2,012,046	**184,026**	**3,777,523**	7,384,210	151,577,485
Accrued expenses	**45,449**	68,551	**166,795**	**3,423,895**	251,581	5,164,287
Other provisions*	**–**	119,670	**–**	**–**	439,188	9,015,339
Trade payables	**136,401**	2,237,848	**500,591**	**10,275,764**	8,212,901	168,588,276
Interest payable	**6,392**	16,133	**23,460**	**481,541**	59,209	1,215,380
Advance from customers	**–**	588	**–**	**–**	2,158	44,297
Others	**544**	11,689	**1,996**	**40,982**	42,900	880,591
Lease liabilities	**98,855**	–	**362,797**	**7,447,241**	–	–
Other payables	**105,791**	28,410	**388,253**	**7,969,764**	104,267	2,140,268
	242,192	2,266,258	**888,844**	**18,245,528**	8,317,168	170,728,544

* Other provisions includes NIL (FY 2019: USD 58,583 (AED 215,000)) relating to claim raised by customer and NIL (FY 2019: USD 61,087 (AED 224,188)) relating to custom dues payable to custom authorities in Sharjah, subject to pending reconciliation and confirmation of amount with customs authorities.

	31 March 2020	31 March 2019	Unaudited Supplementary information (refer note 2 (c))			
			31 March 2020		31 March 2019	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
12. REVENUE FROM CONTRACT WITH CUSTOMERS						
Sale of goods	**4,030,912**	7,604,767	**14,793,448**	**303,668,756**	27,909,494	572,905,122
Sale of services (point in time)	**5,401**	–	**19,820**	**406,884**	–	–
	4,036,313	7,604,767	**14,813,268**	**304,075,640**	27,909,494	572,905,122

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 – (CONTINUED)

GEOGRAPHICAL INFORMATION

The amount of the company's revenue from external customers broken down by location of the customers is shown in the table below:

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Domestic	**475,045**	52,035	**1,743,414**	**35,787,515**	190,968	3,920,057
Other GCC countries	**1,575,373**	3,155,512	**5,781,619**	**118,680,726**	11,580,729	237,720,497
Exports	**1,985,895**	4,397,220	**7,288,235**	**149,607,400**	16,137,797	331,264,568
	4,036,313	7,604,767	**14,813,268**	**304,075,640**	27,909,494	572,905,122

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
13. EXPENSES BY NATURE						
Changes in inventories of finished goods and work in progress	**142,685**	658,443	**523,654**	**10,749,174**	2,416,486	49,603,803
Raw materials and consumables used	**3,630,101**	5,759,602	**13,322,470**	**273,473,659**	21,137,740	433,899,617
Employee benefit expenses	**314,892**	374,675	**1,155,653**	**23,722,389**	1,375,056	28,226,141
Depreciation	**345,060**	265,759	**1,266,373**	**25,995,095**	975,337	20,020,954
Rent expense (Refer note 19)	**–**	98,653	**–**	**–**	362,057	7,432,024
Other expenses	**42,295**	67,668	**155,222**	**3,186,294**	248,343	5,097,769
Freight	**63,024**	142,261	**231,299**	**4,747,913**	522,097	10,717,232
Travelling and conveyance	**17,645**	22,039	**64,752**	**1,329,286**	80,881	1,660,308
Communication expenses	**22,624**	17,521	**83,030**	**1,704,379**	64,302	1,319,945
Audit fees (includes out of pocket expenses)	**13,979**	13,978	**51,304**	**1,053,108**	51,300	1,053,033
Repairs and maintenance	**51,547**	50,868	**189,176**	**3,883,293**	186,684	3,832,141
Insurance	**6,587**	10,745	**24,175**	**496,232**	39,434	809,475
Service charges	**141,592**	140,566	**519,644**	**10,666,833**	515,878	10,589,540
Bank charges	**37,156**	41,306	**136,364**	**2,799,147**	151,593	3,111,788
General expenses	**39,841**	206,628	**146,215**	**3,001,422**	758,323	15,566,320
	4,869,028	7,870,712	**17,869,331**	**366,808,224**	28,885,511	592,940,090

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
13.1. COST OF SALES						
Changes in inventories of finished goods and work in progress	**142,685**	658,443	**523,654**	**10,749,174**	2,416,486	49,603,803
Raw materials and consumables used	**3,630,101**	5,759,602	**13,322,470**	**273,473,659**	21,137,740	433,899,617
Employee benefit expenses	**314,892**	374,675	**1,155,653**	**23,722,389**	1,375,056	28,226,141
Depreciation on plant and machinery and building	**342,450**	263,186	**1,256,793**	**25,798,471**	965,893	19,827,117
Rent expense (Refer note 19)	**–**	98,653	**–**	**–**	362,057	7,432,024
Other expenses	**42,295**	67,668	**155,222**	**3,186,294**	248,343	5,097,769
	4,472,423	7,222,227	**16,413,792**	**336,929,987**	26,505,575	544,086,471

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 – (CONTINUED)

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
13.2. ADMINISTRATIVE AND GENERAL EXPENSES						
Travelling and conveyance	**17,645**	22,039	**64,752**	**1,329,286**	80,881	1,660,308
Communication expenses	**22,624**	17,521	**83,030**	**1,704,379**	64,302	1,319,945
Audit fees (includes out of pocket expenses)	**13,979**	13,978	**51,304**	**1,053,108**	51,300	1,053,033
Repairs and maintenance	**51,547**	50,868	**189,176**	**3,883,293**	186,684	3,832,141
Depreciation on others	**2,610**	2,573	**9,579**	**196,624**	9,444	193,837
Insurance	**6,587**	10,745	**24,175**	**496,232**	39,434	809,475
Service charges	**141,592**	140,566	**519,644**	**10,666,833**	515,878	10,589,540
Bank charges	**37,156**	41,306	**136,364**	**2,799,147**	151,593	3,111,788
General expenses	**39,841**	206,628	**146,215**	**3,001,422**	758,323	15,566,320
	333,581	506,224	**1,224,239**	**25,130,324**	1,857,839	38,136,387

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
14. OTHER INCOME						
Exchange gain (net)	**2,101**	–	**7,711**	**158,279**	–	–
Other miscellaneous income	**67,855**	2,668	**249,027**	**5,111,856**	9,792	200,994
	69,956	2,668	**256,738**	**5,270,135**	9,792	200,994

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
15. FINANCE COST						
Interest expenses	**53,432**	94,901	**196,094**	**4,025,300**	348,288	7,149,367
Interest on lease liabilities	**35,048**	–	**128,626**	**2,640,341**	–	–
Exchange loss (net)	**–**	1,194	**–**	**–**	4,383	89,950
	88,480	96,095	**324,720**	**6,665,641**	352,671	7,239,317

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
16. CONTINGENCIES AND COMMITMENTS						
Letters of credit	**1,052,714**	327,545	**3,863,461**	**79,306,209**	1,202,090	24,675,603
	1,052,714	327,545	**3,863,461**	**79,306,209**	1,202,090	24,675,603

17. STATUTORY RESERVE

According to the articles of association of the Company, 10% of the net profit for each year is required to be transferred to a statutory reserve. The management may resolve to discontinue such annual transfers when the reserve reaches 50% of the paid up share capital. The reserve is not available for distribution. No appropriations to the statutory reserve have been made in current year (2019 : Nil) as the statutory reserve has accumulated to 50% of the paid up share capital.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 – (CONTINUED)

18. RELATED PARTIES

Management's policy is to conduct transactions with related parties on prices at mutually agreed terms.

List of related parties:

Ultimate Holding Company

Mahindra & Mahindra Limited

Holding Company

Mahindra Intertrade Limited – Shareholder

Fellow Subsidiaries

Mahindra Integrated Business Solution

Transactions with related parties

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Mahindra Intertrade Limited:						
Reimbursement of expenses by the company	**6,123**	5,251	**22,471**	**461,276**	19,272	395,584
Service charges*	**141,573**	142,360	**519,573**	**10,665,402**	522,462	10,724,691
Sales	**165,310**	–	**606,688**	**12,453,629**	–	–
Purchase	**500,522**	–	**1,836,916**	**37,706,825**	–	–
Mahindra & Mahindra Limited:						
Reimbursement of expenses by Company	**2,897**	1,461	**10,633**	**218,245**	5,363	110,064
Mahindra Integrated Business Solution:						
Service Charges (Salary processing cost)	**869**	–	**3,188**	**65,466**	–	–

* The managerial services are rendered by Mahindra Intertrade Limited, shareholder and the same is paid as service charges.

Outstanding balances

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Outstanding payable						
To Mahindra Intertrade Limited	**37,043**	37,581	**135,949**	**2,790,634**	137,922	2,831,165
To Mahindra & Mahindra Limited	**2,897**	–	**10,633**	**218,245**	–	–
To Mahindra Integrated Business Solutions Pvt. Ltd.	**869**	–	**3,188**	**65,466**	–	–
	40,809	37,581	**149,770**	**3,074,345**	137,922	2,831,165

19. LEASES

The Company has entered into lease arrangements with Government of Sharjah, represented by Sharjah Airport International Free Zone (SAIF Zone). The tenure of the lease agreement is generally for a period of 25 years, renewable thereafter for another equal term.

While measuring lease liabilities, the company discounted lease payments using its incremental borrowing rate at 1 April 2019. The average rate applied is 4.23%.

Amount recognised in profit and loss statement

i.	**FY 2020**	**In USD**
	Depreciation on right of use assets	79,344
	Interest on lease liabilities	35,048

	FY 2019 – Operating lease under IAS 17	**In USD**
	Rent expenses	98,856

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 – (CONTINUED)

ii.	**Impact on financial statements**	
	On 1st April 2019	**In USD**
	Operating lease commitments as disclosed under IAS 17 in the company's financial statements	968,085
	Lease liabilities discounted using the incremental borrowing rate	853,799
	Lease liabilities recognised at 1st April 2019	853,799

20. FINANCIAL INSTRUMENTS

Overview

The Company has exposure to the following risks from its use of financial instruments:

– Credit risk
– Liquidity risk
– Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

A) Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to cash at bank and trade and other receivables.

Trade receivables

The exposure to credit risk on trade receivables is monitored on an ongoing basis by the management and these are considered recoverable by the Company's management. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represent the maximum open amount.

The Company follows expected credit loss method for determination of impairment for trade receivable, additionally an impairment analysis is performed on each reporting date on specific case basis for major customer.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Trade receivables	**842,449**	1,642,825	**3,091,789**	**63,465,895**	6,029,168	123,762,220
Other receivables (excluding advances and Vat receivable)	**17,988**	23,267	**66,017**	**1,355,126**	85,392	1,752,819
Cash at banks	**160,072**	113,639	**587,465**	**12,059,024**	417,055	8,560,994
	1,020,509	1,779,731	**3,745,271**	**76,880,045**	6,531,615	134,076,033

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Domestic	**135,552**	12,426	**497,477**	**10,211,810**	45,602	936,113
Other GCC countries	**254,060**	822,835	**932,399**	**19,139,610**	3,019,806	61,988,275
Exports	**452,837**	807,564	**1,661,912**	**34,114,475**	2,963,760	60,837,834
	842,449	1,642,825	**3,091,789**	**63,465,895**	6,029,168	123,762,222

Impairment losses

Expected credit loss assessment

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company. Forward–looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 – (CONTINUED)

The age of trade receivables at the reporting date was:

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Not past due	**768,045**	1,613,949	**2,818,724**	**57,860,671**	5,923,193	121,586,848
Past due 0–180 days	**65,294**	27,216	**239,629**	**4,918,923**	99,883	2,050,317
Past due more than 180 days	**9,110**	1,660	**33,435**	**686,302**	6,092	125,056
	842,449	1,642,825	**3,091,789**	**63,465,895**	6,029,168	123,762,221

B) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk mainly relates to amounts due to related parties, short term borrowings and trade and other payables. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of letter of credit facilities.

The following are the contractual maturities of financial liabilities (including estimated interest payments).

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Carrying amount						
Lease liabilities	**789,992**	–	**2,899,269**	**59,514,050**	–	–
Short–term borrowings	**1,585,366**	–	**5,818,293**	**119,433,547**	–	–
Trade and other payables (excluding advances)	**194,991**	2,211,956	**715,617**	**14,689,641**	8,117,881	166,637,702
Due to related parties	**40,809**	37,581	**149,770**	**3,074,346**	137,922	2,831,165
Interest payable	**6,392**	16,133	**23,460**	**481,541**	59,209	1,215,380
Contractual cash flows						
Lease liabilities	**789,992**	–	**2,899,269**	**59,514,050**	–	–
Short–term borrowings	**1,585,366**	–	**5,818,293**	**119,433,548**	–	–
Trade and other payables	**194,991**	2,211,956	**715,617**	**14,689,641**	8,117,881	166,637,702
Due to related parties	**40,809**	37,581	**149,770**	**3,074,346**	137,922	2,831,165
Interest payable	**6,392**	16,133	**23,460**	**481,541**	59,209	1,215,380
6 months or less:						
Lease liabilities	**49,428**	–	**181,399**	**3,723,658**	–	–
Short–term borrowings	**1,585,366**	–	**5,818,293**	**119,433,548**	–	–
Trade and other payables	**194,991**	2,211,956	**715,617**	**14,689,641**	8,117,881	166,637,702
Due to related parties	**40,809**	37,581	**149,770**	**3,074,346**	137,922	2,831,165
Interest payable	**6,392**	16,133	**23,460**	**481,541**	59,209	1,215,380
More than 6 months:						
Lease liabilities	**740,564**	–	**2,717,870**	**55,790,392**	–	–

C) Market risk

(i) Currency risk

Foreign exchange risk is limited since all significant transactions are either in USD or Dhs (which is currently fixed to USD).

(ii) Interest rate risk

The Company has placed fixed deposits / margin money in form of fixed deposits with banks at normal commercial rates. Short term borrowings (Trust Receipts and working capital demand loans) carry interest at fixed rate linked to USD Libor.

Interest rate sensitivity analysis
A resonably possible change of 100 basis point in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 – (CONTINUED)

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Interest rate increase by 1%	**(15,854)**	–	**(58,184)**	**(1,194,361)**	–	–
Interest rate decrease by 1%	**15,854**	–	**58,184**	**1,194,361**	–	–

(iii) Price risk

The Company dose not have a significant risk in raw material price variation. In case of any variation in price same is passed on to customer through appropriate adjustment to selling price.

21. EARNINGS PER SHARE

			Unaudited Supplementary information (refer note 2 (c))			
	31 March 2020	31 March 2019	**31 March 2020**		31 March 2019	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Basic and diluted						
Loss for the year (A)	**(851,239)**	(359,372)	**(3,124,044)**	**(64,128,090)**	(1,318,896)	(27,073,291)
Weighted average number of shares (B)	**1,000**	1,000	**1,000**	**1,000**	1,000	1,000
Earnings per share basic / diluted (A/B)	**(851)**	(359)	**(3,124)**	**(64,128)**	(1,319)	(27,073)
Nominal value of equity share	**550**	550	**2,019**	**35,703**	2,019	35,703

22. Subsequent to the reporting date, World Health Organization has declared COVID-19 as a pandemic. Escalation of COVID-19 has the potential to impact the global economic growth and business developments. In recent weeks, many countries have enacted protection measures against COVID-19, with a significant impact on the daily life, production and supply chain of goods in these countries and beyond. The evolution of COVID-19 as well as its impact on the global economy, and more specifically, on company's business activities, is subject to significant levels of uncertainty, with the full range of possible effects unknown on the date of the approval of the company's financial statements for the year ended 31 March 2020.

Zhooben Bhiwandiwala
Sumit Issar
Directors

BOARD OF DIRECTORS' STATEMENTS OF RESPONSIBILITIES ON THE FINANCIAL STATEMENTS OF PT MAHINDRA ACCELO STEEL INDONESIA AS OF MARCH 31, 2020 AND FOR THE YEAR THEN ENDED

We, the undersigned belows

Name	: Vijay Arora
Office Address	: Menara Imperium, 22nd Floor, 11. H.R. Rasuna Said, Kay. #1, Jakarta 12980, Indonesia
Passport Number	: Z2957284
Position	: President Director
Name	: Percy Dara Mahernosh
Office Address	: Menara Imperium, 22nd Floor, 11. H.R. Rasuna Said, Kay. #1, Jakarta 12980, Indonesia
Passport Number	: L4757322
Position	: Director

declare that:

1. We are responsible for the preparation and presentation of the Financial Statements
2. The Financial Statements have been prepared and presented in conformity with Financial Accounting Standards in Indonesia
3. All information presented in the Financial Statements has been completely and properly disclosed
4. The Financial Statements do not contain any incorrect material information or facts nor omit any material information or facts
5. We are responsible for the internal control system of the Company
6. Responsible for compliance with law and regulations

April 21, 2020

For and on behalf of the Board of Directors

Vijay Arora
President Director

Percy Dara Mahernosh
Director

INDEPENDENT AUDITORS' REPORT

The Stockholders, Commissioners and Directors

PT MAHINDRA ACCELO STEEL INDONESIA

We have audited the accompanying financial statements of **PT MAHINDRA ACCELO STEEL INDONESIA**, which comprise the statement of financial position as of March 31, 2020, the statement of profit or loss and other comprehensive income, changes in stockholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Indonesian Financial Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **PT MAHINDRA ACCELO STEEL INDONESIA** as of March 31, 2020 and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

REGISTERED PUBLIC ACCOUNTANTS
SULAIMIN & REKAN

Vonny Sulaimin, Msi., CPA., CA
Public Accountant License No. AP 0278

April 21, 2020

STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2020
(Expressed in Rupiah, unless otherwise stated)

	Notes	2020	2019
ASSETS			
CURRENT ASSETS			
Cash and bank	3	**3,819,017,926**	28,249,994,000
Prepaid tax	4	**1,925,787,701**	–
Advance payment	5	**1,656,418,400**	–
TOTAL CURRENT ASSETS		**7,401,224,027**	28,249,994,000
NON-CURRENT ASSETS			
Fixed assets — net	6	**17,908,310,990**	–
Construction in progress	7	**1,535,694,997**	–
Other asset	8	**1,000,000**	–
TOTAL NON-CURRENT ASSETS		**19,445,005,987**	–
TOTAL ASSETS		**26,846,230,014**	28,249,994,000
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable			
Third parties	**9**	**114,968,315**	–
Related parties	**10a**	**171,199,520**	–
Other payables	**10b**	**210,914,233**	–
Taxes payable	**11**	**18,805,614**	–
Accrued expenses	**12**	**75,893,966**	549,794,034
TOTAL CURRENT LIABILITIES		**591,781,648**	549,794,034
EQUITY			
Capital stock – Rp 10,000,000 par value per share			
Authorized – 11,300 shares			
Issued and fully paid – 2,825 shares	13	**28,250,000,000**	28,250,000,000
Deficits		**(1,995,551,634)**	(549,800,034)
TOTAL EQUITY		**26,254,448,366**	27,700,199,966
TOTAL LIABILITIES AND EQUITY		**26,846,230,014**	28,249,994,000

The accompanying notes to the financial statements form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2020
(Expressed in Rupiah, unless otherwise stated)

	Notes	2020 (one year)	2019 (four months)
REVENUES			–
OPERATING EXPENSES	14	**1,928,643,293**	549,800,034
OPERATING LOSS		**(1,928,643,293)**	(549,800,034)
OTHER INCOME – NET	15	**482,891,693**	–
LOSS BEFORE TAX		**(1,445,751,600)**	(549,800,034)
TAX EXPENSE			
Current		**–**	–
TOTAL COMPREHENSIVE LOSS		**(1,445,751,600)**	(549,800,034)

The accompanying notes to the financial statements form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020
(Expressed in Rupiah, unless otherwise stated)

	Notes	Capital Stock	Deficits	Total Equity
Paid Up Capital	13	28,250,000,000	–	28,250,000,000
Total comprehensive loss (four months)		–	(549,800,034)	(549,800,034)
Balance as of March 31, 2019		28,250,000,000	(549,800,034)	27,700,199,966
Total comprehensive loss (one year)		–	**(1,445,751,600)**	**(1,445,751,600)**
Balance as of March 31, 2020		**28,250,000,000**	**(1,995,551,634)**	**26,254,448,366**

The accompanying notes to the financial statements form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020
(Expressed in Rupiah, unless otherwise stated)

	2020 (one year)	2019 (four months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive loss	**(1,445,751,600)**	(549,800,034)
The adjustment to reconcile total comprehensive loss to net cash:		
Depreciation	**1,187,284**	–
Changes in operating assets and liabilities:		
Increase in prepaid tax	**(1,925,787,701)**	–
Increase in advance payment	**(1,656,418,400)**	–
Increase in other asset	**(1,000,000)**	–
Increase in accounts payables	**286,167,835**	–
Increase in other payables	**210,914,233**	–
Increase in taxes payable	**18,805,614**	–
Increase (decrease) in accrued expenses	**(473,900,068)**	549,794,034
Net Cash Used In Operating Activities	**(4,985,782,803)**	(6,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	**(17,909,498,274)**	–
Construction in progress	**(1,535,694,997)**	–
Net Cash Used In Investing Activities	**(19,445,193,271)**	–
CASH FLOWS FROM FINANCING ACTIVITY		
Paid up capital	**–**	28,250,000,000
NET INCREASE (DECREASE) IN CASH AND BANK BALANCE	**(24,430,976,074)**	28,249,994,000
CASH AND BANK BALANCE AT BEGINNING OF YEAR	**28,249,994,000**	–
CASH AND BANK BALANCE AT END OF THE YEAR	**3,819,017,926**	28,249,994,000

The accompanying notes to the financial statements form an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued) AS OF MARCH 31, 2020 AND FOR THE YEAR ENDED
(Expressed in Rupiah, unless otherwise stated)

1. GENERAL

PT Mahindra Accelo Steel Indonesia (the "Company") was established in Indonesia on December 18, 2018 based on Notarial Deed No. 65 of Mala Mukti, S.H., LL.M. The Deed was approved by the Minister of Law and Human Rights of the Republic of Indonesia in his Decision Letter No. AHU-0060888.AH.01.01. Tahun 2018 dated December 19, 2018.

In accordance with Article 3 of its Articles of Association, the Company's scope of activity is mainly steel processing.

The Company is domiciled in Menara Imperium 22nd floor, suite D, JI. HR. Rasuna Said Kay. 1, Guntur, Setiabudi, South Jakarta.

As of March 31, 2020 and 2019, the composition of the Company's Boards of Commissioners and Directors are as follows:

	2020	2019
President Commissioner	Zhooben Dossabhoy Bhiwandiwala	Zhooben Dossabhoy Bhiwandiwala
Commissioner	Sumit Issar	Sumit Issar
President Director	Vijay Arora	Vijay Arora
Director	Percy Dara Mahernosh	Percy Dara Mahernosh
Director	Dharmesh Vipinchandra Modi	Dharmesh Vipinchandra Modi
Director	Rudy E. Tiendas	

As of March 31, 2020, the Company has 2 permanent employees (unaudited).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of the Financial Statements

The financial statements have been prepared using Indonesian Financial Accounting Standards ("SAK"), which comprise the Statements and Interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants.

The financial statements use the historical cost basis of accounting, except for certain accounts which are measured on the basis described in the related accounting policies. The financial statements have been prepared on accrual basis.

The statements of cash flows are prepared using the indirect method with classifications of cash flows into operating, investing, and financing activities.

The reporting currency used in the preparation of the financial statements is the Rupiah. Unless otherwise stated, all figures presented in the financial statements are stated in full amount of Rupiah.

b. Changes to Statements of Financial Accounting Standards (PSAK) and Interpretations of Statements of Financial Accounting Standards (ISAK)

The adoption of the following new PSAK, amendments and improvements to PSAKs which are effective for periods beginning on or after January 1, 2019 have no material impact to disclosures or on the amounts recognized in the current and prior year financial statements:

- ISAK 33: "Foreign Currency Transactions and Advance Consideration";
- PSAK 15: (amendment), "Investments in Associates and Joint Ventures: Long Term Interest in Associate and Joint Ventures";
- PSAK 62: "Insurance Contract";
- PSAK 71: "Financial Instruments";
- PSAK 71: (amendment), "Financial Instruments: Prepayment Features with Negative Compensation",
- PSAK 72: "Revenue from Contracts with Customers", and
- PSAK 73: "Leases".

All new PSAKs and amendments to PSAKs are effective for periods beginning on or after January 1, 2020, while the new ISAK is effective for periods beginning on or after January 1, 2019. Early adoption of the new PSAKs and amendments to PSAKs is permitted, while early adoption of PSAK 73 is permitted only upon early adoption of PSAK 72.

c. Financial Instruments

i. Financial assets

Initial recognition

Financial asset within the scope of PSAK No. 55 (Revised 2014) are classified as financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments and available for sale financial assets. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets which are recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the assets.

Initial recognition

As of March 31, 2020, the Company's financial assets included cash and bank. The Company has determined that these financial assets are included in the loans and receivables category.

Subsequent Measurement

Loans and receivables are non-derivative financial assets with fixed determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate ("EIR"), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are an integral part of the EIR. The EIR amortization is included in the statement of comprehensive income. Losses arising from impairment are also recognized in the statements of comprehensive income.

ii. Financial liabilities

Initial recognition

Financial liabilities within the scope of PSAK No. 55 (Revised 2014) are classified as financial liabilities at fair value through profit and loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, include directly attributable transaction costs.

As of March 31, 2020, the Company's financial liabilities include account payable, other payable and accrued expenses. The Company has determined that all of these financial liabilities are included in the loans and borrowings category.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method.

Gains and losses are recognized in the statements of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

NOTES TO FINANCIAL STATEMENTS (Continued) AS OF MARCH 31, 2020 AND FOR THE YEAR ENDED
(Expressed in Rupiah, unless otherwise stated)

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and the liabilities simultaneously.

iv. Fair value of financial instruments

The fair value of financial instruments that are actively traded in-organized financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting year. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transaction, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

Credit risk adjustment

The Company adjust the price in the observable market to reflect any differences in counterparty credit risk between instruments traded in that market and the ones being valued for financial asset positions. In determining the fair value of financial liability positions, the Company's own credit risks associated with the instrument are taken into account.

v. Amortized cost of financial instruments

Amortized cost is computed using the EIR method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

vi. Impairment of financial assets

The Company assesses at the end of each reporting periods whether there is any objective evidence that a financial asset or a Company of financial assets is impaired.

For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Company of financial assets with similar credit risk characteristics and the asset is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flow is discounted at the financial assets' original effective interest rate. If a "loans and receivables" financial asset has a variable interest rate, the discount rate for measuring impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance accounts and the amount of the loss is recognized in the statements of comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the rate of interest used to discount future cash flow for the purpose of measuring impairment loss. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized the previously recognized impairment loss is increase or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognized in the statements of comprehensive income.

vii. Derecognition of financial assets and liabilities

Financial assets

A financial asset (or where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognized when: (1) the rights to receive cash flows from the asset have expired; or (2) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement, and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognized in the consolidated statements of comprehensive income.

e. Fixed assets

All fixed assets are initially recognized at cost which comprises their purchase price and any costs directly attributable in bringing the asset to its working condition and to the location where it is intended to be used. Costs of replacing part of fixed assets, which met the recognition criteria, is recognized as part of cost. Subsequent to initial recognition, fixed assets are carried at cost less any subsequent accumulated depreciation and impairment losses.

Fixed assets of direct acquisition are stated at cost less accumulated depreciation, except for land, which is not depreciated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

	Years
Computer	4

f. Transactions with Related Parties

The Company has transactions with certain parties who have related party relationship as defined under PSAK No. 7 (Revised 2015) on "Related Party Disclosures". According to this PSAK:

1) A person or a close member of that person's family is related to Company if that person:
   - (i) has control or joint control over the Company;
   - (ii) has significant influence over the Company; or
   - (iii) is a member of the key management personnel of the Company or parent of the Company.
2) An entity is related to the Company if any of the following conditions applies:
   - (i) the entity and the Company are members of the same group;
   - (ii) the entity is an associate or a joint venture of the Company (or associate or joint venture of a member of a group of which the Company is a member);
   - (iii) the entity and the Company are joint ventures of the same third party;
   - (iv) in entity which is a joint venture of the Company and other entity which is an associate of the Company;
   - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company:
   - (vi) the entity is controlled or jointly controlled by a person identified in (1);
   - (vii) a person identified in (1) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or parent of the entity);
   - (viii) the entity, or a member of a group to which the entity is part of the group, providing services to the key management personnel of the Company or to the parent entity of the Company.

All significant transactions and balance with related parties are disclosed in Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS (Continued) AS OF MARCH 31, 2020 AND FOR THE YEAR ENDED
(Expressed in Rupiah, unless otherwise stated)

g. Foreign Currency Transactions and Balances

Transactions during the year involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At financial position date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the rates of exchange prevailing at that date. The resulting gains or losses are credited in or charged to current operations.

Exchange rates used were Rp 16,367.01/US$ and Rp 14,244/US$ as of March 31, 2020 and 2019, respectively.

h. Expenses

Expenses are recognized as incurred.

i. Taxation

Current Tax

Income tax expense represents the sum of the corporate income tax currently payable and deferred tax.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of the reporting date.

Current income taxes are recognized in the statement of profit or loss and other comprehensive income, except to the extent that the tax relates to items recognized outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions when appropriate.

Deferred tax is recognized using the liability method or temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii. In respect of taxable temporary differences associated with investment in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, and the carry forward of unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial

ii. recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;or

iii. In respect of deductible temporary differences associated with investment in subsidiaries, deferred tax assets are recognized only to the extent that is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which temporary differences can be utilized.

Value Added Tax

Revenue, expenses and assets are recognized net of the amount of VAT except:

i, The VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

ii. Receivables and payables that are stated inclusive of the VAT amount.

The net amount of VAT recoverable from, or payable to, the taxation authorities is included as part of receivables or payables in the statement of financial position.

3. CASH AND BANK

	2020	2019
Cash on hand	**1,498,679**	
Cash in bank		
In rupiah		
The Hongkong and Shanghai Banking Corporation	**3,817,519,247**	28,249,994,000
Total	**3,819,017,926**	28,249,994,000

4. PREPAID TAX

This account represents Value Added Tax amounted to Rp 1,925,787,701 as of March 31, 2020.

5. ADVANCE PAYMENT

This account consists of advance payment for purchasing asset amounted to Rp 1,656,418,400 as of March 31, 2020 (see Notes 18d).

6. FIXED ASSETS

	March 31, 2019	Additions	Deductions	March 31, 2020
At cost:				
Direct acquisitions				
Land		17,900,000,000		**17,900,000,000**
Computer		9,498,274		**9,498.274**
Total	–	**17,909,498,274**	–	**17,909,498,274**
Accumulated depreciation:				
Direct acquisitions				
Computer		1,187,284		**1,187,284**
Total	–	**1,187,284**	–	**1,187,284**
Net Book Value				**17,908,310,990**

Based on the management's evaluation, there are no events or changes of circumstances which indicate the carrying value of equipment of direct ownership cannot be covered as March 31, 2020.

7. CONSTRUCTION IN PROGRESS

This account consists of construction in progress amounted of Rp 1,535,694,997 as of March 31, 2020.

8. OTHER ASSET

This account consists of car rent deposit amounted to Rp 1,000,000 as of March 31, 2020.

9. ACCOUNTS PAYABLE — THIRD PARTIES

This account arise mainly from the professional service rendered related to business activities. The aging analysis of accounts payable is as follows :

	2020	2019
1-30 days	**103,028,315**	–
31-60 days	**11,940,000**	–
Total	**114,968,315**	

10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The Company entered in to certain transactions with related parties as follows:

a. Accounts payable

	2020	2019
TLO Advocates	**147,906,000**	–
Rudy E. Tiendas	**23,293,520**	–
Total	**171,199,520**	

NOTES TO FINANCIAL STATEMENTS (Continued) AS OF MARCH 31, 2020 AND FOR THE YEAR ENDED
(Expressed in Rupiah, unless otherwise stated)

b. Other payables

	2020	2019
Mahindra Intertrade Ltd	**187,238,800**	–
Mahindra & Mahindra Ltd	**23,675,433**	–
Total	**210,914,233**	–

c. Construction in progress

The Company appoint Pininfarina S.p.A ("PF") for the Project of the façade design of the Company factory. As of March 31, 2020, the Company has already paid 85% from the total fee amounted to Euro 76,500 or equal to Rp 1,195,155,000 and record it in construction in progress.

The nature of transactions and relationship with the related parties is as follows:

d. Key management compensation

Key management personnel are the board of Commissioners, Board of Directors and key employees of the Group. The compensation paid to key management for the year ended March 31, 2020, amounted to Rp 392,680,787.

Related parties	Relationship	Nature of Transactions
Mahindra Intertrade Ltd.	Shareholder	Reimbursement expenses
Mahindra & Mahindra Ltd.	Ultimate holding	Reimbursement expenses
Pininfarina Spa	Affiliate	Purchase of design
Dhamesh Vipinchandra Modi	Key management person	Director Salary
Rudy E. Tiendas	Key management person	Director Fee
TLO Advocates	Affiliate	Accounts payable

11. TAXATION

a. Taxes payable

Income taxes	2020	2019
Article 21	**12,799,408**	–
Article 23	**6,006,206**	–
Total	**18,805,614**	–

b. Reconciliations between the loss before income tax and estimated taxable income of year ended March 31, 2020, is as follows:

	2020	2019
Loss before income tax per statements of profit or loss and other comprehensive income	**(1,445,751,600)**	(549,800,034)
Fiscal corrections:		
Staff welfare	**3,182,016**	–
Miscellaneous expenses	**20,008,614**	–
Interest income - net	**(667,341,904)**	–
Estimated taxable loss	**(2,089,902,874)**	(549,800,034)

Under Indonesian Tax Law, the tax loss can be carry forward for five years.

12. ACCRUED EXPENSES

	2020	2019
Salaries	**46,619,772**	–
Professional fees	**27,500,000**	145,749,000
Rent	**1,774,194**	24,531,214
Preliminary expenses	**–**	379,513,820
Total	**75,893,966**	549,794,034

13. CAPITAL STOCK

The details of share ownership of the Company as of March 31, 2020 and 2019 are as follows:

Shareholders	Number of Shares	Percentage of Ownership	Amount
Mahindra Intertrade Limited	**2,824**	**99.96%**	28,240,000,000
Karthick Gnanasekaran	**1**	**0.04%**	10,000,000
Total	**2,825**	**100%**	28,250,000,000

14. OPERATING EXPENSES

	2020	2019
Professional fees	**1,056,863,574**	145,749,000
Salary	**204,169,236**	–
Travelling	**169,883,643**	–
Rent	**125,422,565**	24,531,214
Directors fees	**52,140,790**	–
Others (each below Rp 50,000,000)	**320,163,485**	379,519,820
Total	**1,928,643,293**	549,800,034

15. OTHER INCOME

	2020	2019
Interest Income — net	**667,341,904**	–
Finance charges	**(136,450,000)**	–
Bank charges	**(48,000,211)**	–
Total	**482,891,693**	–

16. MONETARY ACCOUNTS

The following table shows the Company's liability in foreign currency as of March 31, 2020 as follow :

	US$	Equivalent in Rp
Accounts payable to related parties (see Note 10)	**12,931.59**	**210,914,233**

Accounts payable to related parties (see Note 10)

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table sets out the carrying values, which also represent the estimated fair values, of the Company's financial instruments as of March 31, 2020, and 2019:

	2020	2019
Financial assets:		
Cash and bank	**3,819,017,926**	28,249,994,000
Total Financial Assets	**3,819,017,926**	28,249,994,000
Financial liabilities:		
Accounts payables	**286,167,835**	–
Other payables	**210,914,233**	–
Accrued expenses	**75,893,966**	549,794,034
Total Financial Liabilities	**572,976,034**	549,794,034

NOTES TO FINANCIAL STATEMENTS (Continued) AS OF MARCH 31, 2020 AND FOR THE YEAR ENDED
(Expressed in Rupiah, unless otherwise stated)

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The following method and assumption are used to estimate the fair value of each class of financial instruments is Short-term financial assets and liabilities. The fair value of cash and bank, trade payables, other payables and accrued expenses approximate their carrying values due to their short-term nature.

18. SIGNIFICANT AGREEMENTS

a. Based on lease agreement dated January 31, 2019 between the Company and TLO Advocates, the Company has agreed to lease an office at Menara Imperium 22nd floor suite D Jl. HR. Rasuna Said Kay. 1 Guntur, Setiabudi South Jakarta with a rental fee of USD $500 per month. The lease period is 2 years from December 19, 2018 to December 18, 2020.

b. Based on Notarial Deed of Mala Mukti, S.H., LL.M. No. 28 dated January 16, 2020, the Company obtained loan facilities from Hongkong Shanghai Bank Corporation as follows:

   a. Combined Credit Facility amounted to USD 4,000,000.

   b. Documentary Credit Facility amounted to USD 4,000,000, which is used for machineries import transaction.

   c. Irregular Installment Loan amounted to USD 4,000,000 to pay off the Documentary Credit Facility which is used to purchase the machinery.

   These loan facilities will be available until December 31, 2020 with a grace period 1 year from the first loan drawing. The due date for the loans will be 5 years from the first loan drawing. The interest rate applied 2.8% per annum.

   These loan facilities will be available until December 31, 2020 with a grace period 1 year from the first loan drawing. The due date for the loans will be 5 years from the first loan drawing. The interest rate applied 2.8% per annum.

   The loan facilities will be guaranteed by:

   a. Letter of Comfort issued by Mahindra Intertrade Limited, the Company's Majority shareholder.

   b. Fiduciary guarantee for the Machines amounted to USD 4,000,000.

c. Based on Sale and Purchase Binding Agreement (Perjanjian Perikatan Jual Beli) No. 0001/PPJB-LCK/IND/1/2019 dated November 14, 2019, between the Company and Joint Operation Delta Silicon 8, the Company bought a parcel of land with a size area of 10,000 M2, located in Blok K06 0009, Serang, Bekasi Regency, amounted to Rp 17,900,000,000. The Company has already fully paid the land cost on December 19, 2019.

d. Based on Sales Contract No TP 110210 dated February 13, 2019 as amended by the Revision Sales Contract dated April 19, 2019, the Company has entered an agreement with Mitsui & co Plant System & Ltd (Seller), whereas the Company will buy a Machine with description Large Slitter Line from the Seller amounted to JPY 126,880,000 (including ocean freight and insurance premium). The payment term will be as follows:

   - 10% of the contract amount or equal to JPY 12,688,000, due on 30 days after Seller's issued invoice date
   - 90% of the contract amount or equal to JPY 114,192,000

   As of March 31, 2020, the Company has already paid the 10% of the contract amount and recorded it in Advance Payment amounted to JPY 12,688,000 or equal with Rp 1,656,418,400.

e. Based on the Agreement dated July 3, 2019 between the Company and Pininfarina S.p.A ("PF"), a Consultant Company located in Italy for the Project of the façade design of the Company factory in Lippo Cikarang (Indonesia), whereas the PF will perform following services:

   - Concept design
   - Schematic design for specific details of the façade
   - Art direction and assistance

   The total fee for these project amounted to EURO 90,000 and the results should be delivered to the Company before December 31, 2019. As of March 31, 2020, the Company has already paid 85% from the total fee amounted to Euro 76,500 or equal to Rp 1,195,155,000.

19. SUBSEQUENT EVENTS

a. Economic Environment Uncertainty

   On March 11, 2020, the World Health Organization ("WHO") declared the outbreak of corona virus ("Covid-19") a global pandemic. This Covid-19 outbreak has caused global and domestic economic slowdown, which in turn affected the operations of the Company, its customers and vendors. While disruption is expected to be temporary, there is considerable uncertainly around the extent of the impact of Covid-19 on the Company's operations and financial performance. The extent of such impact will depend on certain future development which cannot be predicted at this moment, including the duration of the spread of the outbreak, economic and social measures that are being taken by the government authorities to eradicate Covid-19 threat, and the impact of such of factors to the Company's employees, customers and vendors. The management is closely monitoring the Company's Operations, liquidity and resources, and is actively working to minimize the current and future impact of this unprecedented situation. These financial statements do not include any adjustment that might result from the outcome of the aforementioned uncertainly.

b. The Government issued PERPU No. 1/2020, dated March 31, 2020, regarding State Financing and Financial System Stability Policies in handling Coronavirus Disease 2019 pandemic ("COVID — 19 Pandemic") and anticipating the critical threat towards the National Economy and the stability of Indonesia's financial system. The State Financing Policies cover State Revenues Policies, including policies in the taxation sector, which have brought plans to reduce Corporate Income Tax Rate for domestic corporate tax payers and permanent establishments from 25% to 22% for the 2020 and 2021 tax years, and 20% from the 2022 tax year onward.

20. COMPLETION OF THE FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of the financial statements for the period ended March 31, 2020, which were approved by Directors and authorised for issue on April 21, 2020.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA HOLDINGS LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Mahindra Holdings Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* Section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 19 to the financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

   (C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

   In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jamil Khatri
Partner
Membership No: 102527
UDIN: 20102527AAAAAN7047

Mumbai: 15 May 2020

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2020

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report the following:

(i) The Company does not have any fixed assets and hence reporting under clause (i) of the Order is not applicable.

(ii) The Company is a Core Investment Company, not requiring registration, as per the Reserve Bank of India Act, 1934, primarily engagement in the business of acquisition of shares and other securities and does not hold any physical inventory and hence reporting under clause (ii) of the Order is not applicable.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, clause (iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanation given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 and Section 186 of the Act. With respect to investments made in companies covered under Section 186, the Company has complied with the relevant provisions to the extent applicable to it.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits covered under the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, clause (v) of the Order is not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Act. Accordingly, clause (vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues of Income-tax, Goods and Services tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of Provident fund, Employees' State Insurance, Sales-tax, Duty of customs, and Duty of excise, Value added tax and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Service tax, Goods and Services tax and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income tax and Goods and Services Tax which have not been deposited with the appropriate authorities on account of any dispute, except for the following:

Name of the Statute	Nature of the Dues	Rupees in Lakhs		Period to which the amount relates	Forum where dispute is pending
		Amount demanded	Amount not deposited under dispute		
Income Tax Act, 1961	Income tax	138.42	40.28	AY 2007-08 to AY 2014-15	Bombay High Court

(viii) In our opinion and according to the information and explanations given to us, the Company does not have any loans or borrowings from any financial institution or bank or government or dues to debenture holders. Accordingly, clause (viii) of the Order is not applicable to the Company.

(ix) The Company has not raised any moneys by way of initial public offer or further public offer and has not obtained any term loans during the year. Accordingly, clause (ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid/ provided in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, clause (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with Sections 177 and 188 of the Act where applicable and details of related party such transactions have been disclosed in the Ind AS financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause (xiv) are not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, clause (xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jamil Khatri
Partner
Membership No: 102527
UDIN: 20102527AAAAAN7047

Mumbai: 15 May 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA HOLDINGS LIMITED FOR THE PERIOD ENDED 31 MARCH 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Holdings Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jamil Khatri
Partner
Membership No: 102527
UDIN: 20102527AAAAAN7047

Mumbai: 15 May 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

Particulars	Notes	As at 31st March, 2020 Rupees lakhs	As at 31st March, 2019 Rupees lakhs
ASSETS			
I. Financial Assets			
(a) Cash and cash equivalents	5	**22.58**	2.74
(b) Investments	6	**228011.54**	211163.77
		228034.12	211166.51
II. Non-financial Assets			
Income tax assets (net)	7	**136.01**	126.59
		136.01	126.59
TOTAL ASSETS		**228170.13**	211293.10
LIABILITIES AND EQUITY			
LIABILITIES			
I. Financial Liabilities			
Payables			
Trade Payables	8		
(i) total outstanding dues of micro enterprises and small enterprises		**–**	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**32.70**	32.55
		32.70	32.55
II. Non-Financial Liabilities			
(a) Deferred tax liabilities	9	**150.61**	298.03
(b) Other non financial liabilities	10	**2.53**	2.39
		153.14	300.42
III. EQUITY			
(a) Equity share capital	11	**246149.95**	206754.95
(b) Other equity	12	**(18165.66)**	4205.18
		227984.29	210960.13
TOTAL LIABILITIES AND EQUITY		**228170.13**	211293.10

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No. 102527

Place: Mumbai
Date: 15th May, 2020

For and on behalf of the Board of Directors of
Mahindra Holdings Limited
CIN NO. U65993MH2007PLC175649

Keshub Mahindra — *Chairman*

Anand Mahindra
Bharat Doshi
A.K.Nanda
M.A.Nazareth
K.Chandrasekar
S.Durgashankar
Pallavi Kanchan
Ravindra Kulkarni — *Directors*

Ajay Choksey — *Chief Executive Officer*
Sunil Rane — *Chief Financial Officer*
Gayathri Iyer — *Company Secretary*
Date: 15th May, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

	Particulars	Notes	**For the year ended 31st March, 2020 Rupees lakhs**	For the year ended 31st March, 2019 Rupees lakhs
(I)	**Revenue from Operations**	**13**	**114.28**	328.86
(II)	**Total Income**		**114.28**	328.86
(III)	**Expenses**			
	Other expenses	**14**	**47.54**	45.47
(IV)	**Total Expenses**		**47.54**	45.47
(V)	Profit/(Loss) Before Exceptional Item and Tax (II-IV)		**66.74**	283.39
(VI)	Less: Exceptional Item	**15**	**(22130.20)**	–
(VII)	Profit/(Loss) Before Tax (V+VI)		**(22063.46)**	283.39
(VIII)	**Tax Expenses:**			
	Current tax for the year		**–**	–
	Short provision for tax relating to prior years (net)		**–**	(0.12)
			–	(0.12)
(IX)	Profit/(Loss) for the year (VII+VIII)		**(22063.46)**	283.27
(X)	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss Net gain/(loss) on equity instruments through other comprehensive income		**(411.45)**	**458.05**
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**143.46**	**(98.70)**
	Total other comprehensive income		**(267.99)**	**359.35**
	Total comprehensive income for the year		**(22331.45)**	642.62
(XI)	Earnings per equity share: (Basic and diluted) (Face Value Rs. 10 per share) (Rupees)			
	Basic		**(0.92)**	0.02
	Diluted		**(0.92)**	0.02

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No. 102527

Place: Mumbai
Date: 15th May, 2020

For and on behalf of the Board of Directors of
Mahindra Holdings Limited
CIN NO. U65993MH2007PLC175649

Keshub Mahindra — *Chairman*

Anand Mahindra
Bharat Doshi
A.K.Nanda
M.A.Nazareth
K.Chandrasekar
S.Durgashankar
Pallavi Kanchan
Ravindra Kulkarni — *Directors*

Ajay Choksey — *Chief Executive Officer*
Sunil Rane — *Chief Financial Officer*
Gayathri Iyer — *Company Secretary*
Date: 15th May, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

	Particulars	For the year ended 31st March, 2020 Rupees lakhs	For the year ended 31st March, 2019 Rupees lakhs
A.	**Cash Flow from Operating Activities:**		
	Profit/(Loss) before tax	**(22063.46)**	283.39
	Adjustments for:		
	Impairment of non-current investments	**22130.20**	–
	Dividend on investments at fair value through profit and loss	**(6.24)**	(82.58)
	Operating profit before working capital changes	**60.50**	200.81
	Changes in Working Capital:		
	Adjustments for (increase)/decrease in operating assets:		
	Other current assets	**–**	0.01
	Adjustments for increase/(decrease) in operating Liabilities:		
	Trade payables	**0.15**	(5.90)
	Other current liabilities	**0.14**	(2.39)
		0.29	(8.28)
	Cash generated from operations	**60.79**	192.53
	Income taxes paid (net of refunds)	**(13.38)**	0.08
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**47.41**	192.61
B.	**Cash Flow from Investing Activities:**		
	Purchase of long term investments - subsidiaries	**(17060.00)**	(81038.01)
	Purchase of other long term investments - associates and joint ventures	**(22301.08)**	–
	Purchase of investments - mutual funds	**(144.25)**	(1222.58)
	Sale of investments - Others	**34.91**	–
	Sale of investments - mutual funds	**81.00**	5329.70
	Dividend on current investments	**6.24**	82.58
	NET CASH FLOW USED IN INVESTING ACTIVITIES (B)	**(39383.18)**	(76848.31)
C.	**Cash Flow from Financing Activities:**		
	Proceeds from Issue of Share Capital	**39395.00**	76,700.01
	Share issue expenses	**(39.39)**	(90.61)
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**39355.61**	76609.40
	CHANGES AS NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**19.84**	(46.30)
	Cash and cash equivalents at the beginning of the year	**2.74**	49.04
	Cash and cash equivalents at the end of the year	**22.58**	2.74
	Reconciliation of cash and cash equivalents with statement of financial position		
	Bank balance in current accounts (refer Note 5)	**22.58**	2.74
	In deposit account (refer Note 5)	**–**	–
	Overdrawn bank balances (as per books) (refer Note 5)	**–**	–

Notes:

1. The above Cash Flow Statement has been prepared under the indirect method as set out in “Indian Accounting Standard (Ind AS) 7- Statement of Cash Flows.

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm’s Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No. 102527

Place: Mumbai
Date: 15th May, 2020

For and on behalf of the Board of Directors of
Mahindra Holdings Limited
CIN NO. U65993MH2007PLC175649

Keshub Mahindra — *Chairman*

Anand Mahindra
Bharat Doshi
A.K.Nanda
M.A.Nazareth
K.Chandrasekar
S.Durgashankar
Pallavi Kanchan
Ravindra Kulkarni — *Directors*

Ajay Choksey — *Chief Executive Officer*
Sunil Rane — *Chief Financial Officer*
Gayathri Iyer — *Company Secretary*
Date: 15th May, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

(A) Equity Share Capital

	For the year ended 31st March, 2020 Rupees lakhs	For the year ended 31st March, 2019 Rupees lakhs
Issued, Subscribed and paid up:		
Balance as at the beginning of the year	**206754.95**	116140.65
Equity share capital issued, subscribed and paid up during the year	**39395.00**	90614.30
Balance as at the end of the year	**246149.95**	206754.95

(B) Other Equity

	Reserves and Surplus			Items of other comprehensive income	Total
	Share application money pending allotment	Special Reserve	Retained Earnings	Equity instruments through Other Comprehensive Income	
	Rupees lakhs	**Rupees lakhs**	**Rupees lakhs**	**Rupees lakhs**	**Rupees lakhs**
Balance as at 31st March 2018, 2018	**13914.29**	502.03	2425.46	725.68	**17567.46**
Profit for the period	**–**	–	283.27	–	**283.27**
Other Comprehensive Income	**–**	–	–	359.35	**359.35**
Equity shares allotted during the year	**(13914.29)**	–	–	–	**(13914.29)**
Share issue expenses	**–**	–	(90.61)	–	**(90.61)**
Balance as at 31st March 2019	**–**	502.03	2618.12	1085.03	**4205.18**
Loss for the period	**–**	–	(22063.46)	–	**(22063.46)**
Other Comprehensive Income	**–**	–	–	(267.99)	**(267.99)**
Share issue expenses	**–**	–	(39.39)	–	**(39.39)**
Balance as at 31st March 2020	**–**	**502.03**	**(19484.73)**	**817.04**	**(18165.66)**

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No. 102527

Place: Mumbai
Date: 15th May, 2020

For and on behalf of the Board of Directors of
Mahindra Holdings Limited
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Ajay Choksey — *Chief Executive Officer*
Sunil Rane — *Chief Financial Officer*
Gayathri Iyer — *Company Secretary*
Date: 15th May, 2020

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

1. **Background**

   Mahindra Holdings Limited ('the Company') is a limited company incorporated in India. The address of its Registered Office and principal activities of the Company are disclosed in the introduction to the Annual Report. The Company is a Core Investment Company, not requiring registration, as per the Reserve Bank of India Act, 1934. The principal activity of the Company is to make investments in group companies.

2. **Significant Accounting Policies**

   (a) Statement of compliance and basis of preparation and presentation

   These financial statements of Mahindra Holdings Limited have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

   These financial statements are presented in Indian Rupees which is also the Company's functional currency.

   These are the standalone financial statement of the Company. The Ministry of Corporate Affairs has, vide its Notification G.S.R 742(E) dated 27th July, 2016, exempted a wholly owned subsidiary Company from preparation and presentation of Consolidated Financial Statements provided the Company meets the conditions as mentioned in the said Notification.

   Accordingly, the Company has not prepared Consolidated Financial Statements since it has met all requirements mentioned in the aforesaid Notification.

   These financial statements have been approved by the Company's Board of Directors and authorised for issue on 15th May, 2020.

   (b) Basis of measurement

   The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

   (c) Measurement of fair value

   A number of the Company's accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities.

   In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and assessments that these valuations meet the requirements of Ind AS. The methods used to determine fair value include discounted cashflow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value and such value may never actually be realised.

   Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

   Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

   Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

   Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

   (d) Use of estimates and judgements

   The preparation of the financial statements in conformity with Ind AS requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenue and expenses and disclosure of contingent liabilities as on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

   Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

   The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

   Fair value of financial assets, liabilities and investments

   The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair Value measurement that are based on significant unobservable inputs (Level 3) requires estimates of operating margin, discount rate, future growth rate, terminal values, etc. based on Management's best estimate about future developments.

   (e) Financial instruments

   Financial assets and financial liabilities are recognised when a company becomes a party to the contractual provisions of the instruments.

   Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

   Classification and subsequent measurement

   Financial assets

   All purchases or sales of financial assets are recognised and derecognised on a trade date basis except for those purchases or sales where delivery of assets are not on the trade date but on a subsequent date within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured at either amortised cost or fair value depending on their respective classification.

   On initial recognition, a financial asset is classified as measured at:

   - Amortised cost; or
   - Fair Value through Other Comprehensive Income (FVTOCI) - equity investment; or
   - Fair Value Through Profit or Loss (FVTPL)

   Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

   All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

   Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment expenses are recognised in profit or loss. Any gain and loss on derecognition is also recognised in profit or loss.

   The effective interest method is a method of calculating the amortised cost of allocating interest income over the relevant period.

   For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments as at FVTOCI as the Company believes that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss. Dividend income received on such equity investments are recognised in profit or loss.

   Equity investments that are not designated to be measured at FVTOCI are designated to be measured at FVTPL. Subsequent changes in fair value are recognised in profit or loss.

   Equity instruments

   An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Company applies the Expected Credit Loss (ECL) model for recognising impairment loss on financial assets.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

(f) Investments in subsidiaries, associates and joint ventures

The Company accounts for its investments in subsidiaries, associates and joint ventures at cost less accumulated impairment, if any.

(g) Revenue recognition

i) Dividend income is accounted for when the right to receive payment is established.

ii) Interest income from financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(i) Taxation

Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect included in the accounting for the business combination.

(i) Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of these cash flows (when the effect of the time value of money is material).

3. Significant changes in accounting policies:

Ind AS 116 Leases was issued on 30th March 2019 and supersedes Ind AS 17 Leases. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for leases. On the basis of assessment done by the Management, the Company does not have any leases to be recognised under Ind AS 116. Thus, there is no impact on account of Ind AS 116.

4. Recent accounting pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April 2020.

NOTE 5

Cash and Cash Equivalents

Particulars	**As at 31st March, 2020 Rupees lakhs**	As at 31st March, 2019 Rupees lakhs
Balances with Bank:		
On current accounts............................	**22.58**	2.74
	22.58	2.74

Note:- Carrying amount of the above represents reasonable estimate of fair value.

NOTE 6

Investments

No of shares	Face Value Per Unit Rupees	Particulars	**As at 31st March, 2020**	As at 31st March, 2019
			Rupees lakhs	Rupees lakhs
		Investments in Equity Instruments Unquoted		
		(A) At Cost		
		(i) In Subsidiary Companies:		
15,00,000	10	Mahindra Integrated Business Solutions Private Limited	**150.00**	150.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

No of shares	Face Value Per Unit Rupees	Particulars	As at 31st March, 2020	As at 31st March, 2019
			Rupees lakhs	Rupees lakhs
19,54,61,728	10	(2019:16,82,61,728) Mahindra Susten Private Limited	**71839.66**	58239.66
28,50,000	10	(2019: 22,50,000) Mahindra Airways Limited	**285.00**	225.00
33,00,00,000	10	(2019: 29,60,00,000) Mahindra First Choice Services Limited	**33000.00**	29600.00
4,02,31,037	10	Mahindra First Choice Wheels Limited	**43326.92**	43326.92
42,22,250	$0.001	Bristlecone Limited	**14025.07**	14025.07
			162626.65	145566.65
		(ii) In Associate Companies:		
2,66,07,970	10	Gromax Agri Equipment Limited	**1985.98**	1985.98
2,10,000	10	Mahindra Automobile Distributor Private Limited	**220.01**	220.01
35,000	10	Mahindra and Mahindra Contech Limited	**169.79**	169.79
100	10	Medwell Ventures Private Limited	**6.36**	6.36
1,91,928	10	Mahindra eMarket Limited	**1.19**	1.19
21,17,580	10	(Nil) New Delhi Centre for Sight Limited	**11650.59**	–
			14033.92	2383.33
		Designated & carried at Fair Value Through Other Comprehensive Income		
		(iv) In Other Entities:		
2,31,800	5	Brainbees Solutions Private Limited (Associate of the Holding Company)	**894.76**	894.76
10	10	NBS International Limited (Subsidiary of the Holding Company)	**0.03**	0.03
19,748	5	PSL Media & Communications Limited (Associate of the Holding Company)	**0.01**	0.01
			894.80	894.80
		Investments in Preference Shares Unquoted		
		(B) At Cost		
		(i) In Subsidiary Companies:		
8,485	10	0.01% Optionally Convertible Redeemable Preference Shares of Auto Digitech Private Limited	**1349.96**	1349.96
77,75,147	$0.001	Bristlecone Limited - Preference Shares A	**25826.74**	25826.74
69,20,000	$0.001	Bristlecone Limited - Preference Shares B	**22986.20**	22986.20
			50162.90	50162.90
		(ii) In Associate Company:		
1,81,597	2000	(2019:1,65,072) Series B Compulsory Convertible Preference Shares of Medwell Ventures Private Limited	**11544.12**	10493.63
16,35,502	10	Series B Compulsory Convertible Preference Shares of (Nil) New Delhi Centre for Sight Limited	**9000.00**	–
1,56,063	10	Series A Compulsory Covertible Cumulative Preference Shares of (Nil) Aquasail Distribution Company Private Limited	**600.00**	–
			21144.12	10493.63
		Investments in Equity Shares Quoted		
		(D) Designated & carried at Fair Value Through Other Comprehensive Income		
		(i) In Other Entities :		
1,98,201	5	(2,01,904) Tech Mahindra Limited (Associate of the Holding Company)	**1120.82**	1567.18
			1120.82	1567.18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

No of shares	Face Value Per Unit Rupees	Particulars	As at 31st March, 2020	As at 31st March, 2019
			Rupees lakhs	Rupees lakhs
		(E) Investments in Mutual Funds Quoted: Carried at Fair Value Through Profit or Loss		
		Investments in Mutual Funds	159.72	96.47
			159.72	96.47
		Less: Allowance for impairment	(22131.39)	(1.19)
		Total Investments	228011.54	211163.77
		(i) Investment outside of India (A)	62838.01	62,838.01
		(ii) Investment in India (B)	165173.52	148325.76
		Total (A+B)	228011.54	211163.77

Note:- Details required as per Annexure I of RBI Master Direction No.DNBR.PD.003/03.10.119/2016-17 (updated as on 7th June, 2018) have been included in the above table and hence not disclosed separately.

NOTE 7

Income tax assets (Net)

Particulars	As at 31st March, 2020	As at 31st March, 2019
	Rupees lakhs	Rupees lakhs
Advance Income-tax (net of provision for tax)	136.01	126.59
	136.01	126.59

NOTE 7 (a)

Current Tax and Deferred Tax

(a) Income Tax Recognised in Profit or Loss

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
	Rupees lakhs	Rupees lakhs
Current Tax:		
In respect of current year	–	–
In respect of prior years	–	(0.12)
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	–	–
	–	(0.12)

(b) Income tax recognised in other Comprehensive income

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
	Rupees lakhs	Rupees lakhs
Deferred tax related to items recognised in other comprehensive income during the year	143.46	(98.70)
	143.46	(98.70)

NOTE 8

Trade Payables

Particulars	As at 31st March, 2019	As at 31st March, 2018
	Rupees lakhs	Rupees lakhs
(i) Total outstanding dues of micro and small enterprises	–	–
(ii) Total outstanding dues of creditors other than micro and small enterprises	32.70	32.55
	32.70	32.55

Note: On the basis of information available with the management, there are no Micro, Small and Medium Enterprises as specified in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes dues which are outstanding for more than the stipulated period. Accordingly, the disclosures as required by Notification No. GSR 719(E) dated 16 November 2007 are not applicable. This has been relied upon by the auditors.

NOTE 9

Deferred Tax Liabilities (Net)

(i) Movement in deferred tax balances

Particulars	For the Year ended 31st March 2020		
	Opening Balance	Charge/ (credit) in OCI	Closing Balance
	Rupees lakhs	Rupees lakhs	Rupees lakhs
Tax effect of items constituting deferred tax liabilities			
Fair Value through Other Comprehensive Income financial assets	298.03	(147.42)	150.61
Net deferred tax liabilities	298.03	(147.42)	150.61

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	For the Year ended 31st March 2019 Opening Balance	Charge/ (credit) in OCI	Closing Balance
	Rupees lakhs	Rupees lakhs	Rupees lakhs
Tax effect of items constituting deferred tax liabilities			
Fair Value through Other Comprehensive Income financial assets	199.33	98.70	298.03
Net deferred tax liabilities	199.33	98.70	298.03

(ii) The amount and expiry period of unused capital losses for which no deferred tax asset is recognised in the Balance Sheet:

Expiry Period	As at 31st March, 2020 Rupees lakhs	As at 31st March, 2019 Rupees lakhs
Upto Five years	**913.31**	913.31

NOTE 10

Other Non Financial Liabilities

Particulars	As at 31st March, 2020 Rupees lakhs	As at 31st March, 2019 Rupees lakhs
– Statutory Dues Payables	**2.53**	2.39
	2.53	2.39

NOTE 11

Share Capital

	Particulars	As at 31st March, 2020 Rupees lakhs	As at 31st March, 2019 Rupees lakhs
Authorised:			
2,50,40,00,000	**(2019 : 2,45,40,00,000)** Ordinary (Equity) Shares of Rs.10 each with voting rights	**250400.00**	245400.00
20,00,000	Preference Shares of Rs. 100 each	**2000.00**	2000.00
	Total	**252400.00**	247400.00
Issued:			
2,46,14,99,450	**(2019 : 2,06,75,49,450)** Ordinary (Equity) Shares of Rs.10 each with voting rights	**246149.95**	206754.95
	Total	**246149.95**	206754.95
Subscribed and Fully paid-up:			
2,06,75,49,450	**(2019 : 2,06,75,49,450)** Ordinary Equity Shares of Rs.10 each with voting rights	**246149.95**	206754.95
	(All the shares are held by Mahindra & Mahindra Limited (the holding Company)		
	Total	**246149.95**	206754.95

(a) The ordinary equity shares of the Company, having par value of Rs.10 per share, rank pari passu in all respects including voting rights and entitlement to dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(b) Details of shares held by the holding company:

Particulars	Equity shares with voting rights Number of shares
As at 31st March, 2020	
Mahindra & Mahindra Limited, the holding company*	**2,46,14,99,450**
As at 31st March, 2019	
Mahindra & Mahindra Limited, the holding company*	2,06,75,49,450

(c) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	As at 31st March, 2020 Number of shares held	% holding in that class of shares	As at 31st March, 2019 Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra & Mahindra Limited*	**2,46,14,99,450**	**100%**	2,06,75,49,450	100%

***Includes 6 shares held jointly with its nominees**

(d) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Closing Balance
Equity shares with voting rights			
Year ended 31st March, 2020			
– Number of shares	**2,06,75,49,450**	**39,39,50,000**	**2,46,14,99,450**
– Amount (Rupees lakhs)	**2,06,754.95**	**39,395**	**2,46,149.95**
Year ended 31st March, 2019			
– Number of shares	1,16,14,06,535	90,61,42,915	2,06,75,49,450
– Amount (Rupees lakhs)	1,16,140.65	90,614.29	2,06,754.95

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

NOTE 12

Other Equity:

Description of the nature and purpose of Other Equity :

Special Reserve: The Special Reserve is created as per section 45-IC of the Reserve Bank of India Act, 1934.

NOTE 13

Revenue from Operations:

Particulars	For the year ended 31st March, 2020 Rupees lakhs	For the year ended 31st March, 2019 Rupees lakhs
a) Dividend Income:		
Mutual Fund at Fair Value through Profit or Loss	**6.24**	82.58
From long-term investments		
Subsidiaries	**22.50**	22.50
Others	**85.54**	223.57
b) Interest Income (at Fair Value through Profit or Loss)		
Interest on Deposits	**–**	0.21
Total	**114.28**	328.86

NOTE 14

Other Expenses:

Particulars	For the year ended 31st March, 2020 Rupees lakhs	For the year ended 31st March, 2019 Rupees lakhs
Payment to statutory auditors:		
For audit fees (including GST)	**3.54**	3.54
For other services	**–**	1.48
Legal and professional charges	**28.56**	25.61
Donation	**5.00**	5.00
Directors' commission	**4.89**	3.00
Miscellaneous expenses	**5.55**	6.84
Total	**47.54**	45.47

15. Exceptional Item

Exceptional Item recognised in profit or loss account represents impairment loss on certain long term investments Rs. 22130.20 lakhs (2019: Rs. Nil).

16. Capital management

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders.

The Company determines the amount of capital required on the basis of its strategic investment plans. The same is funded through equity capital.

17. Financial Risk Management framework

The Company's activities expose it to a variety of financial risks namely credit risk, interest risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a Risk Management policy and a program that performs close monitoring of and responding to each risk factors. The ultimate responsibility vests with the Board of Directors.

a) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates etc. could affect the Company's income or the value of its holdings of financial instruments including cash flow. The objectives of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return.

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The credit risk on liquid funds is limited because the counterparties are Mutual Funds and banks with high credit- ratings assigned by credit- agencies.

c) Liquidity risk

The Board of Directors has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Maturity of financial liabilities

The following Table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the Table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The Table include both interest and principal cash flows.

(Rs. lakhs)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 Years and above
31st March, 2020				
Non-interest bearing	32.70	–	–	–
31st March, 2019				
Non-interest bearing	32.55	–	–	–

d) Interest rate risk

The Company does not have any borrowings and hence, it does not have any interest rate risk.

e) Maturity analysis of assets and liabilities

The below table shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled:

(Rs. lakhs)

Particulars	31st March, 2020		31st March, 2019	
	Within 12 months	**After 12 months**	Within 12 months	After 12 months
Assets				
Cash and cash equivalents	**22.58**	–	2.74	–
Investments	**159.72**	**227851.82**	96.47	211067.30
Other financial assets	–	–	–	–
Income tax assets (net)	–	**136.01**	–	126.59
Total Assets	**182.30**	**227987.83**	99.21	211193.89
Liabilities				
Trade Payables- total outstanding dues of creditors other than micro enterprises and small enterprises	**32.70**	–	32.55	–
Deferred tax liabilities	–	**150.61**	–	298.03
Other non-financial liabilities	**2.53**	–	2.39	–
Total liabilities	**35.23**	**150.61**	34.94	298.03

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

18. Fair value measurement

a) Fair valuation Techniques and inputs used –recurring items

(Rs. lakhs)

Financial assets/ financial liabilities measured at fair value	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31st March, 2020	31st March, 2019		
Financial assets Investments				
Mutual fund investments.........	**159.72**	96.47	Level 1	Net Asset value.
Investment in equity instruments -Quoted	**1120.82**	1567.18	Level 1	Quoted market price
Investment in equity instruments -Unquoted	**894.80**	894.80	Level 3	Price of recent transaction.

b) Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value.

Particulars	Unquoted equity instruments
Year ended 31st March, 2020	
Opening balance of fair value......................................	**894.80**
Total gain recognised in other comprehensive income...	**–**
Closing balance of fair value..	**894.80**
Year ended 31st March, 2019	
Opening balance of fair value......................................	714.37
Total gain recognised in other comprehensive income...	180.43
Closing balance of fair value..	894.80

19. Contingent Liability

Taxation Matters:

Demands against the Company not acknowledged as debt and not provided for, relating to issue of taxability in respect of which the Company is in appeal and exclusive of the effect of similar matters in respect of assessment remaining to be completed Rs.138.42 lakhs (2019: Rs. 138.42 lakhs).

20. Segment information

The Company is a Core Investment Company, primarily engaged in the business of acquisition of shares and other securities in group companies. The Company's business activity falls within a single segment and accordingly there is no separate reportable segment as per Ind AS 108.

21. Related Party Transactions

(a) List of Related Parties:

i) Holding Company:

- Mahindra & Mahindra Limited

ii) Related Parties where control exists:

Subsidiary Companies:

- Mahindra Integrated Business Solutions Private Limited
- Mahindra First Choice Services Limited
- Auto Digitech Private Limited (wholly owned subsidiary of Mahindra First Choice Services Limited)
- Mahindra First Choice Wheels Limited
- Fifth Gear Ventures Limited (wholly owned subsidiary of Mahindra First Choice Wheels Limited) w.e.f 27th January 2020
- Mahindra Airways Limited
- Mahindra Susten Private Limited
- Mahindra Renewables Private Limited (wholly owned subsidiary of Mahindra Susten Private Limited)
- Mahindra Teqo Private Limited (Formerly known as MachinePulse Tech Private Limited (wholly owned subsidiary of Mahindra Susten Private Limited)
- Cleansolar Renewable Energy Private Limited (wholly owned subsidiary of Mahindra Renewables Private Limited) – ceased to be a wholly owned subsidiary w.e.f. 27th March, 2020
- Brightsolar Renewable Energy Private Limited (subsidiary of Mahindra Renewables Private Limited)
- Neo Solren Private Limited (wholly owned subsidiary of Mahindra Renewables Private Limited)
- Marvel Solren Private Limited (wholly owned subsidiary of Mahindra Susten Private Limited)
- Divine Solren Private Limited (wholly owned subsidiary of Mahindra Renewables Private Limited)
- Astra Solren Private Limited (wholly owned subsidiary of Mahindra Renewables Private Limited)
- Mega Suryaurja Private Limited (wholly owned subsidiary of Mahindra Renewables Private Limited)
- Mahindra Susten Bangladesh Private Limited (subsidiary of Mahindra Susten Private Limited) w.e.f. 19.04.2018
- MSPE URJA S.R.L (wholly owned subsidiary of Mahindra Susten Private Limited) w.e.f. 29.03.2019
- MSPL International DMCC (wholly owned subsidiary of Mahindra Susten Private Limited) w.e.f. 8th October, 2019
- Bristlecone Limited
- Bristlecone India Limited (wholly owned subsidiary of Bristlecone Limited)
- Bristlecone Inc (wholly owned subsidiary of Bristlecone Limited)
- Bristlecone UK Limited (wholly owned subsidiary of Bristlecone Limited)
- Bristlecone (Malaysia) Sdn Bhd (wholly owned subsidiary of Bristlecone Limited)
- Bristlecone Consulting Limited (wholly owned subsidiary of Bristlecone Limited)
- Bristlecone International AG (wholly owned subsidiary of Bristlecone Limited)
- Bristlecone Middle East DMCC (wholly owned subsidiary of Bristlecone Limited)
- Bristlecone (Singapore) Pte Ltd (wholly owned subsidiary of Bristlecone India)
- Bristlecone Gmbh (wholly owned subsidiary of Bristlecone India)

iii) Name of other related parties where transactions have taken place:

Associate Companies:

- Mahindra Automobile Distributor Private Limited

Associate of Holding Company:

- Tech Mahindra Limited

Directors of the Company

- Ms. Pallavi Kanchan - Independent Director
- Mr. Ravindra Kulkarni – Independent Director

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(b) Related Party Transactions are as under:

(Rs. lakhs)

Nature of Transaction	Holding Company	Subsidiary Companies	Associate Companies	Associate of Holding Company	Fellow Subsidiary	Director
(A) Investments –Subscribed/ Purchased:						
(a) Mahindra Susten Private Limited	–	13600.00	–	–	–	–
	(–)	(15000.00)	(–)	(–)	(–)	(–)
(b) Mahindra First Choice Services Limited...........	–	3400.00	–	–	–	–
	(–)	(3200.00)	(–)	(–)	(–)	(–)
(c) Medwell Ventures Private Limited...........	–	–	1050.49	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(d) Mahindra Airways Limited	–	60.00	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(e) Bristlecone Limited...........	–	–	–	–	–	–
	(–)	(62838.01)	(–)	(–)	(–)	(–)
(f) New Delhi Centre for Sight Limited...........	–	–	20650.60	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(g) Aquasail Distribution Company Private Limited	–	–	600.00	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(B) Investments – Sales:						
(a) Tech Mahindra Ltd.................	–	–	–	35.17	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(C) Dividend Received:						
(a) Mahindra Integrated Business Solutions Private Limited...........	–	22.50	–	–	–	–
	(–)	(22.50)	(–)	(–)	(–)	(–)
(b) Tech Mahindra Limited...........	–	–	–	47.57	–	–
	(–)	(–)	(–)	(28.27)	(–)	(–)
(c) Mahindra Automobile Distributor Private Limited.	–	–	37.97	–	–	–
	(–)	(–)	(195.30)	(–)	(–)	(–)

(Rs. lakhs)

Nature of Transaction	Holding Company	Subsidiary Companies	Associate Companies	Associate of Holding Company	Fellow Subsidiary	Director
(D) Receipt of services						
(a) Mahindra & Mahindra Limited...........	21.05	–	–	–	–	–
	(21.46)	(–)	(–)	(–)	(–)	(–)
(E) Issue of shares:						
(a) Mahindra & Mahindra Limited...........	39395.00	–	–	–	–	–
	(90614.29)	(–)	(–)	(–)	(–)	(–)
(F) Investments Balances:						
(a) Mahindra Susten Private Limited...........	–	71839.66	–	–	–	–
	(–)	(58239.66)	(–)	(–)	(–)	(–)
(b) Mahindra First Choice Services Limited...........	–	33000.00	–	–	–	–
	(–)	(29600.00)	(–)	(–)	(–)	(–)
(c) Medwell Ventures Private Limited...........	–	–	11550.48	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(d) Bristlecone Limited...........	–	–	–	–	–	–
	(–)	(62838.01)	(–)	(–)	(–)	(–)
(e) Mahindra Airways Limited...........	–	60.00	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(f) New Delhi Centre for Sight Limited...........	–	–	20650.60	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(g) Aquasail Distribution Company Private Limited	–	–	600.00	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(G) Outstandings - Payable:						
(a) Mahindra & Mahindra Limited...........	19.26	–	–	–	–	–
	(19.63)	(–)	(–)	(–)	(–)	(–)
(H) Commission and Director fees	–	–	–	–	–	6.89
	(–)	(–)	(–)	(–)	(–)	(4.30)

Note: Previous year's figures are given in brackets.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

22. Corporate Social Responsibility (CSR)

The CSR obligation for the period was Rs. 4.79 lakhs (2019: Rs. 4.42 lakhs) against which the Company has made a payment of Rs. 5 lakhs (2019: Rs. 5.00 lakhs) to K. C. Mahindra Education Trust which is engaged in activities prescribed under section 135 of the Companies Act, 2013, read with Schedule VII to the Act.

23. Earnings per share:

Particulars	**31st March, 2020**	31st March, 2019
Profit/ (Loss) after tax for the year (Rs. lakhs) ...	**(22063.46)**	283.27
Nominal Value per ordinary equity Share (in Rs.) ...	**10**	10
Weighted Average number of ordinary equity shares for Basic Earnings per share ...	**2,39,81,00,133**	1,16,17,29,027
Basic Earnings per equity Share (in Rs.) - (Rounded off) ...	**(0.92)**	0.02
Weighted Average number of ordinary equity shares for Diluted Earnings per share ...	**2,39,81,00,133**	1,69,17,29,077

Particulars	**31st March, 2020**	31st March, 2019
Diluted Earnings per equity Share (in Rs.) - (Rounded off) ...	**(0.92)**	0.02
Profit/ (Loss) after tax for the year (Rs. lakhs) ...	**(22063.46)**	283.27
Basic Earnings per equity Share (in Rs.) - (Rounded off) ...	**(0.92)**	0.02
Diluted Earnings per equity Share (in Rs.) - (Rounded off) ...	**(0.92)**	0.02

24. Other mattes

Information with regard to other matters specified in Part II of Schedule III to the Act is either nil or not applicable to the Company for the year.

Disclosures required as per RBI direction for core investment company are either nil or given at appropriate places.

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No. 102527

Place: Mumbai
Date: 15th May, 2020

For and on behalf of the Board of Directors of
Mahindra Holdings Limited
CIN NO. U65993MH2007PLC175649

Keshub Mahindra	*Chairman*
Anand Mahindra Bharat Doshi A.K.Nanda M.A.Nazareth K.Chandrasekar S.Durgashankar Pallavi Kanchan Ravindra Kulkarni	*Directors*
Ajay Choksey	*Chief Executive Officer*
Sunil Rane	*Chief Financial Officer*
Gayathri Iyer	*Company Secretary*

Date: 15th May, 2020

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

(Rs. in lakhs)

Sl. No.	Particulars	Bristlecone Limited	*Bristlecone India Limited	*Bristlecone Inc	*Bristlecone UK Limited	*Bristlecone (Malaysia) Sdn Bhd	*Bristlecone Consulting Limited	*Bristlecone International AG	*Bristlecone Middle East DMCC	**Bristlecone (Singapore) Pte Ltd	**Bristlecone Gmbh
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Foreign Subsidiary	Indian Subsidiary	Foreign Subsidiary	Foreign Subsidiary	Foreign Subsidiary	Foreign Subsidiary	Foreign Subsidiary	Foreign Subsidiary	Foreign Subsidiary	Foreign Subsidiary
3	Share Capital	18.97	1904.94	5161.04	2188.25	87.49	0.00	78.56	10.27	884.63	41.57
4	Reserves & Surplus	12021.07	13323.50	1443.48	(1705.63)	220.30	371.67	1595.96	198.20	(546.13)	4002.56
5	Total Assets	21889.78	22124.12	16176.14	512.82	411.63	420.05	1858.72	1889.20	1687.35	4612.92
6	Total Liabilities & Equity	21889.78	22124.12	16176.14	512.82	411.63	420.05	1858.72	1889.20	1687.35	4612.92
7	Investments	21515.90	6988.15	–	–	170.64	–	–	–	–	–
8	Turnover	566.29	34167.85	45499.12	57.25	260.93	483.39	1646.94	1210.72	1459.30	3336.97
9	Profit/(Loss) before taxation	(646.70)	3398.74	1618.96	(0.03)	20.64	146.09	273.70	428.48	217.67	166.30
10	Provision for taxation	–	(1068.47)	(523.37)	–	(1.15)	(38.75)	(23.94)	–	–	(43.52)
11	Profit/(Loss) after taxation	(646.70)	2330.27	1095.59	(0.03)	19.49	107.33	249.76	428.48	217.67	122.78
12	Proposed Dividend	–	–	–	–	–	530.70	–	–	–	–
13	% of shareholding	75.14%	75.14%	75.14%	75.14%	75.14%	75.14%	75.14%	75.14%	75.14%	75.14%

* a subsidiary of Bristlecone Limited

** a subsidiary of Bristlecone India

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

(Rs. In lakhs)

Sl. No.	Particulars	Auto Digitech Private Limited	Mahindra Integrated Business Solutions Private Limited	Mahindra Susten Private Limited	Mahindra Airways Limited	Mahindra First Choice Services Limited	Mahindra First Choice Wheels Limited	*Mahindra Renewables Private Limited	*Mahindra Susten Bangladesh Private Limited	*MSPE URJA S.R.L	*MSPE International DMCC	**Brightsolar Renewable Energy Private Limited	**Neo Solren Private Limited	**Marvel Solren Private Limited	**Divine Solren Private Limited
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Foreign Subsidiary	Foreign Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary
3	Share Capital	1.00	150.00	19546.17	285.00	33000.00	7888.41	32152.46	35.60	519.56	10.27	951.79	931.50	1261.60	1208.00
4	Reserves & Surplus	(588.16)	881.91	79345.30	(314.91)	(38335.50)	2141.33	2572.12	(18.68)	(286.93)	(1164.70)	1183.77	6251.70	349.00	8094.36
5	Total Assets	293.54	3297.94	194737.78	677.01	3742.13	25655.98	179089.29	26.02	278.58	113.58	8210.56	32813.18	10343.08	35392.33
6	Total Liabilities & Equity	293.54	3297.94	194737.78	677.01	3742.13	25655.98	179089.29	26.02	278.58	113.58	8210.56	32813.18	10343.08	35392.33
7	Investments	–	50.87	37766.72	135.01	–	3058.31	7945.50	–	–	–	–	–	–	–
8	Turnover	22.53	12101.83	216379.84	375.13	10979.22	37581.28	10933.93	–	–	–	1186.27	4289.65	1188.87	5278.45
9	Profit/(Loss) before taxation	(329.35)	266.00	6178.41	(82.82)	(3110.25)	(703.66)	(743.67)	(12.20)	(286.93)	(1164.70)	3.94	(0.69)	(136.29)	963.89
10	Provision for taxation	–	72.24	(2020.23)	–	–	2.60	(885.87)	–	–	–	(1.10)	(112.43)	39.43	(239.55)
11	Profit/(Loss) after taxation	(329.35)	193.76	4158.18	(82.82)	(3110.25)	(701.06)	(1629.54)	(12.20)	(286.93)	(1164.70)	2.84	(113.12)	(96.86)	724.34
12	Proposed Dividend	–	22.50	–	–	–	–	–	–	–	–		–	–	–
13	% of shareholding	100%	100%	100%	100%	100%	49.17%	100%	99.99%	100%	100%	51%	100%	51%	100%

(Rs. In lakhs)

Sl. No.	Particulars	**Astra Solren Private Limited	**Mahindra Teqo Private Limited	**Mega Suryaurja Private Limited	$ Fifth Gear Ventures Limited
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary
3	Share Capital	888.94	10.00	15.00	9.22
4	Reserves & Surplus	6154.62	174.96	(12.99)	(162.93)
5	Total Assets	43201.78	2220.51	3.99	577.26
6	Total Liabilities & Equity	43201.78	2220.51	3.99	577.26
7	Investments	–	–	–	–
8	Turnover	6518.87	4434.77	0.27	810.32
9	Profit/(Loss) before taxation	576.16	236.29	(2.33)	(137.85)
10	Provision for taxation	(202.07)	(65.78)	0.65	(149.57)
11	Profit/(Loss) after taxation	374.09	170.51	(2.98)	(287.42)
12	Proposed Dividend	–	–	–	–
13	% of shareholding	100%	100%	100%	49.17%

* a subsidiary of Mahindra Susten Private Limited
** a subsidiary of Mahindra Renewables Pvt.Ltd
$ a subsidiary of Mahindra First Choice Wheels Ltd

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part "B": Associate Companies

(Rs. in lakhs)

Sl. No.	Particulars	Mahindra and Mahindra Contech Limited	Mahindra Automobile Distributor Private Limited	Gromax Agri Equipment Limited	Mahindra eMarket Limited	# Medwell Ventures Private Limited	# New Delhi Centre for Sight Limited	# Aquasail Distribution Company Private Limited
1	Latest audited Balance Sheet Date	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020	31st March, 2020
2	Share of associates companies held by the company on the year end	23.33%	21.00%	49.00%	24.00%	31.45%	30.30%	17.63%
3	No of Equity Share held	35000	210000	26607970	191928	181697	3753082	156063
4	Amount of Investment in associate companies	169.79	220.01	1985.98	1.19			
5	Extent of Holding %	23.33%	21.00%	49.00%	24.00%	31.45%	30.30%	17.63%
6	Description of how there is significant influence	–	–	–	–	–	–	–
7	Reason why the associate companies is not consolidated	NA	NA	NA	NA	NA	NA	NA
8	Net worth attributable to shareholding as per latest audited Balance Sheet	338.21	300.68	1167.33	156.73	1030.92	7764.58	111.43
9	Profit/(Loss) for the year	25.54	111.40	(107.49)	99.08	(1077.72)	396.82	(31.00)
10	Considered in Consolidation	–	–	–	–	–	–	–
11	Not Considered in Consolidation	–	–	–	–	–	–	–

Amounts are based on unaudited financials.

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No. 102527

Place: Mumbai
Date: 15th May, 2020

For and on behalf of the Board of Directors of
Mahindra Holdings Limited
CIN NO. U65993MH2007PLC175649

Keshub Mahindra — *Chairman*

Anand Mahindra
Bharat Doshi
A.K.Nanda
M.A.Nazareth
K.Chandrasekar
S.Durgashankar
Pallavi Kanchan
Ravindra Kulkarni — *Directors*

Ajay Choksey — *Chief Executive Officer*
Sunil Rane — *Chief Financial Officer*
Gayathri Iyer — *Company Secretary*
Date: 15th May, 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF MAHINDRA OVERSEAS INVESTMENT COMPANY (MAURITIUS) LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahindra Overseas Investment Company (Mauritius) Ltd**, the "Company", which comprise the statement of financial position as at 31 March 2020 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Global Business Licence *(formerly called Category 1 Global Business Licence)* and in compliance with the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The supplementary information presented in Indian Rupee in the financial statements is solely for the convenience of the users of the financial statements. The supplementary information presented in Indian Rupee does not form part of the audited financial statements. We have therefore not audited the supplementary information and, accordingly, we do not express an opinion on this supplementary information. This paragraph has no impact on the audit opinion expressed in this auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises the information included under the Corporate Data and Commentary of Directors sections, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Global Business Licence *(formerly called Category 1 Global Business Licence)* and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design

and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Use of this report

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date: 27 May, 2020
Ebene 72201, Republic of Mauritius

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH

	Notes	2020	2020	2019	2019
		USD	**INR (Note 1)**	USD	INR (Note 1)
INCOME					
Dividend income		**7,293,138**	**549,392,086**	40,933,069	3,083,488,088
EXPENSES					
Professional fees		**276,425**	**20,823,095**	260,664	19,635,819
Depreciation	9	**35,384**	**2,665,477**	35,384	2,665,477
Repairs and maintenance		**34,370**	**2,589,092**	39,035	2,940,507
Audit fees		**24,782**	**1,866,828**	28,683	2,160,690
Bank charges		**12,235**	**921,662**	27,116	2,042,647
Licence fees		**2,250**	**169,493**	2,300	173,259
Insurance charges		**1,296**	**97,628**	1,230	92,656
		386,742	**29,133,275**	394,412	29,711,055
OPERATING PROFIT		**6,906,396**	**520,258,811**	40,538,657	3,053,777,033
Impairment of investments	10 & 11	**(197,012,033)**	**(14,840,916,447)**	(30,205,774)	(2,275,400,956)
Net impairment of loans	13	**(11,180,500)**	**(842,227,065)**	(12,200,323)	(919,050,332)
Finance income	20.1	**5,850,458**	**440,715,001**	21,945,622	1,653,163,705
Finance costs	20.2	**(3,587,316)**	**(270,232,514)**	(4,642,719)	(349,736,022)
Net gain on disposals of investments		**–**	**–**	881,071	66,371,078
(LOSS)/PROFIT BEFORE TAX		**(199,022,995)**	**(14,992,402,214)**	16,316,534	1,229,124,506
Tax expense	8	**(27,129,479)**	**(2,043,663,653)**	(8,007,762)	(603,224,711)
(LOSS) /PROFIT FOR THE YEAR		**(226,152,474)**	**(17,036,065,867)**	8,308,772	625,899,795
OTHER COMPREHENSIVE INCOME:					
Items that will not be reclassified subsequently to profit or loss		**–**	**–**	–	–
Items that will be reclassified subsequently to profit or loss		**–**	**–**	–	–
Fair value loss on financial assets at fair value through other comprehensive income	**12(ii)**	**(28,985,396)**	**(2,183,469,881)**	(805,882)	(60,707,091)
OTHER COMPREHENSIVE LOSS FOR THE YEAR NET OF TAX		**(28,985,396)**	**(2,183,469,881)**	(805,882)	(60,707,091)
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR		**(255,137,870)**	**(19,219,535,748)**	7,502,890	565,192,704

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

	Notes	**2020**	**2020**	2019	2019
		USD	**INR (Note 1)**	USD	INR (Note 1)
ASSETS					
Non-current					
Property, plant and equipment	9	**1,236,036**	**93,110,592**	1,271,420	95,776,069
Investments in associate	10	**78,400,645**	**5,905,920,588**	94,323,813	7,105,412,833
Investments in subsidiaries	11	**183,392,037**	**13,814,922,146**	279,995,902	21,092,091,298
Financial assets at fair value through other comprehensive income ("FVTOCI")	12	**28,446,326**	**2,142,861,737**	48,210,251	3,631,678,208
Loans	13	**10,416,313**	**784,660,860**	22,242,662	1,675,539,728
Non-current assets		**301,891,357**	**22,741,475,923**	446,044,048	33,600,498,136
Current					
Loans	13	**–**	**–**	25,155,667	1,894,976,395
Other receivable and prepayments	18	**303,221**	**22,841,638**	263,096	19,819,022
Current tax asset	8	**10,087**	**759,854**	1,113,226	83,859,315
Cash and cash equivalents	14	**13,718,024**	**1,033,378,748**	7,257,601	546,715,083
Current assets		**14,031,332**	**1,056,980,240**	33,789,590	2,545,369,815
Total assets		**315,922,689**	**23,798,456,163**	479,833,638	36,145,867,951
EQUITY AND LIABILITIES					
Equity					
Stated capital	15	**292,579,209**	**22,039,991,814**	235,579,209	17,746,181,814
(Accumulated losses)/retained earnings		**(215,340,580)**	**(16,221,605,892)**	10,811,894	814,459,975
Fair value reserves for financial assets at FVOCI	12	**(29,791,278)**	**(2,244,176,972)**	(805,882)	(60,707,091)
Total equity		**47,447,351**	**3,574,208,950**	245,585,221	18,499,934,698
Liabilities					
Non-current					
Derivative financial instruments	16	**661,911**	**49,861,756**	1,112,277	83,787,826
Borrowings	17	**162,877,606**	**12,269,570,060**	205,886,832	15,509,455,055
Non-current liabilities		**163,539,517**	**12,319,431,816**	206,999,109	15,593,242,881
Current					
Borrowings	17	**101,608,408**	**7,654,161,375**	27,073,213	2,039,425,135
Derivative financial instruments	16	**172,917**	**13,025,838**	78,002	5,875,891
Current tax liabilities	8	**3,000,000**	**225,990,000**	–	–
Accruals	19	**154,496**	**11,638,184**	98,093	7,389,346
Current liabilities		**104,935,821**	**7,904,815,397**	27,249,308	2,052,690,372
Total liabilities		**268,475,338**	**20,224,247,213**	234,248,417	17,645,933,253
Total equity and liabilities		**315,922,689**	**23,798,456,163**	479,833,638	36,145,867,951

Approved by the Board of Directors on 27 May 2020 and signed on its behalf by:

Zakir Hussein Niamut
Director

Kooshal Torul
Director

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH

	Stated capital	(Accumulated losses)/ retained earnings	Fair value reserves for financial assets at fair value through other comprehensive income	Total
	USD	USD	USD	USD
Balance at 01 April 2018	180,579,209	31,503,122	–	212,082,331
Issue of shares	55,000,000	–	–	55,000,000
Dividends paid (Note 21)	–	(29,000,000)	–	(29,000,000)
Transactions with the owner	55,000,000	(29,000,000)	–	26,000,000
Profit for the year	–	8,308,772	–	8,308,772
Other comprehensive income	–	–	(805,882)	(805,882)
Total comprehensive income/(loss) for the year	–	8,308,772	(805,882)	7,502,890
Balance at 31 March 2019	235,579,209	10,811,894	(805,882)	245,585,221
Balance at 01 April 2019	**235,579,209**	**10,811,894**	**(805,882)**	**245,585,221**
Issue of shares	**57,000,000**	**–**	**–**	**57,000,000**
Transactions with the owner	**57,000,000**	**–**	**–**	**57,000,000**
Loss for the year	**–**	**(226,152,474)**	**–**	**(226,152,474)**
Other comprehensive income	**–**	**–**	**(28,985,396)**	**(28,985,396)**
Total comprehensive income for the year	**–**	**(226,152,474)**	**(28,985,396)**	**(255,137,870)**
Balance at 31 March 2020	**292,579,209**	**(215,340,580)**	**(29,791,278)**	**47,447,351**

	Stated capital	(Accumulated losses)/ retained earnings	Fair value reserves for financial assets at fair value through other comprehensive income	Total
	INR	INR	INR	INR
Balance at 01 April 2018	13,603,031,814	2,373,130,180	–	15,976,161,994
Issue of shares	4,143,150,000	–	–	4,143,150,000
Dividends paid (Note 21)	–	(2,184,570,000)	–	(2,184,570,000)
Transactions with the owner	4,143,150,000	(2,184,570,000)	–	1,958,580,000
Profit for the year	–	625,899,795	–	625,899,795
Other comprehensive income	–	–	(60,707,091)	(60,707,091)
Total comprehensive income /(loss) for the year	–	625,899,795	(60,707,091)	565,192,704
Balance at 31 March 2019	17,746,181,814	814,459,975	(60,707,091)	18,499,934,698
Balance at 01 April 2019	**17,746,181,814**	**814,459,975**	**(60,707,091)**	**18,499,934,698**
Issue of shares	**4,293,810,000**	**–**	**–**	**4,293,810,000**
Transactions with the owner	**4,293,810,000**	**–**	**–**	**4,293,810,000**
Loss for the year	**–**	**(17,036,065,867)**	**–**	**(17,036,065,867)**
Other comprehensive loss	**–**	**–**	**(2,183,469,881)**	**(2,183,469,881)**
Total comprehensive loss for the year	**–**	**(17,036,065,867)**	**(2,183,469,881)**	**(17,219,535,748)**
Balance at 31 March 2020	**22,039,991,814**	**(16,221,605,892)**	**(2,244,176,972)**	**3,574,208,950**

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH

	Notes	2020 USD	2020 INR (Note 1)	2019 USD	2019 INR (Note 1)
Operating activities					
(Loss)/profit before tax		**(199,022,995)**	**(14,992,402,214)**	16,316,534	1,229,124,506
Adjustments for:					
Net fair value (gain)/loss on derivative financial instruments		**(355,450)**	**(26,776,048)**	894,797	67,405,058
Impairment of investments		**197,012,033**	**14,840,916,447**	30,205,774	2,275,400,956
Net impairment of loans		**11,180,500**	**842,227,065**	12,200,323	919,050,332
Depreciation		**35,384**	**2,665,477**	35,384	2,665,477
Amortisation of transaction costs		**124,304**	**9,363,820**	108,915	8,204,567
Gain on disposal of investments		**–**	**–**	(881,071)	(66,371,078)
Interest income		**(1,432,957)**	**(107,944,652)**	(1,228,792)	(92,564,901)
Interest expense		**1,749,149**	**131,763,394**	1,862,490	140,301,372
Swap interest expense		**755,810**	**56,935,167**	479,222	36,099,793
Dividend income		**(7,293,138)**	**(549,392,086)**	(40,933,069)	(3,083,488,088)
Foreign exchange differences		**(2,831,848)**	**(213,323,108)**	(19,508,831)	(1,469,600,240)
		(79,208)	**(5,966,738)**	(448,324)	(33,772,246)
Non-cash adjustments:	**13(iv)**				
Conversion to equity shares	**& (v)**	**7,221,471**	**543,993,411**	**–**	**–**
Changes in working capital:					
Change in other receivables and prepayments		**(40,125)**	**(3,022,616)**	(40,155)	(3,024,876)
Change in accruals		**56,403**	**4,248,837**	(1,799,922)	(135,588,124)
Net cash from/(used) in operations		**7,158,541**	**539,252,894**	(2,288,401)	(172,385,246)
Interest paid	**23**	**(757,267)**	**(57,044,923)**	(889,102)	(66,976,054)
Swap interest received	**23**	**(819,192)**	**(61,709,733)**	(450,495)	(33,935,788)
Tax refund received		**1,113,226**	**83,859,315**		
Tax paid		**(22,753,870)**	**(1,714,049,027)**	(9,120,988)	(687,084,026)
Net cash used in operating activities		**(16,058,562)**	**(1,209,691,474)**	(12,748,986)	(960,381,114)
Investing activities					
Purchase of investments		**(93,706,471)**	**(7,058,908,460)**	(89,651,754)	(6,753,466,629)
Proceeds from sale of investments		**–**	**–**	5,947,827	448,049,808
Refund on investments		**–**	**–**	528,447	39,807,913
Dividend received		**5,907,442**	**445,007,606**	6,546,894	493,177,525
Interest received		**423,068**	**31,869,713**	–	–
Net cash used in investing activities		**(87,375,961)**	**(6,582,031,141)**	(76,628,586)	(5,772,431,383)
Financing activities					
Loans repaid to banks	**23**	**(26,962,600)**	**(2,031,092,658)**	–	–
Loans received from banks (net of transaction cost)	**23**	**60,673,000**	**4,570,497,090**	32,720,092	2,464,804,530
Loans repaid by related parties		**25,056,065**	**1,887,473,376**	–	–
Proceeds from issue of shares		**57,000,000**	**4,293,810,000**	55,000,000	4,143,150,000
Loan granted		**(5,682,808)**	**(428,085,928)**	(54,242,176)	(4,086,063,118)
Dividend paid		**–**	**–**	(29,000,000)	(2,184,570,000)
Net cash from financing activities		**110,083,657**	**8,292,601,880**	4,477,916	337,321,412
Net change in cash and cash equivalents		**6,649,134**	**500,879,265**	(84,899,656)	(6,395,491,085)
Cash and cash equivalents, beginning of year		**7,257,601**	**546,715,083**	92,207,817	6,946,014,855
Exchange differences on cash and cash equivalents		**(188,711)**	**(14,215,600)**	(50,560)	(3,808,687)
Cash and cash equivalents, end of year		**13,718,024**	**1,033,378,748**	7,257,601	546,715,083
Cash and cash equivalents made up of:					
Cash at bank	**14**	**13,718,024**	**1,033,378,748**	7,257,601	546,715,083

The notes on pages herein form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Mahindra Overseas Investment Company (Mauritius) Ltd, the "Company", was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 7 December 2004 as a private Company with liability limited by shares and holds a Global Business Licence *(formerly called Category 1 Global Business Licence)* issued by the Financial Services Commission. The Company's registered office is IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Republic of Mauritius. The principal purpose of the Company is to act as an investment holding company. The Company holds property, plant and equipment in the Republic of South Africa. In accordance with South African tax regulations, the Company has been registered as an external company.

The financial statements have been prepared in accordance with IFRS as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Global Business Licence *(formerly called Category 1 Global Business Licence)*.

Indian Rupee ("INR") amounts are included solely for convenience. These transactions should not be construed as representations that the USD amounts actually represent, or have been or could be converted into INR. As the amounts shown in INR are for convenience only, the rate of USD 1= INR 75.34 has been used for the purpose of presentation of the INR amounts in the accompanying financial statements for the two years ended 31 March 2020 and 31 March 2019.

2. APPLICATION OF NEW AND REVISED IFRS

2.1 New and amended Standards that are effective for the current year

The Company has applied the following Standards, amendments and Interpretations to existing Standards for the first time for the annual reporting period commencing on 01 April 2019:

IFRS 16	Leases
IFRS 9	Prepayment Features with Negative Compensation (Amendments to IFRS 9)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
IFRIC 23	Uncertainty over Income Tax Treatments
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
IAS 12/ IAS 23/ IFRS 3 and IFRS 11	Annual Improvements to IFRS 2015-2017 Cycles

The directors have assessed the impact of these revised Standards and amendments and concluded that none of these has an impact on these financial statements.

2.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Company.

Management anticipates that all relevant pronouncements, will be adopted in the Company's accounting policies for the first period beginning on or after the effective date of the pronouncement. Information on new Standards, amendments to existing Standards and Interpretations is provided below.

IFRS 3	Definition of a Business (Amendments to IFRS 3)
IAS 1 and IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)
IFRS 9/ IAS 39 and IFRS 7	Interest Rate Benchmark Reform
IFRS 17	Insurance Contracts

Management has yet to assess the impact of the above Standards, amendments to existing Standards and Interpretations on the Company's financial statements.

3. SUMMARY OF ACCOUNTING POLICIES

(a) Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

(b) Revenue

Dividend income is recognised when the Company's right to receive such dividend is established.

Interest income is recognised on the accrual basis unless collectability is in doubt.

(c) Expenses

All expenses are accounted for in the statement of profit or loss and other comprehensive income on the accrual basis.

(d) Taxation

Tax expense recognised in the statement of profit or loss and other comprehensive income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

(e) Property, plant and equipment

Building and furnitures and fittings are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. Building and furniture and fittings are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual values.

The following average useful lives are applied:

Building: 60 years
Furnitures and fittings: 10 years

Where the carrying amount of an asset is greater than its estimated amount, it is written down immediately to its recoverable amount.

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each reporting date. Repairs and maintenance costs are expensed as incurred.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset. The gain or loss on disposal is credited or charged to the statement of profit or loss and other comprehensive income.

(f) Consolidated financial statements

The financial statements are separate financial statements which contain information about Mahindra Overseas Investment Company (Mauritius) Ltd as an individual company and do not contain consolidated financial information as the parent of a group.

The Company holds a Global Business Licence *(formerly called Category 1 Global Business Licence)* issued by the Financial Services Commission and has taken advantage of the exemption given in Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 from the requirement to prepare consolidated financial statements as it is a wholly-owned subsidiary of a quoted company incorporated in the Republic of India, Mahindra & Mahindra Ltd.

(g) Investment in subsidiary

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiary is initially shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of profit or loss and other comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

(h) Investment in associate and joint venture

An associate is an entity over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

The existence of significant influence by an entity is usually evidenced in one or more of the following ways: (a) representation on the board of directors or equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions between the investor and the investee; (d) interchange of managerial personnel; or (e) provision of essential technical information.

A joint venture is an arrangement that the Company controls jointly with one or more other investors, and over which the Company has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Investment in associate and joint venture are initially shown at cost in these separate financial statements in accordance with IAS 28, *Investments in Associates and Joint Ventures.* Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of profit or loss and other comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

(i) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, where appropriate.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI).

In the current year, the Company does not have any financial assets categorised as FVTPL.

The classification is determined by both:

- the Company's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's loans, other receivables and cash and cash equivalents fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income ("FVOCI")

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. For the Company, instruments within the scope of the new requirements included its loans and other receivables.

Recognition of credit losses is no longer dependent on the Company's first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and subsequent measurement financial liabilities

The Company's financial liabilities include accruals, borrowings and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in the profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition of profit or loss depends on the nature of the hedge relationship.

The Company has not designated the derivative contracts (interest rate swaps) as a hedging instrument.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short term deposits. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Equity

Stated capital is determined using the value of shares that have been issued.

Accumulated losses/retained earnings include all current and prior years' results as disclosed in the statement of profit or loss and other comprehensive income.

Dividend payments to the shareholder is deducted from retained earnings when the dividend has been approved by the Board before the reporting date.

(l) Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

(m) Foreign currency translation

(i) Functional and presentation currency

The financial statements are presented in United States Dollars ("USD"), which is the Company's functional and presentation currency. The Company has also presented the financial statements in Indian Rupee ('INR") for the convenience of users of financial statements.

(ii) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of profit or loss and other comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

(n) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of profit or loss and other comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the year of the borrowings using the effective interest method.

Fees paid on loan facilities are recognised as transaction costs and amortised over the terms of the borrowings.

(p) Comparatives

Where necessary, comparatives figures have been adjusted to conform with changes in presentation in the current year.

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following is the significant management judgement in applying the accounting policies of the Company that has the most significant effect on the financial statements.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the USD.

Going concern assumption

The directors have exercised significant judgement in assessing that the preparation of these financial statements on a going concern basis is appropriate. In making this assessment, the directors have considered the Company's future business projects, future cash flows and future profitability.

In particular, the directors have assessed that certain investments in associate/subsidiaries, stated at cost in these financial statements, have higher fair values based on recent external valuation and available quoted price. The total fair value of these investments as at 31 March 2020 is more than the cost by USD 87.5 million. Consequently, the total asset size of the Company is deemed to be USD 403.4 million which is more than the liabilities of USD 268.5 million resulting into a comfortable safety margin of USD 135.9 million. The Company would therefore be able to repay all its liabilities should the need arise.

Furthermore, all Company's borrowings are secured by the corporate guarantee of the parent company, Mahindra & Mahindra Limited ("M&M").

Investments in associates

The directors have assessed the level of influence that the Company has on CIE Automotive S.A and The East India Company Group Limited and determined that the Company has significant influences even though the shareholdings are below 20% due to the representations on the board of directors and participations in policy-making processes. Consequently, these investments have been classified as associates.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Fair value of derivative financial instruments

The fair value of the derivative financial instruments is determined based on valuation performed by an independent valuer. The assumptions used to value the derivative financial instruments are given in Note 6. In applying the valuation techniques, the independent valuers makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument.

Impairment of investments in associates and subsidiaries.

In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. The directors have assessed the recoverable amount of the investments and confirmed that the carrying amounts have not suffered any impairment in value at the reporting date except for those investments disclosed in Notes 10 and 11.

Impairment losses on financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Fair value of unquoted investments

The Company holds investments that are not quoted on active markets. Fair values of such investments are determined using management's assessment including third party transaction values, earnings, net asset value or discounted cash flow, whichever, is considered to be appropriate. Changes in assumptions about these factors and the method adopted could affect the reported fair values of the financial instruments.

Useful lives and residual values of property, plant and equipment

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

5. FINANCIAL INSTRUMENT RISK

Risk management objectives and policies

The Company is exposed to various risks in relation to its financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Financial assets				
Non-current				
Financial assets at fair value through other comprehensive income:				
Investments in quoted and unquoted securities	**28,446,326**	**2,142,861,737**	48,210,251	3,631,678,208
Financial assets measured at amortised cost:				
Loans	**10,416,313**	**784,660,860**	22,242,662	1,675,539,728
	38,862,639	**2,927,522,597**	70,452,913	5,307,217,936
Current				
Financial assets measured at amortised cost:				
Loans	**–**	**–**	25,155,667	1,894,976,395
Other receivables	**297,576**	**22,416,400**	257,501	19,397,550
Cash and cash equivalents	**13,718,024**	**1,033,378,748**	7,257,601	546,715,083
	14,015,600	**1,055,795,148**	32,670,769	2,461,089,028
Total financial assets	**52,878,239**	**3,983,317,745**	103,123,682	7,768,306,964
Financial liabilities				
Non-current				
Derivative financial instruments	**661,911**	**49,861,756**	1,112,277	83,787,826
Financial liabilities measured at amortised cost:				
Borrowings	**162,877,606**	**12,269,570,060**	205,886,832	15,509,455,055
	163,539,517	**12,319,431,816**	206,999,109	15,593,242,881
Current				
Derivative financial instruments	**172,917**	**13,025,838**	78,002	5,875,891
Financial liabilities measured at amortised cost:				
Borrowings	**101,608,408**	**7,654,161,375**	27,073,213	2,039,425,135
Accruals	**154,496**	**11,638,184**	98,093	7,389,346
	101,935,821	**7,678,825,397**	27,249,308	2,052,690,372
Total financial liabilities	**265,475,338**	**19,998,257,213**	234,248,417	17,645,933,253

The Company's risks are managed by its Board of Directors and the focus is on securing the Company's short to medium term cash flows by minimising the exposure to financial risks. The Company's investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets and derivatives for speculative purposes. The most significant financial risks to which the Company is exposed to are described below.

(a) Market risk analysis

Market risk is specifically comprised of currency risk and interest rate risk, which result from both its operating and investing activities. The Company is exposed to market risk through its use of financial instruments.

(i) Foreign currency sensitivity

Foreign currency risk, as defined in IFRS 7: *Financial Instruments: Disclosures*, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

The currency profile of the Company's financial assets and financial liabilities is as follows:

	Financial assets 2020	**Financial liabilities 2020**	Financial assets 2019	Financial liabilities 2019
	USD	**USD**	USD	USD
United States Dollar (USD)	**26,404,902**	**15,389,631**	62,813,313	14,569,649
Euro (EUR)	**26,465,650**	**246,892,774**	35,821,645	216,511,448
Great Britain Pound (GBP)	**–**	**3,185,402**	4,442,329	3,162,904
South African Rand (ZAR)	**7,687**	**7,531**	46,395	4,416
	52,878,239	**265,475,338**	103,123,682	234,248,417

	Financial assets 2020	**Financial liabilities 2020**	Financial assets 2019	Financial liabilities 2019
	INR (Note 1)	**INR (Note 1)**	INR (Note 1)	INR (Note 1)
United States Dollar (USD)	**1,989,081,267**	**1,159,300,903**	4,731,726,868	1,097,531,659
Euro (EUR)	**1,993,657,415**	**18,598,432,665**	2,698,444,517	16,309,807,379
Great Britain Pound (GBP)	**–**	**239,956,335**	334,640,644	238,261,558
South African Rand (ZAR)	**579,062**	**567,310**	3,494,935	332,657
	3,983,317,744	**19,998,257,213**	7,768,306,964	17,645,933,253

The Company's transactions are carried out in the United States Dollar (USD), Euro (EUR), Great Britain Pound (GBP) and South African Rand (ZAR). Consequently, the Company is exposed to foreign currency risk on its financial liabilities and financial assets denominated in EUR, GBP and ZAR.

The table below illustrates the sensitivity of profit and equity in regard to the Company's financial instruments and the USD/EUR, USD/GBP and USD/ZAR exchange rates "all other things being equal".

It assumes the following percentage changes in the exchange rates:

	2020 % change	2019 % change
EUR	**2%**	9%
GBP	**6%**	7%
ZAR	**24%**	18%

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the foreign currencies had strengthened by the above percentages, then this would have the following impact on profit and equity:

	Loss 2020		Profit 2019	
	USD	**INR (Note 1)**	USD	INR (Note 1)
EUR	**(4,756,822)**	**(358,331,401)**	19,284,309	1,452,686,997
GBP	**(191,124)**	**(14,397,371)**	(89,560)	(6,746,555)
ZAR	**(37)**	**(2,787)**	9,146	688,968

	Equity 2020		Equity 2019	
	USD	**INR (Note 1)**	USD	INR (Note 1)
EUR	**4,408,542**	**332,095,469**	22,711,493	1,710,856,768
GBP	**191,124**	**14,397,371**	(89,560)	(6,746,555)
ZAR	**37**	**2,787**	9,146	688,968

If the foreign currencies had weakened by the above percentages, then this would have the same reverse impact on profit and equity.

(ii) Interest rate sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has interest bearing financial assets and liabilities in the form of loans and borrowings.

The Company is not exposed to changes in market interest rates on its interest-bearing financial assets having fixed interest rates.

The Company has interest bearing financial liabilities in the form of bank loans from Bank of America, N.A and HSBC Bank (Mauritius) Limited.

The Company's interest rate risk arises principally from bank borrowings which are at variable interest rates. The Company manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting floating interest rates borrowings to fixed interest rates.

The Company has taken the following loans from Bank of America, N.A and HSBC Bank (Mauritius) Limited:

Loan from Bank of America, N.A

Pursuant to a Facility Agreement dated 05 June 2018, effective date being 10 September 2018, all the previous loans borrowed from Bank of America, N.A ("BOA") had been amalgamated into a single one amounting to EUR 111,250,000 in the prior financial year. The loan carries interest at EURIBOR + 75 basis points and the interest is payable at the end of every 3 months.

In addition, pursuant to Facility Agreement 20 March 2020, the Company borrowed an additional loan amounting to EUR 25,000,000. The loan carries interest at EURIBOR + 0.8% margin per annum. The interest is payable at the end of the term loan which is of 1 month.

Loan from HSBC Bank (Mauritius) Limited ("HSBC")

Pursuant to a Facility Agreement with HSBC dated 10 March 2017, the Company borrowed EUR 24,000,000 at an interest rate of 3 months EURIBOR + 0.82% margin per annum, with the EURIBOR floored to negative 0.82%. The loan was unsecured and was repayable on 10 March 2020. As at 31 March 2020, the loan has been repaid.

Pursuant to a Facility Agreement with HSBC dated 05 February 2018, the Company borrowed EUR 37,000,000 at an interest rate of 3 months EURIBOR + 0.70% margin per annum with the EURIBOR floored to negative 0.70%. The loan is unsecured and repayable in February 2021.

Pursuant to a Facility Agreement with HSBC dated 26 June 2018, the Company borrowed an amount of EUR 20,000,000 at an interest rate of 3 months EURIBOR + 0.70% margin. The loan is unsecured and repayable in 2021.

During the year under review, the Company borrowed an additional amount of EUR 30,000,000. Pursuant to term sheet dated 29 March 2020, the loan bears interest rate of EURIBOR + 1.55% margin. It is agreed that if the EURIBOR is negative, it shall be deemed to be zero for the purpose of this Facility.

The Company has entered into interest rate swaps for an amount EUR 37,000,000 from HSBC Bank (Mauritius) Limited and EUR 111,250,000 from Bank of America, N.A. by using floating to fixed interest rate swap at the reporting date. Such interest rate swap has the economic effect of converting floating interest rate borrowings to fixed interest rate and protecting the Company from potential future interest rate hikes. Therefore, the Company is not affected by interest rate fluctuations on these amounts.

The market interest rate risk for the other loans amounting to EUR 20,000,000 and EUR 30,000,000 from HSBC Bank (Mauritius) Limited and loan amounting to EUR 25,000,000 from Bank of America, N.A are subjected to interest rate sensitivity as illustrated below:

Interest rate sensitivity analysis

The following table illustrates the sensitivity of loss/profit and equity to reasonably possible changes in interest rates of +/- 1% for the year ended 31 March 2019 and 2020 for its borrowings from BOA and HSBC Bank (Mauritius) Limited. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rates for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

A 1% increase in interest rate will have the following impact:

	Loss for the year	Equity
	USD	USD
At 31 March 2020	**823,831**	**(823,831)**

	Profit for the year	Equity
	USD	USD
At 31 March 2019	(227,928)	(227,928)

	Loss for the year	Equity
	INR	INR
At 31 March 2020	**62,059,189**	**(62,059,189)**

	Profit for the year	Equity
	INR	INR
At 31 March 2019	(17,169,816)	(17,169,816)

A 1% decrease in interest rate would have the same positive impact.

(iii) Other price sensitivity

The Company is exposed to other price risk in respect of its listed security, which is listed on the Bolsa de Madrid in Spain. The average volatility observed in the share prices during the year ended 31 March 2020 is shown in the table below:

Name of investee company	**% change in share price 2020**	% change in share price 2019
Global Dominion Access S.A	**47%**	2%

	Other comprehensive income and equity		Other comprehensive income and equity	
	2020	**2020**	2019	2019
	USD	**INR**	USD	INR
Increase	**8,184,571**	**616,543,733**	671,606	50,592,080
Decrease	**(8,184,571)**	**(616,543,733)**	(671,606)	(50,592,080)

The listed security is classified as financial asset at fair value through other comprehensive income and therefore no effect on profit has occurred.

(b) Credit risk analysis

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The Company's exposure to credit risk is monitored by management on an ongoing basis. The Company limits its risk by carrying out transactions with related parties. The Company has significant concentration of credit risks as shown below.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
ASSETS				
Non-current				
Financial assets at fair value through other comprehensive income ("FVOCI")	**28,446,326**	**2,142,861,737**	48,210,251	3,631,678,208
Loans	**10,416,313**	**784,660,860**	22,242,662	1,675,539,728
	38,862,639	**2,927,522,597**	70,452,913	5,307,217,936

	2020	2020	2019	2019
Current				
Loans	–	–	25,155,667	1,894,976,395
Other receivable	**297,576**	**22,416,400**	257,501	19,397,550
Cash and cash equivalents	**13,718,024**	**1,033,378,748**	7,257,601	546,715,083
	14,015,600	**1,055,795,148**	32,670,769	2,461,089,028
Total assets	**52,878,239**	**3,983,317,745**	103,123,682	7,768,306,964

The Company holds investments in both quoted and unquoted companies. The directors have made assessment on the fair value of these investments and have recognised a fair value decrease of USD28,985,396 (2019: USD805,882) in these financial statements.

During the year under review, the Company has given additional loans to related parties (Note 13). Other receivable represents disposal proceeds from sale of D.light Inc (a third party) shares.

The Company measures credit risk and ECL using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any ECL.

Based on the assessment for the loans, management confirmed that these related parties and third party do not have the financial capabilities to settle its dues to the Company. Thus, these loans were categorised under Stage 3 of the ECL model at reporting date and consequently, a net impairment amounting to USD10,180,500 (inclusive of interest receivable) was recognised in these financial statements.

For the loan and other receivables, management considers the probability of default to be close to zero as the related parties and third party have the capacities to meet their contractual obligations. The related parties and third party will ensure that they have sufficient cash reserves to ensure that no event of default occurs in the foreseeable future. As a result, no loss allowance has been recognised based on 12-month ECL, since no event of default is anticipated for the loan and other receivables.

The credit risk for the bank balances and derivative financial instruments is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

The disposal of the investments is subject to some restrictions as described in Note 12 to these financial statements.

None of the Company's financial assets are secured by collateral or other credit enhancements.

(c) Liquidity risk analysis

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from the shareholder.

The Company's main cash inflows are in the form of dividend, interest on loans, proceeds from issue of shares and disposal of investment. The main cash outflows relate to repayment of loans and interest and capital investments.

The Company's liquidity risk is managed by securing credit facilities from financial institutions and also through shares issue. The Company also seeks financial support of its parent company where necessary.

The Company also manages its liquidity needs by carefully monitoring cash inflows and cash outflows due in day-to-day business as well as scheduled debt servicing payments for long-term financial liabilities.

At 31 March 2020, the Company has contractual maturities which are summarised below:

	Current		Non-current	
	Within 1 year	Within 1 year	Over 1 year	Over 1 year
	USD	INR (Note 1)	USD	INR (Note 1)
Derivative financial instruments	**172,917**	**13,025,838**	661,911	49,861,756
Borrowings	**101,608,408**	**7,654,161,375**	162,877,606	12,269,570,060
Accruals	**154,496**	**11,638,184**	–	–
Total	**101,935,821**	**7,678,825,397**	163,539,517	12,319,431,816

This compares to the maturity of the Company's financial liabilities in the previous reporting year as follows:

	Current		Non–current	
	Within 1 year	Within 1 year	Over 1 Year	Over 1 Year
	USD	INR (Note 1)	USD	INR (Note 1)
Derivative financial instruments	**78,002**	**5,875,891**	1,112,277	83,787,826
Borrowings	**27,073,213**	**2,039,425,135**	205,886,832	15,509,455,055
Accruals	**98,093**	**7,389,346**	–	–
Total	**27,249,308**	**2,052,690,372**	206,999,109	15,593,242,881

(d) Concentration risk analysis

The Company has invested in unlisted companies whose securities are considered to be illiquid. Such illiquidity may adversely affect the ability of the Company to acquire or dispose of such investments. These investments may be difficult to value and to sell or otherwise liquidate and the risk of investing in such companies is much greater than the risk of investing in publicly traded securities. On account of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would be used had a ready market for the investments existed. However the directors consider these investments to be strategic and the concentration risk in manageable.

6. FAIR VALUE MEASUREMENT

6.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within which the hierarchy of financial assets and financial liabilities measured at fair value on a recurring basis at 31 March 2020.

Level 1

	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
Financial assets				
Investments at fair value through other comprehensive income	**17,413,980**	**–**	11,032,346	28,446,326
Financial liabilities				
Interest rate swaps	**–**	**(834,828)**	–	(834,828)
Net fair value	**17,413,980**	**(834,828)**	11,032,346	27,611,498

	Level 1	Level 2	Level 3	Total
	INR	INR	INR	INR
Financial assets				
Investments at fair value through other comprehensive income	**1,311,795,113**	**–**	831,066,624	2,142,861,737
Financial liabilities				
Interest rate swaps	**–**	**(62,887,594)**	–	(62,887,594)
Net fair value	**1,311,795,113**	**(62,887,594)**	831,066,624	2,079,974,143

The following table shows the Levels within which the hierarchy of financial liabilities measured at fair value on a recurring basis at 31 March 2019:

Level 1

	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
Financial assets				
Investments at fair value through other comprehensive income	**33,580,293**	**–**	14,629,958	48,210,251
Financial liabilities				
Interest rate swaps	**–**	**(1,190,279)**	–	(1,190,279)
Net fair value	**33,580,293**	**(1,190,279)**	14,629,958	47,019,972

	Level 1	Level 2	Level 3	Total
	INR	INR	INR	INR
Financial assets				
Investments at fair value through other comprehensive income	**2,529,603,472**	**–**	1,102,074,736	3,631,678,208
Financial liabilities				
Interest rate swaps	**–**	**(89,663,717)**	–	(89,663,717)
Net fair value	**2,529,603,472**	**(89,663,717)**	1,102,074,736	3,452,014,491

There were no transfers between level 1 and level 2 in 2020 or 2019.

The method used for the purpose of measuring fair values of securities are detailed below:

Quoted company (Level 1)

The listed equity shares are denominated in EURO and are publicly traded on Bolsa de Madrid. The fair value has been determined by reference to their respective quoted closing prices at the reporting date.

Interest rate swaps (Level 2)

The fair value of financial instruments that are not traded in an active market (interest rate swap derivative) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

Unquoted companies (Level 3)

The fair values of the investments in the unquoted companies are determined using management's assessment including third party transaction values, earnings, net asset value or discounted cash flow, whichever, is considered to be appropriate.

Level 3- Fair value measurement

The reconciliation of the carrying amount of financial assets classified within level 3 is as follows:

	2020	2020	2019	2019
	USD	INR	USD	INR
At 01 April	**14,629,958**	**1,102,074,736**	7,605,511	572,923,144
Additions	**9,221,471**	**694,653,410**	7,533,225	567,477,839
Disposal	–	–	(508,778)	(38,326,247)
Fair value adjustments	**(12,819,083)**	**(965,661,522)**	–	–
At 31 March	**11,032,346**	**831,066,624**	14,629,958	1,102,074,736

6.2 Fair value measurement of financial instruments not carried at fair value

The Company's other financial assets and liabilities are measured at their carrying amounts, which approximate their fair values.

6.3 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial assets consist of property, plant and equipment, investments in associates, investments in subsidiaries, current tax asset and prepayments and non-financial liability consist of current tax liability. For these non-financial instruments, fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position.

7. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its member.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its member, buy back shares or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

The details of the gearing ratio are disclosed as follows:

	2020	2010	2019	2019
	USD	INR (Note 1)	USD	INR (Note 1)
Total borrowings (i)	**264,486,014**	**19,923,731,435**	232,960,045	17,548,880,190
Less: cash and cash equivalents	**(13,718,024)**	**(1,033,378,748)**	(7,257,601)	(546,715,083)
Net debt	**250,767,990**	**18,890,352,687**	225,702,444	17,002,165,107
Total equity (ii)	**47,447,351**	**3,574,208,950**	245,585,221	18,499,934,698
Total capital	**298,215,341**	**22,464,561,637**	471,287,665	35,502,099,805
Gearing ratio (%)	**84%**	**84%**	48%	48%

(i) Borrowings include all short-term and long-term borrowings as detailed in Note 17.

(ii) Equity includes capital and retained earnings.

(iii) The Company has a gearing ratio of **84%** (2019: 48%) at the reporting date and the directors consider that this level of gearing is reasonable taking into account the Company's business activities.

8. TAXATION

(i) Income tax

The Company holds a Global Business Licence *(formerly called Category 1 Global Business Licence)* for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the enactment of the Finance Act 2018, with effect from 1 January 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Global Business Licence *(formerly called Category 1 Global Business Licence)* on or before 16 October 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to 30 June 2021.

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its foreign source income resulting in an effective tax rate on net income of up to 3%, up to 30 June 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to Shareholders or in respect of redemptions or exchanges of Shares.

Post 30 June 2021 and under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the Financial Services Commission, the Company would be entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) a partial exemption of 80% of some of the income derived, including but not limited to foreign source dividends or interest income.

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the balance sheet liability method.

At 31 March 2020, the Company has a current tax asset of USD10,087 (2019: USD1,113,226) and a current tax liability of USD3,000,000 (2019: USD Nil) with the Mauritius Tax authority and India Tax Authority respectively.

Statement of profit or loss and other comprehensive income

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Under-provision for the year ended 31 March 2018	–	–	140,087	10,552,754
Tax paid relating to previous years (Note 8 (iv))	**22,743,783**	**1,713,289,173**	–	–
Tax charged during the year (Note 8 (iv))	**3,000,000**	**225,990,000**	–	–
Withholding tax (Note 8 (iii))	**1,385,696**	**104,384,480**	7,867,675	592,671,957
	27,129,479	**2,043,663,653**	8,007,762	603,224,711

During the year ended 31 March 2020, the Company has income tax expense amounting to USD 27,129,479 comprising of tax suffered in relation to Place of Effective Management ("PoEM") of USD 25,743,783 (Note 8(iv)) and of withholding tax of USD 1,385,696 (Note 8(iii)).

Statement of financial position

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Current tax asset (Note (a) below)	**10,087**	**759,854**	1,113,226	83,859,315
Current tax liability (Note (iv))	**3,000,000**	**225,990,000**	–	–

(a) Movement in current tax asset:

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
At 01 April	**1,113,226**	**83,859,315**	–	–
Under-provision for the year ended 31 March 2018	–	–	(140,087)	(10,552,754)
Tax refund received	**(1,113,226)**	**(83,859,315)**		
Tax paid for the year	**10,087**	**759,854**	1,253,313	94,412,068
	10,087	**759,854**	1,113,226	83,859,315

Total tax paid to the Mauritius Tax Authority and India Tax Authority amounted to USD 22,753,870.

(ii) Income tax reconciliation

The income tax on the Company's (loss)/profit before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
(Loss)/profit before tax	**(199,022,995)**	**(14,992,402,214)**	16,316,534	1,229,124,506
Tax calculated at the rate of 3%	**(5,970,690)**	**(449,772,078)**	489,496	36,873,734
Capital allowances	**(2,262)**	**(170,396)**	(2,291)	(172,581)
Items outside taxation scope	**289,193**	**21,784,909**	(561,386)	(42,289,207)
Non-allowable expenses	**6,760,094**	**509,237,881**	1,317,517	99,248,556
Exempt income	–	–	(45,230)	(3,407,176)
Under-provision for the year ended 31 March 2018	–	–	140,087	10,552,754
Foreign tax suffered	**(1,076,335)**	**(81,080,316)**	(1,198,106)	(90,253,326)
Tax expense for the year	–	–	140,087	10,552,754

(iii) Withholding tax

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Withholding tax	**1,385,696**	**104,384,480**	7,867,675	592,671,958
	1,385,696	**104,348,480**	7,867,675	592,671,958

During the year ended 31 March 2020, withholding tax of 19% was charged on dividend income from CIE Automotive S.A (Note 10), a quoted company incorporated in Spain.

(iv) Tax residency and Place of Effective Management ("PoEM")

The Finance Act 2015 of India introduced the concept of PoEM to determine the tax residency of a particular foreign company. PoEM has been defined to mean 'a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance made'.

The Indian Tax laws prescribed that the residency test to be performed on all taxpayers and if a foreign company is found to have its PoEM in India, it will have its own set of tax implications.

During the year, the Company reviewed the implications of POEM legislation introduced in India. The directors strongly believes that the Company has central control and management in Mauritius, however, in order to avoid any potential exposure to litigation, it has paid tax in India for financial years 2017, 2018 and 2019 amounting to USD22,743,783 and also submitted tax return in India for the said period out of abundant caution. On the same basis, it has made a provision for tax in India for the financial year 2020 amounting to USD3,000,000 in these financial statements.

(v) Deferred tax

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are generally recognised in full, although IAS 12 'Income Taxes' specifies limited exemptions.

Deferred tax is calculated on all temporary differences under the liability method at the rate of 3%.

9. PROPERTY, PLANT AND EQUIPMENT

Details of the Company's property, plant and equipment and their carrying amounts are as follows:

	Building	Furnitures & fittings	Total
	USD	USD	USD
Gross carrying amount			
Balance at 01 April 2019 and 31 March 2020	**1,430,606**	**115,430**	**1,546,036**
Depreciation			
Balance at 01 April 2019	**184,999**	**89,617**	**274,616**
Charge for the year	**23,841**	**11,543**	**35,384**
Balance at 31 March 2020	**208,840**	**101,160**	**310,000**
Carrying amount			
31 March 2020	**1,221,766**	**14,270**	**1,236,036**

	Building	Furnitures & fittings	Total
	USD	USD	USD
Gross carrying amount			
Balance at 01 April 2018 and 31 March 2019	1,430,606	115,430	1,546,036
Depreciation			
Balance at 01 April 2018	161,158	78,074	239,232
Charge for the year	23,841	11,543	35,384
Balance at 31 March 2019	184,999	89,617	274,616
Carrying amount			
31 March 2019	1,245,607	25,813	1,271,420

	Building	Furnitures & fittings	Total
	INR (Note 1)	INR (Note 1)	INR (Note 1)
Gross carrying amount			
Balance at 01 April 2019 and 31 March 2020	**107,767,550**	**8,695,342**	**116,462,892**
Depreciation			
Balance at 01 April 2019	**13,935,974**	**6,750,849**	**20,686,823**
Charge for the year	**1,795,943**	**869,534**	**2,665,477**
Balance at 31 March 2020	**15,731,917**	**7,620,383**	**23,352,300**
Carrying amount			
31 March 2020	**92,035,633**	**1,074,959**	**93,110,592**

	Building	Furnitures & fittings	Total
	INR (Note 1)	INR (Note 1)	INR (Note 1)
Gross carrying amount			
Balance at 01 April 2018 and 31 March 2019	107,767,550	8,695,342	116,462,892
Depreciation			
Balance at 01 April 2018	12,140,032	5,881,314	18,021,346
Charge for the year	1,795,943	869,534	2,665,477
Balance at 31 March 2019	13,935,975	6,750,848	20,686,823
Carrying amount			
31 March 2019	93,831,575	1,944,494	95,776,069

10. INVESTMENTS IN ASSOCIATES

	2020	2020	2019	2019
	USD	INR (Note 1)	USD	INR (Note 1)
(i) At carrying amount:				
At 01 April	**94,323,813**	**7,105,412,833**	116,356,102	8,765,105,164
Additions during the year	**–**	**–**	2,934,999	221,093,475
Impairment during the year (Note 10 (v))	**(15,923,168)**	**(1,199,492,245)**	(24,967,288)	(1,880,785,806)
At 31 March	**78,400,645**	**5,905,920,588**	94,323,813	7,105,412,833

(ii) Details pertaining to the investments are as follows:

Name of investee companies	Class of shares	Country of incorporation	% holding	At carrying amount 2020	At carrying amount 2019
				USD	USD
CIE Automotive S.A.	Equity shares	Spain	7.43%	**78,400,645**	**78,400,645**
The East India Company Group Limited (Note 10 (v))	Equity shares	Jersey	18.62%	**15,893,176**	**15,893,176**
The East India Company Gin (BVI) Limited (Note 10 (v))	Equity shares	British Virgin Islands	20%	**4,000**	**4,000**
The East India Company Gin Ltd (Note 10 (v))	Equity shares	The Republic of Singapore	20%	**25,992**	**25,992**
Scoots Network, Inc	Series A Preferred stocks	United States of America	35.3%	**24,967,288**	**24,967,288**
Accumulated impairment				**(40,890,456)**	**(24,967,288)**
Total				**78,400,645**	**94,323,813**

(iii) The Company exercises significant influence with its 20% stake in The East India Company Gin (BVI) Limited and The East India Company Gin Ltd. For the remaining investee companies, although the Company has less than 20% shareholdings in these companies, the directors assessed the level of influence that the Company has on them and determined that it has significant influence over these investee companies through its representations on the board of directors and participations in policy-making processes. Consequently, these investments have been classified as associates and accounted at cost in these separate financial statements.

At 31 March 2020, the investment in CIE Automotive S.A. had a fair value of USD148,853,675 based on the closing market price listed on the Madrid Stock Exchange (Bolsa de Madrid), Spain.

(iv) At the reporting date, due to the novel coronavirus ("COVID-19") outbreak, classified as pandemic by the World Health Organisation ("WHO") in March 2020, a negative impact is witnessed on the global economy and the directors have assessed the impact on these investments and consequently impairment aggregating to USD 15,923,168 for the year was recognised in these financial statements.

(v) In the financial year 31 March 2019, investment in Scoots Network, Inc. was fully impaired. During the year ended 31 March 2020, the associate was in process to close down its operations and have initiated its winding up procedures.

11. INVESTMENTS IN SUBSIDIARIES

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Unquoted and at carrying amount				
Balance at 01 April	**279,995,902**	**21,092,091,298**	211,138,127	15,905,035,107
Addition during the year (Note 11 (iii))	**84,485,000**	**6,364,255,050**	69,183,530	5,211,595,315
Conversion of loan into investment	–	–	10,000,000	753,300,000
Disposal during the year	–	–	(4,558,822)	(343,416,061)
Refund of investment	–	–	(528,447)	(39,807,913)
Impairment of investments (Note 11 (iv))	**(181,088,865)**	**(13,641,424,202)**	(5,238,486)	(394,615,150)
Balance at 31 March	**183,392,037**	**13,814,922,146**	279,995,902	21,092,091,298

(ii) Details pertaining to the investments are as follows:

Name of investee companies	Country of incorporation	% holding	Carrying amount 2020	Carrying amount 2019
			USD	USD
Equity shares				
Mahindra - BT Investment Company (Mauritius) Limited	Republic of Mauritius	57%	**6,771,600**	6,771,600
Graphics Research Design S.r.l. . (formerly known as Mahindra Graphics Research Design S.r.l)	Republic of Italy	100%	**5,238,486**	5,238,486
Mahindra Europe S.r.l (Note 11 (iv)	Republic of Italy	100%	**4,136,635**	4,136,635
Mahindra Racing UK Limited	United Kingdom	100%	**33,700**	33,700
Mahindra Tractor Assembly, Inc (Note 11 (iii) and (iv))	United States of America	100%	**93,145,000**	58,410,000
Mahindra Emirates Vehicle Armouring FZ-LLC	United Arab Emirates	88%	**2,891,692**	2,891,692
Hisarlar Makine Sanayi ve Ticaret (Note 11 (iv))	Turkey	86.80%	**56,894,666**	56,894,666
Mahindra Automotive North America, Inc (Note 11 (iii) and (iv))	United States of America	100%	**93,750,000**	44,000,000
Erkunt Sanayi A.S.	Turkey	63.72%	**30,384,793**	30,384,793
Erkunt Traktor Sanayii A.S. (Note 11 (iv)	Turkey	100%	**76,472,816**	76,472,816
Accumulated impairment (Note 11(iv))			**(186,327,351)**	(5,238,486)
Total			**183,392,037**	279,995,902

(iii) During the year under review, the following additions took place:

Name of Subsidiaries	**USD**
Mahindra Tractor Assembly, Inc (Note 11 (iii)(a))	**34,735,000**
Mahindra Automotive North America, Inc (Note 11 (iii)(b))	**49,750,000**
	84,485,000

(a) The Company holds 100% of the share capital of Mahindra Tractor Assembly, Inc ("MTAI") and has subscribed to an additional 173,675,000 equity shares for a total consideration of USD34,735,000.

(b) The Company holds 100% of the share capital of Mahindra Automotive North America, Inc ("MANA") and has subscribed to an additional 1,990,000 equity shares for a total consideration of USD49,750,000.

(iv) At reporting date, the novel coronavirus (Covid-19) outbreak, classified as a pandemic by the World Health Organisation ("WHO") in March 2020, is having a negative impact on the global economy. The directors have assessed the recoverable amounts of these investments in subsidiaries and concluded that these investments have suffered impairment aggregating to USD181,088,865 for the year under review.

(v) The disposals of the following investments are subject to some restrictions, as more fully defined in the respective Agreements:

Name of investee companies	**Restrictions on disposal of shares**
Mahindra – BT Investment Company (Mauritius) Limited	As detailed in the Share Subscription Agreement signed between the Company, Mahindra – BT Investment Company (Mauritius) Limited and BT Holdings Limited on 23 June 2005.
Mahindra Europe S.r.l.	As detailed in the Credit Agreement with EXIM Bank and prior approval of Unicredit Bank and San Paolo Bank have to be obtained before any disposal of shares held.

(vi) The Company holds a Global Business Licence *(formerly called Category 1 Global Business Licence)* issued by the Financial Services Commission and has taken advantage of the exemption given in Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 from the requirement to prepare consolidated financial statements as it is a wholly-owned subsidiary of a quoted company incorporated in the Republic of India, Mahindra & Mahindra Ltd.

(vii) The proportions of the voting rights in the subsidiaries held directly by the Company do not differ from the proportion of ordinary shares held.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
(i) Cost				
Balance at 01 April	**49,016,133**	**3,692,385,299**	7,605,511	572,923,144
Additions during the year (Note 12(v))	**9,221,471**	**694,653,410**	41,919,400	3,157,788,402
Disposals during the year	**–**	**–**	(508,778)	(38,326,247)
Balance at 31 March	**58,237,604**	**4,387,038,709**	49,016,133	3,692,385,299

	2020	2020	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
(ii) Fair value				
Balance at 01 April	**48,210,251**	**3,631,678,208**	7,605,511	572,923,144
Additions during the year (Note 12(v))	**9,221,471**	**694,653,410**	41,919,400	3,157,788,402
Disposals during the year	**–**	**–**	(508,778)	(38,326,247)
Fair value adjustment for the year (Note 12 (iii))	**(28,985,396)**	**(2,183,469,881)**	**(805,882)**	**(60,707,091)**
Balance at 31 March	28,446,326	2,142,861,737	48,210,251	3,631,678,208

	2020	2020	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
(iii) Investment revaluation reserves				
At beginning of the year	**(805,882)**	**(60,707,091)**	–	–
Fair value adjustment for the year	**(28,985,396)**	**(2,183,469,881)**	(805,882)	(60,707,091)
At end of year	**(29,791,278)**	**(2,244,176,972)**	(805,882)	(60,707,091)

(iv) Details pertaining to the unquoted investments are as follows:

Name of investee companies	Country of incorporation	% holding	Fair value 2020	Fair value 2019
			USD	**USD**
Equity shares				
Mahindra Do Brasil Industrial, Ltda	Brazil	0.27%	**20,000**	20,000
Distilled Analytics	Canada	0.137%	**1,000,100**	1,000,100
Preference shares/common stock				
Cleartrip Inc	Cayman Islands	0.74%	**1,046,155**	1,046,155
Cloudleaf, Inc. – Series A Preferred Stock	United States of America	15.13%	**2,030,479**	2,030,479
Cloudleaf, Inc. – Series B Preferred Stock	United States of America	8.31%	**2,389,132**	–
Avaamo, Inc	United States of America	5.27%	**2,999,998**	2,999,998
Zoomcar	United States of America	5.7%	**7,294,205**	7,294,205
Medixine OY	Finland	1.3%	**239,020**	239,020
Global Dominion Access S.A	Spain	3.7%	**34,386,175**	34,386,175
Bird Rides Inc. Series D-1 Preferred Stock	United States of America	0.22%	**6,832,339**	–
Other				
Chartoff – Tempest Productions, LLC	–	–	**1**	1
Accumulated fair value adjustment (12 (iv) (vi))			**(29,791,278)**	(805,882)
Total			**28,446,326**	48,210,251

(v) During the year 31 March 2020, the following additions took place:

(a) On 26 June 2019, the Company acquired 1,164,144 Series B Preferred Stock in Cloudleaf, Inc ("Cloudleaf") for a total consideration of USD2,000,000 and loan receivable (inclusive of interest) from Cloudleaf amounting to USD389,132 (Note 13(iv)) was converted to 284,239 Series B Preferred Stock.

(b) Pursuant to a board meeting dated 03 December 2019, the Company received 528,913 Series D-1 Preferred Stock for an amount aggregating to USD6,832,339 in Bird Rides Inc. against the convertible loan notes that the Company held in Scoots Network, Inc.

(vi) At reporting date, the novel coronavirus (Covid-19) outbreak, classified as a pandemic by the World Health Organisation ("WHO") in March 2020, is having a negative impact on the global economy, resulting to a fair value decrease of USD28,985,396 of these investments in these financial statements.

(vii) The disposals of the following investments are subject to some restrictions, as more fully defined in the respective Agreements:

Name of investee companies	Restrictions on disposal of shares
Cleartrip Inc	As detailed in the Amended and Restated Right of First Refusal and Co-Sale Agreement, the 'Agreement', dated 31 December 2007, the Seller must comply with the provisions of sections 2, 3 and 4 of the Agreement.
Avaamo, Inc	As detailed in the Amended and Restated Investors' Right Agreement, dated 14 March 2018, the parties involved must comply with the provision of section 12.1 of the Agreement.

13. LOANS

	2020	2020	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Non-current				
Loans to related parties	**21,596,813**	**1,626,887,925**	34,055,566	2,565,405,787
Loan to third party	**–**	**–**	387,419	29,184,273
Current				
Loans to related parties	**–**	**–**	25,155,667	1,894,976,395
Net impairment during the year	**(11,180,500)**	**(842,227,065)**	(12,200,323)	(919,050,332)
Total	**10,416,313**	**784,660,860**	47,398,329	3,570,516,123

The movement during the year on the loans given to third party/related parties is as follows:

	2020	2020	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Balance at 01 April	**47,398,329**	**3,570,516,123**	4,435,280	334,109,642
Loans given to:				
Related parties:				
Graphics Research Design S.r.l. (formerly known as Mahindra Graphics Research Design S.r.l)	–	–	56,090	4,225,260
Mahindra Tractor Assembly, Inc. (Note 13 (i))	**1,630,000**	**122,787,900**	7,400,000	557,442,000
Mahindra USA Inc.	–	–	25,000,000	1,883,250,000
Mahindra Two Wheelers (Note 13 (ii))	**56,065**	**4,223,376**	–	–
Mahindra Automotive North America	–	–	19,400,000	1,461,402,000
Scoots Network, Inc. (Note 13 (v))	**3,996,743**	**301,074,650**	12,000,000	903,960,000

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Third party:				
Cloudleaf, Inc. (Note 13 (iv))	–	–	386,086	29,083,858
Loans repaid:				
Mahindra USA Inc. (Note 13 (iii))	**(25,000,000)**	**(1,883,250,000)**	–	–
Mahindra Two Wheelers (Note 13 (ii))	**(56,065)**	**(4,223,376)**	–	–
Interest income during the year	**1,432,957**	**107,944,652**	1,228,782	92,564,148
Interest received during the year	**(423,068)**	**(31,869,713)**	–	–
Conversion of loan to investment:				
Mahindra Automotive North America	–	–	(10,000,000)	(753,300,000)
Cloudleaf, Inc. (Note 13 (iv))	**(389,132)**	**(29,313,314)**	–	–
Scoots Network, Inc. (Note 13 (v))	**(6,832,339)**	**(514,680,097)**	–	–
Net impairment during the year (Note 13(vi))	**(11,180,500)**	**(842,227,065)**	(12,200,323)	(919,050,332)
Foreign exchange losses	**(216,677)**	**(16,322,276)**	(307,586)	(23,170,453)
Balance at 31 March	**10,416,313**	**784,660,860**	47,398,329	3,570,516,123

During the year 31 March 2020, the following transactions took place:

(i) The Company granted an addition loan of USD1,630,000 to Mahindra Tractor Assembly, Inc., which carries interest at the rate of 1-year LIBOR + 175 basis points per annum and receivable within 2 years.

(ii) The Company granted a loan to Mahindra Two Wheelers amounting to USD56,065, which carries interest at the rate of 6-month Euribor + 250 basis point per annum. The principal amount and the interest receivable amounting to USD56,065 and USD599 respectively was fully repaid at the reporting date.

(iii) During the year 31 March 2020, Mahindra USA Inc has fully repaid the loan of USD25,000,000 to the Company, along with accrued interest of USD422,468.

(iv) Pursuant to a board meeting dated 12 June 2019, the Company approved that convertible loan notes, inclusive of interest receivables, from Cloudleaf, Inc. will be converted into Series B Preferred Stock. Subsequently, on 26 June 2019, the convertible loan notes amounting to USD 389,132 were converted into 284,239 Series B shares (Note 12(v)).

(v) Pursuant to Assignment and Assumption of Loan Documents dated 13 May 2019, the Company purchased the loan notes of Venture Lenders & Leasing VIII and Venture Lenders & Leasing IX in Scoots Network, Inc. ("SNI") for a total consideration of USD1,456,743.

Additionally, pursuant to board meeting dated 12 July 2019 the Company granted additional fund to SNI amounting to USD2,540,000

Pursuant to a board meeting dated 03 December 2019, SNI was in process to wind up its operations and a Dissolution Plan was approved whereby the Company obtained 528,913 Series D-1 Preferred Stock in Bird Rides Inc. against USD6,832,339 loan notes held in SNI.

During the year ended 31 March 2019, the directors had fully impaired the loan in SNI by USD12,143,973. However, during the year ended 31 March 2020, part of the impairment amounting to USD2,835,596 has been reversed since the Company trade off the loan against Series D-1 Preferred Stock in Bird Rides Inc..

(vi) At the reporting, due to the novel coronavirus outbreak, classified as pandemic by the World Health Organisation in March 2020, is having a negative impact on the global economy and consequently the directors have impaired loans amounting to USD11,180,500 (net of USD2,835,596 (Note 13(v))) was recognised in these financial statements.

(vii) Management considers the probability of default of the other related party to be close to zero as they have a strong capacity to meet their contractual obligations. The related party will ensure that it has sufficient cash reserves to ensure that no event of default occurs in the foreseeable future. As a result, no loss allowance has been recognised based on 12-month ECL, since no event of default is anticipated for the intercompany loan.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Cash at bank:				
– USD	**4,698,742**	**353,956,235**	5,247,354	395,283,177
– ZAR	**7,687**	**579,062**	26,396	1,988,410
– EUR..............	**9,011,595**	**678,843,451**	1,983,851	149,443,496
	13,718,024	**1,033,378,748**	7,257,601	546,715,083

15. STATED CAPITAL

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Issued and fully paid:				
292,579,209 Ordinary shares of USD 1 each (31 March 2019: 235,579,209 Ordinary shares)	**292,579,209**	**22,039,991,814**	235,579,209	17,746,181,814

(i) The movement during the year was as follows:

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
At 01 April	**235,579,209**	**17,746,181,814**	180,579,209	13,603,031,814
Issue of shares during the year	**57,000,000**	**4,293,810,000**	55,000,000	4,143,150,000
At 31 March	**292,579,209**	**22,039,991,814**	235,579,209	17,746,181,814

(ii) In accordance with the Company's Constitution, the main rights and obligations attached to the ordinary shares are as follows:

- confer to its holder the rights to attend and exercise one vote at meetings of members generally and class meetings of the ordinary shares;
- have a right to receive any dividend or distribution; and
- be entitled, on a winding up, to share in the assets of the Company available for distribution.

16. DERIVATIVE FINANCIAL INSTRUMENTS

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Non-current liabilities				
Interest rate swaps	**661,911**	**49,861,756**	1,112,277	83,787,826
Current liabilities				
Interest rate swaps	**172,917**	**13,025,838**	78,002	5,875,891
	834,828	**62,887,594**	1,190,279	89,663,717

The Company had entered into interest rate swap agreements to manage interest rate risk exposure.

The interest rate swap effectively modified the Company's exposure to interest rate risk by converting the Company's floating rate debt to a fixed rate basis for the entire term of the debt, thus reducing the impact of interest rate changes on future interest expense. This agreement involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount.

As at the reporting date, the fair values of the hedging derivatives have been classified as current and non-current liabilities since the maturity of one of the hedge items is less than one year and the remaining have maturity after one year.

The notional principal amount of the outstanding interest rate swaps at 31 March 2020 was USD163,015,700 (inclusive of a loan of EUR37,000,000 and EUR111,250,000).

At 31 March 2020, the fixed interest rates and fair values based on the interest rate swaps are as follows:

Details	Notional amount	Fixed interest rate	Start date	Maturity date	Fair value 2020	Fair value 2019
	USD				USD	INR
HSBC Bank (Mauritius) Limited	40,685,200	0.82%	22 February 2018	02 February 2021	(172,917)	(13,025,838)
Bank of America, N.A	122,330,500	0.75%	05 June 2018	08 June 2021	(661,911)	(49,861,756)
	163,015,700				(834,828)	(62,887,594)

At 31 March 2019, the fixed interest rates and fair values based on the interest rate swaps were as follows:

Details	Notional amount	Fixed interest rate	Start date	Maturity date	Fair value 2019	Fair value 2019
	USD				USD	INR
HSBC Bank (Mauritius) Limited	41,575,050	0.82%	17 March 2017	10 March 2020	(275,587)	(20,759,969)
HSBC Bank (Mauritius) Limited	26,967,600	0.7%	22 February 2018	02 February 2021	(78,002)	(5,875,891)
Bank of America, N.A	126,068,500	0.75%	05 June 2018	08 June 2021	(836,690)	(63,027,857)
	194,611,150				(1,190,279)	(89,663,717)

17. BORROWINGS

	2020	2020	2019	2019
	USD	INR (Note 1)	USD	INR (Note 1)
(i) Non-current				
Bank loans	144,435,400	10,880,318,682	188,233,499	14,179,629,480
Loans from holding company	18,442,206	1,389,251,378	17,653,333	1,329,825,575
	162,877,606	12,269,570,060	205,886,832	15,509,455,055
(ii) Current				
Bank loans	101,608,408	7,654,161,375	27,073,213	2,039,425,135
Total	264,486,014	19,923,731,435	232,960,045	17,548,880,190

(iii) The movement during the year on the borrowings was as follows:

	2020	2020	2019	2019
	USD	INR (Note 1)	USD	INR (Note 1)
Balance at 01 April	232,960,045	17,548,880,190	218,996,754	16,497,025,479
Loans repaid during the year:				
HSBC Bank (Mauritius) Limited	(26,962,600)	(2,031,092,658)	–	–
Loans received during the year:				
Bank of America, N.A	27,580,000	2,077,601,400	10,164,815	765,715,514
HSBC Bank (Mauritius) Limited	33,093,000	2,492,895,690	22,792,819	1,716,983,055
Interest element for the year:				
Interest expense	1,749,149	131,763,394	1,862,490	140,301,372
Interest payment	(757,267)	(57,044,923)	(889,102)	(66,976,054)
Loss on interest rate swaps	755,810	56,935,167	479,222	36,099,793
Interest rate swaps paid	(819,192)	(61,709,733)	(450,495)	(33,935,788)
Transaction costs incurred	–	–	(237,542)	(17,894,039)
Amortisation of transaction costs	124,304	9,363,820	108,915	8,204,567
Foreign exchange gains	(3,237,235)	(243,860,912)	(19,867,831)	(1,496,643,709)
Balance at 31 March	264,486,014	19,923,731,435	232,960,045	17,548,880,190

(iv) The loans from the holding company are unsecured, repayable on demand and with interest ranging from 8.25% to 8.50% per annum. These loans have been classified as non-current in these financial statements. One of the loans is denominated in GBP and has been translated into the functional currency at the reporting date.

(v) Summary of borrowings arrangements are as follows:

(a) Loan from Bank of America, N.A ("BOA")

On 16 November 2017, the Company borrowed EUR65,000,000 (USD77,005,489) and EUR 13,000,000 (USD15,311,390) from Bank of America, N.A which carry interest at EURIBOR + 80 basis points per annum without floor.

Furthermore, on 01 February 2018, the Company borrowed another loan of EUR 25,000,000 (USD 30,917,510) from Bank of America, N.A which carries interest at EURIBOR + 80 basis points per annum.

During the year ended 31 March 2018, the Company borrowed an additional loan of EUR8,250,000 (USD10,164,815) from Bank of America, N.A with interest at EURIBOR + 80 basis points and repayable in July 2018, and has been subsequently rolled-over.

Pursuant to a Facility Agreement dated 5 June 2018, effective date being 10 September 2018, all the previous loans from Bank of America, N.A have been amalgamated into a single one amounting to EUR111,250,000. The loan carries interest at EURIBOR + 75 basis points. The interest is payable at the end of every 3 months and interest accrued on the loan outstanding at the reporting date amounted to EUR19,104.

The Company incurred transaction costs of USD199,638 in respect of this loan and which is amortised over a period of 3 years, which is the tenure of the loan.

Pursuant to Facility Agreement 20 March 2020, the Company borrowed an additional loan amounting to EUR25,000,000 during the financial year ended 31 March 2020. The loan was disbursed on 26 March 2020. The loan carries interest at EURIBOR + 80 basis points and the loan facility has a term period of 1 month.

(b) *Loan from HSBC Bank (Mauritius) Limited ("HSBC")*

Pursuant to a Facility Agreement with HSBC dated 10 March 2017, the Company borrowed EUR24,000,000 at an interest rate of 3 months EURIBOR + 0.82% basis point per annum, with the EURIBOR floored to negative 0.82%. The loan is unsecured and is repayable on 10 March 2020. Upon disbursement of the loan, the Company initially incurred transaction costs of USD 66,290 in respect of this loan. These costs have been amortised over a period of 3 years, which is the tenure of the loan.

During the year under review, the Company has repaid back this loan amounting to EUR24,000,000 on 10 March 2020.

Pursuant to a Facility Agreement with HSBC dated 05 February 2018, the Company borrowed EUR 37,000,000 at an interest rate of 3 months EURIBOR + 0.70% margin per annum with the EURIBOR floored to negative 0.70%. The loan is unsecured and repayable in February 2021, consequently the borrowing has been classified to current liabilities in these financial statements. The interest is payable on a quarterly basis and interest accrued on the loan outstanding at the reporting date amounted to EUR 18,002.

In the financial year ended 31 March 2018, the Company initially incurred transaction costs of USD70,857 in respect of this loan. These costs have been amortised over a period of 3 years, which is the tenure of the loan.

During the year ended 31 March 2019, pursuant to a Facility Agreement with HSBC dated 26 June 2018, the Company borrowed at additional amount of EUR20,000,000 at an interest rate of 3 months EURIBOR + 0.7% margin. The amount has been granted to the Company on several tranches. The loan is unsecured and repayable in June 2021. The interest is payable on a quarterly basis and interest accrued on the loan outstanding at the reporting date amounted to EUR5,394.

The Company incurred transaction costs of USD37,904 in respect of this loan and which is amortised over a period of 3 years, which is the tenure of the loan.

During the year under review, the Company borrowed an additional amount of EUR30,000,000. The loan was disbursed on 31 March 2020. Pursuant to term sheet dated 31 March 2020 the loan bears interest rate of EURIBOR + 1.55% margin. It is agreed that if the EURIBOR is negative it shall be deemed to be zero for the purpose of this Facility. The loan facility has a term period of 360 days.

The Company entered into an interest rate swap arrangement in respect of its borrowings of EUR 24,000,000 (repaid on 10 March 2020) and EUR37,000,000 from HSBC and EUR111,250,000 from Bank of America, N.A.

During the year ended 31 March 2020, a loss of USD 755,810 (2019: USD479,222) were also incurred on the swap arrangement in respect of its borrowings.

18. OTHER RECEIVABLE AND PREPAYMENTS

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Other receivable (Note 18 (i))	**257,501**	**19,397,550**	257,501	19,397,550
Prepayments	**5,645**	**425,238**	5,595	421,472
Advance to investee company (Note 18 (ii))	**40,075**	**3,018,851**	–	–
	303,221	**22,841,638**	263,096	19,819,022

(i) Pursuant to the Stock Purchase Agreement dated 29 November 2018, in respect of the disposal of investment in D.Light Inc (Note 12), it was agreed that the disposal proceeds would amount to USD1,258,670. An amount of USD1,001,169 was received by the Company on 18 December 2018 and the remaining amount of USD257,501 is still receivable by the Company. This amount is held in an Escrow account and the termination date is 11 June 2020.

(ii) During the year, an advance of USD40,075 (EUR35,000) was made to Graphics Research Design S.r.l (formerly known as Mahindra Graphics Research Design S.r.l) and recoverable within one year.

(iii) The directors consider the probability of default to be close to zero for the other receivable since the third party has strong capacity to meet its contractual obligations. As a result, no loss allowance for both receivable and advance have been recognised based on 12-month ECL.

19. ACCRUALS

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Professional fees	**89,691**	**6,756,423**	43,327	3,263,823
Custodian fees	**14,138**	**1,065,016**	14,138	1,065,016
Administrative	**50,667**	**3,816,745**	40,628	3,060,507
	154,496	**11,638,184**	98,093	7,389,346

20. FINANCE INCOME AND FINANCE COSTS

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
20.1 Finance income				
Interest on loans (Note 13)	**1,432,957**	**107,944,652**	1,084,809	81,718,662
Interest on Secured Convertible Promissory Notes (Note 13)	**–**	**–**	143,973	10,845,486
Fair value adjustment – Derivative financial instruments	**355,450**	**26,776,048**	–	–
Foreign exchange gain	**3,740,894**	**281,801,545**	19,882,300	1,497,733,659
Interest income on short term deposits	**–**	**–**	730,680	55,042,124
Interest income from Erkunt Tractor	**321,157**	**24,192,757**	97,425	7,339,025
Distribution Income	**–**	**–**	6,435	484,749
	5,850,458	**440,715,001**	21,945,622	1,653,163,705

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
20.2 Finance costs				
Amortisation of transaction costs (Note 17 (iii))	**124,304**	**9,363,820**	108,915	8,204,567
Interest on borrowings (Note 17(iii))	**1,749,149**	**131,763,394**	1,862,490	140,301,372
Fair value adjustment – Derivative financial instruments	**–**	**–**	894,797	67,405,058
Loss on interest on swaps (Note 17(iii))	**755,810**	**56,935,167**	479,222	36,099,793

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Foreign exchange losses	**930,997**	**70,132,005**	1,264,438	95,250,115
Depository charges	**27,056**	**2,038,128**	27,998	2,109,089
Transaction costs	**–**	**–**	4,859	366,028
	3,587,316	**270,232,514**	4,642,719	349,736,022

21. DIVIDENDS

	2020	**2020**	2019	2019
	USD	**INR (Note 1)**	USD	INR (Note 1)
Dividend paid	**–**	**–**	29,000,000	2,184,570,000
Dividend per share	**–**	**–**	0.12	0.12

22. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2020, the Company had transactions with related parties. The nature, volume of transactions and balances with the related parties are as follows:

Nature of relationship	**Nature of Transactions**	**Volume of transactions**	**Debit/(credit) balances at 31 March 2020**	Debit/(credit) balances at 31 March 2019
		USD	**USD**	USD
Associate	Loan receivable	**4,442,329**	**–**	4,442,329
Subsidiary companies	Loan receivables	**32,152,268**	**10,416,313**	42,568,581
Parent company	Loan payables	**768,873**	**(18,442,206)**	(17,653,333)

Nature of relationship	**Nature of Transactions**	**Volume of transactions**	**Debit/(credit) balances at 31 March 2020**	Debit/(credit) balances at 31 March 2019
		INR (Note 1)	**INR (Note 1)**	INR **(Note 1)**
Associate	Loan receivable	**341,680,609**	**–**	334,640,644
Subsidiary companies	Loan receivables	**2,422,030,347**	**784,660,860**	3,206,691,207
Parent company	Loan payables	**59,425,803**	**(1,389,251,378)**	(1,329,825,575)

The terms and conditions of the balances are stated in Notes 13 and 17 to these financial statements.

23. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES:

Net debt reconciliation:

Net debt	**2020**	2019
	USD	USD
Borrowings:		
– Repayable within one year	**101,608,408**	27,073,213
– Repayable after one year	**162,877,606**	205,886,832
	264,486,014	232,960,045

	Borrowings due after more than 1 year	**Borrowings due within 1 year**	**Total**
	USD	**USD**	**USD**
Net debt as at 01 April 2019	205,886,832	27,073,213	232,960,045
Cash flows:			
– Proceeds from loans (net of transaction cost)	–	60,673,000	60,673,000
– Interest payments	(488,352)	(268,915)	(757,267)
– Repayment of loans	–	(26,962,600)	(26,962,600)
– Interest rate swaps paid	(565,998)	(253,194)	(819,192)
Non-cash:			
– Loss on interest rate swaps	499,973	255,837	755,810
– Amortisation of transaction costs	78,180	46,124	124,304
– Interest expense	1,492,139	257,010	1,749,149
– Foreign exchange gains	(2,496,083)	(741,152)	(3,237,235)
– Reclassification of loan	(41,529,085)	41,529,085	–
Net debt as at 31 March 2020	**162,877,606**	**101,608,408**	**264,486,014**

	Borrowings due after more than 1 year	**Borrowings due within 1 year**	**Total**
	USD	**USD**	**USD**
Net debt as at 01 April 2018	218,927,745	69,009	218,996,754
Cash flows:			
– Proceeds from loans (net of transaction cost)	32,720,092	–	32,720,092
– Interest payments	–	(889,102)	(889,102)
– Interest rate swaps paid	–	(450,495)	(450,495)
Non-cash:			
– Loss on interest rate swaps	–	479,222	479,222
– Amortisation of transaction costs	87,134	21,781	108,915
– Reclassification of loan	(26,923,200)	26,923,200	–
– Interest expense	942,892	919,598	1,862,490
– Foreign exchange gains	(19,867,831)	–	(19,867,831)
Net debt as at 31 March 2019	205,886,832	27,073,213	232,960,045

Net debt	**2020**	2019
	INR (Note 1)	INR (Note 1)
Borrowings:		
– Repayable within one year	**7,654,161,375**	2,039,425,135
– Repayable after one year	**12,269,570,060**	15,509,455,055
	19,923,731,435	17,548,880,190

	Borrowings due after more than 1 year	Borrowings due within 1 year	Total
	INR (Note 1)	INR (Note 1)	INR (Note 1)
Net debt as at 01 April 2019	**15,509,455,055**	**2,039,425,135**	**17,548,880,190**
Cash flows:			
– Proceeds from loans (net of transaction cost)		**4,570,497,090**	**4,570,497,090**
– Interest payment	**(36,787,556)**	**(20,257,367)**	**(57,044,923)**
– Repayment of loans		**(2,031,092,658)**	**(2,031,092,658)**
– Interest rate swaps paid	**(42,636,629)**	**(19,073,104)**	**(61,709,733)**
Non-cash:			
– Loss on interest rate swaps	**37,662,966**	**19,272,201**	**56,935,167**
– Amortisation of transaction costs	**5,889,299**	**3,474,521**	**9,363,820**
– Interest expense	**112,402,831**	**19,360,563**	**131,763,394**
– Foreign exchange losses	**(188,029,932)**	**(55,830,980)**	**(243,860,912)**
– Reclassification of loan	**(3,128,385,974)**	**3,128,385,974**	**–**
Net debt as at 31 March 2020	**12,269,570,060**	**7,654,161,375**	**19,923,731,435**

	Borrowings due after more than 1 year	Borrowings due within 1 year	Total
	INR (Note 1)	INR (Note 1)	INR (Note 1)
Net debt as at 01 April 2018	16,491,827,031	5,198,488	16,497,025,479
Cash flows:			
– Proceeds from loans (net of transaction cost)	2,464,804,530	–	2,464,804,530
– Interest payment	–	(66,976,054)	(66,976,054)
– Interest rate swaps paid	–	(33,935,788)	(33,935,788)
Non-cash:			
– Loss on interest rate swaps	–	36,099,793	36,099,793
– Amortisation of transaction costs	6,563,804	1,640,763	8,204,567
– Reclassification of loan	(2,028,124,656)	2,028,124,656	–
– Interest expense	71,028,054	69,273,317	140,301,372
– Foreign exchange losses	(1,496,643,708)	–	(1,496,643,709)
Net debt as at 31 March 2019	15,509,455,055	2,039,425,135	17,548,880,190

24. CONTINGENT LIABILITIES

The Company has no litigation claims outstanding, pending or threatened against it which could have a material adverse effect on its financial position or results.

25. EVENTS AFTER THE REPORTING DATE

The Company has evaluated all events subsequent through the date of these financial statements that were available to be issued on 25 May 2020 and determined that the subsequent events that requires disclosure are mentioned below:

- An additional loan aggregating to USD2,000,000 was disbursed to Mahindra Automotive North America, Inc,.
- Former subsidiary Graphics Research Design S.r.l (formerly known as Mahindra Graphics Research Design S.r.l) has wound up its operations during the year ended 31 March 2020 and was officially struck off on 1 April 2020.

26. HOLDING COMPANY

The directors regard Mahindra & Mahindra Ltd, a quoted company on the National Stock Exchange of India, as the Company's holding company. .

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF Mahindra Automotive Mauritius Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahindra Automotive Mauritius Ltd**., the "Company", which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Global Business Licence (*formerly Category 1 Global Business Licence*) and the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The supplementary information presented in Indian Rupee in the financial statements is solely for the convenience of the users of the financial statements. The supplementary information presented in Indian Rupee does not form part of the audited financial statements. We have therefore not audited the supplementary information and, accordingly, we do not express an opinion on this supplementary information. This paragraph has no impact on the audit opinion expressed in this auditors' report.

Information Other than the Financial Statements and Auditors' Report thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises the information included in the Corporate data and Commentary of the Directors sections but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Use of this report

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date: 23rd April, 2020

Ebene 72201, Republic of Mauritius

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR/PERIOD ENDED 31 MARCH

	Notes	2020	2020	For the period from 27 August 2018 to 31 March 2019	For the period from 27 August 2018 to 31 March 2019
		EUR	INR (Note 1)	EUR	INR (Note 1)
INCOME		**–**	**–**	–	–
EXPENDITURE					
Set up costs		**–**	**–**	2,284	189,869
Professional fees	10	**35,029**	**2,911,961**	38,089	3,166,339
Audit fees		**3,501**	**291,038**	2,870	238,583
Bank charges		**4,057**	**337,258**	902	74,983
Licence fees		**1,995**	**165,844**	1,602	133,174
Realised loss on foreign exchange		**2,168**	**180,226**	481	39,986
		46,750	**3,886,327**	46,228	3,842,934
OPERATING LOSS		**(46,750)**	**(3,886,327)**	(46,228)	(3,842,934)
Tax expense	8	**–**	**–**	–	–
LOSS FOR THE YEAR/PERIOD		**(46,750)**	**(3,886,327)**	(46,228)	(3,842,934)
OTHER COMPREHENSIVE INCOME:					
Items that will not be reclassified subsequently to profit or loss		**–**	**–**	–	–
Items that will be reclassified subsequently to profit or loss		**–**	**–**	–	–
OTHER COMPREHENSIVE INCOME FOR YEAR/ PERIOD, NET OF TAX		**–**	**–**	–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/ PERIOD		**(46,750)**	**(3,886,327)**	(46,228)	(3,842,934)

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR/PERIOD ENDED 31 MARCH

	Notes	2020	2020	2019	2019
		EUR	**INR**	EUR	INR
			(Note 1)		(Note 1)
ASSETS					
Non-current					
Investments in subsidiary	9	**95,075,000**	**7,903,584,750**	30,525,000	2,537,543,250
Non-current asset		**95,075,000**	**7,903,584,750**	30,525,000	2,537,543,250
Current					
Prepayments		**1,918**	**159,443**	1,762	146,475
Cash and cash equivalents	12	**1,015,639**	**84,430,070**	21,071	1,751,632
Current assets		**1,017,557**	**84,589,513**	22,833	1,898,107
Total assets		**96,092,557**	**7,988,174,263**	30,547,833	2,539,411,357
EQUITY AND LIABILITIES					
Equity					
Stated capital	11	**95,175,001**	**7,911,897,833**	30,575,001	2,541,699,833
Share application monies	13	**1,000,000**	**83,130,000**	–	–
Accumulated losses/loss for the period		**(92,978)**	**(7,729,261)**	(46,228)	(3,842,934)
Total equity		**96,082,023**	**7,987,298,572**	30,528,773	2,537,856,899
Liabilities					
Current					
Payable and accruals		**10,534**	**875,691**	19,060	1,584,458
Total equity and liabilities		**96,092,557**	**7,988,174,263**	30,547,833	2,539,411,357

Approved by the Board of Directors on 23 April 2020 and signed on its behalf by:

Zakir Hussein Niamut
Director

Pravesh Beeharry
Director

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR/PERIOD ENDED 31 MARCH

	Stated capital	Share application Monies	Accumulated losses/loss for the period	Total
	EUR	EUR	EUR	EUR
Balance at 1 April 2019	**30,575,001**	**–**	**(46,228)**	**30,528,773**
Issue of shares	**64,600,000**	**–**	**–**	**64,600,000**
Funds received during the year	**–**	**1,000,000**	**–**	**1,000,000**
Transaction with the shareholder	**64,600,000**	**1,000,000**	**–**	**65,600,000**
Loss for the year	**–**	**–**	**(46,750)**	**(46,750)**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive loss for the year	**–**	**–**	**(46,750)**	**(46,750)**
At 31 March 2020	**95,175,001**	**1,000,000**	**(92,978)**	**96,082,023**
Issue of shares	30,575,001	–	–	30,575,001
Transaction with the shareholder	30,575,001	–	–	30,575,001
Loss for the period	–	–	(46,228)	(46,228)
Other comprehensive income	–	–	–	–
Total comprehensive loss for the period	–	–	(46,228)	(46,228)
At 31 March 2019	30,575,001	–	(46,228)	30,528,773

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR/PERIOD ENDED 31 MARCH

	Stated capital	Share application Monies	Accumulated losses/loss for the period	Total
	INR	**INR**	**INR**	**INR**
Balance at 1 April 2019	**2,541,699,833**	**–**	**(3,842,934)**	**2,537,856,899**
Issue of shares	**5,370,198,000**	**–**	**–**	**5,370,198,000**
Funds received during the year	**–**	**83,130,000**	**–**	**83,130,000**
Transaction with the shareholder	**5,370,198,000**	**83,130,000**	**–**	**5,453,328,000**
Loss for the year	**–**	**–**	**(3,886,327)**	**(3,886,327)**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive loss for the year	**–**	**–**	**(3,886,327)**	**(3,886,327)**
At 31 March 2020	**7,911,897,833**	**83,130,000**	**(7,729,261)**	**7,987,298,572**
Issue of shares	2,541,699,833	–	–	2,541,699,833
Transaction with the shareholder	2,541,699,833	–	–	2,541,699,833
Loss for the period	–	–	(3,842,934)	(3,842,934)
Other comprehensive income	–	–	–	–
Total comprehensive loss for the period	–	–	*(3,842,934)*	*(3,842,934)*
At 31 March 2019	2,541,699,833	–	(3,842,934)	2,537,856,899

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR/PERIOD ENDED 31 MARCH

	2020	**2020**	2019	2019
	EUR	**INR (Note 1)**	EUR	INR (Note 1)
Operating activities				
Loss before tax	**(46,750)**	**(3,886,327)**	(46,228)	(3,842,934)
Changes in working capital:				
Increase in prepayments	**(156)**	**(12,968)**	(1,762)	(146,475)
(Decrease) /increase in payable and accruals	**(8,526)**	**(708,767)**	19,060	1,584,458
Net cash used in operations	**(55,432)**	**(4,608,062)**	(28,930)	(2,404,951)
Investing activities				
Investments in subsidiary	**(64,550,000)**	**(5,366,041,500)**	(30,525,000)	(2,537,543,250)
Net cash used in investing activities	**(64,550,000)**	**(5,366,041,500)**	(30,525,000)	(2,537,543,250)
Financing activities				
Proceeds from issue of shares	**64,600,000**	**5,370,198,000**	30,575,001	2,541,699,833
Proceeds from share application monies	**1,000,000**	**83,130,000**	–	–
Net cash from financing activities	**65,600,000**	**5,453,328,000**	30,575,001	2,541,699,833
Net change in cash and cash equivalents	**994,568**	**82,678,438**	21,071	1,751,632
Cash and cash equivalents at beginning of the year / period	**21,071**	**1,751,632**	–	–
Cash at bank at end of the year / period	**1,015,639**	**84,430,070**	21,071	1,751,632

The notes on pages herein form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Mahindra Automotive Mauritius Ltd. (the 'Company') was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 27 August 2018 as a private company with liability limited by shares and holds a Global Business Licence (*formerly Category 1 Global Business Licence*) issued by the Financial Services Commission. The Company's registered office is IFS Court, Bank Street, TwentyEight, Cybercity, Ebene 72201, Republic of Mauritius.

The principal activity of the Company is to hold investments.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Global Business Licence (formerly Category 1 Global Business Licence).

Indian Rupee ("INR") amounts are included solely for convenience. These transactions should not be construed as representations that the EUR amounts actually represent or have been or could be converted into INR. As the amounts shown in INR are for convenience only, the rate of EUR 1 = INR83.13 has been used for the purpose of presentation of the INR amounts in the accompanying financial statements for the year ended 31 March 2020.

2. ADOPTION OF NEW AND AMENDED IFRS

2.1 New and amended Standards that are effective for the current year

The Company has applied the following Standards, amendments and Interpretations to existing Standards for the first time for the financial year commencing on 01 April 2019:

IFRS 16	Leases
IFRS 9	Prepayment Features with Negative Compensation (Amendments to IFRS 9)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
IFRIC 23	Uncertainty over Income Tax Treatments
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
IAS 12/ IAS 23/ IFRS 3 and IFRS 11	Annual Improvements to IFRS 2015-2017 Cycles

Management has assessed the impact of these new and revised Standards and Interpretations and concluded that none of the above has an impact on these financial statements.

2.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Company.

Management anticipates that all relevant pronouncements, will be adopted in the Company's accounting policies for the first period beginning on or after the effective date of the pronouncement. Information on new Standards, amendments to existing Standards and Interpretations is provided below.

IFRS 3	Definition of a Business (Amendments to IFRS 3)
IAS 1 and IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)
IFRS 9/ IAS 39 and IFRS 7	Interest Rate Benchmark Reform
IFRS 17	Insurance Contracts

Management has yet to assess the impact of the above Standards, amendments to existing Standards and Interpretations on the Company's financial statements.

3. SUMMARY OF ACCOUNTING POLICIES

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Expenses

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

3.3 Taxation

Tax expense recognised in the statement of comprehensive income comprises of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise of those obligations to, or claims from, fiscal authorities relating to the current period, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

3.4 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the current year, the Company does not have any financial assets categorised as FVOCI and FVTPL.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

Classification and subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After the initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents fall into this category of financial instruments.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities consist of payable and accruals.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.5 Consolidated financial statements

The financial statements are separate financial statements which contain information about Mahindra Automotive Mauritius Ltd. as an individual company and do not contain consolidated financial information as the parent of a group.

The Company holds a Global Business Licence (formerly Category 1 Global Business Licence) issued by the Financial Services Commission and has taken advantage of the exemption given in Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 from the requirement to prepare consolidated financial statements as it is a wholly-owned subsidiary of a quoted company incorporated in the Republic of India, Mahindra & Mahindra Ltd.

3.6 Investments in subsidiary

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiary is initially shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and cash in transit. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.8 Equity

Stated capital is determined using the value of shares that have been issued.

Accumulated losses include all the current year and prior period's results.

3.9 Share application monies

Share application monies represent amount received and / or cash in transit for equity shares in the Company and for which relevant shares were not yet allotted at the reporting date.

3.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

3.11 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.12 Foreign currency translation

Functional and presentation currency

The financial statements are presented in Euro ("EUR"), which is the Company's functional and presentation currency. The Company has also presented the financial statements in Indian Rupee ("INR") for the convenience of users of financial statements.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.13 Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.14 Set up costs

Set up costs are written off in the statement of comprehensive income in the period in which they arise.

3.15 Comparatives

The financial statements have been prepared for the year ended 31 March 2020. The comparative figures are for the period from 27 August 2018 (date of incorporation) to 31 March 2019 and consequently, the comparative figures for the financial statements are not comparable.

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following are the significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the EUR.

Going concern assumption

The directors have exercised significant judgement in assessing that the preparation of these financial statements on a going concern basis is appropriate. In making this assessment, the directors have considered the Company's future business projects, future cash flows and future profitability.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of investments in subsidiary

In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. The directors have assessed the recoverable amount of the investment in subsidiary and confirmed that the carrying amount has not suffered any impairment in value at the reporting date.

5. FINANCIAL INSTRUMENT RISK

Risk management objectives and policies

The Company is exposed to various risks in relation to its financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2020	2020	2019	2019
	EUR	INR (Note 1)	EUR	INR (Note 1)
Financial assets at amortised cost:				
Current				
Cash and cash equivalents	**1,015,639**	**84,430,070**	21,071	1,751,632
Total financial assets	**1,015,639**	**84,430,070**	21,071	1,751,632
Financial liabilities at amortised cost:				
Current				
Payable and accruals	**10,534**	**875,691**	19,060	1,584,458
Total financial liabilities	**10,534**	**875,691**	19,060	1,584,458

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The Company does not actively engage in the trading of financial assets and derivatives for speculative purposes. The most significant financial risks to which the Company is exposed to are described below.

5.1 Market risk analysis

The Company is exposed to market risk through its use of financial instruments. Market risk is comprised specifically of currency risk and interest rate risk, which result from both its operating and investing activities.

(i) Foreign currency sensitivity

Foreign currency risk arises when the fair value or future cash flows of a financial instrument fluctuate because of changes in foreign exchange rates.

The Company's financial assets and financial liabilities are not exposed to any foreign currency risk as these are principally denominated in the EURO ("EUR").

(ii) Interest rate sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company does not have interest bearing financial assets and financial liabilities and it is therefore not exposed to interest rate on its financial instruments.

5.2 Credit risk analysis

Credit risk is the risk that counterparty fails to discharge an obligation to the Company.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2020	2020	2019	2019
	EUR	INR (Note 1)	EUR	INR (Note 1)
ASSETS				
Current assets				
Cash and cash equivalents	**1,015,639**	**84,430,070**	21,071	1,751,632
	1,015,639	**84,430,070**	21,071	1,751,632

The credit risk for the bank balance is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.

None of the Company's financial assets are secured by collateral or other credit enhancements.

5.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of the Company's financial liabilities:

	2020		2019	
	Less than one year EUR	Less than one year INR (Note 1)	Less than one year EUR	Less than one year INR (Note 1)
Payable and accruals	**10,534**	**875,691**	19,060	1,584,458
Total	**10,534**	**875,691**	19,060	1,584,458

6. FAIR VALUE MEASUREMENT

6.1 Fair value measurement of financial instruments

The Company has financial liabilities and they are measured at their carrying amount which approximate their fair values.

6.2 Fair value measurement of non-financial instruments

The Company's non-financial assets consist of investment in subsidiary and prepayments for which fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position. At the reporting date, the Company did not have any non-financial liabilities.

7. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its member.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its member, buy back shares or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. For the period/year ended 31 March 2019 and 2020, the Company was not geared since it did not have any external borrowings.

8. TAXATION

(i) Income tax

The Company monitors proposed and issued tax laws, regulations and cases to determine the impact on uncertain tax positions. At 31 March 2020, there are no potential subsequent events, other than those described below, that would have a material impact on unrecognized income tax benefits within the next twelve months.

The Company holds a Global Business Licence (formerly Category 1 Global Business Licence) for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the enactment of the Finance Act 2018, with effect as from 1 January 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Category 1 Global Business Licence on or before 16 October 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to 30 June 2021.

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its foreign source income resulting in an effective tax rate on net income of up to 3%, up to 30 June 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to the Shareholder or in respect of redemptions or exchanges of shares.

Post 30 June 2021 and under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the Financial Services Commission, the Company would be entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) a partial exemption of 80% of some of the income derived, including but not limited to foreign source dividends or interest income.

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the balance sheet liability method.

At 31 March 2020, the Company has accumulated tax losses of EUR68,250 (2019: tax losses of EUR22,374) and is therefore not liable to income tax.

(ii) Deferred tax

Deferred income tax is calculated on all temporary differences under the liability method at the rate of 3%. At 31 March 2020, no deferred tax has been recognised in respect of the accumulated tax losses carried forward as it is not probable that taxable profit will be available in the foreseeable future.

(iii) Income tax reconciliation

The income tax on the Company's loss before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2020	2019
	EUR	EUR
Loss for the year/period	**46,750**	46,228
Tax calculated at the rate of 3%	**–**	–
Tax expense	**–**	–

9. INVESTMENTS IN SUBSIDIARY

	2020	**2020**	2019	2019
	EUR	**INR (Note 1)**	EUR	INR (Note 1)
(i) Unquoted and at cost:				
At 01 April 2019	**30,525,000**	**2,537,543,250**	–	–
Investments during the year	**64,550,000**	**5,366,041,500**	30,525,000	2,537,543,250
At 31 March 2020	**95,075,000**	**7,903,584,750**	30,525,000	2,537,543,250

(ii) Details pertaining to the unquoted investments are as follows:

Name of investee company	Country of incorporation	Type of investments	% holdings	Cost 2020	Cost 2019
					EUR
Automobili Pininfarina GmbH	Germany	Equity	100%	**74,550,000**	**10,000,000**
Automobili Pininfarina GmbH	Germany	Capital contribution		**20,525,000**	**20,525,000**
				95,075,000	**30,525,000**

(iii) The Company has acquired shares in Automobili Pininfarina GmbH aggregating to 74,550,000 equity shares and a capital contribution of EUR 20,525,000.

(iv) The directors acknowledge the current outbreak of Coronavirus (Covid-19) and its adverse impact on industries and markets. The directors are monitoring the situation closely and have adopted various measures to mitigate the risk involved such as business continuity planning. The directors have assessed the recoverable amount of the investments in Automobili Pininfarina GmbH and noted that the Company is still in its development stage and deals with very high networth individuals in a niche market. Thus, they concluded that the carrying amount of these investments have not suffered any impairment in value at the reporting date.

(v) The Company holds a Global Business Licence (*formerly Category 1 Global Business Licence*) issued by the Financial Services Commission and has therefore taken advantage of Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 which dispenses it from presenting consolidated financial statements as it is wholly-owned subsidiary of Mahindra & Mahindra Ltd, a company incorporated in the Republic of India.

10. PROFESSIONAL FEES

	2020	**2020**	2019	2019
	EUR	**INR (Note 1)**	EUR	INR (Note 1)
Administration fees and disbursements	**27,024**	**2,246,506**	13,919	1,157,086
Directors' fees	**2,198**	**182,720**	1,326	110,230
Fees for tax filings	**1,848**	**153,624**	902	74,984
Secretarial fees	**1,319**	**109,648**	796	66,172
Legal fees	**1,324**	**110,064**	21,146	1,757,867
Trademark fee	**1,316**	**109,399**	–	–
	35,029	**2,911,961**	38,089	3,166,339

11. STATED CAPITAL

	2020	**2020**	2019	2019
	EUR	**INR (Note 1)**	EUR	INR (Note 1)
Issued and paid:				
At start of the year/period	**30,575,001**	**2,541,699,833**	–	–
Issued during the year/period	**64,600,000**	**5,370,198,000**	30,575,001	2,541,699,833
At end of the year/period	**95,175,001**	**7,911,897,833**	30,575,001	2,541,699,833

(i) The Company has issued additional shares of 64,600,000 of par value EUR 1 to Mahindra & Mahindra Ltd.

(ii) In accordance with the Company's Constitution, the main rights and obligations attached to the ordinary shares are as follows:

- confer to its holder the rights to attend and exercise one vote at meetings of members generally and class meetings of the ordinary shares;
- have a right to receive any dividend or distribution; and
- be entitled, on a winding up, to share in the assets of the Company available for distribution.

12. CASH AND CASH EQUIVALENTS

	2020	2020	2019	2019
	EUR	**INR (Note 1)**	EUR	INR (Note 1)
Cash at bank	**15,639**	**1,300,070**	21,071	1,751,632
Cash in transit	**1,000,000**	**83,130,000**	–	–
	1,015,639	**84,430,070**	21,071	1,751,632

Cash in transit represents funds transferred by Mahindra & Mahindra Ltd for share application monies (Note 13) and recorded in the financial statements, but these funds were received in the Company's bank account subsequent to the reporting date, on 01 April 2020.

13. SHARE APPLICATION MONIES

	2020	2020	2019	2019
	EUR	**INR (Note 1)**	EUR	INR (Note 1)
Issued during the year and at reporting date	**1,000,000**	**83,130,000**	–	–

Share application monies represent payments made for equity shares by Mahindra & Mahindra Ltd and for which the relevant shares have not yet been allotted at the reporting date.

Subsequent to the reporting date, the share application monies were converted into 1,000,000 equity shares of par value EUR 1.

14. CONTINGENT LIABILITIES

The Company has no litigation claims outstanding, pending or threatened against it, which could have a material adverse effect on the Company's financial position or results as at 31 March 2020.

15. EVENTS AFTER THE REPORTING DATE

There has been no material event after the reporting date which would require any disclosure or adjustments to the financial statements for the year ended 31 March 2020.

16. HOLDING COMPANY

The directors regard Mahindra & Mahindra Ltd, a company quoted on the National Stock Exchange of India, as the Company's holding company.

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA RACING UK LIMITED

Opinion

We have audited the financial statements of Mahindra Racing UK Limited (the 'Company') for the year ended 31 March 2020, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement on page herein, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Company's members in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members for our audit work, for this report, or for the opinions we have formed.

John Coverdale FCA
(Senior Statutory Auditor)
for and on behalf of
MHA Macintyre Hudson
Statutory Auditor
6th Floor
2 London Wall Place
London
EC2Y 5AU

Date: 22nd May 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£	£
INCOME		
M&M Sponsorship	**8,411,227**	8,314,446
Other Sponsorship	**7,718,913**	6,707,547
Other Income	**817,363**	483,748
R&D Tax credit income	**694,043**	447,890
	17,641,546	15,953,631
EXPENSES		
Championship costs	**2,473,486**	2,629,420
Parts costs	**3,498,036**	3,381,043
Constructor costs	**2,839,153**	3,143,808
Legal & Professional Charges	**4,536,523**	5,016,804
Conveyance Expenses	**883,572**	338,742
Staff Salaries	**2,067,690**	1,148,518
Rent	**82,266**	40,103
Insurance Expenses	**49,983**	30,948
Marketing Expenses	**390,702**	144,600
Software charges	**290,882**	14,074
Provision for Doubtful Debts	**–**	–
Miscellaneous Expenses	**899,109**	280,486
Interest on Bank loan	**30,109**	18,497
Depreciation	**1,124,500**	640,041
	19,166,011	16,827,085
OPERATING (LOSS)/PROFIT	**(1,524,465)**	(873,454)
Investment written off	**–**	–
Impairment of available for sale financial asset	**–**	–
Realised gain on disposal of investment	**–**	–
(LOSS)/PROFIT BEFORE TAX	**(1,524,465)**	(873,454)
Tax expense	**–**	–
(LOSS)/PROFIT FOR THE YEAR	**(1,524,465)**	(873,454)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(1,524,465)**	(873,454)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	2020	2019
	£	£
ASSETS		
Non Current Assets		
Office Equipments	**74,533**	73,660
Fixtures & Fittings	**184,671**	151,924
Plant & Machinery	**1,512,138**	2,455,651
Motor Vehicle	**20,425**	–
Intangible	**2**	2
Capital WIP	**477,992**	–
	2,269,761	2,681,237
Current Assets		
Sundry Debtors	**148,412**	51,176
VAT Receivable	**245,427**	155,678
R&D Tax credit receivable	**700,699**	444,515
Prepaid Expenses	**1,266,594**	2,562,547
Cash and cash equivalents	**1,974,626**	634,988
	4,335,758	3,848,904
Total Assets	**6,605,519**	6,530,141
EQUITY AND LIABILITES		
Equity		
Stated Capital	**20,000**	20,000
(Accumulated losses)/Retained earnings)	**(624,998)**	899,468
	(604,998)	919,468
Non–current liabilities		
Borrowings	**–**	–
Current Liabilities		
Payables and accruals	**1,337,324**	1,056,951
Bank Loan	**800,000**	1,800,000
Other Payables	**5,073,193**	2,753,722
	7,210,517	5,610,673
Total equity and liabilities	**6,605,519**	6,530,141

Approved by the Board of Directors on 28.04.2020 and signed on its behalf by:

Director
Dilbagh Gill

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Cash flows from operating activities		
(Loss)/profit before taxation	**(1,524,465)**	(873,454)
Adjustments for:		
Depreciation	**1,124,500**	640,041
Impairment loss on available-for-sale financial asset	**–**	–
Realised gain on disposal of investment	**–**	–
Unrealised foreign exchange loss/(gain)	**–**	–
Interest income	**–**	–
Interest expense	**–**	–
Dividend income	**–**	–
	(399,965)	(233,413)
Adjustments for working capital changes:		
(Increase)/Decrease in Current Assets	**852,784**	255,270
Increase/(Decrease) in Current Liabilities	**2,599,843**	1,414,753
Cash flows generated from operating activities	**3,052,662**	1,436,610
Taxes paid	**–**	–
Interest paid	**–**	–
Net cash flows generated from/(used in) operating activities	**3,052,662**	1,436,610
Cash flows from investing activities		
Purchase of available-for-sale financial assets	**–**	–
Purchase of property, plant & equipment	**(713,024)**	(2,896,288)
Proceeds from disposal of available-for-sale financial assets	**–**	–
Dividend received	**–**	–
Net cash flows (used in)/from investing activities	**(713,024)**	(2,896,288)
Cash flows from financing activities		
Share Capital	**–**	–
Loans repaid to bank	**–**	–
Loans from bank	**(1,000,000)**	1,800,000
Loan repayment received	**–**	–
Proceeds from issue of shares	**–**	–
Loans given	**–**	–
Shareholder's loan	**–**	–
Net cash flows generated from/(used in) financing activities	**(1,000,000)**	1,800,000
(Decrease)/increase in cash and cash equivalents	**1,339,638**	340,322
Cash & Bank Balances		
Opening Balance	**634,988**	294,666
Closing Balance	**1,974,626**	634,988
Cash and cash equivalents made up of:		
Cash at bank	**1,974,626**	634,988

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2020

1. General Information

Mahindra Racing UK Limited is a private company limited by shares, incorporated in England and Wales within the UK. The address of the registered office & the registration number are given in the company information page of these financial statements.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102 , the financial standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period -end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income within "other operating income"

2.3 Revenue

Sponsorship revenue is recognised evenly over each race season in line with the number of races that have taken place prior to the period end, or to the extent that it is probable that the economic benefits will flow to the Company in line with the sponsorship agreement. Sponsorship revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.4 Operating Lease: the Company as lessee

Rentals paid under operating leases are charged to the Statement of income on a straight line basis over the lease term.

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years. If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.6 Government Grants

Grants are accounted under accrual model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the statement of income at the same rate as the depreciation on assets to which the grants relates. The deferred element of grants is included in creditors as deferred income.

Grants of revenue nature are recognised in the statement of income in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

2.8 Finance costs

Finance costs are charged to the Statement of income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in the statement of income in the year in which they are incurred.

2.10 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separte entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.11 Intangible Assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less and accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life, If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributed to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant & Machinery - 33% straight line

Furniture & Fittings - 20% straight line

Office equipment - 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and Losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Financial Instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised In the Statement of income & retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an assets' carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.17 Going Concern

The financialstatements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the company's operations due to the postponement of the current season's races until the shutdown can be relaxed. In response to the COVID-19 pandemic, the Directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Based on these assessments and having regard to the resources available to the entity, the Directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

3. Other operating income

	2020	2019
	£	£
Other operating income	694,043	447,890
	694,043	447,890

4. Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual Financial statements	7,875	6,500

5. Employees

	2020	2019
	£	£
Wages & Salaries	1,734,917	987,041
Social Security costs	205,550	117,679
Cost of defined contribution scheme	86,099	42,798
	2,026,566	1,147,518

The average monthly number of employees, including directors, during the year was 26 (2019 - 13).

6. Intangible assets

Costs	Patents
	£
1st April 2019	2
At 31st April 2020	2
Net Book Value	
On 31st March 2020	2
On 31st March 2019	2

7. Tangible fixed assets

	Plant and Machinery	Fixture and Fittings	Office Equipment	Asset under construction	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2019	3,026,093	178,309	120,241	–	3,324,643
Additions	79,839	106,281	50,515	477,992	714,627
Disposals	–	–	(2,493)	–	(2,493)
At 31 March 2020	**3,105,932**	**284,590**	**168,263**	**477,992**	**4,036,777**
Depreciation					
At 1 April 2019	570,442	26,385	46,581	–	643,408

	Plant and Machinery £	Fixture and Fittings £	Office Equipment £	Asset under construction £	Total £
Charge for the year	1,002,927	73,534	48,039	–	1,124,500
Disposals	–	–	(890)	–	(890)
At 31 March 2020	**1,573,369**	**99,919**	**93,730**	**–**	**1,767,018**
Net book value					
At 31 March 2020	**1,532,563**	**184,671**	**74,533**	**477,992**	**2,269,759**
At 31 March 2019	2,455,651	151,924	73,660	–	2,681,235

8. Debtors

	2020 £	2019 £
Trade Debtors	**128,039**	38,205
Amount owed by Group undertakings	**20,373**	12,971
Other debtors	**946,126**	600,194
Prepayments and acrued income	**1,266,594**	2,562,547
	2,361,132	3,213,917

9. Cash & Cash equivalents

	2020 £	2019 £
Cash at bank and in hand	**1,974,626**	634,987
	1,974,626	634,987

10. Creditors : Amounts falling due within one year

	2020 £	2019 £
Bank loans	**800,000**	1,800,000
Trade Creditors	**973,716**	1,056,951
Other taxation & social security	**76,550**	40,353
Other creditors	**13,340**	4,533
Accruals	**273,718**	209,068
	2,137,324	3,110,905
Deferred income	**5,073,193**	2,499,769
	7,210,517	5,610,674
The following liabilities were secured		
Bank loans	**800,000**	1,800,000
	800,000	1,800,000

Details of Security provided

The above liabilities were secured by guarantee from the Company's ultimate parent company Mahindra & Mahindra Limited.

11. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £86,099 (2019 -£42,798). Contributions totaling £13,340 (2019 - £4,533) were payable to the fund at the balance sheet date and are included in creditors.

12. Commitments under operating leases

At 31st March 2020 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	**40,000**	40,000
Later than 1 year and not later than 5 years	**141,479**	160,000
Later than 5 years	**–**	21,479
	181,479	221,479

13. Related party Transactions

During the year the company received sponsorship income amounting to £8,411,227 (2019: £8,314,446) from Mahindra & Mahindra Limited, it's ultimate parent undertaking. At the balance sheet date there was an amount owed to the company by Mahindra & Mahindra Limited of £20,373 (2019: £12,971) owed to Mahindra & Mahindra Limited).

14. Controlling party

The Company's immediate parent undertaking is Mahindra Overseas Investment Company (Mauritius) Limited, a company incorporated in Mauritius. The ultimate parent undertaking is Mahindra & Mahindra Limited, a company incorporated in India.

The company's results are included in the consolidated financial statements of Mahindra & Mahindra Limited which are publicly available from Gateway Building, Apollo Bunder, Mumbai 400 001, India.

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Turnover	**16,945,135**	15,505,741
Cost of Sales	**(13,299,203)**	(13,635,012)
Gross profit	**3,645,932**	1,870,729
Other operating income	**694,043**	447,890
Less: overheads		
Administration expenses	**(5,836,699)**	(3,173,576)
Operating loss	**(1,496,724)**	(854,957)
Interest receivable	**2,368**	–
Interest payable	**(30,109)**	(18,497)
Loss for the year	**(1,524,465)**	(873,454)

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Turnover		
Sales	**16,945,135**	15,505,741
	16,945,135	15,505,741
Cost of sales		
Subcontract labour	**2,216,023**	1,357,808
Commissions payable	**775,693**	638,900
FIA & development costs	**10,307,487**	11,638,304
	13,299,203	13,635,012
Other operating income		
Other operating income	**694,043**	447,890
	694,043	447,890
Administration expenses		
Staff salaries	**1,734,917**	987,041
Staff national insurance	**205,550**	117,679
Staff pension costs	**86,099**	42,798
Staff training	**15,284**	1,000
Entertainment	**39,702**	10,431
Hotels, travel and subsistence	**1,050,110**	597,155
Printing and stationery	**969**	105
Telephone and fax	**7,123**	4,505

	2020 £	2019 £
Computer costs	**25,314**	14,074
Advertising and promotion	**317,450**	206,363
Legal and professional	**439,093**	101,926
Auditors' remuneration	**7,875**	6,500
Accountancy fees	**82,544**	51,465
Bank charges	**13,544**	8,159
Difference on foreign exchange	**201,338**	211,676
Rent	**82,266**	40,103
Rates	**64,101**	28,510
Light and heat	**8,551**	6,586
Insurances	**52,335**	101,272
Repairs and maintenance	**250,591**	–
Depreciation	**1,124,500**	640,041
Profit/loss on sale of tangible assets	**1,603**	(10,593)
Recruitment	**25,840**	6,780
	5,836,699	3,173,576
Interest receivable		
Bank interest receivable	**2,368**	–
	2,368	–
Interest payable		
Bank loan interest payable	**30,109**	18,497
	30,109	18,497

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA SUSTEN PRIVATE LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **Mahindra Susten Private Limited** ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that aresufficient and appropriate to provide a basis for our opinion. The

risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The company does not have any pending litigations which will impact its financial positions.
      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Ravi Kapoor
Partner
Membership No.040404
UDIN: 20040404AAAAEC6572

Place: Mumbai
Date: May 4, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Susten Private Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Ravi Kapoor
Partner
Membership No. 040404
UDIN: 20040404AAAAEC6572

Place: Mumbai
Date: May 4, 2020

ANNEXURE "B" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Susten Private Limited** for the year ended March 31, 2020

Annexure to the Auditor's Report referred to in our report of even date:

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

iii) The title deeds of the freehold land are held in the name of the Company.

2) The inventory has been physically verified by management during the year the frequency of which, in our opinion, is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been dealt with in books of account.

3) The company has granted unsecured loans to its wholly owned subsidiaries which are listed in the register maintained under section 189 of the Act.

i. According to information and explanations given to us, and having regard to management's representation that the loans are given to its wholly owned subsidiaries in the interest of Company's business, the terms and conditions of repayment for the said loan is not prima facie prejudicial to the interest of the Company.

ii. The schedule of repayment of principal and payment of interest has been stipulated as per the terms of agreement.

iii. No portion of principal and interest amount of the loan is due upto 31st March,2020.

4) In our opinion and according to information and explanations given to us, the provisions of section 185 and section 186 of the Act have been complied with in respect of the loan granted, investments made and guarantees given by the company as at 31st March,2020. We are informed that the company has not given any security during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has prescribed maintenance of Cost records under section 148(1) of the Act and such accounts and records have been appropriately made and maintained.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March, 2020 for a period of more than 6 months from the date they become payable.

ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute except as stated below:

Name of the statute	Nature of dues	Amount	Period to which it relates	Forum
Income Tax Act, 1961	Addition on account of Disallowance	2,75,60,340	2012-13	Commissioner of Income tax (Appeals)
Central Sales Tax Act, 1956	Non submission of Statutory Forms (Karnataka)	43,85,491	2015-16	Commissioner (Appeals)
Central Sales Tax Act, 1956	Non submission of Statutory Forms	1,42,15,753	2016-17	Commissioner (Appeals)
Central Sales Tax Act, 1956	Non submission of Statutory Forms	1,50,66,418	2017-18	Commissioner (Appeals)
Central Sales Tax Act, 1956	Non submission of Statutory Forms (Tamilnadu)	10,19,289	2015-16	Commissioner (Appeals)
Central Sales Tax Act, 1956	Non submission of Statutory Forms (Telangana)	4,66,91,842	2015-16	Commissioner (Appeals)
Gujarat VAT Act, 2003	Disallowance of composite sales	65,36,000	2014-15	Commissioner (Appeals)
Rajasthan Entry Tax	Levy of entry tax on solar goods imported	12,59,79,359	2012-13	Commissioner (Appeals)

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the money raised by the Company by the way of Buyer's credit term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles -in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

ANNEXURE "B" TO THE AUDITOR'S REPORT

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration Number 105102W)

Ravi Kapoor
Partner
Membership Number 040404
UDIN: 20040404AAAAEC6572

Place: Mumbai
Date: May 4, 2020

BALANCE SHEET AS AT 31 MARCH 2020

Rupees

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
I. ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**3,13,67,99,208**	3,31,89,12,254
(b) Other Intangible Assets	5	**87,82,821**	16,79,222
(c) Financial Assets			
(i) Investments	6	**3,77,66,71,621**	2,95,79,68,077
(ii) Loans	7	**2,57,50,70,000**	2,37,06,95,845
(iii) Other Financial Assets	8	**57,39,74,034**	32,57,00,169
(d) Other Non-current Assets	10	**13,81,16,362**	13,81,16,362
SUB-TOTAL		**10,20,94,14,047**	9,11,30,71,930
CURRENT ASSETS			
(a) Inventories	11	**29,40,37,582**	34,70,40,946
(b) Financial Assets			
(i) Trade Receivables	12	**5,87,87,33,897**	9,21,05,95,729
(ii) Cash and Cash Equivalents	13	**80,56,82,577**	23,55,29,176
(iii) Other Bank Balances	13	**42,426**	42,426
(iv) Loans	7	**1,22,91,16,919**	87,29,60,000
(v) Other Financial Assets	8	**11,93,37,057**	15,70,04,165
(c) Current Tax Assets (Net)		**33,44,28,686**	21,98,92,179
(d) Other Current Assets	10	**60,29,85,097**	1,05,91,31,519
SUB-TOTAL		**9,26,43,64,242**	12,10,21,96,140
TOTAL ASSETS		**19,47,37,78,289**	21,21,52,68,070
II. EQUITY AND LIABILITIES			
1. EQUITY			
(a) Equity Share Capital	SOCIE,14	**1,95,46,17,280**	1,68,26,17,280
(b) Other Equity	SOCIE,14	**7,93,45,30,475**	6,43,07,12,434
SUB-TOTAL		**9,88,91,47,755**	8,11,33,29,714
LIABILITIES			
2. NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	15	**1,97,55,77,753**	-
(b) Provisions	16	**56,21,96,510**	64,54,11,619
(c) Deferred Tax Liabilities (Net)	9	**40,45,54,392**	41,77,62,915
SUB-TOTAL		**2,94,23,28,655**	1,06,31,74,534
3. CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	17	**2,58,25,10,247**	1,55,00,00,000
(ii) Trade Payables	18	**3,45,76,22,898**	7,23,72,46,625
(iii) Other Financial Liabilities	19	**17,40,75,058**	2,40,89,80,012
(b) Provisions	16	**17,40,31,126**	4,54,02,546
(c) Other Current Liabilities	20	**25,40,62,549**	79,71,34,640
SUB-TOTAL		**6,64,23,01,878**	12,03,87,63,822
TOTAL		**19,47,37,78,289**	21,21,52,68,070

The accompanying notes 1 to 35 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404
Place : Mumbai
Date : May 4, 2020

For and on behalf of the Board of Directors

Parag Shah
Director

Zooben Bhiwandiwala
Director

Basant Jain
Chief Executive Officer

Rakesh Khaitan
Chief Financial Officer

Mandar Joshi
Company Secretary

Place : Mumbai
Date : May 4, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

Particulars	Note No.	31 March 2020	Rupees 31 March 2019
Continuining Operations			
I. Revenue from operations	21	**21,08,50,53,232**	26,19,16,54,198
II. Other Income	22	**55,29,30,440**	37,09,28,919
III. Total Revenue (I + II)		**21,63,79,83,672**	26,56,25,83,117
IV. Expenses			
(a) Cost of materials consumed	23(a)	**16,55,19,74,566**	18,22,95,68,742
(b) Cost of Services rendered		**1,96,56,53,317**	4,97,68,86,334
(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	23(b)	**18,79,46,005**	17,18,65,596
(d) Employee benefit expense	24	**1,18,43,15,128**	1,24,67,03,736
(e) Finance costs	25	**24,31,38,077**	20,86,79,532
(f) Depreciation and amortisation expense	4, 5	**20,67,95,749**	20,59,83,214
(g) Other expenses	26	**67,65,01,478**	72,43,66,815
Total Expenses		**21,01,63,24,320**	25,76,40,53,969
Profit/(loss) before exceptional items and tax (III - IV)		**62,16,59,352**	79,85,29,148
Exceptional Items		**–**	–
V. Profit/(loss) before tax		**62,16,59,352**	79,85,29,148
VI. Tax Expense			
(1) Current tax	9	**21,52,31,795**	19,07,68,788
(2) Deferred tax	9	**(1,18,74,347)**	(2,17,62,351)
Total tax expense		**20,33,57,448**	16,90,06,438
VII. Profit/(loss) after tax from continuing operations (V - VI)		**41,83,01,905**	62,95,22,710
VIII. Other comprehensive income		**(24,83,864)**	(22,34,696)
A (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit liabilities/ (asset)		**(38,18,040)**	(34,35,035)
(ii) Income tax relating to items that will not be reclassified to profit or loss		**13,34,176**	12,00,338
IX. Total comprehensive income for the year (VII + VIII)		**41,58,18,041**	63,17,57,406
X. Total comprehensive income for the year attributable to:			
Owners of the Company		**41,58,18,041**	63,17,57,406
XI. Earnings per equity share (for continuing operation):			
(1) Basic	27	**2.19**	4.08
(2) Diluted	27	**2.15**	3.99

The accompanying notes 1 to 35 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404
Place : Mumbai
Date : May 4, 2020

For and on behalf of the Board of Directors

Parag Shah
Director

Zooben Bhiwandiwala
Director

Basant Jain
Chief Executive Officer

Rakesh Khaitan
Chief Financial Officer

Mandar Joshi
Company Secretary

Place : Mumbai
Date : May 4, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

Particulars	Year ended 31 March 2020	Rupees Year ended 31 March 2019
Cash flows from operating activities		
Profit after tax for the year	**41,83,01,905**	62,95,22,710
Adjustments for:		
Income tax expense recognised in profit or loss	**20,33,57,448**	16,90,06,438
Finance costs recognised in profit or loss	**27,57,20,544**	21,23,43,001
Investment income recognised in profit or loss	**(43,15,81,143)**	(32,09,54,557)
Profit on sale of investments	**(5,41,23,900)**	–
Depreciation and amortisation of non-current assets	**20,67,95,749**	20,59,83,214
Net foreign exchange (gain)/loss	**2,81,71,104**	(96,98,055)
	22,83,39,801	25,66,80,041
Movements in working capital:		
(Increase)/decrease in trade and other receivables	**3,33,18,61,831**	(6,19,14,78,386)
Decrease/(Increase) in inventories	**5,30,03,364**	16,94,09,842
Increase in other assets	**49,31,01,327**	(63,07,09,135)
Increase in trade and other payables	**(3,80,77,94,831)**	4,56,28,98,698
Increase in provisions	**7,79,95,937**	19,68,35,883
(Decrease)/increase in other liabilities	**(72,87,73,114)**	(1,24,95,73,767)
	(58,06,05,485)	(3,14,26,16,866)
Income taxes paid	**(11,45,36,506)**	(12,29,31,519)
Net cash generated by operating activities	**(4,85,00,286)**	(2,37,93,45,634)
Cash flows from investing activities		
Payments to acquire financial assets	**(23,93,94,342)**	(8,54,71,802)
ICD given to Subsidiares	**(1,00,02,30,000)**	(1,19,06,95,845)
Repayment of ICD from Subsidiares	**43,96,98,926**	(52,29,60,000)
Interest received	**17,15,98,022**	10,18,43,138
Payments for property, plant and equipment	**(3,18,16,765)**	(4,01,82,330)
Proceeds from disposal of property, plant and equipment	**2,13,961**	–
Investments in subsidary	**(84,95,80,494)**	–
Investments sold in subsidary	**8,50,00,850**	(9,96,88,076)
Net cash (used in)/generated by investing activities	**(1,42,45,09,840)**	(1,83,71,54,914)
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	**1,36,00,00,000**	1,50,00,00,000
Proceeds from borrowings	**4,66,27,05,558**	1,55,00,00,000
Repayment of borrowings	**(3,72,72,15,343)**	(34,26,91,072)
Interest paid	**(25,23,26,688)**	(19,03,41,516)
Net cash used in financing activities	**2,04,31,63,527**	2,51,69,67,412
Net increase in cash and cash equivalents	**57,01,53,401**	(1,69,95,33,136)
Cash and cash equivalents at the beginning of the year	**23,55,29,176**	1,93,50,62,312
Cash and cash equivalents at the end of the year	**80,56,82,577**	23,55,29,176

The accompanying notes 1 to 35 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404
Place : Mumbai
Date : May 4, 2020

For and on behalf of the Board of Directors

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Date : May 4, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

A. Equity share capital

	Rupees
As at 1 April 2018	1,38,26,17,280
Changes in equity share capital during the year	30,00,00,000
As at 31 March 2019	**1,68,26,17,280**
Changes in equity share capital during the year	27,20,00,000
As at 31 March 2020	**1,95,46,17,280**

B. Other Equity

Rupees

	Reserves and Surplus			
Particulars	**Securities Premium Reserve**	**Other Reserve (ESOP Outstanding A/c)**	**Retained Earnings**	**Total**
As at 1 April 2018	2,93,42,42,426	3,07,81,754	1,63,39,30,848	4,59,89,55,028
Add: Sec Premium on Shares issued during the year	1,20,00,00,000	–	–	1,20,00,00,000
Profit for the period	–	–	62,95,22,710	62,95,22,710
Other Comprehensive Income/(Loss)	–	–	22,34,696	22,34,696
As at 31 March 2019	**4,13,42,42,426**	**3,07,81,754**	**2,26,56,88,254**	**6,43,07,12,434**
Add: Sec Premium on Shares issued during the year	1,08,80,00,000	–	–	1,08,80,00,000
Profit for the period	–	–	41,83,01,905	41,83,01,905
Other Comprehensive Income/(Loss)	–	–	(24,83,864)	(24,83,864)
Total Comprehensive Income for the year	–	–	41,58,18,041	41,58,18,041
As at 31 March 2020	**5,22,22,42,426**	**3,07,81,754**	**2,68,15,06,295**	**7,93,45,30,475**

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404
Place : Mumbai
Date : May 4, 2020

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Place : Mumbai
Date : May 4, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

1. Nature of Operations

Mahindra Susten Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India and is a subsidiary of Mahindra Holdings Limited. The Company is engaged in the business of providing services in the areas of Engineering, Procurement and Construction of power plants in renewable energy, operations and maintenance, analytics, energy management services and industrial build solutions.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 4th May 2020.

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupees.

b) Use of estimates

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

c) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) EPC Contracts

Revenue from a fixed price contract is recognized on percentage of completion method measured on the basis of stage of completion of that contract activity at the end of the reporting period, measured based on certification done internally or by external consultants or customers.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(ii) Sales of goods

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer. Sales are stated net of trade discount, duties and sales tax.

(iii) Service Income

Service income is recognised as per the terms of the contract when the related services are rendered. It is stated net of service tax.

(iv) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(v) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

(vi) Insurance claim

Insurance claims are accounted for on the basis of claims admitted to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and recognised impairment losses.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2016.

Depreciation on other tangible assets is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives or as prescribed in schedule II to the Companies Act 2013 whichever is higher. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss.

(ii) Intangible Assets:

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iii) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials includes all costs of purchase, conversion and other direct attributable costs incurred for bringing the items to their present location and condition and is determined using the weighted average cost method.

The cost of contracts work in progress comprises costs directly attributable to the specific contracts and related overheads.

Traded goods costs includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

h) Foreign Exchange Transactions

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognized as income or expense, as the case may be.

Exchange differences on monetary items are recognised in in the Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks

i) Hedge accounting

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

j) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

The Company operates only in one segment viz. Engineering, Procurement and Construction contracts.

k) Investments

Investment in subsidiaries are stated at cost less any provision for impairment.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be fully recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

l) Employee Benefits

(i) Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus / ex-gratia are recognized in the period in which the employee renders the related service.

(ii) Post employment employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

a) Defined Contribution schemes

The Company's contributions to the Provident Fund and Employee's State Insurance Fund are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

b) Defined benefits plans

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

m) Operating lease

Operating lease payments are recogonised as an expense in the statement of profit and loss on a straight line basis over the lease term.

n) Share Based Payments:

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

o) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

p) Provisions and Contingent Liabilities

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

q) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

r) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

s) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and,

Diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period adjusted for the effects of dilutive options.

t) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III, unless otherwise stated.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Employee benefits

The cost of defined benefit gratuity schemes, pension plans and other post employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates, attrition rate, future pension increases and medical costs. Due to the long term nature of these plans, such estimates are subject to uncertainty.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer. In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

C) Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new Indian Accounting Standards and / or amendments to existing Indian Accounting Standards. There is no such notification which would be applicable from 01 April 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 4. – Property, Plant and Equipment

Rupees

Description of Assets	Land - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Carrying Amount						
Balance as at 1 April 2019	25,10,21,345	3,45,64,26,481	6,11,21,874	57,18,758	63,11,847	3,78,06,00,306
Additions		2,34,41,948	23,68,654	68,024	22,33,749	2,81,12,375
Disposals			6,09,265			6,09,265
Deductions/adjustments		56,29,672				56,29,672
Balance as at 31 March 2020	**25,10,21,345**	**3,47,42,38,757**	**6,28,81,263**	**57,86,782**	**85,45,596**	**3,80,24,73,745**
II. Accumulated depreciation and impairment						
Balance as at 1 April 2019	–	42,14,25,787	3,64,86,493	10,15,941	27,59,831	46,16,88,052
Depreciation expense for the year	–	19,35,15,485	98,76,278	1,57,871	10,15,653	20,45,65,287
Deductions/adjustments			5,78,802			5,78,802
Balance as at 31 March 2020	**–**	**61,49,41,272**	**4,57,83,969**	**11,73,812**	**37,75,484**	**66,56,74,537**
III. Net carrying amount (I-II)	**25,10,21,345**	**2,85,92,97,485**	**1,70,97,294**	**46,12,970**	**47,70,112**	**3,13,67,99,208**

Rupees

Description of Assets	Land - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Carrying Amount						
Balance as at 1 April 2018	25,10,21,345	3,43,18,06,247	5,31,67,017	16,61,574	60,11,095	3,74,36,67,278
Additions		2,55,76,973	79,54,857	40,57,184	3,00,752	3,78,89,767
Disposals						–
Deductions/adjustments		9,56,739				9,56,739
Balance as at 31 March 2019	**25,10,21,345**	**3,45,64,26,481**	**6,11,21,874**	**57,18,758**	**63,11,847**	**3,78,06,00,306**
II. Accumulated depreciation and impairment						
Balance as at 1 April 2018	–	22,82,75,704	2,64,12,766	5,72,551	20,13,897	25,72,74,918
Depreciation expense for the year	–	19,41,06,822	1,00,73,727	4,43,390	7,45,934	20,53,69,873
Reversals of impairment losses recognised in profit or loss						–
Deductions/adjustments		9,56,739				9,56,739
Balance as at 31 March 2019	**–**	**42,14,25,787**	**3,64,86,493**	**10,15,941**	**27,59,831**	**46,16,88,052**
III. Net carrying amount (I-II)	**25,10,21,345**	**3,03,50,00,694**	**2,46,35,381**	**47,02,817**	**35,52,016**	**3,31,89,12,254**

Note No. 5. – Other Intangible Assets

Rupees

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April 2019	3,23,95,038	3,23,95,038
Additions	93,34,061	93,34,061
Balance as at 31 March 2020	**4,17,29,099**	**4,17,29,099**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2019	3,07,15,816	3,07,15,816
Amortisation expense for the year	22,30,462	22,30,462
Balance as at 31 March 2020	**3,29,46,278**	**3,29,46,278**
III. Net carrying amount (I-II)	**87,82,821**	**87,82,821**

Rupees

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April 2018	3,01,02,475	3,01,02,475
Additions	22,92,563	22,92,563
Balance as at 31 March, 2019	**3,23,95,038**	**3,23,95,038**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2018	3,01,02,475	3,01,02,475
Amortisation expense for the year	6,13,341	6,13,341
Balance as at 31 March, 2019	**3,07,15,816**	**3,07,15,816**
III. Net carrying amount (I-II)	**16,79,222**	**16,79,222**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 6. – Investments

Rupees

Particular	As at 31 March 2020 QTY	As at 31 March 2020 Amounts Current	As at 31 March 2020 Amounts Non-Current	As at 31 March 2019 QTY	As at 31 March 2019 Amounts Current	As at 31 March 2019 Amounts Non-Current
A. COST						
Unquoted Investments (all fully paid)						
Investments in Equity Instruments						
– of Subsidiaries	**37,24,25,125**	**–**	**3,77,66,21,621**	28,91,85,102	–	2,95,79,18,077
– of structured entities	**2,010**	**–**	**50,000**	2,010	–	50,000
INVESTMENTS CARRIED AT COST [A]	**37,24,27,135**	**–**	**3,77,66,71,621**	28,91,87,112	–	2,95,79,68,077
List of entities						
Subsidiaries						
1. Mahindra Renewables Pvt Ltd	**36,58,60,962**	**–**	**3,65,86,09,615**	27,95,30,000	–	2,85,77,30,000
2. Mahindra Teqo Pvt Ltd	**1,00,000**	**–**	**10,00,000**	1,00,000	–	10,00,000
3. Marvel Solren Pvt Ltd	**64,24,161**	**–**	**6,42,74,051**	95,15,101	–	9,51,51,001
4. Mahindra Susten Bangladesh Private Limited	**40,000**	**–**	**32,49,870**	40,000	–	32,49,870
(40000 shares of 100 BDT each)						
5. MSPE Urja SRL	**1**	**–**	**4,84,88,519**	1	–	7,87,206
(1 lot of 10000 EUR)						
6. MSPL International DMCC	**1**	**–**	**9,99,567**	–	–	–
Structured entities						
1. The Zoroastrian Co-operative Bank Ltd.	**2,010**	**–**	**50,000**	2,010	–	50,000

Note No. 7. – Loans

Rupees

Particulars	As at 31 March 2020 Current*	As at 31 March 2020 Non-Current*	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
Loans to related parties				
– Unsecured, considered good	**1,22,91,16,919**	**2,57,50,70,000**	87,29,60,000	2,37,06,95,845
TOTAL (B)	**1,22,91,16,919**	**2,57,50,70,000**	87,29,60,000	2,37,06,95,845

*. Unsecured loan given to related parties includes

a. INR 257.50 Cr @ 11.50% as subordinated debt given to Mahindra Renewables Pvt Ltd, subordinate to its borrowings (2019: INR 220 Cr)
b. INR 8.06 Cr @ 11.50% as to Marvel Solren Pvt Ltd (2019: INR 17.07 Cr)
c. INR 56 CR @ 11% to Mahindra Renewables Pvt Ltd (2019: INR 35.09 Cr)
d. INR 23.70 Cr @ 11% to Divine Solren Pvt Ltd (2019: INR 19.30 Cr)
e. INR 22.60 Cr @11% to Neo Solren Pvt. Ltd (2019: INR 17.90 Cr)
f. INR 0.50 Cr @ 11.00% to Mahindra Teqo Pvt Ltd (2019: Nil)
g. INR 5.90 Cr @ 11.00% to Bright Solar Pvt Ltd (2019: Nil)
h. INR 6.15 Cr @ 4.50% to Mahindra Susten International Pvt Ltd. (2019: Nil)
i. Nil - Astro Solar Pvt Ltd (2019: INR 1.40 Cr)
j. Nil - Cleansolar Renewable Energy Pvt Ltd (2019: INR 13.60 Cr)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 8. – Other financial assets

Rupees

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
Financial assets at amortised cost				
a) Security deposits	**2,06,00,490**	**–**	1,44,46,892	6,58,33,157
b) Balance with Government Authorities	**55,000**	**–**	4,93,907	–
c) Earnest Money Deposits	**8,98,02,044**	**–**	6,03,14,942	–
d) Interest accrued on Deposits	**–**	**57,39,74,034**	–	25,98,67,012
e) Derivatives not designated as a hedging instruments	**88,79,524**	**–**	8,17,48,424	–
TOTAL	**11,93,37,057**	**57,39,74,034**	15,70,04,165	32,57,00,169

Refer Note 28 for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note No. 9. – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current Tax:		
In respect of current year	**21,52,31,795**	19,07,68,788
In respect of prior years	**–**	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(1,18,74,347)**	(2,17,62,351)
Total income tax expense on continuing operations	**20,33,57,448**	16,90,06,438

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit before tax from continuing operations	**62,16,59,352**	79,85,29,148
Income tax expense calculated at 34.94% (2019: 34.94%)#	**21,72,32,644**	27,90,38,025
Effect of income that is exempt from taxation	**4,69,992**	(94,71,174)
Effect of expenses that is non-deductible in determining taxable profit	**(2,62,58,996)**	43,01,436
Effect of current year losses for which no deferred tax asset is recognised	**–**	–
Changes in recognised deductible temporary differences	**1,19,13,808**	(10,48,61,850)
	20,33,57,448	16,90,06,438
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	–
Income tax expense recognised In profit or loss from continuing operations	**20,33,57,448**	16,90,06,438

\# The tax rate used for 31 March 2020 and 31 March 2019 reconciliations above is the corporate tax rate of 30% plus surcharge @ 12% & Education cess @ 4%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(c) Movement in deferred tax balances

Rupees

Particulars	For the Year ended 31 March 2020 Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	**1,12,66,17,692**	**1,19,13,808**		**1,13,85,31,501**
	1,12,66,17,692	**1,19,13,808**	**–**	**1,13,85,31,501**
Tax effect of items constituting deferred tax assets				
Employee Benefits	**3,78,23,895**	**(26,62,572)**	**13,34,176**	**3,64,95,498**
Provisions	**18,09,13,988**	**2,64,50,730**	**–**	**20,73,64,718**
Carryforward Tax Loss	**49,01,16,892**	**–**	**–**	**49,01,16,892**
	70,88,54,775	**2,37,88,158**	**13,34,176**	**73,39,77,108**
Net Tax Asset (Liabilities)	**(41,77,62,917)**	**1,18,74,350**	**13,34,176**	**(40,45,54,392)**

Rupees

Particulars	For the Year ended 31 March 2019 Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	1,06,62,87,133	6,03,30,559	–	1,12,66,17,692
	1,06,62,87,133	6,03,30,559	–	1,12,66,17,692
Tax effect of items constituting deferred tax assets				
Employee Benefits	(2,72,959)	3,92,97,193	(12,00,339)	3,78,23,895
Provisions	12,36,35,283	5,72,78,705	–	18,09,13,988
Carryforward Tax Loss	50,45,99,881	(1,44,82,989)	–	49,01,16,892
	62,79,62,205	8,20,92,909	(12,00,339)	70,88,54,775
Net Tax Asset (Liabilities)	(43,83,24,928)	2,17,62,350	(12,00,339)	(41,77,62,917)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 10 – Other assets

Rupees

Particulars	As at 31 March 2020		As at 31 March 2019	
	Current	**Non-Current**	Current	Non-Current
(a) Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**19,29,98,540**	**–**	47,87,65,497	–
(ii) Other advances				
– Advances to suppliers	**38,67,29,350**	**–**	57,00,66,001	–
– Advances to employees	**1,10,34,839**	**–**	–	–
– Prepaid Expenses	**1,22,22,368**	**–**	1,03,00,021	–
(b) Other Assets				
(i) MAT credit entitlement	**–**	**13,81,16,362**	–	13,81,16,362
Total	**60,29,85,097**	**13,81,16,362**	1,05,91,31,519	13,81,16,362

Note No. 11 – Inventories

Rupees

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Raw materials	**–**	–
(b) Project Inventory	**6,90,53,560**	25,69,99,566
(c) Stores and spares	**22,49,84,022**	9,00,41,380
Total Inventories (at lower of cost and net realisable value)	**29,40,37,582**	34,70,40,946

The carrying amount of inventories is provided as a charge against working capital limits provided by banks.

Note No. 12 – Trade receivables

Rupees

Particulars	As at 31 March 2020		As at 31 March 2019	
	Current	**Non-Current**	Current	Non-Current
Trade receivables				
(a) Unsecured, considered good (refer note 2)	**5,87,87,33,897**	**–**	9,21,05,95,729	–
TOTAL	**5,87,87,33,897**	**–**	9,21,05,95,729	–
Of the above, trade receivables from:				
– Related Parties	**1,88,91,75,000**	**–**	6,23,77,54,727	–
– Others	**3,98,95,58,897**	**–**	2,97,28,41,001	–
Total	**5,87,87,33,897**	**–**	9,21,05,95,729	–

Note: 1
There are no Debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

Note: 2
Of the above INR 17.30 Cr (2019: INR 10.54 Cr) is due more than 180 days. Also refer note 28.

Note: 3
During the year company has started the process for arbitration for recovery of 7.68 Cr due from EMMVEE Photovoltaic Power Private Limited towards EPC contract. Management is in regular discussion with the customer to resolve the issue and is confident of recovery of its total dues.

However as a matter of prudence, company has made provision for expected credit loss as per its policy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 13 – Cash and Bank Balances

Rupees

Particulars	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents		
Balances with banks	**80,56,82,577**	23,55,29,176
Total Cash and cash equivalent	**80,56,82,577**	23,55,29,176
Other Bank Balances		
Margin Money Deposits with maturity greater than 3 months	**42,426**	42,426
Total Other Bank balances	**42,426**	42,426

Reconcliation of Cash and Cash Equivalents

Rupees

Particulars	As at 31 March 2020	As at 31 March 2019
Total Cash and Cash Equivalents as per Balance Sheet	**80,56,82,577**	23,55,29,176
Total Cash and Cash Equivalents as per Statement of Cashflow	**80,56,82,577**	23,55,29,176

Note No. 14 – Equity Share Capital

Rupees

Particulars	As at 31 March 2020 No. of shares	As at 31 March 2019 No. of shares
Authorised:		
Equity shares of Rs. 10 each with voting rights	**2,00,00,00,000**	1,70,00,00,000
Issued, Subscribed and Fully Paid:		
Equity shares of Rs. 10 each with voting rights	**1,95,46,17,280**	1,68,26,17,280
Total	**1,95,46,17,280**	1,68,26,17,280

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rupees

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
Equity Shares with Voting rights						
Period Ended 31 March 2020						
No. of Shares	**16,82,61,728**	**2,72,00,000**	**–**	**–**	**–**	**19,54,61,728**
Amount	**1,68,26,17,280**	**27,20,00,000**	**–**	**–**	**–**	**1,95,46,17,280**
Year Ended 31 March 2019						
No. of Shares	13,82,61,728	3,00,00,000	–	–	–	16,82,61,728
Amount	1,38,26,17,280	30,00,00,000	–	–	–	1,68,26,17,280

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

No. of Shares

Particulars	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2020			
Mahindra Holdings Limited, the Holding Company	**19,54,61,728**	**–**	**–**
As at 31 March 2019			
Mahindra Holdings Limited, the Holding Company	16,82,61,728	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 March 2020 Number of shares held	As at 31 March 2020 % holding in that class of shares	As at 31 March 2019 Number of shares held	As at 31 March 2019 % holding in that class of shares
Equity shares with voting rights				
Mahindra Holdings Limited, the Holding Company	**19,54,61,728**	**100%**	16,82,61,728	100%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 15 – Non-Current Borrowings

Rupees

Particulars	As at 31 March 2020 Amount	As at 31 March 2019 Amount
Measured at amortised cost		
Secured Borrowings:		
Term Loan	**1,97,55,77,753**	–
Total Borrowings	**1,97,55,77,753**	–

Long Term Borrowings:

In the previous year the Company had availed Buyers' Credit Facility of INR 217.72 Cr (USD 31.47) at Libor plus varying premium. The funds had been utilised to construct the 78 MW power plant at Goyalri. The plant is charged as a security against the borrowings.

To hedge the foreign currency risk the Company had taken a full currency SWAP and had converted the USD borrowings to INR. The Company had also converted its variable rate borrowing to fixed by taking an Interest Rate SWAP.

During the Financial year 2020 the above buyers credit due have been funded by a Long term loan through HDFC Bank Limited. The term loan is repayable by various installments ending at September 2034.

Refer note number 19 for amount classified under current maturities of long term debt.

Note No. 16 – Provisions

Rupees

Particulars	As at 31 March 2020		As at 31 March 2019	
	Current	**Non-Current**	Current	Non-Current
(a) Provision for employee benefits				
(1) Leave Encashment	**28,76,942**	**4,85,58,066**	38,49,133	5,75,19,933
(2) Gratuity	**–**	**1,55,51,197**	–	1,71,78,019
(b) Other Provisions				
(1) Warranty	**17,11,54,184**	**49,80,87,247**	4,15,53,413	57,07,13,667
Total Provisions	**17,40,31,126**	**56,21,96,510**	4,54,02,546	64,54,11,619

Details of movement in Other Provisions is as follows:

Particulars	Warranty claims	Other Provisions	Onerous contracts / Claims Against Guarantee Commitments	Total
Balance at 1 April 2018	44,83,51,371	4,92,90,378	–	49,76,41,749
Additional provisions recognised	20,76,06,862	2,92,56,707	–	23,68,63,569
Amounts used during the period	(3,03,43,940)	–	–	(3,03,43,940)
Unused amounts reversed during the period	–	–	–	–
Unwinding of discount and effect of changes in the discount rate	(1,33,47,212)	–	–	(1,33,47,212)
Balance at 31 March 2019	**61,22,67,081**	**7,85,47,085**	**–**	**69,08,14,166**
Balance at 1 April 2019	61,22,67,081	7,85,47,085	–	69,08,14,166
Additional provisions recognised	18,66,30,612	–	–	18,66,30,612
Amounts used during the period	(9,10,74,115)	–	–	(9,10,74,115)
Unused amounts reversed during the period	(59,99,680)	(1,15,60,880)	–	(1,75,60,560)
Unwinding of discount and effect of changes in the discount rate	(3,25,82,466)	–	–	(3,25,82,466)
Balance at 31 March 2020	**66,92,41,431**	**6,69,86,205**	–	**73,62,27,636**

Warranty Claims:

Provision for warranty represents present value of management's best estimate of the future outflow of economic benefits that will be required in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. Management estimates the related provision for future warranty claims based on historical warranty claim information and is adjusted regularly to reflect new information. The products are generally covered under a free warranty period upto 5 years. It is expected that most of these costs may be incurred in the next five financial years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 17 - Current Borrowings

Rupees

Particulars	As at 31 March 2020	As at 31 March 2019
Secured Borrowings		
(1) WCDL from bank	**2,24,50,00,000**	1,55,00,00,000
(2) Buyers Credit	**33,75,10,247**	–
Total Current Borrowings	**2,58,25,10,247**	1,55,00,00,000

Working Capital:

The Company has various working capital limits from banks.

As ot March 31, 2020 the Company has availed Buyers' Credit of INR 33.75 Cr (2019: Nil) at libor plus varying premium for its working capital needs.

As at March 31, 2020 the Company has drawn INR 224.5 Cr. (2019: INR 155) against various sanctioned funded limits. The interest rate for the said borrowings range from 7.80 % - 9.00% p.a.

The said borrowings are secured against the working capital of the Company.

Note No. 18. – Trade Payables

Rupees

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
Trade payable - Other than micro and small enterprises	**3,45,76,22,898**	**–**	7,23,72,46,625	–
Total trade payables	**3,45,76,22,898**	**–**	7,23,72,46,625	–

Note 1

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Note 2

The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006" was done on the basis of the information to the extent provided by the suppliers of the company.

Rupees

Particulars	As at 31 March 2020	As at 31 March 2019
Other Financial Liabilities Measured at Amortised Cost		
Current		
(a) Current maturities of long-term debt	**10,46,17,557**	2,17,72,15,343
(b) Interest accrued	**6,72,75,508**	4,38,81,653
(c) Other liabilities		
– Salary and reimbursements	**–**	18,17,49,819
– Provident Fund and other funds payable	**21,81,993**	61,33,197
Total other financial liabilities	**17,40,75,058**	2,40,89,80,012

Note No. 20 – Other Liabilities

Rupees

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
a. Advances received from customers	**24,64,22,327**	**–**	77,79,06,262	–
b. Statutory dues				
- taxes payable (other than income taxes)	**76,40,222**	**–**	1,92,28,378	–
TOTAL OTHER LIABILITIES	**25,40,62,549**	**–**	79,71,34,640	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 21 – Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Rupees

Particulars	31 March 2020	31 March 2019
(a) Revenue from EPC Contracts	**19,23,64,67,310**	22,97,17,85,468
(b) Revenue from rendering of services	**78,65,34,610**	55,02,35,119
(c) Construction contract revenue	**41,81,03,277**	2,04,67,23,041
(d) Sale of power	**62,97,93,298**	62,29,10,570
(e) Income from Carbon credit	**1,41,54,737**	–
Total Revenue from Operations	**21,08,50,53,232**	26,19,16,54,198

Note No. 22 – Other Income

Rupees

Particulars	31 March 2020	31 March 2019
(a) Interest Income		
(1) On Financial Assets at FVTPL	**48,43,60,057**	30,11,42,779
(b) Dividend Income		
(2) Mutual Funds	**13,44,986**	1,98,11,778
(c) Scrap Sales and Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up	**1,66,34,067**	73,53,427
(d) Other – Shared service income	**5,05,91,329**	4,26,20,935
Total Other Income	**55,29,30,440**	37,09,28,919

Note No. 23(a) - Cost of materials consumed

Rupees

Particulars	31 March 2020	31 March 2019
Opening stock	**9,00,41,380**	8,75,85,626
Add: Purchases	**16,68,69,17,207**	18,23,20,24,496
	16,77,69,58,588	18,31,96,10,122
Less: Closing stock	**22,49,84,022**	9,00,41,380
Cost of materials consumed	**16,55,19,74,566**	18,22,95,68,742

Note 23(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade

Rupees

Particulars	31 March 2020	31 March 2019
Inventories at the end of the year:		
Finished goods	**–**	–
Work-in-progress	**6,90,53,560**	25,69,99,566
Stock-in-trade	**–**	–
	6,90,53,560	25,69,99,566
Inventories at the beginning of the year:		
Finished goods	–	–
Work-in-progress	**25,69,99,566**	42,88,65,162
Stock-in-trade	–	–
	25,69,99,566	42,88,65,162
Net (increase)/decrease	**18,79,46,005**	17,18,65,596

Note No. 24 – Employee Benefits Expense

Rupees

Particulars	31 March 2020	31 March 2019
(a) Salaries and wages, including bonus	**1,10,30,29,885**	1,16,00,36,487
(b) Contribution to provident and other funds	**4,86,79,031**	4,92,87,479
(c) Staff welfare expenses	**3,26,06,212**	3,73,79,770
Total Employee Benefit Expense	**1,18,43,15,128**	1,24,67,03,736

Movement in Share Options

Particulars	Equity-settled share-based payments: Number of Shares	Weighted average exercise price (in INR)
1. The number and weighted average exercise prices of share options outstanding at the beginning of the period;	**43,25,682**	32,85,740 @ 17 10,39,942 @ 35.81
2. Granted during the period	**6,80,183**	49.27
3. Vested during the period	**29,56,582**	22,30,871 @ 17 7,57,279 @ 35.81
4. Exercised during the period	**–**	–
5. Lapsed during the period	**2,89,881**	45,474 @ 17 2,44,408 @ 35.81
6. Outstanding at the end of the period	**47,15,984**	–

Note No. 25 – Finance Cost (Net)

Rupees

Particulars	31 March 2020	31 March 2019
(a) Interest expense	**27,57,20,544**	21,23,43,001
(b) Discounting of long term financial assets	**(3,25,82,466)**	(36,63,469)
Total finance costs (Net)	**24,31,38,077**	20,86,79,532

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Analysis of Interest Expenses by Category

Rupees

Particulars	31 March 2020	31 March 2019
Interest Expenses		
(a) On Financial Liability at Amortised Cost	**27,57,20,544**	21,23,43,001

Note No. 26 – Other Expenses

Rupees

Particulars	31 March 2020	31 March 2019
(a) Rent including lease rentals	**6,09,29,653**	5,66,22,446
(b) Rates and taxes	**14,61,149**	15,24,047
(c) Insurance	**1,53,62,331**	1,23,15,632
(d) Repairs and maintenance - Others	**90,91,425**	2,04,63,429
(e) Advertisement	**1,79,20,154**	90,27,534
(f) Travelling and Conveyance Expenses	**10,01,83,875**	15,78,45,078
(g) Net loss/(gain) on foreign currency transactions net off Derivative gain/loss (other than considered as finance costs)	**2,81,71,104**	(96,98,055)
(h) Auditors remuneration and out-of-pocket expenses (excl. taxes)	**16,46,266**	16,40,199
(i) As Auditors	**12,50,000**	12,49,139
(ii) For Taxation matters	**2,20,000**	2,00,000
(iii) For Company Law matters	**1,00,000**	1,00,000
(iv) For Other services	**76,266**	91,060
(i) Other expenses		
(i) Warranty Expenses (Net) [Refer Note 16]	**18,06,30,932**	20,76,06,862
(ii) Legal and other professional costs	**7,84,40,236**	9,10,73,691
(iii) Bank Charges	**7,06,79,064**	9,24,80,667
(iv) Power & Fuel	**83,68,470**	91,86,663
(v) Communication expenses	**1,30,40,071**	1,89,24,930
(vi) CSR Expenses	**1,48,89,954**	1,20,91,881
(vii) Printing & Stationary	**32,90,243**	40,81,052
(viii) Software Expenses	**2,00,88,246**	59,76,786
(ix) Training	**89,98,366**	–
(x) Research and Development	**2,81,12,135**	–
(xi) Miscellaneous expenses	**1,51,97,804**	3,32,03,972
Total Other Expenses	**67,65,01,478**	72,43,66,815

Note No. 27 – Earnings per Share

Rupees

Particulars	31 March 2020 Per Share	31 March 2019 Per Share
Basic Earnings per share		
From continuing operations	**2.19**	4.08
From discontinuing operations	**–**	–
Total basic earnings per share	**2.19**	4.08
Diluted Earnings per share		
From continuing operations	**2.15**	3.99
From discontinuing operations	**–**	–
Total diluted earnings per share	**2.15**	3.99

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Rupees

	31 March 2020	31 March 2019
Profit/(loss) for the year attributable to owners of the Company	**41,83,01,905**	62,95,22,710
Weighted average number of equity shares	**19,09,90,495**	15,41,24,742
Earnings per share from continuing operations - Basic	**2.19**	4.08

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

Rupees

	31 March 2020	31 March 2019
Profit/(loss) for the year used in the calculation of basic earnings per share	**41,83,01,905**	62,95,22,710
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes	**–**	–
Profit/(loss) for the year used in the calculation of diluted earnings per share	**41,83,01,905**	62,95,22,710
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	**–**	–
Profits used in the calculation of diluted earnings per share from continuing operations	**41,83,01,905**	62,95,22,710

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Rupees

	31 March 2020	31 March 2019
Weighted average number of equity shares used in the calculation of Basic EPS	**19,09,90,495**	15,41,24,742
Add: Effect of Warrants, ESOPs	**34,97,032**	34,97,032
Weighted average number of equity shares used in the calculation of Diluted EPS	**19,44,87,527**	15,76,21,774

Note No. 28 – Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a periodic basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31 March 2020 and 31 March 2019 is as follows:

	31-Mar-20	31-Mar-19
Debt (A)	**4,66,27,05,558**	3,72,72,15,343
Equity (B)	**9,88,91,47,755**	8,11,33,29,714
Debt Ratio (A/B)	**0.47**	0.46

Categories of financial assets and financial liabilities

As at 31 March 2020

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	**3,77,66,21,621**	**50,000**	**–**	**3,77,66,71,621**
Loans	**2,57,50,70,000**	**–**	**–**	**2,57,50,70,000**
Other Financial Assets				
– Non Derivative Financial Assets	**57,39,74,034**	**–**	**–**	**57,39,74,034**
Current Assets				
Investments		**–**	**–**	**–**
Trade Receivables	**5,87,87,33,897**	**–**	**–**	**5,87,87,33,897**
Other Bank Balances	**42,426**	**–**	**–**	**42,426**
Loans	**1,22,91,16,919**	**–**	**–**	**1,22,91,16,919**
Other Financial Assets				
– Non Derivative Financial Assets	**11,04,57,534**	**–**	**–**	**11,04,57,534**
– Derivative Financial Assets	**88,79,524**	**–**	**–**	**88,79,524**
Non-current Liabilities				
Borrowings	**1,97,55,77,753**	**–**	**–**	**1,97,55,77,753**
Current Liabilities				
Borrowings	**2,58,25,10,247**	**–**	**–**	**2,58,25,10,247**
Trade Payables	**3,45,76,22,898**	**–**	**–**	**3,45,76,22,898**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**6,94,57,501**	**–**	**–**	**6,94,57,501**
– Derivative Financial Liabilities	**–**	**–**	**–**	**–**
– Current maturities of long-term debt	**10,46,17,557**	**–**	**–**	**10,46,17,557**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

As at 31 March 2019

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	2,95,79,18,077	50,000	–	2,95,79,68,077
Loans	2,37,06,95,845	–	–	2,37,06,95,845
Other Financial Assets				
– Non Derivative Financial Assets	32,57,00,169	–	–	32,57,00,169
Current Assets				
Investments		–	–	–
Trade Receivables	9,21,05,95,729	–	–	9,21,05,95,729
Other Bank Balances	42,426	–	–	42,426
Other Financial Assets				
– Non Derivative Financial Assets	7,52,55,741	–	–	7,52,55,741
Non-current Liabilities				
Borrowings	–	–	–	–
Current Liabilities				
Borrowings	1,55,00,00,000	–	–	1,55,00,00,000
Trade Payables	7,23,72,46,625	–	–	7,23,72,46,625
Other Financial Liabilities				
– Non Derivative Financial Liabilities	23,17,64,669	–	–	23,17,64,669
– Derivative Financial Liabilities	–	–	–	–

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel , where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-agencies.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The Company based on its assessment believes that there is no credit loss as on March 31, 2020 to be provided in the statement of profit and loss.

There is no change in estimation techniques or significant assumptions during the reporting period.

LIQUIDITY RISK

(i) Liquidity risk management

The mangement of the Company has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial liabilities				
31-Mar-20				
Non-interest bearing	**3,52,70,80,399**	**–**	**–**	**–**
Variable interest rate instruments	**2,68,71,27,804**	**20,92,35,115**	**25,10,82,138**	**1,51,52,60,501**
Total	**6,21,42,08,203**	**20,92,35,115**	**25,10,82,138**	**1,51,52,60,501**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
31-Mar-19				
Non-interest bearing	7,46,90,11,293	–	–	–
Variable interest rate instruments	1,55,00,00,000	–	–	–
Total	9,01,90,11,293	–	–	–

The following table details the Company's / Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Derivative financial instruments				
31-Mar-20				
Net settled:				
– Interest rate swaps	–	–	–	–
– Foreign exchange forward contracts	–	–	–	–
Total	–	–	–	–
31-Mar-19				
Net settled:				
– Interest rate swaps	(8,17,48,424)	–	–	–
– Foreign exchange forward contracts	–	–	–	–
Total	(8,17,48,424)	–	–	–

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	**31-Mar-20** INR	31-Mar-19 INR
Secured Bank Overdraft facility		
– Expiring within one year	**89,50,00,000**	9,60,02,50,000
– Expiring beyond one year	–	–
	89,50,00,000	9,60,02,50,000

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial assets				
31-Mar-20				
Non-interest bearing	**10,34,87,59,034**	–	–	–
Fixed interest rate instruments	**3,80,41,86,919**	–	–	–
Total	**14,15,29,45,954**	–	–	–
31-Mar-19				
Non-interest bearing	10,48,45,11,638	–	–	–
Fixed interest rate instruments	2,37,07,38,271	–	–	–
Total	12,85,52,49,909	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's / Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging the transactions at the time the Company enters into a contract with its customers by passing the exchange risk to the customer. The foreign curency borrowings are entirely hedged for the entire period of the borrowing.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	**31-Mar-20**	31-Mar-19
Trade Receivables	USD	**82,14,63,757**	1,05,50,437
Trade Payables	USD	**57,44,86,227**	5,85,71,03,742
Secured Bank Loans	USD	**33,67,28,447**	–
Advance from Customers	USD	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Of the above foreing currency exposures, the following exposures are not hedged by a derivative:

Particulars	Currency	31-Mar-20	31-Mar-19
Trade Receivables	USD	**82,14,63,757**	1,05,50,437
Trade Payables (Refer Note 1)	USD	**6,40,64,556**	5,85,71,03,742
Secured Bank Loans	USD	**6,64,86,119**	–
Advance from Customers	USD	–	–

Note 1: Trade Payables on goods traded are hedged by way of a clause in the contract with the customers wherein the foreign currency risk is transferred to the customer.

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

	Currency	Change in rate	Effect on profit before tax	Effect on pre-tax equity
31-Mar-20	USD	+10%	6,90,91,308	–
	USD	-10%	(6,90,91,308)	–
31-Mar-19	USD	+10%	(58,46,55,331)	–
	USD	-10%	58,46,55,331	–

Profit is more sensitive to movements in the INR/USD rates in 2020 than 2019 because of the increased USD denominated trade payables. Trade Payables on goods traded are hedged by way of a clause in the contract with the customers wherein the foreign currency risk is transferred to the customer.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. March 31, 2019 after taking into account the effect of interest rate swaps, approximately 58 % of the Company's borrowings are at a fixed rate of interest (31 March 2019: 58%).

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/decrease in basis points	Effect on profit before tax
31-Mar-20	**INR**	**+50**	**(1,29,12,551)**
	INR	**-50**	**1,29,12,551**
31-Mar-19	INR	+50	(77,50,000)
	INR	-50	77,50,000

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note No. 29 – Fair Value Measurement

Fair Valuation Techiques and Inputs used - recurring Items

Rupees

Financial assets/financial liabilities measured at Fair value	Fair value as at 31-Mar-20	Fair value as at 31-Mar-19	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
Financial assets						
Investments						
1) Equity investments	**50,000**	50,000	Level 3		NA	**NA**
2) Mutual fund investments	**–**	–	Level 1	Market Value		
Other Financial Assets						
1) Interest rate swaps		8,17,48,424	Level 2	Derivative valuation by Banks		
2) Foreign currency forward contracts	**–**		Level 2			
Total financial assets	**50,000**	8,17,98,424				
Financial liabilities						
Other Financial Liabilities						
1) Foreign currency forward contracts	**–**	–	Level 2	Derivative valuation by Banks		
2) Foreign currency & Interest rate swaps	**–**	–	Level 2			
Total financial liabilities	**–**	–				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

There were no transfers between level 1 and level 2 for recurring fair value measurements during the year. For transfers in and out of level 3 measurements, refer example below.

There were no significant inter-relationships between unobervable inputs that materially affects fair values.

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31-Mar-20 Carrying amount	31-Mar-20 Fair value	31-Mar-19 Carrying amount	31-Mar-19 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– investments in instruments	**3,77,66,21,621**	**3,77,66,21,621**	2,95,79,18,077	2,95,79,18,077
– loans to related parties	**3,80,41,86,919**	**4,38,55,51,046**	3,24,36,55,845	3,73,93,58,392
– trade and other receivables	**5,87,87,33,897**	**5,87,87,33,897**	9,21,05,95,729	9,21,05,95,729
– Others	**69,33,53,517**	**69,33,53,517**	48,27,46,760	48,27,46,760
Total	**14,15,28,95,955**	**14,73,42,60,081**	15,89,49,16,410	16,39,06,18,958
Financial liabilities				
Financial liabilities held at amortised cost				
– bank loans	**4,66,27,05,558**	**4,66,27,05,558**	1,55,00,00,000	1,55,00,00,000
– trade and other payables	**3,52,70,80,399**	**3,52,70,80,399**	7,46,90,11,293	7,46,90,11,293
Total	**8,18,97,85,956**	**8,18,97,85,956**	9,01,90,11,293	9,01,90,11,293

Fair value hierarchy as at 31 March 2020

Particulars	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– Investments	**–**	**–**	**3,77,66,21,621**	**3,77,66,21,621**
– loans to related parties	**–**	**–**	**4,38,55,51,046**	**4,38,55,51,046**
– trade and other receivables	**–**	**–**	**5,87,87,33,897**	**5,87,87,33,897**
– Others	**–**	**–**	**69,33,53,517**	**69,33,53,517**
Total	**–**	**–**	**14,73,42,60,081**	**14,73,42,60,081**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	**–**	**–**	**4,66,27,05,558**	**4,66,27,05,558**
– trade and other payables	**–**	**–**	**3,52,70,80,399**	**3,52,70,80,399**
Total	**–**	**–**	**8,18,97,85,956**	**8,18,97,85,956**

Fair value hierarchy as at 31 March 2019

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Investments	–	–	2,95,79,18,077	2,95,79,18,077
– loans to related parties	–	–	3,73,93,58,392	3,73,93,58,392
– trade and other receivables	–	–	9,21,05,95,729	9,21,05,95,729
– Others	–	–	48,27,46,760	48,27,46,760
Total	–	–	16,39,06,18,958	16,39,06,18,958

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Particulars	Level 1	Level 2	Level 3	Total
	Fair value hierarchy as at 31 March 2019			
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	–	–	1,55,00,00,000	1,55,00,00,000
– trade and other payables	–	–	7,46,90,11,293	7,46,90,11,293
Total	–	–	9,01,90,11,293	9,01,90,11,293

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Particulars	**31-Mar-20**	31-Mar-19
Opening balance	**50,000**	10,11,04,156
Total gains or losses:		
– in profit or loss	**–**	–
– in other comprehensive income	**–**	–
Reclassification	**–**	–
From investment in associate to FVTOCI following partial sale of interest	**–**	10,10,54,156
Purchases	**–**	–
Issues	**–**	–
Disposals/settlements	**–**	–
Transfers out of level 3	**–**	–
Closing balance	**50,000**	50,000

Note No. 30 – Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 1,44,20,157/- has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	31-Mar-20	31-Mar-19
Discount rate(s)	**6.80%**	7.80%
Expected rate(s) of salary increase	**8.00%**	8.00%

Defined benefit plans – as per actuarial valuation on 31st March, 2019

		Rupees
	Funded Plan	Funded Plan
Particulars	**Gratuity**	
	2020	2019
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**1,32,56,602**	1,22,24,597

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Rupees

Particulars	Funded Plan Gratuity 2020	Funded Plan Gratuity 2019
Past service cost and (gains)/losses from settlements	**–**	–
Net interest expense	**11,63,555**	16,09,952
Components of defined benefit costs reconised in profit or loss	**1,44,20,157**	1,38,34,549
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amunt included in net interest expense)	**(4,75,229)**	19,36,966
Actuarial gains and loss arising form changes in financial assumptions	**82,78,379**	3,36,140
Actuarial gains and loss arising form experience adjustments	**(39,85,110)**	(57,08,141)
Others (describe)		
Componenets of defined benefit costs recognised in other comprehensive income	**38,18,040**	(34,35,035)
Total	**1,82,38,197**	1,03,99,514
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**5,28,38,471**	3,98,12,506
2. Fair value of plan assets as at 31st March	**3,72,87,274**	2,26,34,487
3. Surplus/(Deficit)	**1,55,51,197**	1,71,78,019
4. Current portion of the above	**–**	–
5. Non current portion of the above	**1,55,51,197**	1,71,78,019
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**3,98,12,506**	3,36,51,018
2. Add/(Less) on account of Scheme of Arrangement/Business		
Transfer		
3. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**1,29,68,425**	1,22,24,597
– Past Service Cost	**–**	–
– Interest Expense (Income)	**29,78,724**	26,20,566
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions		
ii. Financial Assumptions	**82,78,379**	3,36,140
iii. Experience Adjustments	**(39,85,110)**	(57,08,141)
5. Benefit payments	**(23,68,052)**	(33,11,674)
6. Liabilities assumed/(settled)	(48,46,401)	–
7. Present value of defined benefit obligation at the end of the year	**5,28,38,471**	3,98,12,506
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**2,26,34,487**	1,21,42,072
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	–
3. Expenses Recognised in Profit and Loss Account		
– Expected return on plan assets	**4,75,229**	(19,36,966)
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actual Return on plan assets in excess of the expected return	**18,15,169**	10,10,614
– Others (specify)	**–**	–
5. Contributions by employer (including benefit payments recoverable)	**1,47,30,441**	1,47,30,441
6. Benefit payments	**(23,68,052)**	(33,11,674)
7. Fair value of plan assets at the end of the year	**3,72,87,274**	2,26,34,487
IV. The Major categories of plan assets		
– List the plan assets by category here		
Insured Funds	**LIC investments**	LIC investments
V. Actuarial assumptions		
1. Discount rate	**6.80%**	7.80%
2. Expected rate of return on plan assets		
3. Attrition rate	**8.00%**	8.00%
4. Medical premium inflation		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rupees

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
	2020	**1.00%**	**-15.67%**	**19.66%**
Discount rate..........	2019	1.00%	-15.39%	19.33%
	2020	**1.00%**	**15.37%**	**-14.08%**
Salary growth rate ..	2019	1.00%	16.36%	-14.50%

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

	2020	2019
Within 1 year	11,33,355	7,26,167
1–2 year	**13,91,198**	10,98,017
2–3 year	**17,12,839**	13,34,691
3–4 year	**16,63,745**	16,40,406
4–5 year	**16,87,888**	15,73,913
5–10 years	**88,53,820**	79,38,924
10 years & above	**19,74,39,112**	18,95,09,703

The weighted average duration of the defined benefit obligation as at 31 March 2020 is 17.50 years (2019: 17.19 years)

Rupees

VIII. Experience Adjustments :	Period Ended **2020**	2019	2018	2017	2016
	Gratuity				
1. Defined Benefit Obligation					
2. Fair value of plan assets	**–**	–	–	–	–
3. Surplus/(Deficit)	**–**	–	–	–	–
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**39,85,110**	12,02,744	57,08,141	16,27,775	15,59,809
5. Experience adjustment on plan assets [Gain/(Loss)]	**–**	–	–	–	–

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit orloss of the expense for the year, an amount of Rs.144,20,157 has been included in profit or loss.

Note No. 31 – Related Party Transactions

Name of the Ultimate Holding	Mahindra & Mahindra Limited
Name of the parent Company	Mahindra Holdings Limited

Note: Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	For the year ended	Parent Company	Entities having joint control/ significant influence over Company	Subsidiaries	Associates	Joint ventures	KMP of the Company and KMP of parent Company	Other related parties
Nature of transactions with Related Parties								
Sale of goods / Rendering of services....	**31-Mar-20**	**16,27,92,000**	**–**	**1,71,71,73,000**	**–**	**19,47,48,381**	**–**	**41,82,000**
	31-Mar-19	43,13,30,011	–	10,51,10,14,422	–	1,34,81,845	–	4,04,65,433
Purchase of goods	**31-Mar-20**	**47,39,000**	**–**	**25,80,000**	**–**	**–**	**–**	**35,77,000**
	31-Mar-19	70,14,055		2,02,03,935	–	–	–	14,160
Receiving of services.....	**31-Mar-20**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	31-Mar-19	4,86,97,891	–	11,60,00,845	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Rupees

Particulars	For the year ended	Parent Company	Entities having joint control/ significant influence over Company	Subsidiaries	Associates	Joint ventures	KMP of the Company and KMP of parent Company	Other related parties
Loans given....................	**31-Mar-20**	**–**	**–**	**1,00,02,30,000**	**–**	**–**	**–**	**–**
	31-Mar-19	–	–	2,46,97,03,845	–	–	–	–
Loans given refunded....	**31-Mar-20**	**–**	**–**	**43,96,98,925**	**–**	**–**	**–**	**–**
	31-Mar-19	–	–	75,60,48,000	–	–	–	–
Interest income	**31-Mar-20**	**–**	**–**	**40,17,21,000**	**–**	**1,71,75,460**	**–**	**–**
	31-Mar-19	–	–	30,11,42,779	–	–	–	–
Equity contribution by the Company	**31-Mar-20**	**–**	**–**	**84,95,80,494**	**–**	**–**	**–**	**–**
	31-Mar-19	–	–	9,96,88,076	–	–	–	–
Equity contribution to the Company	**31-Mar-20**	**1,36,00,00,000**	**–**	**–**	**–**	**–**	**–**	**–**
	31-Mar-19	1,50,00,00,000	–	–	–	–	–	–

Nature of Balances with Related Parties	Balance as on	Parent Company	Entities having joint control/ significant influence over Company	Subsidiaries	Associates	Joint ventures	KMP of the Company and KMP of parent Company	Other related parties
Trade Receivable	**31-Mar-20**	**6,06,02,000**	**–**	**1,81,62,42,000**	**1,23,31,000**			
	31-Mar-19	2,08,42,205	–	6,17,47,42,170	–	16,01,297	–	4,05,69,055
Trade payables	**31-Mar-20**	**–**	**–**	**3,18,23,000**	**–**	**–**	**–**	**8,14,000**
	31-Mar-19	1,24,63,763	–	11,78,888	–	–	–	10,530
Advances received from customer..........	**31-Mar-20**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	31-Mar-19	3,73,07,593	–	–	–	–	–	–
Loans & advances given........................	**31-Mar-20**	**–**	**–**	**3,80,41,86,919**	**–**	**–**	**–**	**–**
	31-Mar-19	–	–	3,24,36,55,845	–	–	–	–
Guarantee given	**31-Mar-20**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	31-Mar-19	–	–	75,50,00,000	–	–	–	–
Interest Receivable...	**31-Mar-20**	**–**	**–**	**40,33,09,000**	**–**	**–**	**–**	**1,71,75,460**
	31-Mar-19	–	–	25,68,28,121	–	–	–	–

Note No. 32 – Contingent liabilities and commitments

Contingent liabilities (to the extent not provided for)

Rupees

	As at 31 March 2020	As at 31 March 2019
Contingent liabilities		
(a) Claims against the Company not acknowledged as debt	**24,14,54,392**	3,41,41,785
(b) Performance Bank Guarantees..	**2,66,01,57,331**	75,50,00,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 33

Effective 7th October, 2019 the company closed its Dubai Branch and transferred a liability (net of assets) of AED 19,153 (equivalent to INR 363,910/-) relating to the branch office to its subsidiary company, MSPL International DMCC Dubai. Correspondingly the Company has recognised the said amount as payable to the subsidiary in its books.

Note No. 34

COVID-19, a new strain of Coronavirus, has spread globally, including India. The event significantly affects the economic activity worldwide. The impact of the COVID-19 on the Company's business will depend on future developments that cannot be reliably predicted, including actions to contain or treat the disease and mitigate its impact on the economy of the country, among others. The Company will closely monitor any material changes to future economic conditions due to this pandemic.

Note No. 35

The financial statements have been approved for issue by Company's Board of Directors on May 04, 2020.

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Partner

Ravi Kapoor
Partner
M. No. 040404
Place : Mumbai
Date : May 4, 2020

For and on behalf of the Board of Directors

Parag Shah
Director

Zooben Bhiwandiwala
Director

Basant Jain
Chief Executive Officer

Rakesh Khaitan
Chief Financial Officer

Mandar Joshi
Company Secretary

Place : Mumbai
Date : May 4, 2020

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF MAHINDRA RENEWABLES PRIVATE LIMITED

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Mahindra Renewables Private Limited (“the Company”), which comprise the Balance Sheet as at March 31st, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31st, 2020, and its loss and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management for Ind AS Financial Statements

4. The Company’s Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.
5. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. Those Board of Directors are also responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibility

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
   a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
   b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
   c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

12. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

13. As required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of written representations received from the directors as on March 31st, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
Membership No.: 040404
UDIN: 20040404AAAAEB9537

Mumbai, April 29, 2020

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Mahindra Renewables Private Limited for the year ended March 31st, 2020

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

iii) The title deeds of the freehold land are held in the name of the Company.

2) Since the Company does not hold any inventory, the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

ii) According to the information and explanations given to us, dues of goods and service tax, income tax, sales tax, excise duty, customs duty and value added tax which have not been deposited on account of any dispute are as follows:

Name of Statute	Amount in Rupees	Period to which amount relates	Forum where pending
Income Tax Act	₹ 3,86,85,070	FY 2015-16	Commissioner of Income Tax (Appeals)

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration No.: 105102W

Ravi Kapoor
Partner
Membership No.: 040404
UDIN: 20040404AAAAEB9537

Mumbai, April 29, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA RENEWABLE PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Renewables Private Limited ("the Company") as of March 31st, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare and Co.
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
Membership No.: 040404
UDIN: 20040404AAAAEB9537

Mumbai, April 29, 2020

BALANCE SHEET AS AT 31ST MARCH 2020

Particulars	Note No.	As at 31st March 2020	Rupees As at 31st March 2019
I ASSETS			
1 NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**12,84,19,73,321**	1,96,81,88,078
(b) Capital Work-in-Progress		**1,05,39,14,349**	9,90,38,10,107
(c) Financial Assets			
(i) Investments	5	**79,45,50,080**	2,80,43,24,081
(ii) Loans	6	**14,25,00,000**	14,25,00,000
(iii) Other Financial Assets	10	**12,49,210**	3,60,92,435
(d) Deferred Tax Assets (Net)	7	**–**	1,42,71,412
(e) Other Non-current Assets	11	**8,66,82,999**	72,99,00,000
SUB-TOTAL		**14,92,08,69,959**	15,59,90,86,113
2 CURRENT ASSETS			
(a) Financial Assets			
(i) Trade Receivables	8	**3,73,951**	1,89,674
(ii) Cash and Cash Equivalents	9	**1,43,29,15,651**	12,69,76,749
(iii) Other Financial Assets	10	**13,43,56,768**	2,49,09,242
(b) Current Tax Assets (Net)		**75,43,284**	69,27,829
(c) Other Current Assets	11	**1,02,14,273**	9,68,13,309
SUB-TOTAL		**1,58,54,03,928**	25,58,16,803
Non-Current Assets Classified as Held for Sale		**1,40,26,55,000**	–
TOTAL ASSETS		**17,90,89,28,887**	15,85,49,02,916
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	12, SOCE	**3,21,63,00,000**	2,79,53,00,000
(b) Other Equity	SOCE	**25,83,23,697**	4,12,65,617
SUB-TOTAL		**3,47,46,23,697**	2,83,65,65,617
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	13	**8,96,01,85,659**	3,75,53,38,780
(ii) Other Financial Liabilities	15	**6,30,40,116**	17,72,33,118
(b) Deferred Tax Liabilities (Net)		**7,47,43,746**	–
SUB-TOTAL		**9,09,79,69,521**	3,93,25,71,898
3 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Trade Payables	14	**9,26,97,476**	4,01,28,156
(ii) Other Financial Liabilities	15	**5,21,26,73,004**	9,03,59,72,933
(b) Other Current Liabilities	16	**3,20,18,789**	1,07,17,912
SUB-TOTAL		**5,33,73,89,269**	9,08,68,19,001
TOTAL EQUITY AND LIABILITIES		**17,90,99,82,487**	15,85,59,56,516

The accompanying notes 1 to 20 are an integral part of the Financial Statements

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 29th April, 2020

For and on behalf of the Board of Directors

Director

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary
Place: Mumbai
Date: 29th April, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

	Particulars	Note No.	For the Current Year ended 31st March, 2020	Rupees For the previous Year ended 31st March, 2019
	Continuining Operations			
I	Revenue from operations	17	**1,06,09,30,897**	15,26,80,345
II	Other Income	18	**3,24,61,650**	2,21,91,337
III	**Total Revenue (I + II)**		**1,09,33,92,547**	17,48,71,682
IV	**Expenses**			
	(a) Purchases of Stock-in-trade		**8,67,514.00**	96,00,328
	(b) Finance costs	19	**79,27,44,117**	5,89,90,017
	(c) Depreciation and amortisation expense	4	**56,98,01,232**	6,32,21,496
	(d) Other expenses	20	**28,10,40,865**	6,48,27,898
	Total Expenses (IV)		**1,64,44,53,727**	19,66,39,739
V	**(Loss)/Profit before exceptional items (III - IV)**		**(55,10,61,180)**	(2,17,68,057)
	Add: Exceptional Gain		**47,82,34,419**	–
VI	**(Loss)/Profit after exceptional items**		**(7,28,26,761)**	(2,17,68,057)
VII	**Share of (Loss)/Profit of joint ventures and associates**		**–**	–
VIII	**(Loss)/profit before tax**		**(7,28,26,761)**	(2,17,68,057)
IX	**Tax Expense**			
	(a) Current tax		**–**	–
	(b) Deferred tax		**8,90,15,158**	(38,03,853)
	Total tax expense		**8,90,15,158**	(38,03,853)
X	**(Loss)/profit after tax from continuing Operations (VIII - IX)**		**(161841,920)**	(1,79,64,204)
XI	**Discontinued Operations**			
	(a) Profit/(loss) from discontinued operations		**–**	–
	(b) Tax Expense of discontinued operations		**–**	–
	Profit/(Loss) after tax from discontinued operations		**–**	–
XII	**(Loss)/profit for the year (X + XI)**		**(16,18,41,920)**	(1,79,64,204)
XIII	**(Loss)/profit from continuing operations for the year attributable to:**			
	Owners of the Company		**(16,18,41,920)**	(1,79,64,204)
	Non controlling interests		**–**	–
XIV	**Total comprehensive income for the year (XIII + XV)**		**(16,18,41,920)**	(1,79,64,204)
XV	**Total comprehensive income for the year attributable to:**			
	Owners of the Company		**(16,18,41,920)**	(1,79,64,204)
	Non controlling interests		**–**	–
XVI	**Earnings per equity share (for continuing operation):**			
	(a) Basic	21	**(0.50)**	(0.01)
	(b) Diluted	21	**(0.50)**	(0.01)
XVII	**Earnings per equity share (for continuing and discontinued operations):**			
	(a) Basic	21	**(0.50)**	(0.01)
	(b) Diluted	21	**(0.50)**	(0.01)

The accompanying notes 1 to 20 are an integral part of the Financial Statements

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 29th April, 2020

For and on behalf of the Board of Directors

Director   Director

Chief Executive Officer   Chief Financial Officer

Company Secretary
Place: Mumbai
Date: 29th April, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2020

Particulars	Note No.	For the Current Year ended 31st March, 2020	Rupees For the previous Year ended 31st March, 2019
Cash flows from operating activities			
Profit before tax for the year	P & L	**(7,28,26,761)**	(2,17,68,057)
Adjustments for:			
Finance costs recognised in profit or loss	19	**79,27,44,117**	5,89,90,017
Investment income recognised in profit or loss	18	**(3,24,61,650)**	(2,21,91,337)
Depreciation expense	4	**56,98,01,232**	6,32,21,496
		1,33,00,83,698	10,00,20,176
Movements in working capital:			
(Increase)/decrease in trade and other receivables	8	**(1,84,277)**	1,92,245
(Increase)/decrease in other financial assets	10	**(7,46,04,301)**	(2,42,22,422)
(Increase)/decrease in other assets	11	**72,98,16,037**	(32,03,175)
Increase /(Decrease) in trade payable & other liabilities	14	**(3,86,36,22,734)**	13,37,272
Cash generated from operations		**(3,20,85,95,276)**	(2,58,96,080)
Income taxes paid		**(6,15,455)**	(44,72,307)
Net cash flow from/ (used in) operating activities		**(1,95,19,53,794)**	4,78,83,732
Cash flows from investing activities			
Paid for purchase of Non Current investments	5	**60,71,19,001**	(3,85,48,000)
Proceeds on sale of financial assets	5	**–**	–
Interest received	18	**3,24,61,650**	59,90,706
Dividend received	18	**–**	–
Repayments by related parties	6	**–**	4,66,15,000
Payments for property, plant and equipment	4	**(2,59,36,90,717)**	(5,02,82,10,344)
Net cash flow from/(used in) investing activities		**(1,95,41,10,066)**	(5,01,41,52,638)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		**79,99,00,000**	
Payment for share issue costs	SOCE	**–**	–
Proceeds from borrowings	13	**5,20,48,46,879**	5,04,92,34,089
Interest paid	19	**(79,27,44,117)**	(5,41,90,959)
Net cash flow from /(used in) financing activities		**5,21,20,02,763**	4,99,50,43,130
Net increase/ (decrease) in cash and cash equivalents		**1,30,59,38,902**	2,87,74,224
Cash and cash equivalents at the beginning of the year	9	**12,69,76,749**	9,82,02,525
Cash and cash equivalents at the end of the year	9	**1,43,29,15,652**	12,69,76,749

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 29th April, 2020

For and on behalf of the Board of Directors

Director

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary
Place: Mumbai
Date: 29th April, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2020

A. Equity share capital

Particulars	Rupees Amount
As at 31st March 2018	2,79,53,00,000
Changes in equity share capital during the year	–
As at 31st March 2019	2,79,53,00,000
Changes in equity share capital during the year	**42,10,00,000**
As at 31st March 2020	**3,21,63,00,000**

B. Other Equity

Rupees

Particulars	Reserves and Surplus: Securities Premium Reserve	Reserves and Surplus: Retained Earnings	Total
As at 31st March 2018	6,06,61,370	(14,31,549)	5,92,29,821
(Loss)/Profit for the year		(1,79,64,204)	
Other Comprehensive Income/(Loss)			
Total Comprehensive Income for the year	–	(1,79,64,204)	(1,79,64,204)
Equity Share Issuance Costs	–	–	–
As at 31st March 2019	6,06,61,370	(1,93,95,753)	4,12,65,617
(Loss)/Profit for the year		**–**	
Securities Premium Received during the year	**37,89,00,000**		
Other Comprehensive Income/(Loss)		**(16,18,41,920)**	
Total Comprehensive Income for the year	**37,89,00,000**	**(16,18,41,920)**	**21,70,58,080**
Equity Share Issuance Costs	**–**	**–**	**–**
As at 31st March 2019	**43,95,61,370**	**(18,12,37,673)**	**25,83,23,697**

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 29th April, 2020

For and on behalf of the Board of Directors

Director

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary
Place: Mumbai
Date: 29th April, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

1. Nature of Operations

Mahindra Renewable Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India and is a subsidiary of Mahindra Susten Private Limited. The Company is engaged in the business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system/sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on XXth April 2020.

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupees.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of Solar power

Revenue from Generation of solar power is recognised on an accrual basis and includes unbilled revenues accrued upto the end of the accounting year.

(ii) Sales of goods

Revenue from sale of goods is recognized on transfer of all significant risks and rewards of ownership to the buyer. Sales are stated net of trade discount, duties and sales tax.

(iii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iv) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2014.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss.

(ii) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Inventories:

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials includes all costs of purchase, conversion and other direct attributable costs incurred for bringing the items to their present location and condition and is determined using the weighted average cost method.

The cost of contracts work in progress comprises costs directly attributable to the specific contracts and related overheads.

Traded goods costs includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

h) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

The Company operates only in one segment generation of producer and distributor of solar power.

i) Investments

Investment in subsidiaries are stated at cost less any provision for impairment.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be fully recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

j) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

k) Provisions and Contingent Liabilities:

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

l) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income ” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

m) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

n) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and,

o) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer, a distribution company ("discom"). In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

Note No. 4 - Property, Plant and Equipment

Rupees

Description of Assets	Land- Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1st April, 2019	**12,41,354**	**2,03,17,37,544**	**2,03,29,78,898**
Additions	46,36,06,196	10,97,99,80,279	11,44,35,86,475
Balance as at 31st March, 2020	**46,48,47,550**	**13,01,17,17,823**	**13,47,65,65,373**
II. Accumulated depreciation and impairment			
Balance as at 1st April, 2019	–	**6,47,90,820**	**6,47,90,820**
Depreciation expense for the year	–	56,98,01,232	56,98,01,232
Balance as at 31st March, 2020	–	**63,45,92,052**	**63,45,92,052**
III. Net carrying amount (I-II)	**46,48,47,550**	**12,37,71,25,771**	**12,84,19,73,321**

Rupees

Description of Assets	Land- Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1st April, 2018	–	**1,32,41,960**	**1,32,41,960**
Additions	12,41,354	2,01,84,95,584	2,01,97,36,938
Balance as at 31st March, 2019	**12,41,354**	**2,03,17,37,544**	2,03,29,78,898
II. Accumulated depreciation and impairment			
Balance as at 1 April, 2018	–	**15,69,324**	**15,69,324**
Depreciation expense for the year	–	6,32,21,496	6,32,21,496
Balance as at 31st March, 19	–	**6,47,90,820**	**6,47,90,820**
III. Net carrying amount (I-II)	**12,41,354**	**1,96,69,46,724**	**1,96,81,88,078**

Note:

(1) Method of Depreciation

Depreciation on Plant and Equipment is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations.

Note No. 5 - Investments

Rupees

Particular	As at 31st March, 2020			As at 31st March, 2019		
	QTY	Amounts Current	Amounts Non Current	QTY	Amounts Current	Amounts Non Current
A. COST						
II. Unquoted Investments (all fully paid)						
Investments in Equity Instruments						
– of Subsidiaries	–	–	**69,10,77,200**	–	–	2,70,08,51,201
– of associate	–	–	**10,34,72,880**	–	–	10,34,72,880
Total Unquoted Investments	–	–	**79,45,50,080**	–	–	2,80,43,24,081
INVESTMENTS CARRIED AT COST [A]	–	–	**79,45,50,080**	–	–	2,80,43,24,081
B. Designated as Fair Value Through Profit and Loss						
Investments in Mutual Funds	–	–	–	–	–	–
Total Aggregate Quoted Investments	–	–	–	–	–	–
INVESTMENTS CARRIED AT FVTPL [B]	–	–	–	–	–	–
TOTAL INVESTMENTS CARRYING VALUE (A) + (B)	–	–	**79,45,50,080**	–	–	2,80,43,24,081

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 6 - Loans

Rupees

Particulars	As at 31st March, 2020 Current	As at 31st March, 2020 Non- Current	As at 31st March, 2019 Current	As at 31st March, 2019 Non- Current
a) Loans to related parties				
- Unsecured, considered good	–	**14,25,00,000**	–	14,25,00,000
	–	**14,25,00,000**	–	14,25,00,000

Note:

The Company has granted suboridnated debt of INR 14,25,00,000 to Astra Solren Private Limited (subsidiary Company). This loans are subordinated to bank borrowings taken by Astra Solren Private Ltd. and are to be repaid after repayment of bank borrowings.

Note No. 7 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Current Tax:	**–**	**–**
Deferred Tax:		
In respect of current year origination and reversal of Previous years	**8,90,15,158**	(38,03,853)
Total income tax expense on continuing operations	**8,90,15,158**	(38,03,853)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Profit before tax from continuing operations	**(7,28,26,761)**	(2,17,68,057)
Income tax expense calculated at 27.82% (2017-18: 30.90%)#	**(2,02,60,405)**	(56,59,695)
Reduction/increase in tax rate	**(9,00,14,157)**	16,59,904
Effect of income that is exempt from taxation	**–**	–
Effect of expenses that is non-deductible in determining taxable profit	**–**	1,251
Effect of reversel of deffered tax liability for previous year excess booked	**–**	–
Effect of recogniation of deffered tax assets of previous years	**2,16,87,804**	–
Effect of reversel of defferd Tax assests of previous years	**–**	1,94,687
Income tax expense recognised In profit or loss for current year	**(8,85,86,758)**	**(38,03,853)**
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	–
Income tax expense recognised In profit or loss from continuing operations	**(8,85,86,758)**	**(38,03,853)**

Note :-1. #The tax rate used for the year ended 31st March 2019 is the corporate tax rate of 25% plus plus Health & education cess @ 4 % (Previous year ended 31st March 2019 tax rate is corporate tax rate of 26% plus Education cess @ 3%) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(2) Defffered Tax assets created for business losses is as below:

Rupees

Assessment Year	Business loss	Unabsorbed Depreciation
2012-13	52,174	–
2013-14	54,987	–
2014-15	1,85,111	–
2015-16	20,31,988	–
2016-17	1,21,67,507	18,82,922
2017-18	1,37,17,566	52,96,784
2018-19	80,86,202	5,29,678
2019-20	2,17,63,247	9,23,18,621
	5,80,58,782	**10,00,28,006**

Deferred Tax Asset (DTA) has been recognised by the Company. The Company has a Power Purchase Agreement with the M.P. Power Managment Company Limited & Delhi metro rail corporation and with Mahindra & Mahindra for 25 years and based on the revenue generation model, the management believes that the Company will earn taxable profits in the future, and will be able to adjust the DTA against future profits.

(c) Movement in deferred tax balances

Rupees

Particulars	For the Year ended 31st March, 2020 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	**2,68,31,152**	**1,91,84,50,509**	**1,94,52,81,661**
	2,68,31,152	**1,91,84,50,509**	**1,94,52,81,661**
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses	**4,11,02,564**	**1,82,94,35,351**	**1,87,05,37,916**
	4,11,02,564	**1,82,94,35,351**	**1,87,05,37,916**
Net Deferred Tax (Asset)/ Liabilities	**(1,42,71,412)**	**8,90,15,158**	**7,47,43,746**

Rupees

Particulars	For the year ended March 19 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	33,61,338	2,34,69,814	2,68,31,152
	33,61,338	2,34,69,814	2,68,31,152
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses	1,38,28,897	2,72,73,667	4,11,02,564
	1,38,28,897	2,72,73,667	4,11,02,564
Net Deferred Tax (Asset)/ Liabilities	**(1,04,67,559)**	**(38,03,853)**	**(1,42,71,412)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Rupees

Particulars	Opening Balance	For the year ended March 18 Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	38,45,394	(4,84,056)	33,61,338
	38,45,394	(4,84,056)	33,61,338
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses	1,08,52,995	29,75,903	1,38,28,897
	1,08,52,995	29,75,903	1,38,28,897
Net Deferred Tax (Asset)/ Liabilities	**(70,07,600)**	**(34,59,959)**	**(1,04,67,559)**

Note No. 8 - Trade Receivables

Rupees

Particulars	As at 31st March, 2020 Current	Non Current	As at 31st March, 2019 Current	Non Current
Trade receivables				
Unsecured, considered good	**3,73,951**	–	1,89,674	–
Total Trade Receivables	**3,73,951**	–	1,89,674	–
Of the above, trade receivables from:				
– Related Party	–	–	1,89,674	–
– Others	–	–	–	–
M.P.Power Management Co. Ltd				
Delhi Metro Rail Corporation Limited				
Mahindra & Mhindra Ltd C/o M. Reasearch Velley,				
Total Trade Receivables	**3,73,951**	–	1,89,674	–

Note No. 9 - Cash and Cash Equivalents

Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents		
(a) Balances with banks	**31,87,96,172**	4,36,812
(b) Fixed Deposit maturity less then 3 months	**1,11,41,19,479**	12,65,39,937
Total Cash and Cash Equivalents	**1,43,29,15,651**	12,69,76,749

Note:

All Cash and cash equivlents related to Rewa project are charged against the borrowings. (Refer Note no. 13 Non-Current Borrowings).

Note No. 10 - Other Financial Assets

Rupees

Particulars	As at 31st March, 2020 Current	Non-Current	As at 31st March, 2019 Current	Non-Current
Financial assets at amortised cost				
a) Interest Accured on Fixed deposit	**10,17,763**	–	6,54,857	–
b) Interest Accured on loan to related party	–	**12,49,210**	–	3,60,92,435
c) Unbilled Revenue	**13,33,39,005**	–	2,42,54,385	–
Total Other Financial Assets	**13,43,56,768**	**12,49,210**	2,49,09,242	3,60,92,435

Note:

All other financial assets related to Rewa project are charged against the borrowings. (Refer footnotes to note no. 13 Non Current Borrowings).

Note No. 11 - Other Assets

Rupees

Particulars	As at 31st March, 2020 Current	Non-Current	As at 31st March, 2019 Current	Non-Current
(a) Capital advances				
(i) For Capital work in progress	–	**8,66,82,999**	–	72,99,00,000
(b) Other Assets				
(i) Income Tax paid under protest FY 2015-16 (refer note no. 24)	**76,03,081**	–	76,03,081	–
(i) Advances to related parties				
(ii) Balances with government authorities (other than income taxes)	**28,947**	–	28,946	–
(c) Other Assets				
(i) Prepaid Expenses-others	**25,79,304**	–	6,81,282	–
(ii) Prepaid Exp- Loan process charges	–	–	8,85,00,000	–
(iii) Others Advance	**2,941**	–	–	–
(iv) Deposit SECI	–	–	–	–
Total Other Assets	**1,02,14,273**	**8,66,82,999**	9,68,13,309	72,99,00,000

Note:

All other assets related to Rewa project are charged against the borrowings. (Refer Note no. 13 Non-Current Borrowings).

Note No. 12 - Equity Share Capital

Rupees

Particulars	As at 31st March, 2020 No. of shares	Share Capital	As at 31st March, 2019 No. of shares	Share Capital
Authorised:				
Equity shares of ₹ Rs.10 each with voting rights	**40,00,00,000**	**4,00,00,00,000**	40,00,00,000	4,00,00,00,000
Issued, Subscribed and Fully Paid:				
Equity shares of ₹ Rs.10 each with voting rights	**32,16,30,000**	**3,21,63,00,000**	27,95,30,000	2,79,53,00,000
Total Equity share capital	**32,16,30,000**	**3,21,63,00,000**	27,95,30,000	2,79,53,00,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Notes:

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars		Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes	Closing Balance
(a) Equity Shares with Voting rights*							
Year Ended 31st March, 2020							
	No. of Shares	32,16,30,000	–	–	–	–	32,16,30,000
	Amount in Rupees	3,21,63,00,000	–	–	–	–	3,21,63,00,000
Year Ended 31st March, 2019							
	No. of Shares	27,95,30,000	–	–	–	–	27,95,30,000
	Amount in Rupees	2,79,53,00,000	–	–	–	–	2,79,53,00,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares: Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31st March 2020			
Mahindra Susten Private Limited-Holding Company	**32,16,30,000**	–	–
As at 31st March 2019			
Mahindra Susten Private Limited-Holding Company	27,95,30,000	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31st March, 2020: Number of shares held	% holding in that class of shares	As at 31st March, 2019: Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Susten Private Limited*	**32,16,30,000**	**100%**	27,95,30,000	100%

* Note :- This includes 5000 equity share held as nominee by an individual on behalf of the holding company.
(Mahindra Renewables Private Limited jointly with Miss Brijbala Batwal - 5000 equity share)

Note No. 13 - Non Current Borrowings

Rupees

Particulars	Interest Rate	Repayment Terms	As at 31st March, 2020	As at 31st March, 2019
Secured Borrowings				
Term loan				
(a) From Bank- yes bank	8.70%	Refer note no. 2	–	97,98,000
(b) From Financial Institution-International Finance Corporation	9.57%	Refer note no. 3	**1,88,50,60,264**	1,72,55,40,780
(c) Aditya Birla Finance Ltd	9.71%	Refer note no. 3	**2,83,59,39,504**	–
(d) HDFC Bank Ltd	9.35%	Refer note no. 3	**1,84,41,15,891**	–
Total Secured Borrowings			**6,56,51,15,659**	1,73,53,38,780
Unsecured Borrowings				
(b) Subordinated Debt from Related party	11.50%	Refer note no. 4	2,39,50,70,000	2,02,00,00,000
Total Unsecured Borrowings			**2,39,50,70,000**	2,02,00,00,000
Total Non-Current Borrowings			**8,96,01,85,659**	3,75,53,38,780

Notes:

1) The company has developed 250 MW AC ultra mega solar power project, to be located in district Rewa, Madhya Pradesh, India (the “Project”) to be implemented in accordance with the Power Purchase Agreement has signed between Delhi Metro Rail Corporation (DMRC), Rewa Ultra Mega Solar Limited (RUMSL) for sell electricity generated from the plant.

2) To raise debt for the purposes of the Project development, the Borrower had availed INR denominated ECB aggregating upto INR 199,75,20,000 from International Finance Corporation (“IFC”) and rupee term loan aggregating up to INR 727,75,00,000 from Yes Bank Limited. Subsequently Yes Bank Limited has down sold their exposure of Rs.300,00,00,000 to Aditya Birla Finance Limited and Rs.427,75,00,000 to HDFC Bank Limited. The door to door loan tenor is 20 years and applicable ROI for domestic loan is 1 year MCLR + Spread and applicable ROI for IFC loan is three year rupee fixed base rate + Spread. The IFC loan will repaid in 73 structured quarterly instalment starting from 15th Oct, 2019 and Domestic lenders loan will repaid in 73 structured quarterly instalment starting from 31st Dec, 2019.

The loan is secured by:

a) First pari passu charge on all present and future tangible / intangible moveable assets, current assets including receivables pertaining to Rewa proejct.

(b) Firstpari passu charge on all the Company’s bank accounts pertainig to the project including Escrow account and any other reserve and other bank accounts pertaining to the project.

(c) First charge on all the rights, title interest, benefits, claims and demands whatsoever of the borrower in :

i) Project agreements

ii) the clearances subject to applicable law

iii) any letter of credit, guarantee, performance bond ,corporate guarantee, bank guarantees or warranty provided by any party

(d) Assignment of insurance policies relating to the project, right, titles, permits/approvals. Clearances and interests to the company,

(e) Short fall undertaking from Mahindra Susten Private Limited (Sponsor) for funding time /Cost overruns.

(f) Non disposal undertaking from Mahindra Susten private limited for its 51% shareholding in Mahindra Renewables Private Limited.

(g) First pari passu pledge over at least 14,30,00,000 euqity share of the company till the final settlement date.

(h) First pari passu pledge over all CCD’s formaing part of the sponsor subordinated debt till the final settlement date, and subordination and assignment by way of security of any shareholder loans/subordinated loans,

(i) Assignment by way of security of all insurance policies under Annex D and insurance proceeds under these policies.

3) The Company has taken an Subordinated loan from Mahindra susten private limited (the holding Company) of INR 2,75,50,70,000 as on March 2020 (INR 202,00,00,000 as on March 2019) for Rewa project. & INR 6,00,70,000 as on March 2020 (INR Nil as on March 2019) for ISTS project. This loan is subordinated to above loans sanctioned mentioned above in note no. 2 and 3.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(4) Details of Long term Borrowings of the Company:

Rupees

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	Repayment Bullet (or) Installment	Amortised cost as at 31st March, 2020	Amortised cost as at 31st March, 2019
Secured						
Term loans from banks:						
YES Bank	INR	8.70%	9.55%	Refer note no. 2	**–**	97,98,000
Term loans from other parties:						
internation Finance Corporation (Ist Trench)	INR	9.92%	9.71%	Refer note no. 3	**1,88,50,60,264**	36,32,00,000
Aditya Birla Finance Ltd	INR	9.92%	9.30%	Refer note no. 3	**2,83,59,39,504**	1,36,23,40,780
HDFC Bank Limited	INR			Refer note no. 3	1,84,41,15,891	–
Total Secured Borrowings(A)					**6,56,51,15,659**	1,73,53,38,780
Unsecured						
Suboridnated Debt from related parties:	INR	11.50%	11.50%	Refer note no. 4	**2,39,50,70,000**	2,02,00,00,000
Total Unsecured Borrowings (B)					**2,39,50,70,000**	2,02,00,00,000
Total Non Cirrent Borrowings (A+B)					**8,96,01,85,659**	3,75,53,38,780

Note No. 14 - Trade Payables

Rupees

Particulars	As at 31st March, 2020 Current	As at 31st March, 2020 Non Current	As at 31st March, 2019 Current	As at 31st March, 2019 Non Current
Trade payable - Other than micro and small enterprises	**9,26,97,476**	–	4,01,28,156	–
Total Trade Payables	**9,26,97,476**	–	4,01,28,156	–

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 15 - Other Financial Liabilities

Rupees

Particulars	As at 31st March, 2020 Current	As at 31st March, 2020 Non Current	As at 31st March, 2019 Current	As at 31st March, 2019 Non Current
Other Financial Liabilities Measured at Amortised Cost				
(a) Current maturities of long-term debt				
(i) Term loans from Bank - Yes Bank Ltd	**6,84,00,000**	–	2,02,000	–
(ii) From Financial institution- International Finance Corporation	**4,66,80,000**	–	2,23,20,000	–
(i) Term loans from Bank - HDFC	**11,63,48,000**	–	–	–
(Refer Note No. 13- Non current Borrowings)				
(b) Loan repayble on demand-from related party	**18,00,00,000**	–	18,00,00,000	–
(Refer Note no. 1)				
(c) Inter Corporate Deposit-from realted party	**55,99,60,000**	–	35,09,60,000	–
(Refer Note no. 2)				
(d) Interest accrued on Borrowing	**59,35,84,041**	**6,30,40,116**	11,45,22,435	17,72,33,118
(e) Other liabilities - Bills Payable - Yes Bank	**1,99,90,81,098**	–	1,94,23,03,929	–
(Refer Note no. 3)				
(f) Creditors for capital supplies/services	**1,64,86,19,865**	–	6,42,56,64,569	–
Total Other Financial Liabilities	**5,21,26,73,004**	**6,30,40,116**	9,03,59,72,933	17,72,33,118

Notes:

(1) The Company had taken a Short term loan from Mahindra susten private Limited of INR 18 Crores in March 2017 @ interest rate of 11.50%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(2) The Company has taken a Inter Corporate deposit in current year from Mahindra Susten Private Limited (the Holding Company) of INR 35.09 Crores @ interest rate of 11%.

(3) The Company has taken Letter of Credits for INR 1,94,23,03,929 in current year for a period of one year.

Note No. 16 - Other Liabilities

Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current		
Other :- Statutory Dues payable to Govt.	3,20,18,789	1,07,17,912
Total Other Liabilities	**3,20,18,789**	1,07,17,912

Note No. 17 - Revenue from Operations

Rupees

	Particulars	For the Current Year ended 31st March, 2020	For the Previous Year ended 31st March, 2019
(a)	Revenue from sale of - Solar Energy	**1,05,99,99,151**	14,27,89,517
(b)	Revenue from Trading of goods	**9,31,746**	98,90,828
	Total Revenue from Operations	**1,06,09,30,897**	15,26,80,345

Note No. 18 - Other Income

Rupees

	Particulars	For the Current Year ended 31st March, 2020	For the Previous Year ended 31st March, 2019
(a)	Interest Income		
	On Financial Assets at Amortised Cost	**3,04,45,769**	2,21,91,337
(b)	Dividend Income	**18,19,479**	–
(c)	Interest on income tax refund	**1,96,402**	–
	Total Other Income	**3,24,61,650**	2,21,91,337

Note No. 19 - Finance Cost

Rupees

Particulars	For the Current Year ended 31st March, 2020	For the Previous Year ended 31st March, 2019
Interest expense at amortised cost	**90,16,90,157**	31,64,50,001
Less: Amounts included in the cost of qualifying assets	**(10,89,46,041)**	(25,74,59,984)
Total Finance Cost	**79,27,44,117**	5,89,90,017

Analysis of Interest Expenses by Category

Rupees

Particulars	For the Current Year ended 31st March, 2020	For the Previous Year ended 31st March, 2019
On loans from Related party (Refer note 13 and 15)	**24,14,45,602**	4,27,19,573
Interest on borrowings from bank	**26,54,84,713**	55,44,801
Interest on borrwing from Financial institution	**28,58,08,134**	1,07,20,833
On delay payment of Taxes	**5,668**	**4,810**

Note No. 20 - Other Expenses

Rupees

			Particulars	For the Current Year ended 31st March, 2020	For the Previous Year ended 31st March, 2019
(a)	ROC charges, Registration charges and stamp duty expenses			**9,23,250**	14,630
(b)	Repairs and maintenance - Machinery			**7,09,25,791**	–
(c)	Repairs and maintenance - Others			**–**	36,108
(d)	Advertisement			**–**	5,10,000
(e)	Comphresive Charges (Refer note below)			**10,57,57,806**	1,18,26,711
(f)	Commission, discounts and rebates			**67,12,858**	7,95,141
(g)	Insurance Expenses			**48,04,408**	**10,08,037**
(h)	Auditors remuneration and out-of-pocket expenses				
		(i)	As Auditors- statuotry audit fees	**1,88,800**	1,88,800
		(ii)	For Tax audit fees	**1,47,500**	88,500
		(iii)	For Other services	**40,120**	94,400
(i)	Other expenses				–
		(i)	Legal and other professional costs	**3,06,13,454**	4,15,95,852
		(ii)	Printing & Stationary	**11,760**	6,000
		(iii)	Bank Charges	**23,85,285**	33,66,449
		(iv)	DSM Charges	**4,81,56,802**	–
		(v)	WRLDC charges	**5,50,731**	–
		(vi)	Site Expenses	**75,52,000**	–
		(vii)	Miscellaneous expenses	**22,70,299**	52,97,270
Total Other Expenses				**28,10,40,865**	6,48,27,898

Note: Comprehensive charges includes charges for acitivies and services perofmed at Rewa Site by the customer including the construction of internal evacuation infrastructure, provision of land, Admininstration charges and local area development charges at proejct site at Rewa, of Madhya Pradesh state.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 21 - Earnings per Share

Rupees

Particulars	For the Current Year ended 31st March, 2020 Per Share	For the Previous Year ended 31st March, 2019 Per Share
Basic Earnings per share		
From continuing operations	**(0.50)**	(0.01)
From discontinuing operations	**–**	–
Total basic earnings per share	**(0.50)**	(0.01)
Diluted Earnings per share		
From continuing operations	**(0.50)**	(0.01)
From discontinuing operations	**–**	–
Total diluted earnings per share	**(0.50)**	(0.01)

Basic & diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic & diluted earnings per share are as follows:

Rupees

Particulars	For the Current Year ended 31st March, 2019	For the Previous Year ended 31st March, 2018
(Loss)/profit for the year attributable to owners of the Company	**(16,18,41,920)**	(1,79,64,204)
Less: Preference dividend and tax thereon	**–**	–
(Loss)/profit for the year used in the calculation of basic earnings per share	**(16,18,41,920)**	(1,79,64,204)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
(Loss)/Profits used in the calculation of basic and diluted earnings per share from continuing operations (i)	**(16,18,41,920)**	(1,79,64,204)
Weighted average number of equity shares (ii)	**32,16,30,000**	2,79,53,00,000
Earnings per share from continuing operations - Basic & diluted (i/ii)	**(0.50)**	(0.01)

Note No. 22 - Assets classified as held for sale

Rupees

	For the Current Year ended 31st March, 2020	For the Previous Year ended 31st March, 2019
Investment in wholy Owned Subsidiary - Divine Solren Pvt Ltd	**76,05,10,000**	–
Investment in wholy Owned Subsidiary - Neo Solren Pvt Ltd	**64,21,45,000**	–
Liabilities associated with assets held for sale	**1,40,26,55,000**	–

A description of the non current asset

A brief description of the facts and circumstances leading to sale and expected manner and timing of sale is required to be disclosed.

Disclosure of the gain/loss in accordance with paragraphs 20-22. If not separately presented in the statement of profit/loss, the caption in the statement of profit and loss that includes that gain/loss.

Assets and Liabilities of disposal group held for sale

As at 31st March 20XX, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities:

Particulars	Divine Solren	Neo Solren
Goodwill	–	–
Property Plant and equipment	–	–
Inventories	–	–
Trade Receivables	–	–
Cash and Bank Balances	–	–
Total Assets Held for Sale	**–**	**–**
Trade Payables	–	–
Current Tax Liabilities	–	–
Deferred tax Liabilities	–	–
Total Liabilities held for sale	**–**	**–**
Net Assets (liabilities) held for sale	**93,02,36,635**	**71,83,20,008**
Cost of Investments	76,05,10,000	64,21,45,000
Purchase consideration	1,24,47,90,808	1,10,00,00,000
Value of Assets Held for sale as on 31st March 2020	**76,05,10,000**	**64,21,45,000**

Amounts recognised in OCI related to assets and liabilities of disposal group

Note No. 23 - Financial Instruments

Following are the material events occurred after the balance sheet date but before the approval of financial statements by board of directors.

Event 1: Company has sold of one of its Wholly Owned Subsidiary - Divinve solren PVt Ltd on 16th April 2020. Investment in this Subsidiary is shown as Asset held for sale in Financials statement as at 31st March 2020. Company has earned profit on this transaction

Event 2: Company is considering a proposal to sell one of its Wholly Owned Subsidiary - Neo solren PVt Ltd on in FY 2020-21. Investment in this Subsidiary is shown as Asset held for sale in Financials statement as at 31st March 2020. Company is expected to earn profit on this transaction

Note No. 24 - Financial Instruments

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31st March, 2020 and 31st March, 2019 is as follows:

	31/3/2020	31/3/2019
Debt (A)	**9,19,16,13,659**	3,77,78,60,780
Equity (B)	**3,47,46,23,697**	2,83,65,65,617
Debt Equity Ratio (A/B)	**2.65**	1.33

Categories of financial assets and financial liabilities

As at 31st March, 2020 Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	79,45,50,080	–	–	**79,45,50,080**
Loans	14,25,00,000	–	–	**14,25,00,000**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Investments	–	–	–	–
Trade Receivables	3,73,951	–	–	**3,73,951**
Other Financial Assets				
– Non Derivative Financial Assets	13,43,56,768	–	–	**13,43,56,768**
– Derivative Financial Assets	–	–	–	–
Non-current Liabilities				
Borrowings	8,96,01,85,659	–	–	**8,96,01,85,659**
Current Liabilities				
Short Term 'Borrowings	23,14,28,000	–	–	**23,14,28,000**
Loan from related party	73,99,60,000			
Trade Payables	1,74,13,17,340	–	–	**1,74,13,17,340**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	65,66,24,157	–	–	**65,66,24,157**
– Derivative Financial Assets	–	–	–	–

As at 31st March, 2019 **Rupees**

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	2,80,43,24,081	–	–	**2,80,43,24,081**
Loans	14,25,00,000	–	–	**14,25,00,000**
Current Assets				
Investments	–	–	–	–
Trade Receivables	1,89,674	–	–	**1,89,674**
Other Financial Assets				
– Non Derivative Financial Assets	2,49,09,242	–	–	**2,49,09,242**
– Derivative Financial Assets	–	–	–	–
Non-current Liabilities				
Borrowings	3,75,53,38,780	–	–	**3,75,53,38,780**
Current Liabilities				
Short Term 'Borrowings	2,25,22,000	–	–	**2,25,22,000**
Loan from related party	53,09,60,000	–	–	–
Trade Payables	6,46,57,92,725	–	–	**6,46,57,92,725**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	29,17,55,553	–	–	**29,17,55,553**
– Derivative Financial Assets	–	–	–	–

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee annually.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rupees

Particulars	Less than 1 Year INR	1–3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial liabilities				
31-Mar-20				
Non-interest bearing	**1,76,62,26,582**	–	–	–
Variable interest rate instruments	**2,23,05,09,098**	**50,87,18,000**	**61,64,03,000**	**7,85,89,46,500**
Fixed interest rate instruments	**73,99,60,000**	–	–	–
Total	**4,73,66,95,680**	**50,87,18,000**	**61,64,03,000**	**7,85,89,46,500**
31-Mar-19				
Non-interest bearing	6,58,03,15,160	–	–	17,72,33,118
Variable interest rate instruments	6,46,61,220	8,56,28,000	10,89,80,000	1,54,07,30,780
Fixed interest rate instruments	53,09,60,000	–	–	2,02,00,00,000
Total	7,17,59,36,380	8,56,28,000	10,89,80,000	3,73,79,63,898

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
				Rupees
Non-derivative financial assets				
31-Mar-20				
Non interest bearing	**92,92,80,799**	–	–	–
Fixed interest rate instruments	**14,25,00,000**	–	–	–
Total	**1,07,17,80,799**	–	–	–
31-Mar-19				
Non-interest bearing	2,82,94,22,997	–	–	–
Fixed interest rate instruments	14,25,00,000	–	–	–
Total	5,11,54,84,596	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-20	INR	+100	(6,68,01,957)
	INR	(-) 100	6,68,01,957
31-Mar-19	INR	+100	(1,75,78,608)
	INR	(-) 100	1,75,78,608
31-Mar-18	INR	+100	(1,00,000)
	INR	(-) 100	1,00,000

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note No. 25- Fair Value Measurement

Fair Valuation Techniques and Inputs used - recurring Items

Financial assets/ financial liabilities measured at Fair value	**Fair value as at**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**
	31-03-20	31-03-19			
Financial assets					
Investments					
1) Mutual fund investments	**–**	–	Level 1	Market Value	
Total financial assets	**–**	–			

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31-03-20 Carrying amount	31-03-20 Fair value	31-03-19 Carrying amount	31-03-19 Fair value
				Rupees
Financial assets				
Financial assets carried at Amortised Cost				
– investments in equity instruments	**79,45,50,080**	**79,45,50,080**	2,80,43,24,081	2,80,43,24,081
– loans to related parties	**14,25,00,000**	**14,25,00,000**	14,25,00,000	14,25,00,000
– trade and other receivables	**3,73,951**	**3,73,951**	1,89,674	1,89,674
Other financial assets	**13,43,56,768**	**13,43,56,768**	2,49,09,242	2,49,09,242
	1,07,17,80,799	**1,07,17,80,799**	2,97,19,22,997	2,97,19,22,997

Particulars	31-03-20 Carrying amount	31-03-20 Fair value	31-03-19 Carrying amount	31-03-19 Fair value
				Rupees
Financial liabilities				
Financial liabilities held at amortised cost				
– bank loan	**6,79,65,43,659**	**6,79,65,43,659**	1,75,78,60,780	1,75,78,60,780
– loans from related parties	**3,13,50,30,000**	**3,13,50,30,000**	53,09,60,000	53,09,60,000
– Other Payable- bills payable	**1,99,90,81,098**	**1,99,90,81,098**	1,94,23,03,929	1,94,23,03,929
– trade and other payables	**1,74,13,17,340**	**1,74,13,17,340**	6,46,57,92,725	6,46,57,92,725
– Others	**65,66,24,157**	**65,66,24,157**	29,17,55,553	29,17,55,553
Total	**14,32,85,96,254**	**14,32,85,96,254**	10,98,86,72,987	10,98,86,72,987

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Fair value hierarchy as at 31st March, 2020

Rupees

	Level 1	Level 2	Level 3
Financial assets			
Financial assets carried at Amortised Cost			
– investments in Equity instruments	–	–	**79,45,50,080**
– loans to related parties	–	–	**14,25,00,000**
– trade and other receivables	–	–	**3,73,951**
– Others	–	–	**13,43,56,768**
Total	–	–	**1,07,17,80,799**
Financial Instruments not carried at Fair Value			
– Loans from Bank & Financial institution	**6,79,65,43,659**	–	–
– loans from related parties	–	–	**3,13,50,30,000**
– Bills payable	–	–	**1,99,90,81,098**
– trade payables	–	–	**1,74,13,17,340**
– others	–	–	**65,66,24,157**
Total	**6,79,65,43,659**	–	**7,53,20,52,595**

Fair value hierarchy as at 31st March, 2019

Rupees

	Level 1	Level 2	Level 3
Financial assets			
Financial assets carried at Amortised Cost			
– investments in Equity instruments	–	–	2,80,43,24,081
– loans to related parties	–	–	14,25,00,000
– trade and other receivables	–	–	1,89,674
– Others	–	–	2,49,09,242
Total	–	–	2,97,19,22,997
Financial Instruments not carried at Fair Value			
– Loans from Bank & Financial institution	1,75,78,60,780	–	–
– loans from related parties	–	–	53,09,60,000
– Bills payable	–	–	1,94,23,03,929
– trade payables	–	–	6,46,57,92,725
– others	–	–	29,17,55,553
Total	1,75,78,60,780	–	9,23,08,12,207

Note No. 26 - Related Party Transactions

Name of the parent Company	Mahindra Susten Private Limited
Name of the Intermediate Holding Company	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited
Name of the Fellow Subsidiary Company	Mahindra Teqo Private Limited
Brightsolar Renewable Energy Private Limited	Entity in which have joint interest with other company
Neo Solren Private Limited	Subsidiary Company
Divine Solren Private Limited	Subsidiary Company
Astra solren Private Limited	Subsidiary Company
Celansolar Renewable Energy Private Limited	Subsidiary Company
Mahindra Suryaurja Private Limited	Subsidiary Company

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	For the year ended	Ultimate Holding Company	Parent Company	Entities having joint interest in the Company	Subsidiaries
Nature of transactions with Related Parties					
Sale of goods	31-Mar-20	–	9,31,746	–	–
	31-Mar-19	–	1,16,71,177	–	–
Purchase of goods (Power Plant)	31-Mar-20	–	13,26,56,97,660	–	–
	31-Mar-19	–	10,02,26,26,027	–	–
Receiving of services	31-Mar-20	5,72,300	2,84,00,563	–	–
	31-Mar-19	5,31,000	4,05,00,000	–	–
Equity contribution by the Company	31-Mar-20	–	–	–	–
	31-Mar-19	–	–	–	3,85,48,000
Subordinated debts received	31-Mar-20	–	37,50,70,000	–	–
	31-Mar-19	–	92,00,00,000	–	–
Intercorporate Deposit received	31-Mar-20	–	29,40,00,000	–	–
	31-Mar-19	–	35,09,60,000	–	–
Intercorporate Deposit repaid	31-Mar-20	–	8,50,00,000	–	–
	31-Mar-19	–	23,80,48,000	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Rupees

Particulars	For the year ended	Ultimate Holding Company	Parent Company	Entities having joint interest in the Company	Subsidiaries
Interest on Subordinated debts received	31-Mar-20	–	28,03,49,108	–	1,63,87,500
	31-Mar-19	–	–	2,38,363	1,86,08,733
Interest on Subordinated debts Paid	31-Mar-20	–	4,95,91,975	–	–
	31-Mar-19	–	19,56,33,904	–	–
Interest on ICD received	31-Mar-20	–	6,02,06,444	–	–
	31-Mar-19	–	–	–	–
Interest on ICD paid	31-Mar-20	–	–	–	–
	31-Mar-19	–	1,00,86,815	–	–

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Parent Company	Entities having joint control/ significant influence over Company	Subsidiaries
Interest on subordinated debt payable	31-Mar-20	–	41,72,15,343	–	–
	31-Mar-19	–	21,44,93,119	–	–
Interest on ICD payable	31-Mar-20	–	6,30,40,116	–	–
	31-Mar-19	–	88,54,309	–	–
Trade payables	31-Mar-20	2,37,600	1,64,68,04,957	–	–
	31-Mar-19	–	6,01,57,10,793	–	–
Loans & advances taken	31-Mar-20	–	3,13,50,30,000	–	–
	31-Mar-19	–	2,55,09,60,000	–	–
Loans & advances given	31-Mar-20	–	–	–	–
	31-Mar-19	–	–	–	14,25,00,000

Note No. 27 - Disclosure of interest in Subsidiaries and interest of Non Controlling Interest

(a) Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of the Subsidiary	Principal Activity	Place of Incorporation and Place of Operation/ Date of Acquisation	Proportion of Ownership Interest and Voting power held by the Group		Quoted (Y/N)
			31-Mar-20	31-Mar-19	
Bright Solar renewable Energy Private Limited	Solar Power Generation	03-12-2013	**51%**	51%	N
Cleansolar Renewable Energy Private Limited	Solar Power Generation	03-12-2013	**0%**	100%	N
Divine Solren Private Limited	Solar Power Generation	01-07-2015	**100%**	100%	N
Neo Solren Private Limited	Solar Power Generation	08-05-2015	**100%**	100%	N
Astra Solren Private Limited	Solar Power Generation	14-10-2015	**100%**	100%	N
Mega Suryaurja Private Limited	Solar Power Generation	30-03-2017	**0%**	100%	N

(b) Details of Non-Wholly Owned Subsidiaries that have material Non Controlling Interest

Rupees

Name of the Subsidiary	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and voting rights held by non controlling interests		Profit/(Loss) allocated to non controlling interest		Accumulated non Controlling Interest	
		31-Mar-20	31-Mar-19	**31-Mar-20**	31-Mar-19	**31-Mar-20**	31-Mar-19
Bright Solar renewable Energy Private Limited	INDIA	**49%**	49%	**(39,36,256)**	69,83,297	–	54,54,755
Total				**(39,36,256)**	69,83,297	–	54,54,755

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(c) Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Rupees

Particulars	Brightsolar Renwable Energy Private Limited	
	31-Mar-20	31-Mar-19
Current Assets	**17,94,79,370**	10,69,25,202
Non Current Assets	**62,97,96,568**	67,57,70,494
Current Liabilities	**3,11,49,258**	1,01,32,296
Non Current Liabilities	**57,28,89,005**	55,92,92,547
Equity Interest Attributable to the owners	**11,00,59,176**	10,87,68,135
Non Controlling Interest	**–**	10,45,02,718
Revenue	**10,71,03,458**	13,25,56,323
Expenses	**11,82,32,824**	11,83,04,696
Profit/(Loss) for the year	**(1,11,29,366)**	1,42,51,627
Profit/(Loss) attributable to the owners of the Company	**(56,75,977)**	72,68,330
Profit/(Loss) attributable to the non controlling interest	**(54,53,389)**	69,83,297
Profit/(Loss) for the year	**(1,11,29,366)**	1,42,51,627
Other Comprehensive Income	**–**	–
Total Other Comprehensive Income attributable to the owners of the Company	**(56,75,977)**	72,68,330
Total Other Comprehensive Income Profit/(Loss) attributable to the non controlling interest	**(54,53,389)**	69,83,297
Total Other Comprehensive Income	**(1,11,29,366)**	1,42,51,627
Dividends paid to non controlling interest		
Net Cash Flow from operating activities	**4,23,05,213**	4,65,04,062
Net Cash Flow from investing activities	**10,18,574**	27,24,766
Net Cash Flow from financing activities	**(2,31,55,926)**	(9,81,38,810)
Net Cash inflow (outflow)	**2,01,67,860**	(4,89,09,982)

(d) Changes in Ownership interest

During the Financial year 2019-2020, the Company disposed of 100% of its interest in Cleansolar Renewable Energy Private Limited, resulting its continuing interest to **NIL**. The proceeds on disposal of INR 1,08,39,53,419/- were received in cash.

During the Financial year 2019-2020, the Company disposed of 100% of its interest in Mega suryaurja Private Limited, resulting its continuing interest to **NIL**. The proceeds on disposal of INR 1 were received in cash.

Post Balance sheet date Company has sold off one of its wholy Owned Subisidiary, Divine Solren Pvt Ltd on 16th April, 2020, resulting its continuing interest to **NIL**. The proceeds on disposal of INR 1,24,47,90,808/- were received in cash.

During the Financial year 2017-18, the Company disposed of 100% of its interest in Marvel solren Private Limited, reducing its continuing interest to 0.00%. The proceeds on disposal of INR 1 were received in cash.

During the Financial year 2015-16, the Company disposed of 49% of its interest in Brightsolar Renewable Energy Private Limited, reducing its continuing interest to 51%. The proceeds on disposal of INR 5,92,54,720 were received in cash.

(e) Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly owned subsidiaries	
		31-03-2020	31-03-2019
Generation of Solar power	INDIA	**5**	6

Note No. 28 - Contingent liabilities and commitments

Contingent liabilities (to the extent not provided for)	As at 31st March, 2020	As at 31st March, 2019
Contingent liabilities		
(a) Claims against the Company not acknowledged as debt	**3,86,85,070**	–

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 29th April, 2020

For and on behalf of the Board of Directors

Director | Director

Chief Executive Officer | Chief Financial Officer

Company Secretary
Place: Mumbai
Date: 29th April, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA TEQO PRIVATE LIMITED (FORMERLY KNOWN AS MACHINE PLUS TECH PRIVATE LIMITED)

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of **Mahindra Teqo Private Limited** ("the Company") which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its Profits and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management for Ind AS Financial Statements

4. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

5. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

7. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

12. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

13. As required by section 143(3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

   c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

   g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN: 20040404AAAAEK5925

Place : Mumbai
Date : May 06, 2020

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Mahindra Teqo Private Limited for the year ended March 31, 2020

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The Company does not have immovable property.

2) Since the Company does not hold any inventory, the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2020 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN: 20040404AAAAEK5925

Place : Mumbai
Date : May 06, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA TEQO PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Teqo Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31;, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404
UDIN: 20040404AAAAEK5925

Place : Mumbai
Date : May 06, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

Rupees

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
I ASSETS			
1 NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	1	**15,14,959**	–
(b) Capital Work-in-Progress	2	**21,38,725**	–
SUB-TOTAL		**36,53,684**	–
2 CURRENT ASSETS			
(a) Financial Assets			
(i) Trade Receivables	3	**20,53,98,357**	3,71,02,588
(ii) Cash and Cash Equivalents	4	**27,26,899**	7,65,588
(b) Other Current Assets	5	**1,05,19,832**	99,025
TOTAL ASSETS		**22,22,98,773**	3,79,67,201
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	SOCE, 6	**10,00,000**	10,00,000
(b) Other Equity	SOCE	**1,68,52,031**	4,44,629
SUB-TOTAL		**1,78,52,031**	14,44,629
2 LIABILITIES			
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	7	**50,00,000**	–
(ii) Trade Payables	8	**16,62,77,972**	3,29,35,875
(iii) Other Financial Liabilities	9	**8,33,278**	29,76,424
(b) Provisions	10	**74,18,787**	43,200
(c) Current Tax Liabilities (Net)		**–**	3,35,594
(d) Other Current Liabilities	11	**2,49,16,705**	2,31,479
SUB-TOTAL		**20,44,46,742**	3,65,22,572
TOTAL EQUITY AND LIABILITIES		**22,22,98,773**	3,79,67,201

The accompanying notes 1 to 21 are an integral part of the Financial Statements

In terms of our report attached.
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place : Mumbai
Date : 6th May 2020

For and on behalf of the Board of Directors

Director Director

Place : Mumbai
Date : 6th May 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

Rupees

	Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
	Continuining Operations			
I	Revenue	12	**44,34,77,359**	3,14,42,865
II	Other Income	13	**–**	–
III	**Total Revenue (I + II)**		**44,34,77,359**	3,14,42,865
IV	**Expenses**			
	(a) Direct Expenses		**32,50,20,694**	
	(d) Employee benefit expense	14	**7,39,94,754**	
	(e) Finance costs	15	**7,42,350**	
	(f) Depreciation and amortisation expense	1	**2,85,041**	
	(a) Other expenses	16	**2,06,97,492**	3,02,36,559
	Total Expenses (IV)		**42,07,40,331**	3,02,36,559
V	**(Loss)/Profit before tax (III-IV)**		**2,27,37,028**	12,06,306
VI	**Tax Expense**			
	(a) Current tax	17	**63,29,626**	3,35,594
	Total tax expense		**63,29,626**	3,35,594
VII	**Profit/(loss) after tax from continuing operations (V - VI)**		**1,64,07,402**	8,70,712
VIII	**Total comprehensive income for the period attributable to:**			
	Owners of the Company		**1,64,07,402**	8,70,712
IX	**Earnings per equity share (for continuing operation):**			
	(a) Basic	18	**164.07**	17.37
	(b) Diluted	18	**164.07**	17.37

The accompanying notes 1 to 21 are an integral part of the Financial Statements

In terms of our report attached.
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place : Mumbai
Date : 6th May 2020

For and on behalf of the Board of Directors

Director Director

Place : Mumbai
Date : 6th May 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2020

Rupees

Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash flows from operating activities			
Profit/(Loss) after tax for the year	P L	**1,64,07,402**	8,70,712
Adjustments for:			
Depreciation and amortisation of non-current assets		**2,85,041**	–
		2,85,041	–
Movements in working Capital			
(Increase)/decrease in trade and other receivables		**(16,82,95,769)**	(3,71,02,588)
(Increase)/decrease in other assets		**12,17,193**	–
Decrease in trade and other payables		**13,33,42,097**	3,25,99,136
Increase/(decrease) in provisions		**73,75,587**	3,35,594
(Decrease)/increase in other liabilities		**2,22,06,485**	32,35,102
Cash generated from operations		**(41,54,406)**	(9,32,756)
Income taxes paid		**(1,16,38,000)**	–
Net cash (used in)/generated by operating activities		**900,036**	(62,044)
Net Cash flows from investing activities		**–**	–
Net cash inflow on disposal of associate			
Net cash (used in)/generated by investing activities		**–**	–
Purchase of Tangible Assets		**(39,38,725)**	–
		(39,38,725)	–
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		**–**	5,00,000
Proceeds from borrowings		**50,00,000**	–
Net cash used in financing activities		**50,00,000**	5,00,000
Net increase in cash and cash equivalents		**19,61,311**	4,37,956
Cash and cash equivalents at the beginning of the year		**7,65,588**	3,27,632
Cash and cash equivalents at the end of the year		**27,26,899**	7,65,588

In terms of our report attached.
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place : Mumbai
Date : 6th May 2020

For and on behalf of the Board of Directors

Director Director

Place : Mumbai
Date : 6th May 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity share capital

Particulars	Rupees Amount
As at 1st April, 2018	5,00,000
Changes in equity share capital during the year	5,00,000
As at 31st March, 2019	10,00,000
Changes in equity share capital during the year	–
As at 31st March, 2020	**10,00,000**

B. Other Equity

Rupees

Particulars	**Retained Earnings**	**Total**
As at 1st April, 2018	**(4,26,083)**	(4,26,083)
Profit/(Loss) for the period	8,70,712	8,70,712
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	**8,70,712**	**8,70,712**
As at 31st March, 2019	**4,44,629**	**4,44,629**
Profit/(Loss) for the period	1,64,07,402	1,64,07,402
Other Comprehensive Income/(Loss)	–	
Total Comprehensive Income for the year	1,64,07,402	–
As at 31st March, 2020	**1,68,52,031**	**1,68,52,031**

In terms of our report attached.
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place : Mumbai
Date : 6th May 2020

For and on behalf of the Board of Directors

Director Director

Place : Mumbai
Date : 6th May 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

1. Nature of Operations

The Company offers turnkey asset management solutions which helps the Renewable Energy asset owners to maximize returns. The Company added 1.2 GWp to its existing portfolio during the year, thus taking the total portfolio under asset management to 3.1 GWp. From a plant performance perspective, 103% of guaranteed PR was achieved at a portfolio level, with a total plant uptime of 99.7%. Significant headway was made in portfolio diversification through initiation of international footprint (Middle East), Software solutions and Analytics platform development and Independent Testing & Due-Diligence services vertical to enhance offerings to self O&M clients.

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupees.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(ii) Dividend Income

Dividend income is recognised when the right to receive dividend is established.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non¬current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

f) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the ,extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

g) Provisions and Contingent Liabilities:

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

h) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt/equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life¬time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

i) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

j) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 1 - Property, Plant and Equipment

Rupees

Description of Assets	Plant and Equipment - Freehold	Total
I. Gross Carrying Amount		
Balance as at 1 April, 2019	–	–
Additions	18,00,000	18,00,000
Acquisitions through business combinations	–	–
Disposals	–	–
Reclassified as held for sale	–	–
Others [describe]	–	
Balance as at 31 March, 2020	**18,00,000**	**18,00,000**
II. Accumulated depreciation and impairment		
Balance as at 1 April, 2019	–	–
Depreciation expense for the year	2,85,041	2,85,041
Eliminated on disposal of assets	–	–
Eliminated on reclassification as held for sale	–	–
Impairment losses recognised in profit or loss	–	–
Reversals of impairment losses recognised in profit or loss	–	–
Others [describe]	–	–
Balance as at 31 March, 2020	**2,85,041**	**2,85,041**
III. Net carrying amount (I-II)	**15,14,959**	**15,14,959**

Note No. 2- Capital Work in Progress

Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
I. Gross Carrying Amount		
Balance as at 1 April, 2019	**–**	–
Additions	**21,38,725**	
Deletion		
Balance as at 31 March, 2020	**21,38,725**	–

Note No. 3 - Trade receivables

Rupees

Particulars	As at 31st March, 2020 Current	Non-Current	As at 31st March, 2019 Current	Non-Current
Trade receivables				
(a) Unsecured, considered good	**20,53,98,357**	–	**3,71,02,588**	–
TOTAL	**20,53,98,357**	–	**3,71,02,588**	–

Note No. 4 – Cash and Bank Balances

Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents		
(a) Balances with banks	**27,26,899**	7,65,588
Total Cash and cash equivalent	**27,26,899**	7,65,588

Note No. 5 – Other assets

Rupees

Particulars	As at 31st March, 2020 Current	Non-Current	As at 31st March, 2019 Current	Non-Current
(a) Advances other than capital advances				
(i) Security Deposits for Rent	**54,88,200**	–	–	–
(ii) Security Deposit -Mvat Registration	**25,000.00**	–	25,000	–
(iii) Advance Tax Paid (net)	**49,73,300**	–	–	–
(iv) Other advances	**33,332**	–	74,025	–
Total Other assets	**10,519,832**	–	99,025	–

Note No. 6 – Equity Share Capital

Rupees

Particulars	As at 31st March, 2020 No. of shares	Share Capital	As at 31st March, 2019 No. of shares	Share Capital
Authorised:				
Equity shares of Rs.10 each with voting rights	**1,00,000**	**10,00,000**	1,00,000	10,00,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs.10 each with voting rights	**1,00,000**	**10,00,000**	1,00,000	10,00,000
Total Equity Share Capital	**1,00,000**	**10,00,000**	1,00,000	10,00,000

Notes:

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes	Closing Balance
Equity Shares with Voting rights*						
Period Ended 31st March 2020						
No. of Shares	1,00,000	–	–	–	–	1,00,000
Amount in Rupees	10,00,000	–	–	–	–	10,00,000
Equity Shares with Voting rights*						
Period Ended 31st March 2019						
No. of Shares	50,000	50,000	–	–	–	1,00,000
Amount in Rupees	5,00,000	5,00,000	–	–	–	10,00,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

Particulars	No. of Shares Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31st March, 2020	**1,00,000**	–	–
Mahindra Susten Private Limited (Holding Company)			
As at 31st March, 2019			
Mahindra Susten Private Limited (Holding Company)	1,00,000	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2020 Number of shares held	As at 31st March, 2020 % holding in that class of shares	As at 31st March, 2019 Number of shares held	As at 31st March, 2019 % holding in that class of shares
Equity shares with voting rights				
Mahindra Susten Private Limited (Holding Company)	**1,00,000**	**100%**	1,00,000	100%

Note No. 7 -Current Borrowings

Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
Measured at amortised cost*		
A. Secured Borrowings:	**–**	–
Total Secured Borrowings	**–**	–
B. Unsecured Borrowings - at amortised Cost	**–**	–
(a) Loans from related parties	**50,00,000**	–
Total Unsecured Borrowings	**50,00,000**	–
Total Borrowings	**50,00,000**	–

Note No. 8 – Trade Payables

Rupees

Particulars	As at 31st March, 2020 Current	As at 31st March, 2020 Non Current	As at 31st March, 2019 Current	As at 31st March, 2019 Non Current
Trade payable - Micro and small enterprises	–	–	–	–
Trade payable - Other than micro and small enterprises.............	**16,62,77,972**		3,29,35,875	
Total Trade payables	**16,62,77,972**		3,29,35,875	

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and small enterprises covered under the "Micro small and Medium enterprises development Act 2006" was done on the basis of the information to the extent provided by the supplier to the company.

Note No. 9 – Other Financial Liabilities

Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
Other Financial Liabilities Measured at Amortised Cost		
Current		
Other - other than Statutory Dues (other than income tax)...	**8,33,278**	29,76,424
Total other financial liabilities	**8,33,278**	29,76,424

Note No. 10 - Provisions

Rupees

Particulars	As at 31st March, 2020 Current	As at 31st March, 2020 Non Current	As at 31st March ,2019 Current	As at 31st March ,2019 Non Current
(a) Other Provisions				
1 Gratuity Provision	**54,71,397**	–	–	–
2 Other Provisions	**19,47,390**	–	43,200	–
Total Provisions.....................	**74,18,787**	–	43,200	–

Note No. 11 - Other Liabilities

Rupees

Particulars	As at 31st March, 2020 Current	As at 31st March, 2019 Current
Indirect Taxes...	**1,59,77,254**	2,31,479
Other Statutory Liabilities	**89,39,451**	–
Total Other Liabilities	**2,49,16,705**	2,31,479

Note No. 12 – Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Revenue from rendering of services	**44,34,77,359**	3,14,42,865
Total Revenue from Operations.........................	**44,34,77,359**	3,14,42,865

Note No. 13 - Other Income

Rupees

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(u) Other	–	–
Total Other Income	–	–

Note No. 14 - Employee Benefits Expense

Rupees

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Salaries and wages, including bonus.........	**6,94,00,415**	–
(b) Contribution to provident and other funds....	**40,53,673**	–
(c) Share based payment transactions expenses		
(d) Staff welfare expenses..............................	**5,40,666**	–
Total Employee Benefit Expense........................	**7,39,94,754**	–

Note No. 15 - Finance Cost

Rupees

Particulars	As at 31st March, 2020
(a) Interest expense...	–
Less: Amounts included in the cost of qualifying assets...........	–
(b) *Interest expense on ICDs*...	**7,42,350**
(c) Dividend on redeemable preference shares	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Rupees

Particulars	As at 31st March, 2020
(d) Finance charges on Finance leases	–
(e) Exchange differences regarded as an adjustment to borrowing costs	–
(f) Other borrowing cost	–
Total finance costs	**7,42,350**

Note

1 Interest expenses includes interest on ICD from intermediate holding company at 11% p.a

Note No. 16 - Other Expenses

Rupees

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Rent, Rates and taxes	**77,27,602.84**	2,500
(i) As Auditors- stautory audit fees	**1,35,000**	47,200
(ii) For Taxation matters	**50,000**	
(d) Other expenses		
(i) Professional costs	**1,16,73,450.84**	3,01,86,718
(ii) Miscellaneous expenses	**11,11,438**	141
Total Other Expenses	**2,06,97,492**	3,02,36,558

Note No. 17 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Current Tax:		
In respect of current year	**63,29,626**	3,35,594
Total income tax expense on continuing operations	**63,29,626**	3,35,594

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Profit before tax from continuing operations	**2,27,37,028**	12,06,306
Income tax expense calculated at 27.82%	**63,29,626**	3,35,594
Effect of expenses that is non-deductible in determining taxable profit	**–**	–
Income tax expense recognised In profit or loss from continuing operations	**63,29,626**	3,35,594

The tax rate used for the 31 March, 2020 reconciliations above is the corporate tax rate of 25% plus surcharge of 1.75% and education cess @ 1.07%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

Note No. 18- Earnings per Share

Rupees

Particulars	For the current year ended 31st March, 2020	For the current year ended 31st March, 2019
Basic Earnings per share		
From continuing operations	**164.07**	17.37
From discontinuing operations	**–**	–
Total basic earnings per share	**164.07**	17.37
Diluted Earnings per share		
From continuing operations	**164.07**	17.37
From discontinuing operations	**–**	–
Total diluted earnings per share	**164.07**	17.37

Basic & Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Rupees

	For the current year ended 31st March, 2020	For the current year ended 31st March, 2019
(Loss)/profit for the year attributable to owners of the Company	**1,64,07,402**	8,70,712
Less: Preference dividend and tax thereon	**–**	–
(Loss)/profit for the year used in the calculation of basic earnings per share	**1,64,07,402**	8,70,712
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
(Loss)/Profits used in the calculation of basic earnings per share from continuing operations	**1,64,07,402**	8,70,712
Weighted average number of equity shares	**1,00,000**	50,137
Earnings per share from continuing operations - Basic and Diluted	**164.07**	17.37

Note No. 19 - Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

	31-Mar-20	31-Mar-19
Equity	**10,00,000**	10,00,000
Less: Cash and cash equivalents	**27,26,899**	7,65,588
	(17,26,899)	2,34,412

Categories of financial assets and financial liabilities

As at 31st March, 2020 Rupees

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Current Liabilities				
Borrowings	**50,00,000**			**50,00,000**
Trade Payables	**16,62,77,972**	**–**	**–**	**16,62,77,972**
Other Financial Liabilities				
- Non Derivative Financial Liabilities	**82,52,065**	**–**	**–**	**82,52,065**

As at 31st March, 2019 Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Liabilities				
Borrowings				
Trade Payables	3,29,35,875	–	–	3,29,35,875
Other Financial Liabilities				
- Non Derivative Financial Liabilities	32,51,103	–	–	32,51,103

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk <list all such risks as applicable>. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

(ii) *Maturities of financial liabilities*

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
	INR	**INR**	**INR**	**INR**
Non-derivative financial liabilities				
31-Mar-20				
Non-interest bearing	17,45,30,037	–	–	–
Total	**17,45,30,037**	–	–	–

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
	INR	**INR**	**INR**	**INR**
Non-derivative financial liabilities				
31-Mar-19				
Non-interest bearing	3,61,86,978	–	–	–
Total	**3,61,86,978**	–	–	–

Note No. 20 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees

Particulars	**As at 31st March, 2020**		As at 31st March, 2019	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	**20,53,98,357**	**20,53,98,357**	3,71,02,588	3,71,02,588
Total	**20,53,98,357**	**20,53,98,357**	3,71,02,588	3,71,02,588
Financial liabilities				
Financial liabilities held at amortised cost				
– trade and other payables	**16,62,77,972**	**16,62,77,972**	3,29,35,875	3,29,35,875
– Others	**82,52,065**	**82,52,065**	32,51,103	32,51,103
Total	**17,45,30,037**	**17,45,30,037**	3,61,86,978	3,61,86,978

Fair value hierarchy as at 31st March, 2020

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	**–**	**–**	20,53,98,357	20,53,98,357
Total	**–**	**–**	**20,53,98,357**	**20,53,98,357**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	**–**	**–**	17,45,30,037	17,45,30,037
Total	**–**	**–**	**17,45,30,037**	**17,45,30,037**

Rupees

Fair value hierarchy as at 31st March, 2019

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	**–**	**–**	3,71,02,588	3,71,02,588
– Others				
Total	–	–	3,71,02,588	3,71,02,588

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Rupees

	Fair value hierarchy as at 31st March, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables........................	–	–	3,36,739	3,36,739
Total	**–**	**–**	**3,36,739**	**3,36,739**

Note No. 21 - Related Party Transactions	**31st March, 2020**
Name of the parent Company	Mahindra Susten Private Limited
Name of the Intermediate Holding Company	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited
Name of the fellow subsidiary	Astra Solren Pvt Ltd
Name of the fellow subsidiary	Divine Solren Pvt Ltd
Name of the fellow subsidiary	Neo Solren Pvt Ltd
Name of the fellow subsidiary	Mahindra Renewables Pvt. Ltd. - Rewa

Note: Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	**For the period/ year ended**	**Ultimate Holding Company**	**Parent Company**	**Entities having joint control/ significant influence over Company**
Nature of transactions with Related Parties				
Deposit taken	31st March, 2020	–	50,00,000	–
	31st March, 2019	–	–	–
Receiving of services	31st March, 2020	42,536	27,61,88,500	–
	31st March, 2019	92,924	3,00,69,710	–
Equity contribution to the Company	31st March, 2020	–	10,00,000	–
	31st March, 2019	–	10,00,000	–

Nature of Balances with Related Parties	**Balance as on**	**Ultimate Holding Company**	**Parent Company**	**Entities having joint control/ significant influence over Company**
Trade payables	31st March, 2020	3,69,957	17,04,99,427	
	31st March, 2019	3,27,431	3,25,05,288	
Trade Receivable	31st March, 2020			3,31,93,527
	31st March, 2019			

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
DIVINE SOLREN PRIVATE LIMITED

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Divine Solren Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its profit and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management for Ind AS Financial Statements

4. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.
5. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
   a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
   b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

12. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

13. As required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Ravi Kapoor
Partner
Membership No.: 040404
UDIN: 20040404AAAAEN8738

Mumbai, May 29, 2020

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Divine Solren Private Limited for the year ended March 31, 2020

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

iii) The title deeds of the freehold land are held in the name of the Company.

2) Since the Company does not hold any inventory, the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has prescribed maintenance of Cost records under section 148(1) of the Act and such accounts and records have been appropriately made and maintained.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

ii) According to information and explanations given to us, dues of goods and service tax, income tax, sales tax, service tax, excise duty, customs duty and value added tax which have not been deposited on account of any dispute are as follows:

Name of Statute	Amount in Rupees	Period to which amount relates	Forum where pending
Income Tax Act	16,250	FY 2015-16	Commissioner of Income Tax (Appeals)

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. : 105102W

Ravi Kapoor
Partner
Membership No.: 040404
UDIN: 20040404AAAAEN8738

Mumbai, May 29, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF DIVINE SOLREN PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Divine Solren Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31;, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No.: 040404
UDIN: 20040404AAAAEN8738

Mumbai, May 29, 2020

BALANCE SHEET AS AT 31ST MARCH 2020

Rupees

	Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	4	**2,88,05,22,834**	3,03,84,37,391
	SUB-TOTAL		**2,88,05,22,834**	3,03,84,37,391
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Trade Receivables	6	**40,86,93,386**	43,42,81,818
	(ii) Cash and Cash Equivalents	7	**13,76,12,955**	6,61,424
	(iii) Other Bank Balances	8	**5,00,00,000**	5,00,00,000
	(iv) Other Financial Assets	9	**5,76,48,404**	7,73,05,748
	(b) Current Tax Assets (Net)	5	**42,01,594**	16,03,691
	(c) Other Current Assets	10	**5,54,050**	9,42,255
	SUB-TOTAL		**65,87,10,389**	56,47,94,936
	TOTAL ASSETS		**3,53,92,33,223**	3,60,32,32,327
II	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity Share Capital	SOCE	**12,08,00,000**	12,08,00,000
	(b) Other Equity	SOCE	**80,94,35,648**	73,70,02,263
	SUB-TOTAL		**93,02,35,648**	85,78,02,263
	LIABILITIES			
	2 NON-CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowings	12	**2,22,66,55,234**	78,46,77,088
	(b) Deferred Tax Liabilities (Net)	5	**1,01,14,409**	60,02,511
	SUB-TOTAL		**2,23,67,69,643**	79,06,79,598
	3 CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Trade Payables			
	(a) total outstanding dues to creditors other than Micro & small enterprises	13	**28,60,654**	2,44,03,702
	(ii) Other Financial Liabilities	14	**36,87,18,277**	1,92,93,50,157
	(b) Other Current Liabilities	15	**6,49,001**	9,96,607
	SUB-TOTAL		**37,22,27,932**	1,95,47,50,466
	TOTAL EQUITY AND LIABILITIES		**3,53,92,33,223**	3,60,32,32,327

The accompanying notes 1 to 23 are an integral part of the Financial Statements

In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

Director Director

Chief Executive Officer Chief Financial Officer Company Secretary

Place: Mumbai
Date: May 29, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

Rupees

	Particulars	Note No.	For the current year ended 31st March 2020	For the previous year ended 31st March 2019
	Continuing Operations			
I	Revenue from operations	16	**51,50,35,162**	54,17,86,056
II	Other Income	17	**1,28,09,785**	42,46,591
III	**Total Revenue (I + II)**		**52,78,44,947**	54,60,32,647
IV	**Expenses**			
	(a) Finance costs	18	**24,57,00,402**	22,48,14,736
	(b) Depreciation and amortisation expense	4	**15,79,14,557**	15,79,14,557
	(c) Other expenses	19	**2,78,41,373**	4,78,57,204
	Total Expenses		**43,14,56,332**	43,05,86,497
V	**Profit/(Loss) before tax (III - IV)**		**9,63,88,615**	11,54,46,150
VI	**Tax Expense**			
	(a) Current tax- (i) Minimum alternate Tax		**1,98,43,331**	2,48,79,624
	(ii) Minimum alternate tax credit		**(1,98,43,331)**	(2,48,79,624)
	(b) Provision for income Tax- deferred		**2,39,55,230**	3,28,77,441
	Total tax expense		**2,39,55,230**	3,28,77,441
XII	**Profit/(Loss) for the year (X+XI)**		**7,24,33,385**	8,25,68,709
VIII	**Other comprehensive income**		**–**	–
	A (i) Items that will not be reclassfied to profit or loss		**–**	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	B (i) Items that may be reclassified to profit or loss		**–**	–
	(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
IX	**Total comprehensive income for the year**		**7,24,33,385**	8,25,68,709
X	**Earnings per equity share**			
	(a) Basic	20	**6.00**	6.84
	(b) Diluted	20	**6.00**	6.84

The accompanying notes 1 to 23 are an integral part of the Financial Statements

In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

Director

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place: Mumbai
Date: May 29, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2020

Particulars	For the current year ended 31st March 2020	Rupees For the previous year ended 31st March 2019
Cash flows from operating activities		
Profit/(Loss) before tax for the year	**9,63,88,615**	11,54,46,150
Adjustments for:		
Non cash Expenses/Income	**(4,37,976)**	–
Net Loss/(Gain) on foreign currency transactions net off Derivative gain/loss	**(45,31,617)**	5,47,222
Finance costs recognised in profit or loss	**24,57,00,402**	22,48,14,736
Investment income recognised in profit or loss	**(78,40,192)**	(42,46,591)
Reversal of impairment loss on trade receivables		
Depreciation expense	**15,79,14,557**	15,79,14,557
	39,08,05,173	37,90,29,924
Movements in working capital:		
(Increase)/decrease in trade and other receivables	**2,55,88,432**	(25,23,61,406)
(Increase)/decrease in other & financial assets	**(4,82,25,881)**	1,11,18,210
(decrease)/Increase in trade payables	**(2,15,43,048)**	(1,02,26,402)
(decrease)/Increase in other liabilities	**(3,47,606)**	(10,87,626)
Cash generated from operations	**(4,45,28,103)**	(25,25,57,224)
Income taxes paid	**(2,24,41,236)**	(3,56,87,251)
Net cash flow from/(used in) operating activities	**42,02,24,449**	20,62,31,599
Cash flows from investing activities		
Interest received	**77,70,770**	42,62,348
Paid for property, plant and equipment	**–**	(11,45,17,059)
Net cash flow from/(used in) investing activities	**77,70,770**	(11,02,54,710)
Cash flows from financing activities		
Received from /(Paid for) Earmarked balance with Bank	**–**	2,00,00,000
Proceeds from borrowings	**(6,00,59,143)**	4,70,07,295
Interest paid	**(23,09,84,546)**	(20,88,26,528)
Net cash flows from/(used in) financing activities	**(29,10,43,689)**	(14,18,19,233)
Net increase/(decrease) in cash and cash equivalents	**13,69,51,531**	(4,58,42,344)
Cash and cash equivalents at the beginning of the year	**6,61,424**	4,65,03,768
Cash and cash equivalents at the period end	**13,76,12,955**	6,61,424

In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
Membership No.: 040404

For and on behalf of the Board of Directors

Director Director

Chief Executive Officer Chief Financial Officer Company Secretary

Place: Mumbai
Date: May 29, 2020

Place: Mumbai
Date: May 29, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2020

A. Equity share capital

	Rupees
As at 1 April 2018	12,08,00,000
Changes in equity share capital during the year	–
As at 31 March 2019	**12,08,00,000**
Changes in equity share capital during the Quarter	–
As at 31 March 2020	**12,08,00,000**

B. Other Equity

Rupees

	Reserves and Surplus		
Particulars	**Securities Premium Reserve**	**Retained Earnings**	**Total**
As at 1 April 2018	**63,89,49,590**	**7,58,30,684**	**71,47,80,274**
Profit/(Loss)	–	2,22,21,989	2,22,21,989
Securities Premium on Issue of share during the year	–	–	–
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	–	2,22,21,989	2,22,21,989
As at 31 March 2019	**63,89,49,590**	**9,80,52,673**	**73,70,02,263**
Profit/(Loss) for the year	–	7,24,33,385	7,24,33,385
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	–	7,24,33,385	7,24,33,385
As at 31 March 2020	**63,89,49,590**	**17,04,86,058**	**80,94,35,648**

In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

Director

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place: Mumbai
Date: May 29, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note 1. Nature of Operations

Divine Solren Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India, to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system / sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

Note 2. Statement of compliance

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

Note 3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

The financial statements are prepared in Indian Rupees.

b) Use of estimates

The preparation of financial statements in conformity with Indian Accounting Standards (Ind AS) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(ii) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Direct costs are capitalised until the assets are ready for use and includes freight, duties, borrowing cost, taxes and expenses incidental to acquisition and installation. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2014. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred. Subsequent expenditures related to an item of Property Plant & Equipment are added to its carrying value only when it is probable that the future economic benefits from the asset will flow to the Company and cost can be reliably measured.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

h) Provisions and Contingent Liabilities:

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

i) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

j) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and,

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer, a distribution company ("discom"). In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note 4. Property, Plant and Equipment

Rupees

Description of Assets	Land - Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1 April 2019	**31,47,05,455**	**2,99,08,06,009**	**3,30,55,11,464**
Additions	**–**	**–**	**–**
Balance as at 31 March 2020	**31,47,05,455**	**2,99,08,06,009**	**3,30,55,11,464**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2019	–	26,70,74,073	26,70,74,073
Depreciation expense for the year	–	15,79,14,557	15,79,14,557
Balance as at 31 March 2020	**–**	**42,49,88,630**	**42,49,88,630**
III. Net carrying amount (I-II)	**31,47,05,455**	**2,56,58,17,379**	**2,88,05,22,834**

Rupees

Description of Assets	Land - Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1 April 2018	31,47,05,455	2,99,08,06,009	3,30,55,11,464
Additions	–	–	–
Balance as at 31 March 2019	31,47,05,455	2,99,08,06,009	3,30,55,11,464
II. Accumulated depreciation and impairment			
Balance as at 1 April 2018	–	10,91,59,516	10,91,59,516
Depreciation expense for the year	–	15,79,14,557	15,79,14,557
Balance as at 31 March 2019	–	26,70,74,073	26,70,74,073
III. Net carrying amount as at 31 March 2019 (I-II)	31,47,05,455	2,72,37,31,936	3,03,84,37,391

Note:

1. **Assets pledged as security and restriction on titles:**

   Freehold land and the plant & equipment have been charged against the borrowings. (Refer Note no. 12- Non Current Borrowings).

2. **Method of Depreciation:**

   Depreciation on plant and eqipment is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2017.

Note 5. – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Current Tax:		
In respect of current year	**1,98,43,331**	2,48,79,624
Recongnised Deferred Tax assets	**(1,98,43,331)**	(2,48,79,624)
Deferred Tax:		
In respect of current year origination and reversal of deffered tax assets	**2,39,55,230**	3,28,77,439
Total income tax expense on continuing operations	**2,39,55,230**	3,28,77,439

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Profit before tax from continuing operations	**9,63,88,615**	11,54,46,150
Income tax expense calculated at 27.82%	**2,68,15,313**	3,36,17,920
Effect of tax rates in foreign jurisdictions		
Reduction in tax rate	**(18,79,437)**	(5,31,234)
Effect of income that is exempt from taxation	**–**	1,59,351
Effect of expenses that is non-deductible in determining taxable profit	**(9,80,645)**	51,243
Effect of recognition of tax effect of previously unrecognised tax losses now recognised as deferred tax assets	**–**	–
Effect of reversel of Deffered Tax assets of previous year		(4,19,841)
Income tax expense recognised In profit or loss from continuing operations for current year	**2,39,55,230**	3,28,77,439
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	–
Income tax expense recognised In profit or loss from continuing operations	**2,39,55,230**	3,28,77,439

(2) Deferred Tax assets created for Business Losses & Unabsorbed Depreciation is as below:

Rupees

Financial year	Business losses	Unabsorbed Depreciation	Deffered tax Amount
2017-18	–	(2,75,54,587)	(76,65,686)
	–	**(2,75,54,587)**	**(76,65,686)**

(3) Deferred Tax Asset (DTA) has been recognised by the Company. The Company has a Power Purchase Agreement with the DISCOM for 25 years and based on the revenue generation model, the management believes that the Company will earn taxable profits in the future, and will be able to adjust the DTA against future profits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(4) Current Tax assets created on account of Advance Taxes paid & TDS receivable is as below:

Rupees

Financial year	Advance Tax	TDS Receivable	Current tax assets
2017-18	17,56,334	–	17,56,334
2018-19	77,591	4,26,982	5,04,572
2019-20	11,56,669	7,84,019	19,40,688
Total	29,90,593	**12,11,001**	**42,01,594**

(C) Movement in deferred tax balances

Rupees

Particulars	For the Year ended 31st March 2020 Opening Balance	Recognised in profit and Loss	Closing Balance
<u>Tax effect of items constituting deferred tax liabilities</u>			
Property, Plant and Equipment	5,61,75,941	1,75,44,363	7,37,20,304
	5,61,75,941	1,75,44,363	7,37,20,304
<u>Tax effect of items constituting deferred tax assets</u>			
Carry forward Tax Losses	1,40,76,552	(64,10,867)	76,65,685
MAT Credit Receivable			
Financial year 2017–18	1,12,17,254	–	1,12,17,254
Financial year 2018–19	2,48,79,624	–	2,48,79,624
Financial year 2019–20	–	1,98,43,331	1,98,43,331
	5,01,73,430	1,34,32,464	6,36,05,895
Net Deferred Tax (Asset)/ Liabilities	**60,02,511**	**41,11,899**	**1,01,14,409**

Rupees

Particulars	For the Year ended 31st March 2019 Opening Balance	Recognised in profit and Loss	Closing Balance
<u>Tax effect of items constituting deferred tax liabilities</u>			
Property, Plant and Equipment	3,73,37,541	1,88,38,400	5,61,75,941
	3,73,37,541	1,88,38,400	5,61,75,941
<u>Tax effect of items constituting deferred tax assets</u>			
Carry forward Tax Losses	2,81,15,591	(1,40,39,039)	1,40,76,552
Financial year 2017-18	1,12,17,254	2,48,79,624	3,60,96,878
	3,93,32,845	1,08,40,585	5,01,73,430
Net Deferred Tax (Asset)/ Liabilities	**19,95,304**	**79,97,814**	**60,02,511**

Note 6. – Trade Receivables

Rupees

Particulars	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current	As at 31st March, 2019 Current	As at 31st March, 2019 Non-Current
(a) Trade Receivabls considered considered good-unsecured	**40,86,93,386**	**–**	43,42,81,818	**–**
Total Trade Receivables	**40,86,93,386**	**–**	**43,42,81,818**	**–**
Of the above, trade receivables from:				
- Others- Northern Power Distribution Co. of Telangana Ltd.	**40,86,93,386**	**–**	**43,42,81,818**	**–**

Notes:

(1) All the trade receivables have been charged against borrowings of the Company. (Refer Note No. 12- Non Current Borrowings).

Note 7. – Cash and Cash Equivalent

Rupees

Particulars	As at 31st March 2020	As at 31st March 2019
Cash and cash equivalents		
(a) Balances with banks	**4,20,12,955**	2,61,424
(b) Others (Fixed Deposit having maturity less than 3 months)	**9,56,00,000**	4,00,000
Total Cash and Cash Equivalent	**13,76,12,955**	6,61,424

Note:

(1) All cash & cash equivalent have been charged for borrowings of the Company. (Refer Note No. 12- Non Current Borrowings).

Note 8. - Other Bank Balances

Rupees

Particulars	As at 31st March 2020	As at 31st March 2019
Earmarked balances with banks	**5,00,00,000**	5,00,00,000
Total Other Bank balances	**5,00,00,000**	5,00,00,000

<u>Reconcliation of Cash and Cash Equivalents</u>

Rupees

Particulars	As at 31st March 2020	As at 31st March 2019
Total Cash and Cash Equivalents as per Balance Sheet	**13,76,12,955**	18,20,208
Add: Bank Overdraft	–	–
Add: Cash and bank balances included in a disposal group held for sale	–	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**13,76,12,955**	18,20,208

Notes:

(1) Earmarked balances with banks includes Fixed Deposits for Debt Service Reserve Account.

(2) Cash and cash equivalents includes cash in banks, net of overdraft, if any.

(3) All the other Bank balance have been charged against the borrowings. (Refer Note no. 12-Non Current Borrowings)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note 9. – Other financial assets

Rupees

Particulars	As at 31st March 2020 Current	As at 31st March 2020 Non-Current	As at 31st March 2019 Current	As at 31st March 2019 Non-Current
Financial assets at amortised cost				
(a) Unbilled Receivable	**5,74,76,408**	–	88,62,322	–
(b) Interest Accrued on Fixed Deposit	**1,71,996**	–	1,02,574	–
Financial assets at fair value				
(a) Derivatives financial instruments designated and in effective as hedging instruments carried at fair value	**–**	–	6,83,40,852	–
Total other financial assets	**5,76,48,404**	–	7,73,05,748	–

Note:

(1) All other financial assets have been charged against borrowings of the Company. (Refer Note No. 12- Non Current Borrowings).

Note 10. – Other assets

Rupees

Particulars	As at 31st March 2020 Current	As at 31st March 2020 Non-Current	As at 31st March 2019 Current	As at 31st March 2019 Non-Current
(a) Other Assets				
(i) Income Tax paid under protest FY 2015-16 (refer note no. 22)	**3,250**	–	4,250	–
(ii) Other Assets - Prepaid Expenses	**5,50,800**	**–**	9,38,005	**–**
Total other Assets	**5,54,050**	**–**	9,42,255	–

Note:

(1) All other assets have been charged against borrowings of the Company. (Refer Note No. 12- Non Current Borrowings).

Note 11. – Equity Share Capital

Rupees

Particulars	As at 31st March 2020 No. of shares	As at 31st March 2020 Value in Rupees	As at 31st March 2019 No. of shares	As at 31st March 2019 Value in Rupees
Authorised:				
Equity shares of ₹ Rs.10 each with voting rights	**1,69,00,000**	**16,90,00,000**	1,69,00,000	16,90,00,000
Issued, Subscribed and Fully Paid:				
Equity shares of ₹ Rs.10 each with voting rights	**1,20,80,000**	**12,08,00,000**	1,20,80,000	12,08,00,000
Total Equity Share Capital	**1,20,80,000**	**12,08,00,000**	1,20,80,000	12,08,00,000

Notes:

(i) 30% equity share are pedged with banks for security against the bank borrowing (Refer Note no. 12 - Non current borrowings)

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rupees

Particulars	Opening Balance	Fresh Issue	Changes	Closing Balance
(a) Equity Shares with Voting rights* Year Ended 31 March 2020				
No. of Shares	**1,20,80,000**	**–**	–	1,20,80,000
Amount In Rupees	**12,08,00,000**	**–**	–	12,08,00,000
Year Ended 31 March 2019				
No. of Shares	**1,20,80,000**	**–**	–	1,20,80,000
Amount In Rupees	**12,08,00,000**	**–**	–	12,08,00,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares		
	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2020			
Mahindra Renewables Private Limited, The Holding Company	**1,20,80,000**	**–**	**–**
As at 31 March 2019			
Mahindra Renewables Private Limited, The Holding Company	1,20,80,000	–	–

(iv) Details of shares held by each shareholder holding more than 5% shares:

				Rupees
	As at 31st March 2020		As at 31st March 2019	
Class of shares/Name of shareholder	**Number of shares held**	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Renewables Private Limited (Holding Company)*	**1,20,80,000**	**100%**	1,20,80,000	100%

*** Note:**

This includes 1 equity share held as nominee by an individual on behalf of the holding company.
(Mahindra Renewables Private Limited jointly with Miss Brijbala Batwal 1 Equity Share).

Note 12. – Non-Current Borrowings

Rupees

Particulars	**Rate of Interest**	**Repayment terms**	**As at 31st March 2020**	As at 31st March 2019
Measured at amortised cost*				
A. Secured Borrowings:				
(a) Term Loans				
(i) From Banks				
Yes Bank Ltd.	10.20%	Refer note 2 below	**84,94,72,683**	5,13,57,411
Union Bank of India	10.20%	Refer note 2 below	**66,59,33,971**	23,00,14,238
Andhra bank	10.20%	Refer note 2 below	**34,96,28,580**	12,48,85,438
(i) From Financial Institution				
Aditiya Birla finance Limited	10.20%	Refer note 2 below	**36,16,20,000**	37,84,20,000
Total Non Current Borrowings			**2,22,66,55,234**	78,46,77,088

Notes:

The company had also taken a term loan from bank from financial institution for a period of 19 years at yes bank base rate + spread, the amount is repayable in 71 structured quarterly instalments started from December 2018. The amount which is payable in period under normal operating cycle of the company is treated as current.

(1) The loan amount is secured by:

- (a) First charge on all present and future tangible / intangible moveable assets, current assets including receivables.
- (b) First charge on all present and future immovable properties, both freehold and leasehold.
- (c) First charge on all the borrowers bank accounts including Escrow account and any other reserve and other bank accounts.
- (d) First charge on all the rights, title interest, benefits, claims and demands whatsoever of the borrower in :
  - i) Project agreements
  - ii) the clearances subject to applicable law
  - iii) any letter of credit, guarantee, performance bond ,corporate guarantee, bank guarantees or warranty provided by any party
- (e) Assignment of insurance policies relating to the project, right, titles, permits/approvals. Clearances and interests to the company.
- (f) Pledge of shares held by shareholders in the borrower representing 30% of the total paid up equity share capital.
- (g) Non disposal undertaking from Mahindra Susten private limited for its 51% shareholding in Mahindra Renewables Private Limited.

(2) The Company has taken short term unsecured loan in current year from Mahindra Susten Private Limited (Intermediary Holding Company) of INR 23,70,00,000 (Previous year INR 19,30,00,000) at 11.00 % p.a.

(3) The Company have to maintain a debt service reserve account with a minimum balance equal to total amount of schedules interest fees and principal due within one next quarter.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(5) Details of Long term Borrowings of the Company:

Rupees

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	Repaymet Terms	Amortised cost as at 31st March 2020	Amortised cost as at 31st March 2019
Term loans from banks:						
Yes Bank Limited	INR	10.14%	10.10%	To be repaid in 71 installments by FY 2036	**88,85,11,314**	5,61,87,084
Union Bank of India	INR	10.14%	10.10%	To be repaid in 71 installment by FY 2036	**69,76,33,890**	26,17,14,156
Andhra Bank	INR	10.14%	10.10%	To be repaid in 71 installment by FY 2036	**36,58,71,488**	14,11,28,345
Term loans from other:						
Aditiya Birla finance Limited	INR	10.14%	10.10%	To be repaid in 71 installment by FY 2036	**37,84,20,000**	39,52,20,000
Buyers credit from bank						
PNB Dubai	USD	7.79%	7.32%	To be repaid on 24/10/2019	**–**	25,85,84,721
Canara Bank	USD	7.96%	7.50%	To be repaid on 14/11/2019	**–**	7,36,85,050
Canara Bank	USD	7.88%	7.42%	To be repaid on 18/11/2019	**–**	12,58,70,376
Canara Bank	USD	7.87%	7.42%	To be repaid on 21/11/2019	**–**	33,21,98,951
Canara Bank	USD	7.85%	7.39%	To be repaid on 27/11/2019	**–**	33,21,77,902
Canara Bank	USD	7.88%	7.43%	To be repaid on 05/12/2019	**–**	33,21,61,606
Canara Bank	USD	7.89%	7.43%	To be repaid on 12/12/2019	**–**	19,40,92,662
Total					**2,33,04,36,692**	2,50,30,20,853

Note 13. – Trade Payables

Rupees

Particulars	As at 31st March 2020 Current	As at 31st March 2020 Non-Current	As at 31st March 2019 Current	As at 31st March 2019 Non-Current
Trade payable - Other than micro and small enterprises	**28,60,654**	**–**	2,44,03,702	–
Total Trade Payables	**28,60,654**	**–**	2,44,03,702	–

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006'' was done on the basis of the information to the extent provided by the suppliers of the company.

Note 14. – Other Financial Liabilities

Rupees

Particulars	Rate of Interest	Repayment terms	As at 31st March 2020	As at 31st March 2019
Other Financial Liabilities Measured at Amortised Cost				
Non-Current				
Current				
(a) Current maturities of long-term debt:-				
(Refer Note No. 12- Non current Borrowings)				
(i) Term loans				
From Banks				
Yes Bank Limited	10.20%	Refer note 2 below	**3,90,38,631**	48,29,673
Union Bank of India	10.20%	Refer note 2 below	**3,16,99,919**	3,16,99,918
Andhra bank	10.20%	Refer note 2 below	**1,62,42,908**	1,62,42,907
From Financial Institution				
Aditya Birla Finance Limited	10.20%	Refer note 2 below	**1,68,00,000**	1,68,00,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Rupees

Particulars	Rate of Interest	Repayment terms	As at 31st March 2020	As at 31st March 2019
(ii) Buyers credit Loan				
(Refer Note No. 12- Non current Borrowings)				
From Banks				
PNB Dubai	7.32%	To be repaid on 24/10/2019	–	25,85,84,721
Canara Bank	7.50%	To be repaid on 14/11/2019	–	7,36,85,050
Canara Bank	7.42%	To be repaid on 18/11/2019	–	12,58,70,376
Canara Bank	7.42%	To be repaid on 21/11/2019	–	33,21,98,951
Canara Bank	7.39%	To be repaid on 27/11/2019	–	33,21,77,902
Canara Bank	7.43%	To be repaid on 05/12/2019	–	33,21,61,606
Canara Bank	7.43%	To be repaid on 12/12/2019	–	19,40,92,662
(b) Inter Corporate Deposit-from related party				
(Refer Note No. 12- Non current Borrowings)			**23,70,00,000**	19,30,00,000
(c) Interest accrued on loan			**2,79,36,820**	1,75,68,415
(d) Creditors for capital supplies/services			–	4,37,976.00
Total Other Financial Liabilities			**36,87,18,277**	1,92,93,50,157

Note 15. – Other Liabilities

Rupees

Particulars	As at 31at March, 2020 Current	As at 31at March, 2020 Non-Current	As at 31at March, 2019 Current	As at 31at March, 2019 Non-Current
Statutory dues				
– Taxes payable (other than income taxes)	**6,49,001**	**–**	9,96,607	–
Total Other Liabilities	**6,49,001**	**–**	9,96,607	–

Note 16. – Revenue from Operations

Particulars	For the current year ended 31st March 2020	For the previous year ended 31st March 2019
(a) Revenue from sale of solar power	**51,50,35,162**	54,17,86,056
Total Revenue from Operations	**51,50,35,162**	54,17,86,056

Note 17. – Other Income

Rupees

Particulars	For the current year ended 31st March 2020	For the previous year ended 31st March 2019
(a) Interest Income		
On Financial Assets at Amortised Cost	**78,40,192**	42,46,591
(b) Net Loss/(Gain) on foreign currency transactions net off Derivative gain/loss	**45,31,617**	–
(b) Others Income	**4,37,976**	–
Total Other Income	**1,28,09,785**	42,46,591

Note 18. – Finance Cost

Rupees

Particulars	For the current year ended 31st March 2020	For the previous year ended 31st March 2019
(a) Interest expense	**24,57,00,402**	22,08,47,270
Less: Amounts included in the cost of qualifying assets	**–**	–
(b) Other Finance charges	**–**	39,67,466
Total Finance Cost	**24,57,00,402**	22,48,14,736

Analysis of Interest Expenses by Category

Rupees

Particulars	For the current year ended 31st March 2020	For the previous year ended 31st March 2019
Interest Expenses		
Interest on Bank Loan	**22,20,01,890**	21,41,22,952
Interest on ICD from Related party	**2,36,73,593**	67,13,346
Late Interest on TDS	**24,919**	10,972
Bank Chargs	**–**	39,67,466

Note 19 – Other Expenses

Rupees

Particulars	For the current year ended 31st March 2020	For the previous year ended 31st March 2019
(a) Insurance	**17,53,017**	23,74,161
(b) Repairs and maintenance - Plant & machinery	**1,55,78,856**	3,25,65,289
(c) Expenditure on corporate social responsibilty (CSR) under section 135 of the Companies Act, 2013.	**9,81,733**	1,65,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Rupees

Particulars	**For the current year ended 31st March 2020**	For the previous year ended 31st March 2019
(d) Power Consmption charges	**44,68,634**	65,62,250
(e) Net Loss/(Gain) on foreign currency transactions net off Derivative gain/loss	**–**	5,47,222
(f) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors- statutory aduit fees	**1,59,300**	1,59,300
(ii) For Tax Audit Fees	**59,000**	59,000
(iii) For Special Audit	**1,18,000**	–
(iv) For Other services	**94,400**	94,400
(g) Other expenses		
(i) Legal and professional fees	**39,45,931**	46,31,978
(ii) Bank Charges	**2,77,172**	2,18,240
(iii) Miscellaneous expenses	**4,05,330**	4,80,364
Total Other Expenses	**2,78,41,373**	4,78,57,204

Note 20. – Earnings per Share

Rupees

Particulars	**For the current year ended 31st March 2020 Per Share**	For the previous year ended 31st March 2019 Per Share
Basic Earnings per share		
From continuing operations	**6.00**	6.84
From discontinuing operations	**–**	–
Total basic earnings per share	**6.00**	6.84
Diluted Earnings per share		
From continuing operations	**6.00**	6.84
From discontinuing operations	**–**	–
Total diluted earnings per share	**6.00**	6.84

Basic & diluted earnings per share

The earnings and weighted average number of equity shares used in the calculation of Basic and Diluted earnings per share are as follows:

Rupees

Particulars	**For the current year ended 31st March 2020**	For the previous year ended 31st March 2019
Profit/(Loss) for the year attributable to owners of the Company	**7,24,33,385**	8,25,68,709
Less: Preference dividend and tax thereon	**–**	–
Profit/(Loss) for the year used in the calculation of Basic earnings per share	**7,24,33,385**	8,25,68,709
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profit/(Loss) used in the calculation of basic earnings per share from continuing operations (i)	**7,24,33,385**	8,25,68,709

Rupees

Particulars	**For the current year ended 31st March 2020**	For the previous year ended 31st March 2019
Weighted average number of equity shares (ii)	**1,20,80,000**	1,20,80,000
Earnings per share from continuing operations - Basic and diluted(i/ii)	**6.00**	6.84

Note 21. – Financial Instruments

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31 March 2020 and 31 March 2019 is as follows:

	31-03/2020	31-03-2019
Debt (A)	**2,33,04,36,692**	2,50,30,20,853
Equity (B)	**93,02,35,648**	85,78,02,263
Debt equity Ratio (A/B)	**2.51**	2.92

Categories of financial assets and financial liabilities

As at 31 March 2020

Rupees

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Current Assets				
Trade Receivables	**40,86,93,386**	**–**	**–**	**40,86,93,386**
Other Bank Balances	**5,00,00,000**	**–**	**–**	**5,00,00,000**
Loans				
– Non Derivative Financial Assets	**5,76,48,404**	**–**	**–**	**5,76,48,404**
– Derivative Financial Assets	–	–	–	–
Non-current Liabilities				
Borrowings	**2,22,66,55,234**	**–**	**–**	**2,22,66,55,234**
Current Liabilities				
Borrowings	**10,37,81,458**	**–**	**–**	**10,37,81,458**
Loan from related party	**23,70,00,000**	**–**	**–**	**23,70,00,000**
Trade Payables	**28,60,654**	**–**	**–**	**28,60,654**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**2,79,36,820**	**–**	**–**	**2,79,36,820**
– Derivative Financial Liabilities	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

As at 31 March 2019

Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Trade Receivables	43,42,81,818	–	–	43,42,81,818
Other Bank Balances	5,00,00,000	–	–	5,00,00,000
Loans				
– Non Derivative Financial Assets	7,73,05,748	–	–	7,73,05,748
– Derivative Financial Assets	–	6,83,40,852	–	–
Non-current Liabilities				
Borrowings	78,46,77,088	–	–	78,46,77,088
Current Liabilities				
Borrowings	1,71,83,43,765	–	–	1,71,83,43,765
Loan from related party	19,30,00,000	–	–	19,30,00,000
Trade Payables	2,48,41,678	–	–	2,48,41,678
Other Financial Liabilities				
– Non Derivative Financial Liabilities	1,75,68,415	–	–	1,75,68,415
– Derivative Financial Liabilities	–		–	–

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has entered into a Power Purchase Agreement with the state DISCOM of Telangana and it believes that it is a solvent debt and hence the risk is minimal.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-agencies.

There is no change in estimation techniques or significant assumptions during the reporting year.

There is no Bad Debts in any of the financial year, hence not provided for any Bad Debts

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management of the company, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows to the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rupees

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
	INR	**INR**	**INR**	**INR**
Non-derivative financial liabilities				
31-Mar-20				
Non-interest bearing	3,07,97,474	–	–	–
Variable interest rate instruments	10,37,81,456	21,27,51,984	24,00,46,507	1,88,48,78,800
Fixed interest rate instruments	–	–	–	–
Total	**13,45,78,930**	**21,27,51,984**	**24,00,46,507**	**1,88,48,78,800**
31-Mar-19				
Non-interest bearing	4,24,10,093	–	–	–
Variable interest rate instruments	6,95,72,498	14,26,23,622	16,09,21,189	48,11,32,277
Fixed interest rate instruments	1,84,17,71,267	–	–	–
Total	**1,95,37,53,858**	**14,26,23,622**	**16,09,21,189**	**48,11,32,277**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Particulars	INR	INR	INR	INR
Non-derivative financial assets				
31-Mar-20				
Non-interest bearing	**46,61,69,794**	–	–	–
Variable- Interest bearing	**5,01,71,996**	–	–	–
	51,63,41,790	–	–	–
31-Mar-19				
Non-interest bearing	44,31,44,140	–	–	–
Variable- Interest bearing	5,01,02,574	–	–	–
Total	1,52,59,30,294	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's / Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases and for 36 months period for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	**Currency**	**31/03/20**	31/03/19
Secured Bank Loans	USD	2,38,94,036	2,38,94,036

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 March 2020, after taking into account the effect of interest rate swaps, approximately 68% of the Company's borrowings are at a fixed rate of interest (31 March 2019: 63%).

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	**Increase/ decrease in basis points**	**Effect on profit before tax**
31-Mar-20	**INR**	**+100**	**(2,33,04,367)**
	INR	**-100**	**2,33,04,367**
31-Mar-19	INR	+100	(85,42,496)
	INR	-100	85,42,496

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note 22. – Related Party Transactions

Name of the parent Company	Mahindra Renewables Private Limited
Name of the Intermediate Holding Company	Mahindra Susten Private Limited
Name of the Intermediate Holding Company	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	**For the year ended**	**Ultimate Holding Company**	**Intermediate Holding Company**	**Parent Company**
Nature of transactions with Related Parties				
Receiving of services	31-Mar-20	2,71,400	15,75,000	–
	31-Mar-19	2,65,500	3,25,65,288	
Inter Corporate Deposit taken	31-Mar-20	–	7,40,00,000	–
	31-Mar-19	–	23,00,00,000	–
Inter Corporate Deposit Repay	31-Mar-20	–	3,00,00,000	–
	31-Mar-19	–	10,70,00,000	–
Interest paid	31-Mar-20	–	2,36,73,593	–
	31-Mar-19	–	67,13,346	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Rupees

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Intermediate Holding Company	Parent Company
Interest on Inter Corporate Deposit (ICD) payable	31-Mar-20	–	2,79,36,820	–
	31-Mar-19	–	19,30,00,000	–
Trade payables (net of advance)	31-Mar-20	–	–	–
	31-Mar-19	–	2,43,53,899	–
inter Corporate Deposit (ICD) payable	31-Mar-20	–	23,70,00,000	–
	31-Mar-19	–	19,30,00,000	–

Note 23. – Contingent liabilities and commitments

Rupees

Contingent liabilities (to the extent not provided for)	As at 31st March 2020	As at 31st March 2019
Contingent liabilities		
A) Appeals filed in respect of disputed demands:		
Income Tax		
- where the Company is in appeal	**16,250**	16,250

In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
Membership No.: 040404

For and on behalf of the Board of Directors

Director

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place: Mumbai
Date: May 29, 2020

Place: Mumbai
Date: May 29, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEO SOLREN PRIVATE LIMITED

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Neo Solren Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its loss and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management for Ind AS Financial Statements

4. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

5. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

7. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

12. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

13. As required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN: 20040404AAAADO8325

Place: Mumbai
Date: April 24, 2020

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of NEO SOLREN PRIVATE LIMITED for the year ended March 31, 2020

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The title deeds of the freehold land are held in the name of the Company.

2) Since the Company does not hold any inventory, the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) According to the information and explanations given to us, dues of goods and service tax, income tax, sales tax, service tax, excise duty, customs duty and value added tax which have not been deposited on account of any dispute are as follows:

Name of Statute	Amount in Rupees	Period to which amount relates	Forum where pending
Income Tax Act	Rs. 5,83,892	FY 2015-16	Commissioner of Income Tax (Appeals)

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN: 20040404AAAADO8325

Place: Mumbai
Date: April 24, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF NEO SOLREN PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Neo Solren Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404
UDIN: 20040404AAAADO8325

Place: Mumbai
Date: April 24, 2020

BALANCE SHEET AS AT 31 MARCH 2020

Particulars	Note No.	As at 31 March 2020	Rupees As at 31 March 2019
I **ASSETS**			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**2,59,18,77,014**	2,72,38,85,997
(b) Other Non-current Assets	10	**5,65,16,250**	3,23,01,250
SUB-TOTAL		**2,64,83,93,264**	2,75,61,87,247
CURRENT ASSETS			
(a) Financial Assets			
(i) Trade Receivables	6	**32,82,44,810**	34,09,36,792
(ii) Cash and Cash Equivalents	7	**12,66,56,862**	6,48,17,638
(iii) Other Bank Balance	8	**4,98,10,000**	4,98,10,000
(iv) Other Financial Assets	9	**11,58,83,294**	9,25,52,232
(b) Current Tax Assets (Net)	5	**1,12,63,015**	5,89,473
(c) Other Current Assets	10	**10,67,004**	10,63,217
SUB-TOTAL		**63,29,24,985**	54,97,69,352
TOTAL ASSETS		**3,28,13,18,249**	3,30,59,56,599
II **EQUITY AND LIABILITIES**			
1 **EQUITY**			
(a) Equity Share Capital	11	**9,31,50,000**	9,31,50,000
(b) Other Equity	SOCE	**62,51,70,008**	63,64,81,914
SUB-TOTAL		**71,83,20,008**	72,96,31,914
LIABILITIES			
2 **NON-CURRENT LIABILITIES**			
(a) Financial Liabilities			
(i) Borrowings	12	**1,45,58,13,876**	1,54,07,62,218
(b) Deferred Tax Liabilities (Net)	5	**1,73,03,558**	22,10,506
SUB-TOTAL		**1,47,31,17,434**	1,54,29,72,724
3 **CURRENT LIABILITIES**			
(a) Financial Liabilities			
(i) Trade Payables			
(a) total outstanding dues to creditors other than Micro & small enterprises	13	**29,36,761**	1,98,65,724
(ii) Other Financial Liabilities	14	**1,08,58,70,210**	1,01,20,92,527
(b) Other Current Liabilities	15	**10,73,836**	13,93,710
SUB-TOTAL		**1,08,98,80,807**	1,03,33,51,961
TOTAL EQUITY AND LIABILITIES		**3,28,13,18,249**	3,30,59,56,599

The accompanying notes 1 to 22 are an integral part of the Financial Statements

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
M.No : 040404

Place : Mumbai
Date : April 24, 2020

For and on behalf of the Board of Directors

Director Director

Company Secretary

Place : Mumbai
Date : April 24, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

	Particulars	Note No.	For the current year ended 31st March, 2020	Rupees For the previous year ended 31st March, 2019
	Continuining Operations			
I	Revenue from operations	16	**41,89,31,659**	42,67,57,674
II	Other Income	17	**1,00,33,323**	43,86,340
III	**Total Revenue (I + II)**		**42,89,64,982**	43,11,44,014
IV	**Expenses**			
	(a) Finance costs	18	**22,17,24,374**	19,69,26,253
	(b) Depreciation and amortisation expense	4	**14,24,93,983**	13,92,71,063
	(c) Other expenses	19	**6,48,15,129**	4,63,71,856
	Total Expenses		**42,90,33,486**	38,25,69,172
V	**Profit/(Loss) before tax (III-IV)**		**(68,504)**	4,85,74,842
VI	**Tax Expense**			
	(a) Current tax- (i) Minimum alternate Tax		**(14,103)**	1,01,26,147
	(ii) Minimum Alternate Tax Credit		**14,103**	(1,01,26,147)
	(a) Provision for income Tax- current		**–**	
	(b) Provision for income Tax- deferred		**1,12,43,402**	1,39,02,452
	Total tax expense		**1,12,43,402**	1,39,02,452
VII	**Profit/(loss) after tax (V-VI)**		**(1,13,11,906)**	3,46,72,390
VIII	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss		**–**	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	B (i) Items that may be reclassified to profit or loss		**–**	–
	(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
IX	**Total comprehensive income for Period Ended**		**(1,13,11,906)**	3,46,72,390
X	**Earnings per equity share**			
	(a) Basic	20	**(1.21)**	3.72
	(b) Diluted	20	**(1.21)**	3.72

The accompanying notes 1 to 22 are an integral part of the Financial Statements

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
M.No : 040404

Place : Mumbai
Date : April 24, 2020

For and on behalf of the Board of Directors

Director Director

Company Secretary

Place : Mumbai
Date : April 24, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

Rupees

Particulars	For the current year ended 31st March, 2020	For the previous year ended 31st March, 2019
Cash flows from operating activities		
Profit before tax for the year	**(68,504)**	4,85,74,842
Adjustments for:		
Finance costs recognised in profit or loss	**22,17,24,374**	19,69,26,253
Investment income recognised in profit or loss	**(1,00,33,323)**	(43,86,340)
Depreciation expense	**14,24,93,983**	13,92,71,063
Net Loss/(Gain) on foreign currency transactions net off Derivative gain/loss	**2,99,98,321**	52,74,402
	38,41,83,355	33,70,85,378
(Increase)/decrease in Debtors	**1,26,91,982**	(23,05,04,656)
(Increase)/decrease in other assets & other financial assets	**(4,01,44,956)**	8,305
(Decrease)/increase in trade and other payables	**(1,69,28,963)**	(26,52,998)
(Decrease)/increase in other liabilities	**(3,19,874)**	(16,39,758)
Cash generated from operations	**(4,47,01,811)**	(23,47,89,106)
Income taxes paid	**(68,23,892)**	(1,07,15,621)
Net cash flow from/(used in) operating activities	**33,25,89,148**	14,01,55,493
Cash flows from investing activities		
Interest received	**1,04,90,222**	31,48,797
Payments for property, plant and equipment	**(5,51,17,541)**	(39,99,37,976)
Net cash flow from/(used in) investing activities	**(4,46,27,319)**	(39,67,89,179)
Cash flows from financing activities		
Paid for Margin money with Bank	**–**	(2,86,00,000)
Proceeds from borrowings	**(4,64,48,528)**	37,19,02,652
Interest paid	**(17,96,74,077)**	(18,33,87,397)
Net cash flows from/(used in) financing activities	**(22,61,22,606)**	15,99,15,255
Net increase/(decrease) in cash and cash equivalents	**6,18,39,224**	(9,67,18,431)
Cash and cash equivalents at the beginning of the year	**6,48,17,638**	16,15,36,069
Cash and cash equivalents at the Period end	**12,66,56,862**	6,48,17,638

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
M.No : 040404

Place : Mumbai
Date : April 24, 2020

For and on behalf of the Board of Directors

Director Director

Company Secretary

Place : Mumbai
Date : April 24, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

A. Equity share capital

	Rupees
As at 1st April 2018	9,31,50,000
Changes in equity share capital during the year	–
As at 31st March 2019	9,31,50,000
As at 1st April 2019	9,31,50,000
Changes in equity share capital during the period	–
As at 31st March 2020	**9,31,50,000**

B. Other Equity

Rupees

Particular	Reserves and Surplus		
	Securities Premium	Retained Earnings	Total
As at 1st April 2018	**54,81,53,955**	**5,36,55,569**	**60,18,09,524**
Profit / (Loss) for the year	–	2,90,67,833	2,90,67,833
Other Comprehensive Income / (Loss)	–	–	–
Total Comprehensive Income for the year	–	2,90,67,833	2,90,67,833
As at 31st March 2019	**54,81,53,955**	**8,27,23,402**	**63,08,77,357**
Profit / (Loss) for the year	–	(1,13,11,906)	(1,13,11,906)
Other Comprehensive Income / (Loss)	–	–	–
Total Comprehensive Income for the year	–	(1,13,11,906)	(1,13,11,906)
As at 31st March 2020	**54,81,53,955**	**7,70,16,053**	**62,51,70,008**

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
M.No : 040404

Place : Mumbai
Date : April 24, 2020

For and on behalf of the Board of Directors

Director Director

Company Secretary

Place : Mumbai
Date : April 24, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

1. Nature of Operations

Neo Solren Private Limited ('the Company') was incorporated in India on 1st July, 2015, having registered office at Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018 Maharashtra, INDIA to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system / sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

The holding company is Mahindra Renewables Private Limited.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 24th April, 2020

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupees.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(ii) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

e) **Property plant and equipment and Intangible Assets:**

(i) **Property plant and equipment:**

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2017.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss

(ii) **Impairment:**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) **Foreign Exchange Transactions:**

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognized as income or expense, as the case may be.

Exchange differences on monetary items are recognised in in the Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks

h) **Hedge accounting**

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

i) **Segment information**

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

The Company operates only in one segment viz. sale of solar energy.

j) **Investments**

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be fully recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

k) **Taxes on Income:**

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

l) Provisions and Contingent Liabilities :

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

m) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

n) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

o) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and,

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

p) **First-time adoption – mandatory exceptions, optional exemptions, and overall principle**

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer, a distribution company ("discom"). In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 4 - Property, Plant and Equipment

Rupees

Description of Assets	Land - Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1 April 2019	**22,51,94,403**	**2,69,13,76,039**	**2,91,65,70,442**
Additions	1,04,85,000	–	1,04,85,000
Balance as at 31 March, 2020	**23,56,79,403**	**2,69,13,76,039**	**2,92,70,55,442**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2019	–	**19,26,84,445**	**19,26,84,445**
Depreciation expense for the year	–	14,24,93,983	14,24,93,983
Balance as at 31 March, 2020	–	**33,51,78,428**	**33,51,78,428**
III. Net carrying amount (I-II)	**23,56,79,403**	**2,35,61,97,611**	**2,59,18,77,014**

Rupees

Description of Assets	Land - Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1 April 2018	**11,66,66,250**	**2,54,94,32,014**	**2,66,60,98,264**
Additions	10,85,28,153	14,19,44,025	25,04,72,178
Balance as at 31 March, 2019	**22,51,94,403**	**2,69,13,76,039**	**2,91,65,70,442**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2018	–	5,34,13,382	5,34,13,382
Depreciation expense for the year	–	13,92,71,063	13,92,71,063
Balance as at 31 March, 2019	–	**19,26,84,445**	**19,26,84,445**
III. Net carrying amount (I-II)	**22,51,94,403**	**2,49,86,91,594**	**2,72,38,85,997**

Note:

(1) Assets pledged as security and restriction on titles:

Freehold land and Plant and Equipment have been charged against the borrowings. (Refer Note no. 12 Non Current Borrowings).

(2) Method of Depreciation:

Depreciation on plant and equipment is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2017.

Note No. 5 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	For the current year ended 31 March 2020	For the previous year ended 31 March 2019
Current Tax:		
In respect of current year	**(14,103)**	1,01,26,147
Recongnised Deferred Tax assets	**14,103**	(1,01,26,147)
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**1,12,43,402**	1,39,02,452
Total income tax expense on continuing operations	**1,12,43,402**	**1,39,02,452**

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	For the current year ended 31 March 2020	For the previous year ended 31 March 2019
Profit before tax from continuing operations	**(68,504)**	4,85,74,842
Income tax expense calculated at 27.82% (2019: 27.82%)	**(19,058)**	1,35,13,521
Effect of tax rates in foreign jurisdictions		
Reduction in tax rate	**–**	(13,74,058)
Effect of income that is exempt from taxation	–	–
Effect of expenses that is non-deductible in determining taxable profit	**83,45,533**	17,62,989
Effect of tax incentives and concessions (research and development and other allowances)	–	–
Income tax expense recognised In profit or loss from continuing operations for current year	**83,26,475**	1,39,02,452
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	–
Income tax expense recognised In profit or loss from continuing operations	**83,26,475**	1,39,02,452

Notes:

(1)# The tax rate used for the year ended 31 March 2020 is the corporate tax rate of 25% plus Surhcarge @7% plus Health & education cess @4 % on Tax plus surchage amount (Previous year ended ended 31 March 2019 is the corporate tax rate of 25% plus Surhcarge @7% plus Health & education cess @4 % on Tax plus surchage) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(2) Deffered Tax created for business losses is as below:

Financial year	Business loss	Unabsorbed Depreciation	Deffered tax Amount
2018-19	1,27,83,784	–	35,56,449
2019-20	4,73,26,802	–	1,31,66,316
	6,01,10,587	**–**	**1,67,22,765**

(3) Deferred Tax Asset (DTA) has been recognised by the Company. The Company has a Power Purchase Agreement with the DISCOM for 25 years and based on the revenue generation model, the management believes that the Company will earn taxable profits in the future, and will be able to adjust the DTA against future profits.

(4) Current Tax assets created on account of Advance Taxes paid & TDS receivable is as below:

Financial year	Advance Tax	TDS Receivable	Current tax assets
2016-17	40,000	47,595	87,595
2017-18	–	–	–
2018-19	–	3,68,915	3,68,915
2019-20	1,00,00,000	8,06,505	1,08,06,505
Total	**1,00,40,000**	**12,23,015**	**1,12,63,015**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(c) Movement in deferred tax balances

Rupees

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
	For the Year ended 31 March 2020		
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment...	**3,12,44,095**	**2,08,53,270**	**5,20,97,365**
	3,12,44,095	**2,08,53,270**	**5,20,97,365**
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses...........	35,56,449	**96,09,868**	**1,31,66,316**
Minimum Alternative Tax Credit			
Financial year 2017-18	1,53,50,994		**1,15,01,344**
Financial year 2018-19	1,01,26,147		**1,01,26,147**
	2,90,33,589	**96,09,868**	**3,47,93,807**
Net Deferred Tax Asset (Liabilities)	**22,10,506**	**1,12,43,402**	**1,73,03,558**

Rupees

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
	For the Year ended 31 March 2019		
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	1,37,85,194	1,74,58,901	3,12,44,095
	1,37,85,194	1,74,58,901	3,12,44,095
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses	–	35,56,449	35,56,449
Minimum Alternate Tax Credit			
Financial year 2017-18			1,53,50,994
Financial year 2018-19		1,01,26,147	1,01,26,147
	–	1,36,82,595	2,90,33,589
Net Deferred Tax Asset (Liabilities)	1,37,85,194	37,76,305	22,10,506

Rupees

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
	For the Year ended 31 March 2019		
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	1,37,85,194	1,07,20,741	2,45,05,935
	1,37,85,194	1,07,20,741	2,45,05,935
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses	–	65,71,006	65,71,006
Minimum Alternate Tax Credit	–	–	–
Financial year 2017-18	–	–	1,53,50,994
Financial year 2018-19	–	–	68,38,434
	–	65,71,006	2,87,60,434
Net Deferred Tax Asset (Liabilities)	1,37,85,195	41,49,735	(42,54,499)

Note No. 6 - Trade receivables

Rupees

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
(a) Trade Receivabl considered considered good-unsecured..................	**32,82,44,810**	–	34,09,36,792	–
Total trade receivables........	**32,82,44,810**	–	34,09,36,792	–
Of the above, trade receivables from:				
– Others- Northern power distribution company of Telangana Limited	**32,82,44,810**	–	34,09,36,792	–
Total	**32,82,44,810**	–	34,09,36,792	–

Note:

(1) All the trade receivables have been charged against the borrowings of the Company. (Refer Note no. 12- Non Current Borrowings)

Note No. 7 - Cash and Cash Equivalent

Rupees

Particulars	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents		
(a) Balances with banks	**6,66,06,000**	7,42,638
(b) Fixed Deposit maturity less then 3 months	**6,00,50,862**	6,40,75,000
Total Cash and Cash Equivalent.....................	**12,66,56,862**	6,48,17,638

Note:

(1) All cash and cash equivalents have been secured against the borrowings of the Company. (Refer Note no. 12- Non Current Borrowings).

Note No. 8 - Other Bank Balance

Rupees

Particulars	As at 31 March 2020	As at 31 March 2019
Earmarked Balance with Bank - For Debt service Reserve Account..	**4,98,10,000**	4,98,10,000
Total Other Bank Balances.................................	**4,98,10,000**	4,98,10,000

Reconcliation of Cash and Cash Equivalents

Rupees

Particulars	As at 31 March 2020	As at 31 March 2019
Total Cash and Cash Equivalents as per Balance Sheet...	**12,66,56,862**	**6,48,17,638**
Add: Bank Overdraft..	**–**	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–
Total Cash and Cash Equivalents as per Statement of Cashflow.....................................	**12,66,56,862**	6,48,17,638

Notes:

(1) Earmarked balances with banks includes Fixed Deposits for Debt Service Reserve Account.

(2) Cash and cash equivalents includes cash in banks, net of overdraft, if any.

(3) All other bank balance have been charged against the borrowings of the Company. (Refer Note no. 12- Non Current Borrowings).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 9 - Other Financial Assets

Rupees

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
Financial assets at amortised cost				
a) Unbilled revenue	4,76,03,647	–	74,62,478	–
b) Interest Accrued on Fixed Deposit	9,55,865	–	14,12,764	–
Financial assets at fair value				
a) Derivatives financial instruments designated and effective as hedging instruments carried at fair value	**6,73,23,782**	–	8,36,76,990	–
Total Other Financials Assets	**11,58,83,294**	**–**	9,25,52,232	–

Note:

(1) All other financial assets have been charged against the borrowings of the Company. (Refer Note no. 12- Non Current Borrowings).

Note No. 10 - Other Assets

Rupees

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
(a) Capital advances				
(i) For Capital work in progress	–	**5,65,16,250**	–	3,23,01,250
(c) Other Assets				
(i) Income Tax paid under protest FY 2015-16 (refer note no. 22)	**8,113**	–	8,113	–
(ii) Prepaid expenses	**10,58,891**	–	10,55,104	–
Total Other Assets	**10,67,004**	**5,65,16,250**	10,63,217	3,23,01,250

Note:

(1) All other assets have been charged against the borrowings of the Company. (Refer No. 12- Non current Borrowings).

Note No. 11 - Equity Share Capital

Rupees

Particulars	As at 31 March 2020 No. of shares	As at 31 March 2020 Value of share	As at 31 March 2019 No. of shares	As at 31 March 2019 Value of share
Authorised:				
Equity shares of Rs. 10 each with voting rights	**1,50,00,000**	**15,00,00,000**	1,50,00,000	15,00,00,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**93,15,000**	**9,31,50,000**	93,15,000	9,31,50,000
Total Equity share capital	**93,15,000**	**9,31,50,000**	93,15,000	9,31,50,000

Notes:

(i) 30% equity share are pedged with banks for security against the bank borrowing (Refer Note no. 12 - Non Current Borrowings)

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rupees

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes	Closing Balance
(a) Equity Shares with Voting rights*						
Year Ended 31 March 2020						
No. of Shares	**93,15,000**	**–**	**–**	**–**	**–**	**93,15,000**
Amount in Rupees	**9,31,50,000**	**–**	**–**	**–**	**–**	**9,31,50,000**
(a) Equity Shares with Voting rights*						
Year Ended 31 March 2019						
No. of Shares	93,15,000	–	–	–	–	93,15,000
Amount in Rupees	9,31,50,000	–	–	–	–	9,31,50,000

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares: Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2020			
Mahindra Renewables Private Limited, the Holding Company	**93,15,000**	**–**	**–**
As at 31 March 2019			
Mahindra Renewables Private Limited, the Holding Company	93,15,000	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	**As at 31 March 2020**		As at 31 March 2019	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Renewables Private Limited (Holding Company)*	**93,15,000**	**100%**	93,15,000	100%

* Note:

It includes 1 equity share held as nominee by an indiviudal on behalf of the (Holding Company Mahindra Reneable Private Limited jointly held with Miss Brijbala Batwal 1 Equity Share).

Note No. 12 - Non-Current Borrowings

Rupees

Particulars	**Rate of Interest**	**Repayment terms**	**As at 31 March 2020**	**As at 31 March 2019**
Measured at amortised cost*				
A. Secured Borrowings:				
From Bank-				
Term loan				
From YES Bank	yes bank Benchmark rate+ Applicable Spread	Refer note 2 below	59,48,13,876	5,03,12,993
TATA cleantech Capital Limited	yes bank Benchmark rate+ Applicable Spread	Refer note 2 below	**86,10,00,000**	86,33,60,000
Buyers credit loan				
From SBI Antwerp	7.19%	To be repaid on 02/04/2020	–	18,99,85,683
From SBI Antwerp	7.16%	To be repaid on 08/04/2020	–	15,18,07,198
From SBI Antwerp	7.08%	To be repaid on 15/04/2020	–	25,72,55,484
Total Non Current Borrowings			**1,45,58,13,876**	1,54,07,62,218

Notes:

(1) The Company has borrowed funds for project financing from banks and financial institutions. The bank has issued LUT and based on that the Company has availed Buyers' Credit of USD 189,69,168.40 for three years at 6M LIBOR + margin p.a. Buyers' Credit is repayable by May 2020. The amount which is payable in period under normal operating cycle of the company is treated as current.

The Company has hedged the entire Buyers' Credit by taking a derivative instrument converting the USD loan to INR and has also converted the floating interest rate to fixed rate.

As per the loan sanction terms from the Bank, at the end of three years the Company can repay the buyers credit by drawing from the sanctioned term loan.

(2) The company has also taken a term loan of INR 1,15,80,00,000 from bank for a period of 19 years at Yes bank base rate + spread, the amount is repayable in 71 structured Periodly instalments starting from March 2018. The amount which is payable in period under normal operating cycle of the company is treated as current.

The loan amount is secured by:

(a) First charge on all present and future tangible / intangible moveable assets, current assets including receivables.

(b) First charge on all present and future immovable properties, both freehold and leasehold.

(c) First charge on all the borrowers bank accounts including Escrow account and any other reserve and other bank accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(d) First charge on all the rights, title interest, benefits, claims and demands whatsoever of the borrower in :

i) Project agreements

ii) the clearances subject to applicable law

iii) any letter of credit, guarantee, performance bond ,corporate guarantee, bank guarantees or warranty provided by any party

(e) Assignment of insurance policies relating to the project, right, titles, permits/approvals. Clearances and interests to the company.

(f) Short fall undertaking from sponsor for funding time/cost overruns.

(g) Pledge of shares held by shareholders in the borrower representing 30% of the total paid up equity share capital.

(h) Non disposal undertaking from Mahindra Susten private limited for its 51% shareholding in Mahindra Renewables Private Limited.

(3) The Company has to maintain a debt service reserve account with a minimum balance equal to total amount of schedules interest fees and principal due within next Period.

(4) The Company has taken short term unsecured loan in current year from Mahindra Susten Private Limited (Intermediary Holding Company) of INR 22,60,00,000 (Previous year INR 17,90,00,000) at 11.00% p.a.

(4) Details of Long term Borrowings of the Company:

Rupees

Description of the instrument	**Currency of Loan**	**Effective Interest Rate used for Discounting Cashflows**	**Coupon Rate**	**Repayment terms**	**Amortised cost as at 31 March 2020**	Amortised cost as at 31 March 2019
Secured						
<u>Term loans from bank:</u>						
YES Bank	INR	10.14%	10.10%	To be repaid in 71 installment till 30th Sept. 2035	**65,00,30,928**	10,55,30,041
TATA cleantech Capital Limited	INR	10.14%	10.10%	To be repaid in 66 installment till 30th Sept. 2035	**90,10,00,000**	90,33,60,000
<u>Byuers credit loan from Banks:</u>						
From SBI, Sydney	USD	7.53%	7.08%	To be repaid on 06/03/2020	–	9,86,31,906
From SBI, Sydney	USD	7.53%	7.08%	To be repaid on 13/03/2020	–	12,51,64,058
From SBI Antwerp	USD	7.60%	7.14%	To be repaid on 20/03/2020	–	15,97,05,427
From SBI Antwerp	USD	7.62%	7.16%	To be repaid on 24/03/2020	–	29,62,89,537
From SBI Antwerp	USD	7.65%	7.19%	To be repaid on 02/04/2020	**20,86,59,069**	18,99,85,683
From SBI Antwerp	USD	7.62%	7.16%	To be repaid on 08/04/2020	**16,67,30,013**	15,18,07,198
From SBI Antwerp	USD	7.54%	7.08%	To be repaid on 15/04/2020	**28,25,40,483**	25,72,55,484
From SBI Antwerp	USD	7.40%	6.94%	To be repaid on 15/05/2020	**3,07,98,874**	2,80,40,860
Total Non Current Borrowing					**2,23,97,59,367**	2,31,57,70,195

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 13 - Trade Payables

Rupees

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non Current	As at 31 March 2019 Current	As at 31 March 2019 Non Current
Trade payable - Other than micro and small enterprises	**29,36,761**	**–**	1,98,65,724	–
Total Trade Payables.....................	**29,36,761**	**–**	1,98,65,724	–

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the " Micro, small and medium enterprises development act, 2006'" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 14 - Other Financial Liabilities

Rupees

Particulars	As at 31 March 2020	As at 31 March 2019
Other Financial Liabilities Measured at Amortised Cost		
(a) Current maturities of long-term debt		
(Refer Note No. 12- Non current Borrowings)		
(i) Term loans		
From Bank		
Yes Bank Limited.	**5,52,17,052**	5,52,17,048
From Financial Institution		
TATA Cleantech Capital Limited	**4,00,00,000**	4,00,00,000
(ii) Buyers credit Loan		
(Refer Note No. 12- Non current Borrowings)		
From SBI, Sydney	**–**	9,86,31,906
From SBI, Sydney	**–**	12,51,64,058
SBI, Antwerp	**–**	15,97,05,427
SBI, Antwerp	**–**	29,62,89,537
SBI, Antwerp	**20,86,59,069**	–
SBI, Antwerp	**16,67,30,013**	–
SBI, Antwerp	**28,25,40,483**	–
SBI, Antwerp	**3,07,98,874**	–
(b) Interest accrued on debt	**6,54,77,095**	2,72,19,386
(c) Creditors for capital supplies/services	**1,04,47,624**	3,08,65,165
(d) Short Term loan from related party	**22,60,00,000**	**17,90,00,000**
Total other financial liabilities ..	**1,08,58,70,210**	1,01,20,92,527

Note No. 15 - Other Liabilities

Rupees

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
Statutory dues				
– Taxes payable (other than income taxes)......	**10,73,836**	**–**	13,93,710	–
Total Other Liabilities ...	**10,73,836**	**–**	13,93,710	–

Note No. 16 - Revenue from Operations

Rupees

Particulars	For the current year ended 31 March 2020	For the previous year ended 31 March 2019
Revenue from sale of Solar Energy...	**41,89,31,659**	42,67,57,674
Total Revenue from Operations.....	**41,89,31,659**	42,67,57,674

Note No. 17 - Other Income

Rupees

Particulars	For the current year ended 31 March 2020	For the previous year ended 31 March 2019
(a) Interest Income		
On Financial Assets at Amortised Cost..................	**80,55,811**	43,86,340
(b) Other Income.....................	**19,77,512**	–
Total Other Income	**1,00,33,323**	43,86,340

Note No. 18 - Finance Cost

Rupees

Particulars	For the current year ended 31 March 2020	For the previous year ended 31 March 2019
(a) Interest expense	**21,81,03,949**	18,96,32,437
(b) Finance charges.................	**36,20,425**	72,93,816
Total Finance Cost	**22,17,24,374**	19,69,26,253

Analysis of Interest Expenses by Category

Rupees

Particulars	For the current year ended 31 March 2020	For the previous year ended 31 March 2019
(a) Interest on borrowing from Bank......................................	**19,44,41,049**	18,28,02,643
(b) Interest on Short term loan from Related Party................	**2,36,17,395**	68,29,794
(c) Interest on late payment of Taxes......................................	**45,505**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 19 - Other Expenses

Rupees

Particulars			For the current year ended 31 March 2020	For the previous year ended 31 March 2019
(a)	Insurance		**15,92,902**	21,95,744
(b)	Repairs and maintenance - Plant & Equipment		**1,55,58,456**	2,68,72,180
(c)	Advertisement.		**34,125**	45,000
(d)	Power Consumption charges		**39,19,879**	52,16,422
(e)	Net Loss/(Gain) on foreign currency transactions net off Derivative gain/loss		**2,99,98,321**	52,74,402
(f)	Auditors remuneration and out-of-pocket expenses			
	(i)	As Auditors- Statutory audit fees	**1,14,217**	1,59,300
	(ii)	For Tax audit fees	**54,083**	59,000
	(iii)	For Income tax Matters	**1,09,000**	–
	(iv)	For Other services	**1,53,400**	94,400
(g)	Other expenses			
	(i)	Legal and other professional costs	**80,51,911**	47,43,768
	(ii)	Bank Charges	**88,535**	88,500
	(iii)	Miscellaneous expenses	**51,40,300**	11,73,140
Total Other Expenses			**6,48,15,129**	4,63,71,856

Note No. 20 - Earnings per Share

Rupees

Particulars	For the current year ended 31 March 2020	For the previous year ended 31 March 2019
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	**(1.21)**	3.72
From discontinuing operations	**–**	–
Total basic earnings per share	**(1.21)**	3.72
Diluted Earnings per share		
From continuing operations	**(1.21)**	3.72
From discontinuing operations	**–**	–
Total diluted earnings per share	**(1.21)**	3.72

Basic & diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Rupees

Particulars	For the current year ended 31 March 2020	For the previous year ended 31 March 2019
Profit / (loss) for the year attributable to owners of the Company	**(1,13,11,906)**	3,46,72,390
Less: Preference dividend and tax thereon	–	–
Profit / (loss) for the year used in the calculation of basic earnings per share	**(1,13,11,906)**	3,46,72,390
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	–	–
Profits used in the calculation of basic earnings per share from continuing operations (i)	**(1,13,11,906)**	3,46,72,390
Weighted average number of equity shares (ii)	**93,15,000**	93,15,000
Earnings per share from continuing operations - Basic & diluted (i/ii)	**(1.21)**	3.72

Note No. 21 - Related Party Transactions

Name of the parent Company	Mahindra Renewables Private Limited
Name of the Intermediate Holding Company	Mahindra Susten Private Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited

Details of transaction between the Company and its related parties are disclosed below:

				Rupees
Particulars	**For the year ended**	**Ultimate Holding Company**	**Intermediate Holding Company**	**Parent Company**
Nature of transactions with Related Parties				
Purchase of property and other assets (power plant)	**31-Mar-20**	**–**	**–**	**–**
	31-Mar-19	**–**	**14,19,44,025**	**–**
Receiving of services	**31-Mar-20**	**1,65,199**	**11,02,500**	**–**
	31-Mar-19	**1,65,201**	**2,89,10,368**	**–**
Interest paid on ICD	**31-Mar-20**	**–**	**2,36,17,395**	**–**
	31-Mar-19	**–**	**68,29,794**	**–**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

				Rupees
Particulars	For the year ended	Ultimate Holding Company	Intermediate Holding Company	Parent Company
Inter Corporate Deposit Taken	**31-Mar-20**	–	**7,15,00,000**	–
	31-Mar-19	–	**22,00,00,000**	–
Inter Corporate Deposit Repaid	**31-Mar-20**	–	**2,45,00,000**	–
	31-Mar-19	–	**4,10,00,000**	–

Nature of Balances with Related Parties	**Balance as on**	**Ultimate Holding Company**	**Intermediate Holding Company**	**Parent Company**
Interest on ICD payable	**31-Mar-20**	–	**2,74,02,471**	–
	31-Mar-19	–	**61,46,814**	–
Inter corproate deposit payable	**31-Mar-20**	–	**22,60,00,000**	–
	31-Mar-19	–	**17,90,00,000**	–

Note No. 22 - Contingent liabilities and commitments

		Rupees
Contingent liabilities (to the extent not provided for)	**As at 31 March 2020**	As at 31 March 2019
Contingent liabilities		
a) Appeals filed in respect of disputed demands:		
Income Tax		
- where the Company is in appeal	**5,83,892**	5,83,892

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
M.No : 040404

Place : Mumbai
Date : April 24, 2020

For and on behalf of the Board of Directors

Director Director

Company Secretary

Place : Mumbai
Date : April 24, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MARVEL SOLREN PRIVATE LIMITED

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Marvel Solren Private Limited ("the Company") which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its Loss and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management for Ind AS Financial Statements

4. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

5. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

7. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

   c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

12. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

13. As required by section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

    e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

    g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company does not have any pending litigations which would impact its financial position.

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm Registration No. : 105102W

Ravi Kapoor
Partner
Membership No.: 040404
UDIN: 20040404AAAAEM3545

Place: Mumbai
Date: April 30, 2020

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Marvel Solren Private Limited for the year ended March 31, 2020

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

2) Since the Company does not hold any inventory, the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2020 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co**
Chartered Accountants
Firm's Registration No.: 105102W

Ravi Kapoor
Partner
Membership No.: 040404
UDIN: 20040404AAAAEM3545

Place: Mumbai
Date: April 30, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MARVEL SOLREN PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Marvel Solren Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404
UDIN: 20040404AAAAEM3545

Place: Mumbai
Date: April 30, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

Rupees

	Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	4	**76,12,13,748**	80,17,38,233
	(b) Capital Work-in-Progress		**18,19,01,698**	–
	(c) Deferred Tax Assets (Net)	5	**65,26,049**	25,82,972
	SUB-TOTAL		**94,96,41,495**	80,43,21,205
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Trade Receivables	6	**88,66,478**	5,56,996
	(ii) Cash and Cash Equivalents	7	**4,11,25,113**	2,96,87,029
	(iii) Other Bank Balances	7 (a)	**2,01,43,378**	1,33,42,433
	(iv) Other Financial Assets	8	**1,10,50,791**	1,85,91,271
	(b) Current Tax Assets (Net)		**14,35,964**	3,61,616
	(c) Other Current Assets	9	**20,44,421**	6,43,707
	SUB-TOTAL		**8,46,66,145**	6,31,83,052
	TOTAL ASSETS		**1,03,43,07,640**	86,75,04,257
II	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity Share Capital	10, SOCE	**12,61,60,000**	9,52,51,000
	(b) Other Equity	SOCE	**3,49,00,288**	(92,29,663)
	SUB-TOTAL		**16,10,60,288**	8,60,21,337
	LIABILITIES			
	2 NON-CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowings	11	**53,25,32,738**	64,01,91,110
	(b) Provisions	15	**5,30,704**	–
	SUB-TOTAL		**53,30,63,442**	64,01,91,110
	3 CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Trade Payables	12	**91,35,894**	10,69,815
	(ii) Other Financial Liabilities	13	**32,78,41,446**	13,95,29,641
	(b) Provisions	15	**4,39,095**	–
	(c) Other Current Liabilities	14	**27,67,475**	6,92,354
	SUB-TOTAL		**34,01,83,910**	14,12,91,810
	TOTAL EQUITY AND LIABILITIES		**1,03,43,07,640**	86,75,04,257

The accompanying notes 1 to 21 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co
Chartered Accountants
Firm Registration No: 105102W

Ravi Kapoor
Partner
Membership No: 040404
Place: Mumbai
Date : 30th April, 2020

For and on behalf of the Board of Directors

Director Director

Place: Mumbai
Date : 30th April, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

	Particulars	Note No.	For the Year ended 31st March 2020	Rupees For the previous year ended 31st March 2019
	Continuining Operations			
I	Revenue from operations	16	**11,50,34,999**	9,54,19,296
II	Other Income	17	**38,51,677**	15,91,343
III	**Total Revenue (I + II)**		**11,88,86,676**	9,70,10,639
IV	**Expenses**			
	(a) Employee benefit expense		**16,79,667**	–
	(b) Finance costs	18	**6,58,78,303**	5,95,06,731
	(c) Depreciation and amortisation expense	4	**4,06,29,446**	3,71,81,425
	(d) Other expenses	19	**2,43,27,834**	1,12,77,612
	Total Expenses		**13,25,15,250**	10,79,65,768
V	**(Loss)/Profit before exceptional items (III - IV)**		**(1,36,28,574)**	(1,09,55,129)
	Exceptional Items		**–**	–
VI	**(Loss)/profit after exceptional items**		**(1,36,28,574)**	(1,09,55,129)
VII	**Share of profit/(loss) of joint ventures and associates**		**–**	–
VIII	**(Loss)/profit before tax (VI+VII)**		**(1,36,28,574)**	(1,09,55,129)
IX	**Tax Expense**			
	(a) Current tax		**–**	–
	(b) Deferred tax		**(39,43,077)**	(23,71,820)
	Total tax expense		**(39,43,077)**	(23,71,820)
X	**(Loss)/Profit after tax from continuing Operations (VIII-IX)**		**(96,85,497)**	(85,83,309)
XI	**Discontinued Operations**			
	(a) Profit/(loss) from discontinued operations		**–**	–
	(b) Tax Expense of discontinued operations		**–**	–
	Profit/(loss) after tax from discontinued operations		**–**	–
XII	**(Loss)/proft for the year (X+XI)**		**(96,85,497)**	(85,83,309)
XIII	**(Loss)/proft from continuing operations for the year attributable to:**			
	Owners of the Company		**(96,85,497)**	(85,83,309)
	Non controlling interests		**–**	–
XVI	**Total comprehensive income for the year**		**(96,85,497)**	(85,83,309)
XVII	**Total comprehensive income for the year attributable to:**			
	Owners of the Company		**(96,85,497)**	(85,83,309)
	Non controlling interests		**–**	–
XVIII	**Earnings per equity share:**			
	(a) Basic	20	**(0.85)**	(0.90)
	(b) Diluted	20	**(0.85)**	(0.90)
XIX	**Earnings per equity share (for discontinued operation):**			
	(a) Basic		**–**	–
	(b) Diluted		**–**	–
XX	**Earnings per equity share (for continuing and discontinued operations):**			
	(a) Basic	19	**(0.85)**	(0.90)
	(b) Diluted	19	**(0.85)**	(0.90)

The accompanying notes 1 to 21 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co
Chartered Accountants
Firm Registration No: 105102W

Ravi Kapoor
Partner
Membership No: 040404
Place: Mumbai
Date : 30th April, 2020

For and on behalf of the Board of Directors

Director Director

Place: Mumbai
Date : 30th April, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	For the Current year ended 31st March 2020	For the Previous year ended 31st March 2019
		Rupees
Cash flows from operating activities		
(Loss)/Profit before tax for the year	**(1,36,28,574)**	(1,09,55,129)
Adjustments for:		
Finance costs recognised in profit or loss	**6,58,78,303**	5,95,06,731
Investment income recognised in profit or loss	**(38,51,677)**	(15,91,343)
Depreciation expense	**4,06,29,446**	3,71,81,425
Movements in working capital:		
Increase in trade and other receivables	**(83,09,482)**	(5,56,996)
(Increase)/decrease in financial and other assets	**62,01,493**	(1,22,09,074)
Increase/(Decrease) in trade and other payables	**90,35,879**	10,00,378
(Decrease)/increase in other liabilities	**20,75,121**	(32,05,431)
Cash generated from operations	**9,80,30,509**	6,91,70,561
Income taxes paid	**(10,74,349)**	(3,58,261)
Net cash flow from/ (used in) operating activities	**9,69,56,161**	6,88,12,300
Cash flows from investing activities		
Interest received	**37,89,950**	12,33,047
Payments for property, plant and equipment	**(1,52,95,485)**	(74,63,43,040)
Net cash flow from/(used in) investing activities	**(1,15,05,535)**	(74,51,09,993)
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	**8,49,99,750**	9,51,51,000
Payment for share issue costs	**(2,75,302)**	–
Proceeds from / (Repayment of) borrowings	**(9,80,90,122)**	66,43,86,955
Paid for Earmarked balance with Bank	**(68,00,945)**	(1,33,42,433)
Interest paid	**(5,38,45,921)**	(4,16,68,078)
Net cash flow from (used in) financing activities	**(7,40,12,541)**	70,45,27,444
Net Increase/(Decrease) in cash and cash equivalents	**1,14,38,085**	2,82,29,751
Cash and cash equivalents at the beginning of the year	**2,96,87,028**	14,57,277
Cash and cash equivalents at the end of the year	**4,11,25,113**	2,96,87,028

In terms of our report attached.

For B. K. Khare & Co
Chartered Accountants
Firm Registration No: 105102W

Ravi Kapoor
Partner
Membership No: 040404
Place: Mumbai
Date : 30th April, 2020

For and on behalf of the Board of Directors

Director

Director

Place: Mumbai
Date : 30th April, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity share capital

	Rupees
As at 31st March 2019	9,52,51,000
Changes in equity share capital during the period	3,09,09,000
As at 31st March 2019	12,61,60,000
Changes in equity share capital during the period	–
As at 31st March 2020	**12,61,60,000**

B. Other Equity

Rupees

Particulars	Securities Premium Reserve	Retained Earnings	Total
As at 1st April 2019	–	(92,29,663)	(92,29,663)
Loss for the period	–	(96,85,497)	(96,85,497)
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	–	(96,85,497)	(96,85,497)
Equity Share Issuance Costs	(2,75,302)	–	(2,75,302)
Any other changes -Shares premium received during the period	5,40,90,750	–	5,40,90,750
As at 31st March 2020	**5,38,15,448**	**(1,89,15,160)**	**3,49,00,288**

In terms of our report attached.

For B. K. Khare & Co
Chartered Accountants
Firm Registration No: 105102W

Ravi Kapoor
Partner
Membership No: 040404
Place: Mumbai
Date : 30th April, 2020

For and on behalf of the Board of Directors

Director

Director

Place: Mumbai
Date : 30th April, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

1. Nature of Operations

Marvel Solren Private Limited ('the Company') was incorporated in India on 10th October, 2015, having registered office at Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018 Maharashtra, INDIA to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system / sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

The holding company is Mahindra Susten Private Limited.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on April 30, 2020.

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupees.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(ii) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

Since the operation in the Company has not started it has no reporting operating segment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

f) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

g) Provisions and Contingent Liabilities :

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

h) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

i) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

j) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and,

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

k) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer. In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 4 – Property, Plant and Equipment

Rupees

Description of Assets	Land–Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1 April 2019	7,21,75,146	76,71,19,489	83,92,94,635
Additions	–	1,04,961	1,04,961
Balance as at 31 March 2020	**7,21,75,146**	**76,72,24,450**	**83,93,99,596**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2019	–	3,75,56,402	3,75,56,402
Depreciation expense for the year	–	4,06,29,446	4,06,29,446
Balance as at 31 March 2020	**–**	**7,81,85,848**	**7,81,85,848**
III. Net carrying amount (I–II)	**7,21,75,146**	**68,90,38,602**	**76,12,13,748**

Description of Assets	Land–Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1 April 2019	5,93,17,852	64,80,43,302	70,73,61,154
Additions	1,28,57,294	11,90,76,187	13,19,33,481
Balance as at 31 March 2020	**7,21,75,146**	**76,71,19,489**	**83,92,94,635**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2019	–	3,74,977	3,74,977
Depreciation expense for the year	–	3,71,81,425	3,71,81,425
Balance as at 31 March 2020	**–**	**3,75,56,402**	**3,75,56,402**
III. Net carrying amount (I–II)	**7,21,75,146**	**72,95,63,087**	**80,17,38,233**

Depreciation on tangible fixed assets is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2017.

Note No. 5 – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	For the Year ended 31st March, 2020	For the previous year ended 31st March, 2019
Current Tax:		
In respect of current year	**–**	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(39,43,077)**	(23,71,820)
Total income tax expense on continuing operations	**(39,43,077)**	(23,71,820)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Profit before tax from continuing operations	**(1,36,28,574)**	**(1,09,55,129)**
Income tax expense calculated at 27.82% (2018-19: 26%)#	**(37,91,470)**	(28,48,334)
Reduction in tax rate	**(5,77,243)**	33,483
Effect of expenses that is non–deductible in determining taxable profit	**3,96,435**	4,03,780
Effect of reversel of deferred tax assets of previous year	**–**	**39,251**
Income tax expense recognised in profit or loss for current year	**(39,72,278)**	**(23,71,820)**
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	–
Income tax expense recognised In profit or loss from continuing operations	**(39,72,278)**	**(23,71,820)**

Notes:

(1)# The tax rate used for the Year Ended 31st March 2020 and year ended 31 March 2019 is the corporate tax rate of 25% plus Health & education cess @ 4 % (Previous year ended 31st March 2018 tax rate is corporate tax rate of 30% plus Education cess @ 3%) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(2) Deferred Tax created for business losses is as below:

Rupees

Financial year	Business loss	Unabsorbed Depreciation	Deffered tax Assets
2017–18	1,57,398	2,50,68,228	70,17,769
2018–19	92,51,166	6,13,77,820	1,96,48,984
2019–20	1,22,03,574	3,36,67,168	1,27,61,240
Total	**2,16,12,138**	**12,01,13,217**	**3,94,27,994**

(3) Deferred Tax Asset (DTA) has been recognised by the Company. The Company has a Power Purchase Agreement with Tech Mahndra Limited for 25 years and based on the revenue generation model, the management believes that the Company will earn taxable profits in the future, and will be able to adjust the DTA against future profits.

(4) Current Tax assets created on account of Advance Taxes paid & TDS receivable is as below:

Financial year	Advance Tax	TDS Receivable	Current tax assets
2018-19	–	1,59,219	1,59,219
2019-20	10,00,000	2,76,745	12,76,745
Total	**10,00,000**	**4,35,964**	**14,35,964**

(c) Movement in deferred tax balances

Rupees

Particulars	For the Year ended 31st March, 2020 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	2,23,39,228	1,09,59,152	3,32,98,380
	2,23,39,228	1,09,59,152	3,32,98,380
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses	2,49,22,200	1,49,02,229	3,98,24,430
	2,49,22,200	1,49,02,229	3,98,24,430
Net Deferred Tax (Asset)/ Liabilities	**25,82,972**	**39,43,077**	**65,26,049**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Rupees

Particulars	For the previous year ended 31st March, 2019 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	75,83,567	1,47,55,661	2,23,39,228
	75,83,567	1,47,55,661	2,23,39,228
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses	77,94,719	1,71,27,481	2,49,22,200
	77,94,719	1,71,27,481	2,49,22,200
Net Deferred Tax (Asset)/Liabilities	2,11,152	23,71,819	25,82,972

Note No. 6 – Trade receivables

Rupees

Particulars	As at 31st March, 2020 Current	Non–Current	As at 31st March, 2019 Current	No–Current
Trade receivables				
(a) Unsecured, considered good	**88,66,478**	–	5,56,996	–
Total	**88,66,478**	–	5,56,996	–
Of the above, trade receivables from:				
– Related Parties	**18,04,404**	–	5,56,996	–
– Others–Tech Mahindra Ltd	**70,62,074**	–	–	–
Total	**88,66,478**	–	5,56,996	–

Note:

(1) All the trade receivables from Tech Mahindra Ltd. has been charged against borrowings of the Company. (Refer Note No. 11- Non Current Borrowings).

Note No. 7 – Cash and Cash Equivlants

Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Balance with Bank	**26,23,153**	3,09,029
(b) Fixed Depost with maturity– less then 3 month	**3,85,01,960**	2,93,78,000
Total Cash and Cash Equivalents	**4,11,25,113**	2,96,87,029

Note No.7(a)– Other Bank Balances

Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Earmarked Balance with Bank	**2,01,43,378**	1,33,42,433
Total Other Bank balances	**2,01,43,378**	1,33,42,433

Reconciliation of Cash and Cash Equivalents

Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
Total Cash and Cash Equivalents as per Balance Sheet	**4,11,25,113**	2,96,87,029
Add: Bank Overdraft	**–**	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**4,11,25,113**	2,96,87,029

Note:

(1) Cash and cash equivalents include cash in banks, net of overdraft, if any.

Note No. 8 – Other Financial Assets

Rupees

Particulars	As at 31st March, 2020 Current	Non–Current	As at 31st March, 2019 Current	Non–Current
Financial assets at amortised cost				
a) Interest accured on Fixed Deposit	**4,20,023**	–	3,58,296	–
b) Unbilled Revenue	**1,06,30,768**	–	1,82,32,975	–
Total Other Financial Assets	**1,10,50,791**	–	1,85,91,271	–

Note No. 9 – Other assets

Rupees

Particulars	As at 31st March, 2020 Current	Non–Current	As at 31st March, 2019 Current	Non–Current
(a) Other advance				
(i) Security Deposits	**13,22,000**	–	5,72,000	–
(b) Others				
(i) Prepaid Expenses	**7,22,421**	–	71,707	–
	20,44,421	–	6,43,707	–

Note No. 10 – Equity Share Capital

Rupees

Particulars	As at 31st March, 2020 No. of shares	Value of shares	As at 31st March, 2019 No. of shares	Value of shares
Authorised:				
Equity shares of Rs. 10 each with voting rights	**3,00,00,000**	**30,00,00,000**	1,51,51,000	15,15,10,000
Total Authorised Equity Share Capital	**3,00,00,000**	**30,00,00,000**	1,51,51,000	15,15,10,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**1,26,16,000**	**12,61,60,000**	95,25,100	9,52,51,000
Total Paidup Equity Share Capital	**1,26,16,000**	**12,61,60,000**	95,25,100	9,52,51,000

Notes:

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes	Closing Balance
Equity Shares with Voting rights#						
For the Year ended 31st March 2020						
No. of Shares	**95,25,100**	**30,90,900**	**–**	**–**	**–**	**1,26,16,000**
Amount	**9,52,51,000**	**3,09,09,000**	**–**	**–**	**–**	**12,61,60,000**
Year Ended 31st March 2019						
No. of Shares	10,000	95,15,100	–	–	–	95,25,100
Amount	1,00,000	9,51,51,000	–	–	–	9,52,51,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates

Particulars	No. of Shares: Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
AS at 31st March 2020			
Mahindra susten private Limited, the Joint Venturer Company	64,34,160	–	–
Mitsui & Co. Ltd, Japan, the join venturer Company	61,81,840	–	–
As at 31st March 2019			
Mahindra susten private Limited, the Holding Company	95,25,100	–	–
As at 31st March 2018			
Mahindra susten private Limited, the Holding Company	10,000	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	**As at 31st March, 2020** Number of shares held	% holding in that class of shares	As at 31st March, 2019 Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra susten private Limited	64,34,160	51%	95,25,100	100%
Mitsui & co. Ltd.	61,81,840	49%	–	–

Note No. 11 – Non–Current Borrowings

Rupees

Particulars	Rate of Interest	Maturity	As at 31st March 2020	As at 31st March 2019
Measured at amortised cost*				
A. Secured Borrowings:	**8.70%**	–	**53,25,32,738**	57,36,91,110
Total Secured Borrowings	–	–	**53,25,32,738**	57,36,91,110
B. Unsecured Borrowings– at amortised Cost				
(a) Loans from Related Party	11.00%	Refer note 2 below	–	6,65,00,000
Total Unsecured Borrowings	–	–	–	6,65,00,000
Total Non – Current Borrowings	–	–	**53,25,32,738**	64,01,91,110

Notes:

(1) The Company has a sanction for project financing from ICICI bank for Rs. 59.46 Crores. Amount has been drawn against this sanction till the balance sheet date.

(2) Loans from Related party will be paid in April & May'20 hence included in current Liabilities.

Note No. 12 – Trade Payables

Rupees

Particulars	**As at 31st March, 2020** Current	Non-Current	As at 31st March, 2019 Current	Non-Current
Trade payable – Other than micro and small enterprises	**91,35,894**	–	10,69,815	–
Total Trade Payables	**91,35,894**	–	10,69,815	–

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 13 – Other Financial Liabilities

Rupees

Particulars	As at 31st March 2020	As at 31st March 2019
Other Financial Liabilities Measured at Amortised Cost		
Current		
(a) Current maturities of long-term debt	**3,30,68,000**	–
(b) Interest accrued on loan	**3,13,35,630**	1,93,03,248

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	As at 31st March 2020	As at 31st March 2019
		Rupees
(c) Unsecured short term loan from related party	**8,06,96,095**	10,41,95,845
(d) Creditors for capital supplies/services	**18,27,41,721**	1,60,30,548
Total Other Financial Liabilities	**32,78,41,446**	13,95,29,641

Note No. 14 – Other Liabilities

Rupees

Particulars	As at 31st March, 2020 Current	As at 31st March, 2020 Non–Current	As at 31st March, 2019 Current	As at 31st March, 2019 Non–Current
Statutory dues				
– taxes payable (other than income taxes)	**27,67,475**	–	6,92,354	–
– Employee Recoveries and Employer Contributions	–	–	–	–
Total Other Liabilities	**27,67,475**	–	6,92,354	–

Note No. 15 – Provisions

Rupees

Particulars	As at 31st March, 2020 Current	As at 31st March, 2020 Non–Current	As at 31st March, 2019 Current	As at 31st March, 2019 Non–Current
(a) Provision for employee benefits				
(1) Long-term Employee Benefits	**18,175**	**5,30,705**	–	–
(b) Other Provisions				
(1) Other Provisions	**4,20,920**	–	–	–
Total Provisions	**4,39,095**	**5,30,705**	–	–

Note No. 16 – Revenue from Operations

Rupees

Particulars	For the Year ended 31st March, 2020	For the previous year ended 31st March, 2019
Revenue from sale of solar power	**11,50,34,999**	9,54,19,296
Total Revenue from Operations	**11,50,34,999**	9,54,19,296

Note No. 17 – Other Income

Rupees

Particulars	For the Year ended 31st March, 2020	For the previous year ended 31st March, 2019
Interest Income		
On Financial Assets at Amortised Cost	**38,51,677**	15,91,343
Total Other Income	**38,51,677**	15,91,343

Note No. 18 – Finance Cost

Rupees

Particulars	For the Year ended 31st March, 2020	For the previous year ended 31st March, 2019
(a) Interest expense	**6,58,78,303**	5,99,32,902
Less: Amounts included in the cost of qualifying assets	–	(4,26,171)
Total Finance Cost	**6,58,78,303**	5,95,06,731

Analysis of Interest Expenses by Category

Rupees

Particulars	For the Year ended 31st March, 2020	For the previous year ended 31st March, 2019
Interest Expenses		
On sub–ordinated debt from related party	**1,35,23,804**	1,92,40,062
Interest on Term Loan	**5,23,54,499**	4,02,66,669
	6,58,78,303	5,95,06,731

Note No. 19 – Other Expenses

Rupees

Particulars	For the current year ended 31st March, 2020	For the previous year ended 31st March, 2019
(a) ROC Charges, Reistration charges and stamp duty expenses	**14,43,740**	26,67,950
(b) Insurance	**4,92,206**	5,50,122
(c) Repairs and maintenance– Machinery	**59,81,121**	40,53,945
(d) Rent For Officers	**8,75,000**	–
(e) Advertisement	**95,000**	–
(f) Travelling and Conveyance Expenses	**5,17,846**	31,621
(g) Auditors remuneration and out–of–pocket expenses		
(i) As Auditors– Statutory audit fees	**70,800**	70,800
(ii) For Tax audit fees	**29,500**	29,500
(iii) For Company Law matters	–	–
(iv) For Other services	–	–
(h) Other expenses		
(i) Legal and other professional costs	**1,34,71,995**	34,15,944
(ii) Bank Charges	**1,25,499**	2,36,443
(iii) Miscellaneous expenses	**12,25,127**	2,21,288
Total Other Expenses	**2,43,27,834**	**1,12,77,612**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 20 – Earnings per Share

Rupees

Particulars	For the Year Ended 30th September, 2019	For the previous year ended 31st March 2019
Basic Earnings per share		
From continuing operations	**(0.85)**	(0.90)
From discontinuing operations	–	–
Total basic earnings per share	**(0.85)**	(0.90)
Diluted Earnings per share		
From continuing operations	**(0.85)**	(0.90)
From discontinuing operations	–	–
Total diluted earnings per share	**(0.85)**	(0.90)

Basic and Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Rupees

	For the Year Ended 31st March 2020	For the previous year ended 31st March 2019
(Loss)/Profit for the year attributable to owners of the Company	**(96,85,497)**	(85,83,309)
Less: Preference dividend and tax thereon	–	–
(Loss)/Profit for the year used in the calculation of basic earnings per share	**(96,85,497)**	(85,83,309)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	–	–
(Loss)/Profit used in the calculation of basic earnings per share from continuing operations	**(96,85,497)**	(85,83,309)
Weighted average number of equity shares	**1,13,96,576**	95,25,100
Earnings per share from continuing operations – Basic and diluted	**(0.85)**	(0.90)

Note No. 21 – Related Party Transactions

Name of Fellow Subsidiary Company	Mahindra Teqo Private Limited
Name of Parent Company from 5th September 17	Mahindra Susten Private Limited
Name of the Intermediate Holding Company	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	For the year ended	Mahindra & Mahindra Limited	Mahindra susten Private Limited	Mahindra Teqo Private Limited
Nature of transactions with Related Parties				
Purchase of property and other assets (power plant)	31-Mar-20	–	18,19,01,698	–
Purchase of property and other assets (power plant)	31-Mar-19	–	11,86,50,014	–
Receiving of services	31-Mar-20	1,51,200	1,21,93,451	59,81,120
Receiving of services	31-Mar-19	1,65,200	40,53,945	–
Rendering of services	31-Mar-20	78,375	5,26,250	–
Sub- ordinated debt taken	31-Mar-20	–	–	–
Sub- ordinated debt taken	31-Mar-19	–	18,56,95,845	–
Sub- ordinated debt Repayment	31-Mar-20	–	8,99,99,750	–
Sub- ordinated debt Repayment	31-Mar-19	–	9,50,00,000	–
Interest on Subordinated debt	31-Mar-20	–	1,35,23,804	–
Interest on Subordinated debt	31-Mar-19	–	1,96,66,233	–

Nature of Balances with Related Parties	Balance as on	Mahindra & Mahindra Limited	Mahindra susten Private Limited	Mahindra Teqo Private Limited
Unsecured loan	31-Mar-20	–	8,06,96,095	
Unsecured loan	31-Mar-19	–	17,06,95,845	–
Interest on unsecured loan	31-Mar-20	–	3,13,35,630	–
Interest on unsecured loan	31-Mar-19	–	1,91,64,206	–
Trade receivable	31-Mar-19	–	5,26,250	18,51,123
Trade payables	31-Mar-20	1,13,400	19,40,35,172	10,45,928
Trade payables	31-Mar-19	–	1,62,05,518	–

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

ASTRA SOLREN PRIVATE LIMITED

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Astra Solren Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its profit and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management for Ind AS Financial Statements

4. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

5. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

7. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

12. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

13. As required by section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

    e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

    g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company does not have any pending litigations which would impact its financial position.

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN: 20040404AAAADM2195

Place: Mumbai
Date: April 24, 2020

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Astra Solren Private Limited for the year ended March 31, 2020

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The Company does not have immovable property.

2) Since the Company does not hold any inventory, the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2020 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN: 20040404AAAADM2195

Place: Mumbai
Date: April 24, 2020

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ASTRA SOLREN PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Astra Solren Private Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31;, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN: 20040404AAAADM2195

Place: Mumbai
Date: April 24, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

Rupees

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
I ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	3,38,37,77,586	3,59,41,45,262
(b) Deferred Tax Assets (Net)	5	-	-
(c) Other Non-current Assets	9	56,29,78,603	58,47,78,053
SUB-TOTAL		3,94,67,56,188	4,17,89,23,315
CURRENT ASSETS			
(a) Financial Assets			
(i) Trade Receivables	6	15,17,22,184	10,52,51,281
(ii) Cash and Cash Equivalents	7	99,92,804	4,94,97,684
(iii) Other Bank Balance	7(a)	11,26,84,505	7,76,31,236
(iv) Other Financial Assets	8	6,19,89,469	18,02,33,238
(b) Current Tax Assets (Net)		1,69,79,133	54,57,231
(c) Other Current Assets	9	2,00,53,955	2,03,99,730
SUB-TOTAL		37,34,22,050	43,84,70,400
TOTAL ASSETS		4,32,01,78,238	4,61,73,93,715
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	SOCE, 10	8,88,94,300	8,88,94,300
(b) Other Equity	SOCE	61,54,62,351	57,80,52,737
SUB-TOTAL		70,43,56,651	66,69,47,037
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	11	3,00,89,57,309	1,10,14,49,641
(i) Other Financial Liabilities	13	12,49,211	3,60,92,435
(b) Deferred Tax Liabilities (Net)		2,22,63,396	20,56,744
(c) Other Non-current Liabilities	14	39,69,81,513	42,33,77,998
SUB-TOTAL		3,42,94,51,428	1,56,29,76,818
3 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Trade Payables	12	1,00,35,833	54,99,830
(ii) Other Financial Liabilities	13	14,96,40,644	2,35,49,93,082
(b) Other Current Liabilities	14	2,66,93,682	2,69,76,948
SUB-TOTAL		18,63,70,159	2,38,74,69,860
TOTAL EQUITY AND LIABILITIES		4,32,01,78,238	4,61,73,93,715

The accompanying notes 1 to19 are an integral part of the Financial Statements

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: April 24, 2020

For and on behalf of the Board of Directors

Director Director

Place: Mumbai
Date: April 24, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

Rupees

	Particulars	Note No.	For the current year ended 31st March, 2020	For the previous year ended 31st March, 2019
	Continuing Operations			
I	Revenue from operations	15	61,62,60,044	62,23,44,843
II	Other Income	16	3,56,27,241	3,36,14,763
III	**Total Revenue (I + II)**		65,18,87,285	65,59,59,606
IV	**Expenses**			
	(a) Finance costs	17	29,97,30,752	32,82,01,494
	(b) Depreciation expense	4	21,03,67,676	21,03,67,676
	(c) Other expenses	18	8,41,72,592	9,09,48,458
	Total Expenses		59,42,71,019	62,95,17,628
V	**Profit/(Loss) before exceptional items (III - IV)**		5,76,16,266	2,64,41,978
VI	**Tax Expense**			
	(a) Current tax (1) Minimum alternate Tax		–	54,43,558
	(2) Minimum alternate tax credit			(54,43,558)
	(b) Provision for income Tax- deferred	5	2,02,06,652	2,11,75,308
	Total tax expense		2,02,06,652	2,11,75,308
XII	**Profit/(Loss) after tax (VIII - IX)**		3,74,09,614	52,66,670
VIII	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss		–	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		–	–
	B (i) Items that may be reclassified to profit or loss		–	–
	(ii) Income tax on items that may be reclassified to profit or loss		–	–
IX	**Total comprehensive income for the year**		3,74,09,614	52,66,670
XVIII	**Earnings per equity share:**			
	(a) Basic	19	4.21	0.61
	(b) Diluted	19	4.21	0.61

The accompanying notes 1 to 19 are an integral part of the Financial Statements

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: April 24, 2020

For and on behalf of the Board of Directors

Director Director

Place: Mumbai
Date: April 24, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2020

Rupees

Particulars	Note No.	For As at 31st March, 2020	For the previous year ended 31st March, 2019
Cash flows from operating activities			
(Loss)/Profit before tax for the year	**P L**	**5,76,16,266**	2,64,41,978
Adjustments for:			
Finance costs recognised in profit or loss	**17**	**29,97,30,752**	32,82,01,494
Amortisation of deffered revenue	**16**	**(2,63,96,485)**	(2,63,24,363)
Investment income recognised in profit or loss	**16**	**(92,30,756)**	(72,90,400)
Depreciation expense	**4**	**21,03,67,676**	21,03,67,676
Net loss/(gain) on foreign currency transactions net off Derivative gain/loss	**18**	**30,73,920**	(40,74,917)
		47,75,45,106	50,08,79,490
Movements in working capital:			
(Increase)/Decrease in trade and other receivables	**6**	**(4,64,70,903)**	6,65,23,402
(Increase)/Decrease in other assets	**9**	**2,21,45,225**	2,16,10,397
Decrease/(Increase) in trade and other payables	**12**	**45,36,003**	(1,73,72,561)
(Increase)/decrease in other Financial assets	**8**	**50,77,467**	(6,11,537)
Decrease/(Increase) in other liabilities	**14**	**(2,83,266)**	(5,00,010)
Cash generated from operations		**(1,49,95,474)**	6,96,49,691
Income taxes paid		**(1,15,21,902)**	(67,53,055)
Net cash generated by operating activities		**50,86,43,996**	59,02,18,104
Cash flows from investing activities			
Interest received	**16**	**96,25,858**	52,87,588
Payments for property, plant and equipment	**4**	**–**	(8,53,60,869)
Net cash flow from/ (used in) investing activities		**96,25,858**	(8,00,73,281)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company	**9**	**–**	3,80,48,000
Payment for share issue costs	**SOCE**	**–**	(38,048)
Paid for Earmarked Balance with Bank	**7(a)**	**(3,50,53,269)**	(4,13,31,236)
Proceeds from borrowings	**10**	**–**	–
Repayment of borrowings	**10**	**(17,13,63,805)**	(66,50,90,790)
Proceeds from government Grant (VGF Refund)	**8**	**–**	49,85,67,480
Interest paid	**15**	**(35,13,57,662)**	(32,23,35,980)
Net cash flow from/(used in) financing activities		**(55,77,74,735)**	(49,21,80,574)
Net increase/(decrease) in cash and cash equivalents		**(3,95,04,881)**	1,79,64,249
Cash and cash equivalents at the beginning of the year	**7**	**4,94,97,684**	3,15,33,435
Cash and cash equivalents at the end of the year	**7**	**99,92,803**	4,94,97,684

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

For and on behalf of the Board of Directors

Director Director

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: April 24, 2020

Place: Mumbai
Date: April 24, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity share capital

Particulars	Rupees Amount
As at 31st March 2018	**8,48,94,300**
Changes in equity share capital during the year	40,00,000
As at 31st March, 2019	**8,88,94,300**
Changes in equity share capital during the year	–
As at 31st March, 2020	**8,88,94,300**

B. Other Equity

Rupees

Particulars	Reserves and Surplus: Securities Premium Reserve	Reserves and Surplus: Retained Earnings	Total
As at 1st April 2018	**56,74,80,270**	**(2,87,04,155)**	**53,87,76,115**
Profit/(Loss) for the year	–	52,66,670	52,66,670
Securities Premium on Issue of share during the year	3,40,48,000	–	3,40,48,000
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	3,40,48,000	52,66,670	3,93,14,670
Equity Share Issuance Costs	(38,048)	–	(38,048)
As at 31st March, 2019	**60,14,90,222**	**(2,34,37,485)**	**57,80,52,737**
As at 1st April, 2019	**60,14,90,222**	**(2,34,37,485)**	**57,80,52,737**
Profit/(Loss) for the year		3,74,09,614	3,74,09,614
Securities Premium on Issue of share during the year			
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	–	3,74,09,614	3,74,09,614
Equity Share Issuance Costs			
As at 31st March, 2020	**60,14,90,222**	**1,39,72,129**	**61,54,62,351**

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: April 24, 2020

For and on behalf of the Board of Directors

Director Director

Place: Mumbai
Date: April 24, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

1. Nature of Operations

Astra Solren Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India on 14th October 2015 and is a subsidiary of Mahindra Renewable Private Limited.

The Company is engaged in the business of Generation of solar power.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 24th April, 2020

Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

2. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupees.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Sale of Solar power

Revenue from Generation of solar power is recognised on an accrual basis and includes unbilled revenues accrued upto the end of the accounting year.

(ii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is stated at the cost of acquisition and is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2017.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss.

(ii) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Operating lease

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

g) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

h) Foreign Exchange Transactions:

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognized as income or expense, as the case may be.

Exchange differences on monetary items are recognised in in the Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks

i) Hedge accounting

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

j) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer. The Company operates only in one segment viz. sale of solar energy.

k) Investments

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be fully recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

l) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

m) Provisions and Contingent Liabilities

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

n) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

o) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

p) Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset and are presented in the balance sheet by setting up the grant as deferred income. Such grant is not reduced from the value of assets.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

q) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and,

r) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer. In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, and, under the terms of the lease agreement where the Company's generation assets are located, has the contractual right to distribute power to any person other than the Government beyond the 25 year PPA period. Further, in view of management this PPA does not satisfy the criteria in Appendix C of Ind AS 17 – Determining whether an Arrangement Contains a Lease.

Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

Note No. 4 - Property, Plant and Equipment

Rupees

Description of Assets	Plant and Equipment	Total
I. Gross Carrying Amount		
Balance as at 1st April 2019	**3,98,42,36,283**	**3,98,42,36,283**
Additions	–	–
Balance as at 31st March, 2020	**3,98,42,36,283**	**3,98,42,36,283**
II. Accumulated depreciation and impairment		
Balance as at 1st April, 2019	39,00,91,021	39,00,91,021
Depreciation expense for the year	21,03,67,676	21,03,67,676
Balance as at 30th Sep., 2019	**60,04,58,697**	**60,04,58,697**
III. Net carrying amount (I-II)	**3,38,37,77,586**	**3,38,37,77,586**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Rupees

Description of Assets	Plant and Equipment	Total
I. Gross Carrying Amount		
Balance as at 1st April, 2018	3,98,42,36,283	3,98,42,36,283
Additions	–	–
Balance as at 31st March, 2019	**3,98,42,36,283**	**3,98,42,36,283**
II. Accumulated depreciation and impairment		
Balance as at 1st April 2018	17,97,23,345	17,97,23,345
Depreciation expense for the year	21,03,67,676	21,03,67,676
Balance as at 31st March, 2019	**39,00,91,021**	**39,00,91,021**
III. Net carrying amount (I-II)	3,59,41,45,262	3,59,41,45,262

Notes:

(1) Plant and Equipment has been charged against the borrowings. (Refer Note No. 11 Non Current Borrowings).

(2) Method of Depreciation:-

Depreciation on Plant and equipment is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2017.

Note No. 5 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	Year ended 31st March, 2020	For the previous year ended 31st, March 2019
Current Tax:		
In respect of current year	–	–
Recongnised Deferred Tax assets	–	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	2,02,06,651	2,11,75,308
Total income tax expense	**2,02,06,651**	**2,11,75,308**

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	Year ended 31st March, 2020	For the previous year ended 31st March, 2019
Profit before tax from continuing operations	**5,76,16,266**	2,64,41,978
Income tax expense calculated at 27.82% (2017-18: 30.90%)#	**1,60,28,845**	73,56,158
Reduction in tax rate	**–**	19,05,671
Effect of income that is exempt from taxation	**8,55,164**	(11,33,642)
Effect of expenses that is non-deductible in determining taxable profit	**33,22,641**	33,42,705
Effect of reversel of Deffered tax Assets of Previous year losses		97,04,416

Rupees

Particulars	Year ended 31st March, 2020	For the previous year ended 31st March, 2019
Income tax expense recognised In profit or loss from continuing operations for current year	**2,02,06,651**	2,11,75,308
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	–
Income tax expense recognised In profit or loss	**2,02,06,651**	2,11,75,308

Notes:

(1) The tax rate used for the 31 March 2020 is the corporate tax rate of 25% plus surcharge @7 % plus Health & education fees @ 4% on Tax plus surcharge amount (Previous year ended 31 March 2019 is the corporate tax rate of 25% plus surcharge @7 % plus Health & education fees @ 4% on Tax plus surcharge) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(2) Defffered Tax created for business losses is as below:

Rupees

Financial year	Business Losses	Unabsorbed Depreciation	Deffered tax Assets
2016-17	3,63,13,680	–	1,01,02,466
2017-18	–	11,73,40,242	3,26,44,056
2018-19	–	6,16,37,557	1,71,47,569
Total	**3,63,13,680**	**17,89,77,799**	**5,98,94,091**

(3) Deferred Tax Asset (DTA) has been recognised by the Company. The Company has a Power Purchase Agreement with the DISCOM for 25 years and based on the revenue generation model, the management believes that the Company will earn taxable profits in the future, and will be able to adjust the DTA against future profits.

(c) Movement in deferred tax balances Rupees

	For the year ended 31st March, 2020		
Particulars	**Opening Balance**	**Recognised in profit and loss**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	**6,19,50,835**	**2,67,12,792**	**8,86,63,627**
	6,19,50,835	**2,67,12,792**	**8,86,63,627**
Tax effect of items constituting deferred tax assets			
Carry forward Tax Loss	**5,98,94,091**	**65,06,140**	**6,64,00,231**
	5,98,94,091	**65,06,140**	**6,64,00,231**
Net Deferred Tax(Asset)/ Liabilities	**20,56,744**	**2,02,06,652**	**2,22,63,396**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Rupees

Particulars	For the year ended 31st March, 2019 Opening Balance	Recognised in profit and loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment...	3,91,39,307	2,28,11,528	6,19,50,835
	3,91,39,307	2,28,11,528	6,19,50,835
Tax effect of items constituting deferred tax assets			
Carry forward Tax Loss...............	5,82,57,871	16,36,220	5,98,94,091
	5,82,57,871	16,36,220	5,98,94,091
Net Deferred Tax Asset/ (Liabilities)	**(1,91,18,564)**	**2,11,75,308**	**20,56,744**

Note No. 6 - Trade Receivables

Rupees

Particulars	As at 31st March, 2020 Current	Non Current	As at 31st March, 2019 Current	Non Current
Trade receivables				
Unsecured, considered good...	**15,17,22,184**		10,52,51,281	–
Total	**15,17,22,184**		10,52,51,281	–
Of the above, trade receivables from:				
– Others- Solar Energy Corporation of India Limited	**15,17,22,184**		10,52,51,281	–
Total	**15,17,22,184**		10,52,51,281	–

Note:

All the sundry debtors have been charged against the borrowings. (Refer Note no. 11- Non Current Borrowings).

Note No. 7- Cash and Cash Equivalent

Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Balances with banks.......................	**99,92,804**	4,94,97,684
Total Cash and cash equivalent.........	**99,92,804**	4,94,97,684

Note:

(1) All other cash and cash equivalents have been charged against borrowings (Refer Note no.11- Non Current Borrowings)

Note No. 7(a) - Other Bank Balance

Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
Earmarked balances with banks- For Debt Service Reserve Account..........................	**11,26,84,505**	7,76,31,236
Total Other Bank balances.....................	**11,26,84,505**	7,76,31,236

Reconcliation of Cash and Cash Equivalents

Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
Total Cash and Cash Equivalents as per Balance Sheet...	**99,92,804**	4,94,97,684
Add: Bank Overdraft.................................	**–**	–
Add: Cash and bank balances included in a disposal group held for sale.................	**–**	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**99,92,804**	4,94,97,684

Notes:

(1) Earmarked balances with banks includes Fixed Deposits for Debt Service Reserve Account.

(2) Cash and cash equivalents includes cash in banks, net of overdraft, if any.

(3) All other bank balance have been charged against borrowings(Refer Note no.11- Non Current Borrowings)

Note No. 8 - Other Financial Assets

Rupees

Particulars	As at 31st March, 2020 Current	Non Current	As at 31st March 2019 Current	Non Current
Financial assets at amortised cost				
(a) Accrued Interest on Fixed Deposit	**18,82,272**	–	22,77,374	–
(b) Unbilled Receivable....	**6,01,07,197**	–	6,51,84,664	–
Financial assets at fair value				
(a) Derivatives financial instruments designated and uneffective as hedging instruments carried at fair value....	–	–	11,27,71,200	–
Total Other Financial Assets..........................	**6,19,89,469**	–	18,02,33,238	–

Note:

(1) All the other financial assets have been charged against the borrowings (Refer Note no. 11- Non Current Borrowings).

Note No. 9 - Other Assets

Rupees

Particulars	As at 31st March, 2020 Current	Non Current	As at 31st March, 2019 Current	Non Current
(a) Other Advances				
(i) Lease Rent Deffered	**1,97,64,064**	**55,75,35,045**	1,97,64,064	57,93,34,495
(b) Other Assets				
(i) Balances with government authorities (other than income taxes) ..	**90,000**	–	90,000	–
(ii) MAT Credit Receivable - Financial year 2018-19		**54,43,558**	–	54,43,558
(iii) Prepaid Expenses...	**1,99,891**	–	5,45,666	–
Total Other Assets	**2,00,53,955**	**56,29,78,603**	2,03,99,730	58,47,78,053

Note:

(1) All the other assets have been charged against the borrowings (Refer Note no. 11- Non Current Borrowings)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 10 - Equity Share Capital

Particulars	As at 31 March, 2020 No. of shares	As at 31 March, 2020 Value of shares	As at 31 March, 2019 No. of shares	As at 31 March, 2019 Value of shares
Authorised:				
Equity shares of Rs.10 each with voting rights	**1,41,00,000**	**14,10,00,000**	1,41,00,000	14,10,00,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs.10 each with voting rights	**88,89,600**	**8,88,96,000**	88,89,600	8,88,96,000
Total Equity Share Capital	**88,89,600**	**8,88,96,000**	88,89,600	8,88,96,000

Notes:

(i) 30% equity share are pedged with banks for security against the bank borrowing (Refer Note no. 11 - Non current borrowing)

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes	Closing Balance
(a) Equity Shares with Voting rights*						
Year Ended 31 March 2020						
No. of Shares	**84,89,600**	**4,00,000**	–	–	–	**88,89,600**
Amount in Rupees	**8,48,96,000**	**40,00,000**	–	–	–	**8,88,96,000**
Year Ended 31 March 2019						
No. of Shares	84,89,600	4,00,000	–	–	–	88,89,600
Amount in Rupees	8,48,96,000	40,00,000	–	–	–	8,88,96,000

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares: Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2020			
Mahindra Renewables Private Limited- Holding Company	**88,89,600**	**–**	**–**
As at 31 March 2019			
Mahindra Renewables Private Limited- Holding Company	84,89,600	–	–

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	As at 31 March 2020 Number of shares held	As at 31 March 2020 % holding in that class of shares	As at 31 March 2019 Number of shares held	As at 31 March 2019 % holding in that class of shares
Equity shares with voting rights				
Mahindra Renewables Private Limited (Holding Company)*	**–**	**–**	88,89,600	100.00%

* Note:

It includes 1 equity share held as nominee by an indiviudal on behalf of the (Holding Company Mahindra Reneable Private Limited jointly held with Miss Brijbala Batwal 1 Equity Share).

Note No. 11 - Non-Current Borrowings

Rupees

Particulars		Rate of Interest %	Repayment terms	As at 31 March 2020	As at 31 March 2019
Measured at amortised cost*					
A. Secured Borrowings:					
(a) Term Loans					
From Bank	IDFC Bank	9%	To be repaid by 31/3/2035	2,86,64,57,309	95,89,49,641
				2,86,64,57,309	95,89,49,641
B. Unsecured Borrowings:					
Subordinated debt from related party		11.50%	Refer Note. 2 below	14,25,00,000	14,25,00,000
				14,25,00,000	14,25,00,000
Total Non Current Borrowings				**3,00,89,57,309**	**1,10,14,49,641**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Notes:

The company had availed the rupee term loan of INR 3,33,00,00,000 from IDFC First Bank for Door to Door tenor of 18 years, at IDFC First Bank 1 Year MCLR + spread, the amount is repayable in 67 structured quarterly instalments starting from September 2018. The amount which is payable in year under normal operating cycle of the company is treated as current

The loan amount is secured by:

a) First charge on all present and future tangible / intangible moveable assets, current assets including receivables including viability gap funding, renwable energy certificates and carbon credit certifcates.

(b) First charge on all present and future immovable properties, both freehold and leasehold.

(c) First charge on all the borrowers bank accounts including Escrow account and any other reserve and other bank accounts.

(d) First charge on all the rights, title interest, benefits, claims and demands whatsoever of the borrower in :

i) Project agreements

ii) the clearances subject to applicable law

iii) any letter of credit, guarantee, performance bond ,corporate guarantee, bank guarantees or warranty provided by any party

(iv) Assignment of insurance policies relating to the project, right, titles, permits/approvals. Clearances and interests to the company.

(e) Pledge of shares held by shareholders in the borrower representing 30% of the total paid up equity share capital and 51% of the total issued compulsory convertiable debentures, optinally convertible debentures from promoter/ any other instrument through which promoter contribution brought in.

(2) The Company had taken a subordinated debt from Mahindra Renewable Private Limited of INR 18,00,00,000 in March 2017 at 11.50 % fixed Interest per annum. The current outstanding of Rs.14,25,00,000/-

(3) The Company have to maintain a debt service reserve account with a minimum balance equal to total amount of schedule interest fees and principal due within next quarter.

(4) Details of Long term Borrowings of the Company:

Rupees

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	Repayment Bullet (or) Installment	Amortised cost as at 31 March 2020	Amortised cost as at 31 March 2019
Secured						
Term loans from banks:						
IDFC Bank	INR	9.32%	9.00%	To be repaid by 31/03/2035	2,86,64,57,309	95,89,49,641
Buyers Credit from banks:						
SBI, Antwerp	USD	7.92%	7.67%	To be repaid on 20/09/2019	–	3,24,90,150
SBI, Antwerp	USD	7.89%	7.66%	To be repaid on 27/09/2019	–	17,90,40,622
Canara Bank	USD	7.84%	7.43%	To be repaid on 8/10/2019	–	2,64,14,661
Canara Bank	USD	7.63%	7.43%	To be repaid on 10/10/2019	–	11,12,88,080
Canara Bank	USD	7.56%	7.32%	To be repaid on 17/10/2019	–	26,89,72,247
Canara Bank	USD	7.60%	7.36%	To be repaid on 24/10/2019	–	42,24,56,420
Canara Bank	USD	7.60%	7.36%	To be repaid on 31/10/2019	–	7,48,15,409
Canara Bank	USD	7.58%	7.32%	To be repaid on 12/09/2019	–	36,95,84,759
Canara Bank	USD	8.00%	7.35%	To be repaid on 12/12/2019	–	3,46,50,191
SBI, Antwerp	USD	7.84%	7.55%	To be repaid on 01/10/2019	–	35,80,00,721
SBI, Antwerp	USD	7.85%	7.60%	To be repaid on 10/10/2019	–	11,18,86,071
SBI, Sydney	USD	7.88%	7.45%	To be repaid on 18/10/2019	–	14,27,72,921
PNB, Dubai	USD	8.20%	7.08%	To be repaid on 26/02/2020	–	3,12,00,340
Unsecured						
Loans and advances from related parties:						
Mahindra Renewable private Limited	INR	11.50%	11.50%		14,25,00,000	14,25,00,000
Total Non Current Borrowings					**3,00,89,57,309**	**3,26,50,22,234**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 12- Trade Payables

Rupees

Particulars	As at 31 March 2020		As at 31 March 2019	
	Current	Non-Current	Current	Non-Current
Trade payable - Other than micro and small enterprises	**1,00,35,833**	**–**	54,99,830	–
	1,00,35,833	**–**	54,99,830	–

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the " Micro, small and medium enterprises development act, 2006'" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 13 - Other Financial Liabilities

Rupees

Particulars	As at 31 March 2020		As at 31 March 2019	
	Current	Non Current	Current	Non Current
Other Financial Liabilities Measured at Amortised Cost				
(a) Current maturities of long-term debt........				
(Refer Note no 11 - Non Current Borrowings)				
(i) Term Loan with IDFC Bank.......................	**14,96,40,644**		**15,76,21,476**	–
(ii) Buyers Credit loan with Bank..............				
(Refer Note no 11- Non Current Borrowings)				
SBI, Antwerp			3,24,90,150	–
SBI, Antwerp			17,90,40,622	–
Canara Bank			2,64,14,661	–
Canara Bank			11,12,88,080	–
Canara Bank			26,89,72,247	–
Canara Bank			42,24,56,420	–
Canara Bank			7,48,15,409	–
Canara Bank			36,95,84,759	–
Canara Bank			3,46,50,191	–
SBI, Antwerp			35,80,00,721	–
SBI, Antwerp			11,18,86,071	–
SBI, Sydney			14,27,72,921	–
PNB, Dubai			3,12,00,340	–

Rupees

Particulars	As at 31 March 2020		As at 31 March 2019	
	Current	Non Current	Current	Non Current
(b) Short term loan from related party	–		1,40,00,000	–
(d) Interest accrued........	–	**12,49,211**	1,97,99,014	3,60,92,435
Total Other Financial Liabilities	**14,96,40,644**	**12,49,211**	2,35,49,93,082	3,60,92,435

Note No. 14 - Other Liabilities

Rupees

Particulars	As at 31 March 2020		As at 31 March 2019	
	Current	Non Current	Current	Non Current
(a) Statutory dues				
taxes payable (other than income taxes)..............	**3,69,319**		6,52,585	-
(b) Deferred income				
Vibality Gap Funding........	**2,63,24,363**	39,69,81,513	2,63,24,363	42,33,77,998
Total other Liabilities.....	**2,66,93,682**	39,69,81,513	2,69,76,948	42,33,77,998

Notes:

(1) Deffered income of VGF is to be amortised over the life of the asset.

Note No. 15 - Revenue from Operations

Rupees

Particulars	For the current year ended 31 March, 2020	For the current year ended 31 March, 2019
Revenue from sale of solar power	**61,62,60,044**	62,23,44,843
Total Revenue from Operations..........	**61,62,60,044**	62,23,44,843

Note No. 16 - Other Income

Rupees

Particulars	For the current year ended 31 March, 2020	For the current year ended 31 March, 2019
(a) Interest Income..................................	**92,30,756**	72,90,400
(b) Amortisation of deferred income (VGF)	**2,63,96,485**	2,63,24,363
Total other Income	**3,56,27,241**	3,36,14,763

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 17 - Finance Cost

Rupees

Particulars	For the current year ended 31 March, 2020	For the current year ended 31 March, 2019
(a) Interest expense	**29,46,75,080**	31,66,19,310
Less: Amounts included in the cost of qualifying assets	**–**	–
(b) Finance Charges	**50,55,671**	1,15,82,184
Total Finance cost	**29,97,30,752**	32,82,01,494

Analysis of Interest Expenses by Category

Rupees

Particulars	For the current year ended 31 March, 2020	For the current year ended 31 March, 2019
Interest Expenses		
On short term loan from Related party (Refer note 13)	**8,438**	1,09,85,533
On sub-ordinated debt from related party (Refer note 11)	**1,63,87,500**	1,86,08,732
Interest on Bank Borrowing	**27,82,79,142**	28,70,25,045

Note No. 18 - Other Expenses

Rupees

Particulars	For the current year ended 31 March, 2020	For the current year ended 31 March, 2019
(a) Rent including lease rentals	**2,31,70,172**	2,31,70,170
(b) Discount / Rebate Expenses	**–**	3,15,752
(c) Insurance	**23,71,133**	36,41,428
(d) Repairs and Maintenance - plant & equipments	**4,74,63,553**	5,88,07,606
(e) Power & Fuel	**–**	29,44,320
(f) Net (gain)/Loss on foreign currency transactions net off Derivative gain/loss	**30,73,920**	(40,74,917)
(g) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors-statutory audit fees	**1,59,300**	1,59,300
(ii) For Tax audit fees	**59,000**	59,000
(iii) For Company Law matters		–
(iv) For Other services	**35,400**	23,600
(h) Other expenses		
(i) Legal and professional fees	**30,51,092**	29,49,222
(ii) Bank Charges	**1,38,101**	71,036
(iii) Printing & Stationary	**–**	8,560
(iv) Registration and Documentation Charges	**13,140**	26,58,690
(v) DSM Charges	**34,64,839**	–
(v) Miscellaneous expenses	**11,72,942**	2,14,691
Total Other Expenses	**8,41,72,592**	9,09,48,458

Note No. 19 - Earnings per Share

Rupees

Particulars	For the current year ended 31 March, 2020 Per Share	For the current year ended 31 March, 2019 Per Share
Basic Earnings per share		
From continuing operations	**4.21**	0.61
From discontinuing operations	**–**	–
Total basic earnings per share	**4.21**	0.61
Diluted Earnings per share		
From continuing operations	**4.21**	0.61
From discontinuing operations	**–**	–
Total diluted earnings per share	**4.21**	0.61

Basic and diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Particulars	For the current year ended 31 March, 2020	For the current year ended 31 March 2019
Profit/(Loss) for the year attributable to owners of the Company	3,74,09,614	52,66,670
Less: Preference dividend and tax thereon	–	–
Profit/(Loss) for the year used in the calculation of basic earnings per share	3,74,09,614	52,66,670
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	–	–
Profits used in the calculation of basic earnings per share from continuing operations (i)	3,74,09,614	52,66,670
Weighted average number of equity shares (ii)	88,89,600	86,84,668
Earnings per share from continuing operations - Basic and diluted (i/ii)	4.21	0.61

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 20- Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31 March 2019 and 31 March 2018 is as follows:

	31-Mar-20	31-Mar-19
Debt (A) in Rupees	1,25,10,90,285	3,42,26,43,709
Equity (B) in Rupees	70,43,56,651	66,69,47,037
Debt Equity Ratio (A/B)	1.78	5.13

Categories of financial assets and financial liabilities

As at 31 March 2020

Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Trade Receivables	15,17,22,184	–	–	15,17,22,184
Other Bank Balances	11,26,84,505	–	–	11,26,84,505
Loans	–	–	–	–
Other Financial Assets				
– Non Derivative Financial Assets	6,19,89,469	–	–	6,19,89,469
– Derivative Financial Assets	–	–	–	–
Non-current Liabilities				
Borrowings	3,00,89,57,309	–	–	3,00,89,57,309
Other Financial Liabilities				
– Non Derivative Financial Liabilities	12,49,211	–	–	12,49,211
– Derivative Financial Liabilities	–	–	–	–
Current Liabilities				
Borrowings	–	–	–	–
Loans from related party	–	–	–	–
Trade Payables	1,00,35,833	–	–	1,00,35,833
Other Financial Liabilities				
– Non Derivative Financial Liabilities	–	–	–	–
– Derivative Financial Liabilities	–	–	–	–

As at 31 March 2019

Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Trade Receivables	10,52,51,281	–	–	10,52,51,281
Other Bank Balances	7,76,31,236	–	–	7,76,31,236
Loans	–	–	–	–
Other Financial Assets				
– Non Derivative Financial Assets	18,02,33,238	–	–	18,02,33,238
– Derivative Financial Assets	–	–	–	–
Non-current Liabilities				
Borrowings	1,10,14,49,641	–	–	1,10,14,49,641
Other Financial Liabilities				
– Non Derivative Financial Liabilities	3,60,92,435	–	–	3,60,92,435
– Derivative Financial Liabilities	–	–	–	–
Current Liabilities				
Borrowings	2,32,11,94,069	–	–	2,32,11,94,069
Loans from related party	1,40,00,000	–	–	1,40,00,000
Trade Payables	54,99,830	–	–	54,99,830
Other Financial Liabilities				
– Non Derivative Financial Liabilities	1,97,99,014	–	–	1,97,99,014
– Derivative Financial Liabilities	–	–	–	–

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has entered into a Power Purchase Agreement with the state DISCOM of Telangana and it believes that it is a solvent debt and hence the risk is minimal.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-agencies.

There is no change in estimation techniques or significant assumptions during the reporting year.

There is no Bad Debts in any of the financial year, hence not provided for any Bad Debts.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management of the company, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment years. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting year. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial liabilities				
31-Mar-20				
Non-interest bearing	**1,12,85,044**			
Variable interest rate instruments	**14,96,40,644**	**30,04,78,412**	**29,23,97,818**	**2,39,88,39,289**
Fixed interest rate instruments	–	–	–	**14,25,00,000**
	16,09,25,688	**30,04,78,412**	**29,23,97,818**	**2,54,13,39,289**
31-Mar-19				
Non-interest bearing	6,13,91,279			
Variable interest rate instruments	15,76,21,476	29,56,89,912	33,55,94,084	32,76,65,645
Fixed interest rate instruments	2,17,75,72,593	–	–	14,25,00,000
	2,39,65,85,348	**29,56,89,912**	**33,55,94,084**	**47,01,65,645**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
31-Mar-20				
Non-interest bearing	21,37,11,653			
Variable interest bearing	11,26,84,505.00			
	32,63,96,158	**–**	**–**	**–**
31-Mar-19				
Non-interest bearing	28,54,84,519			
Variable interest bearing	7,76,31,236			
	36,31,15,755	**–**	**–**	**–**

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting year.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's/ Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month year for hedges of forecasted sales and purchases and for 36 months year for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the year of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows.

Particulars	Currency	31-Mar-20	31-Mar-19
Secured Bank Loans....................	USD	–	3,13,17,764.96

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 March 2019, after taking into account the effect of interest rate swaps, approximately 68% of the Company's borrowings are at a fixed rate of interest (31 March 2018-58%).

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting year. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting year was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-20	INR	+100	(2,86,64,573)
	INR	-100	2,86,64,573
31-Mar-19	INR	+100	(1,36,16,494)
	INR	-100	1,36,16,494

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 21 - Fair Value Measurement

Fair Valuation Techiques and Inputs used - recurring Items

Rupees

Financial assets/ financial liabilities measured at Fair value	Fair value as at 31-Mar-20	Fair value as at 31-Mar-19	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
Financial liabilities						
Other Financial Liabilities						
1) Foreign currency and interest swap contracts......................................	–	2,02,05,03,843	Level 2			
Total financial liabilities......................	**–**	**2,02,05,03,843**				

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees

Particulars	31-Mar-20 Carrying amount	31-Mar-20 Fair value	31-Mar-19 Carrying amount	31-Mar-19 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	15,17,22,184	15,17,22,184	10,52,51,281	10,52,51,281
– others	17,46,73,974	17,46,73,974	25,78,64,474	25,78,64,474
Total	**32,63,96,158**	**32,63,96,158**	**36,31,15,755**	**36,31,15,755**
Financial liabilities				
Financial liabilities held at amortised cost				
– bank loans	2,86,64,57,309	2,86,64,57,309	3,28,01,43,709	3,28,01,43,709
– loans from related parties	15,65,00,000	15,65,00,000	24,25,00,000	24,25,00,000
– trade and other payables	1,00,35,833	1,00,35,833	54,99,830	54,99,830
– Others..	–	–	1,97,99,014	1,97,99,014
Total			**3,54,79,42,553**	**3,54,79,42,553**

Fair value hierarchy as at 31 March 2020

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	–	15,17,22,184	**15,17,22,184**
– Others..	–	–	17,46,73,974	**17,46,73,974**
Total..	**–**	**–**	**32,63,96,158**	**32,63,96,158**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	2,86,64,57,309			**2,86,64,57,309**
– loans from related parties			15,65,00,000	**15,65,00,000**
– trade and other payables			1,00,35,833	**1,00,35,833**
– Others..			–	
Total	**2,86,64,57,309**	**–**	**16,65,35,833**	**3,03,29,93,142**

	Fair value hierarchy as at 31 March 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	–	10,52,51,281	**10,52,51,281**
– Others	–	–	25,78,64,474	**25,78,64,474**
Total	**–**	**–**	**36,31,15,755**	**36,31,15,755**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	3,28,01,43,709	–	–	**3,28,01,43,709**
– loans from related parties	–	–	24,25,00,000	**24,25,00,000**
– trade and other payables	–	–	54,99,830	**54,99,830**
– Others	–	–	1,97,99,014	**1,97,99,014**
Total	**3,28,01,43,709**	**–**	**26,77,98,844**	**3,54,79,42,553**

Note No. 22 - Leases

Particulars	**For the current year ended 31 March 2020**	**Rupees** **For the current year ended 31 March 2019**
Operating Lease		
The Company has entered into two operating lease arrangements for Land. The leases are non-cancellable and are valid for a period of 19th July 2016 to 18th July 2046 for 30 years and for a period of 8th August 2016 to 7th August 2046 for 30 years respectivley and both the leases may be renewed for a further year of 30 years based on mutual agreement of the parties.		
Expenses recognised in the Statement of Profit and Loss for above leases.	**1,16,14,950**	2,17,99,450

Note No. 23 - Related Party Transactions

Name of the parent Company	Mahindra Renewables Private Limited
Name of the Intermediate Holding Company	Mahindra Susten Private Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited
Name of Fellow Subsidiary Company	Mahindra Teqo Private Limited

Details of transaction between the Company and its related parties are disclosed below:

					Rupees
Particulars	**For the year ended**	**Ultimate Holding Company**	**Parent Company**	**Fellow Subsidiary Company**	**Intermediate Holding Company**
Nature of transactions with Related Parties					
Receiving of services	31-Mar-20	2,71,400	–	2,99,09,460.00	18,74,250
	31-Mar-19	2,65,500	–		4,29,80,367
Interest paid on ICD	31-Mar-20	–	–		8,438
	31-Mar-19		–		26,67,727
Interest paid on Sub oridinated Debts	31-Mar-20	–	1,63,87,500		
	31-Mar-19	–	1,86,08,732		83,17,806
ICD debt taken	31-Mar-20	–	–		
	31-Mar-19	–	–		13,90,00,000
Subordinated debt Repaid	31-Mar-20	–	–		
	31-Mar-19	–	–		10,00,00,000
Inter Corporate Deposit Repaid	31-Mar-20	–	1,40,00,000		
	31-Mar-19	–	–		12,50,00,000
Subordinated debt Repaid	31-Mar-20	–			–
	31-Mar-19	–	3,75,00,000		–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Parent Company	Fellow Subsidiary Company	Intermediate Holding Company
Trade payables	31-Mar-20	–	–	73,50,630	17,15,417
	31-Mar-19	–	–		50,64,023
Interest on Subordinated debt payable	31-Mar-20		12,49,211		–
	31-Mar-19	–	3,60,92,435		–
Interest on ICD payable	31-Mar-20	–	–		
	31-Mar-19	–	–		11,392
Loans payable	31-Mar-20		14,25,00,000		
	31-Mar-19	–	15,65,00,000		1,40,00,000

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: April 24, 2020

For and on behalf of the Board of Directors

Director Director

Place: Mumbai
Date: April 24, 2020

INDEPENDENT AUDITOR'S REPORT

To The Members Of Brightsolar Renewable Energy Private Limited

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Brightsolar Renewable Energy Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its loss and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management for Ind AS Financial Statements

4. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

5. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

7. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

12. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

13. As required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN : 20040404AAAAGL3662

Place: Mumbai

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Brightsolar Renewable Energy Private Limited for the year ended March 31, 2020

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The title deeds of the freehold land are held in the name of the Company.

2) Since the Company does not hold any inventory, the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2020 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN : 20040404AAAAGL3662

Place: Mumbai

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF BRIGHTSOLAR RENEWABLE ENERGY PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Brightsolar Renewable Energy Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31;, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404
UDIN : 20040404AAAAGL3662

Place: Mumbai

BALANCE SHEET AS AT 31ST MARCH, 2020

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
			Rupees
I **ASSETS**			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**62,97,96,568**	67,57,70,494
(b) Other Non-current Assets	9	**–**	58,13,762
SUB-TOTAL		**62,97,96,568**	68,15,84,255
CURRENT ASSETS			
(a) Financial Assets			
(i) Trade Receivables	6	**13,09,15,521**	6,72,54,726
(ii) Cash and Cash Equivalents	7	**2,54,91,480**	50,67,120
(iii) Other Bank Balances	7 (a)	**1,04,37,500**	1,04,37,500
(iv) Other Financial Assets	8	**1,32,38,677**	1,31,38,523
(b) Current Tax Assets (Net)		**1,04,85,132**	15,83,665
(c) Other Current Assets	9	**6,90,950**	36,29,905
SUB-TOTAL		**19,12,59,260**	10,11,11,439
TOTAL ASSETS		**82,10,55,828**	78,26,95,695
II **EQUITY AND LIABILITIES**			
1 **EQUITY**			
(a) Equity Share Capital	10	**9,51,78,500**	9,51,78,500
(b) Other Equity	SOCE	**11,83,76,758**	11,80,92,352
SUB-TOTAL		**21,35,55,258**	21,32,70,852
LIABILITIES			
2 **NON-CURRENT LIABILITIES**			
(a) Financial Liabilities			
(i) Borrowings	11	**56,53,03,697**	53,56,56,757
(b) Deferred Tax Liabilities (Net)	5	**78,50,846**	77,41,228
SUB-TOTAL		**57,31,54,542**	54,33,97,985
3 **CURRENT LIABILITIES**			
(a) Financial Liabilities			
(i) Trade Payables			
(a) total outstanding dues to creditors other than Micro & small enterprises	12	**14,64,455**	**17,62,171**
(ii) Other Financial Liabilities	13	**3,18,59,873**	2,39,20,162
(b) Other Current Liabilities	14	**10,21,699**	3,44,524
SUB-TOTAL		**3,43,46,027**	2,60,26,857
TOTAL EQUITY AND LIABILITIES		**82,10,55,828**	78,26,95,694

The accompanying notes 1 to 20 are an integral part of the Financial Statements

In terms of our report attached.

For B K Khare & Co.
Chartered Accountants
Firm registration no. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 9th July 2020

For and on behalf of the Board of Directors

Director

Director

Company Secretary

Place: Mumbai
Date: 9th July 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

Rupees

Particulars	Note No.	For the Year Ended 31st March 2020	For the previous year ended 31st March, 2019
Continuining Operations			
I **Revenue from operations**	15	**11,77,29,770**	12,97,55,689
II **Other Income**	16	**8,97,078**	28,00,634
III **Total Revenue (I + II)**		**11,86,26,847**	13,25,56,323
IV **Expenses**			
(a) Finance costs	17	**6,10,37,577**	4,89,72,304
(b) Depreciation expense	4	**4,59,73,926**	4,58,48,314
(c) Other expenses	18	**1,12,21,321**	1,81,30,336
Total Expenses		**11,82,32,824**	11,29,50,954
V **Profit/(loss) before exceptional item (III - IV)**		**3,94,024**	1,96,05,369
Exceptional Items		**–**	–
VI **Profit/(loss) after exceptional items**		**3,94,024**	1,96,05,369
VII **Share of profit/(loss) of joint ventures and associates**		**–**	–
Share of profit / (loss) of joint ventures and associated		**–**	–
V **Profit/(loss) before tax (III - IV)**		**3,94,024**	1,96,05,369
VI **Tax Expense**			
(a) Current tax- (i) Minimum Alternate Tax		**75,810**	40,36,120
(ii) Minimum Alternate Tax Credit		**(75,810)**	(40,36,120)
(b) Provision for Tax - Deferred		**1,09,617**	53,53,743
Total tax expense		**1,09,617**	53,53,743
VII **Profit/(loss) after tax (V - VI)**		**2,84,406**	1,42,51,626
VIII **Other comprehensive income**			
(a) (i) Items that will not be reclassified to profit or loss		**–**	–
(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
(b) (i) Items that may be reclassified to profit or loss		**–**	–
(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
IX **Total comprehensive income for the year**		**2,84,406**	1,42,51,626
X **Earnings per equity share:**			
(a) Basic	19	**0.03**	1.50
(b) Diluted	19	**0.03**	1.50

The accompanying notes 1 to 20 are an integral part of the Financial Statements

In terms of our report attached.

For B K Khare & Co.
Chartered Accountants
Firm registration no. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 9th July 2020

For and on behalf of the Board of Directors

Director Director

Company Secretary

Place: Mumbai
Date: 9th July 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	For the Year Ended 31st March 2020	For the previous year ended 31st March, 2019
		Rupees
Cash flows from operating activities		
Profit before tax for the year	**3,94,024**	1,96,05,369
Adjustments for:		
Finance cost recognised in profit or loss	**6,10,37,577**	4,89,72,304
Investment income recognised in profit or loss	**(8,97,078)**	(28,00,634)
Net loss/(gain) on foreign currency transactions net off Derivative gain/loss	**–**	4,94,267
Depreciation expense	**4,59,73,926**	4,58,48,314
	10,65,08,449	11,21,19,620
Movements in working capital:		
(Increase)/Decrease in trade and other receivables	**(6,36,60,796)**	(5,64,07,613)
(Increase)/decrease in Other financial assets	**(1,91,337)**	(21,68,810)
(Increase)/decrease in other assets	**87,52,717**	(68,49,464)
(Decrease)/Increase in trade and other payables	**(2,97,716)**	14,226
(Decrease)/increase in other liabilities	**6,77,175**	2,17,097
Cash generated from operations	**5,17,88,492**	4,69,25,057
Income taxes paid	**(89,01,466)**	(4,20,996)
Net cash flows from/(used in) operating activities	**4,28,87,026**	4,65,04,060
Cash flows from investing activities		
Interest received	**9,88,262**	27,24,766
Net cash flows from/(used in) investing activities	**9,88,262**	27,24,766
Cash flows from financing activities		
Proceeds from Earmarked Balance	**–**	–
Proceeds from borrowings	**3,42,90,571**	41,82,77,956
Repayment of borrowings	**–**	(45,07,31,477)
Interest paid	**(5,77,41,498)**	(6,56,85,288)
Net cash flows from/(used in) financing activities	**(2,34,50,926)**	(9,81,38,809)
Net increase/(decrease) in cash and cash equivalents	**2,04,24,360**	(4,89,09,982)
Cash and cash equivalents at the beginning of the year	**50,67,120**	5,39,77,102
Cash and cash equivalents at the end of the year	**2,54,91,480**	50,67,120

The accompanying notes 1 to 20 are an integral part of the Financial Statements

In terms of our report attached.

For B K Khare & Co.
Chartered Accountants
Firm registration no. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 9th July 2020

For and on behalf of the Board of Directors

Director Director

Company Secretary

Place: Mumbai
Date: 9th July 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity share capital

	Rupees
As at 31st March 2019	9,51,78,500
Changes in equity share capital during the Quarter	–
As at 31st March 2020	9,51,78,500

B. Other Equity

	Reserves and Surplus		Rupees
Particulars	**Securities Premium Reserve**	**Retained Earnings**	**Total**
As at 31st March 2019	**10,69,60,200**	**1,11,32,152**	**11,80,92,352**
Profit/(Loss) for the Period	–	2,84,406	2,84,406
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the quarter	–	2,84,406	**2,84,406**
As at 31st March 2020	**10,69,60,200**	**1,14,16,558**	**11,83,76,758**

In terms of our report attached.

For B K Khare & Co.
Chartered Accountants
Firm registration no. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 9th July 2020

For and on behalf of the Board of Directors

Director

Director

Company Secretary

Place: Mumbai
Date: 9th July 2020

Notes to the financial statements for the year ended 31st March, 2020

1. **Nature of Operations**

   Brightsolar Renewable Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India and is a joint venture company between Mahindra Renewable Private Limited and Trina Solar (Singapore) Third Pte Limited. The Company is engaged in the business of Generation of solar power.

   The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on May 29, 2020.

2. **Statement of compliance**

   The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

   The Company is exempt from preparing a consolidated financial statement (CFS)

   a) being a wholly owned intermediate subsidiary;

   b) not listed on any stock exchange and;

   c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. **Significant Accounting Policies and Accounting Judgments and Estimates**

   A) Significant Accounting Policies

   a) Basis of Preparation of Financial Statements

   The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

   Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

   Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

   In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

   - Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
   - Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
   - Level 3 inputs are unobservable inputs for the asset or liability.

   The financial statements are prepared in Indian Rupees.

   b) Use of estimates

   The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

   c) Revenue Recognition:

   Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

   (i) Sale of Solar power

   Revenue from Generation of solar power is recognised on an accrual basis and includes unbilled revenues accrued upto the end of the accounting year.

   (ii) Interest income

   Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

   Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

   (iii) Dividend Income

   Dividend income is recognized when the right to receive dividend is established.

   d) Current and Non-current classification

   The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

   - Expected to be realized or intended to be sold or consumed in normal operating cycle
   - Held primarily for the purpose of trading
   - Expected to be realized within twelve months after the reporting period, or
   - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

   All other assets are classified as non-current.

   A liability is current when:

   - It is expected to be settled in normal operating cycle
   - It is held primarily for the purpose of trading
   - It is due to be settled within twelve months after the reporting period, or
   - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

   The Company classifies all other liabilities as non-current.

   Deferred tax assets and liabilities are classified as non-current assets or liabilities.

   The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

   e) Property plant and equipment and Intangible Assets:

   (i) Property plant and equipment:

   Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2014.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss

(ii) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Foreign Exchange Transactions:

Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognized as income or expense, as the case may be.

Exchange differences on monetary items are recognised in in the Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks

h) Hedge accounting

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

i) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

The Company operates only in one segment viz. sale of solar energy.

j) Investments

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be fully recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

k) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

l) Provisions and Contingent Liabilities:

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

m) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt/equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

n) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

o) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and,

p) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

q) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer, a distribution company ("discom"). In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

Note No. 4 - Property, Plant and Equipment

Rupees

Description of Assets	Land - Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1st April 2019	3,76,25,477	78,64,20,488	82,40,45,965
Additions	–	–	–
Balance as at 31st March 2020	**3,76,25,477**	**78,64,20,488**	**82,40,45,965**
II. Accumulated depreciation and impairment			
Balance as at 1st April 2019	–	14,82,75,471	14,82,75,471
Depreciation expense for the Quarter	–	4,59,73,926	4,59,73,926
Balance as at 31st March 2020	**–**	**19,42,49,397**	**19,42,49,397**
III. Net carrying amount (I-II)	**3,76,25,477**	**59,21,71,091**	**62,97,96,568**

Rupees

Description of Assets	Land - Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1st April 2018	3,76,25,477	78,64,20,488	82,40,45,965
Additions	–	–	–
Balance as at 31st March 2019	**3,76,25,477**	**78,64,20,488**	**82,40,45,965**
II. Accumulated depreciation and impairment			
Balance as at 1st April 2018	–	10,24,27,157	10,24,27,157
Depreciation expense for the year	–	4,58,48,314	4,58,48,314
Balance as at 31st March 2019	**–**	**14,82,75,471**	**14,82,75,471**
III. Net carrying amount (I-II)	**3,76,25,477**	**63,81,45,017**	**67,57,70,494**

Note:

(1) Freehold land and plant and equipment have been charged against the borrowings. (Refer note no. 11- Non Current Borrowings).

(2) Depreciation on plant and equipment is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

Note No. 5 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	As at 31st March 2020	As at 31st March 2019
Current Tax:		
In respect of current year	–	–
Deferred Tax:		
In respect of current period origination	1,09,617	53,53,743
Total Income Tax Expense on Continuing Operations	**1,09,617**	**53,53,743**

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit before tax from continuing operations	**3,94,024**	**1,96,05,369**
Income tax expense calculated at 27.82% (2018-19: 30.90%)#	1,09,617	54,54,214
Effect of tax rates in foreign jurisdictions		
Reduction in tax rate	–	(2,37,976)
Effect of income that is exempt from taxation	–	–
Effect of expenses that is non-deductible in determining taxable profit	–	1,37,505
Effect of reversel of deffered Tax assets for earlier years	–	–
Effect of Creation of deffered Tax liabilities for earliear years	–	–
Income tax expense recognised In profit or loss from continuing operations for current year	1,09,617	53,53,743
Adjustments recognised in the current year in relation to the current tax of prior years	–	–
Income tax expense recognised In profit or loss from continuing operations	**1,09,617**	**53,53,743**

Notes:

(1)# The tax rate used for the quarter ended 31st March 2020 is the corporate tax rate of 25% plus Surhcarge @ 7% plus Health & education cess @ 4% on Tax plus surchage amount (Previous year ended 31st March 2019 tax rate is corporate tax rate of 25% plus surcharge @ 7% plus Health & Education cess @ 4%) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(2) Deferred Tax assets created for business losses is as below:

Rupees

Financial year	Business loss	Unbasorbed Depreciation	Deferred tax Amount
2015-16	–	1,33,17,503	37,04,929
2016-17	–	77,79,676	21,64,306
2017-18	–	1,44,07,991	40,08,303
	–	**3,55,05,171**	**98,77,539**

(3) Deferred Tax Asset (DTA) has been recognised by the Company. The Company has a Power Purchase Agreement with the DISCOM for 25 years and based on the revenue generation model, the management believes that the Company will earn taxable profits in the future, and will be able to adjust the DTA against future profits.

(c) Movement in deferred tax balances

Rupees

As at 31 March 2020

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	1,76,18,766	40,34,403	2,16,53,169
	1,76,18,766	40,34,403	2,16,53,169
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses	98,77,538	39,24,786	1,38,02,324
	98,77,538	39,24,786	1,38,02,324
Net Deferred Tax (Asset)/ Liabilities	**77,41,228**	**1,09,617**	**78,50,846**

Rupees

As at 31 March 2019

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	1,50,49,497	25,69,269	1,76,18,766
	1,50,49,497	25,69,269	1,76,18,766
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses	1,26,62,012	(27,84,474)	98,77,538
	1,26,62,012	(27,84,474)	98,77,538
Net Deferred Tax (Asset)/ Liabilities	**23,87,485**	**53,53,743**	**77,41,228**

Note No. 6 - Trade Receivables

Rupees

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non Current	As at 31 March 2019 Current	As at 31 March 2019 Non Current
(a) Trade Receivable considered good-secured	–	–	–	–
(b) Trade Receivable considered considered good-unsecured	**13,09,15,521**	–	6,72,54,726	–
Total Trade Receivable	**13,09,15,521**	–	6,72,54,726	–
Of the above, trade receivables from:				
- Related Party	–	–	–	–
- Southern Power Distribution Company of Andhra pradesh Ltd. - (APSPDCL)	**13,09,15,521**	–	6,72,54,726	–

Note:

(1) All the trade receivables have been charged against the borrowings . (Refer Note no. 11-Non Current Borrowings).

Note 7 Cash and Cash Equivalents

Rupees

Particulars	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents		
(a) Balances with banks	**2,54,91,480**	1,67,120
(b) Fixed Deposit with maturity-less then 3 month	–	49,00,000
Total Cash and cash equivalent	**2,54,91,480**	50,67,120

Note:
All the cash and cash equivalent have been charged against the borrowings. (Refer Note no. 11-Non Current Borrowings)

Note 7(a) other Bank Balance

Rupees

Particulars	As at 31 March 2020	As at 31 March 2019
Other Bank Balances		
(a) Earmarked balances with banks- For Debt Service Reserve Account	**1,04,37,500**	1,04,37,500
Total Other Bank balances	**1,04,37,500**	1,04,37,500

Reconciliation of Cash and Cash Equivalents

Rupees

Particulars	As at 31 March 2020	As at 31 March 2019
Total Cash and Cash Equivalents as per Balance Sheet	**2,54,91,480**	50,67,120
Add: Bank Overdraft	–	–
Add: Cash and bank balances included in a disposal group held for sale	–	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**2,54,91,480**	50,67,120

Notes:

(1) Earmarked balances with banks include Fixed Deposits for Debt Service Reserve Account

(2) Cash and cash equivalents includes cash in banks, net of overdraft, if any.

(3) All the other Bank balance have been charged against the borrowings. (Refer Note no. 11-Non Current Borrowings)

Note No. 8 - Other Financial Assets

Rupees

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
Financial assets at amortised cost				
a) Interest accrued on Fixed Deposit	**20,029**	–	1,11,213	–
b) Unbilled revenue	**1,32,18,647**	–	1,30,27,310	–
Total Other Financials Assets	**1,32,38,676**	–	1,31,38,523	–

Note:

All the other financial assets have been charged against the borrowings.(Refer Note no. 11-Non Current Borrowings).

Note No. 9 - Other Assets

Rupees

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
(a) Other Assets				
(i) Deposit	**3,03,000**	–	3,03,000	–
(ii) Other-Prepaid expenses	**3,87,950**	–	33,26,905	–
Total Other Assets	**6,90,950**	–	36,29,905	–

Note:

All other assets have been charged against the borrowings. (Refer Note no. 11-Non Current Borrowings)

Note No. 10 - Equity Share Capital

				Rupees
	As at 31 March 2020		As at 31 March 2019	
Particulars	**No. of shares**	**Value of Shares**	No. of shares	Value of Shares
Authorised:				
Equity shares of ₹ Rs. 10 each with voting rights	**1,00,00,000**	**10,00,00,000**	1,00,00,000	10,00,00,000
Issued, Subscribed and Fully Paid:				
Equity shares of ₹ Rs. 10 each with voting rights	**95,24,000**	**9,52,40,000**	95,24,000	9,52,40,000
Total Equity Share Capital	**95,24,000**	**9,52,40,000**	95,24,000	9,52,40,000

Notes:

(i) 30% of the equity share held by shareholders are pledge with banks for security against the bank borrowing (Refer Note no. 11 - Non current Borrowings)

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars		**Opening Balance**	**Fresh Issue**	Bonus	ESOP/ other changes	Closing Balance
(a) Equity Shares with Voting rights						
Quarter Ended 31st March 2020						
	No. of Shares	**95,24,000**	**–**	**–**	**–**	**95,24,000**
	Amount in Rupees	**9,52,40,000**	**–**	**–**	**–**	**9,52,40,000**
Year Ended 31st March 2019						
	No. of Shares	95,24,000	–	–	–	95,24,000
	Amount in Rupees	9,52,40,000	–	–	–	9,52,40,000

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates

	No. of Shares		
Particulars	**Equity Shares with Voting rights**	**Equity Shares with Differential Voting rights**	**Others**
As at 30th June 2019			
Mahindra Renewables Private Limited, Co Venturerer	**48,57,240**	**–**	**–**
Trina Solar (Singapore) Third Pte. Limited, Co Venturerer	**46,66,760**	**–**	**–**
As at 31st March 2019			
Mahindra Renewables Private Limited, Co Venturerer	48,57,240	–	–
Trina Solar (Singapore) Third Pte. Limited, Co Venturerer	46,66,760	–	–

(iv) Details of shares held by each shareholder holding more than 5% shares:

	As at 31 March 2020		As at 31 March 2019	
Class of shares/Name of shareholder	**Number of shares held**	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Renewables Private Limited	**48,57,240**	**51%**	48,57,240	51%
Trina Solar (Singapore) Third Pte. Limited	**46,66,760**	**49%**	46,66,760	49%

Note No. 11 - Non-Current Borrowings

				Rupees
Particulars		**Repayment terms**	**As at 31 March 2020**	**As at 31 March 2019**
Measured at amortised cost*				
A. Secured Borrowings:				
Term Loans				
(i) From Banks	Yes Bank Ltd.		–	17,81,79,788
	Union Bank of India		–	17,87,36,302
	United Bank of India		–	17,87,40,667
	Kotak Infrastructure Debt Fund Ltd.	Refer note 1 below	50,63,03,697	–
Total Secured Borrowings (A)			**50,63,03,697**	**53,56,56,757**
B. Unsecured Borrowings - at amortised Cost				
Loans from related party		Refer note 3 below	5,90,00,000	–
Total Unsecured Borrowings (B)			**5,90,00,000**	**–**
Total Non Current Borrowings (A+B)			**56,53,03,697**	**53,56,56,757**

Notes:

(1) The Company had refinanced its existing term loan of Rs. 55 Crores of Yes bank Ltd., United bank of India and Union Bank of India with Kotak Infrastructure Debt Fund Ltd. This loan is repyable in 53 Quartely structured installment starting from september 2019.

(2) The loan amount is secured by:

(a) First charge on all present and future tangible/intangible moveable assets, current assets including receivables.

(b) First charge on all present and future immovable properties, both freehold and leasehold.

(c) First charge on all the borrowers bank accounts including Escrow account and any other reserve and other bank accounts.

(d) First charge on all the rights, title interest, benefits, claims and demands whatsoever of the borrower in:

i) Project agreements

ii) the clearances subject to applicable law

iii) any letter of credit, guarantee, performance bond ,corporate guarantee, bank guarantees or warranty provided by any party.

(e) Assignment of insurance policies relating to the project, right, titles, permits/approvals. Clearances and interests to the company.

(f) Pledge of shares held by shareholders in the borrower representing 30% of the total paid up equity share capital.

(g) Non disposal undertaking from Mahindra Susten private limited for its 21% shareholding in Mahindra Renewables Private Limited.

(3) During the year the Company has taken inter copprate deposit of Rs. 5.90 Crores from its parent Company.

(4) The Company have to maintain a debt service reserve account with a minimum balance equal to total amount of schedules interest fees and principal due within next quarter.

(5) Interest rate on loans ranges from 9.50% - 11.50%.

Note No. 12 - Trade Payables

				Rupees
	As at 31 March 2020		As at 31 March 2019	
Particulars	**Current**	**Non Current**	Current	Non Current
Trade payable - Other than micro and small enterprises	**14,64,455**	**–**	17,62,171	–
Total Trade Payables	**14,64,455**	**–**	17,62,171	–

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006'" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 13 - Other Financial Liabilities

		Rupees
Particulars	**As at 31 March 2020**	As at 31 March 2019
Other Financial Liabilities Measured at Amortised Cost		
Current		
(i) Current maturities of long-term debt- (Refer Note no. 11- Non current Borrowings)		
Term loan fron Banks - Yes Bank	**–**	79,60,162
Union Bank	**–**	79,80,000
United Bank	**–**	79,80,000
Term loan from Financial Institutions - Kotak Infrastructure Debt Fund	**2,85,63,794**	–
(ii) Interest accrued	**32,96,079**	–
Total other Financial Liabilities	**3,18,59,873**	2,39,20,162

Note No. 14 - Other Liabilities

				Rupees
	As at 31 March 2020		As at 31 March 2019	
Particulars	**Current**	**Non-Current**	Current	Non-Current
Statutory dues				
- taxes payable (other than income taxes)	**10,21,699**	**–**	3,44,524	–
Total Other Liabilities	**10,21,699**	**–**	3,44,524	–

Note No. 15 - Revenue from Operations

		Rupees
Particulars	**For the Year Ended 31 March 2020**	For the previous year ended 31 March 2019
Revenue from sale of solar energy	**11,77,29,770**	3,26,01,659
Total Revenue from Operations	**11,77,29,770**	3,26,01,659

Note No. 16 - Other Income

		Rupees
Particulars	**For the Year Ended 31 March 2020**	For the Year Ended 31 March 2019
Interest income On Financial Assets at Amortised Cost	**8,97,078**	7,29,100
Other -Interest on Income Tax	**–**	–
Total Other Income	**8,97,078**	7,29,100

Note No. 17 - Finance Cost

		Rupees
Particulars	**For the Year Ended 31 March 2020**	For the previous year ended 31 March 2019
(a) Interest expense	**6,10,37,577**	4,88,63,191
(b) Finance charges	**–**	1,09,113
Total Finance Cost	**6,10,37,577**	4,89,72,304

Analysis of Interest Expenses by Category

		Rupees
Particulars	**For the Year Ended 31 March 2020**	For the previous year ended 31 March 2019
On loans from banks	**5,70,80,268**	4,86,24,827
On loan from related party	**36,62,309**	2,38,364

Note No. 18 - Other Expenses

		Rupees
Particulars	**For the Year Ended 31 March 2020**	For the previous year ended 31 March 2019
(a) Insurance	**5,18,439**	7,41,663
(b) Repairs and maintenance - Plant and Equipment	**53,67,922**	1,29,56,846
(c) Travelling and Conveyance Expenses	**1,31,633**	38,838
(d) Power consumption charges	**18,09,682**	11,89,303

Rupees

Particulars	For the Year Ended 31 March 2020	For the previous year ended 31 March 2019
(e) Commission, discounts and rebates	–	7,81,697
(f) Net loss/(gain) on foreign currency transactions net off Derivative (gain)/loss	–	4,94,267
(g) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors- Statutory audit fees	**1,77,000**	1,77,000
(ii) For Tax audit Fees	**59,000**	59,000
(iii) For Company Law matters	–	–
(iv) For Other services	**88,500**	47,200
(v) For reimbursement of expenses	–	–
(h) Other expenses		
(i) Legal and other professional costs	**24,75,248**	12,77,673
(ii) Bank Charges	**1,770**	3,391
(iii) Miscellaneous expenses	**5,92,127**	3,63,458
Total Other Expenses	**1,12,21,321**	1,81,30,336

Note No. 19 - Earnings per Share

Rupees

Particulars	For the Year Ended 31 March 2020	For the previous year ended 31 March 2019
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	**0.03**	1.50
From discontinuing operations	–	–
Total basic earnings per share	**0.03**	1.50

Rupees

Particulars	For the Year Ended 31 March 2020	For the previous year ended 31 March 2019
	Per Share	Per Share
Diluted Earnings per share		
From continuing operations	**0.03**	1.50
From discontinuing operations	–	–
Total diluted earnings per share	**0.03**	1.50

Basic and Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Rupees

Particulars	For the Year Ended 31 March 2020	For the previous year ended 31 March 2019
(Loss)/Profit for the year attributable to owners of the Company	**2,84,406**	1,42,51,626
Less: Preference dividend and tax thereon	–	–
(Loss)/profit for the year used in the calculation of basic earnings per share	**2,84,406**	1,42,51,626
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	–	–
(Loss)/Profits used in the calculation of basic earnings per share from continuing operations (i)	**2,84,406**	1,42,51,626
Weighted average number of equity shares (ii)	**95,24,000**	95,24,000
Earnings per share from continuing operations - Basic and Diluted (i/ii)	**0.03**	1.50

Note No. 20 - Related Party Transactions

Entities having Joint control/Significant Influence over Company	Mahindra Renewables Private Limited
Entities having Joint control/Significant Influence over Company	Mahindra Susten Private Limited
Ultimate Company having joint Control/Significant Influence over Company	Mahindra & Mahindra Limited
Subsidiary of Mahindra Susten Private Limited	Mahindra Teqo Private Limited

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	For the Year Ended	Entities having joint control/significant influence over Company	Ultimate Company having joint Control/ Significant Influence over Company
<u>**Nature of transactions with Related Parties**</u>			
Receiving of services	31-Mar-20		5,31,000
	31-Mar-19	5,25,000	5,31,012
Interest paid on loan	31-Mar-20	–	–
	31-Mar-19	7,58,728	–
Inter Corporate Deposit taken	31-Mar-20	5,90,00,000	–
	31-Mar-19	–	–
Repayment of loan	31-Mar-20	–	–
	31-Mar-19	–	–

Nature of Balances with Related Parties	As at	Entities having joint control/significant influence over Company	Ultimate Company having joint Control/ Significant Influence over Company
Trade payables	31-Mar-20	14,64,456	1,32,750
	31-Mar-19	16,09,039	–
Inter Corporate Deposit Payable	31-Mar-20	5,90,00,000	–
	31-Mar-19	–	–
Interest Payable on inter corporate deposit	31-Mar-20	32,96,079	–
	31-Mar-19	–	–

In terms of our report attached.

For B K Khare & Co.
Chartered Accountants
Firm registration no. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: 9th July 2020

For and on behalf of the Board of Directors

Director Director

Company Secretary

Place: Mumbai
Date: 9th July 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

Mega Suryaurja Private Limited (formerly known as Mahindra Suryaurja Private Limited)

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Mega Suryaurja Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its loss and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management for Ind AS Financial Statements

4. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

5. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

7. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

12. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

13. As required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm Registration No.: 105102W

Ravi Kapoor
Partner
Membership No.: 040404
UDIN: 20040404AAAADN2395

Place: Mumbai
Date: April 24, 2020

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Mega Suryaurja Private Limited for the year ended March 31, 2020

1) The Company does not have Property, Plant and Equipment as on March 31, 2020. Hence the provisions of para 3(i) of the Order are not applicable to the Company.

2) Since the Company does not hold any inventory, the provisions of para 3(ii) of the Order are not applicable to the Company.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Income Tax and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2020 on account of income tax and other statutory dues.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration No. : 105102W

Ravi Kapoor
Partner
Membership No. : 040404
UDIN: 20040404AAAADN2395

Place: Mumbai
Date: April 24, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MEGA SURYAURJA PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mega Suryaurja Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404
UDIN: 20040404AAAADN2395

Place: Mumbai
Date: April 24, 2020

BALANCE SHEET AS AT 31 MARCH 2020

Rupees

	Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
I	**ASSETS**			
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Cash and Cash Equivalents	5	**3,91,979**	5,29,413
	(ii) Other Financial Assets	6	**2,568**	599
	(b) Other Current Assets	7	**4,000**	6,000
	SUB-TOTAL		**3,98,547**	5,36,012
	TOTAL ASSETS		**3,98,547**	5,36,012
II	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Equity Share Capital	8, SOCE	**15,00,000**	15,00,000
	(b) Other Equity	SOCE	**(12,99,404)**	(10,02,149)
	SUB-TOTAL		**2,00,595**	4,97,851
	LIABILITIES			
2	**NON-CURRENT LIABILITIES**			
	(a) Deferred Tax Liabilities (Net)	4	**54,662**	–
3	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Trade Payables	9	**1,38,259**	27,000
	(b) Other Current Liabilities	10	**5,031**	11,161
	SUB-TOTAL		**1,43,290**	38,161
	TOTAL EQUITY AND LIABILITIES		**3,98,547**	5,36,012

The accompanying notes 1 to 17 are an integral part of the Financial Statements

In terms of our report attached.
For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

For and on behalf of the Board of Directors

Ravi Kapoor
Partner
Membership No. 040404

Director

Director

Place: Mumbai
Date: April 24, 2020

Place: Mumbai
Date: April 24, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

Rupees

	Particulars	Note No.	For the current Year ended 31st March, 2020	For the current Year ended 31st March, 2019
I	**Revenue**			
II	Other Income	11	**26,755**	599
III	**Total Revenue (I + II)**		**26,755**	599
II	**Expenses**			
	(a) Finance costs	12	**–**	–
	(b) Other expenses	13	**2,59,349**	2,09,920
	Total Expenses		**2,59,349**	2,09,920
III	**(Loss)/Profit before exceptional items (I-II)**		**(2,32,594)**	(2,09,321)
	Add/(less) :- Exceptional Items		**–**	–
IV	**(Loss)/profit after exceptional items**		**(2,32,594)**	(2,09,321)
V	**Share of (loss)/profit of joint ventures and associates**		**–**	–
VI	**(Loss)/Profit before tax (IV+V)**		**(2,32,594)**	(2,09,321)
VII	**Tax Expense**			
	(a) Current tax		**–**	–
	(b) Deferred tax		**64,662**	–
	Total tax expense		**64,662**	–
VIII	**(Loss/Profit after tax from continuing operations (VI - VII)**		**(2,97,256)**	(2,09,321)
IX	**Discontinued Operations**			
	(a) Profit/(Loss) from discontinued operations		**–**	–
	(b) Tax Expense of discontinued operations		**–**	–
	Profit/(Loss) after tax from discontinued operations		**–**	–
X	**(Loss)/profit for the year (VII + IX)**		**(2,97,256)**	**(2,09,321)**
XI	**(Loss)/Profit from continuing operations for the year attributable to:**			
	Owners of the Company		**(2,97,256)**	(2,09,321)
	Non controlling interests		**–**	–
XII	**Profit/(Loss) from discontinued operations for the year attributable to:**			
	Owners of the Company		**–**	–
	Non controlling interests		**–**	–
XIII	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss		**–**	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	B (i) Items that may be reclassified to profit or loss		**–**	–
	(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
XIV	**Total comprehensive income for the year**		**(2,97,256)**	(2,09,321)
XV	**Total comprehensive income for the year attributable to:**			
	Owners of the Company		**(2,97,256)**	(2,09,321)
	Non controlling interests		**–**	–
XVI	**Earnings per equity share (Face Value of Rs. 10/- each)**			
	(a) Basic	13	**(1.98)**	(2.07)
	(b) Diluted	13	**(1.98)**	(2.07)
XVII	**Earnings per equity share (for discontinued operation):**			
	(a) Basic		**–**	–
	(b) Diluted		**–**	–
XVIII	**Earnings per equity share (for continuing and discontinued operations):**			
	(a) Basic	13	**(1.98)**	(2.07)
	(b) Diluted	13	**(1.98)**	(2.07)

The accompanying notes 1 to 16 are an integral part of the Financial Statements

In terms of our report attached.
For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
Membership No. 040404

Place: Mumbai
Date: April 24, 2020

For and on behalf of the Board of Directors

Director

Director

Place: Mumbai
Date: April 24, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

A. EQUITY SHARE CAPITAL

	Rupees
Balance As at 1st April 2018	10,00,000
Issue of fully paid up equity shares	5,00,000
Balance As at 31 March 2019	**15,00,000**
Balance As at 1st April 2019	**15,00,000**
Issue of fully paid up equity shares	–
Balance As at 31 March 2020	**15,00,000**

B. Other Equity

Particulars	Reserves and surplus - Retained Earnings	Total (Rupees)
Balance As at 1st April 2017	(5,67,489)	(5,67,489)
Loss for the year	(2,25,339)	(2,25,339)
Items of Other Comprehensive Income	–	–
Total Comprehensive Income for the year	(2,25,339)	(2,25,339)
Equity Share Issuance Costs	–	–
As at 31 March 2018	**(7,92,828)**	**(7,92,828)**
Loss for the year	(2,09,321)	(2,09,321)
Items of Other Comprehensive Income	–	–
Total Comprehensive Income for the year	(2,09,321)	(2,09,321)
Equity Share Issuance Costs	–	–
As at 31 March 2019	**(10,02,149)**	**(10,02,149)**
Loss for the year	(2,97,256)	(2,97,256)
Items of Other Comprehensive Income	–	–
Total Comprehensive Income for the year	(2,97,256)	(2,97,256)
Equity Share Issuance Costs	–	–
As at 31 March 2020	**(12,99,404)**	**(12,99,404)**

In terms of our report attached.
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

For and on behalf of the Board of Directors

Ravi Kapoor
Partner
Membership No. 040404

Director Director

Place: Mumbai
Date: April 24, 2020

Place: Mumbai
Date: April 24, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

Rupees

Particulars	Note No.	For the current Year ended 31st March, 2020	For the previous Year ended 31st March, 2019
Cash flows from operating activities			
Loss before tax for the year	PL	**(2,97,256)**	(2,09,321)
Adjustments for:			
Income tax expense recognised in profit or loss		**64,662**	–
Finance costs recognised in profit or loss	11	**–**	–
Movements in working capital:			
Increase/(Decrease) in trade and other payables	7	**1,11,260**	(351)
(Increase)/decrease in other assets	4,5	**31**	1,401
Increase in other liabilities	8	**(6,130)**	5,493
Cash generated from operations		**1,69,822**	6,543
Income taxes paid		**(10,000.00)**	–
Net cash flow from/(used in) operating activities		**(1,37,433)**	(2,02,778)
Cash flows from investing activities			
Net cash flow from/(used in) investing activities		**–**	–
Cash flows from financing activities			
Proceeds from issue of equity shares	4	**–**	**5,00,000**
Interest Paid	10	**–**	–
Repayment of borrowings		**–**	–
Net cash flow from/(used in) financing activities		**–**	5,00,000
Net increase/(decrease) in cash and cash equivalents		**(1,37,434)**	2,97,221
Cash and cash equivalents at the beginning of the year	3	**5,29,413**	2,32,192
Cash and cash equivalents at the end of the year	3	**3,91,979**	5,29,413

In terms of our report attached.
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

For and on behalf of the Board of Directors

Ravi Kapoor
Partner
Membership No. 040404

Director

Director

Place: Mumbai
Date: April 24, 2020

Place: Mumbai
Date: April 24, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. Nature of Operations

Mega Suryaurja Private Limited ('the Company') was incorporated in India on 12th January, 2012, having registered office at Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018 Maharashtra, INDIA to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system / sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 24th April, 2020.

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupees.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Interest income
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(ii) Dividend Income
Dividend income is recognized when the right to receive dividend is established.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non- current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Since the operation in the Company has not started it has no reporting operating segment.

f) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

g) Provisions and Contingent Liabilities :

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

h) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit- impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12- month expected credit losses. 12-month expected credit losses are portion of the life- time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

i) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

j) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

k) First-time adoption – mandatory exceptions, optional exemptions, and overall principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 4 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Rupees For the Year ended 31st March 2020
Current Tax:	
In respect of current year	–
Deferred Tax:	
In respect of current year origination and reversal of temporary differences	64,662
Total income tax expense on continuing operations	64,662

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Rupees For the Year ended 31st March 2020
Profit before tax from continuing operations	(2,32,594)
Income tax expense calculated at 26% (2017-18: 30.90%)#	(64,708)
Reduction in tax rate	–
Effect of expenses that is non-deductible in determining taxable profit	–
Effect of reversel of deferred tax assets of previous year	–
Income tax expense recognised in profit or loss for current year	(64,708)
Adjustments recognised in the current year in relation to the current tax of prior years	–
Income tax expense recognised In profit or loss from continuing operations	(64,708)

Notes:
(1)# The tax rate used for the Year Ended 31 March 2020 is the corporate tax rate of 25% plus Health & education cess @ 4 % payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(c) Movement in deferred tax balances

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
			Rupees
	For the Year ended 31st March 2020		
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	–	–	–
	–	–	–
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses	–	64,662	64,662
	–	64,662	64,662
Net Deferred Tax (Asset)/Liabilities	–	64,662	64,662

Note No. 05 - Cash and Cash Equivalent

Particulars	As at 31 March 2020	As at 31 March 2019
		Rupees
Cash and cash equivalents		
Balances with banks in current account	16,979	29,413
Fixed Deposit with Maturity less then 3 months	3,75,000	5,00,000
Total Cash and Cash Equivalent as per cash flow	3,91,979	5,29,413

Reconciliation of Cash and Cash Equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
		Rupees
Total Cash and Cash Equivalents as per Balance Sheet	3,91,979	5,29,413
Add: Bank Overdraft	–	–
Add: Cash and bank balances included in a disposal group held for sale	–	–
Total Cash and Cash Equivalents as per Statement of Cashflow	3,91,979	5,29,413

Note No. 06 - Other Financial Assets

Particulars	As at 31 March 2020	As at 31 March 2019
		Rupees
(a) Interest Accrued on Fixed Deposit	2,568	599
Total Other Assets	2,568	599

Note No. 07 - Other Assets

Particulars	As at 31 March 2020	As at 31 March 2019
		Rupees
- Prepaid Expenses	4,000	6,000
Total Other Assets	4,000	6,000

Note No. 8 - Equity Share Capital

Particulars	As at 31 March 2020	As at 31 March 2019
		Rupees
Authorised:		
1,50,000 equity shares of Rs.10 each (As March 31, 2017: 60,000 equity shares of Rs. 10 each)	15,00,000	15,00,000
Issued, Subscribed and Fully Paid:		
1,00,000 full paid up equity shares of Rs.10 each (As March 31, 2017 : 60,000 equity shares of Rs. 10 each)	15,00,000	15,00,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes:

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Particulars	**Opening Balance**	**Right Issue**	**Closing Balance**
Equity Shares with voting rights			
Year Ended 31 March 2019			
No. of Shares	1,50,000	–	1,50,000
Amount in Rupees	15,00,000	–	15,00,000
Year Ended 31 March 2019			
No. of Shares	1,00,000	50,000	1,50,000
Amount in Rupees	10,00,000	5,00,000	15,00,000
Year Ended 31 March 2018			
No. of Shares	60,000	40,000	1,00,000
Amount in Rupees	6,00,000	4,00,000	10,00,000

(ii) Details of shares held by the holding company:

Particulars	**Equity Shares with Voting rights**
Balance at 31 March 2019	
Mahindra Susten Private Limited	1,50,000
Balance at 31 March 2019	
Mahindra Renewables Private Limited	1,50,000
Balance at 31 March 2018	
Mahindra Renewables Private Limited	1,00,000

(iii) Details of shares held by each shareholder holding more than 5% shares:

	As at 31 March 2020		As at 31 March 2019	
Class of shares/Name of shareholder	**Number of shares held**	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Susten Private Limited (Holding Company)*	**1,50,000**	**100%**	1,50,000	100%

* Note:
It includes 1 equity share held as nominee by an indiviudal on behalf of the (Holding Company Mahindra Reneable Private Limited jointly held with Miss Brijbala Batwal 1 Equity Share).

Note No. 9 - Trade Payables

			Rupees
Particulars	**As at 31 March 2020**	As at 31 March 2019	As at 31 March 2018
Trade payable - Other than micro and small enterprises	**1,38,259**	27,000	27,351
Total Trade Payables	**1,38,259**	27,000	27,351

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006'" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 10 - Other Current Liabilities

			Rupees
Particulars	**As at 31 March 2020**	As at 31 March 2019	As at 31 March 2018
Others-			
Statutory dues payables (TDS)	**5,031**	11,161	5,668
Total Other Current Liabilities	**5,031**	11,161	5,668

Note No. 11 - Other Income

The following is an analysis of the company's revenue for the year from continuing operations.

			Rupees
Particulars	**For the current Year ended 31st March, 2020**	For the current Year ended 31st March, 2019	For the previous Year ended 31st March, 2018
Interest Income			
On Financial Assets at Amortised Cost	**26,755**	599	–
Total Revenue from Operations	**26,755**	599	–

Note No. 12 - Finance Cost

			Rupees
Particulars	**For the current Year ended 31st March, 2020**	For the current Year ended 31st March, 2019	For the previous Year ended 31st March, 2018
Interest on loan from related party	**–**	–	2,953
Total Finance Cost	**–**	–	2,953

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Note No. 13 - Other Expenses

Rupees

Particulars	For the current Year ended 31st March, 2020	For the current Year ended 31st March, 2019
(a) Auditors remuneration and out-of-pocket expenses		
(i) As statutory auditors - audit fees	**29,500**	29,500
(b) Other expenses		
(i) Legal and Professional fees	**2,23,092**	1,60,322
(ii) Bank Charges	**590**	2,394
(iii) Share issue expenses- Stamp duty paid on increase in Authorised capital	**–**	11,500
(iv) Miscellaneous expenses	**6,167**	6,204
Total Other Expenses	**2,59,349**	2,09,920

Note No. 14 - Basic And Diluted Earning per share

The earnings and weighted average number of shares used in the calculation of earnings per share are as follows:

Rupees

Particulars	For the current Year ended 31st March, 2020	For the current Year ended 31st March, 2019
Loss for the year	**(2,97,256)**	(2,09,321)
Weighted average number of equity shares	**1,50,000**	1,01,233
Earnings per share from continuing operations - Basic and Diluted	**(1.98)**	(2.07)

Note No. 15 - Financial Instruments

(i) Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern

The Company is not subject to any externally imposed capital requirements.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	31-Mar-20	31-Mar-19
Equity	**2,00,595**	4,97,851
Less: Cash and cash equivalents	**3,91,979**	5,29,413
	(1,91,384)	(31,563)

Categories of financial assets and financial liabilities:

(a) Financial Assets

As at 31 March 2020 — **Rupees**

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Cash and Bank Balances	**3,91,979**	**–**	**–**	**3,91,979**

As at 31 March 2019 — **Rupees**

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Cash and Bank Balances	5,29,413	–	–	5,29,413

(b) Financial Liabilities

As at 31 March 2020

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Liabilities				
Trade Payables	1,38,259	–	–	1,38,259

As at 31 March 2019 — **Rupees**

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Liabilities				
Trade Payables	27,000	–	–	27,000

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	**INR**	**INR**	**INR**
Non-derivative financial liabilities				
31-Mar-20				
Non-interest bearing	1,38,259	–	–	–
Fixed interest rate instruments	–	–	–	–
31-Mar-19				
Non-interest bearing	27,000	–	–	–
Fixed interest rate instruments	–	–	–	–

Note No. 16 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees

Particulars	**As at 31 March 2020** Carrying amount	Fair value	As at 31 March 2019 Carrying amount	Fair value
Financial liabilities				
Financial liabilities held at amortised cost				
– loans from related parties	–	–	–	–
– trade and other payables	**1,38,259**	**1,38,259**	27,000	27,000
– Other financial liabilites	–	–	–	–
Total	**1,38,259**	**1,38,259**	27,000	27,000

	Fair value hierarchy as at 31 March 2020			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	**–**	**–**	**1,38,259**	**1,38,259**
Total	**–**	**–**	**1,38,259**	**1,38,259**

	Fair value hierarchy as at 31 March 2019			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	–	27,000	27,000
Total	–	–	27,000	27,000

Note No. 17 - Related Party Transactions

Name of the parent Company	Mahindra Renewables Private Limited
Name of ultimate Holding Company	Mahindra & Mahindra Limited

Details of transactions between the Company and its related parties are disclosed below:

Rupees

Particulars	**For the year ended**	**Mahindra Renewables Private Limited**	**Mahindra & Mahindra Limited**
Nature of transactions with Related Parties			
Receiving of services	31-Mar-20	–	1,51,200
	31-Mar-19	–	92,925
Interest paid on Inter Corporate Deposit	31-Mar-20	–	
	31-Mar-19	–	–
Inter corproate deposit repaid	31-Mar-20	–	–
	31-Mar-19	–	–
Equity contribution by the parent Company	31-Mar-20	–	–
	31-Mar-19	5,00,000	–

Nature of Balances with Related Parties	**Balance as on**	**Mahindra Renewables Private Limited**	**Mahindra & Mahindra Limited**
Trade payables	31-Mar-20	–	1,08,676
	31-Mar-19	–	–
Other Financial Liablilities	31-Mar-20	–	–
	31-Mar-19	–	–
Loan Outstanding	31-Mar-20	–	–
	31-Mar-19	–	–

In terms of our report attached.
For B K Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

For and on behalf of the Board of Directors

Ravi Kapoor
Partner
Membership No. 040404

Director　Director

Place: Mumbai
Date: April 24, 2020

Place: Mumbai
Date: April 24, 2020

Independent Auditor's Report

to the shareholders of Mahindra Susten Bangladesh Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Mahindra Susten Bangladesh Private Limited**, which comprise the statements of financial position as at 31 March 2020, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 March 2020, and notes to the financial statements, including a summary of significant accounting policies and others explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, the financial position of the Company as at 31 March 2020, and its financial performance and its cash flows for the year ended 31 March 2020 in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charge with governance are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities to the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 we also report the following:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and

c) the Company's statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns.

Dated : 30 April, 2020	**Ahmed Mashuque & Co.**
Dhaka.	**Chartered Accountants**

STATEMENT OF FINANCIAL POSITION
As at 31 March 2020

	Notes	31 March 2020 Taka	31 March 2019 Taka
ASSETS			
Non-current assets:			
Property, plant and equipment	4.00	**–**	–
Total non-current assets		**–**	–
Current assets:			
Advance income tax		**3,500**	500
Cash and cash equivalent	5.00	**2,920,032**	3,998,672
Total Current assets		**2,923,532**	3,999,172
TOTAL ASSETS		**2,923,532**	3,999,172
EQUITY AND LIABILITIES			
Shareholders' equity:			
Share capital	6.00	**4,000,000**	4,000,000
Retained earnings		**(2,099,207)**	(728,656)
Total equity		**1,900,793**	3,271,344
Current liabilities:			
Payables and accruals	7.00	**742,149**	455,988
Provision for expenses	8.00	**280,590**	271,840
Total current liabilities		**1,022,739**	727,828
TOTAL EQUITY AND LIABILITIES		**2,923,532**	3,999,172

This financial statement should be read in conjunction with the annexed notes.

Manager-Accounts

Director **Managing Director**

Signed in terms of our report of even date annexed.

Dated : 30 April, 2020
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2020

	Notes	01 Apr'19 to 31 Mar'20 Taka	19 Apr'18 to 31 Mar'19 Taka
Revenue		**–**	–
Less: Cost of Sales		**–**	–
Gross Profit		**–**	–
Less: Administrative and general expenses	9.00	**(1,355,661)**	(727,328)
Less: Depreciation Expenses		**–**	–
Operating profit		**(1,355,661)**	(727,328)
Less: Finance expense	10.00	**(14,890)**	(1,328)
Net profit before income tax for the year		**(1,370,551)**	(728,656)
Less: Income tax expense		**–**	–
Net profit after income tax for the year		**(1,370,551)**	(728,656)
Other comprehensive income		**–**	–
Total comprehensive income		**(1,370,551)**	(728,656)

This financial statement should be read in conjunction with the annexed notes.

Manager-Accounts

Director **Managing Director**

Signed in terms of our report of even date annexed.

Dated : 30 April, 2020
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2020

	Share capital Taka	Retained earnings Taka	Total Taka
Balance as at 19 April 2018	**–**	**–**	**–**
Addition during the year	4,000,000	–	4,000,000
Net profit/ (loss) during the year	–	(728,656)	(728,656)
Balance as at 31 March 2019	**4,000,000**	**(728,656)**	**3,271,344**
Balance as at 01 April 2019	**4,000,000**	**(728,656)**	**3,271,344**
Net profit/ (loss) during the year	**–**	**(1,370,551)**	**(1,370,551)**
Balance as at 31 March 2020	**4,000,000**	**(2,099,207)**	**1,900,793**

This financial statement should be read in conjunction with the annexed notes.

Manager-Accounts

Director

Managing Director

Signed in terms of our report of even date annexed.

Dated : 30 April, 2020
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants

CASH FLOW STATEMENT
For the year ended 31 March 2020

		Notes	01 Apr'19 to 31 Mar'20 Taka	19 Apr'18 to 31 Mar'19 Taka
A.	**Cash flow from operating activities:**			
	Cash receipts from customers		**–**	–
	Payments to suppliers, contractors and others		**(1,063,750)**	–
	Income tax paid		**–**	–
	Bank charges		**(14,890)**	(1,328)
	Net cash used in operating activities		**(1,078,640)**	(1,328)
B.	**Cash flow from investing activities:**			
	Net cash used in investing activities		**–**	–
C.	**Cash flows from financing activities:**			
	Share Capital		**–**	4,000,000
	Net cash from financing activities		**–**	4,000,000
	Net change in cash and cash equivalents (A+B+C)		**(1,078,640)**	3,998,672
	Add: Cash and Cash equivalents at the beginning of the year		**3,998,672**	–
	Closing Cash and Cash equivalent		**2,920,032**	3,998,672
Represented by:				
	Cash and cash equivalents	**5**	**2,920,032**	3,998,672

Manager-Accounts

Director

Managing Director

Signed in terms of our report of even date annexed.

Dated : 30 April, 2020
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants

NOTES, COMPRISING SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

for the year ended 31 March 2020

1. Background information

1.1 Formation and legal status

Mahindra Susten Bangladesh Private Limited (hereinafter referred to as "MSBPL"/"the Company") is a 100% foreign owned company incorporated in Bangladesh in 19 April 2018 under the Companies Act, 1994 vide registration number C-144449/2018 and has its registered address at Navana Obaid Eternia, 28-29, Kakrail, Level-13, VIP Road, Dhaka-1000. The immediate parent of MSBPL is Mahindra Susten Private Limited, India.

1.2 Nature of business

The principal activities of the company are to carry on the business of engineering, procurement and construction contractors for power plants including renewable energy and water management sector and to enter into contracts, alliances and joint ventures to undertake assignments to erect, construct, supervise, maintain, alter, repair, pull down and restore, either on own or jointly with other companies or persons, to undertake turnkey projects and operations and maintenance of every description and supervision of any plant or factory with any Government or corporate or under public private partnership.

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the entity have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and adopted by The Institute of Chartered Accountants of Bangladesh (ICAB). IFRS comprise of:

- International Financial Reporting Standards (IFRS);
- International Accounting Standards (IAS); and
- Interpretations.

The titles and format of these financial statements follow the requirements of IFRS which are to some extent different from the requirements of the Companies Act, 1994. However, such differences are not material and in the view of management IFRS title gives better presentation to the shareholders.

The applicable IFRSs are as follows:

IAS 1: Presentation of Financial Statements

IAS 7: Statement of Cash Flows

IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors

IAS 10: Events after the Reporting Period

IAS 12: Income Taxes

IAS 16: Property, Plant and Equipment

IAS 24: Related Party Disclosures

IAS 36: Impairment of Assets

IAS 37: Provisions, Contingent Liabilities and Contingent assets

IFRS 13: Fair Value Measurement

IFRS 15: Revenue from Contracts with Customers

IFRS 16: Leases

Compliance with other regulatory requirements

The entity complied with the requirements of following laws and regulations from various government bodies:

i) The Companies Act,1994;

ii) The Income Tax Ordinance,1984 and amendment thereon;

iii) The Income Tax Rules,1984;

iv) The Value Added Tax Act, 1991;

v) The Value Added Tax Rules,1991;

vi) The VAT and SD Act, 2012;

vii) The VAT and SD Rules, 2016;

viii) The Stamp Act, 1899;

ix) The Bangladesh Labor Act, 2006 and amended in 2015; and

x) Any other applicable laws and regulations of the land.

2.2 Components of the financial statements

The financial statements comprises :

(i) Statement of Financial position as at 31 March 2020;

(ii) Statement of profit or loss and other comprehensive income for the year ended 31 March 2020;

(iii) Statement of changes in equity for the year ended 31 March 2020;

(iv) Statement of cash flows for the year ended 31 March 2020; and

(v) Notes, comprising a summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2020.

2.3 Basis of measurement

Financial statements have been prepared on going concern basis. Historical cost principal has been followed for the purpose of these financial statements.

2.4 Functional and presentational currency and level of precision

The functional currency of the company is Bangladeshi Taka (BDT) and these financial statements are presented in BDT as presentation currency of the company. Figures have been rounded off to nearest BDT, unless stated otherwise.

2.5 Use of estimates and judgment

i) Estimates

The preparation of financial statements in conformity of IFRS recognition and measurement of principles require the use of estimates and assumptions that affect the reported amounts of assets and liabilities and of revenue and expenses. Such estimates are prepared on the assumption of going concern, are established based on currently available information. Changes in facts and circumstances may result in revised estimates, and actual result could differ from the estimates.

Significant estimates made by the management in the preparation of the financial statements include assumption used for depreciation.

ii) Judgments

The accounting for certain provisions and the disclosure of contingent liabilities and claims at the date of the financial statements is judgmental.

2.6 Reporting period

The reporting period of the company is April to March each year. This financial Statements covers from 1 April 2019 to 31 March 2020 on yearly basis.

2.7 Materiality and aggregation

Each material class of similar items are presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

2.8 Offsetting

The entity does not offset assets and liabilities or income and expenses, unless required or permitted by any IFRSs.

NOTES, COMPRISING SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

As at and for the year ended 31 March 2020

2.9 Comparative information

Comparative figures have been regrouped, reclassified or restated wherever found necessary to conform to the presentation adopted in these financial statements.

2.10 Going concern assumption

The financial statements have been prepared on going concern basis. As per the management assessment, there is no material uncertainties related to events or conditions which may cast significant doubt upon the companies ability to continue as a going concern.

3. Summary of significant accounting policies

3.1 Property, plant and equipment

i) Recognition of property, plant and equipment

Initial measurement

"Property, plant and equipments are generally initially recognized at cost and subsequently stated at cost less accumulated depreciation in compliance with IAS 16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and directly attributable cost of bringing the asset to its operating condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

During the reporting period the company did not acquire any property, plant and equipment."

ii) Subsequent measurement

Cost model

These are capitalized at cost of acquisition and subsequently stated at cost amounts less accumulated depreciation and accumulated impairment losses (if any).

iii) Subsequent costs

Subsequent maintenance and normal repairs are expensed as incurred while major renewals and improvements are capitalized.

iv) Depreciation

Depreciation is charged on property, plant and equipment on straight line basis over their respective useful lives. Rates of depreciation are adopted to reflect the true pattern of consumption of economic benefits of each asset and the nature of business and their usefulness.

3.2 Cash and cash equivalent

Cash and cash equivalents include cash in hand, balance and deposits with financial institutions that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.3 Payables and accruals

Liabilities are recognized for amounts to be paid in future for goods and services received whether or not billed to the Company.

3.4 Provisions

The Company recognizes provisions when it has legal or constructive obligation resulting from past events, the settlement of which would result in outflow of resources embodying economic benefits to the company.

3.5 Contingent liabilities

The entity does not recognize contingent liability but discloses the existence of contingent liability in the financial statements. A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events not within the control of the entity or a present obligation that is not recognized because outflow of resources is not likely or obligation cannot be measured reliably.

3.6 Contingent assets

The entity does not recognize contingent assets but discloses the existence of contingent asset in the financial statements. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

3.7 Revenue

Revenue is generally recognized in the Statement of Profit or loss and other Comprehensive Income after meeting the recognition criteria in accordance with the requirement of IFRS-15: Revenue from Contracts with Customers. Revenues are measured and recognized at net of VAT.

The Company have not started its commercial operation, hence no revenue was generated during the accounting period.

3.8 Cost of Sales

Cost of sales comprises the expenses that are directly related with earning the income. Cost of sales are recognized on accrual basis.

3.9 Income Tax

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the statement of profit or loss and other comprehensive income and accounted for in accordance with the requirements of IAS 12: Income Taxes. Income tax comprises both current tax and deferred tax expense.

Current Tax:

Income tax provision has been made in line with the provision of the Income Tax Ordinance, 1984.

Deferred tax:

Deferred tax asset has not been recognized as there is no significant temporary taxable/tax deductible difference.

3.10 Statement of cash flows

Statement of cash flows is prepared in accordance with IAS 7:Cash Flow Statements under direct method.

4. Property, plant and equipment

The company has not started its commercial operation yet, So no fixed asset was purchased during the year.

5. Cash and cash equivalent

	31-Mar-20 Taka	31-Mar-19 Taka
Cash in hand	**–**	–
Cash at bank (Standard Chartered Bank)	**2,920,032**	3,998,672
	2,920,032	3,998,672

6. Share capital

	31-Mar-20 Taka	31-Mar-19 Taka
Authorized		
(300,000 ordinary shares of Tk. 100 each)	**30,000,000**	30,000,000
Issued, subscribed and paid-up		
(40,000 ordinary shares of Tk. 100 each)	**4,000,000**	4,000,000

Share holding position of the company is as follows:

Name of the shareholders		
"Mahindra Susten Private Limited" (39,999 shares @ Tk. 100 each)	**3,999,900**	3,999,900
Roshan Laxmilal Gandhi (1 share @ Tk. 100 each)	**100**	100
	4,000,000	4,000,000

7. Payables and accruals

	31-Mar-20 Taka	31-Mar-19 Taka
Ahmed Mashuque & Co.	**438,511**	211,500
Office rent payable	**57,000**	28,500
Mahindra & Mahindra Ltd.	**246,638**	215,988
	742,149	455,988

8. Provision for expenses

	31-Mar-20 Taka	31-Mar-19 Taka
Provision for audit fee	**207,000**	207,000
Provision for TDS	**42,440**	39,840
Provision for VAT and VDS	**31,150**	25,000
	280,590	271,840

9. Administrative and general expenses

	31-Mar-20 Taka	31-Mar-19 Taka
Professional fees	**972,900**	269,750
Audit fees	**207,000**	207,000
License, registration and renewals	**7,111**	–
Office rent	**138,000**	34,590
Trademark expense	**30,650**	215,988
	1,355,661	727,328

10. Finance expense

	31-Mar-20 Taka	31-Mar-19 Taka
Bank charges	**14,890**	1,328
	14,890	1,328

11. Contingencies

There is no contingent liability as on 31 March 2020.

12. Capital expenditure commitment

There is no capital expenditure commitment entered into by the company as on 31 March 2020.

13. Particulars of employees

During the year ended 31 March 2020 there was no employee in the company.

14. Events after the Reporting Period

No material events had occurred from the end of the reporting period to the date of issue of Financial Statements, which could materially affect the values stated in the Financial Statements.

15. Related party transactions

During the reporting period, the entity entered into a number of transactions with related party. The name of the related party, nature of the transactions and amount thereof have been set out below in accordance with the provisions of IAS 24: "Related party disclosures".

Name of related party	Relationship	Nature of transactions	Opening balance 01 April 2019 Debit (Credit)	Transactions during FY 2019-2020 Debit	Credit	Closing balance 31 Mar 2020 Debit (Credit)
Mahindra & Mahindra Ltd.	Parent of Parent Company	Trademark expenses	(215,988)	–	30,650	(246,638)
	Total		**(215,988)**	–	**30,650**	**(246,638)**

16. Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

- Credit risks
- Liquidity risks
- Market risk

- **Credit risk:**

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In monitoring credit risk, debtors are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. Accounts and other receivables are mainly related to the Company's buyers. The Company's exposure to credit risk on accounts receivables is mainly influenced by the individual payment characterstics of credit purchaser. Credit risk does not arise in respect of any other receivables.

a) **Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Particulars	Note	31-Mar-20	31-Mar-19
Cash & cash equivalents (except cash in hand)	5.00	**2,920,032**	3,998,672
		2,920,032	3,998,672

- **Liquidity risk:**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company's approach to managing liquidity (cash and bank balances) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses.

Typically, the Company ensures that it has sufficient cash and bank balances to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of the financial obligation and accordingly arranging for sufficient liquidity/fund to make the expected payment within due date.

In extreme stressed conditions, the Company may get support from the shareholders in the form of shareholder's loan/capital contribution.

The following are the contractual maturities of financial liabilities :

Particulars	Note	31-Mar-20	31-Mar-19
Payables and accruals	7.00	**742,149**	455,988
Provision for expenses	8.00	**280,590**	271,840
		1,022,739	727,828

- **Market risk**

Market risk is the risk that any change in market conditions, such as foreign exchange rates, interest rates and commodity prices that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable level.

Currency risk

Transaction risk

Transaction risk arises from risk of adverse exchange rate movements occurring in the course of normal international transaction.

Interest rate risk

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to repay debts as they fall due and to minimise the risks surrounding interest payments and receipts.

Manager-Accounts

Director

Managing Director

Signed in terms of our report of even date annexed.

Dated : 30 April, 2020
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants

BALANCE SHEET

	(Euro) 03/31/2020
Assets	
A) Receivables from Quotaholder	–
B) Fixes assets	
I. Intangible assets	
Development costs in progress	45,000
	45,000
II. Tangible assets	44,099
Depreciation	(4,341)
	39,758
B) Fixes assets	
III. Financial assets	–
Total fixed assets	**84,758**
C) Current assets	
I. Inventories	–
II. Receivables:	
- due after one year	53,036
- due after more than one year	8,305
	61,341
III. Cash and cash equivalent	272,932
Total current assets	**334,273**
D) Prepaid expenses and accrued income	842
Total Assets	**419,873**

LIABILITIES AND EQUITY

	(EURO) 03/31/2020
A) Equity	
I. Stock capital	625,000
II. Legal reserve	–
VII. Other reserves	–
IX. Profit (loss) of the year	(345,153)
Total Equity	**279,847**
B) Provision for staff termination pay	1,396
C) Payables	138,630
Total Liabilities and Equity	**419,873**

INCOME STATEMENT

	(EURO) 03/31/2020
A) Value of Production	
1) Income from sales and services	–
5) Other income	2,880
Total Value of Production	**2,880**
B) Costs of Production	
6) Goods	829
7) Services	278,132
8) Rental	30,971
9) Staff	
a) Salaries and wages	24,535
b) Social contributions	7,305
c/d/e) Funds for staff termination pay, retirement and other costs	1,396
10) Tangible assets depreciation	4,341
14) Other operating costs	526
Total Costs of Production	**348,035**
Difference between Value and Costs of Production (A-B)	**(345,155)**
C) Financial income and charges	
16) Other financial income:	
d) from current assets	2
17) Interest charges	–
17-bis) Gain (Loss) on exchange	–
Total Financial income and charges	**2**
D) Adjustments to financial assets	**–**
Result before taxes (A-B±C±D±E)	(345,153)
22) Income taxes, current, deferred and prepaid	–
23) Profit (Loss) of the year	**(345,153)**

The Board of Directors

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Engineering and Chemical Products Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **Mahindra Engineering and Chemical Products Limited** ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The company does not have any pending litigations which will impact its financial positions.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN 20111212AAAAHW2152

Place: Mumbai
Date: 8th May, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Engineering and Chemical Products Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN 20111212AAAAHW2152

Place: Mumbai
Date: 8th May, 2020

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Engineering and Chemical Products Limited** for the year ended March 31, 2020

Annexure to the Auditor's Report referred to in our report of even date:

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

iii) The title deeds of the freehold land are held in the name of the Company.

2) Physical verification of inventory has been conducted at reasonable intervals by the management and not material discrepancies were noticed.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

ii) There are no disputed dues outstanding as on March 31, 2020 on account of sales tax, customs duty, income tax, service tax, GST and cess. Except as follows:

Name of the Statute	Nature of dues	Amount	Periods to which amounts relates	Forum where the dispute is pending
Income Tax Laws	Income Tax	1,35,030	A.Y. 2015-16	CIT (A)
Income Tax Laws	Income Tax	24,91,676	A.Y. 2017-18	CIT (A)

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles -in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN 20111212AAAAHW2152

Place: Mumbai
Date: 8th May, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

Rupees lakhs

Particulars	Notes	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
I. Financial Assets			
(a) Cash and Cash Equivalents	3	**571.12**	73.91
(b) Bank Balances other than (a) above	4	**1,539.00**	2,165.00
(c) Trade Receivables	5	**29.76**	0.57
(d) Investments	6	**85,532.77**	85,408.77
(e) Other Financial assets	7	**485.83**	331.01
		88,158.48	87,979.26
II. Non-financial Assets			
(a) Inventories	8	**99.62**	–
(b) Current tax assets (Net)	9	**174.22**	168.66
(c) Deferred tax assets (Net)	16	**0.45**	–
(d) Investment Property	10	**433.46**	442.70
(e) Property, Plant and Equipment	11	**12.24**	19.71
(f) Other Non Financial Assets	12	**23.64**	5.40
		743.63	636.47
TOTAL ASSETS		**88,902.11**	88,615.73
LIABILITIES AND EQUITY			
LIABILITIES			
I. Financial Liabilities			
(a) **Payables**			
Trade Payables			
(i) Micro, Small and Medium Enterprises	13	**0.02**	0.17
(ii) Other than Micro, Small and Medium Enterprises		**155.74**	20.00
(b) Other financial Liabilities	14	**100.00**	100.00
		255.76	120.17
II. Non-Financial Liabilities			
(a) Current tax liabilities (Net)	15	**4.73**	4.73
(b) Deferred tax liabilities (Net)	16	**–**	0.18
(c) Other non financial Liabilities	17	**1.03**	0.66
		5.76	5.57
III. EQUITY			
(a) Equity Share capital	18	**11,645.09**	11,645.09
(b) Other Equity	19	**76,995.49**	76,844.90
		88,640.58	88,489.99
TOTAL LIABILITIES		**88,902.11**	88,615.73

The accompanying notes 1 to 35 are an integral part of the Financial Statements

As per our report of even date attached

For B.K.Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Date : 8th May, 2020
Place : Mumbai

For and on behalf of the Board of Directors of
Mahindra Engineering and Chemical Products Limited
CIN No. U74999MH1954PLCO19908

Chief Financial Officer — Director

Chief Executive Officer — Director

Company Secretary — Director

Date : 8th May, 2020
Place : Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

Rupees lakhs

	Particulars	Notes	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(I)	**Revenue from Operations**			
	(i) Interest Income	20	**189.42**	174.06
	(ii) Dividend Income		**47.21**	80.86
	(iii) Rental Income		**13.57**	14.02
	(iv) Sale of Products		**29.62**	–
	(v) Sale of services		**0.86**	0.45
	Total Revenue from Operations		**280.68**	269.39
(II)	**Other Income**	21	**10.12**	–
(III)	**Total Income (I + II)**		**290.80**	269.39
	Expenses:			
	(i) Finance Cost	22	**5.77**	6.52
	(ii) Purchase of stock-in-trade	23	**123.12**	–
	(iii) Changes in inventory of stock-in-trade	24	**(99.62)**	–
	(iv) Depreciation, Impairment and amortisation	9&10	**16.72**	16.65
	(v) Other Expenses	25	**52.39**	45.44
(IV)	**Total Expenses**		**98.38**	68.61
(V)	Profit Before Exceptional Item and Tax (III-IV)		**192.42**	200.78
(VI)	Add: Exceptional Item		**–**	–
(VII)	Profit Before Tax (V-VI)		**192.42**	200.78
(VIII)	**Tax Expenses:**			
	Current tax for the year	16	**42.46**	42.65
	Deferred tax for the year		**(0.63)**	(0.33)
	Total Tax Expenses		**41.83**	42.32
(IX)	**Profit/(Loss) for the period from continuing operations (After Tax) (VII-VIII)**		**150.59**	158.46
(X)	**Profit/(Loss) for the period from discontinued operations**		**–**	–
(XI)	**Tax Expense for discountinued operations**		**–**	–
(XII)	**Profit/(Loss) for the period from discontinued operations (After Tax) (X-XI)**		**–**	–
(XIII)	**Profit/(Loss) for the period (IX+XII)**		**150.59**	158.46
(XIV)	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			
	(a) Equity instruments through other comprehensive income		**–**	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	Other Comprehensive Income for the period		**–**	–
	Total Comprehensive Income for the period for the period (IX+X)		**150.59**	158.46
(XV)	Earnings per equity share : (Basic and diluted) (for continuing operations (Face Value Rs.10 per share) (Rupees)	25	**0.13**	0.14
(XVI)	Earnings per equity share : (Basic and diluted) (for discontinuing operations (Face Value Rs.10 per share) (Rupees)	25	**–**	–

The accompanying notes 1 to 35 are an integral part of the Financial Statements

As per our report of even date attached

For B.K.Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Date : 8th May, 2020
Place : Mumbai

For and on behalf of the Board of Directors of
Mahindra Engineering and Chemical Products Limited
CIN No. U74999MH1954PLCO19908

Chief Financial Officer — Director

Chief Executive Officer — Director

Company Secretary — Director

Date : 8th May, 2020
Place : Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

Rupees lakhs

	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A .	**Cash Flow from Operating Activities:**		
	Profit before tax	**192.42**	200.78
	Adjustments for :		
	Add: Depreciation	**16.72**	16.65
	Add: Finance Cost	**5.77**	6.52
	Less: Provision for expenses written back	**(10.12)**	–
	Operating Profit /(Loss) before Working Capital changes	**204.79**	223.95
	Changes in Working Capital:		
	Adjustments for (increase) / decrease in operating assets:		
	(Increase)/Decrease in Trade Receivables	**(29.19)**	(0.10)
	(Increase)/Decrease in Current Tax Assets	**(4.06)**	(2.53)
	(Increase)/Decrease in Inventories	**(99.62)**	–
	(Increase)/Decrease in Non financial assets	**(18.24)**	(2.47)
	(Increase)/ Decrease in other financial assets	**(154.82)**	(64.66)
	Bank Balances not considered as Cash and Cash equivalents	**626.00**	(112.00)
	Adjustments for increase / (decrease) in operating Liabilities:		
	Increase/(Decrease) in Trade Payables	**145.70**	(0.63)
	Increase/(Decrease) in Non financial liabilities	**0.37**	0.28
		466.14	(182.11)
	Cash generated from operations	**670.93**	41.84
	Income taxes paid (Inclusive of Tax Deducted at Source)	**(43.95)**	(44.23)
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**626.98**	(2.39)
B	**Cash Flow from Investing Activities :**		
	(Increase)/ Decrease in PPE	**–**	(1.45)
	Investments made by the Company during the year	**–**	(10900.00)
	Corporate Fixed Deposits placed	**(124.00)**	–
	NET CASH FLOW USED IN INVESTING ACTIVITIES (B)	**(124.00)**	(10901.45)
C	**Cash Flow from Financing Activities :**		
	Proceeds from Issue of Share Capital	**–**	10,900.00
	Share issue expenses	**–**	(10.92)
	Finance Cost	**(5.77)**	(6.52)
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**(5.77)**	10,882.56
	CHANGES AS NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**497.21**	(21.28)
	Cash and cash equivalents at the beginning of the year	**73.91**	95.20
	Cash and cash equivalents at the end of the year	**571.12**	73.91

Notes:

1. The above Cash Flow Statement has been prepared under the indirect method as set out in IND AS - 7 - Cash Flow Statement.
2. CSR Spent during the period is Rs.3.57 Lakhs (Previous Year Rs. 3.06 Lakhs)

As per our report of even date attached

For B.K.Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Date : 8th May, 2020
Place : Mumbai

For and on behalf of the Board of Directors of
Mahindra Engineering and Chemical Products Limited
CIN No. U74999MH1954PLCO19908

Chief Financial Officer   Director

Chief Executive Officer   Director

Company Secretary   Director

Date : 8th May, 2020
Place : Mumbai

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1 Corporate Information:

Mahindra Engineering and Chemical Products Limited is a public limited company incorporated in Mumbai, India on 7 June, 1954 under the Companies Act 1956. The Company's main activity is carrying on the business of trading / distributing of goods and offering services of boats and yachts of all kinds and engines and making investments in group companies.

The Company falls under the category of Core Investment Company (CIC) as it holds majority of its assets as investments in group company/ies and does not engage in financing activity other than that of investments/guarantees/ loans mainly relating to its group company/ ies. It is a Non–Banking Financial Company (NBFC) and does not engage in financing activity similar to other NBFCs.

The Company is exempt from registration with RBI under section 45IA of the RBI Act, 1934 in terms of Notification No. DNBS.PD.221/CGM(US)2011 dated 5th January, 2011 (issued under section 45NC of the RBI Act).

The financial statements were approved by the Board of Directors and authorized for issue on 8th May, 2020.

2 Significant Accounting Policies followed by the Company:

a) Statement of compliance and basis of preparation and presentation of financial statements:

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which can be measured at fair values.

c) Use of estimates & judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities:

Fair value of financial assets, liabilities and investments

The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) require management's best estimate about future developments.

d) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non–financial assets and liabilities.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

e) Revenue Recognition:

Sale of stock–in–trade:

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

(i) the Company has transferred to the buyer the significant risk and reward of ownership of the goods;

(ii) the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and

(v) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services:

Sale of services are recognized in the year when services are rendered.

Dividend and interest income:

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

Rental Income on investment property:

Rental income from operating leases is generally recognised on a straight–line basis over the term of the leave and licence agreement.

f) Property, Plant and Equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful life, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013. Below is Company's expected usage pattern:

1) Vehicles (Speed Boat)– 13 Years

2) Computer and data processing unit– 3 Years

g) Financial Instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit or Loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Financial Assets:

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial Liabilities and Equity Instruments:

Equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual agreements and the definitions of an equity instrument.

Equity Instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial Liabilities:

All the financial liabilities are subsequently measured at either amortised cost using the effective interest method or at fair value through profit and loss, depending on the classification of the financial liabilities.

De–recognition of financial assets

The Company de–recognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amount it may have to pay.

If the Company enters into transactions whereby it transfers assets recognised on its Balance Sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de–recognised and the proceeds received are recognised as a collateralised borrowing.

De–recognition of financial liabilities

A financial liability is de–recognised when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Statement of Profit and Loss

Impairment of financial assets

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVTOCI, the loss allowance is recognised in OCI and is not reduced from the carrying amount of the financial asset in the balance sheet.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write–off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Profit and Loss.

Impairment of nonfinancial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash–generating unit, as the case may be, is estimated and impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash–generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash–generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash–generating unit) earlier. The reversal of an impairment loss is recognised in Statement of Profit and Loss.

h) Investment Property:

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 40's requirements for cost model.

An Investment Property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de–recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

i) Investments in Subsidiaries, Associates:

The Company accounts for its investments in subsidiaries, associates at cost less accumulated impairment, if any.

j) Inventory:

The company for its trading operations purchases items for resale to customers. These items held for resale are treated as inventory assets held in the ordinary course of business and are in the form of material or supplies to be entirely used in the trading activities of the company.

The company measures inventory as prescribed under IND–AS 2 wherein Inventories shall be measured at the lower of cost and net realisable value.

Cost for purpose of determining inventory is all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The company uses the First In First Out (FIFO) formula for assigning cost to inventory items.

Net Realisable Value will be determined for those inventory items which have become damaged, have become completely or partially obsolete or if their selling prices have declined. The amount of any write down of inventories to net realisable value shall be recognised as an expense in the period such a write down happens.

k) Impairment of assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash–generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted at their present value using the pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

If the recoverable amount of an asset (or cash–generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash–generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash–generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

l) Taxes on Income:

Income tax expense represents the sum of the tax currently payable, short/(excess) provisions of earlier years and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax:

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

m) Provisions and Contingent Liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

n) Lease :

Lease are classified as finance leases whenever the terms of lease transfer substantially all the risk and reward of ownership to the lease. All other leases are classified as operating lease.

Company as a Lessor:

Rental Income from operating lease is recognized on a straight line basis over the term of the relevant lease.

o) Earnings Per Share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year.

p) Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

q) Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

r) Segment Information:

The Company falls under the category of Core Investment Company (CIC) exempt from registration with RBI under section 45IA of the RBI Act, 1934, primarily engaged in the business of acquisition of shares and other securities in group companies. The Company's main segments are trading, Investing activities and giving speed boat on hire.

Note 3 – Cash and Cash Equivalents

Rupees lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balances with Banks :		
On current accounts	**11.12**	5.91
On deposit account (with original maturity of 3 months or less)	**560.00**	68.00
TOTAL	**571.12**	73.91

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 4 – Other Balances with Bank

Rupees lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balances with Banks :		
In deposit account (with original maturity of more than 3 months)	**1,539.00**	2,165.00
TOTAL	**1,539.00**	2,165.00

Note 5 – Trade Receivables

Rupees lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade Receivables		
Considered good – Unsecured	**29.76**	0.57
TOTAL	**29.76**	0.57

Note 6 – Investments

Rupees lakhs

Particular	As at 31st March, 2020 QTY	As at 31st March, 2020 Amounts	As at 31st March, 2019 QTY	As at 31st March, 2019 Amounts
A. COST				
I. Unquoted Investments				
Investments in Equity Instruments of:				
Subsidiaries				
A) Retail Initiatives Holdings Limited	**20,550,000**	**2,055.00**	20,550,000	2,055.00
B) Mahindra Retail Limited	**547,174,722**	**43,375.10**	438,174,722	43,375.10
(Formerly known as Mahindra Retail Private Limited)				
Associates				
Mahindra Tsubaki Conveyor Systems Private Limited	**15,376,025**	**1,831.41**	15,376,025	1,831.41
Total Aggregate Unquoted Equity Investments (A)		**47,261.51**		47,261.51
II. Quoted Investments				
Investments in Equity Instruments of:				
Fellow Subsidiaries				
Mahindra Logistics Limited	**100**	**0.01**	100	0.01
Total Aggregate Quoted Equity Investments (B)	**100.00**	**0.01**	100.00	0.01
Total Equity Instruments (1)		**47,261.52**		47,261.52
I. Unquoted Investments				
Investments in Compulsorily Fully Convertible Debentures (CCD) :				
Subsidiaries				
Retail Initiatives Holdings Limited	**4,944,053**	**49,440.53**	4,944,053	49,440.53
Total Compulsorily Fully Convertible Debentures (2)		**49,440.53**		49,440.53
Investments in Compulsorily Convertible Preference Shares (CCPS) :				
Associate				
Brainbees Solutions Private Limited	**4,887,180**	**9,506.72**	4,887,180	9,506.72
Total Compulsorily Convertible Preference Shares (3)		**9,506.72**		9,506.72
Investments in Corporate Fixed Deposits	**–**	**124.00**	–	–
Total Corporate Fixed Deposits (4)	**–**	**124.00**	–	–
A. Total Aggregate Investments (1 + 2 + 3 + 4)	**9,831,233**	**106,332.77**	9,831,233	106,208.77
Less: Impairment for Allowance Loss		**20,800.00**		20,800.00
B. Total impairment value for investments	**–**	**20,800.00**	–	20,800.00
TOTAL INVESTMENTS CARRYING VALUE (A) –(B)		**85,532.77**		85,408.77

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Rupees lakhs

Investment Geographical Details	As at 31st March, 2020	As at 31st March, 2019
(i) Investments outside India	–	–
(ii) Investments in India	**85,532.77**	85,408.77
TOTAL	**85,532.77**	85,408.77

Note 7 – Other Financial assets

Rupees lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Inter Corporate Deposits	**420.00**	268.72
(b) Interest accrued but not due on Inter Corporate Deposit	**5.39**	2.52
(c) Interest accrued but not due on deposits with bank	**58.90**	59.27
(d) Interest accrued but not due on corporate fixed deposit	**1.04**	–
(e) Security Deposit	**0.50**	0.50
TOTAL	**485.83**	331.01

Note 8 – Inventories

Rupees lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Stock-in-Trade	**99.62**	–
TOTAL	**99.62**	–

The above stock-in-trade has been valued at cost price being lower of cost and net realisable value as per IND-AS 2.

Note 9 – Current tax assets (Net)

Rupees lakhs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current Tax Assets (Net)		
Advance Income-tax (Net of provision for tax)	**174.22**	168.66
TOTAL	**174.22**	168.66

Note 10 – Investment Property

Rupees lakhs

Description of Assets	Buildings	Total
I. Cost		
Balance as at 1st April, 2019	512.11	512.11
Additions	–	–
Balance as at 31st March, 2020	**512.11**	**512.11**
II. Accumulated depreciation and impairment for the year 2019-20		
Balance as at 1st April, 2019	69.41	69.41
Charge for the period	9.24	9.24
Balance as at 31st March 2020	**78.65**	**78.65**
Net block (I–II)		
Balance as on 31st March 2020	**433.46**	**433.46**
Balance as on 31st March 2019	442.70	442.70

Rupees lakhs

Description of Assets	Buildings	Total
I. Cost		
Balance as at 1st April, 2018	512.11	512.11
Additions	–	–
Balance as at 31st March, 2019	512.11	512.11
II. Accumulated depreciation and impairment for the year 2018–19		
Balance as at 1st April, 2018	60.17	60.17
Charge for the period	9.24	9.24
Balance as at 31st March, 2019	69.41	69.41
Net block (I–II)		
Balance as on 31st March 2019	442.70	442.70
Balance as on 31st March, 2018	451.94	451.94

Description of the Investment Property

The Company's investment properties consist of one flat bearing number 901, 9th floor, Mahindra Heights Co-operative Housing Society Limited, 96, Tardeo Road, Next to A.C. Market, Tardeo, Mumbai, 34 in India. This property has been given on a three year leave and licence agreement ending on September 30, 2018 to its holding company viz Mahindra & Mahindra Limited on a monthly licence fee. The Leave and license agreement has been renewed on October 1, 2018 to September 30, 2021.

Measurement of Investment Property

The Investment Property has been measured using the cost model as specified in IND–AS 16. The valuation of the investment property was done by M/s Liases Foras Valuers Private Limited who is a Valuer and is not related to the group. and has qualification and recent experience in the valuation of properties in the relevant locations.The value of the property has been assessed by the valuer at Rs.652.50 lacs vide his report dated October 10, 2018.

Depreciation Method & Useful Life :

Depreciation on investment property is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Note No. 11– Property Plant & Equipment

Rupees lakhs

Description of Assets	Office Equipment	Vehicles (Vessel – Speedboat)	Total
I. Cost			
Balance as at 1st April, 2019	11.94	58.19	70.13
Additions	–	–	–
Disposals	–	–	–
Reclassified as held for sale	–	–	–
Balance as at 31st March, 2020	**11.94**	**58.19**	**70.13**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Rupees lakhs

Description of Assets	Office Equipment	Vehicles (Vessel – Speedboat)	Total
II. Accumulated depreciation and impairment for the year 2019–20			
Balance as at 1st April, 2019	5.71	44.71	50.42
Depreciation / amortisation expense for the year	3.22	4.26	7.48
Impairment losses recognised in profit or loss	–	–	–
Reversals of impairment losses recognised in profit or loss	–	–	–
Balance as at 31st March, 2020	8.92	48.98	57.90
Net block (I–II)			
Balance as on 31st March 2020	3.02	9.21	12.24
Balance as on 31st March 2019	6.24	13.48	19.71

Rupees lakhs

Description of Assets	Office Equipment	Vehicles (Vessel – Speedboat)	Total
I. Cost			
Balance as at 1st April, 2018	10.49	58.19	68.68
Additions	1.45	–	1.45
Disposals	–	–	–
Reclassified as held for sale	–	–	–
Balance as at 31st March, 2019	11.94	58.19	70.13
II. Accumulated depreciation and impairment for the year 2018–19			
Balance as at 1st April, 2018	2.56	40.45	43.01
Depreciation / amortisation expense for the year	3.15	4.26	7.41
Impairment losses recognised in profit or loss	–	–	–
Reversals of impairment losses recognised in profit or loss	–	–	–
Balance as at 31st March, 2019	5.71	44.71	50.42
Net block (I–II)			
Balance as on 31st March 2019	6.24	13.48	19.71
Balance as on 31st March 2018	7.93	17.74	25.67

Description of PP & E

Office Equipment are Laptops, I–Pads & Audio Visual Equipment

Assets pledged as security and restriction on titles

No assets have been pledged as security by the Company and there are no restriction on titles of the assets of the Company.

Impairment losses recognised in the year:

No tangible assets have been impaired during the year.

Note No. 11– Property Plant & Equipment

Depreciation Method & Useful Life of the Asset

Depreciation on fixed assets is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Speed boat is depreciated over the useful life prescribed in Schedule II of the Companies Act, 2013 which is 13 years.

Laptops, I–pads and Audio Visual equipment is depreciated over the useful life prescribed in Schedule II of the Companies Act, 2013 which is 3 years.

Other disclosures

No asset has been classified as held for sale or has been included in a group classfied as held for sale in accordance with IND–AS 105.

There have been no revaluation of PP & E.

There are no contractual commitments for the acquisition of PP & E.

Note 12 – Other Non Financial assets

Rupees lakhs

Particulars		As at 31st March, 2020	As at 31st March, 2019
(a)	Balances with government authorities (other than income taxes)	**22.96**	4.99
(b)	Prepaid Expenses	**0.67**	0.41
TOTAL		**23.64**	5.40

Note 13 – Trade Payables

Rupees lakhs

Particulars		As at 31st March, 2020	As at 31st March, 2019
(i)	Total outstanding dues of micro, small and medium enterprises	**0.02**	0.17
(ii)	Total outstanding dues of creditors other than micro, small and medium enterprises	**155.74**	20.00
TOTAL		**155.76**	20.17

Note : The identification of vendors as a “Supplier” under the Micro, Small and Medium Enterprises Development Act, 2006 (The Act) has been done on the basis of the information to the extent provided by the vendors to the Company. This has been relied upon by the auditors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 14 – Other Non Financial Liabilities

Rupees lakhs

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
Other Financial Liabilities at Amortized Cost		
– Security Deposit for Investment Property	**90.55**	84.79
– Advance Rent received	**9.45**	15.21
TOTAL	**100.00**	100.00

Note 15 – Current Tax Liabilities (Net)

Rupees lakhs

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
Provision for Income Tax (net of advance tax)	**4.73**	4.73
TOTAL	**4.73**	4.73

Note No. 16 – Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees lakhs

Particulars	**31st March 2020**	31st March, 2019
Current Tax:		
In respect of current year	**42.46**	42.00
In respect of prior year	**–**	0.65
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(0.63)**	(0.33)
Total income tax expense recognised in profit and loss	**41.83**	42.32

(b) Income Tax recognised in other comprehensive income

Rupees lakhs

	31st March 2020	31st March, 2019
Current Tax		
Remeasurement of defined benefit obligaitons	**–**	–
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligaitons	**–**	–
Total	**–**	–
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**–**	–
Income taxes related to items that will be reclassified to profit or loss	**–**	–
Total	**–**	–

(b) The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in the statement of profit and loss is as follows:

Rupees lakhs

	March 31st, 2020	March 31st, 2019
Profit before tax	**192.42**	200.78
Indian Income Tax Statutory Rate	**0.25**	0.28
Estimated Income tax expense calculated at 25.168 % (2019: 27.82%)	**48.43**	55.86
Effect of income that is exempt from taxation	**(11.88)**	(22.50)
Tax impact of deduction on account of Donation/ CSR	**(0.45)**	(0.43)
Effect of expenses that is non–deductible in determining taxable profit	**5.78**	6.24
Effect of expenses that is deductible in determining taxable profit	**(1.20)**	(1.81)
Effect of write back of provisions	**(0.76)**	–
Tax impact on account of Income from House Property	**(1.06)**	(0.70)
Tax impact on account of Disallowance u/s 14A	**3.59**	4.50
Tax impact of Share Issue expenses– (IND–AS Impact)	**0.00**	0.40
Deferred tax impact in opening adjustment	**(0.63)**	(0.33)
Tax Liability	**41.83**	41.22
Additional Provision made	**–**	0.45
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	0.65
Income tax expense recognised In profit or loss	**41.83**	42.32

Rupees lakhs

Particulars	**For the Year ended 31st March, 2020**		
	Opening Balance	**Recognised in profit and Loss**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	**0.18**	(0.63)	(0.45)
Net Tax (Asset)/ Liabilities	**0.18**	(0.63)	(0.45)

Particulars	For the Year ended 31st March, 2019		
	Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	0.51	(0.33)	0.18
Net Tax (Asset)/ Liabilities	0.51	(0.33)	0.18

Note 17 – Other Non Financial Liabilities

Rupees lakhs

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
Statutory dues		
– Taxes payable	**1.03**	0.66
TOTAL	**1.03**	0.66

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 18 – Share capital

Rupees lakhs

	Particulars	As at 31st March, 2020		As at 31st March, 2019	
(i)		Number of Shares	Rupees	Number of Shares	Rupees
(a)	**Authorised**				
	Equity shares of Rs. 10 each	**117,500,000**	**11,750.00**	117,500,000	11,750.00
		117,500,000	**11,750.00**	117,500,000	11,750.00
(b)	**Issued**				
	Equity shares of Rs. 10 each	**116,450,934**	**11,645.09**	116,450,934	11,645.09
		116,450,934	**11,645.09**	116,450,934	11,645.09
(c)	**Subscribed**				
	Equity shares of Rs. 10 each	**116,450,934**	**11,645.09**	116,450,934	11,645.09
		116,450,934	**11,645.09**	116,450,934	11,645.09
(d)	**Fully paid up**				
	Equity shares of Rs. 10 each	**116,450,934**	**11,645.09**	116,450,934	11,645.09
		116,450,934	**11,645.09**	116,450,934	11,645.09

(ii) The company has not allotted any equity shares for consideration other than cash , bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

Terms/rights attached to equity shares

"The Company has only one class of equity share having a par value of Rs. 10/– per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: in proportion to his share of the paid up equity capital of the Company. The same are subject to restrictions contained in the Articles in this regard. In the event of winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(iii) Details of shares held by the holding company

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
Mahindra & Mahindra Limited, the holding Company (including 8 equity shares held jointly with its nominees)	**116,450,934**	116,450,934

(iv) Details of shares held by each shareholder holding more than 5% shares

Particulars	**As at 31st March, 2020**		As at 31st March, 2019	
	Number of shares	**% of holding**	Number of shares	% of holding
Mahindra & Mahindra Limited (including 8 equity shares held jointly with its nominees)	**116,450,934**	**100%**	116,450,934	100%

Note 19 : Equity Share Capital

Rupees lakhs

Particulars	**Balance at the beginning of the reporting period**	Changes in equity share capital during the year	Balance at the end of the reporting period
As at 31st March 2020	**11,645.09**	**–**	**11,645.09**
As at 31st March 2019	10,087.95	1,557.14	11,645.09

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(B) Other equity

For the year ended 31st March 2020

Rupees lakhs

Particulars	**Capital reserve**	**Securities premium**	**General reserve**	**Retained earnings**	**Total**
	As at 31st March, 2020				
Balance at beginning of year	**10.15**	**84,544.34**	**414.23**	**(8,123.83)**	**76,844.90**
Profit for the year	–	–	–	**150.59**	**150.59**
Share Premium for the year	–	–	–	–	**0.00**
Share Issue Costs	–	–	–	–	**0.00**
Balance as on 31st March 2020	**10.15**	**84,544.34**	**414.23**	**(7,973.24)**	**76,995.49**

For the year ended 31st March 2019

Rupees lakhs

Particulars	Capital reserve	Securities premium	General reserve	Retained earnings	Total
	As at 31st March, 2019				
Balance at beginning of year	10.15	75,212.40	414.23	(8,282.29)	67,354.51
Profit for the year	–	–	–	158.46	158.46
Share Premium for the year	–	9,342.86	–	–	9,342.86
Share Issue Costs	–	(10.92)	–	–	(10.92)
Balance as on 31st March 2019	10.15	84,544.34	414.23	(8,123.83)	76,844.90

Note 20 – Revenue from Operations

Rupees lakhs

Particulars	**For the year ended 31st March, 2020**	For the year ended 31st March, 2019
(i) Interest Income on financial assets measured at amortised cost comprises of:		
(a) Interest on Deposits with Bank	**152.78**	149.84
(b) Interest on Deposits with Corporates	**1.16**	–
(c) Interest on Inter Corporate Deposits	**35.48**	24.22
	189.42	174.06
(ii) Dividend income		
From Investments in Equity shares measured at amortised cost	**47.21**	80.86
(iii) Rental Income from Investment Property (Includes discounting of Deposit)	**13.57**	14.02
(iv) Sale of Products	**29.62**	–
(v) Sale of Services – Boat Hire charges	**0.86**	0.45
Total	**280.68**	269.39

NOTE 21 – Other Income

Rupees lakhs

Particulars	**For the year ended 31st March, 2020**	For the year ended 31st March, 2019
Provision for Expenses written back	**10.12**	–
Total	**10.12**	–

Note 22 – Finance Cost

Rupees lakhs

Particulars	**For the year ended 31st March, 2020**	For the year ended 31st March, 2019
On financial liabilities measured at fair value through amortized cost		
(i) Finance Cost – Interest Expenses (Includes discounting of Deposit)	**5.77**	6.52
Total	**5.77**	6.52

NOTE 23 – Purchase of Stock–in–trade

Rupees lakhs

Particulars	**For the year ended 31st March, 2020**	For the year ended 31st March, 2019
Purchase of stock–in–trade	**123.12**	–
TOTAL	**123.12**	–

NOTE 24 – Change in inventory

Rupees lakhs

Particulars	**For the year ended 31st March, 2020**	For the year ended 31st March, 2019
Opening Inventory of trading goods	**–**	–
Closing inventory of trading goods	**(99.62)**	–
TOTAL	**(99.62)**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 25 – Other Expenses

Rupees lakhs

		For the year ended 31st March, 2020	For the year ended 31st March, 2019
Other Expenses			
(a)	Rates and taxes	**1.55**	0.40
(b)	Insurance	**0.25**	0.24
(c)	Repairs and maintenance – Buildings	**2.23**	2.24
(d)	Repairs and maintenance – Others	**8.35**	12.22
(e)	Registration Charges on increase in authorised share capital	**–**	1.43
(f)	Expenditure on corporate social responsibilty (CSR) under section 135 of the Companies Act, 2013.	**3.57**	3.06
(g)	Auditors remuneration and out–of–pocket expenses		
	(i) As Auditors	**1.50**	1.77
	(ii) For taxation matters	**0.40**	0.47
(h)	Professional and Legal fees	**19.20**	9.94
(i)	Deputation Charges	**11.31**	10.83
(j)	Sitting Fees for Directors	**0.24**	2.12
(k)	Annual Custody Fees	**2.21**	**–**
(l)	Other General Expenses	**1.58**	0.72
TOTAL		**52.39**	45.44

Note 26 – Earnings per share

Rupees lakhs

Particulars	**For the year ended 31st March, 2020**	For the year ended 31st March, 2019
Earnings per share (from continuing operations)		
Profit after tax –(A)	**150.59**	158.46
Weighted average number of shares– Basic (B)	**11,64,50,934**	11,13,31,560
Earnings per share–Basic / Diluted (Rupees) (A/B)	**0.13**	0.14
Nominal Value of Equity Shares	**10**	10
Earnings per share (from discontinuing operations)		
Profit after tax –(A)	**–**	**–**
Weighted average number of shares– Basic (B)	**11,64,50,934**	11,13,31,560
Earnings per share–Basic / Diluted (Rupees) (A/B)	**–**	**–**
Nominal Value of Equity Shares	**10**	10

Note 27 – Segment Reporting

a) Primary Segment – Business Segment

The Company has identified business segments as its primary segment and there are no geographical segments. Business segments are primarily Trading, Investing activities and Speed Boat. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on effort estimate basis for the segment. All other expenses which are not attributable or allocable to segments have been disclosed as net of unallocated income. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary segment.

Rupees Lakhs

Particulars	Trading		Investing activities		Speed Boat		Total	Total
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Revenue	29.62	–	250.21	268.95	7.66	0.45	290.80	269.39
Inter–segment revenue	–	–	–	–	–	–	–	–
Total	29.62	–	250.21	268.95	7.66	0.45	290.80	269.39
Exceptional item							–	
Segment Result	5.82	–	213.70	246.27	(5.19)	(16.27)	214.33	230.00
Unallocated income net of unallocated corporate expenses	–	–	–	–	–	–	(21.91)	(29.22)
Exceptional item – unallocable to segments	–	–	–		–	–	–	–
Profit / (Loss) before tax	–	–	–	–	–	–	192.42	200.78
Income Taxes	–	–	–	–	–	–	41.83	42.32
Profit / (Loss) after tax	–	–	–	–	–	–	150.59	158.46
Other Information								
Segment assets	131.14	–	85,959.62	85,680.05	11.01	14.91	86,101.77	85,694.96
Unallocated corporate assets	–	–	–	–	–	–	2,800.34	2,920.78
Total assets	–	–					88,902.11	88,615.73
Segment liabilities	142.48	–	0.42	–	0.50	10.35	143.40	10.35
Unallocated corporate liabilities	–	–	–	–	–	–	118.11	115.38
Total liabilities	–	–					261.52	125.73
Other information								
Depreciation expenditure (allocable)	–	–	–	–	4.26	4.26	4.26	4.26
Depreciation expenditure (unallocable)	–	–	–	–	–	–	12.46	12.39
Provision for dimnuition in value of fixed assets	–	–	–	–	–	–	–	–

Note : Business segments of the Company are organised on the basis of three segments – Trading, investing activities and speed boat

b) Secondary Segment – Geographical segment

The company does not have any geographical segment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 28: Disclosures under Ind AS 17

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
		Rupees lakhs
Details of leasing arrangements		
As Lessor		
Operating Lease		
The Company has entered into operating lease arrangements for its residential flat with its parent company viz Mahindra & Mahindra Limited. The lease is non–cancellable for a period of 3 years. It was renewed from October 1, 2018 and renewed further for a period of 3 years.		
Future minimum lease rental income		
a) not later than one year	**7.80**	7.80
b) later than one year and not later than five years	**3.90**	11.70
c) later than five years	–	–

Note No. 29 – Contingent liabilities and commitments

Rupees lakhs

Contingent liabilities (to the extent not provided for)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Contingent liabilities		
(a) Claims against the Company not acknowledged as debt	**–**	–
(b) Guarantees	**–**	–
(c) Other money for which the Company is contingently liable		
– Income Tax demand in respect of which the Company is in appeal	**12.27**	3.23
– Income Tax demand where the matters have been declared in favour of the Company against which the Income Tax department may go for an appeal	**1,254.13**	1,363.51
– Sales Tax Matters	**–**	7.49

Commitments to the extent not provided for.

The company has given letter of comfort to the bank of Mahindra Retail Limited with respect to financial facilities aggregating to Rs.2500 Lakhs (previous year Rs.3900 Lakhs) granted by the said bank to Mahindra Retail Limited.

Note 30 – Related Party Transactions

Name of Related Party	**Nature of Relationship**
Holding Company	Mahindra & Mahindra Ltd.
Subsidiary Company	Retail Initiative Holdings Limited
	Mahindra Retail Limited
Fellow subsidiaries	Mahindra Intertrade Limited
	Mahindra Logistics Limited
	Mahindra Marine Private Limited
	Mumbai Mantra Media Limited
	Mahindra Auto Steels Private Limited
	Mahindra Intertrade Limited
	Mahindra MSTC Recycling Private Limited
	Mahindra Steel Service Centre Limited
	Mahindra Susten Limited
	Mahindra Vehicle Manufacturing Limited
	Mahindra Water Utilties Limited
Associate Company (w.e.f. 1st August, 2014)	Mahindra Tsubaki Conveyor Systems Private Limited
	(formerly known as Mahindra Conveyor Systems Private Limited)
Associate Company (w.e.f. 15th October, 2016)	Brainbees Solutions Private Limited

B) Disclosure of transactions between the company and related parties during the year ended 31st March, 2020 including Outstanding receivable and Outstanding payable:

				Rupees lakhs	
Name of Related Party	**Description of Relationship**	**Nature of Transactions**	**Amount of Transactions**	**Amount Outstanding at the end of year**	
			Rupees	**Payable in Rupees**	**Receivable in Rupees**
Mahindra & Mahindra Ltd.	Holding Company	Issue of shares (including securities premium)	–	–	–
			(10900.00)	(–)	(–)
		Rent Deposit received	–	100.00	–
			(–)	(100.00)	(–)
		Rent income	7.80	–	0.42
			(7.50)	(–)	(0.05)
		Deputation Charges	10.86	3.19	–
			(8.81)	(0.81)	(–)
		Professional Fees	3.83	0.63	–
			(3.78)	(–)	(–)
		Income from Boat hiring	0.52	–	0.59
			(0.45)	(–)	(0.53)
		Travel Expenses	0.04	0.03	–
			(–)	(–)	(–)
		Sale of Goods	7.32	–	7.89
			(–)	(–)	(–)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

					Rupees lakhs
Name of Related Party	**Description of Relationship**	**Nature of Transactions**	**Amount of Transactions**	**Amount Outstanding at the end of year**	
			Rupees	**Payable in Rupees**	**Receivable in Rupees**
Mahindra Marine Private Limited	Fellow Subsidiary	Inter Corporate Deposit Given	24.79	–	–
			(68.72)	(–)	(68.72)
		Inter Corporate Deposit Repaid	93.50	–	–
			(–)	(–)	(–)
		Interest income on Intercorporate Deposit	4.59	–	–
			(1.30)	(–)	(0.46)
Mahindra Marine Private Limited	Fellow Subsidiary	Inter Corporate Deposit Given	220.00	–	420.00
			(100)	(–)	(200)
Mahindra Marine Private Limited	Fellow Subsidiary	Interest income on Intercorporate Deposit	30.89	–	5.39
			(22.92)	(–)	(2.06)
		Income from Boat hiring	0.34	–	0.04
			–	(–)	(–)
		Deputation Charges	0.45	–	–
			(1.29)	(–)	(–)
		Telephone Expenses	0.02	–	–
			(0.07)	(–)	(–)
		Repairs & Maintenance	–	–	–
			(2.35)	(2.97)	(–)
		Sale of Goods	0.02	–	0.02
			(–)	(–)	(–)
Retail Initiative Holdings Limited		Investment in compulsorily fully convertible debentures	–	–	49,440.53
			(–)	(–)	(49,440.53)
		Investment in equity shares	–	–	2,055.00
			(–)	(–)	(2,055.00)
Mahindra Retail Limited	Subsidiary	Investment in equity shares	–	–	43,375.10
			(10900.00)	(–)	(43,375.10)
	Subsidiary	Purchase of Office Equipment	–	–	–
			(1.45)	(–)	(–)
		Purchase of Goods	99.09	116.49	–
			(–)	(–)	(–)
		Sale of Goods	1.12		1.17
			(–)	(–)	(–)
Mahindra Intertrade Limited	Fellow Subsidiary	Deputation Fees	–	–	–
			(0.73)	(–)	–
		Sale of Goods	0.12	–	0.14
			(–)	(–)	(–)
Mahindra Logistics Limited	Fellow Subsidiary	Investment in equity shares	–	–	0.01
			(–)	(–)	(0.01)
		Dividend income	–	–	–
			(0.002)	(–)	(–)
Mahindra Auto Steels Limited	Fellow Subsidiary	Sale of Goods	0.02		0.03
			(–)	(–)	(–)
Mahindra MSTC Recycling Limited	Fellow Subsidiary	Sale of Goods	0.02		0.03
			(–)	(–)	(–)
Mahindra Steel Service Centre Limited	Fellow Subsidiary	Sale of Goods	0.14		0.16
			(–)	(–)	(–)
Mahindra Susten Limited	Fellow Subsidiary	Sale of Goods	0.12		0.13
			(–)	(–)	(–)
Mahindra Vehicle Manufacturing Limited	Fellow Subsidiary	Sale of Goods	11.45		12.84
			(–)	(–)	(–)
Mahindra Water Utilities Limited	Fellow Subsidiary	Sale of Goods	0.07		–
			(–)	(–)	(–)
Mahindra Aerostructures Limited	Associate of Holding Company	Sale of Goods	0.43		0.46
			(–)	(–)	(–)
Mahindra Tsubaki Conveyor Systems Private Limited	Associate	Investment in equity shares	–	–	1,831.41
			(–)	(–)	(1,831.41)
		Dividend income	47.21	–	–
			(80.86)	(–)	(–)
		Sale of Goods	0.03		–
			(–)	(–)	(–)
Brainbees Solutions Private Limited	Associate	Investment in Compulsory Convertible Preference Shares of the Company	–	–	9,506.72
			(–)	(–)	(9,506.72)

Note:–

Figures in brackets are in respect of the previous year.

Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

		Rupees lakhs
Particulars	**Year ended 31/03/2020**	Year ended 31/03/2019
Sitting fees to directors	**0.24**	2.12
Professional Fees	**2.00**	2.40

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 31 – Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees lakhs

Particulars	31–Mar–20 Carrying amount	31–Mar–20 Fair value	31–Mar–19 Carrying amount	31–Mar–19 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– Trade and other receivables	**29.76**	**29.76**	0.57	0.57
– Cash and cash equivalents	**571.12**	**571.12**	73.91	73.91
– Bank deposits	**1,539.00**	**1,539.00**	2,165.00	2,165.00
– Investments	**85,532.77**	**85,532.77**	85,408.77	85,408.77
– Inter Corporate Deposits	**420.00**	**420.00**	268.72	268.72
– Accrued Interest on Deposits	**65.33**	**65.33**	61.80	61.80
– Other Deposits	**0.50**	**0.50**	0.50	0.50
	88,158.48	**88,158.48**	87,979.26	87,979.26
Financial liabilities				
Financial liabilities held at amortised cost				
– Security Deposit for Flat–Principal	**90.55**	**100.00**	84.79	100.00
– Security Deposit for Flat–Interest	**9.45**	**–**	15.21	–
– Trade and other payables	**155.76**	**155.76**	20.17	20.17
	255.76	**255.76**	120.17	120.17

Particulars	Fair value hierarchy as at 31 March 2020 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Trade and other receivables	–	**29.76**	–	**29.76**
– Cash and cash equivalents	–	**571.12**	–	**571.12**
– Bank deposits	–	**1,539.00**	–	**1,539.00**
– Investments	–	**85,532.77**	–	**85,532.77**
– Inter Corporate Deposits	–	**420.00**	–	**420.00**
– Accrued Interest on Deposits	–	**65.33**	–	**65.33**
– Other Deposits	–	**0.50**	–	**0.50**
Total	–	**88,158.48**	–	**88,158.48**
Financial liabilities				
Financial liabilities held at amortised cost				
– Security Deposit for Flat–Principal	–	**90.55**	–	**90.55**
– Security Deposit for Flat–Interest	–	**9.45**	–	**9.45**
– Trade and other payables	–	**155.76**	–	**155.76**
Total	–	**255.76**	–	**255.76**

Particulars	Fair value hierarchy as at 31 March 2019 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Trade and other receivables	–	0.57	–	0.57
– Cash and cash equivalents	–	73.91	–	73.91
– Bank deposits	–	2,165.00	–	2,165.00
– Investments	–	85,408.77	–	85,408.77
– Inter Corporate Deposits	–	268.72	–	268.72
– Accrued Interest on Deposits	–	61.80	–	61.80
– Other Deposits	–	0.50	–	0.50
Total	–	87,979.26	–	87,979.26
Financial liabilities				
Financial liabilities held at amortised cost				
– Security Deposit for Flat–Principal	–	100.00	–	100.00
– Security Deposit for Flat–Interest	–	–	–	–
– Trade and other payables	–	20.17	–	20.17
Total	–	**120.17**	–	**120.17**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 32 – Financial Instrument

Categories of financial asets and financial liabilities

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk."

The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

Rupees lakhs

Particulars	**31–Mar–20**	**31–Mar–19**
Total Equity	**88,640.58**	88,489.99
	88,640.58	88,489.99

As at 31st March 2020

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
– Bank Deposits	**1,539.00**	–	–	**1,539.00**
– Trade Receivables	**29.76**	–	–	**29.76**
– Cash and cash equivalents	**571.12**	–	–	**571.12**
– Investments	**85,532.77**	–	–	**85,532.77**
– Other Financial Assets	**485.83**	–	–	**485.83**
– Trade Payables	**155.76**	–	–	**155.76**
– Other Financial Liabilities	–	–	–	–
Non Derivative Financial Liabilities– Advance Rent Received+ Security Deposit	**100.00**	–	–	**100.00**

As at 31st March 2019

	Amortised Costs	FVTPL	FVOCI	Total
– Bank Deposits	2,165.00	–	–	2,165.00
– Trade Receivables	0.57	–	–	0.57
– Cash and cash equivalents	73.91	–	–	73.91
– Investments	85,408.77	–	–	85,408.77
– Other Financial Assets	331.01	–	–	331.01
– Trade Payables	20.17	–	–	20.17
– Other Financial Liabilities	–	–	–	–
Non Derivative Financial Liabilities– Advance Rent Received+ Security Deposit	100.00	–	–	100.00

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a system that performs monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company's exposure and credit ratings of its counterparties are monitored by the Company.

The credit risk on non–current investments are limited because the company's investments are of a strategic nature and are in group companies. The Company has also given loans, in nature of inter–corporate deposits, to group–companies.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management. The Company manages liquidity risk by maintaining adequate reserves, banking facilities by monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the cash flows of financial liabilities based on the date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Rupees lakhs

Particulars	**Less than 1 Year INR**	**1–3 Years INR**	**3 Years to 5 Years INR**	**5 years and above INR**	**Total INR**
Non–derivative financial liabilities					
31–Mar–20					
Non–interest bearing	**165.21**	**90.55**	–	–	**255.76**
Fixed interest rate instruments	–	–	–	–	–
Total	**165.21**	**90.55**	–	–	**255.76**
31–Mar–19					
Non–interest bearing	**35.38**	**84.79**	–	–	**120.17**
Fixed interest rate instruments	–	–	–	–	–
Total	**35.38**	**84.79**	–	–	**120.17**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rupees lakhs

	Less than 1 Year INR	**1–3 Years INR**	**3 Years to 5 Years INR**	**5 years and above INR**
Non–derivative financial assets				
31–Mar–20				
Non–interest bearing	**40.88**	**0.50**	–	**85,408.77**
Fixed interest rate instruments	**2,708.33**	–	–	–
Total	**2,749.22**	**0.50**	–	**85,408.77**
31–Mar–19				
Non–interest bearing	6.48	0.50	–	85,408.77
Fixed interest rate instruments	2,563.51		–	–
Total	**2,570.00**	**0.50**	–	**85,408.77**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long–term debt obligations with floating interest rates.

The company deploys its surplus funds in bank fixed deposits which have fixed interest rates. As on date of the respective balance sheets the company does not have any variable interest rate financial instruments.

OTHER PRICE RISK

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic investment purposes rather than trading purposes. The Company does not trade these investments.

Note No. 33 Corporate Social Responsibility (CSR)

The CSR obligation for the period as computed by the Company and relied upon by the auditors is Rs. 3.57 Lakhs (Previous Year Rs. 3.06 Lakhs). CSR Spent during the period is Rs.3.57 Lakhs (Previous Year Rs. 3.06 Lakhs)

Note No. 34 Impact of COVID–19 Pandemic

On 11th March, 2020, Covid–19 outbreak was declared a global pandemic by World Health Organisation. The extent to which Covid–19 pandemic will impact the company's performance will depend on future developments which are highly uncertain at the moment. In assessing the impact of Covid–19 on recoverability of trade receivables, inventories, investments etc.. the Company has considered both internal & external information upto the date of approval of these standalone financial statements. Based on current indicators of future economic conditions, the company expects to recover the carrying value of these assets & revenues recognised. The impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial results and the company will continue to closely monitor any material changes to future economic conditions.

Note No. 35

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors of
Mahindra Engineering and Chemical Products Limited
CIN No. U74999MH1954PLCO19908

Chief Financial Officer	Director
Chief Executive Officer	Director
Company Secretary	Director

Place : Mumbai
Date : 08th May'20

INDEPENDENT AUDITOR'S REPORT

To

The Members of

RETAIL INITIATIVE HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Retail Initiative Holdings Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss, and the Cash Flow Statement for the year ended on that date and notes to the financial statements and summary of the significant accounting policies and other explanatory information (herein after referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India , of the state of affairs of the Company as at 31 March 2020 , the loss and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of matter

Without qualifying our opinion, attention is drawn to Note 14 to the financial statements on preparation of these financial statements on a going concern basis despite substantial erosion of the net worth of the Company for the reasons stated therein.

Our opinion is not qualified in respect of this matter.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information at the date of this Auditor's Report comprises the information included in the Director's Report including Annexures, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing specified under Section 143 (10) of the Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("CARO 2016"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standard specified under Section 133 of the Act.

   (e) On the basis of the written representations received from the Directors as on 31 March 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position.

      ii. The Company did not have any long-term contracts or derivative contracts.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

P. Shankar Raman
Partner
Membership No. 204764
UDIN: 20204764AAAABC7951

Place: Chennai
Date: 08 May 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Retail Initiative Holdings Limited** ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls over Financial Reporting

The Company's management and Board of Directors of the Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN: 20204764AAAABC7951

Place: Chennai
Date: 08 May 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. The Company does not have any Property, Plant and Equipment and hence reporting under clause (i) of CARO 2016 is not applicable.

ii. The Company does not have any inventory and hence reporting under clause (ii) of CARO 2016 is not applicable.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of Act and hence reporting under clause (iii) of CARO 2016 is not applicable.

iv. The Company has not granted any loans or provided guarantees or securities and hence compliance of Sections 185 and 186 is not applicable. In our opinion and according to the information and explanation given to us, the Company has not made any investments during the year.

v. According to the information and explanations given to us, the Company has not accepted any deposits during the year. There were no unclaimed deposits outstanding at any time during the year.

vi. Having regard to the nature of the Company's business / activities, reporting under clause (vi) Maintenance of Cost records of CARO 2016 is not applicable.

vii. According to the records of the Company and information and explanations given to us, in respect of statutory dues:

a) The Company has generally been regular in depositing the undisputed statutory dues of Tax deducted at source and Goods and Services Tax, ('GST') as applicable and other material statutory dues, with the appropriate authorities.

b) There were no undisputed amounts payable in respect of Tax deducted at source and GST and other material statutory dues in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

c) There are no dues as on 31 March 2020 on account of disputes other than as given below.

Name of the Statue	Nature of dues	Forum where dispute is pending	Period to which Amount relates	Amount unpaid (Rupees)
Income Tax Act 1961	Income Tax	Commissioner of Income Tax (Appeals)	AY 2015 -16	18,13,600

viii. In our opinion and according to the information and explanations given to us, there are no interest or principal dues payable to debenture holders during the year as per the terms and conditions of the agreement. The Company has not taken any loans or borrowings from financial institutions, government and banks.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year and hence reporting under clause (ix) of CARO 2016 is not applicable.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such cases by the Management.

xi. In our opinion and according to the information and explanation given to us, the Company has not paid / provided any managerial remuneration and accordingly reporting under clause (xi) of CARO 2016 is not applicable.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of CARO 2016 is not applicable.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or subsidiary company or persons connected with them and hence provisions of Section 192 of the Act are not applicable.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. (Refer Note 1 of the financial statements).

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN: 20204764AAAABC7951

Place: Chennai
Date: 08 May 2020

BALANCE SHEET AS AT 31 MARCH, 2020

Amount in Rs.

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
I. EQUITY AND LIABILITIES			
(1) **Shareholders' funds**			
(a) Share Capital	2	**205,500,000**	205,500,000
(b) Reserves and Surplus	3	**(1,577,565,591)**	(1,577,091,755)
		(1,372,065,591)	(1,371,591,755)
(2) **Non-current liabilities**			
(a) Long term Borrowings	4	**4,944,053,000**	4,944,053,000
		4,944,053,000	4,944,053,000
(3) **Current liabilities**			
(a) Trade payables	5		
– total outstanding dues of micro enterprises and small enterprises		**–**	–
– total outstanding dues of Creditors other than Micro Enterprises and small enterprises		**1,547,402**	1,061,058
(b) Other current liabilities	**6**	**274,241**	286,749
		1,821,643	1,347,807
TOTAL		**3,573,809,052**	3,573,809,052
II. ASSETS			
(1) **Non-current assets**			
(a) Non-current Investments	7	**3,573,716,390**	3,573,716,390
		3,573,716,390	3,573,716,390
(2) **Current assets**			
(a) Cash and cash equivalents	8	**92,662**	92,662
		92,662	92,662
TOTAL		**3,573,809,052**	3,573,809,052
Summary of significant accounting policies	1		

The accompanying notes 1 to 17 form an integral part of these financial statements.

In terms of our report of even date

For B. K. Khare & Co.
Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: 08 May 2020

For and on behalf of the Board of Directors of
Retail Initiative Holdings Limited

Narayan Shankar
Director

Rajkamal Agarwal
Director

Mitesh Shah
Chief Executive Officer

Dharmakanth Todurkar
Chief Financial Officer

Place: Mumbai
Date: 08 May 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

Amount in Rs.

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
I. Revenue from operations		**–**	–
II. Other Income		**–**	–
III. Total Revenue (I+II)		**–**	–
IV. EXPENSES			
Other expenses	9	**473,836**	480,162
Total Expenses		**473,836**	480,162
V. Loss before tax (III-IV)		**(473,836)**	(480,162)
VI. Tax expense			
(1) Current tax		**–**	–
(2) Deferred tax (Refer Note 11)		**–**	–
VII. Loss for the year (V-VI)		**(473,836)**	(480,162)
VIII. Earnings per equity share: (Face Value of Rs 10 each)	**12**	**Rs.**	Rs.
Basic and Diluted		**(0.02)**	(0.02)

Summary of significant policies 1

The accompanying notes 1 to 17 form an integral part of these financial statements.

In terms of our report of even date

For B. K. Khare & Co.
Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: 08 May 2020

For and on behalf of the Board of Directors of
Retail Initiative Holdings Limited

Narayan Shankar
Director

Rajkamal Agarwal
Director

Mitesh Shah
Chief Executive Officer

Dharmakanth Todurkar
Chief Financial Officer

Place: Mumbai
Date: 08 May 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2020

		For the year ended 31 March 2020	Amount in Rs. For the year ended 31 March 2019
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Loss for the year before tax	**(473,836)**	(480,162)
	Operating loss before working capital changes	**(473,836)**	(480,162)
	Changes in working capital:		
	Decrease/(Increase) in loans and advances	**–**	124,920
	Increase Tradepayables and other current liabilities	**473,836**	355,242
		473,836	480,162
	Income Taxes paid	**–**	–
	NET CASH USED IN OPERATING ACTIVITIES (A)	**–**	–
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Interest Income	**–**	–
	NET CASH FROM INVESTING ACTIVITIES (B)	**–**	–
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	NET CASH (USED IN)/FROM FINANCING ACTIVITIES (C)	**–**	–
	NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**–**	–
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**92,662**	92,662
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (REFER NOTE 8)	**92,662**	92,662

Significant Accounting Policies 1

The accompanying notes 1 to 17 form an integral part of these financial statements.

In terms of our report of even date

For B. K. Khare & Co.
Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: 08 May 2020

For and on behalf of the Board of Directors of
Retail Initiative Holdings Limited

Narayan Shankar
Director

Rajkamal Agarwal
Director

Mitesh Shah
Chief Executive Officer

Dharmakanth Todurkar
Chief Financial Officer

Place: Mumbai
Date: 08 May 2020

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2020

1. Summary of Significant Accounting Policies

Corporate Information

Retail Initiative Holdings Limited ('the Company') is a Core Investment Company as defined in the Core Investment Companies (Reserve Bank) Directions, 2016 and is not required to obtain Certificate of Registration under Section 45 IA of the Reserve Bank India Act, 1934.

a) i) Basis for Preparation of Financial Statements

The financial statements are prepared under historical cost convention on an accrual basis of accounting to comply in all material respects with mandatory accounting standards as notified by the Companies (Accounting Standards) Rules, 2006 (as amended) issued by the Central Government in consultation with National Advisory Committee on Accounting Standards ("NACAS"), specified under Section 133 of the Companies Act, 2013 (the Act) read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies Act, 2013 to the extent notified and applicable to the Company. (Accounting principles generally accepted in India).

All assets and liabilities have been classified and disclosed as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle for the purpose of current – non-current classification of assets and liabilities as one year.

ii) Exemption from preparation of consolidated financial statement

The Company has investments in a subsidiary- Mahindra Retail Limited. The Holding company, Mahindra Engineering & Chemical Products Ltd are presenting the consolidated financial statements. The Company has therefore availed the exemption and shall satisfy the conditions for exemption from preparing consolidated financial statements as per MCA vide Notification G.S.R. 742(E) dated 27 July 2016 and accordingly the consolidated financial statement is not prepared.

b) Use of estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the year in which the results are known/materialized.

c) Revenue recognition:

Dividends from investments are recognized in the Statement of the Profit and Loss when the right to receive the payment is established.

Interest is recognized on time proportion basis.

d) Investments:

All long-term investments are valued at cost. Provision for diminution, if any in the value of each long-term investments is made to recognize a decline, other than of a temporary nature.

e) Impairment of Assets

The management periodically assesses using, external and/or internal sources, whether there is an indication that carrying amount of asset exceeds its recoverable amount. If any such indication exists, the management estimates the recoverable amount of the investment. If such recoverable amount of the investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognised in the Statement of Profit and Loss.

f) Cash & Cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

g) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

h) Income Taxes

Income taxes are accounted for in accordance with Accounting Standard 22 (AS 22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to/ recovered from the tax authorities using the applicable tax rates.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward of losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Deferred tax assets are not recognised to the extent that there is no virtual certainty or reasonable certainty, as the case may be, supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

i) Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

j) Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

k) Goods and Services Tax

Goods and Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing/utilising the credits.

Note 2

Amount in Rs.

Share Capital:	As at 31 March 2020	As at 31 March 2019
a. Authorised:		
21,000,000 (Previous Year 21,000,000) equity shares of Rs.10 each	**210,000,000**	210,000,000
b. Issued, subscribed and fully paid up:		
20,550,000 (Previous Year 20,550,000) equity shares of Rs.10 each	**205,500,000**	205,500,000
Total	**205,500,000**	205,500,000

c. Reconciliation of share outstanding at the beginning & at the end of the Year

	For the year ended 31 March 2020		For the year ended 31 March 2019	
	No's	**Amount in Rs.**	No's	Amount in Rs.
Equity Shares:				
Balance at the beginning of the year	**20,550,000**	**205,500,000**	20,550,000	205,500,000
Add: Issued during the year	**–**	**–**	–	–
Balance at the end of the year	**20,550,000**	**205,500,000**	20,550,000	205,500,000

d. Shares held by holding company

	As at 31 March 2020		As at 31 March 2019	
	No's	**Amount in Rs.**	No's	Amount in Rs.
Mahindra Engineering and Chemical Products Limited	**20,550,000**	**205,500,000**	20,550,000	205,500,000

e. Details shareholders holding more than 5% shares in the company

	As at 31 March 2020		As at 31 March 2019	
	No's	**% Holdings**	No's	% Holdings
Mahindra Engineering and Chemical Products Limited and its nominee	**20,550,000**	**100.00%**	20,550,000	100.00%

f. The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital

The Company has one class of Equity Shares having par value of Rs.10 each. Each Equity shareholder is eligible for one vote per share held and is entitled to dividend as and when the Company declares and pays dividend after obtaining shareholders' approval. Dividends are paid in Indian rupees.

The equity shares are held by Mahindra Engineering and Chemical Products Limited and its nominees.

g. Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date.

For details of securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date, please refer Note 4.

h. The Company has not issued any bonus shares, shares for consideration other than cash and not bought back any shares for a period of five years preceding the date as at which the Balance Sheet is prepared.

Note 3

Amount in Rs.

Reserves and Surplus:	As at 31 March 2020	As at 31 March 2019
Deficit in statement of Profit & Loss Account		
Opening balance	**(1,577,091,755)**	(1,576,611,593)
Add: Loss for the Current Year	**(473,836)**	(480,162)
Closing Balance	**(1,577,565,591)**	(1,577,091,755)

Note 4

Amount in Rs.

Long term borrowings:	As at 31 March 2020	As at 31 March 2019
Unsecured		
Zero Coupon Compulsorily Convertible Debentures 49,44,053 (Previous Year: 49,44,053) Zero Coupon Fully Compulsorily Convertible Debentures of Rs. 1,000 each	**4,944,053,000**	4,944,053,000
Total	**4,944,053,000**	4,944,053,000

Zero Coupon Fully Compulsorily Convertible Debentures are convertible into equity shares of the company on or before 10 years from the date of allotment (12 March 2014). The debenture holders have an option to seek conversion of debentures in full or part thereof into equity shares of the face value of Rs. 10 each issued at par any time after 5 years from the date of allotment. On exercising such option, the debenture holder will get 100 equity shares of Rs. 10 each issued at par for every one debenture held. (Also Refer Note 14)

Note 5

Amount in Rs.

Trade payables	As at 31 March 2020	As at 31 March 2019
– Total outstanding Dues of micro enterprises and small enterprises (Refer Note 10)	**–**	–
– Total outstanding dues of Creditors other than Micro Enterprises and small enterprises	**1,547,402**	1,061,058
Total	**1,547,402**	1,061,058

Note 6

Amount in Rs.

Other current liabilities	As at 31 March 2020	As at 31 March 2019
TDS Payable	**4,000**	1,620
Other payables (Accrual for Expenses)	**270,241**	285,129
Total	**274,241**	286,749

Note 7

Non-current Investments	As at 31 March 2020	As at 31 March 2019
	Amount in Rs.	
Trade Investments (valued at cost unless stated otherwise)		
– Investment in equity instruments (Unquoted)		
– Investment in subsidiary		
51,32,88,514 (PY: 51,32,88,514) Equity Shares of Rs.10 each fully paid up in Mahindra Retail Limited (formerly name as Mahindra Retail Private Limited)	**5,133,716,390**	5,133,716,390
Less: Provision for dimunition in the value of investments	**(1,560,000,000)**	(1,560,000,000)
Total	**3,573,716,390**	3,573,716,390
Aggregate value of unquoted investments	5,133,716,390	5,133,716,390
Aggregate provision for dimunition in the value of investments	1,560,000,000	1,560,000,000
Also Refer Note 13		

Note 8

Cash & Cash Equivalents:	As at 31 March 2020	As at 31 March 2019
	Amount in Rs.	
Balances with banks		
– in Current Accounts	**92,662**	92,662
Total	**92,662**	92,662

Note 9

Other expenses	For the Year ended 31 March 2020	For the Year ended 31 March 2019
	Amount in Rs.	
Professional Fees	**167,186**	310,612
Rates & Taxes	**221,250**	1,550
Auditors' Remuneration (as auditors)	**35,400**	23,600
Deputation Charges	**50,000**	50,000
Sitting Fees	**–**	94,400
Total	**473,836**	480,162

Note 10 - Additional Information to the Financial Statements

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as at the reporting date or anytime during the year and hence no interest has been paid or payable accordingly no additional disclosures have been made.

Amount in Rs.

Sl No	Particulars	As at 31 March 2020	As at 31 March 2019
1.	Dues remaining unpaid		
	Principal	**–**	–
	Interest	**–**	–
2.	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	Principal paid beyond the appointed date	**–**	–
	Interest paid in terms of Section 16 of the MSMED Act	**–**	–
3.	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**–**	–
4.	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**–**	–
5.	Amount of interest accrued and remaining unpaid	**–**	–

Note 11. Amounts on which deferred tax asset has not been created:

There is no provision for current tax either under normal provision or as per Section 115 JB MAT provision in view of the losses in the current year.

In accordance with the accounting policy adopted by the Company, the Deferred tax asset mainly arising on unabsorbed business losses has not been recognised in these financial statements in the absence of virtual certainty supported by appropriate evidence regarding availability of future taxable income against which such deferred tax assets can be realised.

Note 12. Earnings Per Share

Earnings per Share (EPS) is calculated as follows:

Sr. No.	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
1.	Loss attributable to equity shareholders (in Rs)	**(4,73,836)**	(4,80,162)
2.	Weighted Average No. of shares (in Nos)	**2,05,50,000**	2,05,50,000
3.	Nominal Value per share (in Rs)	**10**	10
4.	Earnings Per share: (in Rs) – Basic and Diluted*	**(0.02)**	(0.02)

* Since the zero coupon compulsorily convertible debentures are anti-dilutive in nature, the basic and diluted earnings per share are the same.

Note 13. The Company has equity investment of Rs.5,13,37,16,390 in Mahindra Retail Limited ("MRL"), a Subsidiary company representing 54% of the share capital of that Company. In view of the continuous losses incurred by MRL, the Company carries a provision for impairment of Rs.1,56,00,00,000 as on March 31, 2020 and the net carrying amount is Rs.353,37,16,390.

The management did an impairment analysis of this subsidiary as on March 31, 2020 and the following aspects were considered:

- The losses of MRL have reduced during the year
- There has been a revision to the business plan of MRL and as per the presently available business plan, MRL would turn profitable from the financial year 2022-23. Also the performance of MRPL for FY 20 was more or less in line with the projections made in the prior year.
- Further, MRL holds 11.62% Investments in BrainBees Solutions Private Limited ('BrainBees') amounting to Rs.3,55,48,39,349 as at March 31, 2020. During the year, an independent investor "Soft Bank Corp" had invested 150 Million USD in Brainbees at a higher valuation than invested by MRL.
- Taking into account this investments made by SoftBank Corp and considering the intrinsic value of the investments made by MRL in BrainBees, the management is of the view that the intrinsic value of investment in MRL as on March 31, 2020 is more than the carrying value and hence no further provision needs to be considered for impairment of these investments.

Note 14. Going concern

The Company as at 31 March 2020 has an accumulated loss of Rs 1,57,75,65,591 and the net worth has been fully eroded. However the Holding Company has made an investment of Rs. 4,94,40,53,000 in the Company in form of Zero Coupon Fully Compulsorily Convertible Debentures, convertible into equity shares at any time after five years of allotment. Accordingly, these Debentures, have also been considered in evaluation of erosion of net worth. Also as explained in Note 13 above, the intrinsic value of the investments made by the Company in its subsidiary has increased recoverable value of the investments and would have positive impact on the net worth. Considering the above and the future business plan of BrainBees, the management is of the view that going concern assumption in preparation of these financial statements is appropriate.

Note 15. Related Party Disclosures

(a) *Ultimate Holding Company:-*
Mahindra & Mahindra Limited

(b) *Holding company:-*
Mahindra Engineering & Chemical Products Limited.

(c) *Subsidiary Company:-*
Mahindra Retail Limited

Details of transaction between the Company and its related parties are disclosed below:

Amount in Rs.

Nature of Transactions	Ultimate Holding company (Mahindra & Mahindra Limited)	Holding company (Mahindra Engineering & Chemical Products Limited)	Subsidiary (Mahindra Retail Limited)
Expenses Reimbursement	1,65,200 (1,65,200)	Nil (Nil)	Nil (Nil)
Debentures outstanding	Nil (Nil)	4,94,40,53,000 (4,94,40,53,000)	Nil (Nil)

Amount in Rs.

Nature of Transactions	Ultimate Holding company (Mahindra & Mahindra Limited)	Holding company (Mahindra Engineering & Chemical Products Limited)	Subsidiary (Mahindra Retail Limited)
Payables	9,00,280 (7,49,080)	Nil (Nil)	5,56,290 (2,09,590)

Amount in brackets represents previous year figures.

Note 16. Contingent Liabilities:

Contingent liabilities and capital commitments as of 31 March 2020 and 31 March 2019

Amount in Rs.

Particulars	**31 March 2020**	31 March 2019
Contingent Liabilities (Disputed Income Tax demand)	**18,13,600**	NIL
Capital Commitments	**NIL**	NIL

Note 17. Others

i. The Company did not have any pending litigation which would impact its financial position

ii. The Company did not have any material foreseeable losses on long term contracts; the Company has not entered into any derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. There are no imports or exports and there is no expenditure incurred in foreign currency during the year.

v. No material events have occurred after the Balance Sheet date and upto the approval of the financial statements.

For and on behalf of the Board of Directors
Retail Initiative Holdings Limited

Narayan Shankar Director	**Rajkamal Agarwal** Director
Mitesh Shah Chief Executive Officer	**Dharmakanth Todurkar** Chief Financial Officer

Place: Mumbai
Date: 08 May 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of **MAHINDRA RETAIL LIMITED** *(formerly Mahindra Retail Private Limited)*

Report on the Audit of the IND AS Financial Statements

Opinion

We have audited the IND AS financial statements of Mahindra Retail Limited *(formerly Mahindra Retail Private Limited)* ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the IND AS financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid IND AS financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the IND AS Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the IND AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the IND AS financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Report of the Board of Directors, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the IND AS Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these IND AS financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the IND AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the IND AS financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the IND AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the IND AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these IND AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the IND AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to IND AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the IND AS financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the IND AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the IND AS financial statements, including the disclosures, and whether the IND AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the IND AS financial statements of the current period. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   c) In our opinion, the aforesaid IND AS financial statements comply with the Ind AS specified under section 133 of the Act.

   On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   e) With respect to the adequacy of the internal financial controls with reference to IND AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its IND AS financial statements - Refer Note 14 and Note 31 to the IND AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

iv. The disclosures in the IND AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these IND AS financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its Directors during the current year and hence reporting under Section 197(16) is not applicable. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155
ICAI UDIN: 20065155AAAACF7774

Place: Bengaluru
Date: 11 May 2020

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

With respect to the Annexure referred to in paragraph 1 under Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the IND AS financial statements for the year ended 31 March 2020, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us, there are no loans, investments, guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the products of the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs, cess and any other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee state insurance, income-tax, goods and services tax, duty of customs, cess and any other material statutory dues were in arrears, as at 31 March 2020, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income-tax or goods and services tax or sales-tax or duty of customs which have not been deposited by the Company on account of disputes, except for the following:

Name of statue	Nature of dues	Amount (INR lakhs)*	Period to which the amount relates	Forum where dispute is pending
Maharashtra Value Added Tax, 2002	Sales tax	62 (19)	AY 2012-13	Appellate Tribunal
Central Sales Tax, 1958	Sales tax	17 (15)	AY 2012-13	Appellate Tribunal
Kerala Value Added Tax, 2003	Sales tax	36 (27)	AY 2012-13	Deputy Commissioner of Sales Tax
Kerala Value Added Tax, 2003	Sales tax	23	AY 2013-14	Deputy Commissioner of Sales Tax
Jharkhand Value Added Tax, 2005	Sales tax	20 (7)	AY 2016-17	Deputy Commissioner of Sales Tax
Income tax Act 1961	Income tax	360 (62)	AY 2008-09	High Court of Maharashtra

* The amount in brackets represent taxes paid under protest.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues to financial institutions, government or debenture holders during the year.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has not paid/provided managerial remuneration during the year, hence reporting under the provisions of Section 197 read with Schedule V to the Act, is not applicable to the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the IND AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, clause 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155
ICAI UDIN: 20065155AAAACF7774

Place: Bengaluru
Date: 11 May 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE IND AS FINANCIAL STATEMENTS OF MAHINDRA RETAIL LIMITED (FORMERLY MAHINDRA RETAIL PRIVATE LIMITED) FOR THE YEAR ENDED 31 MARCH 2020.

Report on the internal financial controls with reference to the aforesaid IND AS financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to IND AS financial statements of Mahindra Retail Limited (formerly Mahindra Retail Private Limited) ("the Company") as of 31 March 2020 in conjunction with our audit of the IND AS financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to IND AS financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to IND AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to IND AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to IND AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to IND AS financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to IND AS financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to IND AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to IND AS financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the IND AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to IND AS financial statements.

Meaning of Internal Financial controls with Reference to IND AS Financial Statements

A Company's internal financial controls with reference to IND AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of IND AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to IND AS financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of IND AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the IND AS financial statements.

Inherent Limitations of Internal Financial controls with Reference to IND AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to IND AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to IND AS financial statements to future periods are subject to the risk that the internal financial controls with reference to IND AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155
ICAI UDIN: 20065155AAAACF7774

Place: Bengaluru
Date: 11 May 2020

BALANCE SHEET AS AT 31 MARCH 2020

(Rs in lakhs)

	Notes	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	**234**	410
Other intangible assets	4a	**9**	15
Right of use assets	5	**2,626**	–
Financial assets			
Investments	6	**35,548**	35,548
Loans	7	**643**	846
Other financial assets	8	**38**	8
Other non-current assets	9 (a)	**202**	192
		39,300	37,019
Current assets			
Inventories	10	**1,986**	2,880
Financial assets			
Trade receivables	11	**483**	209
Cash and cash equivalents	12 (a)	**31**	221
Bank balances other than cash and cash equivalents as above	12 (b)	**–**	30
Other current Assets	9 (b)	**408**	583
		2,908	3,924
TOTAL ASSETS		**42,208**	40,942
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	**95,146**	95,146
Other equity		**(58,269)**	(56,131)
Total equity		**36,877**	39,015
Liabilities			
Non-current liabilities			
Provisions	14 (a)	**437**	488
Financial liabilities			
Lease liabilities	5	**1,816**	–
		2,253	488
Current liabilities			
Financial liabilities			
Borrowings	15	**660**	–
Lease liabilities	5	**836**	–
Trade payables			
– total outstanding dues of micro and small enterprises		**–**	–
– total outstanding dues of creditors other than micro and small enterprises	16	**1,412**	1,205
Other financial liabilities	17	**53**	114
Provisions	14 (b)	**45**	42
Other tax liabilities	18	**–**	–
Other current liabilities	19	**72**	78
		3,078	1,439
TOTAL EQUITY AND LIABILITIES		**42,208**	40,942
Summary of significant accounting policies	2.3		

The accompanying notes form an integral part of the IND AS financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155
UDIN:20065155AAAACF7774

Place: Bengaluru
Date: 11 May 2020

For and on behalf of the Board of Directors of

Mahindra Retail Limited
(formerly Mahindra Retail Private Limited)

Parag Shah
Director (DIN 00374944)

Zhooben Bhiwandiwala
Chairman (DIN 00110373)

Dharmakanth Todurkar
Chief Financial Officer

Sugato Majumdar
Chief Executive Officer

Ruchika Shah
Company Secretary
Membership No. F9114

Place: Bengaluru
Date: 08 May 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(Rs. in lakhs except per share data)

	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue			
Revenue from operations	20	**14,254**	15,935
Other Income	21	**96**	75
Total Income		**14,350**	16,010
Expenses			
Purchases of traded goods		**10,912**	11,116
Changes in inventories of traded goods	22	**894**	1,866
Employee benefits expense	23	**1,472**	1,488
Finance costs	24	**324**	197
Depreciation and amortisation expense	25	**1,018**	232
Impairment losses	4	**47**	47
Other expenses	26	**1,830**	3,348
Total Expenses		**16,497**	18,294
Loss before tax		**(2,147)**	(2,284)
Tax expense			
Current tax	18	**–**	–
Deferred tax	18	**–**	–
Reversal of excess provision for tax relating to earlier years		**–**	–
Loss for the year		**(2,147)**	(2,284)
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Remeasurements of defined benefit plan, net of tax	29	**9**	(1)
Total comprehensive loss for the year attributable to the owners of the Company		**(2,138)**	(2,285)
Loss per equity share of face value of Rs. 10 each			
Basic and diluted	27	**(0.23)**	(0.25)
Summary of significant policies	2.3		

The accompanying notes form an integral part of the IND AS financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No : 065155
UDIN:20065155AAAACF7774

Place: Bengaluru
Date: 11 May 2020

For and on behalf of the Board of Directors of

Mahindra Retail Limited
(formerly Mahindra Retail Private Limited)

Parag Shah
Director (DIN 00374944)

Zhooben Bhiwandiwala
Chairman (DIN 00110373)

Dharmakanth Todurkar
Chief Financial Officer

Sugato Majumdar
Chief Executive Officer

Ruchika Shah
Company Secretary
Membership No. F9114

Place: Bengaluru
Date: 08 May 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

(Rs. in lakhs)

	Notes	31 March 2020	31 March 2019
Cash flows from operating activities			
Loss before tax for the year		**(2,147)**	(2,284)
Adjustments for:			
Finance costs		**324**	197
Amortisation of prepaid rent		**(46)**	(50)
Unwinding of interest on security deposit		**48**	53
Inventory damages (write -back)/write off / Shrinkage		**(72)**	80
Loss /(profit) on disposal of property, plant and equipment		**14**	(2)
Impairment losses		**47**	47
Depreciation and amortisation		**1,018**	232
Allowances for expected credit losses on financial assets		**17**	–
Liabilities no longer required written back		**(32)**	–
Interest income		**(2)**	(7)
Operating cash flows before changes in working capital		**(831)**	(1,734)
Movements in working capital:			
Trade and other receivables		**(290)**	(80)
Inventories		**966**	1,786
Other assets		**267**	88
Trade and other payables		**132**	(482)
Cash used in operating activities		**244**	(422)
Income taxes paid		**(41)**	–
Net cash used in operating activities		**203**	(422)
Cash flows from investing activities			
Interest received		**2**	7
Acquisition for property, plant and equipment		**(54)**	(178)
Proceeds from disposal of property, plant and equipment		**10**	25
Investment in margin money deposit		**–**	(2)
Net cash used in investing activities		**(42)**	(148)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		**–**	10,900
Proceeds/(repayment) of working capital borrowings	15	**660**	(9,779)
Payment of lease liabilities		**(687)**	–
Interest paid		**(324)**	(437)
Net cash (used)/generated from financing activities		**(351)**	684
Net (decrease)/increase in cash and cash equivalents		**(190)**	114
Cash and cash equivalents at the beginning of the year		**221**	107
Cash and cash equivalents at the end of the year		**31**	221
Components of cash and cash equivalents			
Cash on hand	12	**25**	44
Balances with banks - Current accounts		**6**	177
		31	221
Summary of significant accounting policies	2.3		

The accompanying notes form an integral part of the IND AS financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No : 065155
UDIN:20065155AAAACF7774

Place: Bengaluru
Date: 11 May 2020

For and on behalf of the Board of Directors of

Mahindra Retail Limited
(formerly Mahindra Retail Private Limited)

Parag Shah
Director (DIN 00374944)

Zhooben Bhiwandiwala
Chairman (DIN 00110373)

Dharmakanth Todurkar
Chief Financial Officer

Sugato Majumdar
Chief Executive Officer

Ruchika Shah
Company Secretary
Membership No. F9114

Place: Bengaluru
Date: 08 May 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

(Rs. in lakhs)

Equity share capital*	
As at 1 April 2018	84,246
Issued during the year	10,900
Balance as at 31 March 2019	95,146
As at 1 April 2019	95,146
Issued during the year	–
Balance as at 31 March 2020	**95,146**

* refer note 13

Other Equity

(Rs. in lakhs)

Particulars	Reserves and surplus (Retained earnings)	Items of Other Comprehensive Income (Remeasurement of defined benefit liability, net of tax)	Total
Balance as at 1 April 2018	**(53,846)**	**–**	**(53,846)**
Total comprehensive income for the year ended 31 March 2019			
Loss for the year	(2,284)	–	(2,284)
Other comprehensive income	–	(1)	(1)
Total comprehensive income	**(2,284)**	**(1)**	**(2,285)**
Transferred to retained earnings	**(1)**	**1**	**–**
Balance as at 31 March 2019	**(56,131)**	**–**	**(56,131)**
Total comprehensive income for the year ended 31 March 2020			
Loss for the year	(2,147)	–	(2,147)
Other comprehensive income	–	9	9
Total comprehensive income	(2,147)	9	(2,138)
Transferred to retained earnings	9	(9)	–
Balance as at 31 March 2020	**(58,269)**	**–**	**(58,269)**

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No : 065155
UDIN:20065155AAAACF7774

Place: Bengaluru
Date: 11 May 2020

For and on behalf of the Board of Directors of
Mahindra Retail Limited
(formerly Mahindra Retail Private Limited)

Parag Shah
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Dharmakanth Todurkar
Chief Financial Officer

Sugato Majumdar
Chief Executive Officer

Ruchika Shah
Company Secretary
Membership No. F9114

Place: Bengaluru
Date: 08 May 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. Reporting Entity

Mahindra Retail Limited (formerly Mahindra Retail Private Limited) ('the Company' or 'Mahindra Retail'), was incorporated in 2007. Mahindra Retail operates in the Mother and Childcare retail segment with its 'FirstCry.com a Mahindra Venture' branded stores. On 15 October 2016, Mahindra Retail entered into a business transfer agreement with Brainbees Solutions Pvt Ltd (FirstCry.com). Under the agreement the erstwhile franchisee business of the Company had been sold to FirstCry.com and Mahindra Retail would operate as a master franchisee of FirstCry.com.

The Company is an unlisted public limited company domiciled in India and is incorporated under the provisions of the Indian Companies Act. The registered office of the Company is located at Mahindra Towers, P.K.Kurne Chowk, Worli, Mumbai – 400018, Maharashtra.

The Company converted from a private limited to a public company effective 6 April 2018 and the name of the Company was changed to Mahindra Retail Limited effective 6 April 2018.The Company's Holding Company is Retail Initiative Holding Limited ("the Holding Company"). Mahindra Engineering & Chemical Products Limited is Intermediate Holding Company ("Intermediate Holding Company") and Mahindra & Mahindra Limited is the Ultimate Holding Company ("the Ultimate Holding Company").

2.1. Statement of compliance

These IND AS financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013 ('the Act') and other relevant provisions of the Act.

In the Board of Directors meeting held on 8 May 2020, the Board has approved to issue these IND AS financial statements to shareholders of the Company.

2.2. Basis of preparation

a) Basis of measurement

The IND AS financial statements have been prepared on the historical cost convention and on an accrual basis except for the following items:

Items	Measurement basis
Certain financial assets	Amortized cost
Net defined benefit liability	Present value of defined benefit obligations

b) Functional and presentation currency

These IND AS financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

c) Use of estimates and judgements

In preparing these IND AS financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Going concern

The Company has been incurring losses for the past years and has accumulated losses of Rs. 58,269 lakhs. Furthermore, the Company's current liabilities exceeded its current assets by Rs. 170 lakhs as at that date. The Company's stores were shut down from 24 March 2020 due to the outbreak COVID -19 Pandemic. However, owing to the continued support from the Intermediate Holding Company and based on future business plans, the Company is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Hence, these IND AS financial statements have been prepared on a going concern basis. Also refer note 36

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the IND AS financial statements is included in the note:

Note 2.3 (h) – Leases: whether an arrangement contains a lease and lease classification

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2020 are included in the following notes:

- Note 2.3 (b) and Note 2.3 (c) - useful life of Property, plant and equipment and intangible assets;
- Note 2.3 (d) - impairment of financial assets: key assumptions over expected credit losses associated with its assets carried at amortised cost;
- Note 2.3 (d) - impairment of non-financial assets: key assumptions underlying recoverable value;
- Note 2.3 (g) - measurement of defined benefit obligations: key actuarial assumptions;
- Note 2.3 (i) - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used; and
- Note 2.3 (k) - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

d) Measurement of fair values

The Company has an established control framework with respect to the measurement of fair values. Significant valuation issues, if any, are reported to the Company's Management.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 2.3 (p) - financial instruments.

2.3 Significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent these relate to the period till such assets are ready to be put to use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are classified as capital advances under other non-current assets. Costs of assets not ready for use at the reporting date, if any, are disclosed under capital work- in- progress.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the Property, plant and equipment is de-recognized.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated range of useful lives of the assets as follows:

Class of assets	Management estimate of useful life in years	Useful life as per Schedule II
Office equipment	5	5
Furniture and fixtures*	5	10
Computer and peripherals*	3	3 to 6
Vehicles*	4	8

Leasehold improvements are amortized over the lease term or useful lives of assets, whichever is lower.

*The Company, based on technical assessment made by technical expert and management estimate, depreciates certain assets over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

The Management estimates the useful lives for its intangible assets as follows:

Class of assets	Useful life estimated (in years)
Computer software	3

De recognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

d) Impairment

i. Impairment of financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is ‘credit impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

ii. Impairment of non-financial assets

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). The Company considers each store as separate CGU and each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

e) Revenue recognition

The Company recognises revenue to depict the transfer of promised goods to customers in an amount that reflects the consideration to which the entity expects to be received in exchange for those goods. A 5-step approach is used to recognise revenue as below:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Sale of goods

Revenue from the sale of goods is recognised upon transfer of control of promised goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, discounts and volume rebates.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

f) Foreign currency transactions

Transactions in foreign currency are translated to the functional currency at the exchanges rates at the dates of the transaction or an average rate, if the average rate approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using exchange rate prevalent at each reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in to the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit and loss for the period in which the transaction is settled.

g) Employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the reporting date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. If the contribution already paid exceeds the contribution due for services received before the reporting date, then excess is recognized as an asset.

The Company operates a defined benefit gratuity plan which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined on the basis of on actuarial valuation at the year end, using the projected unit credit method. Defined benefit gratuity payments which are expected to occur within twelve months after the end of period in which employee renders related services, are considered as current liability and those which are not expected to occur within twelve months after the end of period are considered as non-current liability.

Compensated absences are not expected to occur within twelve months after the end of period in which employee renders related services, therefore compensated absences considered as non-current liability and are provided for based on the actuarial valuation carried out at year-end using the projected unit credit method.

Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income and are not reclassified to profit or loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Company transfers those amounts recognised in other comprehensive income to retained earnings.

h) Leases

Effective 1 April 2019, the Company has applied Ind AS 116, which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. The Company has applied Ind AS 116 using the modified retrospective approach and has accordingly not restated the comparative information. The Company at the inception of a contract, assesses whether a contract, is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Ind AS 116 introduces a single balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company has elected not to recognise right-of-use of assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets or variable lease payments. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Lessor accounting remains similar to the accounting under the previous standard i.e. lessor continues to classify leases as finance or operating lease. This policy is applied to contracts entered into, or changed, on or after 1 April 2019. For contracts entered into before 1 April 2019, the determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

In the comparative period, leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases, where the Company is a lessor, is recognised as income on a straight-line basis over the lease term.

i) Income taxes

Income tax comprises current and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

j) Earnings/(loss) per share

The basic earnings/(loss) per share ('EPS') is computed by dividing the net profit/(loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. In computing dilutive earning per share, only potential equity shares that are dilutive i.e. which reduces earnings per share or increases loss per share are included.

k) Provision and contingent liabilities

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the IND AS financial statements.

l) Inventories

Inventories (traded goods) are valued at the lower of cost and net realisable value. Cost of inventories include cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to sell. The comparison of cost and net realizable value is made on an item-by-item basis.

Inventories are stated net of write down or allowances on account of obsolescence, damage or slow moving items.

The provision for inventory obsolescence is assessed periodically and is created as considered necessary.

m) Statement of cash flows

Cash flows are reported using the indirect method, whereby net profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

n) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits net of outstanding bank overdrafts if those are considered an integral part of the Company's cash management.

o) Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at either at amortised cost, FVTPL or fair value in other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

p) Financial instruments

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at investment level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for each of such investments and the operation of those policies in practice;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit and loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in the statement of profit and loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to the statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

q) Investment in associates

An associate is an entity in which the Company has significant influence. Significant influence is power to participate in the financial and operating decisions of the investee, but not control on those policies. Investment in associates is recognised at cost and are accounted for using equity method until the date on which significant influence ceases. The Company has availed the exemption from applying the equity method of accounting as per para 17 of Ind AS -28 "*Investments in Associates and Joint Ventures*".

3. Standards issued but not effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which is applicable from April 1, 2020.

4. Property, plant and equipment

Reconciliation of carrying amount

(Rs. in lakhs)

Particulars	Leasehold improvement	Office equipment	Furniture and fixtures	Computers and peripherals	Vehicles	Total
At Cost (Gross carrying amount)						
At 31 March 2018	2,186	937	2,416	557	21	6,117
Additions during the year	85	11	17	10	14	137
Disposals during the year	(557)	(250)	(710)	(157)	(11)	(1,685)
At 31 March 2019	1,714	698	1,723	410	24	4,569
Additions during the year	25	14	7	6	–	52
Disposals during the year	(171)	(101)	(194)	(46)	–	(512)
At 31 March 2020	**1,568**	**611**	**1,536**	**370**	**24**	**4,109**
Accumulated depreciation						
At 31 March 2018	2,035	864	2,128	505	20	5,552
Depreciation for the year	51	21	100	46	5	223
Impairment losses for the year	24	8	15	0	–	47
On disposals during the year	(551)	(246)	(701)	(153)	(11)	(1,662)
At 31 March 2019	**1,559**	**647**	**1,542**	**398**	**14**	**4,160**
Depreciation for the year	**47**	**18**	**82**	**7**	**3**	**157**
Impairment losses for the year	**22**	**5**	**19**	**1**	**–**	**47**
On disposals during the year	**(157)**	**(98)**	**(188)**	**(46)**	**–**	**(489)**
At 31 March 2020	**1,471**	**572**	**1,455**	**360**	**17**	**3,875**
Carrying amount (net)						
At 31 March 2019	**155**	**51**	**181**	**12**	**10**	**410**
At 31 March 2020	**97**	**39**	**81**	**10**	**7**	**234**

4a. Other intangible assets

Reconciliation of carrying amount

(Rs. in lakhs)

Particulars	Computer software	Total
Cost (Gross carrying amount)		
At 31 March 2018	**36**	36
Additions during the year	**5**	5
Written off during the year	**(10)**	(10)
At 31 March 2019	**31**	31
Additions during the year	**2**	2
Written off during the year	**–**	–
At 31 March 2020	**33**	**33**
Accumulated amortisation		
At 31 March 2018	**16**	16
Amortisation for the year	**9**	9
Written off during the year	**(9)**	(9)
At 31 March 2019	**16**	**16**
Amortisation for the year	**8**	8
Written off during the year	**–**	–
At 31 March 2020	**24**	24
Carrying amount (net)		
At 31 March 2019	**15**	15
At 31 March 2020	**9**	**9**

5 Right-of-use assets

(Rs. in lakhs)

A. Right-of-use assets*	**Buildings**
Gross carring value as at 1 April 2019	**2,721**
Additions during the year*	**758**
As at 31 March 2020	**3,479**
Accumulated depreciation	
At 1 April 2019	**–**
Depreciation for the year	**853**
At 31 March 2020	**853**
Carrying amount (net)	
As at 31 March 2020	**2,626**

* includes rent paid in advance of Rs. 140.75 lakhs which has been reclassified to right-of-use asset pursuant to transition to Ind AS 116.

B. Lease liabilities	**As at 31 March 2020**
Current	**836**
Non Current	**1,816**
Total	**2,652**

C. Amounts recognised in the statement of profit and loss	**For the year ended 31 March 2020**
Depreciation for the year	**853**
Interest expenses on lease liabilities	**270**

C. Amounts recognised in the statement of profit and loss	For the year ended 31 March 2020
Rental expense relating to short term lease payments for which the recognition exemption is applied	433
Rental expense relating to leases related to low-value assets for which the recognition exemption is applied	1
Rental expense relating to variable lease payments not included in measurement of lease liabilities	84
Rental income from subletting	(14)

D. Amounts recognized in the statement of cash flows	For the year ended 31 March 2020
Total cash outflow for leases	956

E. Right of use assets and lease liability	As at 1 April 2019
Right of use assets	2,721
Lease liability	2,721

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used for stores are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

6. Investments

(Rs. in lakhs)

	As at 31 March 2020	As at 31 March 2019
Non-current investments, unquoted:		
Carried at cost		
Investments in equity instruments of an associate company		
18,228,980 (31 March 2019 : 18,228,980) equity shares of Brainbees Solutions Private Limited	35,548	35,548
	35,548	35,548
Aggregate amount of unquoted investments	35,548	35,548

* Represents 11.07% in the equity shares of Brainbees (31 March 2019: 11.07%). The Company's management have determined that the Company has a significant influence on Brainbees based on representation on the Board of Directors of Brainbees and voting rights on reserved matters as defined in the Shareholders' agreement dated 21 December, 2018.

7. Loans

(Rs. in lakhs)

	As at 31 March 2020	As at 31 March 2019
Non-current		
Security deposits		
Unsecured, considered good	643	846
	643	846

8. Other financial assets

(Rs. in lakhs)

	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good		
Bank deposits due to mature after 12 months from the reporting date*	38	8
	38	8

* Cash and bank balances include restricted bank balances of Rs. 38 lakhs (31 March 2019: Rs. 8 lakhs). The restrictions are primarily on account of margin money accounts with banks as security against bank guarantees.

9. Other assets

(Rs. in lakhs)

	As at 31 March 2020	As at 31 March 2019
(a) Non-current		
Advances other than capital advances		
Unsecured, considered good		
Tax deducted at source	72	31
Rent paid in advance*	–	69
Balances with government authorities	130	92
	202	192

* Rent paid in advance of Rs. 93.23 lakhs as at 31 March 2020 (Previous year Rs. Nil) has been reclassified to right-of-use asset pursuant to transition to Ind AS 116.

(Rs. in lakhs)

	As at 31 March 2020	As at 31 March 2019
(b) Current assets		
Unsecured, considered good		
Advances recoverable in cash or kind (refer note 30)	137	333
Prepaid expenses	12	11
Rent paid in advance*	–	50
Balances with government authorities	259	189
	408	583

* Rent paid in advance of Rs. 47.52 lakhs as at 31 March 2020 (Previous year Rs. Nil) has been reclassified to right-of-use asset pursuant to transition to Ind AS 116.

10. Inventories

(Rs. in lakhs)

	As at 31 March 2020	As at 31 March 2019
(At lower of cost or net realisable value)		
Traded goods -Net of provision of Rs. 536 lakhs (31 March 2019: Rs. 608 lakhs)	1,986	2,880
	1,986	2,880

The Company has availed working capital facilities, which are secured by hypothecation of inventories. Refer note 15.

Refer note 2.2 (i) for valuation of inventories

11. Trade receivables

	As at 31 March 2020	As at 31 March 2019
		(Rs. in lakhs)
Unsecured, considered good	**500**	209
Less: Loss allowance (refer note 28)	**(17)**	–
	483	209
Of the above, trade receivables from:		
- Related parties (refer note 30)	**450**	190
- Others	**33**	19
	483	209

Note:

No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

12. Cash and bank balances

	As at 31 March 2020	As at 31 March 2019
		(Rs. in lakhs)
(a) Cash and cash equivalents		
Cash on hand	**25**	44
Balances with banks		
- On current accounts	**6**	177
	31	221
(b) Other bank balances		
Balances wth banks		
- on deposit accounts (with original maturity greater than 3 months)*	**–**	30
	–	30

* Cash and bank balances include restricted bank balances of Rs. Nil (31 March 2019: Rs. 30 lakhs). The restrictions are primarily on account of margin money accounts with banks as security against bank guarantees.

13. Equity share capital

	As at 31 March 2020	As at 31 March 2019
		(Rs. in lakhs except number of shares)
Authorised		
957,000,000 (31 March 2019: 950,000,000) equity shares of Rs 10 each	**95,700**	95,700
Issued, subscribed and paid-up		
951,463,236 (31 March 2019: 951,463,236) equity shares of Rs 10 each fully paid-up	**95,146**	95,146

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of reporting year:

(Rs. in lakhs except per share data)

Equity shares of Rs. 10 each, fully paid up	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	**951,463,236**	**95,146**	842,463,236	84,246
Issued during the year*	–	–	109,000,000	10,900
At the end of the year	**951,463,236**	**95,146**	951,463,236	95,146

Rights Issue

Equity shares issued pursuant to a rights issue approved by the Board of Directors at their meeting on 1 June 2018 (31 March 2018: 8 February 2017). The shares under rights issue were offered in proportion to the shares held as on 30 July, 2018. The Holding Company declined their rights shares which were then allotted to the Intermediate Holding Company.

(ii) Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

(iii) Particulars of shares held by each shareholder holding more than 5% shares:

(Rs. in lakhs except per share data)

Particulars of shareholders holding more than 5% of shares	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Percentage	Number of shares	Percentage
Equity shares of Rs. 10 each, fully paid-up				
Retail Initiative Holdings Limited (the Holding Company)	**513,288,514**	**54%**	513,288,514	54%
Mahindra Engineering & Chemical Products Limited	**438,174,722**	**46%**	438,174,722	46%

(iv) There are no bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

14. Provisions

	As at 31 March 2020	As at 31 March 2019
		(Rs. in lakhs)
(a) Non -current		
Provision for employee benefits		
Compensated absences	**48**	51
Other provisions		
Provision for disputes and contingencies	**389**	437
	437	488

	As at 31 March 2020	As at 31 March 2019
	(Rs. in lakhs)	
(b) Current		
Provision for employee benefits		
Compensated absences	**12**	17
Gratuity benefits (refer note 29)	**33**	25
	45	42

Details of movement in provision for disputes and contingencies is as follows:

(Rs. in lakhs)

	As at 31 March 2020	As at 31 March 2019
Balance as at 31 March 2019	**437**	437
Additional provisions recognised	**–**	–
Amounts used during the period	**(16)**	–
Unused amount reversed during the year	**(32)**	–
Balance as at 31 March 2020	**389**	437

15. Borrowings

(Rs. in lakhs)

	As at 31 March 2020	As at 31 March 2019
Secured		
Bank overdraft (i)	**660**	–
	660	–

Security

(i) The overdraft facility is secured by the following:

1) Primary: First charge on the current assets of the Company, present and future.
2) Collateral: Second charge on the entire fixed assets of the Company, both present and future.
3) A letter of comfort from the Parent Companies i.e., Retail Initiative Holdings Limited and Mahindra Engineering & Chemicals Products Limited.

The overdraft carries interest rate at 10.15% per annum and is repayable on demand.

16. Trade payables

(Rs. in lakhs)

	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of micro and small enterprises (refer note 32)	**–**	–
Total outstanding dues of creditors other than micro and small enterprises*	**1,412**	1,205
	1,412	1,205

* Refer note 30 for payables to related parties amounting to Rs. 60 lakhs (31 March 2019: Rs. 115 lakhs) included in the above balance.

17. Other financial liabilities

(Rs. in lakhs)

	As at 31 March 2020	As at 31 March 2019
Current		
Creditors for capital goods	**8**	13
Accrued salary and benefits	**45**	101
	53	114

18. Other tax liabilities

(Rs. in lakhs)

	As at 31 March 2020	As at 31 March 2019
Opening balance	**–**	–
Add: Current tax payable	**–**	–
Less: Taxes paid	**–**	–
Less: Provision reversed	**–**	–
	–	–

Reconciliation of tax expenses

(Rs. in lakhs)

	As at 31 March 2020	As at 31 March 2019
Loss before tax as per the statement of profit and loss	**(2,147)**	(2,284)
Tax rate in India %	**28**	26
Tax as per tax rates	**(597)**	(594)
Reconciling items:		
- Permanent differences not deductible for tax purposes and temporary differences on which no deferred tax asset/liability is considered	**597**	594
Current tax as per statement of profit and loss	**–**	–

Unrecognized deferred tax (net)

Net deferred tax assets have been recognized only to the extent that the Company has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which such deferred tax assets can be realized:

(Rs. in lakhs)

	As at 31 March 2020	As at 31 March 2019
Deferred tax liability	**–**	–
Provisions	**–**	–
Deferred tax assets		
On carry forward business losses and unabsorbed depreciation	**14,784**	15,852
(tax loss expiry date: 31 March 2020 to 31 March 2028 and Unabsorbed depreciation expiry date: indefinitely)		
Property, plant and equipment	**1,115**	1,120
Provisions	**9**	36
	15,908	17,008
Deferred tax net (refer note below)	**–**	–

Net deferred tax assets have been recognized only to the extent that the Company has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which such deferred tax assets can be realized.

19. Other liabilities

(Rs. in lakhs)

	As at 31 March 2020	As at 31 March 2019
Current		
Advance received from customers	**9**	8
Statutory dues	**37**	45
Interest payable to MSME vendors	**26**	25
	72	78

20. Revenue from operations

(Rs. in lakhs)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from sale of products	**14,250**	15,910
Other operating revenue	**4**	25
	14,254	15,935

The revenue is generated within India from short term contracts entered with customers. The revenue is mainly generated through sale of mother and child products through retail stores spread across India. The sales are made at fixed price less discounts (if any) offered to the customers in the stores.

Refer note 30 for revenue earned from related parties.

Reconciliation of revenue recognised with the contracted price

(Rs. in lakhs)

Revenue particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from contract with customer as per the contract price	**16,996**	19,340
a) Discounts/Rebates/Incentives	**(1,038)**	(1,400)
b) Sales Returns/Reversals	**(64)**	(125)
c) Taxes	**(1,644)**	(1,905)
Revenue from contract with customer as per the statement of profit and loss	**14,250**	15,910

21. Other income

(Rs. in lakhs)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income on financial assets carried at amortised cost		
Security deposits	**48**	53
Bank deposits	**2**	7
Other non-operating income		
Profit on sale of capital assets (net)	**–**	2
Liabilities no longer required written back	**32**	–
Rent from subletting	**14**	13
	96	75

22. Changes in inventories of traded goods

(Rs. in lakhs)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventories at the end of the year:		
[Traded goods (refer note 10)]	**1,986**	2,880
Inventories at the beginning of the year:		
[Traded goods (refer note 10)]	**2,880**	4,746
Decrease in inventories	**894**	1,866

23. Employee benefits expense

(Rs. in lakhs)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries and wages, including bonus	**1,298**	1,321
Contribution to provident and other funds (refer note 29)	**112**	105
Staff welfare expenses	**62**	62
	1,472	1,488

24. Finance cost

(Rs. in lakhs)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expenses on:		
Bank overdraft	**54**	41
Inter-corporate deposits (refer note 30)	**–**	156
Interest expenses on lease liabilities	**270**	–
	324	197

25. Depreciation and amortisation expense

(Rs. in lakhs)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property, plant and equipment (refer note 4)	**157**	223
Amortisation of intangible assets (refer note 4a)	**8**	9
Amortisation of right of use assets (refer note 5)	**853**	–
	1,018	232

26. Other expenses

(Rs. in lakhs)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Stores consumed	**35**	28
Power and fuel	**232**	262
Common area maintenance	**169**	1,834
Rent expense on short-term leases	**433**	–

(Rs. in lakhs)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Rent expense on low value leases	**1**	–
Rent expense on variable leases	**84**	–
Rates and taxes	**18**	42
Insurance	**7**	9
Repairs and maintenance - others	**19**	37
Sales promotion expenses	**112**	157
Travelling and conveyance expenses	**81**	103
Commission, discounts and rebates	**15**	13
Auditors remuneration and out of pocket expenses		
As auditors	**11**	11
For reimbursement of expenses	**1**	1
Legal and professional fees	**199**	206
Security expenses	**–**	5
House keeping	**92**	106
Software expenses	**17**	16
Warehousing charges	**64**	86
Communication charges	**27**	34
Provision for expected credit loss allowance	**17**	–
Inventory damages (write-back) / write off or shrinkage	**(72)**	80
Loss on sale of capital assets (net)	**14**	–
Other miscellaneous expenses	**254**	318
	1,830	3,348

27. Loss per share

(Rs. in lakhs except number of shares and per share data)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Loss for the year	**(2,147)**	(2,284)
Weighted average number of equity shares outstanding	**951,463,236**	915,627,620
Basic and diluted loss per share (face value of Rs. 10 each)	**(0.23)**	(0.25)

28. Financial instruments

The carrying value and fair value of financial instruments by categories are as follows:

(Rs. in lakhs)

Particulars	Note	Carrying value As at 31 March 2020	As at 31 March 2019
Financial assets*			
Carried at cost			
Investment in an associate**	6	**35,548**	35,548
Measured at amortised cost			
Loans	7	**643**	846
Trade receivables	11	**483**	209
Cash and cash equivalents	12 (a)	**31**	221
Bank balances other than cash and cash equivalents as above	12 (b)	**–**	30
Other financial assets	8	**38**	8
Total financial assets		**36,742**	36,862

(Rs. in lakhs)

Particulars	Note	Carrying value As at 31 March 2020	As at 31 March 2019
Financial liabilities*			
Measured at amortised cost			
Borrowings	**15**	**660**	–
Trade payables	**16**	**1,412**	1,205
Other financial liabilities	**17**	**53**	114
Lease liabilities	**5**	**2,652**	–
Total financial liabilities		**4,777**	1,319

* The Company has not separately disclosed the fair values for financial assets and liabilities because their carrying amounts are a reasonable approximation of the fair value.

** Investment in equity shares in an associate company is accounted at cost as per Ind AS-27.

28.1 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

28.2 Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's management oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The management is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

28.3 Financial risk management objective and policies

The Company's principal financial liabilities comprise borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits.

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these IND AS financial statements.

28.4 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises from cash held with banks and financial institutions as well as credit exposure to clients, including outstanding accounts receivable and security deposit. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

Given below is ageing of trade receivable spread by period of six months.

(Rs. in lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Outstanding for more than 6 months....	**23**	–
Others	**477**	209
Total:	**500**	209

The Company continuously monitors receivables from customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls. As the customer base is distributed economically and geographically, there is no concentration of credit risk.

The Company has considered possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.

Financial assets that are not credit impaired:-

The Company has financial assets which are in nature of cash and cash equivalents, security deposit, bank deposit, trade receivable which are not credit impaired. These are contractually agreed, and the probability of default is negligible.

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

28.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. While management expects to generate cash from the operations of the Company, to mitigate liquidity risk, the Holding Company is also committed to support the operations of the Company.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2020 and 31 March 2019:

(Rs. in lakhs)

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Adjustments	Total
As at 31 March 2020						
Borrowings (refer note 15)	**660**	**–**	**–**	**–**	**–**	**660**
Trade payables (refer note 16)	**1,412**	**–**	**–**	**–**	**–**	**1,412**
Other financial liabilities (refer note 17)...	**53**	**–**	**–**	**–**	**–**	**53**
Lease liabilities (refer note 5)...	**220**	**616**	**1,544**	**272**	**–**	**2,652**
Total	**2,345**	**616**	**1,544**	**272**	**–**	**4,777**

(Rs. in lakhs)

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Adjustments	Total
As at 31 March 2019						
Trade payables (refer note 16)...	**1,205**	**–**	**–**	**–**	**–**	**1,205**
Other financial liabilities (refer note 17)...	**69**	**45**	**–**	**–**	**–**	**114**
Total	**1,274**	**45**	**–**	**–**	**–**	**1,319**

28.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial investments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company is not exposed to significant currency risk as majority of the transactions are primarily denominated in Indian Rupees ("INR"), which is the national currency of India.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to long-term debt obligations with floating interest rates and hence does not foresee any significant risk arising from interest rate fluctuation.

28.7 Capital management

The Company's capital management objectives are:

– to ensure the Company's ability to continue as a going concern.

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to externally enforced capital regulation. The Company's capital requirements are substantially met through the issue of equity to the Holding Company and the Intermediate Holding Company.

There is no change in the overall capital risk management strategy of the Company compared to last year.

29. Employee benefits

(a) Defined contribution plan

The Company's contribution to Provident Fund and Employee State Insurance aggregating Rs. 95 lakhs (2019: Rs. 87 lakhs) has been recognised in the Statement of profit and loss under the head employee benefits expense.

(b) Defined benefit plan:

Gratuity

The Company operates one defined benefit plan, viz., gratuity, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

Through the defined benefit plan the Company is exposed to the following risks:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plan holds a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

The Company has chosen a suitable plan with Insurance, which augurs well with the Company's long term strategy to manage the plan efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings.

Life expectancy

Increase in life expectancy will result in an increase in the plan's liabilities, as the inflationary increases result in higher sensitivity to changes in life expectancy.

	Actuarial assumptions	
	As at 31 March 2020	As at 31 March 2019
Discount rate(s)	**6.43%**	7.52%
Expected rate(s) of salary increase	**6.00%**	10.00%
Average longevity	**Indian Assured Lives Mortality (2012-14)**	Indian Assured Lives Mortality (2012-14)

Defined benefit plan – as per actuarial valuation

	(Rs. in lakhs)	
	Funded Plan	
Particulars	**As at 31 March 2020**	As at 31 March 2019
Amounts recognized in comprehensive income in respect of these defined benefit plans are as follows:		
Service cost:		
Current service cost	**15**	16
Net interest expense	**2**	1
Components of defined benefit costs recognized in profit or loss	**17**	17

	(Rs. in lakhs)	
	Funded Plan	
Particulars	**As at 31 March 2020**	As at 31 March 2019
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amount included in net interest expense)	**(2)**	5
Actuarial loss / (gains) arising from changes in demographic assumptions	**(8)**	15
Actuarial gains arising from changes in financial assumptions	**(68)**	(9)
Actuarial loss / (gains) arising from experience adjustments	**69**	(10)
Components of defined benefit costs recognized in other comprehensive income	**(9)**	1
	8	18
I. Net Asset recognized in the Balance Sheet		
- Present value of defined benefit obligation	**68**	73
- Fair value of plan assets	**(35)**	(48)
Surplus	**33**	25
Current portion of the above	**33**	25
II. Change in the obligation during the year		
- Present value of defined benefit obligation at the beginning of the year	**73**	69
- *Expenses Recognized in Profit and Loss*		
- Current Service Cost	**15**	17
- Interest expense	**4**	5
Remeasurement (gains)/losses		
- Actuarial (gains)	**(7)**	(4)
Benefit payments	**(17)**	(13)
Present value of defined benefit obligation at the end of the year	**68**	73
III. Change in fair value of assets during the year ended 31 March 2020		
Fair value of plan assets at the beginning of the year	**47**	**61**
Expenses Recognized in Profit and Loss Account		
- Expected return on plan assets	**3**	4
Recognized in Other Comprehensive Income		
Remeasurement losses		
- Actual Return on plan assets in excess of the expected return	**2**	(5)
Contributions by employer (including benefit payments recoverable)		
Benefit payments	**(17)**	(13)
Fair value of plan assets at the end of the year	**35**	48
IV. The major categories of plan assets		
- Investment with Insurer	**100%**	100%

The Company's policy is driven by considerations of maximizing returns. The asset allocation for plan assets is determined by the Fund Manager based on investment criteria prescribed by the local regulators. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

V. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

			Impact on defined benefit obligation	
Principal assumption	**Year**	**Changes in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	**2020**	**1.00%**	**(4.42)**	**5.10**
	2019	1.00%	(5.54)	5.11
Salary growth rate	**2020**	**1.00%**	**4.70**	**(4.15)**
	2019	1.00%	4.60	(5.16)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the statement of financial position.

The method and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

VI. Maturity profile of defined benefit obligation:

(Rs. in lakhs)

	As at 31 March 2020	As at 31 March 2019
Within 1 year	**–**	–
1 - 2 year	**9**	9
2 - 3 year	**7**	7
3 - 4 year	**5**	6
4 - 5 year	**4**	4
5 - 10 years	**16**	17
Above 10 years	**26**	30
	68	73

Plan Assets:

The details with respect to the investment made by Fund manager (Life Insurance Corporation) into major categories of plan assets have not been disclosed, as the same has not been provided by the Fund manager to the Company.

VII. Experience adjustments:

(Rs. in lakhs)

	As at 31 March 2020	As at 31 March 2019
	Gratuity	
1. Defined Benefit Obligation	**68**	73
2. Fair value of plan assets	**(35)**	(48)
3. Surplus..	**33**	25
4. Experience adjustment on plan liabilities loss/ (gains)	**69**	(10)
5. Experience adjustment on plan assets (loss)/ gain	**(2)**	5

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation. The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

30. Related party disclosures

Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Retail Initiative Holding Limited
Intermediate Holding Company	Mahindra Engineering and Chemical Products Limited
Associate Company	Brainbees Solutions Private Limited
Fellow Subsidiaries	Bristlecone India Ltd
(with whom transactions	Mahindra Automobile Distributor Private Limited
taken place)	Mahindra Asset Management Company Private Limited
	Mahindra Auto Steel Private Limited
	Mahindra Bebanco Developers Limited
	Mahindra Defense Naval Systems Private Limited
	Mahindra eMarket Limited
	Mahindra Susten Private Limited
	Mahindra First Choice Services Limited
	Mahindra Holidays & Resorts India Limited
	Mahindra Intertrade Limited
	Mahindra Logistics Limited
	Mahindra & Mahindra Financial Services Limited
	Mahindra MSTC Recycling Private Limited
	Mahindra Trucks and Buses Limited
	Mahindra Heavy Engines Limited
	Auto Digitech Private Limited
	Mahindra Electric Mobility Limited
	Mahindra Rural Housing Finance Limited
	Mahindra Steel Service Centre Limited
	Mahindra Vehicle Manufacturers Limited
	Mahindra Water Utilities Limited
	Mahindra Marine Private Limited
	Mahindra Sanyo Special Steel Private Limited
	Swaraj Engines Limited
	Mahindra Bloomdale Developers Limited
	Mahindra Telephonics Integrated Systems Limited
	Mahindra Lifespace Developers Limited
	Mahindra First Choice Wheels Limited
	Comviva Technologies Limited
	Mahindra Insurance Brokers Limited
	The Mahindra UWC of India
	Mahindra Happinest Developers Limited
	Mahindra Tsubaki Conveyor System Private Limited
	Mahindra CIE Automotive Limited
	Mahindra Teqo Private Limited
	Mahindra USA Inc
Key Managerial Personnel (KMP)	Sugato Majumdar (CEO)
	Dharmakanth Todurkar (CFO)
	Ruchika Shah (Company Secretary)

Details of transaction between the Company and its related parties are disclosed below:

(Rs. in lakhs)

Nature of transactions with Related Parties	For the year ended	Ultimate Holding Company	Intermediate Holding Company	Fellow Subsidiaries	Associate	KMP of the Company
Sale of goods	**31-Mar-20**	1,193	99	1,392	13	–
	31-Mar-19	681	1	1,808	27	–
Purchase of goods	**31-Mar-20**	–	–	–	4,655	–
	31-Mar-19	–	–	–	5,146	–
Receipt of service	**31-Mar-20**	–	–	–	–	–
	31-Mar-19	17	–	1	–	–
Intercorporate deposits Refunded	**31-Mar-20**	–	–	–	–	–
	31-Mar-19	7,000	–	1,500	–	–
Equity contribution to the Company	**31-Mar-20**	–	–	–	–	–
	31-Mar-19	–	10,900	–	–	–
Logistic Expenses incurred	**31-Mar-20**	–	–	–	21	–
	31-Mar-19	–	–	–	11	–
Interest Expense incurred	**31-Mar-20**	–	–	–	–	–
	31-Mar-19	130	–	26	–	–
Other Expenses incurred	**31-Mar-20**	36	1	12	64	–
	31-Mar-19	13	–	9	36	–
Sale of property plant and equipment	**31-Mar-20**	–	–	–		–
	31-Mar-19	–	–	5	–	–
Remuneration of key managerial personnel	**31-Mar-20**	–	–	–	–	93
	31-Mar-19	–	–	–	–	90

Balance Outstanding with related parties are disclosed below:

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Intermediate Holding Company	Fellow Subsidiaries	Associate	KMP of the Company
Payables	**31–Mar–20**	52	1	7	–	–
	31–Mar–19	115	–	–	–	–
Receivables	**31–Mar–20**	112	122	212	83	–
	31–Mar–19	113	2	75	283	–

Compensation of key managerial personnel

The remuneration of key managerial personnel during the year was as follows:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Short-term employee benefits	**90**	88
Post-employment benefits	**3**	2
Total	**93**	90

31 Contingent liabilities and commitments

(Rs. in lakhs)

Contingent liabilities	As at 31 March 2020	As at 31 March 2019
(a) Disputed Income Tax demand*	**360**	360
(b) Central Sales Tax and Value Added Tax matters under dispute*	**158**	257

(c) In February 2019, Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution from the date of Supreme Court order. There is no change in the above ruling during the year.

* The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/courts and the ultimate outcome will not have a material adverse effect on the Company's financial position and results of operations.

Commitments

(Rs. in lakhs)

	As at 31 March 2020	As at 31 March 2019
Commitment relating to leases	–	158

32 Dues to micro, medium and small enterprises

The Ministry of Micro, Medium and Small Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2020 has been made in the IND AS financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

The principal amount due and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:

(Rs. in lakhs)

	As at 31 March 2020	As at 31 March 2019
(a) Dues remaining unpaid		
- Principle	–	–
- Interest on the above	–	–
(b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year.	–	–
- Principle paid beyond the appointed date	–	–
- Interest paid in terms of Section 16 of the MSMED Act	–	–
(c) Amount of interest due and payable for period of delay on payments made made beyond the appointed day during the year.	–	–
(d) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	–	–
(e) Amount of interest accrued and remaining unpaid	**26**	26

33 Segment information

The Company currently operates in a single reportable segment, i.e., in the business of retailing a variety of lifestyle and consumer products through its own branded stores in India. Consequently, the requirements for a separate disclosure under Ind AS 108 - "Operating Segments" is not applicable.

34 The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these IND AS financial statements since the requirement does not pertain to financial year ended 31 March 2020.

35 Long-term contracts

The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.

36 Impact of COVID-19

The COVID-19 pandemic is rapidly spreading throughout the world. The event significantly affects the economic activity worldwide and, as a result, could affect the operations and results of the Company. The impact of the COVID-19 pandemic may be different from that estimated as at the date of approval of these financial statements and the Company continues to closely monitor any material changes to future economic conditions.

The Company's stores and offices are under nationwide lockdown since March 24, 2020. The Company is monitoring the situation closely and will resume operations in a phased manner taking into account directives from the Government. Based on the ongoing discussions with vendors and service providers, the Management is confident of obtaining regular supply of raw materials and logistics services after restarting the stores.

Management has performed a comprehensive assessment of the implications of COVID-19 on the financial statements of the Company for the year ended 31 March 2020 including specifically on the going concern assumption, impairment testing for property, plant and equipment, estimate of expected credit losses and revenue recognized during the year, net realizable value of inventory, significant estimates (including the assumptions, data, method & disclosures), and have accordingly concluded that there are no adjustments required in these financial statements. Also refer Note 2.2. (c).

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No : 065155
UDIN:20065155AAAACF7774

Place: Bengaluru
Date: 11 May 2020

For and on behalf of the Board of Directors of

Mahindra Retail Limited
(formerly Mahindra Retail Private Limited)

Parag Shah
Director (DIN No 00374944)

Zhooben Bhiwandiwala
Chairman (DIN No 00110373)

Dharmakanth Todurkar
Chief Financial Officer

Sugato Majumdar
Chief Executive Officer

Ruchika Shah
Company Secretary
Membership No. F9114

Place: Bengaluru
Date: 08 May 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA DEFENCE SYSTEMS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mahindra Defence Systems Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS"), and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position. Refer to note 40 (i) of the financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Refer to note 38 of the financial statements.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer to note 39 of the financial statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

FOR **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 015125N)

Pramod B. Shukla
(Partner)
(Membership No. 104337)
(UDIN: 20104337AAAAAQ3641)

PLACE: New Delhi
DATE: MAY 12, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the financial statements for the year ended March 31, 2020 of Mahindra Defence Systems Limited

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Defence Systems Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on "the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

FOR **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 015125N)

Pramod B. Shukla
(Partner)
(Membership No. 104337)
(UDIN: 20104337AAAAAQ3641)

PLACE: New Delhi
DATE: MAY 12, 2020

ANNEXURE "B" TO THE AUDITORS' REPORT

Referred to in paragraph 2 under 'Report on Legal and Regulatory Requirements' section of our report of even date on the financial statements for the year ended March 31, 2020 of Mahindra Defence Systems Limited

(i) In respect of its Property, plant and equipment:

   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the Property, plant and equipment.

   (b) The Property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the Property, plant and equipment at reasonable intervals and no material discrepancies were noticed on such verification.

   (c) Based on the examination of the registered sale deed provided to us, we report that, the title deed, comprising all the immovable properties of land and Buildings which are freehold, are held in the name of the Company as at the balance sheet date. The Company does not have any immovable properties of land and building that have been taken on lease and disclosed as property, plant and equipment in the financial statements.

(ii) The inventories were physically verified during the year by the Management at reasonable intervals other than for inventories lying with third party at the end of the year for which confirmation have been obtained in most of the cases. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and securities and hence reporting under clause (iv) of the Order is not applicable.

(v) The Company has not accepted any deposits from the public. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.

(vi) The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us and the records of the Company examined by us, in respect of statutory dues:

   (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

   (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

   (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2020 on account of disputes.

(viii) The Company has not defaulted in repayment of loans or borrowings to bank. The Company has not taken any loans or borrowings from financial institutions and government and has not issued any debentures during the year.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V of the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding or associate company or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

FOR **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 015125N)

Pramod B. Shukla
(Partner)
(Membership No. 104337)
(UDIN: 20104337AAAAAQ3641)

PLACE: New Delhi

DATE: MAY 12, 2020

BALANCE SHEET AS AT MARCH 31, 2020

(Amount in Rs. Lakhs)

Particulars	Note No.	**As at March 31, 2020**	As at March 31, 2019
ASSETS			
1. Non-current assets			
(a) Property, Plant and equipment	5	**4,478.29**	4,517.49
(b) Right of use assets	5A	**590.56**	–
(c) Capital Work- in-Progress		**299.09**	166.49
(d) Intangible assets	6	**1,918.99**	357.59
(e) Intangible assets under development	6	**86.39**	4,427.94
(f) Financial assets			
(i) Investments	7	**2,590.00**	2,590.00
(ii) Trade receivables	8	**1,025.88**	1,053.37
(iii) Other financial assets	10	**170.91**	245.39
(g) Deferred tax assets (Net)	11	**447.76**	2,208.97
(h) Non Current Tax Assets (Net)		**1,663.44**	2,844.99
(i) Other non-current assets	12	**742.31**	1,012.17
Total Non-current Assets		**14,013.62**	19,424.40
2 Current assets			
(a) Inventories	13	**5,485.28**	3,306.77
(b) Financial assets			
(i) Investments	9	**2,976.63**	–
(ii) Trade receivables	8	**6,003.77**	11,220.57
(iii) Cash and cash equivalents	14	**7,380.04**	2,438.42
(iv) Other Bank balances (other than (iii) above)	15	**319.12**	361.72
(v) Other financial assets	10	**3,299.84**	3,538.75
(c) Other current assets	12	**3,174.29**	2,413.83
Total Current Assets		**28,638.97**	23,280.06
Total Assets		**42,652.59**	42,704.46
EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	16	**1,672.37**	1,672.37
(b) Other equity		**26,999.64**	25,067.85
Total Equity		**28,672.01**	26,740.22
2 Liabilities			
Non-current liabilities			
(a) Provisions	17	**784.19**	664.33
(b) Lease Liabilities	43	**403.83**	–
(c) Other Financial Liabilities	19	**26.76**	–
(d) Other Liabilities	20	**896.13**	1,579.31
Total Non-current Liabilities		**2,110.91**	2,243.64
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	**–**	912.32
(ii) Trade payables			
(A) total outstanding dues of micro and small enterprises	36	**1,077.17**	405.89
(B) total outstanding dues of creditor other than micro and small enterprises		**6,323.79**	7,372.86
(iii) Lease Liabilities	43	**226.97**	–
(iv) Other financial liabilities	19	**49.49**	123.25
(b) Provisions	17	**321.07**	188.03
(c) Other current liabilities	20	**3,871.18**	4,718.25
Total Current Liabilities		**11,869.67**	13,720.60
Total Liabilities		**13,980.58**	15,964.24
Total Equity and Liabilities		**42,652.59**	42,704.46
The accompanying notes forming part of the financial statements	1 to 51		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Pramod B.Shukla
Partner

Mukul Verma
Chief Financial Officer

Place : New Delhi
Date : 12-05-2020

For and on behalf of Board of Directors

S. P. Shukla Managing Director
DIN: 00007418

Sukhvindar Hayer Director
DIN: 07272511

Manish Sharma Company Secretary

Place : Mumbai
Date : 12-05-2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Amount in Rs. Lakhs)

	Particulars	Note No	**For the year ended March 31, 2020**	For the year ended March 31, 2019
I	Revenue from operations	21	**30,732.79**	28,500.92
	Other income	22	**1,150.24**	429.55
	Total Income		**31,883.03**	28,930.47
II	**Expenses**			
	Cost of materials consumed	23	**10,442.72**	7,806.54
	Purchases of stock in trade	24	**748.57**	742.08
	Changes in Inventories of finished goods, work-in-progress and stock-in-trade	25	**(3,425.29)**	589.13
	Employee benefits expense	26	**5,685.70**	4,778.04
	Finance costs	27	**95.11**	258.48
	Depreciation and amortisation expense	5 & 5A & 6	**1,455.62**	696.42
	Subcontracting and service charges		**5,870.02**	7,241.18
	Other expenses	28	**7,278.55**	5,096.27
	Total expenses		**28,151.00**	27,208.14
III	**Profit before tax (I-II)**		**3,732.03**	1,722.33
IV	**Tax expense**			
	Current tax	29	**87.35**	322.64
	Deferred tax charge/(benefits)	29	**1,749.05**	(1,799.76)
V	**Profit for the year (III-IV)**		**1,895.63**	3,199.45
VI	**Other comprehensive income**		**36.16**	4.62
	Items that will not be reclassified to profit or loss:			
	Remeasurements (gain)/loss of the defined benefit plans	32	**48.32**	7.10
	Income tax relating to these items	29	**12.16**	2.48
VII	**Total comprehensive income for the year (V + VI)**		**1,931.79**	3,204.07
	Earnings per share (Face value of Rs. 10 per share) (in Rs.)			
	– Basic	31	**11.34**	20.11
	– Diluted	31	**11.34**	20.11
	The accompanying notes forming part of the financial statements	1 to 51		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Pramod B.Shukla
Partner

Mukul Verma
Chief Financial Officer

Place : New Delhi
Date : 12-05-2020

For and on behalf of Board of Directors

S. P. Shukla — Managing Director
DIN: 00007418

Sukhvindar Hayer — Director
DIN: 07272511

Manish Sharma — Company Secretary

Place : Mumbai
Date : 12-05-2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flows from operating activities		
Profit after tax	**1,931.79**	3,204.07
Adjustments for:		
Income tax recognised in statement of Profit or loss	**1,836.40**	(1,477.12)
Interest on borrowings (At Amortised cost)	**39.17**	246.86
Interest on bank deposits (At amortised cost)	**(22.25)**	(46.58)
Interest on income tax refund	**(243.79)**	(7.62)
Interest Income on financial assets at fair value through profit and loss(FVTPL)	**(49.01)**	(41.90)
Profit on sale of property, plant and equipment	**(6.23)**	(2.76)
Intangible assets under development written off	**2,119.52**	1,424.08
Loss on write off of Property, plant and equipment and Intangible assets	**334.46**	9.18
Loss on sale of property, plant and equipment	**9.77**	4.87
Loss on write down of inventories	**192.17**	40.34
Dividend Income on financial instruments measured at FVTPL	**(99.39)**	(6.40)
Depreciation and amortisation expense	**1,455.62**	696.42
Excess provision/liabilities, no longer required written back	**(50.96)**	(198.06)
Bad Debts written off	**395.03**	–
Allowance for doubtful debts	**208.52**	65.94
Unrealised (gain)/loss on foreign currency transaction and translation	**(49.18)**	0.03
Unwinding of discount on provision for warranty	**0.12**	(0.88)
Interest on Lease liability (Refer Note No 43)	**44.08**	–
	8,045.84	3,910.47
Movements in working capital:		
(Increase)/decrease in trade receivables (current & non-current)	**4,701.05**	(3,083.52)
(Increase)/decrease in inventories (current)	**(2,370.68)**	(262.24)
(Increase)/decrease in other assets (current & non-current)	**(400.88)**	162.00
(Increase)/decrease in other financial assets (current & non-current)	**348.06**	907.14
(Increase)/decrease in Loan (current)	**–**	(305.38)
Increase/(decrease) in trade and other payables (current)	**(338.98)**	(4,405.71)
Increase/(decrease) in provisions (current & non-current)	**264.96**	(180.57)
Increase/(decrease) in other liabilities (current)	**(1,493.47)**	(172.58)
Cash generated/(used in) from operations	**8,755.90**	(3,430.39)
Income taxes paid (Net of refund)	**1,094.20**	(614.63)
Net cash generated/(used in) by operating activities	**9,850.10**	(4,045.02)
Cash flows from investing activities		
Acquisition of Property, plant and equipment and Intangible assets including capital advances (net of capital creditors)	**(1,206.30)**	(1,594.37)
Sale of Property, plant and equipment	**36.32**	34.08
Interest on income tax refund	**243.79**	7.62
Dividend Income on financial instruments measured at FVTPL	**99.39**	6.40
Change in bank balance not considered as cash and cash equivalents	**59.97**	641.15
Interest on deposits	**32.36**	46.58
Net increase in current investments	**(2,976.63)**	–
Net cash used in by investing activities	**(3,711.10)**	(858.54)
Cash flows from financing activities		
Proceeds from issue of equity share capital including securities premium(Refer Note No: 45)	**–**	2,000.00
Repayment of borrowings to bank	**(912.32)**	622.32
Interest paid	**(45.00)**	(246.86)
Payment of lease liabilities	**(240.06)**	–
Share issue expense	**–**	(2.00)
Net cash generated/(used in) financing activities	**(1,197.38)**	2,373.46
Net increase/(decrease) in cash and cash equivalents	**4,941.62**	(2,530.10)
Cash and cash equivalents at the beginning of the year	**2,438.42**	4,934.63
Cash and cash equivalents transferred pursuant to the Scheme of Amalgamation (Refer Note no 47)	**–**	33.89
Cash and cash equivalents at the end of the year (Refer Note No: 14)	**7,380.04**	2,438.42

Note: The working capital changes for the year have been determined after considering the liabilities and assets transferred under the Scheme of Amalgamation referred to in Note 47 to the financial statements.

The accompanying notes forming part of the financial statements 1 to 51

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Pramod B.Shukla
Partner

Place : New Delhi
Date : 12-05-2020

Mukul Verma
Chief Financial Officer

For and on behalf of Board of Directors

S. P. Shukla Managing Director
DIN: 00007418

Sukhvindar Hayer Director
DIN: 07272511

Manish Sharma Company Secretary

Place : Mumbai
Date : 12-05-2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

a. Equity share capital

(Amount in Rs. Lakhs)

Particulars	
As at April 1 2018	1,590.60
Issue of equity share capital during the year	81.77
AS AT MARCH 31, 2019	**1,672.37**
Issue of equity share capital during the year	–
As at March 31, 2020	**1,672.37**

b. Other Equity

(Amount in Rs. Lakhs)

	Reserves and Surplus			Items of Other Comprehensive Income	Total
Particulars	**Securities premium**	**Capital Reserve#**	**Retained earnings##**	**Defined Benefits Plan**	
Balance as on April 1, 2018	**25,704.45**	**2,412.24**	**(6,805.47)**	**34.77**	**21,345.99**
Pursuant to the Scheme of Amalgamation (Refer Note: 47)	–	–	(1,409.24)	10.80	(1,398.44)
Profit for the year 2018-19	–	–	3,199.45	–	3,199.45
Share Issue expenses	–	–	(2.00)	–	(2.00)
Remeasurements of the defined benefit plan, net of income tax	–	–	–	4.62	4.62
	25,704.45	**2,412.24**	**(5,017.26)**	**50.19**	**23,149.62**
Securities premium *	1,918.23	–	–	–	1,918.23
Balance as on March 31, 2019	**27,622.68**	**2,412.24**	**(5,017.26)**	**50.19**	**25,067.85**
Balance as on April 1, 2019	**27,622.68**	**2,412.24**	**(5,017.26)**	**50.19**	**25,067.85**
Profit for the year 2019-20	–	–	1,895.63	–	1,895.63
Remeasurements of the defined benefit plan, net of income tax	–	–	–	36.16	36.16
Balance as on March 31, 2020	**27,622.68**	**2,412.24**	**(3,121.63)**	**86.35**	**26,999.64**

* Represents premium on issue and allotment of 8,17,661 fresh equity shares of Rs.10 each at a premium of Rs. 234.60 per equity share during the financial year ended March 31, 2018.

This reserve represents reserve recognised on amalgamation of the erstwhile Defence Land Systems India Limited with the Company being the difference between Company's investment value and share capital of the transferor Company.

Retained Earnings refers to Net Earnings not paid as dividends but retained by the Company to be reinvested in its core business. This amount is available for distribution to its equity shareholders.

The accompanying notes forming part of the financial statements 1 to 51

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Pramod B.Shukla
Partner

Mukul Verma
Chief Financial Officer

Place : New Delhi
Date : 12-05-2020

For and on behalf of Board of Directors

S. P. Shukla Managing Director
DIN: 00007418

Sukhvindar Hayer Director
DIN: 07272511

Manish Sharma Company Secretary

Place : Mumbai
Date : 12-05-2020

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. **General Information**

Mahindra Defence Systems Limited is a Public Limited Company incorporated on July 30, 2012 under the Companies Act, 1956 ("the Act"). The Company is a subsidiary of Mahindra & Mahindra Limited. The Company is engaged in design, development, manufacture, supply, dealing, operating, trading, overhaul, repair, maintenance and service of all kinds of defence vehicle and other defence equipment including training to armed forces people through specific equipments. The Company is also engaged in business of consultancy, training, implementation, management, maintenance and audit in the areas of information security, physical security, homeland security, critical infrastructure security, IT systems & network security, applications security, web & software security, change management & training, business continuity, disaster recovery, governance, loss prevention, fraud risk management, forensics, third party assessment and other allied areas with the objective of derisking the business and mitigation of loss arising from such security risks. The address of company's registered office is Mahindra Towers, P.K. Kurne Chowk, Dr. G.M.Bhosale Marg, Worli, Mumbai-400018 and the address of its corporate office is Mahindra Towers, 1st Floor, 2-A, Bhikaji Cama Place, New Delhi- 110066.

Pursuant to the Scheme of Amalgamation ('the Scheme') referred to in Note 47, the erstwhile Mahindra Defence Naval Systems Limited, engaged in the manufacturing and selling of launchers and other components meant for defence purposes which are primarily used by Navy, has been amalgamated with the Company with effect from April 01, 2018.

2. **Basis of preparation and presentation**

2.1 Statement of Compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

The financial statements are presented in rupees and all values are rounded to the nearest lakhs except when otherwise indicated.

2.2 Accounting convention

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Operating Cycle

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3. **Significant Accounting Policies**

3.1 Revenue recognition

Revenue represents income derived from contracts for the provision of goods and services, over time or at a point in time, by the company to customers in exchange for consideration in the ordinary course of the activities.

Contract Identification

The contract between the Company and customer is identified which creates enforceable rights and obligations with defined payment terms.

Performance obligations

Upon approval by the parties to a contract, the contract is assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other resources that are readily available to the customer and they are separately identifiable in the contract.

Transaction price

At the start of the contract, the total transaction price is determined with respect to the contract. The total transaction price is allocated to the performance obligations identified in the contract in proportion to their relative stand-alone selling prices.

Revenue recognition

Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer. For each performance obligation within a contract, the company determines whether it is satisfied over time or at a point in time.

Performance obligations are satisfied over time if one of the following criteria is satisfied:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as it performs;
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Company's performance does not create an asset with an alternative use to the Company and it has an enforceable right to payment for performance completed to date.

For each performance obligation to be recognized over time, the Company recognises revenue using an input method and output method. Input method is used to recognize revenue on the basis of Percentage completion method applied on the company actual spent on the basis of resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used while Output methods recognize revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. Revenue and attributable margin are calculated by reference to estimates of sale price and total costs.

<u>Significant financing component;</u>

In determining the transaction price, the company adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract provides the customer or the company with a significant benefit of financing the transfer of goods or services to the customer.

The company recognises revenue at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer (ie the cash selling price)

<u>Dividend, interest and rental income</u>

Dividend income from investments is recognized when right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the companies expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

3.2 Leasing

Rental expense from operating leases is generally recognised on a straight line basis over the term of relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

The Company is Lessor

Leases for which the company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Separate lease components in the contract is accounted as Lease Income.

The Company did not need to make any adjustments to the accounting of assets held as lessor under operating leases as a result of the adoption of IND AS 116.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

The Company is Lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

ii) Transition

The Company applied Ind AS 116 initially on 1 April 2019, using the modified retrospective approach with Option 2 where an amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease is recognised in the balance sheet as Right-of use asset immediately before the date of initial application.

The following is the summary of practical expedients elected on initial application:

Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application,

Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 disclosed under Note 25 of financial statements for the year ended March 31, 2019 and the value of the lease liability as of 01 April 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

3.3 Foreign currency transactions and translations

In preparing the financial statements transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.4 Borrowing costs

Borrowing costs directly attributable to the' acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.5 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity, compensated absences and post-employment medical benefits.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re – measurements, comprising actuarial gains and losses, the effect of changes to asset ceiling (if applicable) and the return on plan assets, is recognized in other comprehensive income in the period in which they occur. Re- measurements recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the companies defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

3.6 Taxes on income

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Minimum Alternate Tax (MAT) paid as current tax expense in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as tax credit and recognised as deferred tax asset when there is reasonable certainty that the Company will pay normal income tax in the future years and future economic benefit associated with it will flow to the Company.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3.7 Property, Plant and equipment

Property, Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.

Depreciation is recognised so as to write off the cost of assets (Other than free hold land and properties under contruction less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is charged on a pro-rata basis at the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, other than certain assets which are depreciated as follows:

Estimated useful life of assets are as follows:

Plant and equipment	1- 10 years
Office equipment	1- 5 years
Furniture and fixtures	1-10 years
Vehicles	5 years

The above useful life has been assessed based on internal assessment and technical advice, taking into account the nature of the asset, the estimated usage of the asset, and the operating conditions of the asset and anticipated technological changes.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.8 Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets

Intangible assets comprising of technical knowledge and development expenditure, etc. are amortised over a period of three years or less depending on the estimated useful life of the assets remaining as at balance sheet date. Intangible assets, comprising of software, expenditure on product design and prototypes incurred are amortised on a straight line method over a period of 5 years and 3-5 years respectively.

3.9 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs of disposal and value in use.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash- generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a moving weighted average. Finished goods and work-in-progress include appropriate proportion of overheads. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.11 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

3.12 Warranties

In respect of sale of manufactured and traded goods, the estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures (except warranties backed by the supplier).

3.13 Business Combination

Business acquisitions are accounted for under the purchase method. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under Ind AS 103, are recognised at their fair value at the acquisition date.

Excess of purchase consideration and the acquisition date non-controlling interest over the acquisition date fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. Goodwill arising on acquisitions is reviewed for impairment annually. Where the fair values of the identifiable assets and liabilities exceed the cost of acquisition, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in other comprehensive income and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through other comprehensive income.

Where it is not possible to complete the determination of fair values by the date on which the first postacquisition financial statements are approved, a provisional assessment of fair value is made and any adjustments required to those provisional fair values are finalised within 12 months of the acquisition date.

The Company makes adjustments to the provisional fair value amounts recognised at the date of acquisition to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognised as of that date. The Company applies the measurement period adjustments retrospectively to the financial statements to reflect the measurement period adjustments as retrospectively recorded on the date of the acquisition as if measurement period adjustments had been recorded initially at the date of acquisition.

Any non-controlling interest in an acquiree is measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This accounting choice is made on a transaction by transaction basis.

Common control transactions

Acquisition expenses are charged to statement of profit and loss in line with Ind AS 103. Common control transactions A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. The transactions between entities under common control are specifically covered by Ind AS 103. Such transactions are accounted for using the pooling-of-interest method. The assets and liabilities of the acquired entity are recognised at their carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies. The components of equity of the acquired companies are added to the same components within Company's equity. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves. The Company's shares issued in consideration for the acquired companies are recognized from the moment the acquired companies are included in these financial statements and the financial statements of the commonly controlled entities would be combined, retrospectively, as if the transaction had occurred at the beginning of the earliest reporting period presented.

3.14 Financial instruments

Financial assets and financial liabilities are recognised when Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.15 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Financial instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income:
- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item

Financial assets at fair value through profit or loss (FVTPL)

A financial asset that meets the amortised cost criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the company right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Investment in Equity instruments

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment, if any.

3.16 Financial liabilities

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' Line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

3.17 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:-

Recoverability of intangible asset under development

During the period, the Company assessed the recoverability of the intangible assets under development.

Capitalisation of cost in intangible assets under development is based on management's judgment that technological and economic feasibility is confirmed and asset under development will generate economic benefits in future. This situation is closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Provision and contingent liability

On an ongoing basis, Company reviews pending cases and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets and intangible assets

Management reviews the useful lives of depreciable assets and intangible assets at each reporting. As at March 31, 2020 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

Investment considered Joint venture

The Company holds 51% equity share capital of Mahindra Telephonics Integration Systems Limited (MTISL) and the remaining 49% is held by Telephonics corporation USA (TC) (Joint venture partner). Based on the joint venture agreement between the Company and TC, decisions on certain relevant activities, which are significant in nature, require the consent of both the Company and TC. Company cannot take unilateral decision on those activities

The provision of output from operations, do not go to "both the parties" as MTISL does not sell its product to the Company and hence the Company does not receive economic benefits of the assets of the operations. The outputs of the MTISL are purchased only by TC. The MTISL is generating cash to contribute to the continuity of the operations. Therefore, the director of the Company decided to classify MTISL as joint venture.

Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

4.1 Recent Accounting pronouncements

The Company has analysed it and concluded that there no recent accounting pronouncements which have material impact on the financial performance and position of the Company.

Note No: 5 - Property, Plant and equipment

(Amount in Rs. Lakhs)

Description of Assets	Land- Free Hold	Building*	Plant and equipment	Office equipments	Furniture and Fixtures	Vehicles	Total
I. Cost or deemed cost							
Balance as at April 1, 2019	836.42	2,693.18	2,403.35	192.30	337.09	1,079.34	7,541.68
Additions	–	26.40	292.56	10.86	3.43	264.33	597.58
Disposal/write off	–	–	21.88	0.38	–	249.10	271.36
Balance as at March 31, 2020	**836.42**	**2,719.58**	**2,674.03**	**202.78**	**340.52**	**1,094.57**	**7,867.90**
II. Accumulated depreciation							
Balance as at April 1, 2019	–	670.33	1,368.51	101.82	230.05	653.48	3,024.19
Depreciation expense for the year	–	86.81	250.04	16.31	36.46	133.74	523.36
Eliminated on disposal/write off	–	–	16.03	0.36	–	141.55	157.94
Balance as at March 31, 2020	**–**	**757.14**	**1,602.52**	**117.77**	**266.51**	**645.67**	**3,389.61**
III. Net carrying amount (I-II)	**836.42**	**1,962.44**	**1,071.51**	**85.01**	**74.01**	**448.90**	**4,478.29**

* Part of building measuring 42,488 Sq Ft out of total area of 2,61,274 Sq Ft is leased out.

Depreciation expense for the previous year includes impairment charge of Rs. 74.75 lakhs

(Also Refer Note no 18)

(Amount in Rs. Lakhs)

Description of Assets	Land- Free Hold	Building*	Plant and equipment	Office equipments	Furniture and Fixtures	Vehicles	Total
I. Cost or deemed cost							
Balance as at April 1, 2018	836.42	2,298.84	1,515.22	140.77	256.95	876.68	5,924.88
Pursuant to the Scheme of Amalgamation (Refer Note: 47)		30.97	559.70	15.28	71.64	62.37	739.96
Additions	–	363.37	396.58	48.38	16.75	222.15	1,047.23
Disposal/write off	–	–	68.15	12.13	8.25	81.86	170.39
Balance as at March 31, 2019	836.42	2,693.18	2,403.35	192.30	337.09	1,079.34	7,541.68
II. Accumulated depreciation							
Balance as at April 1, 2018	–	592.24	999.04	88.28	167.17	463.47	2,310.20
Pursuant to the Scheme of Amalgamation (Refer Note: 47)		3.19	185.50	7.95	33.76	40.55	270.95
Depreciation expense for the year #	–	74.90	233.67	16.48	36.50	204.30	565.85
Eliminated on disposal/write off	–	–	49.70	10.89	7.38	54.84	122.81
Balance as at March 31, 2019	–	670.33	1,368.51	101.82	230.05	653.48	3,024.19
III. Net carrying amount (I-II)	836.42	2,022.85	1,034.84	90.48	107.04	425.86	4,517.49

* Part of building measuring 42,488 Sq Ft out of total area of 2,61,274 Sq Ft is leased out.

Depreciation expense for the year includes impairment charge of Rs 74.75 Lakhs (Previous Year Rs Nil)

Note No: 5A:- Right of use assets (Refer Note 43)

	(Amount in Rs. Lakhs)
Description of Assets	**Total**
Balance as at April 1, 2019	–
Additions (Refer Note 43)	826.78
Balance as at March 31, 2020	**826.78**
II. Accumulated amortisation	
Balance as at April 1, 2019	–
Amortisation expense for the year	236.22
Balance as at March 31, 2020	**236.22**
III. Net carrying amount (I-II)	**590.56**

Note No: 6 - Intangible assets

(Amount in Rs. Lakhs)

Description of assets	**Technical knowledge**	**Development expenditure**	**Software $**	**Product design and prototypes ##**	**Total**
I. Cost or deemed cost					
Balance as at April 1, 2019	76.97	93.68	190.06	857.05	**1,217.76**
Additions	–	–	0.08	2,518.25	**2,518.33**
Disposal/Write -offs	76.97	93.68	–	471.64	**642.29**
Balance as at March 31, 2020	**–**	**–**	**190.14**	**2,903.66**	**3,093.80**
II. Accumulated amortisation					
Balance as at April 1, 2019	76.97	93.68	187.70	501.82	**860.17**
Amortisation expense for the year	–	–	2.36	693.68	**696.04**
Eliminated on disposal of assets	76.97	93.68	–	210.75	**381.40**
Balance as at March 31, 2020	**–**	**–**	**190.06**	**984.75**	**1,174.81**
III. Net carrying amount (I-II)	**–**	**–**	**0.08**	**1,918.91**	**1,918.99**

Product design and prototypes includes specified projects with net carrying amount as at March 31, 2020 Rs. 1749.58 lakhs and Rs 169.33 Lakhs respectively with a remaining amortisation period of 3 years (As on March 31, 2019 Rs.353.73 lakhs pertaining to specified projects with a remaining amortisation period of 4 years, which has been written off during the year ended March 31, 2020).

$ Acquired

(Amount in Rs. Lakhs)

Description of assets	**Technical knowledge**	**Development expenditure**	**Software $**	**Product design and prototypes ##**	**Total**
I. Cost or deemed cost					
Balance as at April 1, 2018	76.97	93.68	178.26	823.49	**1,172.40**
Pursuant to the Scheme of Amalgamation (Refer Note: 47)	–	–	11.80	–	**11.80**
Additions	–	–	–	33.56	**33.56**
Balance as at March 31, 2019	76.97	93.68	190.06	857.05	1,217.76
II. Accumulated amortisation					
Balance as at April 1, 2018	76.97	93.68	177.91	373.96	**722.52**
Pursuant to the Scheme of Amalgamation (Refer Note: 47)	–	–	7.08	–	**7.08**
Amortisation expense for the year	–	–	2.71	127.86	**130.57**
Balance as at March 31, 2019	**76.97**	**93.68**	**187.70**	**501.82**	**860.17**
III. Net carrying amount (I-II)	**–**	**–**	**2.36**	**355.23**	**357.59**

Product design and prototype includes specified projects with a carrying amount as at March 31, 2019 Rs. 353.73 lakhs (As on March 31, 2018 Rs. 471.64 Lakhs) with a remaining amortisation period of 4 years.

$ Acquired

Intangible assets under development

	(Amount in Rs. Lakhs)		(Amount in Rs. Lakhs)
Description of Assets	**Total**		**Total**
Balance as at March 31, 2018 #	**5,182.00**	**Balance as at March 31, 2019 #**	**4,427.94**
Pursuant to the Scheme of Amalgamation (Refer Note: 47)	426.50		
Additions	401.59	Additions	379.67
Capitalised**	158.07	Capitalised **	2,601.70
Written Off*	1,424.08	Written Off*	2,119.52
Balance as at March 31, 2019 #	**4,427.94**	**Balance as at March 31, 2020 #**	**86.39**

* as management expects that there is no future economic benefits expected from its use or disposal.

The above includes eligible design and prototype related development expenditure with respect to specified projects. On capitalisation the same would be amortised over 3 to 5 years based on economic benefits expected from its use.

** During the year Rs 83.45 Lakhs has been capitalised in Plant & Equipment (Previous Year Rs.124.51 Lakhs capitalised in Vehicles).

Note No: 7 Non Current Investments

(Amount in Rs. Lakhs)

	As at March 31, 2020		As at March 31, 2019	
Particulars	**Qty (In Number)**	**Amounts**	Qty (In Number)	Amounts
Non current investment carried at cost				
Unquoted Investments (all fully paid) in equity instruments				
– In Joint venture*				
Mahindra Telephonics Integration Systems Limited	**25,900,000**	**2,590.00**	25,900,000	2,590.00
Total	**25,900,000**	**2,590.00**	25,900,000	2,590.00

*Refer Note no.4 and 46

Note No: 8 Trade receivables

(Amount in Rs. Lakhs)

	As at March 31, 2020		As at March 31,2019	
Particulars	**Current**	**Non–Current**	Current	Non–current
Trade receivables				
Receivable considered good- Unsecured	**6,003.77**	**1,025.88**	11,220.57	1,053.37
Receivable - credit impaired	**208.52**	**–**	305.21	–
Less: Allowance for doubtful debts (expected credit loss allowance) (Refer Note (i) below)	**208.52**	**–**	305.21	–
Total	**6,003.77**	**1,025.88**	11,220.57	1,053.37
Of the above, trade receivables from:				
– Related Parties	**2,283.27**	**1,025.88**	3,383.17	1,053.37
– Others	**3,720.50**	**–**	7,837.40	–
Total	**6,003.77**	**1,025.88**	11,220.57	1,053.37

(i) Details of movement in Allowance for doubtful receivable

		Amount (Rs in Lakhs)
Particulars	**As at March 31, 2020**	As at March 31, 2019
Balance at beginning of the year	**305.21**	259.18
Written off during the year	**305.21**	–
Created during the year	**208.52**	65.94
Excess provision written back	**–**	19.91
Balance at end of the year	**208.52**	305.21

Refer Note No. 33- Financial Instruments for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

(Also Refer Note 18)

Note No: 9 Current Investments

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2020 Units	As at March 31, 2020 Amount	As at March 31,2019 Units	As at March 31,2019 Amount
UnQuoted Investments at Fair value thru Profit & Loss (FVTPL)	–	–	–	–
ICICI Prudential Overnight Fund Direct Plan Daily Dividend- Reinvestment	530,151.00	530.15	–	–
Kotak Liquid Fund Direct Plan Daily Dividend - Reinvestment	49,403.04	604.11	–	–
Mahindra Liquid Fund Regular Daily Dividend - Reinvestment	82,656.28	827.02	–	–
ABSL Overnight fund - Daily Dividend - Direct Plan- Reinvestment	51,350.70	513.52	–	–
HDFC Overnight Fund Direct Plan - Daily Dividend - Reinvestment	48,129.84	501.83	–	–
Total	–	2,976.63	–	–

Other Disclosures

(i) Aggregate book value and market value of Unquoted investments		2,976.63

Note No: 10 Other financial assets

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2020 Current	As at March 31, 2020 Non-current	As at March 31, 2019 Current	As at March 31, 2019 Non-current
Unsecured considered good				
Security deposits	44.40	170.91	43.21	227.89
Bank deposit kept with government authorities and bank*	–	–	–	17.37
Others				
Interest accrued on bank deposits	19.37	–	29.35	0.13
Unbilled revenue	3,235.50	–	3,466.19	–
Others	0.57	–	–	–
Total	3,299.84	170.91	3,538.75	245.39

Refer Note No. 33- Financial Instruments for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

* held as margin money deposits against bank guarantee.

Note No: 11 Deferred tax assets (Net)

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2020 Non-Current	As at March 31, 2019 Non-Current
Deferred tax assets		
Brought forward business losses/Unabsorbed depreciation	111.95	1,388.69
Provision for employee benefits	188.25	235.05
Allowance for doubtful debts	52.48	106.65
Financial assets carried at amortised cost	18.14	37.34
Bonus payable	5.91	7.58
Deductible temporary disallowances	290.74	280.87
MAT credit	–	573.30
Intangible Assets	76.58	30.91
Total deferred tax assets (A)	744.05	2,660.39
Deferred tax liabilities		
Property, Plant and Equipment	296.29	451.42
Total Deferred tax liabilities (B)	296.29	451.42
Net Deferred Tax Assets/ (Liabilities) (A - B)	447.76	2,208.97

Note No: 12 Other assets

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Current	Non-Current	Current	Non-current
Balances with government authorities(GST & VAT)	**2,241.15**	**–**	1,153.60	–
Advances to employees	**8.63**	**–**	5.34	–
Prepaid expenses	**604.68**	**422.61**	714.10	795.32
Advances to suppliers	**319.83**	**–**	540.79	–
Capital advances	**–**	**319.70**	–	216.85
Total	**3,174.29**	**742.31**	2,413.83	1,012.17

Note No: 13 Inventories

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw materials (Including goods in transit Rs.Nil previous year Rs 448.68 Lakhs)	**1,845.22**	3,110.84
Stores and spares	**40.54**	32.02
Loose Tools	**24.00**	13.68
Work in progress	**284.93**	57.19
Finished Goods(Including goods in transit Rs 678.82 Lakhs previous year Rs 38.24 Lakhs)	**3,290.59**	93.04
Total	**5,485.28**	3,306.77

(i) The cost of inventories recognised as an expense during the year was Rs.7766.00 lakhs (March 31, 2019: Rs 9137.75 Lakhs)

(ii) The cost of inventories recognised as an expense is Rs 192.17 Lakhs (March 31,2019: Rs 40.34 Lakhs) in respect of write-down of inventory to net realisable value. Also Refer Note No. 18

Note No: 14 Cash and cash equivalents

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with banks		
– In current accounts	**7,176.68**	2,438.38
Remittance in transit	**203.36**	–
Cash in hand	**–**	0.04
Total	**7,380.04**	2,438.42

Note No: 15 Other bank balances

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with banks		
Bank deposit kept with government authorities and bank*	**319.12**	361.72
Total	**319.12**	361.72

'* held as margin money deposits against bank guarantee.

Note No: 16 Equity share capital

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Value of shares	No. of shares	Value of shares
Authorised share capital				
Equity shares of Rs.10 each with voting rights	**315,000,000**	**31,500.00**	315,000,000	31,500.00
Issued, subscribed and fully paid shares				
Equity shares of Rs.10 each fully paid up with voting rights	**16,723,655**	**1,672.37**	16,723,655	1,672.37

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

(Amount in Rs. Lakhs)

	As at March 31, 2020		As at March 31, 2019	
Particulars	**No of Shares**	**Amount**	No of Shares	Amount
Shares outstanding at the beginning of the year	**16,723,655**	**1,672.37**	15,905,994	1,590.60
Add: Fresh issue of equity shares during the year	**–**	**–**	817,661	81.77
Shares outstanding at the end of the year	**16,723,655**	**1,672.37**	16,723,655	1,672.37

Details of shareholders holding more than 5% shares in the Company

Particulars	**As at March 31, 2020**		As at March 31, 2019	
Mahindra & Mahindra Limited (Holding company) jointly with its Nominees	16,723,655	100%	16,723,655	100%

Note No: 17 Provisions

(Amount in Rs. Lakhs)

		As at March 31, 2020		As at March 31, 2019	
Particulars		**Current**	**Non–current**	Current	Non–current
Provision for employee benefits					
(i)	Gratuity *	**20.80**	**353.19**	7.78	337.28
(ii)	Compensated absences	**41.14**	**302.47**	50.51	209.23
(iii)	Post retirement medical benefits*	**0.10**	**78.57**	0.08	74.88
(iv)	Provision for warranty (refer note (i) below)	**123.64**	**49.96**	78.09	42.94
(v)	Provision for other contingencies #	**–**	**–**	4.12	–
(vi)	Provision for Liquidated Damages (refer note (ii) below)	**135.39**	**–**	47.45	–
Total		**321.07**	**784.19**	188.03	664.33

*Refer Note No. 32 - Employee benefits

towards VAT related matter, paid during the year.

(i) Details of movement in warranty provisions

(Amount in Rs. Lakhs)

Particulars	**As at March 31, 2020**	As at March 31, 2019
Balance at beginning of the year	**121.03**	49.75
Pursuant to the Scheme of Amalgamation (Refer Note: 47)	**–**	4.51
– Additional provisions recognised	**86.55**	82.48
– Amounts used during the period	**34.10**	14.83
– Unwinding of discount and effect of changes in the discount rate	**0.12**	(0.88)
Balance at end of the year	**173.60**	121.03

Provision for warranty represent the present value of managements best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties. The estimate has been made based on historical warranty trends and may vary as a result of new materials, altered manufacturing process or other events. It is expected that most of these costs will be incurred in the next financial year and all will have been incurred within three years after the reporting date. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the three-year warranty period for all products sold. Further, specific waranty related cases identified by management are also covered.

(ii) Details of movement in Liquidated Damages

(Amount in Rs. Lakhs)

Particulars	**As at March 31, 2020**	As at March 31, 2019
Balance at beginning of the year	**47.45**	–
Pursuant to the Scheme of Amalgamation (Refer Note: 47)	–	52.77
Current Year	**399.91**	22.17
Current Year Used	**311.97**	27.49
Balance at end of the year	**135.39**	47.45

Note No: 18 Borrowings

(Amount in Rs. Lakhs)

	As at March 31, 2020		As at March 31, 2019	
Particulars	**Current**	**Non–current**	Current	Non–current
Secured				
Loans repayable on demand to bank*				
Cash Credit	–	–	**152.32**	–
Working Capital Loan	–	–	**760.00**	–
Total	–	–	912.32	–

*Secured by way of first pari-passu hypothecation charge over Stocks and Book Debts and of the erstwhile Mahindra Defence Naval Systems Limited.

Note No: 19 Other financial liabilities

(Amount in Rs. Lakhs)

	As at March 31, 2020		As at March 31, 2019	
Particulars	**Current**	**Non-current**	Current	Non-current
Capital creditors*	–	–	76.97	–
Security deposits received	**42.27**	**26.76**	32.76	–
Interest accured but not due on borrowings	**7.22**	–	13.05	–
Others	–	–	0.47	–
Total	**49.49**	**26.76**	123.25	–

*Refer Note No. 33- Financial Instruments

Note No: 20 Other Current liabilities

(Amount in Rs. Lakhs)

	As at March 31, 2020		As at March 31, 2019	
Particulars	**Current**	**Non-current**	Current	Non-current
Advances received from customers	**2,339.97**	–	3,669.53	–
Advance billing to the customers	**1,378.33**	**896.13**	868.58	1,579.31
Others				
Statutory dues (contribution to provident fund, ESIC, LWF, withholding taxes,GST, etc.)	**152.88**	–	180.14	–
Total	**3,871.18**	**896.13**	4,718.25	1,579.31

Note No:21 Revenue from operations

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from Contracts:		
Sale of Manufactured Goods		
Equipment for Torpedo defence system	**329.11**	272.97
Deck panels	**136.08**	982.92
Composite body for Mines	**128.75**	180.25
VIP Discreet Vehicle	**–**	1,385.77
Light Armoured Vehicle	**5,921.55**	5,020.36
Wheel assembly	**3,749.75**	722.02
Police Special Purpose Vehicle	**275.01**	53.44
Other	**550.96**	333.58
Sale of Traded Goods		
Spare parts and other allied products	**840.27**	556.47
Software License	**270.27**	618.29
Turnkey contracts revenue	**252.11**	2,963.99
Revenue from rendering of services		
Consultancy services	**1,144.20**	1,109.00
Annual maintenance contract	**980.20**	1,238.14
Training service	**7,532.76**	5,929.50
Business support service	**8,301.62**	6,050.98
Other services	**142.23**	772.89
Other operating Revenue		
Excess provision/liabilities, no longer required written back	**50.96**	198.06
Insurance claim	**0.61**	–
Sale of scrap	**58.06**	56.25
Duty drawback and other export incentives	**68.29**	46.46
Other	**–**	9.58
Total	**30,732.79**	28,500.92

Note No: 22 Other income

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Other income		
Interest on bank deposits (At amortised cost)	**22.25**	46.58
Interest Income on financial assets at fair value through profit and loss(FVTPL)	**49.01**	41.90
Interest on Income tax refund	**243.79**	7.62
Unwinding of discount on provision of warranty	**–**	0.88
Dividend Income on financial instruments measured at FVTPL	**99.39**	6.40
Net gain on foreign currency transaction and translation	**111.19**	–
Service charges recovered	**209.47**	170.63

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Other non-operating income		
Rental income (Refer No 43)	**390.77**	130.51
Profit on sale of property, plant and equipment	**6.23**	2.76
Miscellaneous income	**18.14**	22.27
Total	**1,150.24**	429.55

Note No:23 Cost of materials consumed

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening stock	**3,110.84**	1,655.93
Add: Pursuant to the Scheme of Amalgamation (Refer Note: 47)	**–**	620.05
Add: Purchases*	**9,177.10**	8,641.40
Less: Closing stock	**1,845.22**	3,110.84
Total	**10,442.72**	7,806.54

Note No:24 Purchases of stock-in-trade

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Stock-in-trade - Spares Parts and other allied products	**497.04**	328.36
Stock-in-trade - Software licenses	**251.53**	413.72
	748.57	742.08

Note No:25 Changes in inventories of finished goods, work-in-progress and stock-in-trade

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventories at the end of the year:		
Finished goods	**3,290.59**	93.04
Work-in-progress	**284.93**	57.19
	3,575.52	150.23
Inventories at the beginning of the year:		
Finished goods	**93.04**	**299.79**
Work-in-progress *	**57.19**	**439.57**
Net Change	**(3,425.29)**	589.13

*Includes Rs. 154.86 Lakhs transferred in, pursuant to the Scheme of Amalgamation (Refer Note: 47)

Note No:26 Employee benefits expense

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages, bonus,etc	**5,135.32**	4,274.38
Contribution to provident and Other fund #	**250.67**	191.77
Gratuity #	**94.05**	94.21
Post retirement medical benefit #	**24.09**	23.18
Expense on Employee Stock Option (ESOP) Scheme *	**4.13**	5.00
Staff welfare expenses	**177.44**	189.50
Total	**5,685.70**	4,778.04

* represents reimbursement of cost to holding company, towards ESOP's granted by the Holding company to employees of the Company for detail refer note no 37

Refer Note No. 32 - Employee benefits

Note No:27 Finance costs

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on borrowings (At Amortised cost)	**39.17**	246.86
Interest on delay of payment to micro and small enterprise	**8.35**	10.77
Interest on delay in payment of statutory dues	**3.39**	0.85
Unwinding of discount on provision for warranty	**0.12**	–
Interest on Lease liability (Refer Note No 43)	**44.08**	–
Total	**95.11**	258.48

Note No: 28 Other expenses

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Consumption of stores and spare parts	**49.45**	71.90
Tools Consumed	**9.04**	9.43
Power and Fuel	**213.33**	140.42
Rent including lease rent (Refer Note 43)	**253.96**	511.10
Rates and taxes	**28.33**	26.57
Repairs and maintenance-building	**37.98**	47.93
Repairs and maintenance-plant and equipment	**551.22**	219.45
Repairs and maintenance-others	**195.75**	189.55
Insurance	**109.43**	100.41
Legal and professional charges**	**269.20**	252.28
Shared service charges	**203.28**	155.89
Travelling and conveyance	**651.04**	577.44
Printing and stationery	**27.23**	31.58
Communication expenses	**42.31**	49.69
Software charges	**29.87**	24.09
Advertisement	**25.57**	37.30
Selling and marketing expenses	**282.05**	509.59
Loss on write down of inventories	**192.17**	40.34
Loss on sale of property, plant and equipment	**9.77**	4.87
Intangible assets under development written off	**2,119.52**	1,424.08
Loss on write off of Property, plant and equipment and Intangible assets	**334.46**	9.18
Bad Debts written off *	**395.03**	–
Freight outward	**109.21**	90.22
Vehicle trial expenses	**134.05**	17.44
Liquidated damages	**399.91**	22.16
Allowance for doubtful debts	**208.52**	65.94
Warranty Expenses	**86.55**	77.97
Net loss on foreign currency transaction and translation	**–**	116.26
Bank charges	**65.09**	59.06
Development & Testing Charges	**64.00**	69.33
CSR Expenditure (Refer Note No 42)	**29.80**	15.73
Miscellaneous expenses	**151.43**	129.07
Total	**7,278.55**	5,096.27

* Net of allowance for doubtful debts agreegating Rs. 305.21 lakhs created in earlier years.

** Legal & Professional fees include payment to auditor's:-

As Auditor #:		
Stautory Audit Fees	38.00	40.50
For Other services	3.50	2.70
For Reimbursement of expenses	0.70	0.91

Included in previous year Rs. 6.50 Lakhs for Statutory audit fees and for other services Rs. 0.50 Lakhs paid to an affiliated firm in view of the networking arrangement which is registered with Institute of Chartered Accountants of India.

Note No. 29 - Income Tax

Income tax expense in the statement of profit and loss comprises:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current income tax		
In respect of the current year	**87.35**	322.64
(Sub-Total)	**87.35**	322.64
Deferred Tax Assets		
Brought forward business losses & Unabsorbed Depreciation	**1,276.74**	(1,359.74)
Provision for employee benefits	**34.64**	(165.81)
Allowance for doubtful debts	**54.17**	(106.65)

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Financial assets carried at amortised cost	**19.20**	(37.34)
Bonus payable	**1.67**	(7.58)
Deductible temporary disallowances	**(9.87)**	(205.00)
Mat credit entitlement	**573.30**	(322.64)
Intangible Assets	**(45.67)**	(30.91)
Deferred Tax Liabilities		
Property, Plant and Equipment	**(155.13)**	435.91
Total	**1,836.40**	(1,477.12)

The Income tax expense for the year can be reconciled to the accounting profit as follows:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	**3,732.03**	1,722.33
Income tax expense calculated at 25.17% (Previous year: 34.944%)	**939.28**	601.85
MAT expense as per the provision of Income tax act, 1961	**–**	322.64
Effect of change in income tax rate	**457.60**	–
Effect of income exempt from taxation	**(39.11)**	15.92
Effect of expenses non deductible in determining taxable profits	**13.90**	(4.17)
Effect on account of current tax not recognised due to MAT	**–**	(528.43)
Effect of previously unrecognised and unused tax losses and deductible temporary difference now recognised as deferred tax asset	**–**	(1,388.70)
Effect of recognition/reversal of DTA (Net) on temporary differences/ Permanent Differences	**–**	(173.59)

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Effect of MAT credit (entitlement)/ Charge	**573.30**	(322.64)
Others	**(108.57)**	–
Income Tax (Expense)/benefit recognised in profit or loss	**1,836.40**	(1,477.12)

Deferred tax recognised in statement of profit or loss

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Tax effect of items constituting deferred tax (assets)/Liabilities		
Brought forward business losses & Unabsorbed Depreciation	**1,276.74**	(1,359.74)
Provision for employee benefits	**34.64**	(165.81)
Allowance for doubtful debts	**54.17**	(106.65)
Financial assets carried at amortised cost	**19.20**	(37.34)
Bonus payable	**1.67**	(7.58)
Deductible temporary disallowances	**(9.87)**	(205.00)
MAT credit (entitlement)/ Charge	**573.30**	(322.64)
Property, Plant and Equipment	**(155.13)**	435.91
Intangbile Assets	**(45.67)**	(30.91)
Deferred Tax recognised in profit or loss	**1,749.05**	(1,799.76)

Deferred tax recognised in “Other Comprehensive Income”

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Remeasurement of defined benefits obligations	**12.16**	2.48

Note No: 30 - Segment information

For management purposes, the Company is organised into business units based on its products and services to the customer and has two reportable segments, as follows:

- Defence and Homeland security
- Non Defence

The Managing Director, the chief operating decision maker (CODM), have chosen to organise the Company in to the above mentioned segments and which is also the basis for the purposes of resource allocation and assessment of segment performance. No aggregation has been done in arriving at the reportable segments of the Company.

The CODM primarily uses Earnings before Interest and Tax (EBIT) as a measure to assess the performance of the segments.

(Amount in Rs. Lakhs)

Particulars	**For the year ended March 31, 2020**			For the year ended March 31, 2019		
	Defence & Homeland Security	**Non Defence**	**Total Segments**	Defence & Homeland Security	Non Defence	Total Segments
External sales and service income	**29,801.80**	**1,414.47**	**31,216.27**	27,208.48	1,727.29	28,935.77
Other income (excluding interest income)	**513.89**	**12.43**	**526.32**	155.54	–	155.54
Total revenue	**30,315.69**	**1,426.90**	**31,742.59**	27,364.02	1,727.29	29,091.32
Depreciation and amortisation	**1,419.48**	**16.19**	**1,435.67**	646.65	27.63	674.28
Segment profit	**3,173.72**	**40.75**	**3,214.47**	2,204.93	37.67	2,242.60
Total Segment Operating assets	**24,621.19**	**622.98**	**25,244.17**	28,066.10	856.42	28,922.52
Total Segment Operating liabilities	**12,814.46**	**501.30**	**13,315.76**	14,890.52	530.95	15,421.47

Other disclosures

– Disclosure of operating segment assets and liabilities are not made as such measures are not provided to the CODM.

– All other adjustments and eliminations are part of detailed reconciliations presented further below.

(Amount in Rs. Lakhs)

Reconciliation of Revenue	For the year ended March 31, 2020	For the year ended March 31, 2019
Operating Revenue	**31,742.59**	29,091.32
Unallocable Revenue	**624.53**	274.01
Elimination: Inter Segment Sales	**(484.09)**	(434.86)
Total Revenue	**31,883.03**	28,930.47

(Amount in Rs. Lakhs)

Reconciliation of profit	For the year ended March 31, 2020	For the year ended March 31, 2019
Segment Profit	**3,214.47**	2,242.60
Unallocable Profit/(loss)	**198.23**	(364.29)
Finance income	**365.43**	60.60
Gain on financial assets at fair value through profit or loss	**49.01**	41.90
Loss on financial assets at fair value through profit or loss	**(44.08)**	–
Finance costs	**(51.03)**	(258.48)
Profit before tax	**3,732.03**	1,722.33

(Amount in Rs. Lakhs)

Reconciliation of assets	For the year ended March 31, 2020	For the year ended March 31, 2019
Segment operating assets	**25,244.17**	28,922.52
Unallocable Assets	**15,297.22**	8,727.98
Deferred tax assets	**447.76**	2,208.97
Advance Tax	**1,663.44**	2,844.99
Total assets	**42,652.59**	42,704.46

(Amount in Rs. Lakhs)

Reconciliation of liabilities	For the year ended March 31, 2020	For the year ended March 31, 2019
Segment operating liabilities	**13,315.76**	15,421.47
Unallocable liabilities	**664.82**	542.77
Equity	**28,672.01**	26,740.22
Total liabilities	**42,652.59**	42,704.46

Other Segment Information

Addition to Non Current Assets

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Defence & Homeland Security	**3,109.63**	1,426.59
Non Defence	**1.01**	0.63
Un allocable Assets	**5.27**	22.16
Right of use assets	**826.78**	–
	3,942.69	1,449.38

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on Segment operating assets	**1,435.67**	674.28
Depreciaton on unallocated assets	**19.95**	22.14
Total Depreciation and Amortisation	**1,455.62**	696.42

(Amount in Rs. Lakhs)

Geographic information*	As at March 31, 2020	As at March 31, 2019
Revenue from external customers		
India	**21,165.89**	23,879.08
Outside India	**9,566.90**	4,621.84
Total sales	**30,732.79**	28,500.92

*There are no Non Current Assets located Outside India

Revenue from major products and services

The following is an analysis of the Company's revenue from continuing operations from its major products and services:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Equipment for Torpedo defence system	**329.11**	272.97
Deck panels	**136.08**	982.92
Composite body for Mines	**128.75**	180.25
Light Armoured Vehicle	**5,921.55**	5,020.36
Wheel assembly	**3,749.75**	722.02
Police Special Purpose Vehicle	**275.01**	53.44
Sale of Traded Goods	**1,110.54**	1,174.76
Turnkey Project	**252.11**	2,963.99
Consultancy services	**1,144.20**	1,109.00
Annual maintenance contract	**980.20**	1,238.14
Training Service	**7,532.76**	5,929.50
Business support service	**8,301.62**	6,050.98
VIP Discreet Vehicle	**–**	1,385.77
Other	**693.19**	1,106.47
Total	**30,554.87**	28,190.57

The revenues from single customer exceeding 10% or more of entity's revenue is as under:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
External Customers		
Customer 1	**6,329.46**	8,909.07
Customer 2	**5,634.68**	4,044.48
Customer 3	**3,749.78**	–
Customer 4	**3,660.20**	761.46
Customer 5	**3,632.67**	1,670.25
Related Party		
Customer 6	**451.81**	872.66
Total	**23,458.60**	16,257.92

Note No: 31 Earnings Per Share

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
	Per Share	Per Share
Basic earnings per share	**11.34**	20.11
Total basic earnings per share	**11.34**	20.11
Diluted earnings per share	**11.34**	20.11
Total diluted earnings per share	**11.34**	20.11

a) Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit for the year attributable to owners of the Company (Amt in Rs Lakh)	**1,895.63**	3,199.45
Profit for the year used in the calculation of basic earnings per share (Amt in Rs Lakh)	**1,895.63**	3,199.45
Weighted average number of equity shares (In Number)	**16,723,655**	15,912,716
Earnings per share - Basic (In Rs.)	**11.34**	20.11

b) Diluted earnings per share

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit for the year used in the calculation of basic earnings per share	**1,895.63**	3,199.45
Profits/(loss) used in the calculation of diluted earnings per share	**1,895.63**	3,199.45

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Weighted average number of equity shares used in the calculation of Basic EPS	**16,723,655**	15,912,716
Weighted average number of equity shares used in the calculation of Diluted EPS	**16,723,655**	15,912,716

Note No. 32 - Employee benefits

(a) Defined Contribution Plan

The employees are entitled to receive benefits under the Provident Fund. Both the employee and the employer make monthly contributions to the plan at a predetermined rate of an employee's basic salary. All employees have an option to make additional voluntary contributions. These contributions are made to the fund administered and managed by the Government of India (GOI). The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the statement of profit and loss in the period they are incurred. An amount of Rs. 250.67 Lakhs (Previous year: Rs 191.77 Lakhs) has been recognised as an expense in respect of the Company's contribution to Provident Fund deposited with the relevant authorities and has been shown under Employee benefits expenses in the Statement of Profit and Loss.

(b) Defined Benefit Plans:

Gratuity

The Company has a gratuity plan covering qualifying employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Post retirement medical benefits

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Asset volatility

Through its benefits plan the Company is exposed to a number of risk, most significant of which are detailed below:-

Salary Increases

Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

Discount Rate

Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability

Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities

Withdrawals

Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

Defined benefit plans

(Amount in Rs. Lakhs)

Particulars	Un Funded Plan Gratuity		Unfunded Plans Post Medical Benefit	
	2020	2019	**2020**	2019
Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:				
Service cost				
Current service cost	**71.03**	70.30	**19.49**	18.21
Net interest expense	**23.02**	23.91	**4.60**	4.97
Components of defined benefit costs recognised in profit or loss	**94.05**	94.21	**24.09**	23.18
Remeasurement on the net defined benefit liability				
Actuarial (gains) and loss arising from changes in financial assumptions	**(8.96)**	(31.89)	**1.45**	0.57
Actuarial (gains) and loss arising from experience adjustments	**(19.01)**	36.71	**(21.81)**	(12.49)
Actuarial (gains) and loss arising from Demographic adjustments	**0.03**	–	**(0.02)**	–
Components of defined benefit costs recognised in other comprehensive income	**(27.94)**	4.82	**(20.38)**	(11.92)
I. Net Asset/(Liability) recognised in the Balance Sheet at the end of the year				
1. Present value of defined benefit obligation at the end of the year	**373.99**	345.06	**78.68**	74.96
2. Fair value of plan assets at the end of the year		–		–
3. Surplus/(Deficit)	**(373.99)**	(345.06)	**(78.68)**	(74.96)
4. Current portion of the above	**20.80**	7.78	**0.11**	0.08
5. Non current portion of the above	**353.19**	337.28	**78.57**	74.88
II. Change in the obligation during the year ended				
1. Present value of defined benefit obligation at the beginning of the year	**345.06**	270.03	**74.96**	52.96
Pursuant to the scheme of Amalgamation (Refer Note: 47)	**–**	36.54	**–**	10.75
2. *Expenses Recognised in Profit and Loss Account*				
– Current Service Cost	**71.03**	70.30	**19.49**	18.21
– Past Service Cost	**–**	–	**–**	–
– Interest Expense (Income)	**23.02**	23.91	**4.61**	4.97
3. *Recognised in Other Comprehensive Income Remeasurement gains/ (losses)*				
– Actuarial Gain (Loss) arising from:				
i. Demographic assumptions	**0.03**	–	**(0.02)**	–
ii. Financial assumptions	**(8.96)**	(31.89)	**1.45**	0.56
iii. Experience adjustments	**(19.01)**	36.71	**(21.81)**	(12.49)
4. Benefit payments	**(37.18)**	(60.54)	**–**	–
Present value of defined benefit obligation at the end of the year	**373.99**	345.06	**78.68**	74.96

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Actuarial assumptions	**2020**	2019	**2020**	2019
1. Discount rate	6.88%	7.66%	6.88%	7.66%
2. Salary Increase	8.00	9.00	8.00	9.00
3. Attrition rate				
Up to 30 years	5.00	5.00	5.00	5.00
31 to 44 years	4.00	4.00	4.00	4.00
above 44 years	3.00	3.00	3.00	3.00
4. Medical premium inflation		–	7.50	7.50
5. In service morality	IALM (2012-14)	IALM (2006-08)	IALM (2012-14)	IALM (2006-08)

The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(Amount in Rs. Lakhs)

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate				
	2020	**0.50%**	**(20.72)**	**22.62**
	2019	0.50%	(18.02)	19.72
Salary growth rate				
	2020	**0.50%**	**22.27**	**(20.67)**
	2019	0.50%	18.46	(16.97)
Medical Inflation rate				
	2020	**0.50%**	**(6.68)**	**6.84**
	2019	0.50%	(6.30)	6.45

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

	2020	2019
Within 1 year	**20.80**	8.57
1 - 2 year	**32.30**	16.99
2 - 3 year	**14.54**	11.42
3 - 4 year	**13.38**	13.26
4 - 5 year	**12.79**	11.33
5 - 6 years	**16.86**	10.03
6 years onwards	**263.31**	273.45

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016
Defined benefit obligation	**373.99**	345.06	270.02	278.46	130.97
Net asset/ (liability)	**(373.99)**	(345.06)	(270.02)	(278.46)	(130.97)
actuarial (gain)/ loss on obligation	**(27.94)**	4.82	(32.09)	4.07	(11.53)

Note No. 33- Financial Instruments

Capital management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern.
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company is not subject to externally enforced capital regulation.

The following table summarises the capital of the Company:

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Share Capital	**1,672.37**	1,672.37
Other Equity	**26,999.64**	24,978.61
Total Equity	**28,672.01**	26,650.98

The following methods and assumptions were used to estimate the fair values:

The following table categorise the financial instruments measured at fair value into Level 1 to Level 3, as described below.

Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Categories of financial assets and financial liabilities

As at March 31, 2020

(Amount in Rs. Lakhs)

Particulars	Amortised Costs	FVTPL	FVTOCI	Total
Non-current Assets				
Other Financial Assets				
– Investments	2,590.00	–	–	2,590.00
– Security deposits	29.79	141.12	–	170.91
– Trade receivables	–	1,025.88	–	1,025.88
Current Assets				
Other Financial Assets				
– Security Deposits	44.40	–	–	44.40
– Cash and cash equivalents	7,380.04	–	–	7,380.04
– Other bank balances	319.12	–	–	319.12
– Investments	–	2,976.63	–	2,976.63
– Other financial Assets	19.93	–	–	19.93
– Unbilled revenue	3,235.50	–	–	3,235.50
– Trade Receivables	6,003.77	–	–	6,003.77
Current Liabilities				
Other financial liabilities	76.25	–	–	76.25
Trade Payables	7,400.96	–	–	7,400.96

Gearing Ratio

Net Debt	**–**
Equity	**28,672.01**
Net Debt to Equity Ratio	**–**

As at March 31, 2019

(Amount in Rs. Lakhs)

Particulars	Amortised Costs	FVTPL	FVTOCI	Total
Non-current Assets				
Other Financial Assets				
– Security Deposit	73.24	154.65	–	227.89
– Investments	2,590.00	–	–	2,590.00
– Trade Receivable	–	1,053.37	–	1,053.37
– Bank deposit kept with government authorities and bank	17.50	–	–	17.50
Current Assets				
Other Financial Assets				
– Security Deposit	43.21	–	–	43.21
– Trade receivable	11,220.57	–	–	11,220.57
– Unbilled revenue	3,466.19	–	–	3,466.19
– Other financial Assets	29.35	–	–	29.35

(Amount in Rs. Lakhs)

Particulars	Amortised Costs	FVTPL	FVTOCI	Total
– Cash and cash equivalents	2,438.42	–	–	2,438.42
– Other Bank balances	361.72	–	–	361.72
Current Liabilities				
Other Financial Liabilities	123.25	–	–	123.25
Borrowings	912.32	–	–	912.32
Trade payables	7,778.75	–	–	7,778.75

Gearing Ratio

Net Debt	912.32
Equity	26,740.22
Net Debt to Equity Ratio	0.03

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

The Company manages risk through finance department, which evaluates and exercises independent control over the entire process of market risk management. The Company operates a risk management policy and a program that that performs close monitoring of and responding to each risk factors which includes management of cash resources and ensuring market risk limit and policies.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes..

Credit Risk

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company is majorily dealing with creditworthy counterparties i.e government agencies and big companies with international repute. Company has negligible history of bad debts in the past.

Company has strong system to manage receivable. Ageing analysis is being done where monthly emails are send to marketing to minimise the risk and regular followup is done to realise the receivables.

The credit risk on fixed deposits is limited because the counterparties are banks with high credit-ratings assigned by domestic credit-agencies.

Customers are basically Government agencies, State police or Army dealing for majority of them is done on credit basis.

The age analysis of trade receivables as of the balance sheet date have been considered from the due date.

The loss allowance provision is determined as follows:

(Amount in Rs. Lakhs)
As at March 31, 2020

Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Gross carrying amount	**3,091.57**	**2,774.47**	**1,372.13**	**7,238.17**
Loss allowance	**–**	**–**	**(208.52)**	**(208.52)**
Net balance	**3,091.57**	**2,774.47**	**1,163.61**	**7,029.65**

(Amount in Rs. Lakhs)
As at March 31, 2019

Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Gross carrying amount	6,024.10	4,569.28	1,985.77	12,579.15
Loss allowance	–	–	(305.21)	(305.21)
Net balance	6,024.10	4,569.28	1,680.56	12,273.94

Liquidity Risk

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

(Amount in Rs. Lakhs)

Particulars	Less than 1 Year	1-3 Years	3 -5 Years	Carrying Value
Non-derivative financial liabilities				
As at March 31, 2020				
Non - Interest Bearing				
Trade payables	**7,400.96**	**–**	**–**	**7,400.96**
Other financial liabilities	**49.49**	**–**	**–**	**49.49**
Total	**7,450.45**	**–**	**–**	**7,450.45**
As at March 31, 2019				
Non - Interest Bearing				
Trade payables	7,778.75	–	–	7,778.75
Borrowings	912.32	–	–	912.32
Other financial liabilities	93.49	29.76	–	123.25
Total	8,784.56	29.76	–	8,814.32

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amount in Rs. Lakhs)

Particulars	Less than 1 Year	1-3 Years	3 -5 Years	Carrying Value
Non-derivative financial assets				
As at March 31, 2020				
Non Interest Bearing				
Security deposits	**44.39**	**194.53**	**–**	**238.92**
Trade receivables	**5,931.70**	**1,025.88**	**–**	**6,957.58**
Cash and cash equivalents	**7,380.04**	**–**	**–**	**7,380.04**
Unbilled revenue	**3,235.50**	**–**	**–**	**3,235.50**
Total	**16,591.63**	**1,220.41**	**–**	**17,812.04**

(Amount in Rs. Lakhs)

Particulars	Less than 1 Year	1-3 Years	3 -5 Years	Carrying Value
As at March 31, 2019				
Non Interest Bearing				
Security deposits	43.21	242.29	–	285.50
Trade receivables	11,113.73	1,053.37	–	12,167.10
Cash and cash equivalents	2,438.42	–	–	2,438.42
Unbilled revenue	3,466.20	–	–	3,466.20
Recoverable expenses	–	–	–	–
Bank deposit kept with government authorities and bank	–	17.37	–	17.37
Total	17,061.56	1,313.03	–	18,374.59

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises one type of risk: currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

(Amount in Lakhs)

Particulars	Currency	March 31, 2020	March 31, 2019
Trade receivables	USD	**1,217.42**	953.64
Trade receivables	CAD	**–**	–
Trade receivables	GBP	**155.50**	–
Advance to supplier	USD	**–**	111.39
Trade payables	USD	**71.87**	93.41
Advance from customer	GBP	**–**	0.15
Trade payables	EUR	**21.59**	17.39
Trade payables	GBP	**0.18**	–
Trade payables	AUD	**0.47**	6.07

Of the above foreing currency exposures, the following exposures are not hedged by a derivative:

(Amount in Lakhs)

Particulars	Currency	March 31, 2020	March 31, 2019
Trade receivables	USD	**1,217.42**	953.64
Advance from supplier	USD	**–**	111.39
Trade receivables	GBP	**155.50**	–
Trade payables	USD	**71.87**	93.41
Trade payables	EUR	**21.59**	17.39
Advance from customer	GBP	**0.18**	0.15
Trade payables	GBP	**0.18**	–
Trade payables	AUD	**0.47**	6.07

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD,CAD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

(Amount in Rs. Lakhs)

Particulars	Currency	Change in rate	Effect on profit before tax
As at March 31, 2020	**USD**	**+10%**	**114.55**
	USD	**-10%**	**(114.55)**
	EUR	**+10%**	**(2.16)**
	EUR	**-10%**	**2.16**
	GBP	**+10%**	**15.53**
	GBP	**-10%**	**(15.53)**
	AUD	**+10%**	**(0.05)**
	AUD	**-10%**	**0.05**
As at March 31, 2019	USD	+10%	74.88
	USD	-10%	(74.88)
	EUR	+10%	(1.74)
	EUR	-10%	1.74
	GBP	+10%	(0.01)
	GBP	-10%	0.01
	AUD	+10%	(0.61)
	AUD	-10%	0.61

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Note No 34 - Fair Valuation Techiques and Inputs used - recurring Items

(Amount in Rs. Lakhs)

Particulars	At at March 31, 2020		At at March 31, 2019	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	**7,029.65**	**7,029.65**	12,273.94	12,273.94
– Cash and cash equivalents	**7,380.04**	**7,380.04**	2,438.42	2,438.42

(Amount in Rs. Lakhs)

	At at March 31, 2020		At at March 31, 2019	
– Other Bank balances	**319.12**	**319.12**	361.72	361.72
– Investments	**5,566.63**	**5,566.63**	2,590.00	2,590.00
– deposits and similar assets	**234.68**	**234.68**	300.58	300.58
– unbilled revenue	**3,235.50**	**3,235.50**	3,466.19	3,466.19
– Bank deposit kept with government authorities and bank	**–**	**–**	17.37	17.37
– Other	**0.57**	**0.57**	–	–
Financial liabilities				
Financial liabilities held at amortised cost				
– loans repayable on demand to bank	**–**	**–**	912.32	912.32
– Other financial liabilities	**76.25**	**76.25**	123.25	123.25
– trade and other payables	**7,400.96**	**7,400.96**	7,778.75	7,778.75

Note No 35 -Related party transactions

Name of related party	**Nature of Relationship**
Mahindra & Mahindra Limited (M&M)	Holding company
Mahindra Telephonics Integrated Systems Limited	Joint Venture
Mahindra Life Space Developers Limited	Fellow subsidiary
Mahindra & Mahindra Financial Services Limited	Fellow subsidiary
Mahindra Agri Solutions Limited	Fellow subsidiary
Mahindra Vehicle Manufacturers Limited	Fellow subsidiary
Mahindra First Choice Service Limited	Fellow subsidiary
Mahindra Integrated Business Solutions Private Limited	Fellow subsidiary
Mahindra Logistic Limited	Fellow subsidiary
Mahindra Holiday & Resorts India Limited	Fellow subsidiary
Mahindra Retail Private Limited	Fellow subsidiary
Lords Freight India Private Limited	Fellow subsidiary
Mahindra Emirates Vehicle Armouring FZ-LLC	Fellow subsidiary
Mahindra World City (Jaipur) Limited	Fellow subsidiary
Mahindra Aerostructures Pvt Limited	Fellow subsidiary
Mahindra Truck & Buses Limited	Fellow subsidiary
Tech Mahindra Limited	Associate
Mr. ShriPrakash Shukla	Managing Director
Mr. Sukhvindar Hayer	Director
Mr Devendra Bhatnagar	Director
Mr. Mukul Verma	Chief Financial Officer

B) Details of transactions with above related parties (Inclusive of taxes):

(Amount in Rs. Lakhs)

	For the year ended March 31, 2020				For the year ended March 31, 2019			
Nature of transactions	**Holding company**	**Fellow Subsidiaries and associate**	**Joint venture**	**Key Managerial Personnel**	Holding company	Fellow Subsidiaries and associate	Joint venture	Key Managerial Personnel
Purchases								
Purchase of goods	**976.03**	**40.29**	**–**	**–**	1,526.62	0.55	–	–
Purchase of service	**–**	**1,891.87**	**–**	**–**	–	1,874.49	–	–
Job work charges	**–**	**–**	**–**	**–**	–	–	–	–
Purchase of Property, Plant & equipment	**61.84**	**–**	**–**	**–**	42.60	49.47	–	–
Revenue								
Sale of service	**277.60**	**525.35**	**–**	**–**	239.03	380.84	–	–
Service charges recovered	**–**	**5.43**	**207.31**	**–**	–	2.05	178.77	–
Sale of Goods	**–**	**0.42**	**–**	**–**	–	988.94	–	–
Rental Income	**–**	**–**	**161.70**	**–**	–	–	154.00	–
Remuneration (Short term employee benefits) #	**–**	**–**	**–**	**346.18**	–	–	–	257.60
Interest Income					–	–	–	–
Other transactions								
Office Rent	**85.65**	**0.11**	**–**	**–**	100.98	0.14	–	–

(Amount in Rs. Lakhs)

Nature of transactions	For the year ended March 31, 2020				For the year ended March 31, 2019			
	Holding company	**Fellow Subsidiaries and associate**	**Joint venture**	**Key Managerial Personnel**	Holding company	Fellow Subsidiaries and associate	Joint venture	Key Managerial Personnel
Reimbursement of expenses paid	**484.80**	**–**	**–**	**–**	402.16	–	–	–
Reimbursement of expenses received	**3.46**	**–**	**22.41**	**–**	11.82	–	29.59	–
Issue of equity shares (including premium)	**–**	**–**	**–**	**–**	2,000.00	–	–	–
Outstanding balances as at the year end								
Trade receivables (Including advances to vendors)	**19.23**	**2,988.63**	**307.00**	**–**	34.48	4,255.48	146.58	–
Trade payables (including customer advances)	**(251.77)**	**(2,698.25)**	**–**	**(76.06)**	(225.27)	(680.83)	–	(20.83)
Security deposit payable	**–**	**–**	**(26.76)**	**–**	–	–	(26.76)	–

The above transaction with related party were made at arm's length price

Post employment benefit comprising compensated absences, gratuity and post retirement medical benefits has not been disclosed as these are determined for the Company as a wholeSignificant related party transactions included in the above are as under:-

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Issue of Equity Shares		
Mahindra & Mahindra Limited	**–**	2,000.00
Service charges recovered		
Mahindra Telephonics Integrated Systems Limted	**207.31**	208.36
Sales of Services/Rental Income		
Tech Mahindra Limited	**402.59**	225.31
Mahindra Integrated Business Solutions Private Limited	**1.70**	4.56
Mahindra & Mahindra Limited	**277.60**	239.03
Mahidnra Vehicle Manufacturers Limited	**1.94**	5.39
Mahindra & Mahindra Financial Services Limited	**63.85**	46.69
Mahindra Emirates Vehicle Armouring FZ-LLC	**41.40**	38.24
Mahindra Holidays & Resorts India Limited	**–**	24.57
Mahindra Aerostructures Pvt Limited	**5.22**	–
Mahindra Telephonics Integrated Systems Limited	**161.70**	154.00
Sales of Goods		
Tech Mahindra Limited	**–**	988.94
Mahindra Emirates Vehicle Armouring Fz LLC	**0.42**	–
Purchase of service		
Tech Mahindra Limited	**1,851.98**	1,836.06
Mahindra Integrated Business Solutions Private Limited	**6.69**	6.92
Mahindra Logistics Limited	**33.20**	31.51
Reimbursement of expenses paid		
Mahindra & Mahindra Limited	**484.80**	402.16
Purchase of Property,Plant & equipment		
Mahindra & Mahindra Limited	**61.84**	42.60

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Mahidnra Vehicle Manufacturers Limited	**–**	49.47
Purchase of goods		
Mahindra & Mahindra Limited	**976.03**	1,526.62
Mahindra Retail Private Limited	**–**	0.55
Mahindra Truck & Buses Limited	**40.29**	–
Remuneration		
Mr. ShriPrakash Shukla	**121.08**	49.88
Mr Mukul Verma	**75.93**	75.38
Mr Sukhvindar Hayer	**83.93**	80.86
Mr Devendra Bhatnagar	**65.24**	51.47
Other transactions - Office Rent		
Mahindra & Mahindra Limited	**85.65**	100.98
Mahindra World City (Jaipur) Limited	**0.11**	0.14
Reimbursement of expenses received		
Mahindra & Mahindra Limited	**3.46**	11.82
Mahindra Telephonics Integrated Systems Limted	**22.41**	–
Closing balance as the year end -		
Receivables/(Payables) (Net)		
Tech Mahindra Limited	**2,075.10**	3,545.69
Mahindra & Mahindra Limited	**(232.54)**	(190.79)
Mahindra & Mahindra Financials Services Limited	**–**	19.97
Mahindra Telephonics Integrated Systems Limted	**280.24**	119.81
Mahindra Logistics Limited	**–**	(1.82)
Mahindra Emirates Vehicle Armouring Fz LLC	**(1,787.03)**	4.68
Remuneration	**(76.06)**	(20.83)

The amount outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

Note No: 36-Disclosure as per Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Amount payable to supplier under MSMED (suppliers) as at the end of year		
– Principal	**268.57**	45.07
– Interest due there on	**1.86**	–
Payment made to supplier beyond the appointed day during the year		–
– Principal	**514.90**	427.52
– Interest due there on	**6.51**	11.23
Amount of interest accrued and remaining unpaid as at the end of year	**33.26**	35.70
Amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as deduction expenditure under section 23	**0.16**	–

Note: Owing to dispute with MSME vendor, interest on outstanding amount not considered in the financial statements Rs 55.51 Lakhs (Previous year Rs 69.71 Lakhs) while outstanding amount current year is Rs 808.60 Lakhs (Previous year Rs 360.82 Lakhs), The Company do not expect any Future Outflow.

Note No: 37 -Information in respect of Options granted under the Holding Company's Employee Stock Option Schemes ('Schemes')

The employees of the Company covered under Mahindra & Mahindra limited (Holding company) Employee Stock Option Scheme (M&M ESOS) are granted an option to purchase shares of Mahindra & Mahindra Limited in accordance with the terms and conditions of the scheme as approved by Mahindra & Mahindra Limited from time to time. Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of Mahindra & Mahindra Limited of Rs. 5.00 each upon payment of the exercise price during the exercise period.

The Options have been granted at the 'market price' as defined from time to time under the erstwhile Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The fair value of the options granted is determined using the Black Scholes Option Pricing model at the grant date.

The scheme has been recognized as cash settled share based payment scheme in accordance with Ind AS 102 – Share Based Payment. The fair value of options granted is recognized as employee benefits expense, net of reimbursements, if any. The total cost recognized during the year amounted to Rs. 4.13 Lakhs (previous year - Rs. 5.07 Lakhs). The Company consider these amounts as not material and accordingly has not provided for the disclosures.

Note No: 38- The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

Note No: 39 - There are no amounts that are due to be transferred to investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made thereunder.

Note No: 40 - Commitments (not provided for)

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Contingent Liabilities		
Excise duty	–	6.83
(i) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**306.67**	151.48

The Company does not have any pending litigations as at March 31, 2020

Note No: 41. Research and development expenditure

(i) Debited to the statement of profit and loss -Rs 457.37 lakhs (previous year Rs. 352.52 lakhs)

(ii) Capitalization of assets and development work in progress (Net) - Rs. 126.54 lakhs (previous year: Rs. 968.57 lakhs)

Note No: 42 Corporate Social Responsibility

As per section 135 of Companies Act 2013, a CSR committee has been formed by the Company. The area for CSR activities includes projects like education, woman economic empowerment and rural development such as safe drinking water, health and education etc. (i) Gross amount required to be spent by the company during the year is Rs 29.80 Lakhs (ii) Actual Spent is Rs 29.80 Lakhs

Note No: 43 Leases

With effect from 1 April 2019, the Company has adopted Ind AS 116, 'Leases' and applied to all lease contracts existing on 1 April, 2019 using the modified retrospective method. Accordingly, the Company is not required to restate the comparative information for the previous periods. Right-of-use (ROU) assets at 1 April, 2019 for leases previously classified as operating leases were recognised and measured at an amount equal to lease liability (adjusted for any related prepayments). Also, the Company has elected not to apply the requirements of Ind AS 116 to short-term leases or low value leases.

The major impact of adopting Ind AS 116 on the Company's financial results for the year ended March 31, 2020 are as follows:

Depreciation and amortisation expenses has been increased by Rs 236 Lakhs for the year ended March 31, 2020 due to the amortization of ROU asset.

Finance costs has been increased by Rs 44 Lakhs for the year ended March 31, 2020 due to interest accrued on outstanding lease liability.

Rent has been decreased by Rs 240 Lakhs for the year ended March 31, 2020

The Company measure the lease liability of ROU assets at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate i.e. 6.14% as at April 1, 2019

Net impact on profit before tax – decrease in profits by Rs. 40 Lakhs for the year ended March 31, 2020

The Company as a lessee

i) The Company has taken building premises on lease

ii) Depreciation charge for right of use assets, addition to right of use assets and carrying amount of right of use assets at the end of the reporting period by class of underlying asset- Refer to Note 5A

iii) The following is the movement in lease liability during the year ended March 31, 2020

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	**–**	–
Addition during the year	**826.78**	–
Finance cost accured during the year	**44.08**	–
Payment of Lease Liabilities	**240.06**	–
Balance at the end of the year	**630.80**	–

iv) The following is the break up of current and non current lease liabilities as at March 31 2020

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Current	**226.97**	–
Non Current	**403.83**	–
Total	**630.80**	–

v) Expense relating to short term leases and leases of low value assets for th year ended March 31, 2020 were Rs. 253.96 Lakhs

vi) The total cash outflow for leases for the year ended March 31, 2020 were Rs. 240.06 Lakhs

vii) Maturity analysis of Lease Liabilities

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Within one year	226.97	–
Later than one year but less than five years	403.83	–
Later than five years	–	–

viii) Extension and Termination options

Extension and termination options are included in various property and equipment leases executed by the company. These are used to maximise operational flexibility in terms of managing the assets used in company's operations.

Generally, these options are exercisable mutually by both the lessor and the lessee. For the above lease there is no extension clause and details of termination clause is as follows:

1. 30 Days, if any breach of any term of agreement
2. 15 Days, if lessor, fail to any compensate, loss/cost
3. 90 days by giving a written notice.

The Company as Lessor

The Company has entered into operating lease arrangements for land and premises. These arrangements are both cancellable and non-cancellable in nature and range between one to five years. Lease rental income earned by the Company is set out in Note 21 as 'Rental income'. The future minimum lease receivables under non-cancellable operating leases are as under:

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Within one year	397.79	378.85
Later than one year but less than five years	543.46	941.25
Later than five years	–	–
	941.25	1,320.10

Note No 44 Disclosures as per IND AS 115

Ministry of Corporate Affairs (MCA) had notified Ind AS 115-"Revenue from Contracts with Customers" effective April 1, 2018. The Company had adopted Ind AS 115 using modified retrospective method, wherein the company had elected to apply practical expedient for contracts that were not completed on or before March 31, 2018. The company had evaluated that there is no material impact and no adjustment is required to opening balance of equity on implementation of Ind As 115.

1. Disaggregation of Revenue

(Amount in Rs. Lakhs)

Particulars	For the year Ended March 31, 2020			For the year Ended March 31, 2019		
	Defence	Non-Defence	Total Amount	Defence	Non-Defence	Total Amount
Sale of Manufactured Goods						
Equipment for Torpedo defence system	329.11	–	329.11	272.97		272.97
Deck panels	136.08	–	136.08	982.92		982.92
Composite body for Mines	128.75	–	128.75	180.25		180.25
VIP Discret Vehicle	–	–	–	1,385.77	–	1,385.77
Light Armoured Vehicle	5,921.55	–	5,921.55	5,020.36	–	5,020.36
Wheel assembly	3,749.75	–	3,749.75	722.02	–	722.02
Police Special Purpose Vehicle	275.01	–	275.01	53.44	–	53.44
Other	550.96		550.96	333.58	–	333.58
Sale of Traded Goods						
Spare parts and other allied products	840.27	–	840.27	556.47	–	556.47
Software License	–	270.27	270.27	–	618.29	618.29
Turnkey contracts revenue	252.11	–	252.11	2,963.99	–	2,963.99
Revenue from rendering of services						
Consultancy services	–	1,144.20	1,144.20	104.57	1,004.43	1,109.00
Annual maintenance contract	980.20	–	980.20	1,238.14	–	1,238.14
Training service	7,532.76	–	7,532.76	5,929.50	–	5,929.50
Business support service	8,301.62	–	8,301.62	6,050.98	–	6,050.98
Other	142.23	–	142.23	772.89		772.89

2. Contracted Assets, Contracted Liabilities & Receivables

(Amount in Rs. Lakhs)

Particulars	Opening as on April 1, 2019	Addition During the Year	Reduction During the year	Closing as on March 31, 2020	Reference
Unbilled Revenue	3,466.19	3,329.17	3,559.86	3,235.50	Note -a
Advance Billing	2,447.89	1,156.13	1,329.56	2,274.46	Note -b
Advance from Customer	3,669.53	2,008.96	3,338.52	2,339.97	Note -c
Receivables	12,273.94	32,113.01	37,357.30	7,029.65	Note -d

Note – a: Opening unbilled revenue represents the fulfilled obligation which couldnot be invoiced to the customer on opening balance sheet date due to contractual terms. Addition/reduction in unbilled revenue represent the accumulation of further unbilled obligations and invoicing of opening unbilled revenue respectively. The Closing balance represents the revenue for which contractual obligation has been fulfilled and invoicing is pending on the balance sheet date. The unbilled revenue pertains to defence as well as non defence business

Note – b: Opening Advance billing represents the unfulfilled obligation which though has been invoiced to the customer on opening balance sheet date but obligation is still to be performed. Addition/reduction in Advance billing represent the further invoicing and fulfilling performance obligations respectively. The Closing balance represents the revenue for which invoicing has been done on balance sheet date and contractual obligation has still to be fulfilled. The Advance pertains to defence business as well as non defence business

Note – c: The Advance from customer relates to the money received in advance ahead of the performance obligation to be fulfilled in future. Reduction in advance to customer represents fulfilment of contractual obligation and invoicing to the customer. Major part of advance from customer pertains from defence business.

Note - d: Account recievables represent the amount for which performance obligation has been fulfilled and revenue recognized but the money is receivable from customer.

* Revenue Recognized in the current year that was included in contracted Liability at beginning of the year (Refer Note 20)

3. Unsatisfied Contract Value

Total performance obligation remaining unsatisfied as on March 31, 2020 with timelines within which it is expected to recognize revenue.

(Amount in Rs. Lakhs)

Performance obligation	0-1 Year	1-3 Year	3-5 Yrs	Total
Unsatisfied Performance Obligation as on March 31, 2020*	31,260.18	48,813.06	13,139.23	93,212.47

* Represent unsatisfied performance obligation for major contracts entered with the customer which is to be satisfied in future as per the terms of the contract.

4. Performance Obligations over the period of time

a) When the Performance Obligation is satisfied over period of time, Input method is used to recognize revenue on the basis of Percentage completion method applied on the company actual spent on the basis of resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used, as applicable. This is considered to be most appropriate method for performance obligation satisfied over period of time due to the fact that there is direct relationship between the resource consumed and the control transferred to the customer.

b) Output methods recognize revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. Output methods include methods such as surveys of performance completed to date, appraisals of results achieved, milestones reached, time elapsed and units produced or units delivered. This is considered to be most appropriate method due to the fact that the company performance towards completion of performance obligation can be measured more appropriately with the output.

c) Company evaluates whether to apply an input method or output method for revenue recognition. For evaluation of method to be applied, the company considers the relationship between the resource consumed and the control transferred to the customer ie input method & whether the company performance towards completion of performance obligation can be measured more appropriately with the output ie output method

5. Significant Payment term in Subcontracting project with the customer having significant financing component

Payment Milestone

Particulars	Percentage of payment for Capex	Milestone detail	Period of Milestone
1st Milestone	20%	Supply of IT equipment and furniture	Invoice + 12 weeks
2nd Milestone	20%	Inspection of successful installation of all the hardware and software	Invoice + 22 weeks
3rd Milestone	40%	Go-Live & Training	Invoice + 24 weeks
4th Milestone	20%	O & M for 5 years from Go Live	Equally spread over 5 years payable quarterly
	100%		

6. The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding probable future incidence based on corrective actions for product failures.

The company provides standard warranty on sale of armored vehicles, wheel assembly, Equipment for Torpedo defence systemt, Deck panels, Composite body for Mines customer based on no. of years. No warranty is provided for traded items.

Note No 45: Reconciliation of Cash flow arising from financing activities

(Amount in Rs. Lakhs)

Performance obligation	For the year Ended March 31, 2020
Opening balance	
Share Capital	**1,672.37**
Securities Premium	**27,622.68**
Short Term Borrowings	**912.32**
Interest	**13.05**
Total	**30,220.42**
Addition	
Share Capital	**–**
Securities Premium	**–**
Short Term Borrowing	**–**
Interest	**39.17**
Total	**39.17**
Repayments	
Short Term Borrowings	**(912.32)**
Interest	**(45.00)**
Total	**(957.32)**
Closing balance	
Share Capital	**1,672.37**
Securities Premium	**27,622.68**
Short Term Borrowing	**–**
Interest	**7.22**
Total	**29,302.27**

Note No 46: Investment in Joint venture

1. The Company is a wholly owned subsidiary of Mahindra & Mahindra Limited which presents Consolidated Financial Statements to its Shareholders. As such the Company in view of the exemption given in paragraph 4(a) of Ind AS-110 " Consolidated Financial Statements" has decided to avail the exemption contained in the paragraph 16 of Ind AS-27 "Separate Financial Statements" for not preparing the consolidated financial statements.

2. Mahindra & Mahindra Limited, the holding Company having its registered office at Gateway Building, Apollo Bunder, Mumbai, Maharashtra- 400001, India will be preparing Consolidated Financial Statements which will comply with the applicable Ind AS for public use and would be available on the website of holding Company i.e. www. mahindra.com

3. The details of the Joint Venture of the Company are as under:

   (a) Mahindra Telephonics Integrated Systems Limited (Joint venture) in which the Company holds 51% of the equity share capital and is having its registered office at Mahindra Towers, P.K. Kurne Chowk, Dr. G.M. Bhosale Marg, Worli Mumbai, Maharashtra- 400018, India

4. In the Company's Separate Financial Statements, investments in joint ventures are carried at cost less accumulated impairment, if any.

Note No 47 Business Combination

a). The Board of Directors of Mahindra Defence Systems Limited ("the Company/the Transferee Company") in their meeting held on March 16, 2018, approved the Scheme of Amalgamation ("Merger by Absorption") between the Company and Mahindra Defence Navel Systems Limited ("the Transferor Company") and their respective Shareholders and Creditors ("the Scheme") under section 230 to 232 of Companies Act, 2013 and other applicable provisions of the Companies Act 2013 for Amalgamation of the businesses from the Transferor Company, inter alia, consisting of entire undertaking, business, activities and operations pertaining to the business and its transfer as a going concern to the Transferee Company with effect from April 1, 2018 ("Appointed Date").

b) The Scheme was sanctioned by National Company Law Tribunal, Mumbai (NCLT) vide its order dated August 22, 2019. The Scheme, which has become operative from September 18, 2019 upon filing of the certified copy of the Order of the NCLT with the Registrar of Companies in Maharashtra, is effective from April 01, 2018 (The Appointed date per the said Scheme). The Transferor Company was engaged in manufacturing and selling of launchers and other components meant for defence purposes which are primarily used by navy

c) In terms of the Scheme the amalgamation has been accounted for in accordance with the Pooling of Interest Method laid down in Appendix C of Ind AS 103 "Business Combinations of entities under common control". As per the said Scheme, the financial information in the financial statements in respect of prior period has been restated w.e.f. the Appointed Date as if the business combination occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination

d) Upon the Scheme becoming effective,

(i) All the assets and liabilities recorded in the books of the Transferor Company stand transferred to and vested in the Transferor Company at their respective book values as appearing in the books of Transferor Company, as on the Appointed Date

(ii) All the reserves of the Transferor Company under different heads became corresponding reserves of the Transferee Company

(iii) The investments in the equity share capital of the Transferor Company as appearing in the books of the Company, stands cancelled. Inter-company balances including loans and advances, as applicable, is eliminated

Since the entire share capital of Transferor Company is held by the Transferee Company, no equity shares are issued by the Transferee Company.

e) Upon the Scheme becoming effective, the Authorized Share Capital of the Transferee Company stands increased without any further act, deed or thing on the part of the Transferee Company to 31,50,00,000 Equity Shares of Rs. 10/- each amounting Rs. 31,500 lakhs

Note No 48: Income Tax

On September 20, 2019, the Government of India, vide the Taxation Laws (Amendment) Ordinance 2019, inserted Section 115BAA in the Income-tax Act, 1961, which provides domestic companies an option to pay corporate tax at reduced rate effective April 01, 2019, subject to certain conditions. The Company has decided to opt for the same and accordingly provision for tax for the year ended March 31, 2020 and deferred tax as at March 31, 2020 have been determined by applying the reduced rate of tax.

Note No 49: COVID 19 Impact

As per the impact assessment of COVID-19 carried out by the Management, the Company believes that there is no significant impact of COVID-19 pandemic on the financial position and performance of the Company.

Note No 50: Previous year figures and notes there to are after considering the effect of the scheme (referred to in note 47) and have been reclassified/regrouped wherever required to confirm to the current year presentation/classification.

Note No 51: Events occurring after the reporting period: Approval of financial statements - The financial statements were authorised for issue by the Board of Directors on May 12, 2020.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Pramod B.Shukla
Partner

Place : New Delhi
Date : 12-05-2020

Mukul Verma
Chief Financial Officer

For and on behalf of Board of Directors

S. P. Shukla Managing Director
DIN: 00007418

Sukhvindar Hayer Director
DIN: 07272511

Manish Sharma Company Secretary

Place : Mumbai
Date : 12-05-2020

INDEPENDENT AUDITORS' REPORT

To the Members of Mahindra Telephonics Integrated Systems Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Telephonics Integrated Systems Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. The annual report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

   In our opinion and according to the information and explanations given to us, no remuneration was paid by the company to its directors during the year ended 31 March 2020. Accordingly, provisions of Section 197 of the Act are not applicable. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Shweta Kumar
Partner
Membership No.: 509822
UDIN: 20509822AAAAAL8688

Place: Gurugram
Date: 24 April 2020

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA TELEPHONICS INTEGRATED SYSTEMS LIMITED FOR THE YEAR ENDED 31 MARCH 2020

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, the Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, this periodicity of physical verification by management is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, discrepancies noticed on such verification were not material.

(c) According to the information and explanations given to us, the Company does not have any immovable properties. Accordingly, paragraph 3(i)(c) of the Order is not applicable.

(ii) Inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business. According to the information and explanations given to us, the procedures for physical verification of inventories followed by the management during the year are reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on verification between the physical stocks and the book records were material and have been properly adjusted in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3(iii) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not given any loan, or provided any guarantee or security or made any investment as specified under Section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013, in respect of any activities undertaken by the Company. Accordingly, the provisions of paragraph 3(vi) of the Order are not applicable.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, duty of customs, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. Dues relating to value added tax, sales tax, service tax and duty of excise are not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, value added tax, sales tax, employees' state insurance, income tax, service tax, goods and services tax, duty of customs, duty of excise, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, goods and services tax, and value added tax which have not been deposited on account of any dispute.

(viii) The Company did not have any dues to debenture holders or outstanding loans or borrowings from any bank, financial institution or government during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, provisions of paragraph 3(ix) of the Order are not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit for the year.

(xi) According to information and explanations given to us and on the basis of our examination of the records of the Company, no managerial remuneration has been provided and paid by the Company. Accordingly, provisions of paragraph 3(xi) of the Order are not applicable.

(xii) According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the transactions with the related parties are in compliance with section 188 of the

Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required by the accounting standards. Further, the provisions of Section 177 of the Companies Act, 2013 are not applicable to the Company.

(xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to information and explanations given to us and based on our examination of the records of Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Shweta Kumar
Partner
Membership No.: 509822
UDIN: 20509822AAAAAL8688

Place: Gurugram
Date: 24 April 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA TELEPHONICS INTEGRATED SYSTEMS LIMITED FOR THE YEAR ENDED 31 MARCH 2020.

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1 (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Telephonics Integrated Systems Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Shweta Kumar
Partner
Membership No.: 509822
UDIN: 20509822AAAAAL8688

Place: Gurugram
Date: 24 April 2020

BALANCE SHEET AS AT 31 MARCH, 2020

(All amounts in Indian ₹ Lacs, unless otherwise stated)

	Notes	As at 31 March, 2020	As at 31 March, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	**411.41**	474.31
Right-of-use assets	3	**474.05**	–
Capital work-in-progress	3	**2.26**	2.26
Intangible assets	4	**63.98**	75.65
Financial assets	5		
– Loans		**20.47**	23.58
– Other financial assets		**67.54**	58.80
Other non-current assets	6	**351.26**	70.19
Total non-current assets		**1,390.97**	704.79
Current assets			
Inventories	7	**99.88**	42.07
Financial assets	8		
– Trade receivables		**376.69**	335.13
– Cash and cash equivalents		**175.67**	867.12
– Bank balances other than cash and cash equivalents above		**27.47**	237.65
– Other financial assets		**4.62**	0.67
Other current assets	9	**470.28**	403.74
Total current assets		**1,154.61**	1,886.38
Total assets		**2,545.58**	2,591.17
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	**5,078.43**	5,078.43
Other equity	11		
– Securities premium		**217.92**	217.92
– Retained earnings		**(3,958.41)**	(3,212.42)
Equity attributable to equity shareholders		**1,337.94**	2,083.93
Liabilities			
Non-current liabilities			
Financial liabilities	12		
– Lease liabilities		**407.39**	–
Provisions	13	**102.35**	50.43
Total non-current liabilities		**509.74**	50.43
Current liabilities			
Financial liabilities	14		
– Trade payables			
Total outstanding dues of micro enterprises and small enterprises		**–**	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		**499.20**	311.12
– Lease liabilities		**101.47**	–
– Other financial liabilities		**82.16**	91.83
Provisions	15	**1.38**	23.89
Other current liabilities	16	**13.69**	29.97
Total current liabilities		**697.90**	456.81
Total equity and liabilities		**2,545.58**	2,591.17
Summary of significant accounting policies	2		

The accompany notes form an integral part of financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Shweta Kumar
Partner
Membership no. : 509822

Place: Gurgaon
Date: 24 April 2020

For and on behalf of Board of Directors of
Mahindra Telephonics Integrated Systems Limited

S. P. Shukla
(Director)
DIN: 00007418

Mukul Verma
(Director)
DIN : 02428217

Jayantaraj Chatterjee
(CEO)
PAN: ADJPC7684E

Arun Gupta
(CFO)
PAN: AFYPG8293A

Manish Sharma
(Company Secretary)
PAN: DIXPS7998F

Place: Mumbai
Date: 24 April 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

(All amounts in Indian ₹ Lacs, unless otherwise stated)

Particulars	Notes	**For the year ended 31 March, 2020**	For the year ended 31 March, 2019
Revenue from operations	17	**693.88**	937.54
Other income	18	**38.28**	95.33
Total revenue		**732.16**	1,032.87
Expenses			
Costs of materials consumed	19	**179.90**	412.94
Employee benefit expenses	20	**500.30**	516.67
Finance cost	23	**51.21**	21.13
Depreciation and amortizaton expense	21	**216.90**	117.17
Other expenses	22	**531.35**	639.91
Total expenses		**1,479.66**	1,707.82
Loss before tax		**(747.50)**	(674.95)
Tax expense			
Current tax		**–**	–
Loss for the year		**(747.50)**	(674.95)
Other comprehensive income			
Items that will not to be reclassified to profit or loss:			
Remeasurements gain on post employment benefit obligations(net)		**1.51**	11.86
Other comprehensive income for the year, net of tax		**1.51**	11.86
Total comprehensive income for the year, net of tax		**(745.99)**	(663.09)
Earning per equity share (nominal value of share Rs 10 each)			
Basic earnings per share		**(1.47)**	(1.33)
Diluted earnings per share		**(1.47)**	(1.33)
Summary of significant accounting policies	2		

The accompany notes form an integral part of financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Shweta Kumar
Partner
Membership no. : 509822

Place: Gurgaon
Date: 24 April 2020

For and on behalf of Board of Directors of
Mahindra Telephonics Integrated Systems Limited

S. P. Shukla
(Director)
DIN: 00007418

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PAN: AFYPG8293A

Manish Sharma
(Company Secretary)
PAN: DIXPS7998F

Place: Mumbai
Date: 24 April 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2020

A. Equity share capital

(All amounts in Indian ₹ Lacs, unless otherwise stated)

	Notes	Nos.	Amount
Equity shares of Rs 10 each fully paid up			
As at 1 April, 2016	10	50,784,313	5,078.43
Issued during the year		–	–
As at 1 April, 2018		50,784,313	5,078.43
Issued during the year		–	–
As at 31 March, 2019		50,784,313	5,078.43
Issued during the year		–	–
As at 31 March, 2020		**50,784,313**	**5,078.43**

B. Other equity

(Amount in Rs. Lakhs)

Particulars	Notes	Reserves and surplus		
		Security Premium	Retained earnings	Total
As at 1 April, 2018		217.92	(2,549.33)	(2,331.41)
Loss for the year		–	(674.95)	(674.95)
Other comprehensive income		–	11.86	11.86
As at 31 March, 2019		217.92	(3,212.42)	(2,994.50)
Loss for the year		–	(747.50)	(747.50)
Other comprehensive income		–	1.51	1.51
As at 31 March, 2020		**217.92**	**(3,958.41)**	**(3,740.49)**
Summary of significant accounting policies	2			

The accompany notes form an integral part of financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Shweta Kumar
Partner
Membership no. : 509822

Place: Gurgaon
Date: 24 April 2020

For and on behalf of Board of Directors of
Mahindra Telephonics Integrated Systems Limited

S. P. Shukla
(Director)
DIN: 00007418

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Arun Gupta
(CFO)
PAN: AFYPG8293A

Manish Sharma
(Company Secretary)
PAN: DIXPS7998F

Place: Mumbai
Date: 24 April 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2020

(All amounts in Indian ₹ Lacs, unless otherwise stated)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
A. Cash flows from operating activities		
Loss before tax from operations	**(747.50)**	(674.95)
Adjustments for:		
Depreciation and amortization	**216.90**	117.17
Interest income on bank deposits	**(25.73)**	(12.26)
Unwinding of discount on security deposits	**(1.52)**	(2.07)
Interest income on income tax refunds	**(1.55)**	–
Unrealised foreign exchange loss/ (gain)	**(7.56)**	4.84
Loss/(Profit) on sale of property, plant and equipment	**2.38**	(0.90)
Impairment allowance on trade receivables	**(11.13)**	8.84
Finance cost	**51.21**	21.13
Deferred income	**(0.51)**	(12.56)
Operating loss before working capital changes	**(525.01)**	(550.76)
Adjustments for:		
Increase/(decrease) in trade payables	**188.08**	(642.55)
Increase in short-term and long-term provisions	**30.92**	24.54
Increase/(decrease) in other current liability	**(15.77)**	5.83
Increase/(decrease) in other current financial liability	**(10.17)**	90.01
(Increase)/decrease in inventories	**(57.81)**	299.64
(Increase)/decrease in trade receivables	**(22.87)**	1,159.32
Decrease in non-current security deposits	**4.63**	8.98
(Increase)/decrease in other non current assets	**(308.76)**	2.09
Decrease/(increase) in other current financial assets	**(4.62)**	1.11
Decrease/(increase) in other current assets	**(68.26)**	1,158.29
Cash used in/generated from operations	**(789.64)**	1,556.50
Direct taxes paid	**(3.27)**	(13.02)
Net cash flow used in/generated from operating activities (A)	**(786.37)**	1,569.52
B. Cash flows from investing activities		
Purchase of property, plant and equipment	**0.84**	(62.29)
Right-of-use assets	**(85.85)**	–
Purchase of intangibles	**–**	(75.00)
Sale of property, plant and equipment	**3.30**	4.26
Investment in bank deposits (net)	**201.84**	120.42
Interest income on bank deposits	**26.00**	11.59
Net cash flow used in investing activities (B)	**146.13**	(1.02)
C. Cash flows from financing activities		
Repayment of Cash credit/Working capital limits	**–**	(680.25)
Finance cost on lease liabilities	**(51.21)**	(21.13)
Net cash flows (used in)/from financing activities (C)	**(51.21)**	(701.38)
Net increase in cash and cash equivalents (A+B+C)	**(691.45)**	867.12
Cash and cash equivalents at the beginning of the year	**867.12**	–
Cash and cash equivalents at the end of the year	**175.67**	867.12

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2020 (CONTD).

(All amounts in Indian ₹ Lacs, unless otherwise stated)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Components of cash and cash equivalents		
Balance with bank		
– On current account	**175.67**	667.12
– Fixed deposits with original maturity of less than three months	**–**	200.00
Total cash and cash equivalents	**175.67**	867.12

Notes:

1 **Movement in financial liabilites**

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Opening balance		
Current Borrowings	–	680.25
Cash flows		
Amount taken	–	–
Repayment of current borrowings	–	(680.25)
Finance cost paid	–	(21.13)
Non cash changes		
Finance cost	–	21.13
Closing balance		
Current Borrowings	–	–

2. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Ind AS 7, as specified under the section 133 of the Companies Act, 2013.

Summary of significant accounting policies 2

The accompany notes form an integral part of financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Shweta Kumar
Partner
Membership no. : 509822

Place: Gurgaon
Date: 24 April 2020

For and on behalf of Board of Directors of
Mahindra Telephonics Integrated Systems Limited

S. P. Shukla
(Director)
DIN: 00007418

Mukul Verma
(Director)
DIN : 02428217

Jayantaraj Chatterjee
(CEO)
PAN: ADJPC7684E

Arun Gupta
(CFO)
PAN: AFYPG8293A

Manish Sharma
(Company Secretary)
PAN: DIXPS7998F

Place: Mumbai
Date: 24 April 2020

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(All amounts in Indian ₹ Lacs, unless otherwise stated)

1 CORPORATE INFORMATION

Mahindra Telephonics Integrated Systems Limited ("the Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having its registered office at MAHINDRA TOWERS, P. K. KURNE CHOWK, R. G. M. BHOSALE MARG, WORLI, MUMBAI, Mumbai City, Maharashtra - 400018. The Company is jointly held by Mahindra Defence Systems Limited and Telephonics corporation, USA.

The financial statements were authorised for issue in accordance with resolution of the Board of Directors on 24 April 2020.

1.01 Basis of preparation

These financial statements comply in all material aspects with Indian Accounting Standards (IND-AS) notified under Section 133 of the Companies Act, 2013, relevant provisions of the Companies Act, 2013 ("the Act') and other accounting principles generally accepted in India. Financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).
- Net defined benefit (asset)/ liability- Fair value of plan assets less present value of defined benefit obligations.

1.02 Functional and presentation currency

These financial statements are presented in Indian rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lacs up to two place of decimal, unless otherwise indicated.

1.03 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non current.

Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2 SIGNIFICANT ACCOUNTING POLICIES

2.01 Use of estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about significant areas of estimation/uncertainty and judgements in applying accounting policies that have the most significant effect on the financial statements are as follows:-

Note 2.08: Measurement of defined benefit obligations: key actuarial assumptions;

Note 2.02 and 2.03: Measurement of useful life and residual values of property, plant and equipment and useful life of intangible assets;

Note 2.05 and 2.06: Fair value measurement of financial instruments;

Note 2.13: Judgement required to ascertain lease classification

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of various assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts etc. and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

2.02 Property, Plant and Equipment

Property, plant and equipment including capital work in progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of CENVAT credit and VAT/GST credit availed wherever applicable. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Capital work-in-progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives and is generally recognised in the statement of profit and loss. The residual value are not more than 5% of the original cost of assets.

Depreciation on property, plant & equipment is provided on prorata basis on straight-line method using the useful lives of the assets estimated by management and in the manner prescribed in Schedule II of the Companies Act 2013. The useful life of Property, Plant and Equipment are as follows:

Assets	Useful life (in years)
Plant and Equipment:	15
Office Equipment (clubbed under plant and equipment):	5
Computers and Peripherals	3
Mobile Phones (clubbed under computer and peripherals):	2
Furniture and Fixtures:	10
Vehicles:	5
Electric Installation:	10

Vehicles and mobile phones are depreciated over the estimated useful lives of 5 years and 2 years, respectively, which are lower than those indicated in Schedule II. On the basis of technical assessment made by the management, it believes that the useful lives as given above best represent the period over which the assets are expected to be used.

Leasehold improvements are depreciated on straight line basis over the remaining lease agreement period.

2.03 Intangible assets

Separately acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development cost, are not capitalised and the related expenditure is reflected in Statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the assets are disposed off.

Intangible assets with finite useful life are amortised on a straight line basis over their estimated useful life as follows:

Assets	Useful life (in years)
Softwares	3/10

2.04 Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate prevailing at the date of transaction.

Measurement of foreign currency items at the balance sheet date

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction/ Non-monetary item measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognised as income or expense in the period in which they arise with the exception of exchange differences on gain or loss arising on translation of non-monetary items measured at fair value which is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.05 Financial instruments

a. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company become a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVTPL

Financial assets are not reclassified subsequently to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrecoverably designate a financial asset that otherwise meets the requirement to be measured at amortised cost as at FVTPL if doing so eliminate or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost at effective interest rate. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities:

Financial liabilities are classified as measure at cost amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative and it is designated as such on initial recognition. Financial liabilities at FVTPL and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

c. Derecognition

Financial assets

The company derecognises a financial asset when the contractual rights to cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfer assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not recognised.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The company also derecognises a financial liability when its terms are modified and then cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

d. Offsetting

Financial assert and financial liabilities are offset and net amount presented in the balance sheet when and only when the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2.06 Inventories

a) Basis of valuation:

i) Inventories are valued at lower of cost and net realisable value after providing cost of obsolescence, if any. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realisable value is made on an item-by-item basis.

b) Method of Valuation:

i) **Cost of raw materials and components** has been determined by using moving average basis and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

ii) Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2.07 Government Grants

Government Grants are recognised at their fair value when there is reasonable assurance that the grant will be received and all the attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

2.08 Employee benefits

A Short-term obligations

Liabilities for salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

B Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

C Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plan such as gratuity and post-employment medical benefit liability; and

(b) defined contribution plan such as provident fund

Defined benefit plans

The liability or asset recognised in the balance sheet in respect of gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in statement of profit and loss as past service cost.

Defined contribution plan

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

2.09 Revenue Recognition

The Company earns revenue primarily from sale of goods and rendering of maintenance services.

Effective 01 April, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. The Company has adopted Ind AS 115 using the cumulative effect method. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognised upon transfer of control of promised goods or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer.
- Revenue from services is recognised in accordance with the terms of contract when the services are rendered and the related costs are incurred.

Revenue is measured based on the transaction price, which is the consideration as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Interest income is recognised on time proportion basis taking into account the amount outstanding and the applicable interest rates and is disclosed in “other income”.

2.10 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all potentially dilutive equity shares.

2.11 Taxes

Tax expense for the year comprises of current tax and deferred tax.

Current Tax

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

Current income tax relating to item recognised outside the statement of profit and loss is recognised outside profit or loss (either in other comprehensive income or equity). Current tax items are recognised in correlation to the underlying transactions either in OCI or directly in equity.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or direct in equity.

2.12 Impairment of non- financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company’s assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses including impairment on inventories, are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

2.13 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with Company’s general policy on the borrowing cost.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in the statement of profit and loss, unless the lease agreement explicitly states that increase is on account of inflation.

i. Leases in which the Company is a lessee under Ind AS 116, Leases

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

ii. Transition

The Company applied Ind AS 116 initially on 1 April 2019, using the modified retrospective approach with Option 2 where an amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease is recognised in the balance sheet as Right-of use asset immediately before the date of initial application.

The following is the summary of practical expedients elected on initial application:

Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of 31 March 2019 under Ind AS 17 disclosed under Note 25 of financial statements forming part of 2019 and the value of the lease liability as of 01 April 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

2.14 Borrowing Costs

Borrowing cost includes interest and other costs incurred in connection with the borrowing of funds and charged to Statement of Profit and Loss on the basis of effective interest rate (EIR) method. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are recognised as expense in the period in which they occur.

2.15 Provisions and Contingent Liabilities

Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements unless the probability of outflow of resources is remote.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

2.16 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

(All amounts in Indian ₹ Lacs, unless otherwise stated)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non- financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.17 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

3. Property, plant and equipment including right-of-use of assets and capital work-in-progress

	Plant and Equipment	Computers and Peripherals	Furniture and Fixtures	Leasehold Improvements	Electric Installations and Equipment	Vehicles	Total (A)	Right-of-use of assets (B)	Capital work-in-progress (C)	Grand Total =(A)+(B)+(C)
At Cost										
As at 31 March 2018	361.85	54.55	64.17	156.21	84.79	73.55	795.12	–	4.67	799.79
Additions	3.95	3.19	0.22	–	–	21.39	28.75	–	–	28.75
Disposals	–	(1.28)	–	–	–	(6.33)	(7.61)	–	–	(7.61)
Transfers	2.41	–	–	–	–	–	2.41	–	(2.41)	–
As at 31 March 2019	368.21	56.46	64.39	156.21	84.79	88.61	818.67	–	2.26	820.93
Additions	1.35	1.00	–	–	–	25.00	27.35	594.71	–	27.35
Disposals	–	–	–	–	–	(21.45)	(21.45)	–	–	(21.45)
Transfers	–	–	–	–	–	–	–	–	–	–
As at 31 March 2020	**369.56**	**57.46**	**64.39**	**156.21**	**84.79**	**92.16**	**824.57**	**594.71**	**2.26**	**826.83**
Depreciation										
As at 31 March 2018	97.50	39.92	14.71	42.91	24.66	29.67	249.37	–	–	249.37
Charge for the year	47.57	7.12	6.37	15.29	8.30	14.59	99.24	–	–	99.24
Disposals	–	(1.22)	–	–	–	(3.03)	(4.25)	–	–	(4.25)
As at 31 March 2019	145.07	45.82	21.08	58.20	32.96	41.23	344.36	–	–	344.36
Charge for the year	37.63	3.16	6.37	15.29	8.30	13.82	84.57	120.66	–	84.57
Disposals	–	–	–	–	–	(15.77)	(15.77)		–	(15.77)
As at 31 March 2020	**182.70**	**48.98**	**27.45**	**73.49**	**41.26**	**39.28**	**413.16**	120.66	–	**413.16**
Net carrying amount										
As at 31 March 2020	**186.86**	**8.48**	**36.94**	**82.72**	**43.53**	**52.88**	**411.41**	**474.05**	**2.26**	**413.67**
As at 31 March 2019	**223.14**	**10.64**	**43.31**	**98.01**	**51.83**	**47.38**	**474.31**	**–**	**2.26**	**476.57**

Note: a) All movable fixed assets are under First pari-passu hypothecation charge for working capital limits obtained from HDFC bank. Refer note 24 (C).

b) Assets amounting to Rs 8.16 (31 March 2019 : 8.16) are held by sub-contractor.

(All amounts in Indian ₹ Lacs, unless otherwise stated)

4. Intangibles assets

	Computer software
At Cost	
As at 31 March 2018	43.15
Additions	75.00
Deletions	–
Transfers	–
As at 31 March 2019	**118.15**
Additions	–
Deletions	–
Transfers	–
As at 31 March 2020	**118.15**
Amortization	
As at 31 March 2018	24.57
Charge for the year	17.93
Disposals	–
As at 31 March, 2019	**42.50**
Charge for the year	11.67
Disposals	–
As at 31 March 2020	**54.17**
Net carrying amount	–
As at 31 March 2020	**63.98**
As at 31 March 2019	**75.65**

5. Non-Current financial assets

(Unsecured considered good, unless stated otherwise)

		As at 31 March, 2020	As at 31 March, 2019
(A)	**Loans**		
	Security deposit - Others	**1.07**	4.09
	Security deposit to related parties	**19.40**	19.49
	(A)	**20.47**	23.58
(B)	**Other financial assets**		
	Deposits with banks having maturity period of more than 12 months from reporting date*#	**67.54**	58.80
	(B)	**67.54**	58.80
Total (A+B)		**88.01**	82.38

*** Fixed deposits with banks includes bank balances under lien given as security and margin money deposits**

- Rs.59.40 (March 31,2019: Rs. 55.79) given to Banks as margin money for Bank Guarantee
- Rs. 6.16 (31 March, 2019: Rs. NIL) given to sales tax authority.

including interest accrued on fixed deposits as at 31 March 2020: Rs 0.18

6. Other Non-Current assets

(Unsecured considered good, unless stated otherwise)

	As at 31 March, 2020	As at 31 March, 2019
Prepaid expenses	**322.02**	13.26
Capital advances	**29.24**	56.93
	351.26	70.19

7. Inventories

(Valued at lower of cost and net realisable value)

	As at 31 March, 2020	As at 31 March, 2019
Raw materials and components	**99.88**	42.07
	99.88	42.07

Notes:

a) Inventories are hypothecated against working capital limits from HDFC bank. Refer note 24 (C)

8. Current financial assets

(Unsecured, unless stated otherwise)

		As at 31 March, 2020	As at 31 March, 2019
(A)	**Trade receivables**		
	Trade receivables from related party - Considered good (refer note 27)	**370.88**	325.82
	Trade receivables from related party which have significant increase in credit risk	–	11.13
	Trade receivables from others - Considered good	**5.81**	9.31
	Trade receivables (Gross)	**376.69**	346.26
	Less: Impairment allowances for trade receivables considered doubtful	–	11.13
	(A)	**376.69**	335.13

Notes:

a) The sales to related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended 31 March 2020, the Company has recorded impairment of receivables relating to amounts owed by related parties is Rs NIL (31 March, 2019: 11.13). This assessment is undertaken each financial year.

b) Trade receivables are non-interest bearing.

c) Trade receivables are hypothecated against working capital limits from HDFC bank. Refer note 24 (C).

(B) Cash and cash equivalents

		As at 31 March, 2020	As at 31 March, 2019
Balance with bank			
–	On current account	**175.67**	667.12
–	Fixed deposits with original maturity of less than three months*	–	200.00
	(B)	**175.67**	867.12

(C) Bank balances other than cash and cash equivalent

	As at 31 March, 2020	As at 31 March, 2019
Fixed deposits with original maturity of more than three months but less than 12 months*##	**5.59**	205.30
Fixed deposits with original maturity of more than 12 months*####	**21.88**	32.35
(C)	**27.47**	237.65

Notes:

(a) The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2020.

(b) Fixed deposit with original maturity of more than twelve months but remaining maturity from reporting period is less than twelve months have been disclosed under bank balances other than cash and cash equivalent.

(All amounts in Indian ₹ Lacs, unless otherwise stated)

*** Fixed deposits with banks includes bank balances under lien given as security and margin money deposits**

– Rs. 2.30 (31 March 2019 : Rs. 0.50) given to Banks as margin money for Bank Guarantee.

– Rs. 3.25 (31 March 2019 : Rs. 3.11) given to CDA Air force as Bank Guarantee.

**** Fixed deposits with banks includes bank balances under lien given as security and margin money deposits**

– Rs. NIL (31 March, 2019: Rs. 5.05) given to sales tax authority.

– Rs. 18.70 (31 March 2019 : Rs. 27.30) given to Banks as margin money for Bank Guarantee.

including interest accrued on fixed deposits as at 31 March 2020: Rs 0.04

including interest accrued on fixed deposits as at 31 March 2020: Rs 0.18

(D) Other financial asset
(Unsecured considered good, unless stated otherwise)

		As at 31 March, 2020	As at 31 March, 2019
Interest accrued but not due on fixed deposits		–	0.67
Security deposit - Others		**3.00**	–
Security deposit to related parties		**1.62**	–
	(D)	**4.62**	0.67
Total (A+B+C+D)		**584.45**	1,440.57

9. Other Current assets
(Unsecured considered good, unless stated otherwise)

	As at 31 March, 2020	As at 31 March, 2019
Advances to suppliers	**3.23**	140.09
Balances with statutory/government authorities	**316.20**	229.00
Prepaid expenses	**147.87**	27.83
Tax deducted at source	**2.80**	4.52
Others	**0.18**	2.30
	470.28	403.74

10. Share capital

	As at 31 March, 2020	As at 31 March, 2019
Authorised shares (Nos.)		
55,000,000 equity shares (31 March 2019: 55,000,000)	**5,500.00**	5,500.00
	5,500.00	5,500.00
Issued, subscribed and fully paid up shares (Nos.)		
50,784,313 Equity shares (31 March 2019: 50,784,313)	**5,078.43**	5,078.43
	5,078.43	5,078.43

10.1 Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

	Nos.
Outstanding as at 31 March 2018	50,784,313
Issued during the period	–
Outstanding as at 31 March 2019	50,784,313
Issued during the period	–
Outstanding as at 31 March 2020	**50,784,313**

10.2 Terms/rights attached to Equity Shares

The Company has only one class of equity shares par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion of number of equity shares held by shareholders.

10.3 Details of shareholders holding more than 5% shares in the Company

	Nos.	% of Holdings
As at 31 March 2019		
Mahindra Defence Systems Limited, India	25,900,000	51.00%
Telephonics Corporation, USA	24,884,313	49.00%
As at 31 March 2020		
Mahindra Defence Systems Limited, India	**25,900,000**	**51.00%**
Telephonics Corporation, USA	**24,884,313**	**49.00%**

11. Other equity

		Amounts
(a)	**Securities Premium**	
	As at 31 March 2018	217.92
	Add/Less: Movements during the year	–
	As at 31 March 2019	**217.92**
	Add/Less: Movements during the year	–
	As at 31 March 2020	**217.92**
(b)	**Retained earnings**	
	As at 31 March 2018	(2,549.33)
	Loss for the year	(674.95)
	Items of other comprehensive incomes recognized directly in retained earnings	11.86
	As at 31 March 2019	**(3,212.42)**
	Loss for the year	(747.50)
	Items of other comprehensive incomes recognized directly in retained earnings	1.51
	As at 31 March 2020	**(3,958.41)**
	Total	**(3,740.49)**

Securities premium is used to record the premium on issue of shares. It is utilised in accordance with the provisions of Companies Act, 2013.

12. Non - Current financial liabilities

	As at 31 March, 2020	As at 31 March, 2019
Lease Liabilities (refer note 24)	**407.39**	–
	407.39	–

13. Provision – Non-current

	As at 31 March, 2020	As at 31 March, 2019
Provision for employee defined benefits obligations		
Gratuity (refer note 25)	**46.38**	31.40
Post employment medical benefits (refer note 25)	**23.43**	19.03
Compensated absences	**32.54**	–
	102.35	50.43

(All amounts in Indian ₹ Lacs, unless otherwise stated)

14. Current financial liabilities

		As at 31 March, 2020	As at 31 March, 2019
(A)	**Trade payables**		
	Total outstanding dues of micro enterprises and small enterprises	–	–
	Total outstanding dues of creditors other than micro enterprises and small enterprises	499.20	311.12
	(A)	499.20	311.12

Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) based on the information available with the Company is as follows:

As per the MSMED Act, 2006, the Company is required to identify Micro and Small suppliers and pay them interest on overdue amount beyond the specified period irrespective of the terms agreed with the suppliers. None of the creditors have confirmed the applicability of the MSMED Act, 2006 on them. Hence, the liability of the interest and disclosure are not required to be disclosed in the financial statements.

	As at 31 March, 2020	As at 31 March, 2019
The amounts remaining unpaid to suppliers as at the end of the year – Principal – Interest	–	–
The amount of payments made to micro and small suppliers beyond the appointed day during the accounting year.	–	–
The amount of interest paid by the buyer as per the MSMED Act, 2006.	–	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	–	–
The amount of interest accrued and remaining unpaid at the end of each accounting year.	–	–
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	–	–

		As at 31 March, 2020	As at 31 March, 2019
(B)	Lease Liabilities (refer note 24)	101.47	–
	(B)	101.47	–

		As at 31 March, 2020	As at 31 March, 2019
(C)	**Other financial liabilities**		
	Capital creditors	2.32	1.82
	Employee payable	79.84	90.01
	(C)	82.16	91.83
	Total (A+B+C)	682.83	402.95

15. Provision - Current

	As at 31 March, 2020	As at 31 March, 2019
Provision for employee defined benefits obligations		
Gratuity (refer note 25)	0.40	0.22
Compensated absences	0.98	23.67
	1.38	23.89

16. Other current liabilities

	As at 31 March, 2020	As at 31 March, 2019
Statutory dues payable	8.62	24.40
Deferred income	5.07	5.57
	13.69	29.97

17. Revenue from operations

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Sale of goods	663.81	809.88
Sale of services	30.07	127.66
	693.88	937.54
Revenue disaggregation by geography is as follows:		
Outside India	626.16	765.06
India	67.72	172.48
	693.88	937.54
Revenue disaggregation by type of customers is as follows:		
Government	-	149.28
Non-government	693.88	788.26
	693.88	937.54
Changes in Contract assets are as follows:		
Balance at the beginning of the year	–	977.61
Revenue recognised during the year	–	–
Invoices raised during the year	–	(977.61)
Balance at the end of the year	–	–

18. Other income

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Interest income on financial assets carried at amortised cost		
– bank deposits	25.73	12.26
– security deposits	1.52	2.07
Interest income on income tax refunds	1.55	–
Gain on foreign exchange fluctuation (net)	8.61	67.54
Government grants	0.51	12.56
Profit on sale of property, plant and equipment	–	0.90
Miscellaneous income	0.36	–
	38.28	95.33

19. Costs of materials consumed

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Raw materials and components consumed	179.90	412.94
	179.90	412.94

(All amounts in Indian ₹ Lacs, unless otherwise stated)

20. Employee benefit expenses

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Salaries, wages and bonus	**438.25**	446.77
Contribution to provident and other funds (refer note 25)	**21.86**	22.20
Gratuity expense (refer note 25)	**13.08**	11.20
Post employment medical benefit (refer note 25)	**7.99**	8.49
Staff welfare expenses	**19.12**	28.01
	500.30	516.67

21. Depreciation and amortisation expense

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Depreciation on property, plant and equipment (refer note 3)	**84.57**	99.24
Depreciation on right-of-use assets (refer note 3)	**120.66**	–
Amortisation of intangible assets (refer note 4)	**11.67**	17.93
	216.90	117.17

22. Other expenses

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Shared service charges	**181.83**	162.05
Travelling and conveyance	**55.69**	61.54
Rent (refer note 24)	**68.07**	198.95
Rates and taxes	**1.65**	3.09
Legal and professional (refer below note)	**121.81**	35.26
Sales promotion	**3.56**	27.14
Insurance	**10.26**	12.29
Printing and stationery	**2.66**	4.20
Telecommunication cost	**4.95**	6.42
Power and fuel	**26.92**	38.58
Repairs and maintenance		
- Others	**26.38**	36.28
Security expenses	**15.30**	18.25
Freight outward	**6.94**	1.44
Bank charges	**13.80**	17.20
Loss on sale of property, plant and equipment	**2.38**	–
Bad debts		2.29
Impairment allowance on trade receivables	**(11.13)**	8.84
Miscellaneous expenses	**0.28**	6.09
Total	**531.35**	639.91
Payment to auditor (included in legal and professional)		
As auditor		
Audit fee	**6.50**	6.50
Tax audit fee	–	–
In other capacity		
Taxation matters	**2.50**	0.50
Reimbursement of expenses	**0.79**	–
	9.79	7.00

23. Finance cost

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Interest on:		
on cash credit	–	21.13
on lease liability	**51.21**	–
on others	–	–
	51.21	21.13

24. Commitments and Contingencies

A Contingent liabilities (to the extent not provided for)

There is no contingent liability as at 31 March 2020 and 31 March 2019.

B Commitments

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
a) Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	**13.65**	13.65
	13.65	13.65

C Undrawn committed borrowing facility

(a) The Company has availed working capital limits amounting to Rs. 1500 (31 March 2019: Rs 1500) from HDFC bank. Of this the Company has utilised Rs 559.55 and balance Rs 940.45 is undrawn as at 31 March 2020.

(b) Working capital limits from HDFC bank are secured by way of: First pari-passu hypothecation charge over stock, book debts and moveable fixed assets.

D Leases

(a) Operating lease commitments – Company as lessee

The Company has entered into operating lease agreement for building and machinery, rent payable is:

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a) not later than one year	**13.90**	185.47
(b) later than one year and not later than five years	–	657.38
(c) later than five years	–	–
	13.90	842.85
Lease payments recognised in the Statement of Profit and Loss as rent expense for the year	**68.07**	198.95

(b) Lease liabilities under IND As 116 - Company as lessee

i) The Company has taken building premises on lease.

ii) Depreciation charge for right-of-use assets, additions to right-of-use assets and carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset - Refer Note-3

iii) The following is the movement in lease liabilities during the year ended 31 March 2020:

Particulars	For the year ended 31 March, 2020
Balance as 31 March 2019	**0.00**
Addition during the year	**594.71**
Finance cost accrued during the year	**51.21**
Payment of lease liabilities	**(137.06)**
Balance as 31 March 2020	**508.86**

(All amounts in Indian ₹ Lacs, unless otherwise stated)

iv) The following is the break-up of current and non-current lease liabilities as at 31 March 2020

Particulars	As at 31 March, 2020
Current lease liabilities	101.47
Non-current lease liabilities	407.39
Total	**508.86**

v) Expense relating to short-term leases and leases of low-value assets - 31 March 2020: Rs 66.28

vi) Cash outflow for leases - 31 March 2020: Rs 137.14

vii) Maturity analysis of lease liabilities - Refer note 29 - Liquidity Risk (Other non-current financial liabilities)

25. Disclosures pursuant to Ind AS - 19 "Employee Benefits" are given below:

Contribution to Defined Contribution Plan, recognised as expense for the year is as under:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Employer's Contribution towards Provident Fund (PF)*	**20.48**	20.32
Employer's Contribution towards Employee State Insurance (ESI)	**1.12**	1.76
Employer's Contribution towards Labour welfare fund	**0.27**	0.12
	21.86	22.20

Defined Benefit Plan

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. Every employee is entitled to the benefit equivalent to 15 days of total basic salary last drawn for each completed year of service.

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation under the plan is perforrned annually at the balance sheet date by a qualified actuary using the projected unit credit method.

The Company provides post retirement medical cover to employees for grade L1 to L5 to cover the retiring employee and their spouse upto a specified age through mediclaim policy. The eligibility of the employee for the benefit as well as the amount of the medical cover purchase is determined by the grade of the employee at the time of retirement. Medical cost increase rate is company's long term best estimate as to cost increases taking into account of inflation, other relevant factors on long term basis as provided in relevant accounting standard.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and post retirement medical cover plan and the amounts recognised in the Company's financial statements as at balance sheet date:

		Post employment medical benefits		Gratuity	
		For the year ended 31 March 2020	For the year ended 31 March 2019	**For the year ended 31 March 2020**	For the year ended 31 March 2019
a)	**Reconciliation of opening and closing balances of Defined Benefit obligation**				
	Defined Benefit obligation at the beginning of the year	**19.03**	17.02	**31.62**	25.80
	Interest Expense	**1.46**	1.33	**2.42**	2.01
	Current Service Cost	**6.53**	7.16	**10.66**	9.19
	Benefit paid	–	–	–	–
	Remeasurement of (Gain)/loss in other comprehensive income				
	Actuarial changes arising from changes in demographic assumptions	–	–	**0.02**	–
	Actuarial changes arising from changes in financial assumptions	**2.66**	1.90	**6.33**	0.72
	Actuarial changes arising from changes in experience adjustments	**(6.25)**	(8.38)	**(4.27)**	(6.10)
	Defined Benefit obligation at year end	**23.43**	19.03	**46.78**	31.62
b)	**Reconciliation of opening and closing balances of fair value of plan assets**				
	Fair value of plan assets at beginning of the year	–	–	–	–
	Expected return on plan assets	–	–	–	–
	Employer contribution	–	–	–	–
	Remeasurement of (Gain)/loss in other comprehensive income	–	–	–	–
	Return on plan assets excluding interest income	–	–	–	–
	Benefits paid	–	–	–	–
	Fair value of plan assets at year end	–	–	–	–
c)	**Net defined benefit asset/(liability) recognized in the balance sheet**				
	Fair value of plan assets	–	–	–	–
	Present value of defined benefit obligation	**(23.43)**	(19.03)	**(46.78)**	(31.62)
	Amount recognized in Balance Sheet- Asset/(Liability)	**(23.43)**	(19.03)	**(46.78)**	(31.62)

(All amounts in Indian ₹ Lacs, unless otherwise stated)

		Post employment medical benefits		Gratuity	
		For the year ended 31 March 2020	For the year ended 31 March 2019	**For the year ended 31 March 2020**	For the year ended 31 March 2019
d)	**Net defined benefit expense (Recognised in the Statement of Profit and Loss for the year)**				
	Current Service Cost	**6.53**	7.16	**10.66**	9.19
	Net Interest Cost	**1.46**	1.33	**2.42**	2.01
	Net defined benefit expense debited to Statement of Profit and Loss	**7.99**	8.49	**13.08**	11.20
e)	**Remeasurement (gain)/loss recognized in other comprehensive income**				
	Actuarial changes arising from changes in demographic assumptions	**–**	–	**0.02**	–
	Actuarial changes arising from changes in financial assumptions	**2.66**	1.90	**6.33**	0.72
	Actuarial changes arising from changes in experience adjustments	**(6.25)**	(8.38)	**(4.27)**	(6.10)
	Return on Plan assets excluding interest income	**–**	–	**–**	–
	Recognized in other comprehensive income	**(3.59)**	(6.48)	**2.08**	(5.38)
f)	**Broad categories of plan assets as a percentage of total assets**				
	Insurer managed funds				
		31 March, 2020	31 March, 2019	**31 March, 2020**	31 March, 2019
g)	**Principal assumptions used in determining defined benefit obligation**				
	Mortality Table (LIC)	**2006–08 (Ultimate)**	2006–08 (Ultimate)	**2006–08 (Ultimate)**	2006–08 (Ultimate)
	Discount rate (per annum)	**6.79%**	7.66%	**6.79%**	7.66%
	Salary Escalation/Future medical cost increase	**10.00%**	10.00%	**10.00%**	10.00%
	Attrition Rate				
	Upto 30 years	**3.00%**	3.00%	**3.00%**	3.00%
	Upto 31 years to 44 years	**2.00%**	2.00%	**2.00%**	2.00%
	Above 44 years	**1.00%**	1.00%	**1.00%**	1.00%
i)	**Quantitative sensitivity analysis for significant assumptions is as below:**	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019
	Increase/(decrease) on present value of defined benefits obligations at the end of the year				
	Discount Rate				
	Increase by 1.00%	**(2.30)**	(1.87)	**(7.18)**	(4.98)
	Decrease by 1.00%	**2.21**	1.79	**9.03**	5.57
	Salary Increase				
	Increase by 1.00%	**N.A.**	N.A.	**8.65**	4.72
	Decrease by 1.00%	**N.A.**	N.A.	**(7.05)**	(4.26)
j)	**Maturity profile of defined benefit obligation**	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019
	Within the next 12 months (next annual reporting period)	**0.01**	0.01	**0.40**	0.22
	Between 1 and 2 years	**2.70**	0.21	**0.91**	0.25
	Between 2 and 5 years	**3.30**	2.85	**5.26**	1.62
	Over 5 years	**17.42**	15.96	**40.21**	29.53
	Total expected payments	**23.43**	19.03	**46.78**	31.62

k) The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the actuary.

l) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

m) The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

n) **Components of Other Comprehensive Income (OCI)**

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

Retained Earnings

	31 March, 2020	31 March, 2019
Re-measurement gains/(losses) on defined benefit plans	**1.51**	11.86
	1.51	11.86

26. Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Board of Directors and the Company has only one reportable business segment i.e. defence sector.

Accordingly, the disclosure requirements of Ind AS 108 are not applicable.

Entity wide disclosure details as per Ind AS 108 on Operating segments are given below:

Information about geographical areas:

The following table shows the distribution of the Company's operating revenue by geographical location of customers, regardless of where the goods were produced/services were rendered from:

Particulars		Year ended 31 March, 2020	Year ended 31 March, 2019
Revenue from operations	India	**67.72**	172.48
	Outside India	**626.16**	765.06

The following table shows the carrying amounts of non-current segment assets by geographical area in which the assets are located:

Particulars		Year ended 31 March, 2020	Year ended 31 March, 2019
Non-current assets*	India	**1,390.97**	704.79
	Outside India	–	–

(All amounts in Indian ₹ Lacs, unless otherwise stated)

*** Non-current assets**

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
India		
Property, plant and equipment	**411.41**	474.31
Right-of-use assets	**474.05**	–
Capital work-in-progress	**2.26**	2.26
Intangible assets	**63.98**	75.65
Financial assets	**88.01**	82.38
Other non-current assets	**351.26**	70.19
Outside India	–	–
Total	**1,390.97**	704.79

Information about major customers:

Major individual customer with whom revenue exceeds more than 10% of the Company's revenue:

Name of Customer	For the year ended 31 March 2020	For the year ended 31 March 2019
Telephonics Corporation	**626.16**	765.06
Directorate of engineering	–	149.28

27. Related party transactions

The related parties as per the terms of Ind AS-24,"Related Party Disclosures", as amended are disclosed below:-

(A) Names of related parties and description of relationship:

(i) Related party where control exists

Joint venture partner

1 Mahindra Defence Systems Limited (MDSL), India*

2 Telephonics Corporation (TC), United States of America (USA)

Holding Company/fellow subsidiary of Joint Venture Partner

1 Mahindra & Mahindra Limited (M&M)

2 Mahindra Integrated Business Solutions Private Limited (MIBL)

Entity over which M&M has significant influence

Tech Mahindra Limited (TML)

Key management personnel

1	Mr. Jayantaraj Chatterjee (JC)	Chief Executive Officer (CEO)
2	Mr. Arun Gupta (AG)	Chief Financial Officer (CFO)
3	Mr. Manish Sharma (MS)	Company Secretary (CS) (w.e.f. 05 February, 2019)
4	Mr. Rajesh Parte (RP)	Company Secretary (CS) (upto 30 September, 2018)

*Entities which also have common directors

(B) Transactions during the year

For the year ended 31 March, 2020

Particulars	MDSL	M&M	DLSI	TML	TC	MIBL	Key managerial personnel	Total
Sale of goods	–	–	–	–	**626.16**	–	–	**626.16**
Sale of service	–	–	–	**30.06**	–	–	–	**30.06**
Cost of material consumed	–	–	–	–	**0.02**	–	–	**0.02**
Rent**	**137.14**	–	–	–	**49.06**	–	–	**186.20**
Shared service charges**	**175.69**	**5.06**	–	–	–	**1.08**	–	**181.83**
Power and fuel	**22.41**	–	–	–	–	–	–	**22.41**
Employee benefits*	–	–	–	–	–	–	**121.62**	**121.62**
Reversal of Provision for doubtful debts	–	–	–	–	**11.13**	–	–	**11.13**

(All amounts in Indian ₹ Lacs, unless otherwise stated)

Particulars	MDSL	M&M	DLSI	TML	TC	MIBL	Key managerial personnel	Total
Professional Services	–	–	–	–	**104.44**	–	–	**104.44**
Other expenses**	–	**0.45**	–	–	–	–	–	**0.45**
Purchase of property, plant and equipment**	–	**8.94**	–	–	–	–	–	**8.94**
Total	**335.24**	**14.45**	–	**30.06**	**790.81**	**1.08**	**121.62**	**1,293.26**

* The remuneration of key management personnel as disclosed above does not include provision made for gratuity, post retirement medical cover plan and compensated absences as they are determined on actuarial basis for the Company as a whole and individual amounts are not available.

** net of Goods and Services tax, swach bharat cess amount and krishi kalyan cess.

For the year ended 31 March, 2019

Particulars	MDSL	M&M	DLSI	TML	TC	MIBL	Key managerial personnel	Total
Sale of goods	–	–	–	–	765.06	–	–	765.06
Cost of material consumed	–	–	–	–	27.52	–	–	27.52
Rent**	130.51	–	–	–	49.23	–	–	179.74
Shared service charges**	151.50	8.50	–	–	–	1.17	–	161.17
Power and fuel	29.59	–	–	–	–	–	–	29.59
Employee benefits*	–	–	–	–	–	–	115.60	115.60
Provision for doubtful debts	–	–	–	–	11.13	–	–	11.13
Purchase of property, plant and equipment**	–	12.26	–	–	–	–	–	12.26
Total	311.60	20.76	–	–	852.94	1.17	115.60	1,302.07

* The remuneration of key management personnel as disclosed above does not include provision made for gratuity, post retirement medical cover plan and compensated absences as they are determined on actuarial basis for the Company as a whole and individual amounts are not available.

** net of GST/service tax, swach bharat cess amount and krishi kalyan cess.

Balance as at year end

Particulars	**As at 31 March, 2020**			As at 31 March, 2019	
	Receivable	**Payable**	**Prepaid Expenses**	Receivable	Payable
M&M	**–**	**2.64**	**–**	–	10.99
MDSL	**–**	**307.00**	**–**	–	146.58
MIBL	**–**	**0.10**	**–**	–	0.10
TML	**23.68**	**–**	**–**	–	–
TC	**347.20**	**97.89**	**442.58**	325.82	73.08
TC- Advance paid	**–**	**–**	**–**	137.92	–
Total	**370.88**	**407.63**	**442.58**	463.74	230.75

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

28. Fair value measurements

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

Financial instruments by category	**Carrying Value**		**Fair Value**	
	As at 31 March, 2020	As at 31 March, 2019	**As at 31 March, 2020**	As at 31 March, 2019
Financial assets at amortised cost				
Cash and cash equivalent	**175.67**	867.12	**175.67**	867.12
Bank balances other than cash and cash equivalent	**95.01**	296.45	**95.01**	296.45
Other financial assets (current)	**4.62**	0.67	**4.62**	0.67
Loans	**20.47**	23.58	**20.47**	23.58
Trade receivables	**376.69**	335.13	**376.69**	335.13
	672.46	1,522.95	**672.46**	1,522.95

(All amounts in Indian ₹ Lacs, unless otherwise stated)

Financial instruments by category	Carrying Value		Fair Value	
	As at 31 March, 2020	As at 31 March, 2019	**As at 31 March, 2020**	As at 31 March, 2019
Financial Liabilities at amortised cost				
Borrowings	**499.20**	311.12	**499.20**	311.12
Trade Payables	**101.47**	-	**101.47**	-
Other financial liabilities	**82.16**	91.83	**82.16**	91.83
	682.83	402.95	**682.83**	402.95

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1) The fair value of financial assets and liabilities at amortised cost is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

2) Long-term receivables/payables are evaluated by the Company based on parameters such as interest rates, risk factors, individual creditworthiness of the counterparty and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

The significant unobservable inputs used in the fair value measurement categorised within level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2020, are as shown below:

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly,

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2019

	Carrying Value	Fair Value		
Assets carried at amortized cost for which fair value are disclosed	**31 March, 2020**	Level 1	Level 2	Level 3
Loans	**20.47**	–	–	20.47
Other financial assets (current)	**4.62**	–	–	4.62

Quantitative disclosures of fair value measurement hierarchy for assets as on 31 March 2018

	Carrying Value	Fair Value		
Assets carried at amortised cost for which fair value are disclosed	31 March, 2019	Level 1	Level 2	Level 3
Loans	**23.58**	–	–	23.58
Other financial assets	**0.67**	–	–	0.67

Note: The management assessed that cash and cash equivalents, bank balance other than cash and equivalent, trade receivables, trade payables, borrowings and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

29. Financial risk management objectives and policies

The Company's principal financial liabilities comprise of trade and other payables and cash credit from bank. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets includes security deposits given for rental properties taken on lease and equipment leases, trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors. This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised as below:

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. However, since the Company is not having any borrowings and since its nature of business does not involve commodities, it is not exposed to interest rate risk and other price risk. Financial instruments affected by market risks include deposits and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at 31 March 2020. The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations, provisions, and the non-financial assets and liabilities. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31 March 2020.

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is party balanced by purchasing of goods from the respective countries. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows establish risk management policies and plan the purchases and sales in manner with similar credit period and payment period that results in a natural hedge and cover risk arising due to volatility in the foreign currency risk.

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's loss before tax is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise are as under:

Description of Currency	Currency	31 March, 2020		Impact on loss before tax and equity	
		FC	Indian Rupees	1% increase	1% decrease
United States Dollar	USD	3.24	266.90	(2.67)	2.67

Description of Currency	Currency	31 March, 2019		Impact on loss before tax and equity	
		FC	Indian Rupees	1% increase	1% decrease
United States Dollar	USD	3.79	261.55	(2.62)	2.62

Increase represents Indian Rupee becoming stronger against USD in Indian Rupee terms

(ii) Interest Rate Risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's is not exposed to the risk of changes in market interest rates since the Company's investment in fixed deposit with bank are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of change in the market interest rates.

(b) Credit Risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

(i) Trade Receivables

Currently, the Company is primarily engaged in supplying goods to one of its shareholder; namely Telephonics Corp. Further, for unrelated parties, the customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(ii) Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Company with the its treasury policy. Investments of surplus funds are made in bank deposits and other risk free securities. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2019 is the carrying amounts. The Company's maximum exposure relating to financial is noted in liquidity table below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Company.

(All amounts in Indian ₹ Lacs, unless otherwise stated)

	As at 31 March, 2020	As at 31 March, 2019
Financial assets for which allowance is measured using 12 months Expected Credit Loss Method (ECL)		
Cash and cash equivalent	**175.67**	867.12
Bank balances other than cash and cash equivalent	**95.01**	296.45
Loans	**20.47**	23.58
Other financial assets (current)	**4.62**	0.67
	295.77	1,187.82
Financial assets for which allowance is measured using Life time Expected Credit Loss Method (ECL)		
Trade Receivables	**376.69**	335.13
	376.69	335.13

Credit risk on cash and cash equivalents and bank deposits is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies.

The ageing analysis of trade receivables (gross of provision) has been considered from the date the invoice falls due

Particulars	As at 31 March, 2020	As at 31 March, 2019
Neither past due nor impaired	**207.34**	335.13
0 to 180 days due past due date	**169.35**	–
More than 180 days past due date	–	11.13
Total Trade Receivables (gross of provision)	**376.69**	346.26

The following table summarises the change in loss allowance measured using the life time expected credit loss model:-

	As at 31 March, 2020	As at 31 March, 2019
As at 01 April 2019	**11.13**	2.29
Provision during the year	–	11.13
Bad debts	**(11.13)**	(2.29)
As at 31 March, 2020	–	11.13

(c) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits and current account with bank. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

Maturity profile of financial liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

As at 31 March, 2020	Less than 1 year	1 to 5 years	Total
Trade payables	**499.20**	–	**499.20**
Lease liabilities	**101.47**	**407.39**	**508.86**
Other current financial liabilities	**82.16**	–	**82.16**
As at 31 March, 2019	Less than 1 year	1 to 5 years	Total
Trade payables	311.12	–	311.12
Other current financial liabilities	91.83	–	91.83

(All amounts in Indian ₹ Lacs, unless otherwise stated)

30. Capital Management

For the purposes of Company's capital management, capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximise shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2020 and 31 March 2019.

The Company monitors capital using gearing ratio, which is net payables divided by total capital plus net payables.

Particulars	**31 March, 2020**	31 March, 2019
Borrowings (net of cash and cash equivalent)	–	–
Net Debt	–	–
Equity	**1,337.94**	2,083.93
Total Capital	**1,337.94**	2,083.93
Capital and Net Debt	**1,337.94**	2,083.93
Gearing ratio	**0.00%**	0.00%

31. Income Taxes

		For the year ended 31 March, 2020	For the year ended 31 March, 2019
A	**Amount recognised in Statement of Profit and Loss**		
	Current tax		
	Current period (a)	–	–
	Deferred tax asset (net) (b)		
	Deferred tax asset	–	–
	Tax expense	–	–
B	**Income tax recognised in other comprehensive income**		
	Remeasurements of defined benefit liability/ (asset)		
	Before tax	**1.51**	11.86
	Tax (expense)/ benefit	–	–
	Net of tax	**1.51**	11.86

		For the year ended 31 March, 2020	For the year ended 31 March, 2019
C	**Reconciliation of effective tax rate**		
	(Loss) before tax	**(747.50)**	(674.95)
	Enacted tax rates in India	**26.00%**	26.00%
	Computed tax expense	**(194.35)**	(175.49)
	Tax effect of expenses that are not deductible for tax purposes	–	–
	Timming differences	**40.59**	9.38
	Tax on carried forward losses	**153.76**	166.11
	Income tax expense	–	–

		As at 31 March 2020	As at 31 March 2019
D	**Income tax assets and income tax liabilities**		
	Advance tax	**2.80**	4.52
		2.80	4.52
E	**Deferred tax assets (net)**		
	Deferred tax assets on account of:		
	Lease Liability	**9.03**	–
	Provision for employee benefits	**47.73**	19.32
	Carry forward business losses and unabsorbed depreciation	**954.43**	801.38
	Total deferred tax asset (A)	**1,011.18**	820.70
	Deferred tax liabilities on account of:		
	Property plant and equipment	**(9.68)**	(12.14)
	Total deferred tax liabilities (B)	**(9.68)**	(12.14)
	Net deferred tax assets/(liabilities) (A)-(B)	**1,001.50**	808.56
	Deferred tax assets recognised	–	–

The Company has significant unabsorbed depreciation and carry forward losses. Further, there exists no convincing evidence that sufficient taxable profit will be available against which such deferred tax assets can not be realised. Accordingly, the Company has recognised deferred tax assets to the extent of deferred tax liabilities.

F Movement of temporary differences

	As at 31 March 2018	Temporary Difference	Carry forward business losses and Unabsorbed depreciation	As at 31 March 2019	Temporary Difference	Carry forward business losses and Unabsorbed depreciation	**As at 31 March 2020**
Property plant and equipment	(14.25)	2.11	–	(12.14)	2.46	–	**(9.68)**
Lease Liability	–	–	–	–	9.03	–	**9.03**
Provision for employee benefits	11.49	7.83	–	19.32	28.41	–	**47.73**
Carry forward business losses and unabsorbed depreciation	628.07	–	173.31	801.38	–	153.05	**954.43**
	625.31	9.94	173.31	808.56	39.89	153.05	**1,001.50**

(All amounts in Indian ₹ Lacs, unless otherwise stated)

32. Transfer Pricing

The Company has a process of maintenance of information and documents as required by the transfer pricing regulation under sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence and updating of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation of all transactions entered into with the associated enterprises as well as deemed international transaction with un-related parties during the financial year 2019-20 and expects such records to be updated by the date as required by law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any material impact on the standalone financial statements, particularly on the amount of tax expense and that of provision for taxation.

33. Earnings per share

a) Basic Earnings per share

	As at 31 March, 2020	As at 31 March, 2019
Numerator for earnings per share		
Profit after taxation	**(747.50)**	(674.95)
Denominator for earnings per share		
Weighted number of equity shares outstanding during the year	**50,784,313**	50,784,313
Earnings per share-Basic (one equity share of INR 10 each)	**(1.47)**	(1.33)

The Company does not have any potential equity shares which have a dilutive impact on earnings per share, accordingly, basic and dilutive earnings per share are same.

The accompany notes form an integral part of financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Shweta Kumar
Partner
Membership no. : 509822

Place: Gurugram
Date: 24 April 2020

For and on behalf of Board of Directors of
Mahindra Telephonics Integrated Systems Limited

S. P. Shukla
(Director)
DIN: 00007418

Mukul Verma
(Director)
DIN : 02428217

Jayantaraj Chatterjee
(CEO)
PAN: ADJPC7684E

Arun Gupta
(CFO)
PAN: AFYPG8293A

Manish Sharma
(Company Secretary)
PAN: DIXPS7998F

Place: Mumbai
Date: 24 April 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Mahindra Emirates Vehicle Armouring FZ-L.L.C.
Ras Al Khaimah, UAE

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Mahindra Emirates Vehicle Armouring FZ-L.L.C. (the "Company")**, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2.4 to the financial statements which states that the INR amounts in the accompanying financial statements are presented as supplementary information solely for the convenience of users of the financial statements. Such supplementary information does not form part of the financial statements. We have not audited this supplementary information and, accordingly, we do not express an opinion on this supplementary information.

Other Information

Management is responsible for the other information. The other information comprises Directors' report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the articles of association of the Company and UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No. (2) of 2015, we report that:

(i) we have obtained all the information we considered necessary for the purposes of our audit;

(ii) the financial statements of the Company have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

(iii) the Company has maintained proper books of account;

(iv) the financial information included in the Directors' report is consistent with the Company's books of account;

(v) as disclosed in the note 7 to the financial statements, the Company has purchased shares during the year ended 31 March 2020;

(vi) note 9 to the financial statements of the Company discloses material related party balances, transactions and the terms under which they were conducted; and

(vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 March 2020 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 March 2020.

Deloitte & Touche (M.E.)

Signed by:
Samir Madbak
Registration No. 386

19 May 2020
Sharjah, United Arab Emirates

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2020

	Notes	2020	Unaudited Supplementary Information (refer note 2.4) 2020	2019	Unaudited Supplementary Information (refer note 2.4) 2019
		AED	**INR**	AED	INR
ASSETS					
Non-current assets					
Property and equipment	**5**	**923,178**	**18,962,076**	1,020,282	19,201,707
Right of use assets	**6**	**5,325,770**	**109,391,316**	–	–
Investment in a subsidiary	**7**	**25,900**	**531,986**	–	–
Total non-current assets		**6,274,848**	**128,885,378**	1,020,282	19,201,707
Current assets					
Inventories	**8**	**13,381,230**	**274,850,464**	5,307,876	99,894,226
Due from related parties	**9**	**13,146,628**	**270,031,739**	–	–
Trade and other receivables	**10**	**3,916,304**	**80,440,884**	3,785,068	71,234,980
Cash and bank balances	**11**	**3,376,230**	**69,347,764**	6,952,479	130,845,655
Total current assets		**33,820,392**	**694,670,851**	16,045,423	301,974,861
Total assets		**40,095,240**	**823,556,229**	17,065,705	321,176,568
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	**12.1**	**10,000,000**	**205,400,000**	10,000,000	188,200,000
Statutory reserve	**12.2**	**1,094,610**	**22,483,289**	1,071,523	20,166,063
Retained earnings		**971,146**	**19,947,339**	763,359	14,366,416
Total equity		**12,065,756**	**247,830,628**	11,834,882	222,732,479
Non- current liabilities					
Provision for employees' end of service benefits	**13**	**993,598**	**20,408,503**	918,684	17,289,632
Lease liability	**14**	**5,215,205**	**107,120,311**	–	–
Total non-current liabilities		**6,208,803**	**127,528,814**	918,684	17,289,632
Current liabilities					
Due to a related party	**9**	**9,482**	**194,760**	–	–
Lease liability	**14**	**150,207**	**3,085,252**	–	–
Trade and other payables	**15**	**21,660,992**	**444,916,775**	4,312,139	81,154,457
Total current liabilities		**21,820,681**	**448,196,787**	4,312,139	81,154,457
Total liabilities		**28,029,484**	**575,725,601**	5,230,823	98,444,089
Total equity and liabilities		**40,095,240**	**823,556,229**	17,065,705	321,176,568

For and on behalf of the Board

Yousef Mohammed Esmaeel Mohammed Al Belooshi	Director
Rajiv Gupta	Director & CEO
Johnmon Xavier	CFO

The accompanying notes form an integral part of these financial statements.

Place: Ras al khaimah
Date: 19th May 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 AED	Unaudited Supplementary Information (refer note 2.4) 2020 INR	2019 AED	Unaudited Supplementary Information (refer note 2.4) 2019 INR
Revenue	16	31,423,999	645,448,939	20,117,428	378,609,995
Cost of revenue	17	(26,514,959)	(544,617,258)	(17,029,725)	(320,499,425)
Gross profit		4,909,040	100,831,681	3,087,703	58,110,570
General and administrative expenses	18	(4,161,895)	(85,485,322)	(4,125,530)	(77,642,474)
Business promotion expenses		(326,024)	(6,696,533)	(689,512)	(12,976,616)
Finance cost	19	(379,296)	(7,790,740)	(15,910)	(299,426)
Other income	20	189,049	3,883,066	68,871	1,296,152
Profit/(loss) for the year		230,874	4,742,152	(1,674,378)	(31,511,794)
Other comprehensive income		–	–	–	–
Total comprehensive income/(loss) for the year		230,874	4,742,152	(1,674,378)	(31,511,794)

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Share capital AED	Statutory reserve AED	Retained earnings AED	Total AED
Balance at 31 March 2018	10,000,000	1,071,523	2,474,416	13,545,939
Effect of adopting IFRS 9 at 1 April 2018	–	–	(36,679)	(36,679)
Balance at 1 April 2018	10,000,000	1,071,523	2,437,737	13,509,260
Total comprehensive loss for the year	–	–	(1,674,378)	(1,674,378)
Balance at 31 March 2019	10,000,000	1,071,523	763,359	11,834,882
Total comprehensive income for the year	–	–	230,874	230,874
Transfer to statutory reserve	–	23,087	(23,087)	–
Balance at 31 March 2020	**10,000,000**	**1,094,610**	**971,146**	**12,065,756**

Unaudited Supplementary Information (refer note 2.4)

	Share capital INR	Statutory reserve INR	Retained earnings INR	Total INR
Balance at 31 March 2018	176,500,000	18,912,381	43,673,442	239,085,823
Effect of adopting IFRS 9 at 1 April 2018	–	–	(690,299)	(690,299)
Balance at 1 April 2018	176,500,000	18,912,381	42,983,143	238,395,524
Total comprehensive loss for the year	–	–	(31,511,794)	(31,511,794)
Effect of foreign exchange differences	11,700,000	1,253,682	2,895,067	15,848,749
Balance at 31 March 2019	188,200,000	20,166,063	14,366,416	222,732,479
Total comprehensive income for the year	–	–	4,742,152	4,742,152
Transfer to statutory reserve	–	474,215	(474,215)	–
Effect of foreign exchange differences	17,200,000	1,843,011	1,312,986	20,355,997
Balance at 31 March 2020	**205,400,000**	**22,483,289**	**19,947,339**	**247,830,628**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

		Unaudited Supplementary Information (refer note 2.4)		Unaudited Supplementary Information (refer note 2.4)
	2020	**2020**	2019	2019
	AED	**INR**	AED	INR
Cash flows from operating activities				
Profit / (loss) for the year	**230,874**	**4,742,152**	(1,674,378)	(31,511,794)
Adjustments for:				
Depreciation of property and equipment	**451,062**	**9,264,805**	664,523	12,506,323
Gain on disposal of property, plant and equipment	**(78,215)**	**(1,606,536)**	–	–
Provision for employees' end of service benefits	**163,200**	**3,352,128**	175,182	3,296,925
Depreciation on right of use assets	**505,163**	**10,376,048**	–	–
Finance cost	**379,296**	**7,790,740**	15,910	299,426
Provision for expected credit loss	**180,000**	**3,697,200**		
Allowance for slow-moving inventories	**–**	**–**	(41,597)	(782,856)
Operating cash flow before changes in operating assets and liabilities	**1,831,380**	**37,616,537**	(860,360)	(16,191,976)
(Increase) / decrease in inventories	**(8,073,355)**	**(165,826,712)**	4,183,094	78,725,833
(Increase) / decrease in trade and other receivables	**(422,920)**	**(8,686,777)**	5,461,541	102,786,207
Increase in due from related parties	**(13,194,628)**	**(271,017,659)**	–	–
Increase in due to a related party	**9,482**	**194,760**	–	–
Increase / (decrease) in trade and other payables	**17,348,853**	**356,345,441**	(1,751,895)	(32,970,666)
Cash (used in) / generated from operating activities	**(2,501,188)**	**(51,374,410)**	7,032,380	132,349,398
Employees' end of service benefits paid	**(88,286)**	**(1,813,394)**	(47,353)	(891,183)
Other finance cost paid	**(36,088)**	**(741,248)**	(15,910)	(299,426)
Net cash (used in) / generated from operating activities	**(2,625,561)**	**(53,929,031)**	6,969,117	131,158,789
Cash flows from investing activities				
Purchase of property and equipment	**(364,259)**	**(7,481,879)**	(46,384)	(872,947)
Proceeds from disposal of property and equipment	**88,516**	**1,818,125**	–	–
Consideration paid for acquisition of subsidiary	**(25,900)**	**(531,986)**	–	–
Decrease / (increase) in fixed deposits	**5,339,800**	**109,679,492**	(5,913,319)	(111,288,664)
Net cash generated from / (used in) investing activities	**5,038,157**	**103,483,752**	(5,959,703)	(112,161,611)
Cash flows from financing activities				
Repayment of principal and interest on lease liability	**(649,045)**	**(13,331,384)**	–	–
Net movement in bank borrowings	**–**	**–**	(1,052,449)	(19,807,093)
Net cash used in financing activities	**(649,045)**	**(13,331,384)**	(1,052,449)	(19,807,093)
Net increase / (decrease) in cash and cash equivalents	**1,763,551**	**36,223,345**	(43,035)	(809,915)
Cash and cash equivalents at beginning of the year	**739,382**	**13,915,169**	782,417	13,809,661
Effect of foreign exchange differences	**–**	**1,271,738**	–	915,423
Cash and cash equivalents at end of the year (Note 11)	**2,502,933**	**51,410,244**	739,382	13,915,169

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. General

Mahindra Emirates Vehicle Armouring FZ - L.L.C. – Ras Al Khaimah (the "Company"), is registered in the Emirate of Ras Al Khaimah, United Arab Emirates as a free zone – Limited Liability Company under the trade and industrial licences issued by Ras Al-Khaimah Economic Zone, Government of Ras Al Khaimah.

The principal activities of the Company are trading and assembling of automobiles, specialised vehicles, auto spare parts & components, auto accessories, special accessories fitting, tyres and rims and manufacturing of vehicle bodies and vehicle upholstery services.

The registered address of the Company is P.O. Box 39893, Ras Al Khaimah, United Arab Emirates.

These separate financial statements represent the results of operations, financial position, changes in equity and cash flows of the Company only as the financial statements of the Company and its subsidiary are being consolidated in Mahindra and Mahindra Ltd. (the Ultimate Holding Company). Accordingly, these financial statements do not include the financial performance and financial position of the Company's subsidiary which have been accounted for on a cost basis in these financial statements as permitted by International Accounting Standard 27 – "Separate Financial Statements".

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

2.1 New and revised IFRS Standards that are effective for the current year

In the current year, the Company has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of IFRS 16 on the Company's financial statements are described below. The date of initial application of IFRS 16 for the Company is 1 April 2019. The Company has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. The Company does not restate any comparative information.

a) Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 April 2019 (whether it is a lessor or a lessee in the lease contract). Management has assessed that the new definition in IFRS 16 will not significantly change the scope of contract that meet the definition of a lease for the Company.

(b) Impact on lessee accounting

(i) Former operating leases

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. Applying IFRS 16, for all leases (except for short term leases), the Company:

(a) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss;

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

The Company has lease for its office and manufacturing facility in the Emirate of Ras Al Khaimah. Rental contracts is made for fixed period of 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

For lease that were classified as operating leases applying IAS 17, the Company have recognized right-of-use assets and lease liabilities respectively by applying IFRS 16.

(c) Impact on lessor accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

(d) Financial impact of initial application of IFRS 16

The weighted average incremental borrowing rate applied to lease liabilities recognized in the statement of financial position on 1 April 2019 is 6%.

The following table shows lease liabilities recognized in the Statement of financial position at the date of initial application.

	Amount AED
Lease liability recognised as at 1 April 2019	5,671,249
Disclosed as:	
- Non-current liabilities	5,365,412
- Current liabilities	305,837

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The recognized right-of-use assets relate to properties:

	1 April 2019 AED
Warehouse & Office	5,830,933
Total right-of-use assets	5,830,933

2.2 New and amended IFRS applied with no material effect on the financial statements

The followings are the new and revised IFRSs with no material effect on financial statements:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 9 Prepayment Features with Negative Compensation The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.	1 January 2019
The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.	
Amendments to IAS 28 Investment in Associates and Joint Ventures: Relating to long-term interests in associates and joint ventures.	1 January 2019
These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	
Annual Improvements to IFRSs 2015-2017 Cycle Amendments to IFRS 3Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs.	1 January 2019
The Annual Improvements include amendments to four Standards	1 January 2019
IAS 12 Income Taxes	
The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.	
IAS 23 Borrowing costs	1 January 2019
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	
IFRS 3 Business Combinations	1 January 2019
The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re-measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.	
IFRS 11 Joint Arrangements	1 January 2019
The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.	
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: - Whether tax treatments should be considered collectively; - Assumptions for taxation authorities' examinations; - The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and - The effect of changes in facts and circumstances.	

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

2.3 New and amended IFRSs in issue but not yet effective and not early adopted

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

New and revised IFRSs	Effective for annual periods beginning on or after
Definition of Material - Amendments to IAS 1 *Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*.	1 January 2020
The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

Definition of a Business – Amendments to IFRS 3 *Business Combinations*	1 January 2020
The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.	
Amendments to *References to the Conceptual Framework in IFRS Standards*	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	
IFRS 7 Financial Instruments: Disclosures and IFRS 9 — Financial Instruments	1 January 2020
Amendments regarding pre-replacement issues in the context of the IBOR reform.	
IFRS 17 *Insurance Contracts*	1 January 2023
IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as at 1 January 2022.	
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

2.4 Convenience translation

In addition to presenting the financial statements in AED, supplementary information in INR has been prepared for the convenience of users of the financial statements.

All amounts are translated from AED to INR at the closing exchange rate at 31 March 2020 INR 20.54 to 1 AED (31 March 2019: INR 18.82).

3. Summary of significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and UAE Federal Law No. (2) of 2015.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments, if any. Historical cost is generally based on the fair value of consideration given in exchange for assets.

The principal accounting policies adopted are set out below.

3.3 Investment in subsidiaries

A subsidiary is an enterprise that is controlled by another enterprise. Investment in subsidiaries are accounted using the cost method of accounting less identified impairment losses.

Dividends declared by subsidiaries are recognised in the statement of profit and loss and comprehensive income

3.4 Revenue recognition

Revenue recognition policy

Revenue is measured based on the consideration to which the Entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. Revenue is adjusted for expected discounts and volume discounts, which are estimated based on the historical data or forecast and projections. The Entity recognises revenue when it transfers control over goods or services to its customers.

The Company is involved in the sale of goods. Revenue is recognised at point in time when control of the goods has transferred, being when the goods have been shipped to the customer's specific location. Following delivery, the customer has full control over the goods, and the primary responsibility of the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Entity when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Sale of services

Revenue from service income is recognised as the services are rendered. Revenue from service income is recognised over time as the customer simultaneously received and consumes the benefits provided by the Company's performance as the Company performs.

Interest Income

Interest income comprises of income on bank deposits. Interest income is recognized in profit or loss as it accrues, using the effective interest rate method.

3.5 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment (if any).

The cost of property and equipment is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is charged as to write off the cost of property and equipment, on a straight line basis over the expected useful economic lives of the assets concerned. The useful lives used for this purpose are:

Leasehold improvements	10 years
Machinery and equipment	7-8 years
Prototype	4 years
Motor vehicles	4 years
Furniture and equipment	4 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

3.6 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.7 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on an average cost basis and includes invoiced cost, freight and handling costs. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

3.8 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.9 Employee benefits

Annual leave and leave passage

An accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date.

Provision for employee's end of services benefits

Provision is made for the full amount of end of service benefits due to employees in accordance with the U.A.E. Labour Law, for their period of service up to the reporting date.

The provision relating to annual leave and leave passage is disclosed as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

3.10 Foreign currencies

For the purpose of these financial statements U.A.E Dirhams (AED) is the functional and the presentation currency of the Company.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the profit or loss in the period in which they arise.

3.11 Leasing

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.12 Investments in subsidiaries

Investments in subsidiaries are carried at cost in the separate statement of financial position, less accumulated impairment losses, if any.

3.13 Financial instruments

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets:

The Company designated its financial assets at amortised cost.

A financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest rate method:

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

Impairment of financial assets:

The Company recognises a loss allowance for expected credit losses on cash and cash equivalents, trade and other receivables and due from related parties. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for cash and cash equivalents, trade and other receivables and due from related parties. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,

(2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default:

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

Credit-impaired financial assets:

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;

b) a breach of contract, such as a default or past due event;

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy:

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Measurement and recognition of expected credit losses:

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets:

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of financial liabilities and an equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables (other than advance from customers) and due to a related party are classified as 'other financial liabilities.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or where appropriate, a shorter period.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for the short term payable when the recognition of interest would be immaterial.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

4. Critical accounting judgements and key sources of estimation uncertainty

While applying the accounting policies as stated in Note 3, management of the Company has made certain judgements, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the accounting policies

The critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are given below:

Revenue recognition

Management considers recognizing revenue over time, if one of the following criteria is met, otherwise revenue will be recognized at a point in time:

a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;

b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

c) the Company's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

In making their judgement, the directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Company had transferred control of the goods to the customer.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for slow moving inventories

Management has considered the requirement for an allowance for slow moving inventories. Management estimate the allowance for slow moving and obsolete inventories on the basis of prior experience, physical condition and expected future use of such inventory. Management has determined that there is no slow moving inventory except for provision created as at 31 March 2020.

Calculation of loss allowance

When measuring ECL the Entity uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Useful lives and residual values of property and equipment

As described in note 3, to the financial statements the Company reviews the estimated useful lives of property and equipment at the end of each annual reporting period. Management has determined that these expectations do not differ from estimates.

5. Property and equipment

	Leasehold improvements	Machinery and equipment	Prototype	Motor vehicles	Furniture and equipment	Total
	AED	AED	AED	AED	AED	AED
Cost						
31 March 2018	1,166,809	1,878,455	2,225,568	571,150	685,902	6,527,884
Additions	–	–	–	–	46,384	46,384
31 March 2019	1,166,809	1,878,455	2,225,568	571,150	732,286	6,574,268
Additions	–	62,043	151,474	124,140	26,602	364,259
Disposals	–	(79,600)	–	(282,500)	–	(362,100)
31 March 2020	**1,166,809**	**1,860,898**	**2,377,042**	**412,790**	**758,888**	**6,576,427**
Accumulated depreciation						
31 March 2018	811,074	1,169,410	1,908,587	460,737	539,655	4,889,463
Charge for the year	116,622	159,411	256,840	68,337	63,313	664,523

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

	Leasehold improvements AED	Machinery and equipment AED	Prototype AED	Motor vehicles AED	Furniture and equipment AED	Total AED
31 March 2019	927,696	1,328,821	2,165,427	529,074	602,968	5,553,986
Charge for the year	116,622	129,514	92,223	51,855	60,848	451,062
Eliminations on disposals	–	(69,300)	–	(282,499)	–	(351,799)
31 March 2020	**1,044,318**	**1,389,035**	**2,257,650**	**298,430**	**663,816**	**5,653,249**
Carrying amount						
31 March 2020	**122,491**	**471,863**	**119,392**	**114,360**	**95,072**	**923,178**
31 March 2019	239,113	549,634	60,141	42,076	129,318	1,020,282

The break-up of depreciation is as under:

	2020 AED	2019 AED
Cost of revenue	**138,654**	167,848
General and administrative expenses	**312,408**	496,675
	451,062	664,523

Unaudited Supplementary Information (refer note 2.4)

	Leasehold improvements INR	Machinery and equipment INR	Prototype INR	Motor vehicles INR	Furniture and equipment INR	Total INR
Cost						
31 March 2018	20,594,179	33,154,731	39,281,275	10,080,798	12,106,170	115,217,153
Additions	–	–	–	–	872,947	872,947
Effects of foreign exchange differences	1,365,166	2,197,792	2,603,915	668,245	802,506	7,637,624
31 March 2019	21,959,345	35,352,523	41,885,190	10,749,043	13,781,623	123,727,724
Additions	–	1,274,359	3,111,281	2,549,836	546,403	7,481,879
Disposals	–	(1,634,984)	–	(5,802,550)	–	(7,437,534)
Effects of foreign exchange differences	2,006,912	3,230,943	3,827,976	982,378	1,259,531	11,307,740
31 March 2020	**23,966,257**	**38,222,841**	**48,824,447**	**8,478,707**	**15,587,557**	**135,079,809**
Accumulated Depreciation						
31 March 2018	14,315,456	20,640,087	33,686,561	8,132,008	9,524,910	86,299,022
Charge for the year	2,194,826	3,000,115	4,833,729	1,286,102	1,191,551	12,506,323
Effects of foreign exchange differences	948,957	1,368,209	2,233,046	539,063	631,397	5,720,672
31 March 2019	17,459,239	25,008,411	40,753,336	9,957,173	11,347,858	104,526,017
Charge for the year	2,395,416	2,660,207	1,894,265	1,065,102	1,249,815	9,264,805
Eliminations on disposals	–	(1,423,416)	–	(5,802,529)	–	(7,225,945)
Effects of foreign exchange differences	1,595,637	2,285,573	3,724,535	910,006	1,037,105	9,552,856
31 March 2020	**21,450,292**	**28,530,775**	**46,372,136**	**6,129,752**	**13,634,778**	**116,117,733**
Carrying amount						
31 March 2020	**2,515,965**	**9,692,060**	**2,452,311**	**2,348,955**	**1,952,779**	**18,962,076**
31 March 2019	4,500,106	10,344,112	1,131,854	791,870	2,433,765	19,201,707

The break-up of depreciation is as under:

	Unaudited Supplementary Information (refer note 2.4) 2020 INR	Unaudited Supplementary Information (refer note 2.4) 2019 INR
Cost of revenue	**2,847,945**	3,158,899
General and administrative expenses	**6,416,860**	9,347,424
	9,264,805	12,506,323

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

6. Right of use assets

	2020 AED	Unaudited Supplementary Information (refer note 2.4) 2020 INR
Cost		
At 1 April 2019	5,830,933	119,767,364
Additions during the year	–	–
At 31 March 2020	5,830,933	119,767,364
Accumulated depreciation		
At 1 April 2019	–	–
For the period	**505,163**	**10,376,048**
At 31 March 2020	**505,163**	**10,376,048**

	2020 AED	Unaudited Supplementary Information (refer note 2.4) 2020 INR
Carrying amount At 31 March 2020	**5,235,770**	**109,391,316**

The break-up of depreciation is as under:

	2020 AED	Unaudited Supplementary Information (refer note 2.4) 2020 INR
Cost of revenue	**303,098**	**6,225,633**
General and administrative expenses	**202,065**	**4,150,415**
	505,163	**10,376,048**

7. Investment in a subsidiary

Name	Proportion of ownership	Country of incorporation	Principal activity	2020 AED	2020 INR
Mahindra Armored Vehicles (Jordan) LLC	100%	Jordan	Manufacturing, armoring and sales of armored vehicles, bullet-proof vehicles, security vehicles, military vehicles, cash in transit vehicles, police vehicles, ambulances and special-purpose vehicles.	25,900	531,986

During the year ended 31 March 2020, the Company has invested in equity shares of Mahindra Armored Vehicles (Jordan) LLC, a wholly owned subsidiary. Number of shares held by the Company are 5,000 shares.

8. Inventories

	2020 AED	Unaudited Supplementary Information (refer note 2.4) 2020 INR	2019 AED	Unaudited Supplementary Information (refer note 2.4) 2019 INR
Vehicles	**12,042,314**	**247,349,130**	4,880,626	91,853,381
Steel and carpets	**602,134**	**12,367,832**	423,788	7,975,690
Others	**938,020**	**19,266,931**	204,700	3,852,454
	13,582,468	**278,983,893**	5,509,114	103,681,525
Allowance for slow-moving inventories	**(201,238)**	**(4,133,429)**	(201,238)	(3,787,299)
	13,381,230	**274,850,464**	5,307,876	99,894,226

During the year, amount written back during the year amounted to AED Nil - INR Nil (2019: AED 41,597 - INR 782,856).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

9. Related party transactions

Related parties include the Subsidiary, Company's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

Due from related parties

		Unaudited Supplementary Information (refer note 2.4)		Unaudited Supplementary Information (refer note 2.4)
	2020 AED	**2020 INR**	2019 AED	2019 INR
Mahindra Defence Systems Limited	**8,976,800**	**184,383,472**	–	–
Mahindra Armored Vehicles (Jordan) LLC	**4,217,828**	**86,634,187**	–	–
	13,194,628	**271,017,659**	–	–
Less: Provision for expected credit loss	**(48,000)**	**(985,920)**	–	–
	13,146,628	**270,031,739**	–	–

During the year, impairment amounting to AED 48,000 (2019: Nil) was recognized.

Due to a related party

		Unaudited Supplementary Information (refer note 2.4)		Unaudited Supplementary Information (refer note 2.4)
	2020 AED	**2020 INR**	2019 AED	2019 INR
Mahindra & Mahindra Limited	**9,482**	**194,760**	–	–

During the year, the Company entered into the following transactions with related parties:

		Unaudited Supplementary Information (refer note 2.4)		Unaudited Supplementary Information (refer note 2.4)
	2020 AED	**2020 INR**	2019 AED	2019 INR
Purchases	**210,298**	**4,319,521**	239,838	4,513,743
Sale of armoured vehicles	**13,360,310**	**274,420,764**	–	–
Sale of property and equipment	**88,854**	**1,825,061**	–	–

The Company has entered into transaction with related parties which were on substantially the same terms as those prevailing the same time for comparable transactions with third party.

Compensation of key management personnel:

		Unaudited Supplementary Information (refer note 2.4)		Unaudited Supplementary Information (refer note 2.4)
	2020 AED	**2020 INR**	2019 AED	2019 INR
Salaries and benefits	**527,800**	**10,841,012**	564,800	10,629,536

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

10. Trade and other receivables

	2020 AED	Unaudited Supplementary Information (refer note 2.4) 2020 INR	2019 AED	Unaudited Supplementary Information (refer note 2.4) 2019 INR
Trade receivables	**3,077,582**	**63,213,534**	2,538,540	47,775,323
Provision for expected credit loss	**(168,679)**	**(3,464,667)**	(36,679)	(690,299)
	2,908,903	**59,748,867**	2,501,861	47,085,024
Advances to suppliers	**252,105**	**5,178,237**	171,260	3,223,113
Prepaid expenses	**255,731**	**5,252,715**	417,849	7,863,918
Deposits and other receivables	**499,565**	**10,261,065**	694,098	13,062,925
	3,916,304	**80,440,884**	3,785,068	71,234,980

The average credit period ranges between 60-90 days.

Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits by customer.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in estimation techniques or significant assumptions made during the current reporting period.

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	2020	Unaudited Supplementary Information (refer note 2.4) 2020	2019	Unaudited Supplementary Information (refer note 2.4) 2019
Balance at the beginning of the year	**36,679**	**690,299**	36,679	690,299
Add: Provision for expected credit loss (Note 24)	**132,000**	**2,711,280**	–	–
Less: Allowance no longer required written back	**–**	**–**	–	–
Add: Effect of exchange rate movement	**–**	**63,088**	–	–
	168,679	**3,464,667**	36,679	690,299

11. Cash and bank balances

	2020 AED	Unaudited Supplementary Information (refer note 2.4) 2020 INR	2019 AED	Unaudited Supplementary Information (refer note 2.4) 2019 INR
Cash on hand	**21,514**	**441,898**	14,022	263,894
Current account with bank	**2,481,419**	**50,968,346**	725,360	13,651,275
Fixed deposit	**873,297**	**17,937,520**	6,213,097	116,930,486
	3,376,230	**69,347,764**	6,952,479	130,845,655
Less: Fixed deposits with original maturity more than three months	**(873,297)**	**(17,937,520)**	(6,213,097)	(116,930,486)
	2,502,933	**51,410,244**	739,382	13,915,169

12. Share capital and statutory reserve

12.1 Share capital

	2020 AED	Unaudited Supplementary Information (refer note 2.4) 2020 INR	2019 AED	Unaudited Supplementary Information (refer note 2.4) 2019 INR
Issued and fully paid up:				
10,000 ordinary shares of AED 1,000 each	**10,000,000**	**205,400,000**	10,000,000	188,200,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

At 31 March 2020

The contribution by the Shareholders is as follows:

	No. of shares	Percentage %	Amount AED
Mahindra Overseas Investment Company (Mauritius) Limited, Mauritius	8,800	88	8,800,000
RAK Transport Investment Company L.L.C., Ras Al Khaimah	1,200	12	1,200,000
	10,000	**100**	**10,000,000**

At 31 March 2019

The contribution by the Shareholders is as follows:

	No. of shares	Percentage %	Amount AED
Mahindra Overseas Investment Company (Mauritius) Limited, Mauritius	8,800	88	8,800,000
RAK Transport Investment Company L.L.C., Ras Al Khaimah	1,200	12	1,200,000
	10,000	**100**	**10,000,000**

Unaudited Supplementary Information (refer note 2.4)

The contribution by the Shareholders is as follows:

	No. of shares	Percentage %	Amount INR
Mahindra Overseas Investment Company (Mauritius) Limited, Mauritius	8,800	88	180,752,000
RAK Transport Investment Company L.L.C., Ras Al Khaimah	1,200	12	24,648,000
	10,000	**100**	**205,400,000**

Unaudited Supplementary Information (refer note 2.4)

The contribution by the Shareholders is as follows:

	No. of shares	Percentage %	Amount INR
Mahindra Overseas Investment Company (Mauritius) Limited, Mauritius	8,800	88	165,616,000
RAK Transport Investment Company L.L.C., Ras Al Khaimah	1,200	12	22,584,000
	10,000	**100**	**188,200,000**

12.2 Statutory reserve

According to the requirements of the UAE Federal Law No. (2) of 2015, 10% of the net profit for the year is required to be transferred to statutory reserve. The Company may resolve to discontinue such annual transfer when the statutory reserve is equal to 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated by law.

13. Provision for employees' end of service benefits

Movements in the net liability were as follows:

	2020 AED	**Unaudited Supplementary Information (refer note 2.4) 2020 INR**	2019 AED	Unaudited Supplementary Information (refer note 2.4) 2019 INR
Balance at the beginning of the year	**918,684**	**17,289,632**	790,855	13,958,591
Amounts charged to income	**163,200**	**3,352,128**	175,182	3,296,925
Amount paid	**(88,286)**	**(1,813,394)**	(47,353)	(891,183)
Effects of foreign exchange differences	**–**	**1,580,137**	–	925,299
Balance at the end of the year	**993,598**	**20,408,503**	918,684	17,289,632

14. Lease liability

	2020 AED	**Unaudited Supplementary Information (refer note 2.4) 2020 INR**	2019 AED	Unaudited Supplementary Information (refer note 2.4) 2019 INR
Total lease liability	**5,365,412**	**110,205,563**	–	–
Less: Current portion	**(150,207)**	**(3,085,252)**	–	–
Non-current portion of lease liability	**5,215,205**	**107,120,311**	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

Movement in lease liability is as under:

		Unaudited Supplementary Information (refer note 2.4)		Unaudited Supplementary Information (refer note 2.4)
	2020 AED	**2020 INR**	2019 AED	2019 INR
Recognised as at 01 April 2019	**5,671,249**	**116,487,455**	–	–
Interest expense on lease liability	**343,208**	**7,049,492**	–	–
Amount paid	**(649,045)**	**(13,331,384)**	–	–
Balance at the end of the year	**5,365,412**	**110,205,563**	–	–

15. Trade and other payables

		Unaudited Supplementary Information (refer note 2.4)		Unaudited Supplementary Information (refer note 2.4)
	2020 AED	**2020 INR**	2019 AED	2019 INR
Trade payables	**1,247,622**	**25,626,156**	416,875	7,845,589
Advances received from customers	**19,139,605**	**393,127,486**	2,550,920	48,008,314
Accrued expenses and other payables	**1,273,765**	**26,163,133**	1,344,344	25,300,554
	21,660,992	**444,916,775**	4,312,139	81,154,457

Trade payables include due to related parties amounting to AED Nil (INR Nil) (31 March 2019: AED 42,014 (INR 790,697).

The Company has financial risk management policies in place to ensure that all payables are paid within credit timeframe.

16. Revenue

		Unaudited Supplementary Information (refer note 2.4)		Unaudited Supplementary Information (refer note 2.4)
	2020 AED	**2020 INR**	2019 AED	2019 INR
Sales of armoured vehicles and accessories	**30,727,494**	**631,142,726**	18,694,413	351,828,853
Storage income	**696,505**	**14,306,213**	1,423,015	26,781,142
	31,423,999	**645,448,939**	20,117,428	378,609,995

The Company derives its revenue from contracts with customers for transfer of goods at a point in time.

17. Cost of Revenue

		Unaudited Supplementary Information (refer note 2.4)		Unaudited Supplementary Information (refer note 2.4)
	2020 AED	**2020 INR**	2019 AED	2019 INR
Purchases	**30,331,308**	**623,005,066**	8,558,493	161,070,839
DIRECT COSTS	**4,257,005**	**87,438,904**	4,288,138	80,702,757
Changes in inventories	**(8,073,354)**	**(165,826,712)**	4,183,094	78,725,829
	26,514,959	**544,617,258**	17,029,725	320,499,425

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

18. General and administrative expenses

		Unaudited Supplementary Information (refer note 2.4)		Unaudited Supplementary Information (refer note 2.4)
	2020 AED	**2020 INR**	2019 AED	2019 INR
Staff salaries and benefits	**2,515,633**	**51,671,102**	2,411,673	45,387,685
Rent	**9,747**	**200,203**	303,754	5,716,650
Depreciation on property and equipment	**312,408**	**6,416,860**	496,675	9,347,424
Depreciation of right of use assets	**202,065**	**4,150,415**	–	–
Provision for expected credit loss	**180,000**	**3,697,200**	–	–
Miscellaneous expenses	**942,042**	**19,349,542**	913,428	17,190,715
	4,161,895	**85,485,322**	4,125,530	77,642,474

19. Finance cost

		Unaudited Supplementary Information (refer note 2.4)		Unaudited Supplementary Information (refer note 2.4)
	2020 AED	**2020 INR**	2019 AED	2019 INR
Interest expense on lease liability	**343,208**	**7,049,492**	–	–
Others	**36,088**	**741,248**	15,910	299,426
	379,296	**7,790,740**	15,910	299,426

20. Other income

		Unaudited Supplementary Information (refer note 2.4)		Unaudited Supplementary Information (refer note 2.4)
	2020 AED	**2020 INR**	2019 AED	2019 INR
Interest income	**105,213**	**2,161,075**	24,864	467,941
Gain on disposal of property and equipment	**78,215**	**1,606,536**	–	–
Reversal of allowance for slow-moving inventories	**–**	**–**	41,597	782,855
Miscellaneous income	**5,621**	**115,455**	2,410	45,356
	189,049	**3,883,066**	68,871	1,296,152

21. Contingent liabilities

		Unaudited Supplementary Information (refer note 2.4)		Unaudited Supplementary Information (refer note 2.4)
	2020 AED	**2020 INR**	2019 AED	2019 INR
Letters of guarantee	**1,040,603**	**21,373,986**	383,645	7,220,193

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

22. Bank Borrowings

The Company has obtained a bank overdraft facility of AED 7 million. Bank borrowings are secured against Demand Promissory Note, letter of installment with acceleration clause, letter of continuing security, possessory pledge over plant and machinery and assignment of lease hold right on land mortgage of factory building and letter of comfort from Shareholders. At as reporting, the Company has not utilized credit facility except letter for guarantees.

23. Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to the Shareholder.

The capital structure of the Company consists of equity, comprising share capital and retained earnings.

24. Financial instruments

24.1 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

24.2 Categories of financial instruments

	2020 AED	2019 AED
Financial assets		
Trade and other receivables	**3,408,468**	3,195,959
Due from related parties	**13,146,628**	–
Cash and bank balances	**3,376,230**	6,952,479
	19,931,326	10,148,438
Financial liabilities		
Trade and other payables	**2,521,387**	1,761,219
Due to a related party	**9,482**	–
	2,530,869	1,761,219

	Unaudited Supplementary Information (refer note 2.4) 2020 INR	Unaudited Supplementary Information (refer note 2.4) 2019 INR
Financial assets		
Trade and other receivables	**70,009,932**	60,147,949
Due from related parties	**270,031,739**	–
Cash and bank balances	**51,410,244**	130,845,655
	391,451,915	190,993,604
Financial liabilities		
Trade and other payables	**51,789,309**	33,146,143
Due to a related party	**194,760**	–
	51,984,069	33,146,143

Management considers that the carrying amounts of the financial assets and financial liabilities recorded in the financial statements approximate their fair values

24.3 Financial risk management objectives

The Company's Finance Department, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

24.4 Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are measured using sensitivity analysis.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

24.5 Foreign currency risk management

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams or US Dollars to which the Dirham is fixed.

24.6 Interest rate risk management

The Company's exposure to interest rate risk is limited to call and short term deposits existing with banks at fixed interest rates linked to LIBOR. At 31 March 2020 bank deposits carried an interest rate in the range of 1.50% to 1.95 % per annum (31 March 2019 1.50% to 1.55% per annum).

If interest rates had been 50 basis points higher/lower throughout the year and all other variables were held constant, the Company's profit for the year ended 31 March 2020 would have increased/decreased by approximately AED 4,366 million (2018: increased/decreased by AED 31,065).

The Company's sensitivity to interest rates has not changed significantly from the prior year.

24.7 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at 31 March 2019, the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Company arises from:

- the carrying amount of the respective recognised financial assets as stated in the statement of financial position; and
- the maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The credit rating information is supplied by independent rating agencies where available and, if not available, the Management uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

31 March 2020	**Note**	**External credit ratings**	**Internal credit ratings**	**12 month or lifetime ECL**	**Gross carrying amount (AED)**	**Loss allowance (AED)**	**Net carrying amount (AED)**
Due from related parties	**9**	**N/A**	**N/A**	**Lifetime ECL**	**13,194,628**	**(48,000)**	**13,146,628**
Trade receivables	**10**	**N/A**	**N/A**	**Lifetime ECL**	**3,077,582**	**(168,679)**	**2,908,903**
Cash and bank	**11**	**BB**	**N/A**	**12-month ECL**	**3,376,230**	**–**	**3,376,230**

31 March 2019	Note	External credit ratings	Internal credit ratings	12 month or lifetime ECL	Gross carrying amount (AED)	Loss allowance (AED)	Net carrying amount (AED)
Trade receivables	**10**	N/A	N/A	Lifetime ECL	2,538,540	(36,679)	2,501,861
Cash and bank	**11**	BB	N/A	12-month ECL	6,952,479	–	6,952,479

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognized a loss allowance of 1.44% against all receivables.

The following table details the risk profile of trade receivables based on the Company's provision matrix.

	Trade receivables – Days Past Due						
31 March 2020	**Not past due**	**<30**	**31-60**	**61-90**	**91-120**	**>120**	**Total**
	AED	**AED**	**AED**	**AED**	**AED**	**AED**	**AED**
Expected credit loss rate	**0.41%**	**1.00%**	**5.00%**	**7.00%**	**–**	**16.86%**	
Estimated total gross carrying amount at default	**47,716**	**1,784,452**	**495,871**	**5,358**	**–**	**744,185**	**3,077,582**
Life time ECL	**196**	**17,845**	**24,794**	**375**	**–**	**125,469**	**168,679**

	Trade receivables – Days Past Due						
31 March 2019	Not past due	<30	31-60	61-90	91-120	>120	Total
	AED	AED	AED	AED	AED	AED	AED
Expected credit loss rate	0.1%	10.91%	10.00%	–	–	76.62%	
Estimated total gross carrying amount at default	2,301,476	1,008	219,935	–	–	16,121	2,538,540
Life time ECL	2,232	110	21,984	–	–	12,353	36,679

24.8 Liquidity risk management

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The Company manages the liquidity risk by maintaining adequate reserves, sufficient cash and cash equivalent and arranging the contributions from the Shareholders to ensure that the funds are available to meet its commitments for liabilities as they fall due. All financial assets and liabilities are expected to be matured within one year from the end of the reporting period except for the lease liability.

25. COVID–19 impact

The Company has assessed the value of assets and liabilities as at 31 March 2020 due to rapidly changing dynamics of COVID-19. The Company expects no significant delay in completing the customer orders and the completed orders will be dispatched to respective locations. The management is closely monitoring the liquidity position of the Company, which is healthy so far. Accordingly, the management anticipates no material impact on value of assets and liabilities as at 31 March 2020 due to COVID-19 and does not foresee any going concern issues.

26. Approval of the financial statements

The financial statements were approved by the Directors and authorised for issue on 19 May 2020.

INDEPENDENT AUDITOR'S REPORT

TO THE PARTNER OF MAHINDRA ARMORED VEHICLES JORDAN A LIMITED LIABILITY COMPANY AQABA - JORDAN

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahindra Armored Vehicles Jordan** ("the Company"), which comprise the statement of financial position as of March 31, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in Shareholders' equity and statement of cash flows for the period since inception on March 31, 2019 to March 31, 2020, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020, and its financial performance and its cash flows for the period since inception on March 31, 2019 to March 31, 2020 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with other ethical requirements that are relevant to our audit of the Company's financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The Company maintain proper accounting records, duly organized and in line with the accompanying financial statements, and we recommend to be approved.

Amman - Jordan
May 28, 2020

Deloitte & Touche (M.E.) – Jordan

STATEMENT OF FINANCIAL POSITION

	Note	March 31, 2020
ASSETS		**JD**
Current Assets:		
Cash and cash equivalents	5	**37,507**
Other debit balances	6	**43,024**
Inventories	7	**1,548,493**
Total Current Assets		**1,629,024**
Non-Current Assets:		
Property and equipment - net	8	**142,287**
Total Non-Current Assets		**142,287**
Total Assets		**1,771,311**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Due to a related party	12	**814,253**
Advances from customers	9	**906,133**
Other credit balances		**31,811**
Total Current Liabilities		**1,752,197**
Total Liabilities		**1,752,197**
Partners' Equity:		
Paid up-capital	13	**5,000**
Statutory reserve	14	**1,411**
Retained earnings		**12,703**
Total Shareholders' Equity		**19,114**
Total Liabilities and Shareholders' Equity		**1,771,311**

For and on behalf of the Board

Rajiv Gupta - Chairman
Johnmon Xavier - Director

The accompanying notes constitute an integral part of these financial statements and should be read with them and with the accompanying independent auditor's report.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	For the Period Since Inception on March 31, 2019 to March 31, 2020
		JD
Revenue		**1,641,168**
Cost of revenue	10	**(1,280,781)**
Gross Profit		**360,387**
General and administrative expenses	11	**(325,527)**
Depreciation expense	8	**(24,427)**
Other income		**3,681**
Profit for the Period/Total Comprehensive Income for the Period		**14,114**

The accompanying notes constitute an integral part of these financial statements and should be read with them and with the accompanying independent auditor's report.

STATEMENT OF CHANGES IN PARTNERS' EQUITY

	Note	Paid-Up Capital	Statutory Reserve	Retained Earnings	Total
		JD	JD	JD	JD
For the Period Since Inception on March 31, 2019 to March 31, 2020					
Paid capital	12	**5,000**	**–**	**–**	**5,000**
Total comprehensive income for the period		**–**	**–**	**14,114**	**14,114**
Transfers to reserves			**1,411**	**(1,411)**	**–**
Balance - End of the Period		5,000	1,411	12,703	19,114

The accompanying notes constitute an integral part of these financial statements and should be read with them and With the accompanying independent auditor's report.

STATEMENT OF CASH FLOWS

	Note	March 31, 2020
		JD
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the period		**14,114**
Adjustments for:		
Depreciation expense	8	**24,427**
Provisions		**25,370**
Net Cash Flows from Operating Activities before Changes in Working Capital		**63,911**
Changes in Working Capital		
Other debit balances		**(43,024)**
Inventories		**(1,548,493)**
Due to a related party		**814,253**
Advances from customers		**906,133**
Other credit balances		**17,251**
Net Cash Flows from Operating Activities before Provisions Paid		**210,031**
Paid from provisions		**(10,810)**
Net Cash Flows from Operating Activities		**199,221**
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Purchase of property and equipment	8	**(166,714)**
Net Cash Flows (used in) Investing Activities		**(166,714)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Paid capital		**5,000**
Net Cash Flows from Financing Activities		**5,000**
Net increase in cash and cash equivalents		**37,507**
Cash and cash equivalents - beginning of the period		**–**
Cash and Cash Equivalents - End of the Period	5	**37,507**

The accompanying notes constitute an integral part of these financial statements and should be read with them and with the accompanying independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

1. General

a. Mahindra Armored Vehicles Jordan was established on March 31, 2019 as a limited liability company in accordance with the Aqaba Special Economic Zone law No. (31) and its amendments, and is registered under number (1219041105) with a paid-up capital of JD 5,000. The Company is located in South Aqaba Investment Park, Aqaba – Jordan.

b. The Company's main activities are manufacturing, armoring and sales of armored vehicles, bullet-proof vehicles, security vehicles, military vehicles cash in transit vehicles, police vehicles, ambulances and special-purpose vehicles.

c. The Company is 100% owned by Mahindra Emirates Vehicle Armouring FZ -LLC.

d. The accompanying financial statements have been approved by the Board of Directors on May 5, 2020.

2. Significant Accounting Policies

<u>Basis of Preparation of the Financial Statements:</u>

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and related interpretations.

The financial statements are prepared under the historical cost convention.

The following are the significant accounting policies used by the Company:

<u>Functional Currency and Reporting Currency</u>

The financial statements are presented in Jordanian Dinar, which represents the functional currency of the Company.

<u>Property and Equipment</u>

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is computed according to straight-line method at useful lives ranging between 7 and 8 years for machinery and equipment and 4 years for computers and furniture and fixtures.

Whenever the expected recoverable amount of any property and equipment is less than its net book value, the carrying value is reduced to the recoverable amount and an impairment loss is taken to the statement of profit or loss and comprehensive income.

Property and equipment are derecognized when disposed off or no future benefit is expected from their use or disposal.

The useful lives of property and equipment are reviewed at the end of each year. In case the expected useful life is different from what was determined before, the change in estimate is recorded in the subsequent years, being a change in estimate.

Financial Instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

<u>Financial Assets</u>

Financial assets are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (except for financial assets at fair value through statement of profit or loss and other comprehensive income) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Classification of Financial Assets</u>

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value.

<u>Impairment of Financial Assets</u>

The Company recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For all other financial instruments, the Company recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. Lifetime expected credit losses represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

<u>Provision for Expected Credit Loss</u>

The Company has adopted the simplified approach to recognize expected credit losses over the life of its receivables as permitted by IFRS 9. Accordingly, non-impaired trade receivables that do not contain a significant financing component have been classified as part of stage 2 with the recognition of expected credit losses over their lifetime.

A provision for the expected credit loss should be recognized over the life of the financial instrument if the credit risk on that financial instrument increases substantially since the initial recognition and the expected credit loss is an expected weighted estimate of the present value of the credit loss. This value is measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the expectation of several future economic scenarios, discounted at the effective interest rate of the asset.

The Company assesses whether there is objective evidence of impairment on an individual basis for each asset of individual value and collectively for other assets that are not individually significant.

Provisions for loss of credit losses are presented as a reduction of the total carrying amount of financial assets at amortized cost.

<u>Derecognition of Financial Assets</u>

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of profit or loss and other comprehensive income.

<u>Financial Liabilities</u>

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Trade and other payables classified as financial liabilities are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised based on effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of Financial Liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised statement of profit or loss and comprehensive income.

Foreign Currency Transactions

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Inventories

Inventories are stated at the lower of cost or net realizable value. Finished goods (vehicles) and raw materials costs are determined using the weighted average method. Net realizable value represents the estimated selling price less all estimated completion costs and costs to be incurred in marketing, selling and distribution.

Income Tax

Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income. Moreover, income subject to tax differs from income declared in the financial statements because the latter includes non-taxable revenue or non-deductible tax expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, as well as unallowable and nontaxable items.

Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions in Jordan.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the value of the taxable amount. Moreover, deferred taxes are calculated according to the tax rates expected to be applied upon the settlement of tax liability and the realization of the deferred tax assets.

Deferred tax assets or liabilities are reviewed as the statement of financial position date and are reduced in case they are expected not to be utilized, upon the settlement of tax, wholly or partially.

Provisions

Provisions are recognized when the Company has liabilities as of the date of the statement of financial position arising from previous events, settlement of the liabilities is probable and the liabilities can be reliably measured.

Vacation Provision

A liability is recognized for benefits accruing to employees in respect of annual leave in the period the related service is rendered at the undiscounted amount of the benefits to be paid in exchange for that service.

Warranty Provision

Warranty provision is recognized for 1% of total cost of armor-related items installed, and conversion-related custom workmanship, including transparent armor, for the period of 2 years or 20,000km, whichever comes first.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is legally enforceable right to offset the recognized amounts and the company intends to either settle them one net basis or to realized the assets and settle the liability simultaneously.

Impairment of Non-Financial Assets

At the reporting date, the Company assesses whether there is evidence that the asset has been impaired. If any evidence exists, or when an impairment test is required, the Company assesses the recoverable amount of the asset. The recoverable amount of the asset is the fair value of the asset or cash-generating unit less cost to sell and value in use whichever is higher and is determined for the individual asset, unless the asset does not generate substantially independent internal cash flows from those arising from other assets or assets of the company. Where the carrying amount of the asset or cash-generating unit exceeds the recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. In assessing the fair value used, future cash flows are discounted to their present fair value using a pre-tax discount rate that reflects current market assessments of the time value of funds and the risks specific to the asset. In determining fair value less cost to sell, recent transactions in the market are taken into consideration if available. If such transactions cannot be identified, the appropriate valuation model is used.

Revenue Recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. Revenue is adjusted for expected discounts and volume discounts, which are estimated based on the historical data or forecast and projection. The Company recognizes revenue when it transfer control over goods or services to its customer.

The Company is involved in the sale of goods in the form of armored vehicles. Revenue is recognized at point in time when control of the goods has transferred, being when the goods have been shipped to customer's specific location. Following delivery, the customer has full control over the goods, and the primary responsibility of the goods and bears the risk of obsolescence and loss in relation to the goods. A receivable is recognised by the entity when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue represents the invoiced value of goods sold during the year, net of discounts and returns. Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risk and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity: and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Expenses

General and administrative expenses include direct and indirect expenses that are not directly related to the cost of sales/contracts. If necessary, expenses are distributed between general and administrative expenses and sales/contract costs on a consistent basis.

NOTES TO THE FINANCIAL STATEMENTS

Lease Contracts

The Company as a lessee

The Company assesses whether the contract contains lease when starting the contract. The Company recognizes the right to use assets and the corresponding lease obligations in relation to all lease arrangements in which the lessee is in, except for short-term lease contracts (defined as leases of 12 months or less) and low-value asset leases, and for these contracts, the Company recognizes the lease payments as an operating expense on a straight-line basis over the period of the lease, unless another regular basis is more representative of the time pattern in which the economic benefits from the leased assets are utilized.

The lease obligation is initially measured at the present value of the lease payments that were not paid on the start date of the lease, deducted by using the price implicit in the lease. If this rate cannot be easily determined, the Company uses its additional expected rate.

The lease payments included in the rental obligation measurement include:

- Fixed rental payments (essentially including fixed payments), minus accrued receivable rental incentives;
- Variable rental payments that depend on an index or rate, initially measured using the indicator or the rate at the date the contract begins.
- The amount expected to be paid by the lessee under the residual value guarantees.
- The price of the exercise of purchase options, if the lessee is reasonably certain of the exercise of the options; and
- Paying the contract termination fines, if the lease reflects the exercise of the lease termination option.

Rental obligations are presented as a separate note in the consolidated statement of financial position.

Lease obligations are subsequently measured by increasing the book value to reflect the interest in the rental obligations (using the effective interest method) and by reducing the book value to reflect the rental payments paid.

The lease obligations (and a similar adjustment to the related right-to-use assets) are re-measured whenever:

- The lease term has changed or there is an event or important change in the conditions that lead to a change in the exercise of the purchase option assessment, in which case the lease obligations are re-measured by deducting the adjusted lease payment using the adjusted discount rate.
- Lease payments change due to changes in an index, rate, or change in expected payments under the guaranteed residual value, in which cases the lease obligation is re-measured by deducting the modified rental payments using a non-variable discount rate (unless the rental payments change due to a change in the floating interest rate, in this case the adjusted discount rate is used.
- The lease contract is adjusted and the lease amendment is not accounted as a separate lease, in which case the lease obligation is re-measured based on the duration of the adjusted lease contract by deducting the adjusted rental payments using the adjusted discount rate at the actual price at the date of the amendment.

Right-of-use assets are depreciated over the life of the lease or the useful life of the asset (whichever is shorter). If the lease contract transfers the ownership of the underlying asset or the cost of the right to use, which reflects that the Company expects to exercise the purchase option, then the relevant value of the right to use is depreciated over the useful life of the asset. Depreciation begins on the date the commencement of the lease.

The Company applies International Accounting Standard (36) to determine whether the value of the right to use has decreased its value and calculates any impairment losses as described in the policy of “property and equipment”.

Variable rents that are not dependent on an index or rate are not included in the measurement of lease obligations and right-of-use assets. Related payments are recognized as an expense in the period in which the event or condition that leads to these payments occurs and are included in “Other Expenditures” in the consolidated statement of profit or loss.

The Company as a lessor

The Company enters into lease contracts as a lessor in regard with some investment properties.

Leases in which the Company is the lessor are classified as operating or finance leases. In the event that the terms of the lease contract transfer all risks and rewards of ownership to the lessee, the contract is classified as a finance lease and all other leases are classified as operating leases.

When the Company is an intermediary lessor, it represents the main lease and sub-contract as two separate contracts. The sublease contract is classified as finance or operating lease by reference to the original right of use arising from the main lease.

Rental income from operating leases is recognized on a straight-line basis over the period of the relevant lease. The primary direct costs incurred in negotiating and arranging an operating lease are added to the book value of the leased asset and are recognized on a straight-line basis over the lease term.

The amounts due from the lessee under finance leases are recognized as receivables with the amount of the company’s net investment in the rental contracts. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Company’s existing net investment with respect to lease contracts.

When the contract includes leasing components and other components other than leasing, the Company applies IFRS 15 to distribute the amounts received or to be received under the contract for each component.

3. Significant Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of the financial statements and application of the accounting policies require the Company’s management to make estimates and assumptions about the amounts of assets and liabilities and the disclosure of contingent liabilities. Furthermore, such estimates and assumptions affect revenue, expenses and provisions. Additionally, management of the Company is also required to estimate and assess the amounts and timing of future cash flows.

Judgments, estimates and assumptions are reviewed periodically. The effect of the change in estimates is recognized in the financial period in which the change has occurred and only if the change affects the same financial period. Moreover, the effect of the change in estimates is recognized in the financial period in which the change has occurred and in future periods in case the change affects the financial period and future financial periods.

Management believes that its estimates in the financial statements are reasonable. The key estimates used by management in applying the Company’s accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Useful life of tangible assets

The management periodically re-estimates the useful life of tangible assets for the purpose of calculating the annual depreciation based on the general condition of those assets and estimated future useful lives. The impairment loss is recognized in the statement of profit or loss and comprehensive income.

Lawsuit provision

A provision is booked to meet any potential litigation obligations based on the legal study prepared by the Company’s legal counsel that identifies potential risks in the future and periodically reviews the study.

Vacation provision

Provision for employees’ annual vacation provision are charged to the statement of profit or loss and other comprehensive income according to the Company’s internal policies.

NOTES TO THE FINANCIAL STATEMENTS

Calculation of provision for expected credit losses

The management is required to use important judgments and estimates to estimate the amounts and timing of future cash flows and to estimate the risk of significant increase in credit risk for financial assets after the initial recognition and future measurements information for expected credit losses.

The expected credit loss is measured as an allowance equivalent to the expected credit loss over the life of the asset.

Provision for slow–moving inventory

Management estimates the provision for slow-moving and obsolete inventories on the basis of prior experience, physical condition and expected future use of such inventory in conformity with International Financial Reporting Standards (IFRSs).

Warranty provision

Management estimates the warranty provision on the basis of prior experience, and expected future claims in conformity with International Financial Reporting Standards (IFRSs) and according to the Company's internal policies.

4. Application of the new and revised International Financial Reporting Standards (IFRS)

New and revised IFRS in issue but not yet effective:

At the date of the financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	Amendments to new and revised IFRS
Definition of Material - Amendments to IAS 1 *Presentation of Consolidation Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* ***(Effective from January 1, 2020)***	The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose consolidation financial statements make on the basis of those consolidation financial statements, which provide financial information about a specific reporting entity.'
Amendment to IFRS 3 "*Business Combinations*" ***(Effective from on January 1, 2020).***	These amendments clarify the definition of business as the International Accounting Standards Board published the Conceptual Financial Reporting Framework. This includes revised definitions of assets and liabilities as well as new guidance on measurement, derecognition, presentation and disclosure. In addition to the amended conceptual framework, the IASB issued amendments to the guidelines on the conceptual framework in the IFRS Standards, which contain amendments to IFRS 2, 3, 6 and 14 and IAS 1, 8, 34, 37 and 38) and IFRIC 12, 19, Interpretations 20 and 22 and Interpretations of the Standing Committee for the Interpretation of Standards No. 32 in order to update those statements with regard to references and quotations from the framework or to refer to a reference to Different from the conceptual framework.
Amendments to *References to the Conceptual Framework in IFRS Standards* **(Effective from January 1, 2020)**	Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.
IFRS 17 *Insurance Contracts* ***(Effective from January 1, 2022)***	It provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts. IFRS 17 requires insurance liabilities to be measured at a current fulfilment value
Amendments to IFRS 10 *Consolidated Financial Statements* and *IAS 28 Investments in Associates and Joint Ventures (2011)* ***(Effective date deferred indefinitely Adoption is still permitted).***	Relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

5. Cash and Cash Equivalents

This item consists of the following:

	March 31, 2020
	JD
Cash on hand	**2,515**
Current accounts at banks	**34,992**
	37,507

6. Other Debit Balances

This item consists of the following:

	March 31, 2020
	JD
Prepaid expenses	**7,027**
Employees receivables	**8,314**
Refundable deposits	**25,975**
Other	**1,708**
	43,024

NOTES TO THE FINANCIAL STATEMENTS

7. Inventories

This item consists of the following:

	March 31, 2020
	JD
Finished goods - Vehicles	1,489,276
Steel	20,898
Other	38,319
	1,548,493

8. Property and Equipment - Net

This item consists of the following:

	Machinery and Equipment	Computers	Furniture and Fixtures	Total
For the Period Since Inception on March 31, 2019 to March 31, 2020	JD	JD	JD	JD
Cost:				
Additions	84,580	748	81,386	166,714
Balance - End of the Period	84,580	748	81,386	166,714
Accumulated Depreciation:				
Depreciation for the period	9,181	164	15,082	24,427
Balance - End of the Period	9,181	164	15,082	24,427
Net Book Value as of March 31, 2020	75,399	584	66,304	142,287

There were no fully-depreciated property and equipment as of March 31, 2020.

Additions include property and equipment purchased from a related party of JD 127,188 for the year ended March 31, 2020 (Note 12).

9. Advances from Customers

This item represents revenues received in advance from one customer.

10. Cost of Revenues

This item consists of the following:

	For the Period Since Inception on March 31, 2019 to March 31, 2020
	JD
Inventories – beginning of the period	–
Purchases	2,765,203
Other direct costs	64,071
Cost of Goods Available for Sale	2,829,274
Less: Inventories – End of the Period	(1,548,493)
	1,280,781

11. General and Administrative Expenses

This item consists of the following:

	For the Period Since Inception on March 31, 2019 to March 31, 2020
	JD
Salaries and employees benefits	194,519
Social security contribution	12,057
Medical insurance	2,961
Marketing expenses	8,881
Staff uniform	4,563
Rent	38,727
Travel expenses	21,515
Professional fees	16,300
Bank charges	2,829
Other	23,175
	325,527

12. Related Parties Balances and Transactions

The Company has entered into a variety of transactions with the parent company and other related parties, the details of balances and transactions are as follows:

Statement of Financial Position Items:

	March 31, 2020
Due to a Related Party:	JD
Mahindra Emirates Vehicle Armoring FZ -LLC *	814,253
	814,253

Statement of Profit or Loss and Comprehensive Income:

	For the Period Since Inception on March 31, 2019 to March 31, 2020
Purchases:	JD
Mahindra Emirates Vehicle Armoring FZ -LLC *	2,542,188
	2,542,188

Other

	For the Period Since Inception on March 31, 2019 to March 31, 2020
Purchases of Property and Equipment:	JD
Mahindra Emirates Vehicle Armoring FZ -LLC*	127,188
	127,188

* Parent company.

NOTES TO THE FINANCIAL STATEMENTS

- The balance due to a related party are non-interest bearing and has no repayment schedule.
- Sales and marketing activities are carried out at the parent company level at no charges to the Company.
- The executive management salaries and remunerations for the period since inception on March 31, 2019 to March 31, 2020 amounted to JD 26,013.

13. Paid-up Capital

As of March 31, 2020, the Company's authorized and paid-up capital is JD 5,000 consisting of 5,000 shares with a par value of JD 1 per share, and is 100% owned by Mahindra Emirates Vehicle Armoring FZ -LLC.

14 Statutory Reserve

This reserve represents amounts transferred from income before tax at a rate of 10% during the period and in accordance with the Jordanian Companies Law. The statutory reserve is not available for distribution to the partner. Moreover, the transfer of such amounts may not stop before the sum of the amounts accumulated in this account becomes equal paid-up capital.

15. Tax Position

The Company is located within Aqaba Special Economic Zone in Aqaba - the Hashemite Kingdom of Jordan (ASEZA). The Company is exempted from sales and income tax as per the instruction No. 106 for the year 2016.

In the opinion of the management and the tax advisor, there is no need to record income tax provision.

16. Risk Management

a. Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to its partner and to comply with the local laws.

b. Liquidity Risk

Liquidity risks, also known as funding risks, represent the difficulty that the Company will encounter in making available the necessary funds to fulfill its obligations.

The Company manages liquidity risk primarily by obtaining financing from its parent company and maintaining sufficient cash at bank. The Company had the following liquidity position as of March 31, 2020:

	March 31, 2020
	JD
Current assets	**1,629,024**
Less: Current liabilities	**(1,752,197)**
(Deficit) in working capital	**(123,173)**

- Management believes that liquidity risk is minimal since the Company keeps sufficient amounts in banks to provide the needed liquidity for its short-term commitments and a major portion of its current liabilities is due to the parent company. Excluding the balance due to the related party of JD 814,253 from current liabilities, the result would be a surplus in the working capital of JD 691,080.

c. Credit Risk

Credit risk refers to the risk a counterparty will default on its contractual obligation resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and collecting payments in advance as a means of mitigating the risk of financial loss from defaults.

The Company's major financial assets consist mainly of cash on hand and at banks and some other debit balances.

The Company has concentration risk, as 100% of its sales are to three customers only.

Cash is placed at financial institutions only after careful credit evaluation of such financial institutions.

d. Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's major foreign currency transactions are in Jordanian Dinar, AED (Emirati Dirhams) and US Dollar. Due to the fact that the Jordanian Dinar is pegged to the AED and the US Dollar, management believes that the foreign currency risk is minimal.

e. Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Management believes that the interest rate risk is not material as it has no interest-bearing assets or liabilities.

17. Legal Cases

As of March 31, 2020, the Company was not a defendant in any legal case.

18. COVID-19 Impact

The Company has assessed the value of assets and liabilities as at 31 March 2020 due to rapidly changing dynamics of COVID-19. The Company expects no significant delay in completing the customer orders and the completed orders will be dispatched to respective locations. The management is closely monitoring the liquidity position of the Company, which is healthy so far. Accordingly, the management anticipates no material impact on value of assets and liabilities as at 31 March 2020 due to COVID-19 and does not foresee any going concern issues.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA FIRST CHOICE WHEELS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra First Choice Wheels Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Director's report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
    c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
    e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

    (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note XX to the financial statements;.
    ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
    iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

    (C) With respect to the matter to be included in the Auditors' Report under section 197(16):
    In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959
ICAI UDIN: 20113959AAAACH3973

Place: Mumbai
Date: 14 May 2020

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF MAHINDRA FIRST CHOICE WHEELS LIMITED FOR THE YEAR ENDED 31 MARCH 2020

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of Mahindra First Choice Wheels Limited ('the Company') on the Ind AS financial statements for the year ended 31 March 2020, we report the following:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a programme of physical verification of its fixed assets by which all fixed assets are verified once in two years, pursuant to which the fixed assets were physically verified in the financial year ended 31 March 2020 and no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties. Accordingly, paragraph (i) (c) of the Order is not applicable to the Company.

ii. The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been suitably adjusted in the books of account.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, paragraphs (iii) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us and based on the audit procedures conducted by us, the Company has complied with provisions of Section 186 of the Companies Act, 2013 in respect of making investments. According to the information and explanations given to us and based on the audit procedures conducted by us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to granting of loans, making investment.

v. According to the information and explanations given to us, the Company has not accepted any deposit during the year and accordingly compliance with Section 73 and 76 of the Act is not applicable. According to the information and explanations given to us, there are no unclaimed deposits and accordingly the question of complying with Section 74 and 75 of the Act is not applicable.

vi. In respect of maintenance of Cost records under Section 148(1) of the Act, having regard to the nature of the Company's business/activities, reporting under paragraph (vi) of the Order is not applicable.

vii (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Goods and Services Tax and other material statutory dues have been generally regularly deposited during the period by the Company with the appropriate authorities. Duty of Customs, Duty of Excise and Cess are not applicable to the Company.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Goods and Services Tax and other material statutory dues that have remained outstanding for more than six months from the date it became payable. Further as informed to us, the Company did not have any dues on Sales Tax, Service tax, Value Added Tax and Cess.

(b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Service tax, Valued added tax, Goods and Service Tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute, except for the following:

Name of the Statute	Nature of the Dues	Amount as per Demand (Rs. in Lakhs)	Amount Paid under protest (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	3.79	–	2008-2009	Commissioner of Income Tax (Appeals)
		31.08	–	2012-2013	Assistant Commissioner of Income Tax
Value Added Tax, Maharashtra	Value Added Tax	165.71	22.14	2005-2006 to 2010-2011 and 2012-2013	Joint Commissioner of Sales Tax (Appeal)
Value Added Tax, Hyderabad	Value Added Tax	45.73	39.04	2005-06 to 2008-09	Sales Tax Tribunal (Hyderabad)
Value Added Tax, Kerala	Value Added Tax	1.55	1.16	2008-09	Commercial Tax Officer
Central Sales Tax, Maharashtra	Central Sales Tax	34.77	–	2008-09	Joint Commissioner of Sales Tax (Appeal)

viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under paragraph (viii) of the Order is not applicable to the Company.

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) or through term loans during the year. Hence reporting under paragraph (ix) of the Order is not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2019 (CONTD...)

us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company has entered into transactions with the related parties in compliance with provision of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in Ind AS financial statements as required under applicable Ind AS.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959
UDIN: 20113959AAAACH3973

Place: Mumbai
Date: 14 May 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA FIRST CHOICE WHEELS LIMITED FOR THE YEAR ENDED 31 MARCH 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra First Choice Wheels Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959
UDIN: 20113959AAAACH3973

Place: Mumbai
Date: 14 May 2020

CIN: U64200MH1994PLC083996

BALANCE SHEET AS AT 31 MARCH 2020

Rs. in Lakhs	Note No.	31 March 2020	31 March 2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	**2,117.94**	473.86
Goodwill		**113.00**	113.00
Other intangible assets	4	**80.34**	125.86
Financial assets			
(i) Investments	5	**3,058.31**	12.27
(ii) Loans	6	**2,599.71**	678.12
(iii) Other financial assets	7	**2.89**	2.89
Income tax assets (net)		**1,226.49**	1,463.08
Other non-current assets	8	**152.05**	106.15
		9,350.73	2,975.23
CURRENT ASSETS			
Inventories		**794.59**	270.99
Financial assets			
(i) Investments	5	**–**	501.06
(ii) Trade receivables	9	**3,904.55**	3,336.92
(iii) Cash and cash equivalents	10	**1,069.46**	563.77
(iv) Bank balances other than (iii) above	10	**2,027.18**	4,507.00
(v) Loans	6	**1,613.59**	4,614.96
(vi) Other financial assets	7	**4,370.17**	2,173.77
Current tax assets (net)		**768.54**	–
Other current assets	8	**1,757.17**	725.36
		16,305.25	16,693.83
TOTAL ASSETS		**25,655.98**	19,669.06
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	11	**7,888.41**	7,888.41
Other equity	12	**2,141.33**	2,850.86
		10,029.74	10,739.27
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities			
(i) Borrowings - Lease Liabilities		**1,231.81**	–
(ii) Other financial liabilities	13	**308.91**	308.91
Provisions	14	**1,034.97**	802.69
Deferred tax liabilities (Net)	15	**22.65**	25.25
		2,598.34	1,136.85
CURRENT LIABILITIES			
Financial liabilities			
(i) Trade payables			
– Total outstanding dues of micro enterprised and small enterprises	16	**43.55**	5.96
– Total outstanding dues of creditors other than micro enterprises and small enterprises	16	**6,166.29**	3,639.18
(ii) Other financial liabilities	13	**3,288.05**	2,880.60
Other current liabilities	17	**3,380.25**	1,135.70
Provisions	14	**149.76**	131.50
		13,027.90	7,792.94
TOTAL EQUITY AND LIABILITIES		**25,655.98**	19,669.06

The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959
UDIN: 20113959AAAACH3973

For and on behalf of the Board of Directors of
Mahindra First Choice Wheels Limited

V.S. Parthasarathy
Director
DIN 00125299

Ashutosh Pandey
MD & CEO
DIN 08166731

Rajeev Dubey
Director
DIN 00104817

V. Janakiraman
Chief Financial Officer
Membership number: 029222 PAN-AAQPJ2356L

Anita Halbe
Company Secretary
A13962

Place : Mumbai
Date : 14 May 2020

CIN: U64200MH1994PLC083996

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

Rs. in Lakhs	Note No.	31 March 2020	31 March 2019
INCOME			
Revenue from operations	18	**36,733.97**	21,934.94
Other income	19	**847.31**	867.33
Total Income		**37,581.28**	22,802.27
EXPENSES			
Purchases of stock-in-trade		**16,775.39**	4,437.10
Changes in inventories of stock-in-trade	20	**(523.60)**	(270.99)
Employee benefits expense	21	**6,527.14**	5,672.09
Finance costs	22	**121.57**	4.75
Depreciation and amortisation expense	3 & 4	**635.57**	253.40
Other expenses	23	**14,748.87**	14,162.42
Total Expenses		**38,284.94**	24,258.77
(Loss) before tax		**(703.66)**	(1,456.50)
Tax Expense			
Current tax		**–**	–
Deferred tax	15	**(2.60)**	2.98
(Loss) for the year		**(701.06)**	(1,459.48)
Other comprehensive (loss) / income			
Items that will not be reclassified to profit or loss and its related income			
(i) Remeasurements of the defined benefit plans		**(18.14)**	23.73
(ii) Equity instruments through other comprehensive income		**1.04**	0.61
Total other comprehensive (loss) / income		**(17.10)**	24.34
Total comprehensive (loss) for the year		**(718.16)**	(1,435.14)
Earnings per equity share:			
(Face value Rs. 10/- per share) (Rupees)			
Basic and Diluted	24	**(0.89)**	(1.85)

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Anita Halbe
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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

Rs. in Lakhs	**31 March 2020**	31 March 2019
Cash flows from operating activities		
(Loss) before tax	**(703.66)**	(1,456.50)
Adjustments for:		
Finance costs	**121.57**	4.75
Interest income	**(726.19)**	(744.76)
Dividend Income	**(0.12)**	(0.12)
Loss on property, plant and equipment sold/scrapped/written off (net)	**0.49**	57.31
Net gain arising on financial asset measured at fair value through profit or loss	**–**	(69.30)
Net gain recorded in profit or loss on sale of Mutual Funds	**(70.46)**	–
Bad debts written off	**371.88**	1,942.76
Sundry balances written back	**(41.37)**	(37.39)
Allowance for expected credit losses	**575.57**	770.66
Depreciation and amortisation expense	**635.57**	253.40
Share based payment expenses	**8.63**	8.44
Operating profit before working capital changes	**171.91**	729.25
Movements in working capital:		
(Increase) in trade receivables	**(1,473.71)**	(1,697.14)
(Increase) in inventories	**(523.60)**	(270.99)
(Increase) in other assets	**(3,280.10)**	(2,643.05)
Increase in trade payables	**2,564.69**	1,335.17
Increase in provisions	**232.40**	131.23
Increase in other current liabilities	**2,195.50**	(270.25)
	(284.82)	(3,415.04)
Cash (used in) operations	**(112.91)**	(2,685.79)
Income taxes paid (net of refunds)	**(531.96)**	(471.61)
Net cash (used in) operating activities	**(644.87)**	(3,157.40)
Cash flows from investing activities		
Inter corporate deposits given	**(5,000.00)**	–
Inter corporate deposits matured	**3,000.00**	–
Payments to acquire current investments	**(3,630.00)**	(5,925.07)
Proceeds on sale of current investments	**4,202.18**	5,595.43
Bank deposits placed	**(4,100.00)**	(9,907.16)
Bank deposits matured	**9,580.00**	3,107.00
Payments to acquire non-current investments – subsidiaries	**(3,045.00)**	–
Interest received	**856.11**	465.42
Dividends received	**0.12**	0.12
Payments to acquire property, plant and equipment and other intangible assets	**(163.12)**	(335.34)
Proceeds from sale of property, plant and equipment	**7.35**	26.23
Net cash from / (used in) investing activities	**1,707.64**	(6,973.37)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020 (CONTD...)

Rs. in Lakhs	**31 March 2020**	31 March 2019
Cash flows from financing activities		
Interest paid	**(121.57)**	(4.75)
Payment for principal portion of lease liability	**(435.50)**	–
Net cash (used in) financing activities	**(557.07)**	(4.75)
Net Increase/(Decrease) in cash and cash equivalents	**505.70**	(10,135.52)
Cash and cash equivalents at the beginning of the year	**563.77**	10,699.29
Cash and cash equivalents at the end of the year	**1,069.46**	563.77
Net Increase/(Decrease) as disclosed above	**505.70**	(10,135.52)

The accompanying notes 1 to 33 are an integral part of the Financial Statements

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V. Janakiraman
Chief Financial Officer
Membership number: 029222 PAN-AAQPJ2356L

Anita Halbe
Company Secretary
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STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2020

Rs. in Lakhs

A. Equity share capital

	31 March 2020	31 March 2019
Issued, subscribed and paid up		
Balance as at the beginning and end of the year	**7,888.41**	7,888.41

B. Other Equity

	Reserves and Surplus			Items of other comprehensive income		
	Retained Earnings	Securities Premium	Share options outstanding account	Equity instrument through other comprehensive income	Remeasurements of the defined benefit obligations	Total
Balance at 31 March 2018	(16,550.60)	20,898.15	48.75	10.65	(129.39)	4,277.56
Loss for the year	(1,459.48)	–	–	–	–	(1,459.48)
Remeasurements of the defined benefit plans	–	–	–	–	23.73	23.73
Equity instruments through other comprehensive income	–	–	–	0.61	–	0.61
Total Comprehensive income for the year	(18,010.08)	20,898.15	48.75	11.26	(105.66)	2,842.42
Share based payment to employees	–	–	8.44	–	–	8.44
Balance at 31 March 2019	(18,010.08)	20,898.15	57.19	11.26	(105.66)	2,850.86
Loss for the year	(701.06)					(701.06)
Remeasurements of the defined benefit plans	–	–	–	–	(18.14)	(18.14)
Equity instruments through other comprehensive income	–	–	–	1.04	–	1.04
Total Comprehensive income for the year	(18,711.14)	20,898.15	57.19	12.30	(123.80)	2,132.70
Share based payment to employees	–	–	8.63	–	–	8.63
Balance at 31 March 2020	**(18,711.14)**	**20,898.15**	**65.82**	**12.30**	**(123.80)**	**2,141.33**

The accompanying notes 1 to 33 are an integral part of the Financial Statements

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A13962

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. **Corporate information:**

The financial statements comprise financial statements of Mahindra First Choice Wheels Limited (“the Company”) or “MFCWL”) for the year ended 31 March 2020. The Company is an unlisted Public Company domiciled in India.

Mahindra First Choice Wheels Limited is principally engaged in the business of facilitating trading in used vehicles through its Franchise network and electronic platform and providing allied products and services, including online pricing guidance, used vehicle inspection and valuation services, yard management services and used vehicles inspection services for insurance.

2. **Significant Accounting Policies:**

2.1 **Statement of Compliance:**

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (“the Act”) and other relevant provisions of the Act.

2.2 **Basis of preparation and presentation:**

These financial statements of the Company have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs for the asset or liability that are not based on observable market data.

2.3 **Business combinations:**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at fair value on acquisition date and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

2.4 **Goodwill:**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company’s cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Estimated impairment of goodwill

The Company tests annually goodwill for any impairment, in accordance with the above accounting policy. The recoverable amount of cash generating units is determined based on value-in-use calculations. These calculations require the use of estimates.

2.5 **Revenue recognition:**

Effective 1 April 2018, Ind AS 115 ‘Revenue from contracts with customers’ has replaced Ind AS 18’ Revenue’ and Ind AS 11 ‘Construction contracts’. The Company has applied Ind AS 115 ‘Revenue from Contracts with customers’ (“herein after referred to as Ind AS 115”) effective from 1April2018, using modified retrospective approach for the purpose of transition. Accordingly, comparatives for the previous period have not been restated. The application of Ind AS 115 did not have any material impact on the financial results of the Company. Ind AS 115 specifies a uniform, five-step model for revenue recognition, which is generally to be applied to all contracts with customers.

Sale of goods:

The Company recognizes revenue from sale of goods measured at the fair value of the consideration received or receivable, upon satisfaction of performance obligation which is at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Depending on the terms of the contract, which differs from contract to contract, the goods are sold on are as on able credit term. As per the terms of the contract, consideration that is variable, according to Ind AS 115, is estimated at contract inception and updated thereafter at each reporting date or until crystallisation of the amount.

Sale of Services:

i) Franchise fee - The Company recognizes revenue from the date of activation of the dealer’s account on receipt of security deposit.

ii) Commission Income - The Company recognizes revenue on receipt of seller’s confirmation for auction.

iii) Vehicle valuation fee - The Company recognizes revenue on release of valuation report.

iv) Inspection Fee - The Company recognizes revenue on release of inspection report.

v) Yard Management fees - The Company recognizes revenue on accrual basis of entry of the vehicle in the yard.

vi) Wholesale Bulk Income – The Company recognizes revenue on issue of release order of vehicle.

vii) Repo Management Service – The Company recognizes revenue on receipt of seller’s confirmation.

viii) Other Operating Income:

– Warranty income - The Company recognizes revenue on sale of warranty product of a third-party warranty service provider, with no obligations to the Company. A part of warranty income related to road side assistance is deferred over the period of warranty with the Company being the primary obligor.

– Registration Income – The Company recognizes revenue over the term of registration.

– Others – The Company recognizes revenue on satisfaction of performance obligation towards rendering of such services.

Significant financing component - Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

2.6 Dividend and interest income:

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.7 Operating lease rental income:

The income arising from operating leases is accounted on a straight-line basis over the lease terms.

The Company's policy for recognition of revenue from operating leases is described in Note No.- 2.15 below.

2.8 Foreign currencies:

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.9 Employee benefits:

a) Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

b) Post-employment benefits

i) Defined Contribution Plan: Provident and Family Pension Fund

The eligible employees of the Company are entitled to receive post-employment benefits in respect of provident and family pension fund, in which both employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to Regional Provident Fund Commissioner. Provident Fund and Family Pension Fund are classified as Defined Contribution Plans as the Company has no further obligations beyond making the contribution. The Company's contributions to Defined Contribution Plan are charged to the statement of profit and loss as incurred.

ii) Defined Benefit Plan: Gratuity (unfunded)

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company accounts the gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year which is determined using the Projected Unit Credit method. Actuarial gains and losses are recognised in the Other Comprehensive Income. Past service cost is recognised immediately to the extent that the benefits are already vested.

c) Other long-term employment benefits – Compensated Absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/ availment. The Company makes provision for compensated absences based on an independent external actuarial valuation carried out at the end of the year.

2.10 Share-based payment arrangements:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.11 Taxation:

a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.12 <u>Property, plant and equipment</u>:

Property, plant and equipment are stated at cost less depreciation and impairment losses, if any. Costs comprise purchase price net of any trade discounts and rebates and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses directly attributable to acquisition of assets up to the date the asset is ready for its intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful life of the assets are given below:

- Leasehold improvements over the period of the lease.
- Office equipment - 2 to 5 years.
- Furniture - 10 years,
- Computers and servers - 3 to 6 years
- Vehicles - 3 years for used vehicles or 5 years for new vehicles.
- Plant and equipment - 5 to 15 years
- Electrical Fitting - 5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.13 <u>Intangible assets:</u>

a) <u>Intangible assets acquired separately:</u>

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

b) <u>Derecognition of intangible assets</u>

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

c) <u>Useful lives of intangible assets:</u>

Estimated useful lives of the intangible assets are as follows:

Software	5 years
Website	5 years
Non-Compete Fees	Contractual Terms
Market Information	Contractual Terms
Customer Relationships	7 years
Service Provider Contracts and intellectual property	3 years

2.14 <u>Impairment of tangible and intangible assets other than goodwill:</u>

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, these assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.15 <u>Leases:</u>

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as a lessee:

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in the statement of financial position.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease.

Significant Accounting Policy

The Company has adopted Ind AS 16 'Leases' from 1 April 2019 using the modified retrospective method. Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted.

A. Definition of lease:

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under 'Appendix C' to Ind AS 17 Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in significant accounting policy.

On transition to Ind AS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 and 'Appendix C' were not reassessed for whether there is a lease under Ind AS 16. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

I. Leases classified as operating lease under Ind AS 17:

Previously, the Company classified property leases as operating leases under Ind AS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application; and
- did not recognise right-of-use assets and liabilities for leases of low value assets

II. Leases classified as finance leases under Ind AS 17

The leases which were classified as finance leases under IndAS17, the carrying amount of the right-of-use asset and the lease liability at 1 April 2019 were determined at the carrying amount of the lease asset and lease liability under Ind AS 17 immediately before transition date.

III. Impact on financial statements

On transition date the Company recognised Right-of-Use asset and lease liability, the impact is as follows:

Rs. in Lakhs

Particulars	**Amount**
Right-of-Use assets – Property, plant and equipment	1619.73
Lease liability	1619.73

2.16 Inventories:

Inventories are valued at Cost or Net Realisable Value whichever is lower.

2.17 Provisions and Contingencies:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

2.18 Financial Instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.19 Financial assets

All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are subsequently measured at fair value.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

2.20 Financial liabilities and equity instruments

a) **Classification as debt or equity**

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b) **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

c) **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.21 Critical accounting judgements and key sources of estimation uncertainty:

In the application of the Company's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of Property, plant and equipment and intangible assets

The Company reviews the useful lives of property, plant and equipment and intangible assets at the end of each reporting period. This re-assessment may result in change in depreciation and amortisation expense in future periods.

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. Vehicles - 3 years in case of used vehicles or 5 years in case of new vehicles.

Ind AS 116 – 'Leases'

This standard will supersede Ind AS 17 'Leases'. It abolishes for lessees the previous classification of leasing agreements as either operating or finance leases. Instead, Ind AS 116 introduces a single lessee accounting model, requiring lessees to recognise assets for right to use assets and lease liability representing its obligation to make lease payments. This means that leases which were previously not reported in the Balance Sheet will have to be reported in subsequent reporting periods. The depreciation expense will include amortisation of right to use asset and finance costs will include interest expense on lease liability. Ind AS 116 also provides exception from recognition of right to use asset and lease liability where lease term is less than 12 months or leases for which underlying asset is of low value. In such cases, lease payments are recognised as an expense over lease term either on straight-line basis unless another systematic basis is representative of time pattern of the user's benefit.

Amendments to Ind AS 12 – 'Income Taxes'

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Further, the amendment to Appendix C specifies that when an entity is uncertain how tax laws applies to a particular transaction or circumstance until the relevant tax authorities or a court takes a decision in future and it is not probable that taxation authorities may accept entities tax position then entity is required to estimate effect of such uncertain position on income tax and deferred tax.

The Company does not expect any significant impact of the amendment on its financial statements.

Amendment to Ind AS 19 – 'Employee Benefits'

The amendment clarifies that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendment has been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

There is no impact of the amendment on the Company's financial statements.

Amendment to Ind AS 23 – 'Borrowing Cost'

The amendment clarifies borrowing costs related to specific borrowings that remain outstanding after the related qualifying asset is ready for intended use or sale should subsequently be considered as part of general borrowing costs of an entity.

The amendment does not have significant impact on the Company's financial statements.

Amendment to Ind AS 28 - 'Investments in Associates and Joint Ventures'

The amendment specifies that entity shall apply Ind AS 109 before applying Ind AS 28 to long term interests in associates and joint ventures that form part of net investment in associate and joint venture but to which equity method is not applied.

The amendment is not applicable to the Company's financial statements.

Amendment to Ind AS 103 – 'Business Combination and Ind AS 111 Joint Arrangements'

The amendment to Ind AS 103 relating to re-measurement clarifies that when an entity obtains control of a business that is a joint operation, then the entity considers such an acquisition as a business combination achieved in stages and accounts for it accordingly i.e., it re-measures previously held interests in that business.

The amendment to Ind AS 111 clarifies that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

These amendment are not applicable to the Company's financial statements.

Rs in lakhs

3. Property, Plant and Equipment

Rs. in Lakhs

Description of Assets	Improvements to Leasehold Property	Office Equipment	Furniture and Fixtures	Electrical Fittings	Computers	Vehicles	Right-of-use asset	Total
Gross Block								
Balance as at 31 March 2018	208.88	161.19	58.12	105.32	450.66	113.45	–	1,097.62
Additions during the year	53.92	49.50	3.06	48.85	121.78	20.21	–	297.32
Deductions / adjustments during the year	208.88	43.14	53.88	–	27.45	24.17	–	357.52
Balance as at 31 March 2019	53.92	167.55	7.30	154.17	544.99	109.49	–	1,037.42
Additions during the year	2.25	36.03	–	–	109.18	54.78	2,032.77	2,235.01
Deductions / adjustments during the year	–	–	–	–	–	15.98	–	15.98
Balance as at 31 March 2020	**56.17**	**203.58**	**7.30**	**154.17**	**654.17**	**148.29**	**2,032.77**	**3,256.45**
Accumulated depreciation								
Balance as at 31 March 2018	161.27	117.59	23.06	6.82	298.01	61.18	–	667.93
Depreciation expense for the year	13.63	18.42	3.11	26.96	84.40	22.65	–	169.17
Deductions / adjustments during the year	171.63	40.04	22.84	–	24.34	14.69	–	273.54
Balance as at 31 March 2019	3.27	95.97	3.33	33.78	358.07	69.14	–	563.56
Depreciation expense for the year	**10.39**	**22.16**	**0.66**	**29.45**	**94.10**	**21.26**	**409.40**	**587.42**
Deductions / adjustments during the year	**–**	**–**	**–**	–	**–**	**12.47**	**–**	**12.47**
Balance as at 31 March 2020	**13.66**	**118.13**	**3.99**	**63.23**	**452.17**	**77.93**	**409.40**	**1,138.51**
Net block								
Net carrying amount as at 31 March 2019	50.65	71.58	3.97	120.39	186.92	40.35	–	473.86
Net carrying amount as at 31 March 2020	42.51	85.45	3.31	90.94	202.00	70.36	1,623.37	2,117.94

4. Other Intangible Assests

Description of Assets	Computer Software	Websites	Non-Compete Fees	Customer Relationships	Service Provider Contracts	Acquisition of service contracts and Intellectual Property	Total
Gross Block							
Balance as at 31 March 2018	264.84	450.72	4.00	145.00	25.00	33.50	923.06
Additions during the year	6.47	–	–	–	–	–	6.47
Deductions / adjustments during the year	–	–	–	–	–	–	–
Balance as at 31 March 2019	271.31	450.72	4.00	145.00	25.00	33.50	929.53
Additions during the year	6.94	–	–	–	–	–	6.94
Deductions / adjustments during the year	138.32	–	–	–	–	–	138.32
Balance as at 31 March 2020	**139.93**	**450.72**	**4.00**	**145.00**	**25.00**	**33.50**	**798.15**
Accumulated Amortisation Expenses							
Balance as at 31 March 2018	213.65	410.37	2.53	51.07	20.54	21.28	719.44
Amortisation expense during the year	24.70	22.97	1.22	20.71	4.45	10.18	84.23
Deductions/adjustments during the year	–	–	–	–	–	–	–
Balance as at 31 March 2019	238.35	433.34	3.75	71.78	24.99	31.46	803.67
Amortisation expense during the year	**14.35**	**12.04**	**0.12**	**20.72**	**–**	**0.91**	**48.14**
Deductions / adjustments during the year	**134.00**	**–**	**–**	**–**	**–**	**–**	**134.00**
Balance as at 31 March 2020	**118.70**	**445.38**	**3.87**	**92.50**	**24.99**	**32.37**	**717.81**
Net block							
Net carrying amount as at 31 March 2019	32.96	17.38	0.25	73.22	0.01	2.04	125.86
Net carrying amount as at 31 March 2020	21.23	5.34	0.13	52.50	0.01	1.13	80.34

Rs in lakhs

5. Investments

Rs. in Lakhs

	As at 31 March 2020			As at 31 March 2019		
	Number of shares	Non-current	Current	Number of shares	Non-current	Current
A. Fair value through Other Comprehensive Income						
Unquoted (fully paid-up)						
Equity shares in The Zoroastrian Co-operative Bank Ltd. (Face value - Rs 25 per share)	**4,000**	**13.31**	–	4,000	12.27	–
B. Investment in Equity Instruments						
Unquoted - At Cost						
In Subsidiary						
Fifth Gear Ventures Limited (Face value Rs 10 per share)	**92,185**	**3,045.00**	–	–	–	–
C. Fair Value through Profit and Loss						
Quoted Investments in Mutual funds						
Carried at FVTPL						
Kotak Liquid Scheme Plan A Growth	–	–	–	3,316	–	125.10
UTI Money Market Fund-Growth (MF)	–	–	–	4,942	–	150.72
ICICI Prudential Liquid Fund- IP - Growth	–	–	–	36,346	–	100.10
Birla Sun Life Cash-Manager-IP-Growth	–	–	–	41,850	–	125.14
	–	**3,058.31**	–		**12.27**	501.06
Other disclosures						
Aggregate amount of unquoted investments		**3,058.31**	–		**12.27**	–
Aggregate amount of quoted investments		–	–		–	501.06
Aggregate Market value of quoted investments		–	–	–	–	501.06

Refer Note 26 and 28 for disclosures related to liquidity risk and related financial instrument disclosures.

6. Loans

	31 March 2020		31 March 2019	
	Non-current	Current	Non-current	Current
Security Deposits				
Unsecured, considered good	**269.95**	**5.50**	346.96	5.68
Doubtful	**9.30**	**4.38**	9.30	4.38
Less: Allowance for expected credit loss	**(9.30)**	**(4.38)**	(9.30)	(4.38)
	269.95	**5.50**	346.96	5.68
Loans to related parties				
Unsecured, considered good				
Inter corporate deposits	**2,000**	–	–	–
Employee Stock Option Scheme Trust	**318.84**	–	318.73	–
Other Loans				
Unsecured, considered good				
Corporate Deposits with HDFC Ltd.	–	**1,600.00**	–	4,600.00
Loans to employees	**10.92**	**8.09**	12.43	9.28
	10.92	**1,608.09**	12.43	4,609.28
	2,599.71	**1,613.59**	678.12	4,614.96

Except for above loans to related parties, there are no loans due by directors or other officers of the Company or any of them severally or jointly with other persons or amounts due by firms or private Companies in which any director is a partner or a director or a member.

Refer note 26 for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

7. Other financial assets

	31 March 2020		31 March 2019	
	Non-Current	Current	Non-Current	Current
Financial assets at amortised cost:				
Bank Deposits with more than 12 months maturity	**2.89**	**–**	2.89	–
Unbilled revenue**	**–**	**4,215.00**	–	1,888.68
Other financial assets	**–**	**155.17**	–	285.09
TOTAL	**2.89**	**4,370.17**	2.89	2,173.77

** Unbilled revenue include receivable out of yard parking fees.

Refer Note 26 for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

8. Other assets (non financial)

	31 March 2020		31 March 2019	
	Non-Current	Current	Non-Current	Current
Capital advances	**50.92**	–	6.88	–
Balance with Government autorities*	**101.13**	**613.49**	99.27	328.13
Advances to Suppliers				
Considered good	–	**971.49**	–	320.74
Prepaid Expenses	–	**151.05**	–	44.50
Deferred expenses	–	**21.14**	–	31.99
TOTAL	**152.05**	**1,757.17**	106.15	725.36

* Balance with Government authorities (other than income taxes) and Goods and Service Tax (GST) receivable, etc.

Rs in lakhs

9. Trade receivables

	31 March 2020	31 March 2019
Unsecured, considered good	**3,904.55**	3,336.92
Doubtful	**598.50**	909.62
Less: Allowance for expected credit loss	**(598.50)**	(909.62)
	3,904.55	3,336.92
Dues from related parties	**527.41**	255.69

Except for above dues from related parties, there are, no trade or other receivables due from directors or other officers of the Company either severally or jointly with any other person and no trade or other receivable due from firms or private companies respectively in which any director is a partner or a director or a member.

Refer Note 26 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

10. Cash and bank balances

	31 March 2020	31 March 2019
Cash and cash equivalents		
Balances with banks		
– In current accounts	**1,068.49**	563.32
Cash on hand	**0.97**	0.45
	1,069.46	563.77
Other bank balances		
Balances with Banks:		
– Fixed deposits with original maturity greater than 3 months but less than 12 months	**2,027.18**	4,507.00
	2,027.18	4,507.00

11. Equity share capital

	31 March 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Authorised:				
Number of equity shares of face value Rs 10 each	**90,000,000**	**9,000.00**	90,000,000	9,000.00
Issued, subscribed and paid up:				
Number of equity Shares of face value Rs 10 each fully paid up	**81,814,390**	**8,181.45**	81,814,390	8,181.45
Less: Equity shares of Rs 10 each fully paid up issued to ESOP Trust constituted under the Employees' Stock Option Scheme (ESOS) but not yet allotted to employees	**2,930,401**	**293.04**	2,930,401	293.04
Total	**78,883,989**	**7,888.41**	78,883,989	7,888.41

Note:

The reduction of Rs 293.04 lakhs (29,30,401 Equity shares of Rs 10/- each), (As at 31 March 2019 – Rs. 293.04 lakhs (29,30,401 equity shares of Rs 10/- each)) and Rs 15.87 lakhs ((As at 31 March 2019 – Rs 15.87 lakhs)) from securities premium are in respect of 3,17,423 Equity Shares of face value Rs 10 each issued at a premium in earlier years, held by ESOS Trust as per the Employee Stock Option Scheme (ESOS).

For details of shares reserved for issue under the Share based payment plan of the company, Refer Note No.- 21A.

(i) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year

	31 March 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
Issued, subscribed and paid up:				
Balance at the beginning of the year	78,883,989	7,888.41	78,883,989	7,888.41
Add: shares issued during the year	–	–	–	–
Less: shares issued to ESOP Trust but not allotted to employees	–	–	–	–
Adjusted Issued, Subscribed and Paid up share capital	78,883,989	7,888.41	78,883,989	7888.41

Terms/ rights attached to equity shares:

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Details of shares held by the holding company and the ultimate holding company

	Number of Shares Equity Shares with Voting rights
As at 31 March 2020 and 31 March 2019	
Mahindra Holdings Limited, Holding Company	40,231,037
Mahindra & Mahindra Limited, Ultimate Holding Company	–

(iii) The details of equity shares held by each shareholder holding more than 5% shares:

	31 March 2020		31 March 2019	
Name of the shareholder	No. of shares	% held	No. of shares	% held
Mahindra Holdings Limited	**40,231,037**	**49.17%**	40,231,037	49.17%
PHI Management Solutions Pvt Ltd	**16,184,054**	**19.78%**	16,184,054	19.78%
Valiant Mauritius Partners FDI Limited	**10,928,388**	**13.36%**	10,928,388	13.36%
Manheim Export SARL	**7,325,181**	**8.95%**	7,325,181	8.95%

(iv) For the period preceding five years as on Balance Sheet date, issued, subscribed and paid up capital includes:

During the year ended 31 March 2018, the Company issued 4,941,170 shares of Rs 10 each at a premium of Rs 192.37 per share.

Rs in lakhs

(v) Shares reserved for issue under ESOP options:

ESOPs administered under two schemes by a Trust and the Company, have been granted to certain executives and senior employees which will vest in a period of time ranging from 36 months to 60 months from date of grant. The share option outstanding account is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

For details of shares reserved for issue under the Share based payment plan of the Company, please refer note 21A.

(vi) Aggregate of 6,28,441 equity shares of Rs 10 each to be issued to the shareholders of Fifth Gear Ventures Limited:

The Company entered into an agreement ("share purchase agreement") with the beneficiary shareholders of Fifth Gear Ventures Limited ("FGVL") dated 17 January 2020 for purchase of 100% equity holding in FGVL held by the beneficiary shareholders for a total consideration of Rs 3,045.00 lakhs. As a part of the agreement, the consideration was partly a cash consideration of Rs 1,643.57 lakhs and partly through issuance of shares of the Company at Rs 223 per share (face value Rs 10 each) aggregating Rs 1,401.42 lakhs. The shares are pending allotment as at 31 March 2020. Rs 1,401.42 lakhs is classified under "Other current liabilities" as at 31 March 2020. Outstanding cash consideration of Rs 100.05 lakhs is classified under "Other financial liabilities" as at 31 March 2020.

12. Other Equity

	31 March 2020	31 March 2019
Retained earnings	**(18,711.14)**	(18,010.08)
Securities premium	**20,898.15**	20,898.15
Share option outstanding account	**65.82**	57.19
Equity instruments at fair value through other comprehensive income	**12.30**	11.26
Remeasurements of the defined benefit plans	**(123.80)**	(105.66)
Total other equity	**2,141.33**	2,850.86

Retained earnings

Balance as at the beginning of the year	**(18,010.08)**	(16,550.60)
(Loss) for the year	**(701.06)**	(1,459.48)
Balance at the end of year	**(18,711.14)**	(18,010.08)

Securities Premium

Balance as at the beginning and end of the year	**20,898.15**	20,898.15

During 2017-2018, the Company issued 49,41,470 shares of Rs 10 each, issued at a premium of Rs 192.37 per share. The securities premium is created on issue of equity shares. The securities premium of Rs.15.87 lakhs is on the issue of 3,17,423 equity shares in earlier years to the Trust constituted under the Employees Stock Option Scheme but not allotted to employees.

Share option outstanding account

Balance as at the beginning of the year	**57.19**	48.75
Add:- allotment of shares by ESOP Trust to employees	**8.63**	8.44
Balance at the end of year	**65.82**	57.19

The above reserve relates to share options granted by the Company to its employees under its Employee Share Option Plan (ESOP). Further information about share-based payments to its employees is set out in note 21A.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company's revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option outstaning account.

Equity instruments through other comprehensive income

	31 March 2020	31 March 2019
Balance as at the beginning of the year	**11.26**	10.65
Remeasurements of the equity instruments through other comprehensive income	**1.04**	0.61
Balance at the end of year	**12.30**	11.26

This reserve represents the cumulative gains arising on the revaluation of equity instruments measured at fair value through other comprehensive income. (FVOCI)

Remeasurements of the defined benefit plans

Balance as at the beginning of the year	**(105.66)**	(129.39)
Remeasurements of the defined benefit plans	**(18.14)**	23.73
Balance at the end of year	**(123.80)**	(105.66)

This reserve represents the cumulative gains / (losses) arising on remeasurement of the employee's defined benefit plan.

13. Other financial liabilities

	31 March 2020		31 March 2019	
	Non- Current	**Current**	Non- Current	Current
Other financial liabilities measured at amortised cost				
Security Deposits *	–	**2,307.96**	–	2,426.29
Monies adjusted from share capital and reserves and surplus on account of shares held by ESOS trust	**308.91**	–	308.91	–
Capital creditors	–	**4.43**	–	34.96
Other employee related liabilities	–	**875.62**	–	419.35
Others [Refer Note 11 (vi)]	–	**100.04**	–	–
Total other financial liabilities	**308.91**	**3,288.05**	308.91	2,880.60

Note:

* Deposits are re-payable on demand.

Refer Note 26 for disclosures related to liquidity risk and related financial instrument disclosures.

Rs in lakhs

14. Provisions

	31 March 2020		31 March 2019	
	Non-Current	**Current**	Non-Current	Current
Provision for employee benefits				
– Compensated absences	**553.82**	**104.33**	440.10	92.27
– Gratuity (Refer Note 27)	**481.15**	**45.43**	362.59	39.23
Total provisions	**1,034.97**	**149.76**	802.69	131.50

15. Deferred tax liablities (net)

(i) Movement of Deferred Tax

31 March 2020

	As at beginning of the year	**Acquired in Business Combination and recognised in Profit and Loss**	**As at end of the year**
Tax effect of items constituting deferred tax liabilities on account of Business combination	**(25.25)**	**2.60**	**(22.65)**

31 March 2019

	As at beginning of the year	Acquired in Business Combination and recognised in Profit and Loss	As at end of the year
Tax effect of items constituting deferred tax liabilities on account of business combination	(22.27)	(2.98)	(25.25)

ii) Deferred tax assets have not been recognised in respect of following items, as it is not probable that future taxable profit will be available against which the Company can utilise the benefit therefrom.

	31 March 2020	31 March 2019
Unabsorbed depreciation	**2,250.54**	2,003.82
Unabsorbed business losses	**6,061.10**	7,563.85
Total	**8,311.64**	9,567.67

The unrecognised tax losses carried forward expire as follows:

Expiry Year	**31 March 2020**	31 March 2019
Financial year 2018-2019	**–**	956.08
Financial year 2019-2020	**746.62**	746.62
Financial year 2022-2023	**567.39**	567.39
Financial year 2023-2024	**984.14**	1,037.41
Financial year 2024-2025	**2,362.07**	2,362.07
Financial year 2025-2026	**772.83**	1,894.28
Financial year 2026-2027	**628.05**	–
Total	**6,061.10**	7,563.85

The income tax expense for the year can be reconciled to the accounting Loss as follows:

	31 March 2020	31 March 2019
Loss before tax	**(703.66)**	(1,456.50)
Income tax expense calculated at 26%	**(182.95)**	(454.43)
Effect of expenses that is non-deductible in determining taxable profit	**(163.22)**	310.23
Effect of unused tax losses for which no deferred tax asset is recognised	**346.17**	144.20
	182.95	454.43
Income tax expense recognised in Statement of Profit and Loss	**–**	–

16. Trade Payables

	31 March 2020	31 March 2019
Total outstanding dues of micro enterprised and small enterprises (Refer note 30)	**43.55**	5.96
Total outstanding dues of creditors other than micro enterprised and small enterprises	**6,166.29**	3,639.18
Total Trade Payables	**6,209.84**	3,645.14

Refer Note 26 for disclosures related to liquidity risk and related financial instrument disclosures.

17. Other Liabilities

	31 March 2020	31 March 2019
Contract liabilities	**1,011.83**	518.05
Government dues		
i) Provident fund	**56.54**	46.53
ii) Employees' state insurance and Profession tax	**1.98**	3.03
iii) Tax deducted at source	**81.64**	126.77
iv) Goods and Services Tax (GST)	**256.44**	357.95
v) Others	**83.37**	83.35
Equity shares pending allotment (Refer Note 11)	**1,401.42**	–
Lease Liabilities	**487.03**	–
Total other liabilities	**3,380.25**	1,135.68

18. Revenue from operations

	31 March 2020	31 March 2019
Revenue from contract with customers:-		
Sale of products	**17,054.58**	4,285.98
Sale of services	**18,838.96**	16,513.54
Other operating revenues	**840.43**	1,135.42
	36,733.97	21,934.94

The management determines that the segment information reported under Note 18 above Segment information is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with customers.

Rs in lakhs

	31 March 2020	31 March 2019
Sale of products comprises of:		
– Sale of used vehicles and other products	**17,054.58**	4,285.98
Sale of services comprises of:		
– Franchisee fees	**2,199.27**	3,426.94
– Commission income	**1,674.17**	1,211.14
– Vehicle valuation fees	**3,562.70**	2,778.28
– Vehicle preinspection fees	**1,842.49**	1,739.05
– Yard management parking fees	**7,845.86**	5,994.57
– Indian blue book income	**716.90**	583.49
– Other services	**997.57**	780.07
Revenue from rendering of services	**18,838.96**	16,513.54
Other operating revenues comprises of:		
– Warranty income	**640.54**	905.93
– Forfeiture of Earnest Money Deposits collected	**199.89**	229.49
Other operating revenues	**840.43**	1,135.42

19. Other Income

	31 March 2020	31 March 2019
Interest Income (On financial assets measured at amortised cost)		
– On corporate deposits	**129.69**	362.67
– On inter-corporate deposits	**248.32**	–
– Bank deposits	**189.03**	358.41
– Others	**159.15**	22.62
Dividend income		
– on investments carried at fair value through other comprehensive income	**0.12**	0.12
Operating lease rental income	**9.17**	15.76
Net gain recorded in profit or loss on Mutual Funds designated at Fair value through Profit and Loss account (FVTPL)	**–**	69.30
Net gain recorded in profit or loss on sale of Mutual Funds	**70.46**	–
Net gain arising on financials assets designated at FVTPL	**–**	1.06
Sundry balances written back (net)	**41.37**	**37.39**
Total Other Income	**847.31**	867.33

20. Changes in inventories of stock-in-trade

	31 March 2020	31 March 2019
Opening Stock-in-trade	**270.99**	–
Closing Stock-in-trade	**794.59**	270.99
Changes in inventories of stock-in-trade	**(523.60)**	(270.99)

21. Employee benefits expense

	31 March 2020	31 March 2019
Salaries and wages, including bonus (Refer Note 27)	**5,971.08**	5,166.85
Contribution to provident and other funds (Refer Note 27)	**348.59**	293.14
Share based payments to employees (see Note 21A)	**8.63**	8.44
Staff welfare expenses	**198.84**	203.66
Total Employee benefits expense	**6,527.14**	5,672.09

21A Employee share option plan of the company

1.1. Details of the employees share option plan of the Company

Mahindra First Choice Wheels Limited has share option schemes under which the employees have an option to subscribe for the Company's shares which have been granted to certain executives and senior employees. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Each employee share option converts into the equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of expiry.

The number of options granted is calculated in accordance with the performance-based formula approved by shareholders at the previous annual general meeting and is subject to approval by the remuneration committee. The formula rewards executives and senior employees to the extent of the Company's and the individual's achievement judged against both qualitative and quantitative criteria from various financial and customer service measures.

The Company has framed an Equity settled "Employee Stock Option Scheme (ESOS), 2010" for its employees. It has a trust viz. Mahindra First Choice Wheels Limited Employees' Stock Option Trust" (ESOS trust), which would hold the shares for the benefit of the eligible employees, including Directors of the Company and its subsidiaries. In addition to the above, the Company has also settled "Employee Stock Option Scheme (ESOS), 2015" for its employees.

The following share-based payment arrangements were in existence during the current and prior years.

22. Finance cost

	31 March 2020	31 March 2019
Interest expense		
– On others	**121.57**	4.75
Total Finance cost	**121.57**	4.75

Rs in lakhs

23. Other Expenses

	31 March 2020	31 March 2019
Power and fuel	**67.41**	73.45
Repairs and maintenance - others	**78.97**	62.96
Rent - yards	**5,514.85**	3,743.04
Rent- others	**119.72**	478.58
Rates and taxes	**15.47**	5.08
Warranty related expenses	**105.15**	207.73
Vehicle valuation expenses	**1,581.37**	1,213.88
Preinspection expenses	**1,587.01**	1,533.19
Printing and stationary	**37.61**	43.19
Office expenses	**58.32**	51.89
Bad debts written off (net)	**371.88**	1,942.76
Information technology costs	**428.30**	407.32
Internet charges	**67.41**	56.89
Communication charges	**119.97**	90.99
Insurance charges	**67.56**	7.54
Allowance for Expected Credit Losses	**575.57**	770.66
Auditor's remuneration and out-of-pocket expenses (See Note below)	**23.26**	20.26
Director Sitting Fees	**3.80**	4.00
Professional fees	**441.41**	387.67
Advertisement, promotion and selling expenses	**1,454.56**	1,323.06
Travelling expenses	**907.88**	855.36
Loss on sale / discardment of Property, plant and equipment (net)	**0.49**	57.31
Commission expenses	**760.13**	563.47
Miscellaneous expenses	**360.78**	262.14
Total Other Expenses	**14,748.88**	14,162.42

Note:

Auditor's remuneration and out-of-pocket expenses details:	31 March 2020	31 March 2019
Audit Fees	**22.00**	19.00
Other services	**–**	–
Reimbursement of expenses	**1.26**	1.26
	23.26	20.26

24. Earnings per share

Basic and Diluted Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	31 March 2020	31 March 2019
Loss for the year	**(701.06)**	(1,459.48)
Weighted average number of equity shares used in the calculation of basic and diluted earnings per share.	**78,883,989**	78,883,989
Basic and diluted earnings per share (Face value Rs. 10/- per share)	**(0.89)**	(1.85)

25. Contingent liabilities and commitments

Claims against the Company not acknowledged as debts comprise of:

	As at 31 March 2020	As at 31 March 2019
Demands raised by Income tax department where the Company is in appeal	**34.87**	34.87
Demand raised by VAT Department where the Company is in appeal	**164.47**	798.66
Total	**199.34**	833.53

Note: In respect of above items, till the matters are finally decided, the financial effect cannot be ascertained.

In February 2019, Supreme court of India in its judgement opined on the applicability of allowances that should be considered to measure obligation under Employee Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and therefore has currently not considered any probable obligation for past period.

26. Financials Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to maximise the shareholders value.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Categories of financial assets and financial liabilities

			31 March 2020	
Particulars	**Amortised Cost**	**Fair value through Profit or loss**	**Fair Value through other comprehensive income**	**Total**
Non-current Assets				
Investments	**3,045.00**	**–**	**13.31**	**3,058.31**
Security deposits and other loans	**2,599.71**	**–**	**–**	**2,599.71**
Bank deposits with more than 12 months maturity	**2.89**	**–**	**–**	**2.89**
Current Assets				
Trade receivables	**3,904.55**	**–**	**–**	**3,904.55**
Cash and Cash equivalents	**1,069.46**	**–**	**–**	**1,069.46**
Bank balances other than cash and cash equivalents	**2,027.18**	**–**	**–**	**2,027.18**
Security deposits and loans	**1,613.59**	**–**	**–**	**1,613.59**
Unbilled revenue	**4,215.00**	**–**	**–**	**4,215.00**
Other financial assets	**155.17**	**–**	**–**	**155.17**
Non-current Liabilities				
Other Financial Liabilities				
Borrowing - Lease Liability	**1,231.81**	**–**	**–**	**1,231.81**
Shares held by ESOS trust	**308.91**	**–**	**–**	**308.91**
Current Liabilities				
Trade payables	**6,209.84**	**–**	**–**	**6,209.84**
Other financial liabilities				
Deposits received from dealers	**2,307.96**	**–**	**–**	**2,307.96**
Capital creditors	**4.43**	**–**	**–**	**4.43**
Other employee related liabilities	**875.62**	**–**	**–**	**875.62**
Other	**100.04**	**–**	**–**	**100.04**

Rs in lakhs

31 March 2019

Particulars	Amortised Cost	Fair value through Profit or loss	Fair Value through other comprehensive income	Total
Non-current Assets				
Investments	–	–	12.27	12.27
Security deposits and other loans	678.12	–	–	678.12
Bank Deposits with more than 12 months maturity	2.89	–	–	2.89
Current Assets				
Investments	–	501.06	–	501.06
Trade receivables	3,336.92	–	–	3,336.92
Cash and cash equivalents	563.77	–	–	563.77
Bank balances other than cash and cash equivalents	4,507.00	–	–	4,507.00
Security deposits and loans	4,614.96	–	–	4,614.96
Unbilled revenue	1,888.68	–	–	1,888.68
Other financial assets	285.09	–	–	285.09
Non-current Liabilities				
Other Financial Liabilities				
Shares held by ESOS trust	308.91	–	–	308.91
Current Liabilities				
Trade Payables	3,645.14	–	–	3,645.14
Other financial liabilities				
Deposits received from dealers	2,426.29	–	–	2,426.29
Capital creditors	34.96	–	–	34.96
Other employee related liabilities	419.35	–	–	419.35

CREDIT RISK

(i) Credit risk management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure are continuously monitored.

Trade Receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses. The Company has taken security deposits which are considered as collateral and these are considered in determination of expected credit losses, where applicable.

Amounts pertaining to these collaterals are as given below:-

Particulars	**31 Mar 2020**	31 Mar 2019
Security Deposits from franchisees	**930.63**	1,321.98

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

31 March 2020

Particulars	**Not due**	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Gross carrying amount	–	**3,263.45**	**1,239.60**	**4,503.05**
Allowance for Expected Credit Losses	–	**–**	**598.50**	**598.50**

31 March 2019

Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Gross carrying amount	–	2,990.80	1,255.74	4,246.54
Allowance for Expected Credit Losses	–	–	909.62	909.62

In respect of other financial assets, the maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets.

Reconciliation of loss allowance provision for Trade receivables

Particulars	**31 March 2020**	31 March 2019
Balance as at beginning of the year	**909.62**	1,071.48
Impairment losses recognised in the year based on lifetime expected credit losses	**575.57**	770.66
Amounts written off during the year as uncollectible	**(886.69)**	(932.52)
Balance at end of the year	**598.51**	909.62

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which provides guidance for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by efficient management of surplus cash and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturity profile of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs in lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31 March 2020				
Non-interest bearing				
- Trade payable for goods and services	**6,209.85**	**–**	**–**	**–**
- Security Deposit	**2,307.96**	**–**	**–**	**–**
- Capital creditors	**4.43**	**–**	**–**	**–**
- Shares held by ESOS trust	**–**	**–**	**308.91**	**–**
- Other employee related liabilities	**875.62**	**–**	**–**	**–**
- Other	**100.04**	**–**	**–**	**–**
Total	**9,497.90**	**–**	**308.91**	**–**
31 March 2019				
Non-interest bearing				
- Trade payable for goods and services	3,645.14	–	–	–
- Security Deposit	2,426.29	–	–	–
- Capital creditors	34.96	–	–	–
- Shares held by ESOS trust	–	308.91	–	–
- Other employee related liabilities	419.35	–	–	–
Total	6,525.74	308.91	–	–

27. Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 348.59 lakhs (31 March 2019: Rs.293.14 lakhs) has been recognised in the Statement of Profit and Loss.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. Thus, an increase in inflation will also increase the deficit to some extent.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	31 March 2020	31 March 2019
Discount rate(s)	**6.65%**	7.50%
Expected rate(s) of salary increase	**10.00%**	10.00%

Defined benefit plan – as per actuarial valuation on 31 March 2020

	Unfunded Plan	
	Gratuity	
	31 March 2020	31 March 2019
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
I. Amounts recognised in profit or loss		
Current Service Cost	**100.55**	98.63
Past service cost	**–**	–
Net interest expense	**28.67**	27.27
Total amount included in employee benefit expense	**129.22**	125.90
II. Amounts recognised in other comprehensive income		
Remeasurement (gain)/losses:		
Actuarial (gain)/losses arising from changes in -		
– financial assumptions	**36.78**	9.85
– experience adjustments	**(18.64)**	(6.76)
– demographic adjustments	**–**	(26.82)
Total amount recognised in other comprehensive income	**18.14**	(23.73)

Rs in lakhs

	Unfunded Plan Gratuity 31 March 2020	31 March 2019
III. Changes in the obligation		
Opening defined benefit obligation	**401.82**	362.46
Current service cost	**100.55**	98.63
Past service cost	**–**	–
Interest expense	**28.67**	27.27
Remeasurement gains / (losses) arising from changes in -		
i. Demographic Assumptions	**–**	(26.82)
ii. Financial Assumptions	**36.78**	9.85
iii. Experience Adjustments	**(18.64)**	(6.76)
Benefits paid	**(22.60)**	(62.81)
Closing defined benefit obligation	**526.58**	401.82
Current portion of the above	**45.43**	39.23
Non-Current portion of the above	**481.15**	362.59

IV. Actuarial assumptions	**31 March 2020**	31 March 2019
1. Discount rate	**6.65%**	7.50%
2. Attrition rate		
Age in Years 21-44	**18.00%**	18.00%
Age in Years 45-59	**1.00%**	1.00%
3. Medical premium inflation	**7.00%**	7.00%

SENSITIVITY ANALYSIS	**31 March 2020**		31 March 2019	
	Discount Rate	**Salary Escallation Rate**	Discount Rate	Salary Escallation Rate
Defined Benefit obligation plus 100bps	**483.77**	**567.69**	370.58	432.43
Defined Benefit obligation minus 100bps	**576.34**	**488.79**	437.97	374.05

The above sensitivities analysis have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

PROJECTED PLAN CASH FLOW

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date.

Maturity Profile	**31 March 2020**	31 March 2019
Expected Benefits for Year 1	**45.43**	39.23
Expected Benefits for Year 2	**47.28**	36.97
Expected Benefits for Year 3	**46.96**	38.05
Expected Benefits for Year 4	**52.89**	41.38
Expected Benefits for Year 5	**75.51**	41.21
Expected Benefits for Year 6	**67.19**	62.25
Expected Benefits for Year 7	**42.02**	55.07
Expected Benefits for Year 8	**26.11**	32.03
Expected Benefits for Year 9	**21.30**	19.15
Expected Benefits for Year 10 and above	**664.76**	533.49

The weighted average duration of the defined benefit obligation as at 31 March 2020 is 8.75 years (31 March 2019: 8.35 years)

Experience Adjustments:	**Year Ended**				
	2020	2019	2018	2017	2016
	Gratuity				
1. Defined Benefit Obligation	**526.58**	401.82	362.46	200.42	128.99
2. Fair value of plan assets	–	–	–	–	–
3. Surplus/(Deficit)	**(526.58)**	(401.82)	(362.46)	(200.42)	(128.99)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**(18.64)**	(6.76)	23.25	10.76	11.09
5. Experience adjustment on plan assets [Gain/(Loss)]	**–**	–	–	–	–

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Rs in lakhs

28. Fair Value Measurement

Fair Valuation Techiques and Inputs used - Recurring Items

Financial assets/ financial liabilities	Fair value as at 31 March 2020	Fair value as at 31 March 2019	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
1) Investment in equity instruments at amortised cost (Unquoted)	**3,045.00**	–	Level 3	Unquoted bid prices	Long term revenue growth rates.	An increase in the long-term revenue growth rates used in isolation would result in a significant increase in the fair value.
2) Investment in equity instruments at FVTOCI (Unquoted)	**13.31**	12.27	Level 3	Unquoted bid prices	Long term revenue growth rates.	An increase in the long-term revenue growth rates used in isolation would result in a significant increase in the fair value.
3) Mutual Fund Investments (Quoted)	–	501.06	Level 1	Quoted bid prices in an active market	–	–

Fair value of financial assets and financial liabilities that are not measured at fair value i.e. measured using amortised cost

The carrying value of other financial assets and liabilities represent reasonable estimate of fair value.

Fair Valued Hierarchy as at 31 March 2020

	Level 1	Level 2	Level 3	Total
Financial assets				
Non- Current Financial Assets carried at Amortised Cost				
– Non-current investments	**–**	**–**	**3,058.31**	**3,058.31**
Current Financials Assets carried at Amortised Cost				
– Current Investments	**–**	**–**	**–**	**–**
TOTAL	**–**	**–**	**3,058.31**	**3,058.31**
Financial liabilities				
Non-Current Financial liabilities not carried at Fair Value				
– Deposits received from Dealers	**–**	**–**	**–**	**–**
– Shares held by ESOS trust	**–**	**308.91**	**–**	**308.91**
Current Financial liabilities not carried at Fair Value				
– Trade payable for goods & services	**–**	**6,209.85**	**–**	**6,209.85**
– Deposits received from Dealers	**–**	**2,307.96**	**–**	**2,307.96**
– Capital creditors	**–**	**4.43**	**–**	**4.43**
– Other employee related liabilities	**–**	**875.62**		**875.62**
– Others	**–**	**100.04**		**100.04**
TOTAL	**–**	**9,806.81**	**–**	**9,806.81**

Fair Valued Hierarchy as at 31 March 2019

	Level 1	Level 2	Level 3	Total
Financial assets				
Non- Current Financial Assets carried at Amortised Cost				
– Non-current investments	–	–	12.27	12.27
Current Financials Assets carried at Amortised Cost				
– Current Investments	501.06			501.06
TOTAL	501.06	–	12.27	513.33
Financial liabilities				
Non-Current Financial liabilities not carried at Fair Value				
– Deposits received from Dealers	–	–	–	–
– Shares held by ESOS trust	–	308.91		308.91
Current Financial liabilities not carried at Fair Value				
– Trade payable for goods & services	–	3,645.14	–	3,645.14
– Deposits received from Dealers	–	2,426.29	–	2,426.29
– Capital creditors	–	34.96	–	34.96
– Other employee related liabilities	–	419.35	–	419.35
TOTAL	–	6,834.65	–	6,834.65

29. Related Party Transactions:

List of Related Parties and Relationships:

Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Holdings Limited	Holding Company
Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary Company
Mahindra Integrated Business Solutions Private Limited (Formerly known as Mahindra BPO Services Private Limited)	Fellow Subsidiary Company
Mahindra First Choice Services Limited	Fellow Subsidiary Company
Mahindra Agri Solutions Limited	Fellow Subsidiary Company
Mahindra Summit Agriscience Limited	Fellow Subsidiary Company
Mahindra World City Developers Limited	Fellow Subsidiary Company
NBS International Limited	Fellow Subsidiary Company
Mahindra Rural Housing Finance Limited	Fellow Subsidiary Company
Mahindra Intertrade Limited	Fellow Subsidiary Company
Mahindra Two Wheelers Limited	Fellow Subsidiary Company
Mahindra Holiday & Resorts India Limited	Fellow Subsidiary Company
Mahindra Lifespace Developers Limited	Fellow Subsidiary Company
Mahindra Retail Limited	Fellow Subsidiary Company
Mahindra Vehicle Manufacturers Limited	Fellow Subsidiary Company
MFCWL Employees Stock Option Trust	ESOS Trust Company
Fifth Gear Ventures Limited (w.e.f. 17 Jan 2020)	Wholly Owned Subsidiary Company
Ashutosh Pandey (w.e.f. 2 July 2018)	Chief Executive Officer - Key Management Personnel
V. Janakiraman	Chief Financial Officer - Key Management Personnel

Details of transaction between the company and other related parties are disclosed below:

Rs in lakhs

	31 March 2020	31 March 2019
Trade Payables		
Ultimate holding company	**249.33**	119.87
Fellow subsidiary companies		
Mahindra Integrated Business Solutions Private Limited	**4.81**	4.76
Mahindra First Choice Services Limited	**3.13**	3.13
NBS International Limited	**0.08**	–
Mahindra Two Wheelers Limited	**2.00**	–
Mahindra Retail Limited	**0.51**	–
Trade Receivables		
Ultimate Holding Company	**35.66**	12.00
Fellow Subsidiary Companies		
Mahindra First Choice Services Limited	**8.05**	3.46
Mahindra & Mahindra Financial Services Limited	**349.38**	239.58
NBS International Limited	**0.65**	0.65
Mahindra Rural Housing Finance Limited	**13.61**	–
Wholly owned subsidiary Company	**120.05**	–
Inter Corporate Deposits (ICD)		
Fellow subsidiary companies		
Mahindra Rural Housing Finance Limited	**2,000**	–
Loan Given		
MFCWL Employees Stock Option Trust	**318.73**	318.73
Purchases		
Ultimate holding company	**312.73**	9.70
Fellow subsidiary companies		
Mahindra & Mahindra Financial Services Limited	**5,724.77**	8.94
Mahindra Agri Solutions Limited	**1.35**	–
Mahindra Summit Agriscience Limited	**1.75**	–
Mahindra Vehicle Manufacturers Limited	**19.30**	–
Expenditure		
Rent		
Ultimate holding company	**10.52**	11.26
Fellow subsidiary companies		
Mahindra Two Wheelers Limited	**5.92**	–
Mahindra First Choice Services Limited	**–**	21.48
Reimbursement of Cost		
Ultimate holding company	**15.51**	164.52
Fellow subsidiary companies		
Mahindra Retail Limited	**41.60**	–
Mahindra Holiday & Resorts India Limited	**4.18**	–
Mahindra Agri Solutions Limited	**–**	1.05
Refurbishment Expenses		
Fellow subsidiary companies	**0.39**	–
NBS International Limited		
Travelling Expenses		
Ultimate holding company	**16.35**	20.77
Professional Fees		
Ultimate holding company	**205.21**	17.47
Fellow subsidiary companies		
Mahindra Integrated Business Solutions Private Limited	**51.20**	45.57
Mahindra First Choice Services Limited	**–**	2.90
Interest Received on ICD		
Mahindra Rural Housing Finance Limited	**248.32**	–
Income from Services		
Ultimate holding company	**30.16**	22.65
Fellow Subsidiary Companies		
Mahindra First Choice Services Limited	**5.01**	4.39
Mahindra & Mahindra Financial Services Limited	**1,292.18**	1,188.58
NBS International Limited	**7.01**	6.96
Recovery From Group Companies		
Ultimate holding company	**10.23**	7.06
Fellow Subsidiary Companies		
Mahindra First Choice Services Limited	**9.17**	12.42
Mahindra Intertrade Limited	**1.85**	
Wholly owned subsidiary company	**7.27**	–

	31 March 2020	31 March 2019
Receivable from Group Companies		
Wholly owned subsidiary company	**5.61**	–
Payable to Group Companies		
Fellow Subsidiary Companies		
Mahindra & Mahindra Financial Services Limited	**3.26**	–
Key Management Personnel Remuneration		
Chief Executive Officer and Managing Director	**209.48**	211.88

30. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

	31 March 2020	31 March 2019
i. The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year	43.55	5.96
ii. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	–	–
iii. The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	–	–
iv. The amount of interest accrued and remaining unpaid at the end of each accounting year	–	–
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	–	–

Rs in lakhs

	31 March 2020	31 March 2019
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.	–	–

31. Segment Information

The Company is engaged in providing various value added services to their customers in the used vehicle segment. The information reported to the Chief Operating Decision Maker (CODM) primarily revolves around the revenue generated by each area of business, while he evaluates operational performance on an overall company basis, both from cost and profitability perspectives. Similarly the Board reviews the results from an organizational perspective as well.

Manpower, which is a critical resource, is fungible between the areas of business to maximize effectiveness. Similarly, the Company leverages its product and service delivery structures for offering a suite of services to its customers across all areas of business. Additionally, there are costs incurred towards advertisement, which is another major cost driver, such that its impact permeates across all areas of the Company's. Thus, considering the high interchangeability of its resources and processes for delivering its objective of serving the used car eco market and the fact that its results are reviewed at an organizational level, the company is a single operating segment.

32. Other matters:

In March 2020, World Health Organization declared Covid-19 as a pandemic. Escalation of Covid-19 has the potential to impact the global economic growth and business developments. The countrywide lockdown declared by Government of India covered a part of March 2020 and continued until May 2020. Whilst overall impact is still uncertain, the Company has carried out an assessment for any possible impact on performance of the Company due to the outbreak. Based on the current situation, the Company does not expect operations and performance for year ended 31 March 2021 to be significantly impacted. The Company will continue to monitor the situation as it evolves in coming months.

33. Regrouping

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure..

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959
UDIN: 20113959AAAACH3973

Place : Mumbai
Date : 14 May 2020

For and on behalf of the Board of Directors of
Mahindra First Choice Wheels Limited

V.S. Parthasarathy
Director
DIN 00125299

Ashutosh Pandey
MD & CEO
DIN 08166731

Rajeev Dubey
Director
DIN 00104817

V. Janakiraman
Chief Financial Officer
Membership number: 029222 PAN-AAQPJ2356L

Anita Halbe
Company Secretary
A13962

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Fifth Gear Ventures Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2020 (Same as Holding Company)
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR
4.	Share capital	9,21,850
5.	Reserves & surplus	(1,62,93,426)
6.	Total assets	5,77,26,011
7.	Total Liabilities	7,30,97,587
8.	Investments	NIL
9.	Turnover	8,10,32,271
10.	Profit before taxation	(1,37,85,054)
11.	Provision for taxation	1,49,57,289
12.	Profit after taxation	(2,87,42,343)
13.	Proposed Dividend	NIL
14.	% of shareholding	100%

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations- Not Applicable
2. Names of subsidiaries which have been liquidated or sold during the year. Not Applicable

Part "B": Associates and Joint Ventures - Not Applicable

For and on behalf of the Board of Directors of
Mahindra First Choice Wheels Limited

V.S. Parthasarathy	**Ashutosh Pandey**	**Rajeev Dubey**
Director	*MD & CEO*	*Director*
DIN 00125299	*DIN 08166731*	*DIN 00104817*

V. Janakiraman	**Anita Halbe**
Chief Financial Officer	*Company Secretary*
Membership number: 029222 PAN-AAQPJ2356L	*A13962*

Place : Mumbai
Date : 14 May 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of **MAHINDRA FIRST CHOICE SERVICES LIMITED**

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **Mahindra First Choice Services Limited** ("the Company"), which comprise the balance sheet as at 31st March, 2020, and the statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020 and its financial performance including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Material Uncertainty related to Going Concern

We draw attention to Note 33 in the financial statements which indicates that the Company has accumulated losses Rs. 38,335.50 lakhs and its net worth has been fully eroded. The Company has incurred cash loss during the current and previous years and Company's current liabilities exceeds its current assets as at the Balance sheet date. These conditions along with other matters set forth in Note 33 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said note.

Our opinion is not modified in respect of this matter.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

That Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. As at 31st March, 2020 the Company is having pending litigations with Central and various Value Added Tax authorities disclosed as contingent liability amounting Rs. 329.29 lakhs;
      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Ravi Kapoor
Partner
Membership No. 040404
UDIN: 20040404AAAADL3256

Place : Mumbai
Date : April 27, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls With reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **Mahindra First Choice Services Limited** ("the Company") as of 31st March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls With reference to financial statements (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2020, based on the internal control with reference to financial statement criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls With reference to financial statements issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Ravi Kapoor
Partner
Membership No. 040404
UDIN: 20040404AAAADL3256

Place : Mumbai
Date : April 27, 2020

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 1 of our report of even date on the financial statements of **Mahindra First Choice Services Limited** for the year ended 31st March 2020

Annexure to the Auditor's Report referred to in our report of even date:

I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment's.

(b) These Property, Plant & Equipment's were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.

(c) The Company has no immovable properties and hence Clause 3(i)(c) is not applicable to the Company

II. Physical verification of inventory has been conducted at reasonable intervals by the management and discrepancies noticed on physical verification by the Management have been properly adjusted in the books of account.

III. The Company has granted unsecured loan of Rs. 160 lakhs to its wholly owned subsidiary which is listed in the register maintained under section 189 of the Companies Act, 2013.

(a) According to information and explanations given to us, and having regard to management's representation that the loans are given to its wholly owned subsidiary in the interest of Company's business, the terms and conditions of repayment for the said loan is not prima facie prejudicial to the interest of the Company.

(b) The schedule of repayment of principal and payment of interest has been stipulated as per the terms of agreement.

(c) No portion of principal and interest amount of the loan is due upto 31st March, 2020.

IV. The Company has not granted any loans or made any investments or provided any guarantees or securities to the parties covered under Section 185 & 186 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the company.

V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the Company.

VI. On facts, clause 3(vi) relating to maintenance of cost records is not applicable to the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, value added tax, and other statutory dues applicable to it with the appropriate authorities.

(b) According to the information and explanations given to us and records of the Company examined by us, there are no disputed dues of income tax or sales tax, wealth tax, service tax, duty of customs, duty of excise value added tax and cess which have not been deposited on account of any dispute except as disclosed below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Amount Involved (Rs. In Lakhs)	Amount Unpaid (Rs. In Lakhs)
Central & Value added tax matter under dispute	VAT and CST payable along with Interest thereon	Various Tax Authorities	329.29	329.29

VIII. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.

IX. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year, and accordingly, Para 3(ix) of the Order is not applicable to the Company.

X. On the basis of our examination of the relevant records of the Company, carried out in accordance with generally accepted auditing practices and according to the information and explanations given to us, no material fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.

XI. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

XII. The Company is not a 'Nidhi Company'; therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

XV. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them.

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provision of Clause 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Ravi Kapoor
Partner
Membership Number 040404
UDIN: 20040404AAAADL3256

Place : Mumbai
Date : April 27, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
I ASSETS			
1 Non current assets			
Property, plant and equipment	5	907.03	257.48
Other Intangible assets	6	20.92	51.32
Financial assets			
Investments	7	0.00	0.00
Loans	8	89.34	159.77
Other financial assets	9	12.20	8.25
Income tax assets (net)		153.35	154.35
Other non current assets	10	48.73	28.87
Total non current assets		1,231.57	660.04
2 Current assets			
Inventories	11	449.08	432.67
Financial assets			
Trade receivables	12	1,221.39	1,085.41
Cash and cash equivalents	13	8.19	35.74
Other bank balances	13	–	3.20
Loans	8	197.29	130.25
Other financial assets	9	459.61	383.08
Other current assets	10	175.00	83.40
Total current assets		2,510.56	2,153.75
Total assets		3,742.13	2,813.79
II EQUITY AND LIABILITIES			
1 Equity			
Equity share capital	14	33,000.00	29,600.00
Other equity	15	(38,335.50)	(35,192.16)
Total equity		(5,335.50)	(5,592.16)
2 Liabilities			
(i) Non current liabilities			
Financial liabilities			
Other financial liabilities	16	2,751.22	2,028.37
Provisions	17	344.02	222.03
Total non current liabilities		3,095.24	2,250.40
(ii) Current liabilities			
Financial liabilities			
Borrowings	18	2,635.67	2,861.39
Trade payables	19		
- Due to micro and small enterprises		159.90	163.14
- Due to other than micro and small enterprises		1,710.75	1,948.92
Other financial liabilities	16	324.98	142.41
Provisions	17	77.81	68.49
Other current liabilities	20	1,073.28	971.20
Total current liabilities		5,982.39	6,155.55
Total liabilities (i) + (ii)		9,077.63	8,405.95
Total equity and liabilities		3,742.13	2,813.79

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404

Place : Mumbai
Date : 27th April, 2020

For and on behalf of the Board of Directors

Rajeev Dubey
Chairman
DIN No : 00104817

YVS Vijay Kumar
Managing Director and CEO
DIN No : 03588223

Pallavi Ogale
Chief Financial Officer
PAN No : AAAPO1714B

Hemangi Patil
Company Secretary
Membership No : A 19644

Place : Mumbai
Date : 27th April, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

	Particulars	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
I	Revenue from operations	21	10,652.09	10,886.94
II	Other income	22	327.13	427.67
III	**Total revenue (I + II)**		10,979.22	11,314.61
IV	**Expenses**			
	Purchases of stock in trade		7,585.13	7,407.54
	Changes in inventories of stock in trade	23	(16.41)	231.18
	Employee benefit expense	24	3,149.27	3,087.87
	Finance costs	25	304.95	255.14
	Depreciation and amortisation expense	5 & 6	405.30	183.84
	Other expenses	26	2,661.23	3,703.39
	Total expenses (IV)		14,089.47	14,868.96
V	**Loss before tax (III - IV)**		(3,110.25)	(3,554.35)
VI	**Tax expense**		–	–
VII	**Loss for the year (V - VI)**		(3,110.25)	(3,554.35)
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss :			
	Remeasurements of the defined benefit plans	29	(33.09)	(2.01)
	Total other comprehensive income for the period (VIII)		(33.09)	(2.01)
IX	**Total comprehensive income for the period (VII+VIII)**		(3,143.34)	(3,556.36)
X	**Earnings per equity share:**			
	Basic and Diluted	27	(1.00)	(1.27)

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404

Place : Mumbai
Date : 27th April, 2020

For and on behalf of the Board of Directors

Rajeev Dubey
Chairman
DIN No : 00104817

YVS Vijay Kumar
Managing Director and CEO
DIN No : 03588223

Pallavi Ogale
Chief Financial Officer
PAN No : AAAPO1714B

Hemangi Patil
Company Secretary
Membership No : A 19644

Place : Mumbai
Date : 27th April, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

	Particulars		Year ended 31st March, 2020		Year ended 31st March, 2019
A.	**Cash flow from operating activities:**				
	Loss before tax			**(3,110.25)**	(3,554.35)
	Adjustments for:				
	Depreciation and amortisation expense		**405.30**		183.84
	Interest on overdraft facility and inter corporate deposits		**243.69**		255.14
	Interest on lease liability		**61.26**		–
	Loss on sale / write off of fixed assets		**24.12**		18.20
	Bad debts written off		**66.73**		56.37
	Allowance for expected credit losses on trade receivables		**321.78**		431.59
	Interest income		**(25.23)**		(24.69)
	Provision for doubtful advances		**27.34**		2.96
				1,124.99	923.41
	Operating loss before working capital changes			**(1,985.26)**	(2,630.94)
	Decrease in non current loans		**43.09**		20.71
	(Increase) / Decrease in other non current assets		**(19.86)**		45.23
	(Increase) / Decrease in inventories		**(16.41)**		231.18
	(Increase) in trade receivables		**(524.49)**		(793.34)
	(Increase) / Decrease in current loans		**(32.04)**		0.35
	(Increase) in other current financial assests		**(76.53)**		(368.88)
	(Increase) in other current assets		**(91.60)**		(9.15)
	(Decrease) / Increase in current trade payables		**(241.41)**		447.28
	(Decrease) in other current financial liabilities		**(64.49)**		(203.85)
	Increase in current provisions		**9.32**		9.02
	Increase in other current liabilities		**102.08**		419.52
	Increase in other non current financial liabilities		**195.98**		144.62
	Increase in other non current provisions		**88.90**		61.47
				(627.46)	4.16
	Cash used in operations			**(2,612.72)**	(2,626.78)
	Income tax refunds / (paid)			**1.00**	(27.06)
	Net cash used in operating activities	**(A)**		**(2,611.72)**	(2,653.84)
B.	**Cash flow from investing activities :**				
	Purchase of fixed assets (including capital advances)		**(49.72)**		(39.88)
	Sale of fixed assets		**29.19**		22.02
	Bank balances not considered as cash and cash equivalents (net)		**(0.75)**		5.75
	Inter corporate deposits given		**(35.00)**		(125.00)
	Interest received		**25.23**		24.71
				(31.05)	(112.40)
	Net cash used in investing activities	**(B)**		**(31.05)**	(112.40)
C.	**Cash flow from financing activities :**				
	Proceeds from issue of equity shares			**3,400.00**	3,200.00
	Inter corporate deposits received			**1,000.00**	1,200.00
	Lease payment			**(315.37)**	–
	Inter corporate deposits repaid			**(1,000.00)**	(1,200.00)
	Interest on overdraft facility and inter corporate deposits			**(243.69)**	(255.14)
	Net cash from financing activities	**(C)**		**2,840.94**	2,944.86
D.	**Net Increase in cash and cash equivalents**	**(A+B+C)**		**198.17**	178.62
	Cash and cash equivalents at the beginning of the year			**(2,825.65)**	(3,004.27)
	Cash and cash equivalents at the end of the year			**(2,627.48)**	(2,825.65)
	Net Increase as disclosed above			**198.17**	178.62
	See accompanying notes forming part of the financial statements				

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404

Place : Mumbai
Date : 27th April, 2020

For and on behalf of the Board of Directors

Rajeev Dubey
Chairman
DIN No : 00104817

YVS Vijay Kumar
Managing Director and CEO
DIN No : 03588223

Pallavi Ogale
Chief Financial Officer
PAN No : AAAPO1714B

Hemangi Patil
Company Secretary
Membership No : A 19644

Place : Mumbai
Date : 27th April, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

a. Equity share capital

Particulars	**Amount**
As at 31st March, 2018	26,400.00
Changes in equity share capital during the year	
Issue of equity shares during the year	3,200.00
As at 31st March, 2019	29,600.00
Changes in equity share capital during the year	
Issue of equity shares during the year	3,400.00
As at 31st March, 2020	**33,000.00**

b. Other equity

Particulars	**Reserves & Surplus**	**Items of other comprehensive income**	
	Retained earnings	Remeasurements of the defined benefit plans	**Total**
As at 31st March, 2018	(31,640.48)	4.68	(31,635.80)
Loss for the year	(3,554.35)	–	(3,554.35)
Other comprehensive income	–	(2.01)	(2.01)
Total comprehensive income	(3,554.35)	(2.01)	(3,556.36)
As at 31st March, 2019	(35,194.83)	2.67	(35,192.16)
Loss for the year	(3,110.25)	–	(3,110.25)
Other comprehensive income	–	(33.09)	(33.09)
Total comprehensive income	(3,110.25)	(33.09)	(3,143.34)
As at 31st March, 2020	**(38,305.08)**	**(30.42)**	**(38,335.50)**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Ravi Kapoor
Partner
M. No. 040404

Place : Mumbai
Date : 27th April, 2020

For and on behalf of the Board of Directors

Rajeev Dubey
Chairman
DIN No : 00104817

YVS Vijay Kumar
Managing Director and CEO
DIN No : 03588223

Pallavi Ogale
Chief Financial Officer
PAN No : AAAPO1714B

Hemangi Patil
Company Secretary
Membership No : A 19644

Place : Mumbai
Date : 27th April, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

Significant accounting policies

1) Corporate information

Mahindra First Choice Services Limited (MFCSL) is a wholly owned subsidiary of Mahindra Holdings Limited. The Company has its presence across all major cities in India. The Company has multi brand vehicle service centres network comprising 504 Franchise Owned Franchise Operated (FOFO) outlets and 1 Company Owned Company Operated (COCO) outlet. The Company supplies spare parts to FOFOs through 25 distribution HUB's. The Company has developed its own brand MFC for selling a range of spares parts through its 114 distributors.

The Company has elected not to prepare consolidated financial statements in accordance with Ind AS 110 on consolidated financial statement and Companies (Accounts) Rules 2014, as amended. The immediate parent Company is Mahindra Holdings Limited and ultimate parent Company is Mahindra & Mahindra Limited, a company incorporated in Mumbai, India which is the parent of the smallest and largest group to consolidate these financial statements. Copies of the annual report of the Mahindra & Mahindra Limited can be obtained from the Company Secretary, Mahindra & Mahindra Limited, Mahindra Towers, Dr. G. M. Bhosale Marg, Worli, Mumbai, 400 018, India. List of significant investments in subsidiaries is provided in note on investments.

2) Statement of compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

a) Basis of accounting and preparation of financial statements:

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and /or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 on inventories or value in use in Ind AS 36 impairment of assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

b) Property, plant and equipment:

Property, plant and equipment are stated at cost less depreciation and impairment losses. Costs comprise purchase price net of any trade discounts and rebates and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses directly attributable to acquisition of assets up to the date the asset is ready for its intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful life of the assets are given below

Category of assets	Life
Plant and machinery	
- Machinery	10 Years
- Electrical equipments and tools	06 Years
- Mobile handsets	02 Years
- Barcode system and equipment	05 Years
Furniture and fittings - movable in nature	06 Years
Vehicles	06 Years and 8 months
Office equipments	05 Years
Leasehold premises	Over the period of lease
Computers	03 Years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

c) Intangible assets:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Useful lives of intangible assets

Intangible assets are amortised over a period of three years on straight line method.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible assets under development

Expenditure on research and development eligible for capitalisation are carried as intangible assets under development where such assets are not yet ready for their intended use.

d) Impairment of tangible and intangible assets other than goodwill:

The carrying amounts of tangible and intangible assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. Impairment loss is provided to the extent the carrying amounts of assets exceed their recoverable amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

e) Cash and cash equivalents:

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short term deposits with an original maturity upto three months, which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash and short term deposits and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

f) Cash flow statements:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity upto three months from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows from operating activities are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

g) Foreign currencies:

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of transactions. At the end of each reporting period, monetory items denominated in foreign currencies are retranslated at the rates prevailing at that date.

h) Borrowing costs:

Borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

i) Inventories:

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi, freight and other levies. Cost is arrived at on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

j) Unbilled revenue:

Unbilled revenue is recognised on the cost of material issued on the sales order / job card opened pending completion of service and hence not billed at the year end.

k) Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for customer returns, rebates and other similar allowances.

Sale of goods:

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

(i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

(ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and

(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income from services:

Income from services is recognised when services are rendered and related costs are incurred.

Franchise income:

(i) One time fees is recognised when services are rendered and related costs are incurred prior to the commencement of operations by franchise.

(ii) Monthly fees are recognised when services are rendered and related costs are incurred after the commencement of operations by franchise.

l) Dividend and interest income:

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

m) Employee benefits:

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, stock appreciation rights, employee stock option scheme and post employment medical benefits.

1. Short term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

(i) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(ii) in case of non accumulating compensated absences, when the absences occur.

2. Long term benefits

I. Defined contribution plan

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

(i) Provident and family pension fund

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to Regional Provident Fund Commissioner. Provident fund and family pension fund are classified as defined contribution plans as the Company has no further obligations beyond making the contribution. The Company's contribution to defined contribution plans is charged to the Statement of Profit and Loss as incurred.

(ii) Superannuation

The eligible employees of the Company are entitled to receive post employment benefits in respect of superannuation fund in which the Company makes yearly contribution at a specified percentage of the employees' eligible salary (currently 15% of employees' eligible salary). The contributions are made to the Life Insurance Corporation of India. Superannuation is classified as defined contribution plan as the Company has no further obligations beyond making the contribution. The Company's contribution to defined contribution plans are charged to the Statement of Profit and Loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

II. **Defined benefit plan**

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

(i) Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation. Remeasurements arising from defined benefit plans comprises of actuarial gains and losses on benefit obligations, the return on plan assets in excess of what has been estimated and the effect of asset ceiling, if any, in case of over funded plans. The Company recognizes these items of remeasurements immediately in other comprehensive income and all the other expenses related to defined benefit plans as employee benefit expenses in their Statement of Profit and Loss.

(ii) Compensated absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment/ availment. The liability is provided based on the number of days of unutilised leave at each Balance Sheet date on the basis of an independent actuarial valuation.

n) Employee share based payments:

The Company has constituted an employee stock option plan by way of stock appreciation rights. For cash settled share based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in Statement of Profit and Loss for the year.

Certain employees of the Company are covered by employee stock option scheme (ESOP scheme) offered by Company. Under the scheme, eligible employees are granted an option to purchase shares of Mahindra First Choice Services Ltd, in accordance with the terms and conditions of the scheme. The Company recognises this scheme as an equity settled share based payments arrangement in accordance with IND AS 102 - Share Based Payment. Options granted under ESOP scheme vests after 4 years from the date of grant. The options may be exercised over a period of 5 years from the date of vesting. Such ESOP expense in respect of employees of the Company is charged over the vesting period. The charge is based on fair value of options calculated using Black-Scholes-Merton Option Pricing Model. The fair value charge is recognised as share based payment expenses under employee benefit expenses.

o) Taxation:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961 and other applicable tax laws. The Companies current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

p) Provisions and contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes. Contingent assets are not recognised in the financial statements.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

q) Leases:

The Company as lessee

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the lessor has a substantive substitution right, then the asset is not identified
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

- the Company as a lessee has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company as a lessee has the right to operate the asset; or
  - the Company as a lessee designed the asset in a way that predetermines how and for what purpose it will be used.
- This policy is applied to contracts entered into, or modified, on or after 1 April, 2019.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at amortised cost at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the incremental borrowing rate.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term

Transition

The Company has adopted Ind AS 116 using the modified retrospective approach with effect from initially applying this standard from 1 April 2019. Accordingly, the information presented for previous year ended 31 March 2019 has not been restated and continues to be reported under IAS 17.The Company has adopted modified retrospective approach where lease liability measured at present value of remaining lease payment discounted at the incremental borrowing rate at the date of initial application and right to use asset is equal to lease liability adjusted by the amount of any prepaid or accrued lease payments.

As a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. Single discount rate to a portfolio of leases with similar characteristics.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

r) Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

s) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are subsequently measured at fair value.

Investments in equity of subsidiaries is measured at cost.

A financial asset is held for trading if :

(i) it has been acquired principally for the purpose of selling it in the near term; or

(ii) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

(iii) it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive i.e. all cash shortfalls, discounted at the original effective interest rate (or credit adjusted effective interest rate for purchased or originated credit impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

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For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

t) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of property, plant and equipment

Depreciation on property, plant and equipment has been provided on the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc:

Sr. No	Category of assets	Life
(i)	Plant and machinery	
	- Machinery	10 Years
	- Electrical equipments and tools	6 Years
	- Mobile handsets	2 Years
	- Barcode system and equipment	5 Years
(ii)	Furniture and fittings - movable in nature	6 Years
(iii)	Vehicles	6 Years and 8 months

IND AS 116 - Leases

Ind AS 116 requires lessees to determine the lease term as the non cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by lease basis and there by assesses whether its reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

4) Recent accounting pronouncements

Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Note No. 5 - Property, plant and equipment

Carrying amount	**As at 31st March, 2020**	As at 31st March, 2019
Plant and equipment	**29.80**	55.36
Furniture and fixtures	**26.18**	50.78
Vehicles	**56.50**	70.50
Office equipment	**11.40**	18.14
Improvement to leasehold premises	**14.02**	28.22
Computers	**34.70**	34.48
Total	**172.60**	257.48

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

Description of assets	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Improvement to leasehold premises	Computers	Total
Gross block							
As at 31st March, 2018	162.63	151.21	145.15	84.16	146.64	380.98	1,070.77
Additions during the year	8.65	7.54	0.42	1.20	–	3.47	21.28
Disposals during the year	39.32	5.91	19.97	8.97	83.09	33.36	190.62
As at 31st March, 2019	131.96	152.84	125.60	76.39	63.55	351.09	901.43
Additions during the year	0.62	0.35	18.24	2.21	6.97	20.88	49.27
Disposals during the year	32.48	41.78	34.57	13.36	36.89	57.52	216.60
As at 31st March, 2020	**100.10**	**111.41**	**109.27**	**65.24**	**33.63**	**314.45**	**734.10**
Accumulated depreciation and impairment for the year							
As at 31st March, 2018	85.21	85.30	45.23	54.76	94.38	312.94	677.82
Depreciation / amortisation expense for the year	18.09	21.46	17.62	11.33	11.44	35.48	115.42
Eliminated on disposal of assets	26.70	4.70	7.75	7.84	70.49	31.81	149.29
As at 31st March, 2019	76.60	102.06	55.10	58.25	35.33	316.61	643.95
Depreciation / amortisation expense for the year	14.19	15.00	17.73	7.58	8.92	17.87	81.29
Eliminated on disposal of assets	20.49	31.83	20.06	11.99	24.64	54.73	163.74
As at 31st March, 2020	**70.30**	**85.23**	**52.77**	**53.84**	**19.61**	**279.75**	**561.50**
Net block							
As at 31st March, 2018	77.42	65.91	99.92	29.40	52.26	68.04	392.95
Additions during the year	8.65	7.54	0.42	1.20	–	3.47	21.28
Disposals during the year	39.32	5.91	19.97	8.97	83.09	33.36	190.62
Depreciation / amortisation expense for the year	18.09	21.46	17.62	11.33	11.44	35.48	115.42
Eliminated on disposal of assets	26.70	4.70	7.75	7.84	70.49	31.81	149.29
As at 31st March, 2019	55.36	50.78	70.50	18.14	28.22	34.48	257.48
Additions during the year	0.62	0.35	18.24	2.21	6.97	20.88	49.27
Disposals during the year	32.48	41.78	34.57	13.36	36.89	57.52	216.60
Depreciation / amortisation expense for the year	14.19	15.00	17.73	7.58	8.92	17.87	81.29
Eliminated on disposal of assets	20.49	31.83	20.06	11.99	24.64	54.73	163.74
As at 31st March, 2020	**29.80**	**26.18**	**56.50**	**11.40**	**14.02**	**34.70**	**172.60**

Note No. 5 - Lease schedule

Carrying amount	As at 31st March, 2020	As at 31st March, 2019
Right of use asset - Building	**734.43**	–
Total	**734.43**	–

Description of assets	Right of use asset - Building	Total
Gross block		
As at 31st March, 2018	–	–
Additions during the year	–	–
Disposals during the year	–	–
As at 31st March, 2019	–	–
Additions during the year	1,028.04	1,028.04
Disposals during the year	–	–
As at 31st March, 2020	**1,028.04**	**1,028.04**
Accumulated depreciation and impairment for the year		
As at 31st March, 2018	–	–
Depreciation / amortisation expense for the year	–	–
Eliminated on disposal of assets	–	–
As at 31st March, 2019	–	–
Depreciation / amortisation expense for the year	293.61	293.61
Eliminated on disposal of assets	–	–
As at 31st March, 2020	**293.61**	**293.61**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

Description of assets	Right of use asset - Building	Total
Net block		
As at 31st March, 2018	–	–
Additions during the year	–	–
Disposals during the year	–	–
Depreciation / amortisation expense for the year	–	–
Eliminated on disposal of assets	–	–
As at 31st March, 2019	–	–
Additions during the year	1,028.04	1,028.04
Disposals during the year	–	–
Depreciation / amortisation expense for the year	293.61	293.61
Eliminated on disposal of assets	–	–
As at 31st March, 2020	**734.43**	**734.43**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities

Particulars	As at 31st March, 2020
Current lease liabilities	**247.06**
Non-current lease liabilities	**526.87**
Total	**773.93**

The following is the movement in lease liabilities during the year

Particulars	Year ended 31st March, 2020
Balance at the beginning	**–**
Additions	**1,028.04**
Finance cost accrued during the period	**61.26**
Deletions	**–**
Payment of lease liabilities	**315.37**
Balance at the end	**773.93**

The table below provides details regarding the contractual maturities of lease liabilities on an discounted basis:

Particulars	As at 31st March, 2020
Less than one year	**247.06**
One to five years	**526.87**
More than five years	**–**
Total undiscounted lease liabilities	**773.93**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at 31st March, 2020
Less than one year	**302.13**
One to five years	**590.45**
More than five years	**–**
Total undiscounted lease liabilities	**892.58**

Rental expense recorded for short-term leases is Rs 57.13 lakhs (Previous year Rs 405.57 lakhs).

Note No. 6 - Other intangible assets

Carrying amount	As at 31st March, 2020	As at 31st March, 2019
Intangible assets	**20.92**	51.32
Total	**20.92**	51.32

Description of assets	Intangible assets	Total
Gross block		
As at 31st March, 2018	520.03	520.03
Additions during the year	36.64	36.64
Disposals during the year	–	–
As at 31st March, 2019	**556.67**	**556.67**
Additions during the year	–	–
Disposals during the year	–	–
As at 31st March, 2020	**556.67**	**556.67**
Accumulated depreciation and impairment for the year		
As at 31st March, 2018	436.93	436.93
Amortisation expense for the year	68.42	68.42
Eliminated on disposal of assets	–	–
As at 31st March, 2019	505.35	505.35
Amortisation expense for the year	30.40	30.40
Eliminated on disposal of assets	–	–
As at 31st March, 2020	**535.75**	**535.75**
Net block		
As at 31st March, 2018	83.10	83.10
Additions during the year	36.64	36.64
Disposals during the year	–	–
Amortisation expense for the year	68.42	68.42
Eliminated on disposal of assets	–	–
As at 31st March, 2019	51.32	51.32
Additions during the year	–	–
Disposals during the year	–	–
Amortisation expense for the year	30.40	30.40
As at 31st March, 2020	**20.92**	**20.92**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

Note No. 7 - Investments

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non Current		
Unquoted instruments (all fully paid)		
Investment in equity instruments in subsidiary at cost		
- Auto Digitech Private Ltd (*) (10,000 Equity shares of Rs 10/- each) (Cost Re 1/-)	**0.00**	0.00
Total non current	**0.00**	0.00
Current	**–**	–
Total	**0.00**	0.00

(*) Erstwhile Mahindra Punjab Tractors Private Limited

Note No. 8 - Loans

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non current		
Security deposits		
Unsecured, considered good		
- for rented premises	**86.74**	155.80
- for others	**2.60**	3.97
Total non current	**89.34**	159.77
Current		
(a) Security deposits		
Unsecured, considered good		
- for rented premises	**37.29**	5.25
Total (a)	**37.29**	5.25
(b) Loans to related parties		
Unsecured, considered good	**160.00**	125.00
(Inter corporate deposit)		
Total (b)	**160.00**	125.00
Total current (a+b)	**197.29**	130.25
Total	**286.63**	290.02

Refer note no. 30 for loans to related parties.

Refer note no. 28(B)(2) for disclosures related to liquidity risk and related financial instrument disclosures.

Note No. 9 - Other financial assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non current		
Fixed deposits with maturity greater than 12 months	**12.20**	8.25
Total non current	**12.20**	8.25
Current		
Interest accrued on bank deposits	**0.14**	0.14
Other receivables	**459.47**	382.94
Total current	**459.61**	383.08
Total	**471.81**	391.33

Refer note no. 28(B)(1) for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note No. 10 - Other assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non current		
Advances other than capital advances		
(i) Other advances	**7.00**	0.03
(ii) Balances with government authorities (other than income taxes)		
(a) VAT credit receivable	**41.73**	28.84
Total non current	**48.73**	28.87
Current		
Advances other than capital advances		
(i) Advances to related parties	**12.91**	19.69
(ii) Other advances:		
– Considered good	**85.41**	53.07
– Considered doubtful	**20.96**	20.74
Less: Allowance for credit losses	**(20.96)**	(20.74)
	85.41	53.07
(iii) Advances to employees	**7.95**	9.88
(iv) Balances with government authorities (other than income taxes)		
(a) Goods and service tax credit receivable	**68.73**	0.76
Total current	**175.00**	83.40
Total	**223.73**	112.27

Note: Other advances include advances to suppliers and prepaid expenses.

Note No. 11 - Inventories

Particulars	As at 31st March, 2020	As at 31st March, 2019
Stock in trade of goods acquired for trading	**449.08**	432.67
Total inventories (at lower of cost and net realisable value)	**449.08**	432.67
Goods in transit, included above:		
Stock in trade of goods acquired for trading	**3.92**	0.08
Total goods in transit	**3.92**	0.08

Note:
The cost of inventories recognised as an expense during the year is Rs 7,568.72 lakhs (Previous year Rs 7,638.72 lakhs).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

Note No. 12 - Trade receivables

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non current	**–**	–
Current		
Trade receivables		
Unsecured, considered good	**1,221.39**	1,085.41
Considered doubtful	**1,048.32**	726.54
Less: Allowance for credit losses	**(1,048.32)**	(726.54)
Total current	**1,221.39**	1,085.41
Total	**1,221.39**	1,085.41

Refer note no. 28(B)(1) for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note No. 13 - Cash and cash equivalents

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents		
(a) Balances with banks		
- In current accounts	**0.39**	25.76
- Fixed deposits with maturity upto 3 months	**5.00**	5.75
(b) Cash on hand	**2.80**	4.23
Total cash and cash equivalents	**8.19**	35.74
Other bank balances		
Balances with banks:		
- Fixed deposits with maturity 3 to 12 months	**–**	3.20
Total other bank balances	**–**	3.20

Note No.13(a) - Reconciliation of cash and cash equivalents as per the cash flow statement

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents (refer note no.13)	**8.19**	35.74
Unsecured bank overdraft (refer note no. 18)	**(2,635.67)**	(2,861.39)
Total	**(2,627.48)**	(2,825.65)

Note No. 14 - Equity share capital

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of shares	**Amount**	No. of shares	Amount
Authorised:				
Equity shares of Rs 10/- each	**330,000,000**	**33,000.00**	300,000,000	30,000.00
	330,000,000	**33,000.00**	300,000,000	30,000.00
Issued, subscribed and fully paid:				
Equity shares of Rs 10/- each	**330,000,000**	**33,000.00**	296,000,000	29,600.00
	330,000,000	**33,000.00**	296,000,000	29,600.00
Total	**330,000,000**	**33,000.00**	296,000,000	29,600.00

Note No. 14.1 - Equity share capital (contd.)

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening balance	Fresh issue	Closing balance
Equity shares with voting rights			
Year ended 31st March, 2020			
No. of shares	**296,000,000**	**34,000,000**	**330,000,000**
Amount in rupees lakh	**29,600.00**	**3,400.00**	**33,000.00**
Year ended 31st March, 2019			
No. of shares	264,000,000	32,000,000.00	296,000,000
Amount in rupees lakh	26,400.00	3,200.00	29,600.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

Rights, preferences and restrictions attached to equity shares :

The Company has only one class of equity shares having par value of Rs 10 per share, which rank pari passu in all respects including voting rights and entitlement of dividend. In the event of liquidation, the shareholder is eligible to receive the remaining assets of the Company after distribution of all preferential amounts, if any.

(ii) Details of shares held by holding company and its nominees:

Particulars	Number of equity shares with voting rights
As at 31st March, 2020	
Mahindra Holdings Ltd, and its nominees	**330,000,000**
As at 31st March, 2019	
Mahindra Holdings Ltd, and its nominees	296,000,000

Note No. 15 - Other equity

Particulars	As at 31st March, 2020	As at 31st March, 2019
Retained earnings	**(38,305.08)**	**(35,194.83)**
Remeasurements of the defined benefit plans	**(30.42)**	2.67
Balance at the end of year	**(38,335.50)**	(35,192.16)

(a) Retained earnings

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Balance at the beginning of the year	**(35,194.83)**	(31,640.48)
Loss for the year	**(3,110.25)**	(3,554.35)
Balance at the end of year	**(38,305.08)**	(35,194.83)

(b) Remeasurements of the defined benefit plans

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Balance at the beginning of the year	**2.67**	4.68
Remeasurements of the defined benefit plans	**(33.09)**	(2.01)
Balance at the end of year	**(30.42)**	2.67

Note No. 16 - Other financial liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non current		
Deposits received from franchisees	**1,313.66**	1,411.03
Deposits received from distributors	**100.25**	84.25
Provision for lease liability	**526.87**	–
Share based payment		
Liability for equity settled share based payment	**810.44**	511.70
Liability for cash settled share based payment	**–**	21.39
Total non current	**2,751.22**	2,028.37
Current		
Earnest money and other deposits	**–**	3.00
Deposits received from distributors	**1.50**	4.00
Provision for lease liability	**247.06**	–
Share based payment		
Liability for cash settled share based payment	**76.42**	135.41
Total current	**324.98**	142.41
Total	**3,076.20**	2,170.78

Refer note no. 28(B)(2) for disclosures related to liquidity risk and related financial instrument disclosures.

Note No. 17 - Provisions

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non current		
Provision for employee benefits		
Compensated absences	**168.84**	137.04
Provision for gratuity	**175.18**	84.99
Total non current	**344.02**	222.03
Current		
Provision for employee benefits		
Compensated absences	**77.81**	68.49
Total current	**77.81**	68.49
Total	**421.83**	290.52

Refer note no. 24 on Employee benefits expense.

Note No. 18 - Borrowings

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non current	**–**	–
Current		
Unsecured bank overdraft	**2,635.67**	2,861.39
Total current	**2,635.67**	2,861.39
Total	**2,635.67**	2,861.39

The Company has taken Rs 3,200.00 lakhs (Previous year Rs 3,200.00 lakhs) unsecured bank overdraft facility from HDFC Bank Limited.

Refer note no. 28(B)(2) for disclosures related to liquidity risk and related financial instrument disclosures.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

Note No. 19 - Trade payables

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non current	**–**	–
Current		
Trade payable - micro and small enterprises	**159.90**	163.14
Trade payable - other than micro and small enterprises	**1,710.75**	1,948.92
Total current	**1,870.65**	2,112.06
Total	**1,870.65**	2,112.06

Refer Note 34(i) for Trade payable - micro and small enterprises

Trade payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. Company's credit risk management processes are explained in Note 28(B)(1).

Note No. 20 - Other liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non current	**–**	–
Current		
Advances received from customers	**985.15**	815.53
Statutory dues		
– Taxes payable (other than income taxes)	**49.46**	112.17
– Employee recoveries and employer contributions	**38.67**	43.50
Total current	**1,073.28**	971.20
Total	**1,073.28**	971.20

Note No. 21 - Revenue from operations

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Revenue from sale of goods	**8,566.89**	8,584.94
Revenue from rendering of services	**2,072.01**	2,277.49
Other operating revenue		
Sale of scrap	**6.21**	9.15
Discounts received	**6.98**	15.36
Total	**10,652.09**	10,886.94

Note No. 22 - Other income

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest income earned on financial assets that are not designated as at fair value through profit or loss:		
– Other financial assets carried at amortised cost	**2.90**	3.82
– Bank deposits (at amortised cost)	**1.20**	1.33
– On income tax refund	**6.84**	14.33
– On Inter corporate deposit	**14.29**	5.21
Recovery of expenses in respect of shared services	**270.77**	301.03
Business support income	**1.77**	27.89
Miscellaneous income	**29.36**	74.06
Total	**327.13**	427.67

Note No. 23 - Changes in inventories of stock in trade

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Inventories at the end of the year:		
Stock in trade of goods acquired for trading	**449.08**	432.67
Inventories at the beginning of the year:		
Stock in trade of goods acquired for trading	**432.67**	663.85
Net Decrease / (Increase)	**(16.41)**	231.18

Note No. 24 - Employee benefits expense

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Salaries and wages, including bonus	**2,691.64**	2,728.82
Contribution to provident and other funds	**195.14**	190.38
Share based payment transactions expenses		
– Stock appreciation rights	**(80.39)**	(209.38)
– Employee stock option scheme	**298.74**	308.91
Staff welfare expenses	**44.14**	69.14
Total	**3,149.27**	3,087.87

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

A. Stock Appreciation Rights (SAR)

The details of the SARs are as under -

Grant date	Vesting date	Exercise expiry date	Reporting date	SAR Granted	SAR Exercised	SAR Lapsed	Number of SAR as on 31-3-2020
1-Aug-12	1-Aug-16	1-Aug-20	31-Mar-20	17,369,124	2,064,761	**3,385,593**	**11,918,770**
6-Aug-13	6-Aug-17	6-Aug-20	31-Mar-20	3,937,886	–	**2,336,087**	**1,601,799**
23-Oct-14	23-Oct-18	23-Oct-20	31-Mar-20	4,713,374	–	**2,800,546**	**1,912,828**
1-Aug-15	1-Aug-19	1-Aug-21	31-Mar-20	5,579,048	–	**2,337,998**	**3,241,050**
1-Apr-16	1-Apr-20	1-Apr-22	31-Mar-20	1,869,873	–	**737,370**	**1,132,503**
Total				**33,469,305**	**2,064,761**	**11,597,594**	**19,806,950**

The compensation cost of SARs granted to employees is accounted by the Company using the fair value method as below-

Grant date	Vesting date	Exercise expiry date	Reporting date	Exercise price	Fair value	Number of SARs	Employee compensation cost
1-Aug-12	1-Aug-16	1-Aug-20	31-Mar-20	10	0.40	**11,918,770**	**35.76**
6-Aug-13	6-Aug-17	6-Aug-20	31-Mar-20	10	0.40	**1,601,799**	**4.81**
23-Oct-14	23-Oct-18	23-Oct-20	31-Mar-20	10	0.40	**1,912,828**	**5.74**
1-Aug-15	1-Aug-19	1-Aug-21	31-Mar-20	13	0.47	**3,241,050**	**14.26**
1-Apr-16	1-Apr-20	1-Apr-22	31-Mar-20	13	1.45	**1,132,503**	**15.86**
Fair value as on 31st March, 2020						**19,806,950**	**76.42**
Less: Fair value as on 31st March, 2019							(156.80)
Total							**(80.39)**

The inputs used in the measurement of the fair values at grant date of the cash settled stock appreciation rights were as follows:

Particulars	Cash settled SAR 2020	2019
Exercise price (for SARs issued before 01st Aug' 15)	**Rs 10**	Rs 10
Exercise price (for SARs issued after 01st Aug' 15)	**Rs 13**	Rs 13
Expected volatility	**0.50**	0.50
Expected life (for SARs issued on 01st Aug' 12)	**8 years**	8 years
Expected life (for SARs issued on 06th Aug' 13)	**7 years**	7 years
Expected life (for SARs issued after 06th Aug' 13)	**6 years**	6 years
Expected dividends yield	**NIL**	NIL
Risk-free interest rate (based on GOI securities)	**6.50%**	7.95%

The fair value of the SARs has been measured using the Black-Scholes-Merton formula.

Since, the Company is not listed, it does not have a history of volatility of its shares. However, based on various considerations expected volatility is assumed as 0.5.

B. Employee Stock Option Plans (ESOPs)

The details of the ESOPs are as under -

Particulars	No of ESOPs Year ended 31st March, 2020	Year ended 31st March, 2019
ESOPs outstanding at the beginning of the year	**24,890,184**	21,940,636
ESOPs granted during the year	**–**	5,224,937
ESOPs surrendered and forfeited during the year	**1,661,773**	2,275,389
ESOPs outstanding at the end of the year	**23,228,411**	24,890,184

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

The compensation cost of ESOPs granted to employees is accounted by the Company using the fair value method as below-

Grant date	Vesting date	Exercise expiry date	Reporting date	Exercise price	Fair value	Number of ESOPs	Employee compensation cost
1-Aug-17	1-Aug-21	1-Aug-26	31-Mar-20	10	5.58	18,747,102	235.67
1-Aug-18	1-Aug-22	1-Aug-27	31-Mar-20	10	6.09	4,481,309	63.06
Total						**23,228,411**	**298.74**

The inputs used in the measurement of the fair values at grant date of ESOPs were as follows:

Particulars	ESOPs 2020	2019
Exercise price	**Rs 10**	Rs 10
Expected volatility	**0.50**	0.50
Expected life	**6.50 years**	6.50 years
Expected dividends yield	**NIL**	NIL
Risk-free interest rate (based on GOI securities)	**6.50%**	7.95%

The fair value of the ESOPs has been measured using the Black-Scholes-Merton formula.

Since, the Company is not listed, it does not have a history of volatility of its shares. However, based on various considerations expected volatility is assumed as 0.5.

Note No. 25 - Finance costs

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Interest on bank overdraft facility	**223.93**	235.53
Interest on lease liabilities	**61.26**	–
Interest on inter corporate deposit	**19.76**	19.61
Total	**304.95**	255.14

Note No. 26 - Other expenses

Particulars		Year ended 31st March, 2020	Year ended 31st March, 2019
Power and fuel		**37.05**	44.25
Lease rent		**57.13**	405.57
Rates and taxes		**69.15**	10.63
Insurance		**37.03**	28.45
Repairs and maintenance		**36.73**	33.99
Marketing, promotional and related expenses		**365.46**	573.22
Travelling and conveyance		**339.08**	437.36
Hire and service charges		**583.66**	594.24
Expected credit loss allowance on trade and other receivables		**321.78**	431.59
Provision for doubtful advances		**27.34**	2.96
Legal and professional charges (including payment to auditors)		**124.86**	205.12
Bad debts written off	**109.38**		
Less: Provision held	**42.65**	**66.73**	56.37
Loss on sale / write off of fixed assets (net of profit on sale of assets)		**24.12**	18.20
IT support costs		**269.65**	473.44
Recruitment and related expenses		**35.78**	37.85
Communication expenses		**59.00**	73.47
Printing and stationary		**25.53**	35.02
Deputation charges		**108.11**	168.56
Training expenses		**18.40**	32.91
Expenses for increase in share capital		**25.90**	17.45
Miscellaneous expenses		**28.74**	22.74
Total		**2,661.23**	3,703.39

Note : Payment to auditors (excluding taxes):

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
(i) Audit fees	**12.00**	12.00
(ii) Fees for other services	**0.25**	1.00
Total	**12.25**	13.00

Note No. 27 - Earnings per share

Basic earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Loss for the year attributable to owners of the Company	**(3,110.25)**	(3,554.35)
Loss for the year used in the calculation of basic earnings per share	**(3,110.25)**	(3,554.35)
Weighted average number of equity shares	**311,497,268**	280,534,247
Earnings per share - Basic and Diluted	**(1.00)**	(1.27)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

Note No. 28 - Financial instruments

A) Capital management

The Company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statement of financial position.

Particulars	As at 31st March, 2020	As at 31st March, 2019
Equity	**(5,335.50)**	(5,592.16)
Total	**(5,335.50)**	(5,592.16)

Categories of financial instruments

Particulars	As at 31st March, 2020	As at 31st March, 2019
Financial assets		
Measured at fair value through profit or loss (FVTPL)	**–**	–
Measured at amortised cost		
Non current		
Investment in equity instruments in subsidiary at cost (Auto Digitech Private Ltd, 10,000 Equity shares of Rs 10/- each) (Cost Re 1/-)	**0.00**	0.00
Loans		
– Security deposit	**89.34**	159.77
Other financial assets		
– Fixed deposits with maturity greater than 12 months	**12.20**	8.25
Current		
Trade receivables	**1,221.39**	1,085.41
Cash and cash equivalents	**8.19**	38.94
Loans		
– Security deposit	**37.29**	5.25
– Loans to related parties	**160.00**	125.00
Other financial assets		
– Interest accrued on bank deposits	**0.14**	0.14
– Other receivables	**459.47**	382.94
Measured at FVTOCI	**–**	–
Financial liabilities		
Measured at amortised cost		
Non current		
Other financial liabilities		
– Deposits received from franchises	**1,313.66**	1,411.03
– Deposits received from distributors	**100.25**	84.25
– Provision for lease liability	**526.87**	–
– Share based payment		
Liability for equity settled share based payment	**810.44**	511.70
Liability for cash settled share based payment	**–**	21.39
Current		
Borrowings		
– Unsecured bank overdraft	**2,635.67**	2,861.39
Trade payables	**1,870.65**	2,112.06
Other financial liabilities		
– Earnest money and other deposits	**–**	3.00
– Deposits received from distributors	**1.50**	4.00
– Provision for lease liability	**247.06**	–
– Share based payment		
Liability for cash settled share based payment	**76.42**	135.41

B) Financial risk management framework

The Company's activities expose it to a variety of financial risks, credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factor.

1) Credit risk

Credit risk arises when franchises, distributors, retail customers or insurance companies default on their contractual obligations to pay resulting in financial loss to the Company.

The Company has adopted a policy of dealing with creditworthy franchises and distributors and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on specific provision where applicable as follows:

(i) Franchise outstanding

The Company has a practice of collecting the security deposits from all franchises as a collateral which generally covers 4 to 5 months outstanding franchise income. The outstanding due from a franchise in excess of the corresponding security deposit is considered doubtful and a provision is made for such debts.

(ii) MFC spares distributor's outstanding

The Company has a practice of collecting security deposits from all distributors as collateral. The provision for doubtful debts has been made based on assessment of each individual distributor.

(iii) Company owned Company operated (COCO) service centre debtors

The Company is presently having one operational COCO. The company has shifted its focus from COCO business model to franchise business model. The provision for doubtful debts has been made based on assessment of each individual debtor.

The loss allowance provision on trade receivables is determined as follows:

				As at 31st March, 2020
Particulars	**Not due**	**Less than 6 months**	**More than 6 months**	**Total**
Expected loss rate	**0.0%**	**19.1%**	**86.6%**	**46.2%**
Gross carrying amount	**–**	**1,358.23**	**911.48**	**2,269.71**
Loss allowance provision	**–**	**259.43**	**788.89**	**1,048.32**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

Particulars	Not due	Less than 6 months	More than 6 months	Total
		As at 31st March, 2019		
Expected loss rate	0.0%	16.4%	95.5%	40.1%
Gross carrying amount	–	1,268.09	543.86	1,811.95
Loss allowance provision	–	207.34	519.20	726.54

Reconciliation of loss allowance provision for trade receivables

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance as at beginning of the year	**726.54**	344.50
Impairment losses recognised in the year based on lifetime expected credit losses		
– On receivables originated in the year	**413.70**	270.12
– Other receivables	**23.00**	202.75
Amounts written off during the year as uncollectible	**(42.65)**	(49.55)
Amounts recovered during the year	**(72.27)**	(41.28)
Balance as at end of the year	**1,048.33**	726.54

The loss allowance provision has changed during the period mainly due to higher provision in franchise outstandings.

During the period, the Company has written off an amount of Rs 66.73 lakhs (Previous Year Rs 56.37 lakhs) towards trade receivable (refer note no. 26). These trade receivables are not subject to enforcement activity.

2) Liquidity risk

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows. Further, the funding requirement as per the business plan has been approved by the Board of Directors.

(ii) Maturities of financial liabilities

The following table shows the Company's remaining contractual maturity for its non derivative financial liabilities with agreed repayment periods. The amounts disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	Less than 1 Year	1 Year to 3 Years	3 Years to 5 Years	5 years and above
Non derivative financial liabilities				
31st March, 2020				
Non interest bearing				
– Security deposits	–	**1,313.66**	–	–
– Trade payables	**1,870.65**	–	–	–
– Provision for lease liability	**247.06**	**526.87**	–	–
– Share based payment				
Liability for equity settled share based payment	–	**810.44**	–	–
Liability for cash settled share based payment	**76.42**	–	–	–
Fixed interest rate instrument				
– Security deposits	**1.50**	**100.25**	–	–
Borrowings				
– Unsecured bank overdraft	**2,635.67**	–	–	–
Total	**4,831.30**	**2,751.22**	–	–
31st March, 2019				
Non interest bearing				
– Security deposits	3.00	1,411.03	–	–
– Creditors for capital supplies/ services	–	–	–	–
– Trade payables	2,112.06	–	–	–
– Share based payment				
Liability for equity settled share based payment	–	511.70	–	–
Liability for cash settled share based payment	135.41	21.39	–	–
Fixed interest rate instrument				
– Security deposits	4.00	84.25	–	–
Borrowings				
– Unsecured bank overdraft	2,861.39	–	–	–
Total	5,115.86	2,028.37	–	–

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured bank overdraft sanctioned by bank		
– Limit sanctioned by bank	**3,200.00**	3,200.00
– Limit utilised	**2,635.67**	2,861.39
Undrawn balance	**564.33**	338.61

(iv) Maturities of financial assets

The following table shows the Company's remaining contractual maturity for its non derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets.

Particulars	Less than 1 Year	1 Year to 3 Years	3 Years to 5 Years	5 years and above
Non derivative financial assets				
31st March, 2020				
Non interest bearing				
Loans				
– Security deposit	**37.29**	**89.34**	**-**	**-**
Investments	**-**	**-**	**-**	**0.00**
Other financial assets	**459.61**	**-**	**-**	**-**
Trade receivables	**1,221.39**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

Particulars	Less than 1 Year	1 Year to 3 Years	3 Years to 5 Years	5 years and above
Fixed interest rate instrument				
Loans				
– Loan to related parties	**160.00**	–	–	–
Other financial assets				
– Fixed deposit	–	**12.20**	–	–
Total	**1,878.29**	**101.54**	–	–
31st March, 2019				
Non interest bearing				
Loans				
– Security deposit	5.25	159.77	–	–
Investments	–	–	–	0.00
Other financial assets	383.08	–	–	–
Trade receivables	1,085.41	–	–	–
Fixed interest rate instrument				
Loans				
– Loan to related parties	125.00	–	–	–
Other financial assets				
– Fixed deposit	–	8.25	–	–
Total	1,598.74	168.02	–	–

Note No. 29 - Employee benefits

(i) Defined contribution plan:

Company's contribution to provident and other funds Rs 148.90 lakhs (Previous year Rs 151.40 lakhs) has been recognised in the Statement of Profit and Loss under employee benefits expense.

(ii) Defined benefit plan:

Gratuity:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) and makes an annual contribution to LIC. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation. Actuarial gains and losses are recognised in other comprehensive income.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields, if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Compensated absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment / availment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Discount rate(s)	**5.50%**	6.75%
Expected rate(s) of salary increase	**8.00%**	8.00%

Defined benefit plans as per actuarial valuation

Particulars	Gratuity Funded Plan	
	Year ended 31st March, 2020	Year ended 31st March, 2019
Amounts recognised in other comprehensive income in respect of these defined benefit plans are as follows:		
Service cost		
Current service cost	**40.76**	35.70
Net interest expense	**5.47**	3.28
Components of defined benefit costs recognised in profit or loss	**46.23**	38.98
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**(0.71)**	(2.22)
Actuarial (gains) / losses arising from changes in financial assumptions	**14.94**	4.85
Actuarial (gains) arising from demographic assumptions	**8.83**	–
Actuarial (gains) / losses arising from experience adjustments	**10.03**	(0.62)
Components of defined benefit costs recognised in other comprehensive income	**33.09**	2.01
Total	**79.32**	40.99

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

Particulars	Gratuity Funded Plan Year ended 31st March, 2020	Gratuity Funded Plan Year ended 31st March, 2019
I. Net asset / (liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**(255.52)**	(163.57)
2. Fair value of plan assets as at 31st March	**75.76**	77.52
3. Deficit	**(179.76)**	(86.05)
4. Non current portion of the above	**(179.76)**	(86.05)
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**163.57**	133.29
2. Expenses recognised in Profit and Loss account		
– Current service cost	**40.76**	35.70
– Interest expense	**10.01**	8.99
3. Recognised in other comprehensive income		
Remeasurement gains / (losses)		
– Actuarial gain / (loss) arising from:		
i. Demographic assumptions	**8.83**	–
ii. Financial assumptions	**14.94**	4.85
iii. Experience adjustments	**10.03**	(0.62)
4. Benefit payments	**(17.00)**	(24.42)
5. Liabilities assumed/(settled)	**24.38**	5.78
6. Present value of defined benefit obligation at the end of the year	**255.52**	163.57
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**77.52**	84.01
2. Expenses recognised in Profit and Loss account		
– Expected return on plan assets	**4.54**	5.71
3. Recognised in other comprehensive income		
Remeasurement gains / (losses)		
– Actual return on plan assets in excess of the expected return	**0.70**	2.22
4. Contributions by employer (including benefit payments recoverable)	**10.00**	10.00
5. Benefit payments	**(17.00)**	(24.42)
6. Fair value of plan assets at the end of the year	**75.76**	77.52
IV. The Major categories of plan assets comprise:	**Insured Managed Funds**	Insured Managed Funds

V. Actuarial assumptions

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
1. Discount rate	**5.50%**	6.75%
2. Expected rate of return on plan assets	**5.50%**	6.75%
3. Attrition rate	**21.00%**	21.00%
4. Mortality	**Rates published under Indian assured lives mortality (2012-14)**	Rates published under Indian assured lives mortality (2012-14)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	**2020**	**1.0%**	**-4.73%**	**5.18%**
	2019	1.0%	-4.50%	4.92%
Salary growth rate	**2020**	**1.0%**	**4.80%**	**-4.50%**
	2019	1.0%	4.67%	-4.48%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

Particulars	2020	2019
Expected benefits for year 1	**42.84**	30.53
Expected benefits for year 2	**41.61**	31.87
Expected benefits for year 3	**37.62**	28.18
Expected benefits for year 4	**41.26**	23.55
Expected benefits for year 5	**29.75**	19.36
Expected benefits for year 6	**23.75**	14.47
Expected benefits for year 7	**20.42**	11.67
Expected benefits for year 8	**17.48**	9.21
Expected benefits for year 9	**15.80**	6.85
Expected benefits for year 10 and above	**77.19**	62.09

Plan assets

The fair value of Company’s pension plan asset by category are as follows:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Asset category:		
Deposits with Insurance companies	**100%**	100%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

Experience Adjustments:	Period ended				
	2020	2019	2018	2017	2016
			Gratuity		
1. Defined benefit obligation	**(255.52)**	(163.57)	(133.29)	109.19	80.81
2. Fair value of plan assets	**75.76**	77.52	84.01	72.69	72.39
3. Surplus/(deficit)	**(179.76)**	(86.05)	(49.28)	(36.50)	(8.42)
4. Experience adjustment on plan liabilities [(gain)/loss]	**10.03**	(0.62)	(0.95)	1.76	0.64
5. Experience adjustment on plan assets [gain/(loss)]	**(0.71)**	(2.22)	(4.06)	2.98	(1.02)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note No. 30 - Related party transactions

A) Name of the related party and nature of relationship where control exists:

Name of the parent Company	Relationship
Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Holdings Limited	Holding Company
Auto Digitech Private Limited	Subsidiary Company

B) List of other related parties with whom transaction have taken place during the year and relationship:

Name of the related parties	Relationship
Mahindra First Choice Wheels Limited	Fellow Subsidiary Company
Bristlecone India Limited	Fellow Subsidiary Company
Mahindra Automobile Distributor Private Limited	Fellow Subsidiary Company
NBS International Limited	Fellow Subsidiary Company
Mahindra World City Developers Limited	Fellow Subsidiary Company
Mahindra Defence Systems Limited	Fellow Subsidiary Company
Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary Company
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company
Mahindra Agri Solutions Limited	Fellow Subsidiary Company
Mahindra Retail Limited	Fellow Subsidiary Company
Mahindra Insurance Brokers Limited	Fellow Subsidiary Company
Mahindra Intertrade Ltd.	Fellow Subsidiary Company
Mr.YVS Vijaykumar (Whole Time Director and CEO) (from 01st April,2019 to 31st July, 2019)	Key Managerial Personnel
Mr.YVS Vijaykumar (Managing Director and CEO) (from 01st August,2019 to 31st March, 2020)	Key Managerial Personnel
Ms. Pallavi Ogale (CFO)	Key Managerial Personnel
Mr. Hemangi Patil (Company Secretary)	Key Managerial Personnel

Details of transaction between the Company and its related parties are as under:

Name of the related parties	Nature of transaction	Year ended 31st March, 2020	Year ended 31st March, 2019
Mahindra & Mahindra Limited	Interest on inter corporate deposit	**19.76**	9.93
	Purchase of assets	**18.24**	0.42
	Purchase of goods	**58.78**	5.65
	Purchase of services	**158.72**	237.76
	Reimbursement of expenses	**19.74**	23.11
	Reimbursement received	**148.86**	111.51
	Sale of assets	**–**	12.09
	Sale of services	**91.24**	92.80
	Inter corporate deposit received	**1,000.00**	500.00
	Inter corporate deposit repaid	**1,000.00**	500.00
Mahindra Holdings Limited	Issue of equity shares	**3,400.00**	3,200.00
Auto Digitech Private Limited	Interest on inter corporate deposit	**14.16**	5.21
	Purchase of services	**44.52**	56.40
	Sale of services	**218.99**	–
	Reimbursement received	**–**	146.74
	Inter corporate deposit repaid**	**125.00**	–
	Inter corporate deposit given**	**160.00**	125.00
Mahindra First Choice Wheels Limited	Purchase of services	**14.18**	25.87
	Sale of services	**–**	2.90
Bristlecone India Limited	Purchase of services	**79.67**	103.26
Mahindra Automobile Distributor Private Limited	Other income	**–**	0.12
	Security deposit return	**2.00**	–
	Purchase of goods	**–**	0.08
NBS International Limited	Purchase of goods	**8.93**	2.88
Mahindra World City Developers Limited	Purchase of services	**–**	1.55
Mahindra Defence Systems Limited	Purchase of services	**0.25**	0.74

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

Name of the related parties	Nature of transaction	Year ended 31st March, 2020	Year ended 31st March, 2019
Mahindra & Mahindra Financial Services Limited	Interest on inter corporate deposit	–	9.68
	Reimbursement of expenses	2.12	306.07
	Reimbursement received	–	114.31
	Sale of services	6.25	–
	Sale of goods	161.99	–
	Inter corporate deposit received	–	700.00
	Inter corporate deposit repaid	–	700.00
Mahindra Integrated Business Solutions Private Limited	Purchase of services	102.54	115.54
Mahindra Agri Solutions Limited	Sale of services	–	0.21
Mahindra Retail Limited	Purchase of services	1.37	1.69
Mahindra Insurance Brokers Limited	Reimbursement of expenses	6.25	–
	Reimbursement received	9.20	–
Mahindra Intertrade Ltd.	Reimbursement of expenses	5.05	–
Mr.YVS Vijaykumar	Remuneration	90.31	–
	Reimbursement of expenses*	43.97	120.00
Ms. Pallavi Ogale	Reimbursement of expenses*	63.59	53.66
Mr. Hemangi Patil	Reimbursement of expenses*	1.10	1.10
Mr. Anupam Thareja	Reimbursement of expenses	–	0.51

Details of balances between the Company and its related parties are as under:

Name of the related parties	Nature of balances	As at 31st March, 2020	As at 31st March, 2019
Mahindra & Mahindra Limited	Trade receivables	102.47	4.86
	Trade payables	163.38	318.89
Auto Digitech Private Limited	Trade receivables	335.41	131.66
	Intercorporate deposit receivable	160.00	125.00
Mahindra First Choice Wheels Limited	Trade receivables	–	3.13
	Trade payables	4.96	3.45
Bristlecone India Limited	Trade payables	3.19	12.82
Mahindra Automobile Distributor Private Limited	Advances for supply of goods and services	–	0.01
	Closing balance of deposit paid	–	2.00
	Trade receivables	0.00	–
NBS International Limited	Trade payables	2.26	0.93
Mahindra & Mahindra Financial Services Limited	Trade payables	–	135.09
	Trade receivables	8.00	–
Mahindra Integrated Business Solutions Private Limited	Trade payables	16.17	7.22
Mahindra Defence Systems Limited	Trade payables	0.27	–
Mahindra Retail Private Limited	Trade payables	3.40	3.62

Notes:

* a) Reimbursement of expenses paid to Mahindra & Mahindra Limited for managerial remuneration of Rs.108.66 lakhs (Previous year Rs. 174.76 lakhs)

** b) ICD of Rs.125.00 lakhs given to Auto Digitech Private Ltd is rolled over on respective due dates included in ICD given and repaid

c) Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Note No. 31 - Current tax and Deferred tax

(i) Deferred tax assets have not been recognised in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deductible temporary differences (will never expire)	3,347.37	3,173.22
Unused tax losses (revenue in nature)	27,858.82	26,773.95
Total	31,206.19	29,947.17

The unrecognised tax losses carried forward expire as follows:

Expiry Year	As at 31st March, 2020	As at 31st March, 2019
Financial year 2019-20	–	1,341.61
Financial year 2020-21	2,089.39	2,089.39
Financial year 2021-22	3,709.80	3,709.80
Financial year 2022-23	4,537.09	4,537.09
Financial year 2023-24	5,109.52	5,109.52
Financial year 2024-25	4,049.60	4,049.60
Financial year 2025-26	3,122.78	3,122.78
Financial year 2026-27	2,814.16	2,814.16
Financial year 2027-28	2,426.48	–
Total	27,858.82	26,773.95

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

(ii) The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars		Year ended 31st March, 2020	Year ended 31st March, 2019
Loss before tax from continuing operations		**(3,110.25)**	(3,554.35)
Income tax expense calculated at rate		**25.17%**	31.20%
	(A)	**(782.79)**	(1,108.96)
Effect of expenses that is non-deductible in determining taxable profit		**144.35**	165.61
Effect of unused tax losses for which no deferred tax asset is recognised		**(638.44)**	(943.35)
	(B)	**(782.79)**	(1,108.96)
Income tax expense recognised in profit or loss (A-B)		**–**	–

Note No. 32 - Contingent liabilities and commitments

(i) Contingent liabilities

Particulars	As at 31st March, 2020	As at 31st March, 2019
Central & Value added tax matter under dispute	**329.29**	185.67

The company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/courts and the ultimate outcome will not have material adverse effect on the Company's financial position and results of operations.

(ii) Commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March, 2020 is Rs 5.57 lakhs (Previous year Rs 14.25 lakhs).

Note No. 33 - Going concern

The accumulated losses of the Company stands at Rs 38,335.50 lakhs, which has exceeded its paid up equity share capital of Rs 33,000.00 lakhs. Consequently, the net worth of the company has been eroded. The Company has incurred cash losses in the current as well as in previous years.

The Company is expanding its network through the franchise route with various formats like 4 Wheelers, Xpress, 2Wheelers,etc. Currently, the Company has 504 franchises as on 31st March 20 and expects to increase the network further with various initiatives. The Company is focusing on profitability through cost controls & restructuring of the supply chain. The Bazaar Channel has reported growth in MFCS branded spares business. The Company expects to grow fast in the coming years. The board of the company has approved the strategic plan along with the required funding. Accordingly, the financial statements of the Company have been prepared on a going concern basis.

Note No. 34 - Additional disclosures

(i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

	Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
i.	Principal amount remaining unpaid to any supplier as at the end of the accounting year	**159.90**	163.14
ii.	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**–**	–
iii.	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	**0.01**	0.77
iv.	The amount of interest due and payable for the year	**–**	–
v.	The amount of interest accrued and remaining unpaid at the end of the accounting year	**–**	–
vi.	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	**–**	–

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

(ii) Operating segments

As the Company's business activity falls within a single business segment viz. 'providing / facilitating multi-brand vehicle services', and the services being provided in the domestic market, the disclosure requirements of IND AS - 108 "Operating Segment", are not applicable.

(iii) Expenditure in foreign currency

Expenditure in foreign currency NIL (Previous year NIL)

(iv) Covid 19

The Company has accounted significant accounting estimates which have been disclosed in the financial statements.

These includes valuation of inventory, fair valuation of financial and non-financial assets and liabilities, testing of impairment of assets, going concern assessment etc. requiring significant management judgement in estimating the same. Considering the continuing COVID-19 pandemic, the results in upcoming period may significantly vary and may affect the recoverability of assets and settlement of liabilities.

The Company, based on internal & external sources of information including market research, economic forecast and other information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2020 as at the date of approval of these financial statements.

Note No. 35 - Fair value measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	**As at 31st March, 2020**		As at 31st March, 2019	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets				
Financial assets carried at amortised cost				
Non current assets				
Investments	**0.00**	**0.00**	0.00	0.00
Loans				
- Security deposit	**89.34**	**89.34**	159.77	159.77

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

Particulars	As at 31st March, 2020 Carrying Amount	As at 31st March, 2020 Fair Value	As at 31st March, 2019 Carrying Amount	As at 31st March, 2019 Fair Value
Other financial assets				
- Bank deposits with more than 12 months maturity	**12.20**	**12.20**	8.25	8.25
Current assets				
Trade receivables	**1,221.39**	**1,221.39**	1,085.41	1,085.41
Cash and cash equivalents	**8.19**	**8.19**	35.74	35.74
Other bank balances	**–**	**–**	3.20	3.20
Loans				
- Security deposit	**37.29**	**37.29**	5.25	5.25
- Loan to related parties	**160.00**	**160.00**	125.00	125.00
Other financial assets				
- Interest accrued on bank deposits	**0.14**	**0.14**	0.14	0.14
- Unbilled revenue	**–**	**–**	–	–
- Other receivables	**459.47**	**459.47**	382.94	382.94
Financial liabilities				
Financial liabilities held at amortised cost				
Non current liabilities				
Other financial liabilities				
– Deposits received from franchises	**1,313.66**	**1,313.66**	1,411.03	1,411.03
– Deposits received from distributors	**100.25**	**100.25**	84.25	84.25
– Provision for lease liability	**526.87**	**526.87**	–	–
– Share based payment				
Liability for equity settled share based payment	**810.44**	**810.44**	511.70	511.70
Liability for cash settled share based payment	**–**	**–**	21.39	21.39
Current liabilities				
Borrowings	**2,635.67**	**2,635.67**	2,861.39	2,861.39
Trade payables	**1,870.65**	**1,870.65**	2,112.06	2,112.06
Other financial liabilities				
– Earnest money and other deposits	**–**	**–**	3.00	3.00
– Deposits received from distributors	**1.50**	**1.50**	4.00	4.00
– Provision for lease liability	**247.06**	**247.06**	–	–
– Share based payment				
Liability for cash settled share based payment	**76.42**	**76.42**	**135.41**	**135.41**

Fair value hierarchy as at 31st March, 2020

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at amortised cost				
Non current assets				
Loans				
– Security deposit	**–**	**89.34**	**–**	**89.34**
Other financial assets				
– Bank deposits with more than 12 months maturity	**–**	**12.20**	**–**	**12.20**
Current Assets				
Trade receivables	**–**	**1,221.39**	**–**	**1,221.39**
Cash and cash equivalents	**–**	**8.19**	**–**	**8.19**
Other bank balances	**–**	**–**	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

All amounts are in Rs lakhs unless otherwise stated

Particulars	Level 1	Level 2	Level 3	Total
Loans				
– Security deposit	–	**37.29**	–	**37.29**
– Loan to related parties	–	**160.00**	–	**160.00**
Other financial assets				
– Interest accrued on bank deposits	–	**0.14**	–	**0.14**
– Unbilled revenue	–	–	–	–
– Other receivables	–	**459.47**	–	**459.47**

Particulars	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial instruments not carried at fair value				
Non current liabilities				
Other financial liabilities				
– Deposits received from franchises	–	**1,313.66**	–	**1,313.66**
– Deposits received from distributors	–	**100.25**	–	**100.25**
– Provision for lease liability	–	**526.87**	–	**526.87**
– Share based payment				
Liability for equity settled share based payment	–	**810.44**	–	**810.44**
Liability for cash settled share based payment	–	–	–	–
Current liabilities				
Borrowings	–	**2,635.67**	–	**2,635.67**
Trade payables	–	**1,870.65**	–	**1,870.65**
Other financial liabilities				
– Deposits received from distributors	–	**1.50**	–	**1.50**
– Provision for lease liability	–	**247.06**	–	**247.06**
– Creditors for capital supplies / services	–	–	–	–
– Share based payment				
Liability for cash settled share based payment	–	**76.42**	–	**76.42**

Note No. 36 - Previous year figures

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current years classification / disclosure.

For and on behalf of the Board of Directors

Rajeev Dubey
Chairman
DIN No : 00104817

YVS Vijay Kumar
Managing Director and CEO
DIN No : 03588223

Pallavi Ogale
Chief Financial Officer
PAN No : AAAPO1714B

Hemangi Patil
Company Secretary
Membership No : A 19644

Place : Mumbai
Date : 27th April, 2020

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

		(In Rs lakhs)
Sl. No.	**Particulars**	**Details**
1	Name of the subsidiary	Auto Digitech Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as Holding Company's reporting period
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
4	Share capital	1.00
5	Reserves & surplus	(588.16)
6	Total assets	293.54
7	Total Liabilities	880.70
8	Investments	–
9	Turnover	22.53
10	Profit / (Loss) before taxation	(329.35)
11	Provision for taxation	–
12	Profit / (Loss) after taxation	(329.35)
13	Proposed Dividend	–
14	% of shareholding	100%

Part "B": Associates and Joint Ventures - Not Applicable

For and on behalf of the Board of Directors

Rajeev Dubey
Chairman
DIN No : 00104817

YVS Vijay Kumar
Managing Director and CEO
DIN No : 03588223

Pallavi Ogale
Chief Financial Officer
PAN No : AAAPO1714B

Hemangi Patil
Company Secretary
Membership No : A 19644

Place : Mumbai
Date : 27th April, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of,
Mahindra Namaste Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the financial statements of **Mahindra Namaste Limited** ("the Company"), which comprise the Balance sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in Equity and Statement of Cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at **March 31, 2020**, and profit/loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than Ind AS Financial Statement and Auditor's Report thereon

The company's Board of Directors is responsible for the other information. The other information comprises the information included in Company's Board report, but does not include the financial statements and our auditor's report thereon.

Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on **31st March, 2020** taken on record by the Board of Directors, none of the directors is disqualified as on **31st March, 2020** from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial position.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: May 5, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals, according to the information and explanation given to us, no material discrepancies were noticed on such verification.

c) According to the information and explanations given by the management and the records examined by us company do not hold any immovable property.

(ii) The Company is engaged in the business of Training and Skilling Services and accordingly does not hold any inventories. Hence, Clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. There were no unclaimed deposits outstanding at any time during the year.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Income-tax, Goods and Services Tax, Profession Tax and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(viii) On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed any money from financial institution, banks, government or debenture holders.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause (xvi) of the order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: May 5, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Namaste Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: May 5, 2020

BALANCE SHEET AS AT MARCH 31, 2020

Particulars	**Note No**	**As at 31-Mar-20**	In Rupees As at 31-Mar-19
I. ASSETS			
1 Non-current assets			
Property, Plant and Equipment	3	**30,392**	48,410
Other non current assets	4	**2,960,658**	2,269,658
2 Current assets			
Financial assets			
Trade receivables	5	**2,164,574**	2,491,979
Cash and cash equivalents	6	**88,240**	186,611
Bank balances other than above	6	**106,765**	100,000
Other Financial Assets	7	**5,963,203**	3,249,442
TOTAL		**11,313,832**	8,346,100
II. EQUITY AND LIABILITIES			
1 Equity			
Equity share capital	8	**90,100,000**	90,100,000
Other equity	9	**(80,566,884)**	(84,877,762)
2 Current liabilities			
(a) Financial liabilities			
Trade payables	10	**1,082,002**	855,802
Other current liabilities	11	**698,714**	2,268,060
TOTAL		**11,313,832**	8,346,100

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Regn No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: May 05, 2020

For and on behalf of the Board

B. Suresh
CEO & Director

Prince Augustin
Director

Place: Mumbai
Date: May 05, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

In Rupees

Particulars	Note No.	**For the period ended 31-March-2020**	For the year ended 31-March-2019
Continuing Operations			
I Revenue from operations	**12**	**17,994,300**	17,418,578
II Other Income	**13**	**74,932**	6,728
III Total Revenue (I + II)		**18,069,232**	17,425,306
IV EXPENSES			
(a) Employee benefit expense	**14**	**2,216,202**	3,615,158
(b) Depreciation expense	**3**	**18,018**	6,590
(c) Other expenses	**15**	**11,524,134**	10,506,401
Total Expenses (V)		**13,758,354**	14,128,149
Total Revenue (III)		**18,069,232**	17,425,306
Total Expenses (V)		**13,758,354**	14,128,149
VI Profit/(loss) before tax (III - V)		**4,310,879**	3,297,157
VII Total tax expense		**–**	–
VIII Profit/(loss) after tax from continuing operations (VI - VII)		**4,310,879**	3,297,157
IX Profit/(loss) for the year (VIII)		**4,310,879**	3,297,157
X Profit/(Loss) from continuing operations for the period attributable to:			
Owners of the Company		**4,310,879**	3,297,157
		4,310,879	3,297,157
XI Other comprehensive income		**–**	–
XII Total comprehensive income for the period (IX + XI)		**4,310,879**	3,297,157
XIII Earnings per equity share (for continuing operation):			
(1) Basic		**0.48**	**0.37**
(2) Diluted		**0.48**	**0.37**

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Regn No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: May 05, 2020

For and on behalf of the Board

B. Suresh
CEO & Director

Prince Augustin
Director

Place: Mumbai
Date: May 05, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

In Rupees

Particulars	**For the period ended 31-March-2020**	For the year ended 31-March-2019
Cash flows from operating activities		
Profit/(Loss) before tax for the year	**4,310,879**	3,297,157
Adjustments for:		
Interest Income	**(7,332)**	(6,728)
Depreciation and amortisation of non-current assets	**18,018**	6,590
	4,321,565	3,297,019
Movements in working capital:		
Increase/(decrease) in Trade receivables	**327,405**	(666,779)
(Increase)/decrease in other current assets	**(2,713,194)**	(3,218,578)
Decrease in trade and other payables	**226,200**	604,746
(Decrease)/increase in other liabilities	**(1,569,346)**	999,100
	592,629	1,015,508
Cash generated from operations		
Income taxes paid	**(691,000)**	(1,420,000)
Net cash generated by operating activities	**(98,371)**	(404,492)
Cash flows from investing activities		
Interest received	**6,765**	–
Payments for property, plant and equipment	**–**	(55,000)
Redemption/maturity of bank deposit	**(6,765)**	(100,000)
Net cash (used in)/generated by investing activities	**–**	(155,000)
Net increase in cash and cash equivalents	**(98,371)**	(559,492)
Cash and cash equivalents at the beginning of the year	**186,611**	746,103
Cash and cash equivalents at the end of the year	**88,240**	186,611

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Regn No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: May 05, 2020

For and on behalf of the Board

B. Suresh
CEO & Director

Prince Augustin
Director

Place: Mumbai
Date: May 05, 2020

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

1. Corporate Information

Mahindra Namaste Limited ("MNL" or "the Company") (Formerly known as Mahindra Namaste Private Limited) was incorporated on January 2, 2010. The Company is carrying out the business of skill development, capacity building, education and training, and monitoring service in various capacities across the sectors either in India or outside India.

The address of its registered office is Mahindra Towers, P.K.Kurne Chowk, Worli, Mumbai – 400018. **Whereas books of accounts and documents are maintained at Mahindra Towers No. 17/18, Pattullous Road, Chennai – 600 002, Tamilnadu, Chennai 600 002.** These financial statements are authorized for issue by the Board of Directors on May 5, 2020. The CIN of the Company is U93000MH2010PLC198303.

2. Significant Accounting Policies

2.1 Compliance with Ind AS

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards; this standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 supersedes the revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue, and the Company has adopted IND AS 115 form April 1, 2018. The application of IND AS 115 did not have material impact on the financial statements and hence the comparative information has not been restated.

2.2 Basis of preparation

The financial statements have been prepared on historical cost basis, expect for certain financial assets that are measured at fair value.

All Assets and Liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products/services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-non-current classification of assets and liabilities.

2.3 Use of estimates

The preparation of the financial statements in conformity with Indian Generally Accepted Accounting Principles requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expense assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of the current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in the future periods.

2.4 Critical estimates and judgments

The preparations of the financial statements are based on use of a high degree of judgments or complexity, and of the items which are more likely to be materiality adjusted due to estimates and assumptions.

The areas involving critical estimates or judgments are:

- **Estimated useful life of intangible assets**

  Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financials impact on the company and that are believed to be reasonable under the circumstances.

2.5 Revenue recognition

Revenue is recognized at the fair value of consideration received or receivable. Revenue in respect of services is recognized on a time proportion basis. Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change.

2.6 Other income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

2.7 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

2.8 Employee Benefits

The Company has no employees on its payroll for the year ended **March 31, 2020**. Accordingly, there are no provident fund and other employee benefit schemes.

2.9 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are recognized, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the balance sheet date.

2.10 Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognized.

2.11 Provisions

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognized in the financial statements.

2.12 Financial instruments

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

2.13 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the -marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

2.14 Trade and other payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

2.15 Earnings Per Share (EPS)

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Note No. 3 - Tangible Assets

(In Rupees)

Description of Assets	Computers	Total
Tangible Assets		
Cost		
Balance as at 1 April, 2019	55,000	55,000
Additions during the year	–	–
Disposals/Adjustments of Assets	–	–
Balance as at 31 March, 2020	**55,000**	**55,000**
II. Accumulated depreciation and impairment for the year 2019-2020		
Balance as at 1 April, 2019	6,590	6,590
Depreciation for the year	18,018	18,018
Balance as at 31 March, 2020	**24,608**	**24,608**
Net block (I-II)		
Balance as on 31st March 2020	**30,392**	**30,392**
Balance as on 31st March 2019	**48,410**	**48,410**

Note 4 - Other non current assets

Particulars	As at March 31, 2020	As at March 31, 2019
Tax Deducted at Source	**2,960,658**	2,269,658
TOTAL	**2,960,658**	2,269,658

Note 5 - Trade Receiveables

Particulars	As at March 31, 2020	As at March 31, 2019
Of the above, trade receivables from:		
– Related Parties	**2,164,574**	2,491,979
– Others	**–**	–
Total	**2,164,574**	2,491,979

Note 6 - Cash and cash equivalents

Particulars	As at March 31, 2020 (in Rupees)	As at March 31, 2019 (in Rupees)
Cash and cash equivalents		
Cash on hand	**–**	–
Balance with Scheduled Bank	**–**	–
Cheques on hand	**–**	–
Total	**–**	–
Other Bank balances		
In deposit accounts more than 3 months and less than 12 months maturity	**106,765**	100,000
Total	**106,765**	100,000

Note 7 - Other Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Unbilled revenue	**5,877,014**	3,242,714
GST Input tax credits receivable	**78,894**	6,728
Interest receivable	**7,295**	–
TOTAL	**5,963,203**	3,249,442

Note 8 - Equity share capital

Particulars	As at March 31, 2020 (in Rupees)	As at March 31, 2019 (in Rupees)
Authorized		
95,00,000 Equity shares of Rs.10 each	**95,000,000**	95,000,000
	95,000,000	95,000,000
Issued, Subscribed & Paid-up		
90,10,000 Equity shares of Rs. 10 each fully paid	**90,100,000**	90,100,000
Total	**90,100,000**	90,100,000

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

Details of shares held by each shareholder holding more than 5% shares:

Name of Shareholder	As at March 31, 2020 Number of shares held	As at March 31, 2019 Number of shares held
Mahindra Consulting Engineers Limited	**9,009,994**	9,009,993

Particulars	Number of Shares	Equity share capital
Issued, Subscribed and Paid-up:		
As at 1 April 2018	9,010,000	90,100,000
Changes in equity share capital during the year	–	–
As at 31 March 2019	9,010,000	90,100,000
Changes in equity share capital during the year	–	–
As at 31 March 2020	**9,010,000**	90,100,000

Note 9 - Other Equity

(In Rupees)

Particulars	Retained Earnings
As at 1 April 2018	(88,174,919)
Profit/(Loss) for the year	3,297,157
As at 31 March 2019	(84,877,762)
Profit/(Loss) for the year	4,310,879
Other Comprehensive Income/(Loss)	–
As at 31 March 2020	**(80,566,884)**

Note 10 - Trade Payables

(Amount in Rs.)

Particulars	As at March 31, 2020	As at March 31, 2019
Amounts payable to related party	**947,002**	693,802
Others	**135,000**	162,000
Total	**1,082,002**	855,802

Note 11 - Other Current Liabilities

(Amount in Rs.)

Particulars	As at March 31, 2020	As at March 31, 2019
TDS Payable	**369,705**	1,057,269
Salary Payable	**120,375**	305,325
Provision for Expenses	**208,634**	227,134
Statutory remittances (GST)	**–**	678,332
Total	**698,714**	2,268,060

Note 12 - Revenue from Operations

in Rupees

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Professional fees from Capacity Building	**17,994,300**	17,418,578
Total	**17,994,300**	17,418,578

Revenue information :

Disaggregation of revenue

(i) The following table provides information about disaggregated revenue by primary geographical market, major product line and timing of revenue recognition, and includes a reconciliation of the disaggregated revenue with reportable segments :

	For the year ended March 31, 2020			For the year ended March 31, 2019		
Particulars	**Government**	**Non Government**	**Total**	Government	Non Government	Total
Primary geographical markets:						
India	**3,592,906**	**–**	**3,592,906**	13,613,547	–	13,613,547
Others	**14,401,394**	**–**	**14,401,394**	3,805,031	–	3,805,031
Total	**17,994,300**	**–**	**17,994,300**	17,418,578	–	17,418,578

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Timing of revenue recognition		
Products & services transferred at point in time	**–**	–
Products & services transferred over time	**17,994,300**	17,418,578

Contract balances

(ii) The following table provides information about receivables, contract assets and contract liabilities from contracts with customers :

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Receivables	**2,164,574**	2,491,979
Short-term contract assets	**5,877,014**	3,242,714

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note 13 - Other Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on Income Tax Refund	**67,600**	–
Interest on fixed deposit	**7,332**	6,728
Total	**74,932**	6,728

Note 14 - Employee Benefits Expenses

in Rupees

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages, including bonus	**2,216,202**	3,615,158
Total	**2,216,202**	3,615,158

Note 15 - Other Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent	**1,004,156**	1,201,510
Legal & Professional Expenses	**5,126,838**	4,418,174
Communication Expenses	**104,762**	108,782
Travel & Conveyance	**4,677,796**	4,295,198
Printing & Stationery	**104,641**	90,542
Electricity & Power	**95,059**	90,387
Insurance	**85,714**	13,514
Auditors Remuneration	**100,000**	75,000
Other Expenses	**225,168**	213,294
Total	**11,524,134**	10,506,401

Amount paid / payable to the statutory auditors (included under Auditors Remuneration in Note 15)

Particulars	For the period ended March 31, 2020	For the year ended March 31, 2019
Statutory Audit fees*	**75,000**	50,000
Others*	**25,000**	25,000
Total	**1,00,000**	75,000

* Above amount are exclusive of GST

Note 16 - Earnings per Share

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic/Diluted Earnings per share		
From continuing operations (Rs.) per share	**0.48**	0.37
From discontinuing operations (Rs.) per share	**–**	–
Total basic/diluted earnings per share	**0.48**	0.37

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit/(Loss) for the year attributable to owners of the Company	**4,310,879**	3,297,157
Less: Preference dividend and tax thereon	**–**	–
Profit/(Loss) for the year used in the calculation of basic earnings per share	**4,310,879**	3,297,157
Profit/(Loss) for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profit/(Loss) used in the calculation of basic earnings per share from continuing operations	**4,310,879**	3,297,157
Weighted average number of equity shares	**9,010,000**	9,010,000
Earnings per share from continuing operations - Basic	**0.48**	0.37

Note 17 - Related party disclosures

a) Names of related parties and nature of relationship where control exists:

Sl. No.	Particulars	Nature of relationship
1	Mahindra Consulting Engineers Limited	Holding Company
2	Mahindra & Mahindra Limited	Ultimate Holding Company

b) Details of related party transactions during the year ended 31st March 2020 and balances outstanding as at 31st March 2020

Name of Related Party	Nature of Relationship	Type of Transaction	Year ended 31 March 2020	Year ended 31 March 2019
Mahindra Consulting Engineers Ltd.	Holding Company	Professional charges paid	**4,849,484**	4,016,599
Mahindra Consulting Engineers Ltd.	Holding Company	Reimbursement of expenses	**5,275,868**	4,786,321
Mahindra Consulting Engineers Ltd.	Holding Company	Rent expenses	**1,004,156**	1,201,510
Mahindra Consulting Engineers Ltd.	Holding Company	Income from capacity building services	**18,110,000**	14,200,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Name of Related Party	Nature of Relationship	Type of Transaction	Year ended 31 March 2020	Year ended 31 March 2019
Mahindra & Mahindra Limited	Ultimate Holding Company	Corporate Secretarial Services & Travel Expenses	**240,000**	240,000
Mahindra & Mahindra Limited	Ultimate Holding Company	Balance payable at the end of the year	**947,002**	693,802
Mahindra Consulting Engineers Ltd.	Holding Company	Balance receivable at the end of the year	**2,164,574**	2,491,979

Note 18 - Segment Reporting

The Company has a single reportable business segment viz. providing training services for the purpose of IND AS 108 - Operating Segments.

Note 19 - Maturities of financial liabilities

The table below analyse the companies financial liabilities into relevant maturity groupings based on there contractual maturities for all non-derivatives financial liabilities for which the contractual maturies are essential for an understanding of the timing of the cash flow.

Contractual maturities of financial liabilities 31st March 2020	Less than 3 months	3 months to 6 months	6 months to 1 year	between 1 and 2 years	Between 2 and 5 years	Total
Non-Derivatives						
Trade payables	**1,028,002**	**–**	**–**	**54,400**	**–**	**1,082,002**
Other financial liabilities	**580,080**	**–**	**–**	**118,634**	**–**	**698,714**
Total Non-derivative liabilities	**1,608,082**	**–**	**–**	**172,634**	**–**	**1,780,716**

Contractual maturities of financial liabilities 31st March 2019	Less than 3 months	3 months to 6 months	6 months to 1 year	between 1 and 2 years	Between 2 and 5 years	Total
Non-Derivatives						
Trade payables	–	–	855,802	–	–	855,802
Other financial liabilities	2,268,060	–	–	–	–	2,268,060
Total Non-derivative liabilities	2,268,060	–	855,802	–	–	3,123,862

Note 20 - Carrying Value of Financial Assets

All Financial Assets are carried at amortised cost.

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Regn No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date: May 05, 2020

For and on behalf of the Board

B. Suresh
CEO & Director

Prince Augustin
Director

Place : Mumbai
Date: May 05, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Integrated Business Solutions Private Limited

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Mahindra Integrated Business Solutions Private Limited("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020, and its profit and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The company's Board of Directors is responsible for the other information. The other information comprises the Board report. Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

5. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.

6. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis

for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

14. As required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors.

h) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784
Mumbai, April 22, 2020

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Mahindra Integrated Business Solutions Private Limited for the year ended March 31, 2020

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The Company does not have immovable properties.

2) The Company does not hold any physical inventories. Accordingly, para 3(ii) of the Order is not applicable to the Company.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, para 3(iii) of the Order is not applicable to the Company.

4) In our opinion and according to the information and explanations given to us, the Company has not granted loans, made investments and given guarantees as at March 31, 2020. We are informed that the Company has not given any security during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts in respect of the above were outstanding as on March 31, 2020 for a period of more than 6 months from the date they become payable.

   ii) There are no dues of income tax, sales tax, service tax, duty of customs, GST and cess which have not been deposited on account of any dispute.

8) The Company has not taken loans from a financial institution, bank or Government during the year. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly para 3(xi) of the Order is not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Mumbai, April 22, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA INTEGRATED BUSINESS SOLUTIONS PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Integrated Business Solutions Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784
Mumbai, April 22, 2020

BALANCE SHEET AS AT 31 MARCH 2020

Rs. In lakhs

			Note No.	As at 31 March 2020	As at 31 March 2019
I		**ASSETS**			
		NON-CURRENT ASSETS			
	(a)	Property, Plant and Equipment	4	**513.68**	188.82
	(b)	Capital Work-in-Progress		**63.00**	17.50
	(c)	Other Intangible Assets	5	**18.35**	22.06
	(d)	Financial Assets			
		(i) Other Financial Assets	6	**84.40**	66.57
	(e)	Deferred Tax Assets (Net)	8	**150.71**	93.74
	(f)	Income Tax assets (net)		**1,195.97**	623.87
	(g)	Other Non-current Assets	7	**7.20**	11.85
		SUB-TOTAL		**2,033.31**	1,024.41
		CURRENT ASSETS			
	(a)	Financial Assets			
		(i) Investments	9	**50.87**	92.47
		(ii) Trade Receivables	10	**687.44**	628.21
		(iii) Cash and Cash Equivalents	11	**475.73**	175.40
		(iv) Other Bank Balances	11	**9.82**	161.86
		(v) Other Financial Assets	6	**0.06**	0.71
	(b)	Other Current Assets	7	**40.71**	37.55
		SUB-TOTAL		**1,264.63**	1,096.20
		Non-Current Assets Classified as Held for Sale			
		TOTAL ASSETS		**3,297.94**	2,120.61
II		**EQUITY AND LIABILITIES**			
1		**EQUITY**			
	(a)	Equity Share Capital	12	**150.00**	150.00
	(b)	Other Equity		**881.91**	722.92
		SUB-TOTAL		**1,031.91**	872.92
		LIABILITIES			
2		**NON-CURRENT LIABILITIES**			
	(a)	Financial Liabilities			
		(iii) Other Financial Liabilities	13	**378.80**	–
	(b)	Provisions	14	**220.26**	144.61
		SUB-TOTAL		**599.06**	144.61
3		**CURRENT LIABILITIES**			
	(a)	Financial Liabilities			
		(i) Borrowings	17	**50.00**	–
		(ii) Trade Payables	15		
		Total outstanding dues of Micro and small Enterprises		**19.94**	3.74
		Total outstanding dues of creditors other than Micro and small Enterprises (including acceptances)		**894.54**	507.02
		(iii) Other Financial Liabilities	19	**24.25**	–
	(b)	Provisions	14	**45.48**	30.83
	(c)	Other Current Liabilities	16	**632.76**	561.49
		SUB-TOTAL		**1,666.97**	1,103.08
		TOTAL		**3,297.94**	2,120.61

The accompanying notes 1 to 30 are an integral part of the Financial Statements
In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No. 44784

Place: Mumbai
Date:

For and on behalf of the Board of Directors

S. Durgashankar
Director
DIN No.00044713

Rajeshwar Tripathi
Director
DIN No. 06734734

Sanjay Joglekar
Director
DIN No. 00209394

Vinay Deshpande
Director
DIN No. 01904423

Place: Mumbai
Date:

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

Rs. In lakhs

	Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
	Continuining Operations			
I	Revenue from operations	18	**12,085.79**	7,768.13
II	Other Income	19	**16.04**	37.21
III	**Total Revenue (I + II)**		**12,101.83**	7,805.34
IV	**EXPENSES**			
	(a) Employee benefit expense	20	**9,348.31**	5,994.86
	(b) Finance costs	21	**43.13**	2.52
	(c) Depreciation and amortisation expense	4,5	**238.57**	88.93
	(d) Other expenses	22	**2,205.82**	1,595.26
	Total Expenses (V)		**11,835.83**	7,681.57
	Profit/(loss) before exceptional items and tax (I - IV)		**266.00**	123.77
	Exceptional Items			
VI	**Share of profit/(loss) of joint ventures and associates**		**–**	–
VII	**Profit/(loss) before tax (VII - VIII)**		**266.00**	123.77
VIII	**Tax Expense**			
	(1) Current tax	23	**126.46**	54.93
	(2) Deferred tax	23	**(54.22)**	(21.92)
	Total tax expense		**72.24**	33.01
IX	**Profit/(loss) after tax from continuing operations (IX - X)**		**193.76**	90.76
X	Discontinued Operations			
	(1) Profit/(loss) from discontinued operations		**–**	–
	(2) Tax Expense of discontinued operations		**–**	–
XI	**Profit/(loss) after tax from discontinued operations (XII + XIII)**		**–**	–
XII	**Profit/(loss) for the period (XI + XIV)**		**193.76**	90.76
XIII	**Other comprehensive income**		**(7.66)**	16.18
	A (i) Items that will not be recycled to profit or loss			
	(a) Remeasurements of the defined benefit liabilities/(asset)		**(10.41)**	22.23
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**2.75**	(6.05)
XIV	**Total comprehensive income for the period (XII + XIII)**		**186.10**	106.94
XV	**Earnings per equity share:**			
	(1) Basic	24	**12.41**	7.13
	(2) Diluted	24	**12.41**	7.13

The accompanying notes 1 to 30 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place: Mumbai
Date:

For and on behalf of the Board of Directors

S. Durgashankar
Director
DIN No.00044713

Rajeshwar Tripathi
Director
DIN No. 06734734

Sanjay Joglekar
Director
DIN No. 00209394

Vinay Deshpande
Director
DIN No. 01904423

Place: Mumbai
Date:

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
		Rs. In lakhs
Cash flows from operating activities		
Profit before tax for the year	**266.00**	123.77
Adjustments for:		
Finance costs recognised in profit or loss	**2.20**	–
Investment income recognised in profit or loss	**(11.59)**	(34.89)
Loss on sale of assets	**–**	0.08
Depreciation and amortisation of non-current assets	**238.57**	88.93
	495.18	177.89
Movements in working capital:		
(Increase)/Decrease in trade and other receivables	**(85.98)**	(154.79)
(Decrease)/Increase in trade and other payables	**565.29**	396.51
(Decrease)/increase in other liabilities	**(130.51)**	–
Cash generated from operations	**843.98**	419.61
Income taxes paid	**(698.56)**	(294.74)
Net cash generated by operating activities	**145.42**	124.87
Cash flows from investing activities		
Maturity/(Investments) of Fixed Deposits	**152.04**	18.79
Proceed/(Investments) in Mutual Funds	**44.37**	137.09
Proceeds on sale of Fixed Assets		0.63
Interest received	**9.47**	12.21
Payments for property, plant and equipment	**(71.65)**	(116.41)
Net cash (used in)/generated by investing activities	**134.23**	52.31
Cash flows from financing activities		
Proceeds from borrowings	**50.00**	
Dividends including dividend distribution tax	**(27.12)**	(27.12)
Interest paid	**(2.20)**	–
Net cash used in financing activities	**20.68**	(27.12)
Net increase in cash and cash equivalents	**300.33**	150.06
Cash and cash equivalents at the beginning of the year	**175.40**	25.34
Cash and cash equivalents at the end of the year	**475.73**	175.40
	475.73	175.40

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place: Mumbai
Date:

For and on behalf of the Board of Directors

S. Durgashankar
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Director
DIN No. 06734734

Sanjay Joglekar
Director
DIN No. 00209394

Vinay Deshpande
Director
DIN No. 01904423

Place: Mumbai
Date:

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2020

a. Equity share capital

	Rs. In lakhs
As at 1 April 2016	150.00
Changes in equity share capital during the year	–
As at 31 March 2017	150.00
Changes in equity share capital during the year	–
As at 31 March 2018	150.00
Changes in equity share capital during the year	–
As at 31 March 2019	150.00
Changes in equity share capital during the year	–
As at 31 March 2020	150.00

b. Other Equity

Rs. In lakhs

	Reserves and Surplus	**Items of other comprehensive income**	**Total**
	Retained Earnings	Remeasurements of the defined benefit liabilities/ (asset)	
As at 31 March 2018	643.57	(0.48)	643.09
Profit/(Loss) for the period	90.76		90.76
Other Comprehensive Income/(Loss)		16.18	16.18
Total Comprehensive Income for the year	734.34	15.70	750.04
Dividend paid on Equity Shares	(22.50)		(22.50)
Dividend Distribution Tax	(4.62)		(4.62)
As at 31 March 2019	707.22	15.70	722.92
Profit/(Loss) for the period	193.76		193.76
Other Comprehensive Income/(Loss)		(7.66)	(7.66)
Total Comprehensive Income for the year	900.98	8.04	909.03
Dividend paid on Equity Shares	(22.50)		(22.50)
Dividend Distribution Tax	(4.62)		(4.62)
As at 31 March 2020	**873.86**	**8.04**	**881.91**

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place: Mumbai
Date:

For and on behalf of the Board of Directors

S. Durgashankar
Director
DIN No.00044713

Rajeshwar Tripathi
Director
DIN No. 06734734

Sanjay Joglekar
Director
DIN No. 00209394

Vinay Deshpande
Director
DIN No. 01904423

Place: Mumbai
Date:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Company overview

Mahindra Integrated Business Solutions Private Limited is a Private Limited Company incorporated and domiciled in India on 18th January 2011 and it started its operations from 1st May 2011. The Company's registered office is at Mumbai, Maharashra, India. These financial statements correspond to the stand alone financial statments of the Company. The Company is rendering back office accounting & payroll services. Currently though a captive service provider, it intends to extend the services to corporate sector at large. During the year the Company has started rendering new activities in Customer Retention, renewal and verification, KYC fulfillment, setting up and re-organising and customer inward call center.

The immediate parent Company is Mahindra Holdings Limited. and ultimate parent Company is Mahindra & Mahindra Limited, a company incorporated in India.

2 Statement of compliance and basis for preparation

a. These financial statements have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

b. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rupees') which is also the Company's functional currency. All amounts are rounded-off to the nearest crore/lakhs, unless otherwise indicated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

d. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

- useful life of property, plant and equipment and intangible assets
- estimation of define benefit obligation
- provision for warranty claims
- income taxes - current and deferred taxes
- fair value of unlisted securities
- impairment of trade receivables

Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment within the next financial year is included in relevant notes for the above items.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

e. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The Chief Financial Officer and persons entrusted have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and assessments that these valuations meet the requirements of Ind AS. The methods used to determine fair value include discounted cashflow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilties.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset ot liability that are not based on observable market data (unobservable inputs).

f. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

3 Significant accounting policies

a. Operating Cycle:

Assets and Liabilities are classified as Current or Non – Current as per the provisions of the Schedule III notified under the Companies Act, 2013 and Company's normal operating cycle. Based on the nature of business and its activities, the Company has ascertained its operating cycle as twelve months for the purpose of Current & Non – Current classification of Assets & Liabilities.

b. Property, plant and equipment:

i. Property, plant and equipment are carried at their original cost less accumulated depreciation and accumulated impairment losses.

ii. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

iii. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

c. Intangible Assets:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful life considered for assets in this class is 5 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

d. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

d. Investments:

Investment held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Current investments are valued at the lower of cost and fair value.

e. Revenue Recognition:

i. Sale of services is recognized when the services are rendered.

ii. Revenues on time & material contracts are recognized as the related services are performed and revenues from the end of the last billing to the Balance sheet date is recognized as Unbilled revenues. The unbilled revenues primarily consists of cost which needs to be billed to client on cost plus margin basis where there is no uncertainty as to measurement or collectability of consideration.

iii. Fee based income is accounted for on achieving specified milestones as per mutual agreement.

iv. Further, revenue is recognised when there is no uncertainty as to the measurement or collectability of consideration.

v. Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

f. Employee Benefits:

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item ‘Employee benefits expense’. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

g. Taxes on Income:

Tax expense comprises of both current and deferred tax only.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Provision for Current tax is measured at the amount computed under the Income Tax Act, 1961, or Book Profit computed under section 115JB, whichever is higher, and correspondingly set-off available under section 115JAA is credited to the Statement of Profit & Loss of the financial year.

MAT credit is recognised as an asset only when, and to the extent, there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent that there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

h. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

i. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

ii. Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

i. Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash and other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls).

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

j. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks & rewards of ownership to the leases. All other leases are classified as operating leases.

The Company as lessee:

The assets held under finance leases are initially recongnised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expense and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policies on borrowing cost. Contingent rentals are recognized as expense in the period in which they are incurred.

Rental expense from the operating lease is generally recognized on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessors expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

k. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 4 – Property, Plant and Equipment

Rs. In lakhs

Description of Assets	Plant and Equipment-Computers	Office Equipment	Furniture and Fixtures	Vehicles	Right of Use (ROU)-Building	Total
I. Gross Carrying Amount						
Balance as at 1 April 2019	249.41	65.97	29.78	40.55	–	385.70
Additions	0.28	18.99	0.61	3.80	533.56	557.24
Disposals						–
Balance as at 31 March 2020	**249.68**	**84.96**	**30.39**	**44.35**	**533.56**	**942.94**
II. Accumulated depreciation and impairment						
Balance as at 1 April 2019	162.20	19.75	9.28	5.65	–	196.88
Depreciation expense for the year	46.99	17.09	4.60	8.94	154.76	232.38
Eliminated on disposal of assets						–
Balance as at 31 March 2020	**209.19**	**36.84**	**13.88**	**14.59**	**154.76**	**429.26**
III. Net carrying amount (I-II)	**40.50**	**48.12**	**16.51**	**29.76**	**378.80**	**513.68**

Description of Assets	Plant and Equipment-Computers	Office Equipment	Furniture and Fixtures	Vehicles	Batteries	Total
I. Gross Carrying Amount						
Balance as at 1 April 2018	232.56	28.63	25.55	23.08	–	309.82
Additions	17.69	37.34	4.23	25.06		84.32
Disposals	(0.85)			(7.60)		(8.45)
Balance as at 31 March 2019	**249.41**	**65.97**	**29.78**	**40.55**	**–**	**385.70**
II. Accumulated depreciation and impairment						
Balance as at 1 April 2018	103.68	6.58	4.15	8.79	–	123.21
Depreciation expense for the year	59.32	13.17	5.13	3.78		81.40
Eliminated on disposal of assets	(0.81)			(6.92)		(7.73)
Balance as at 31 March 2019	**162.20**	**19.75**	**9.28**	**5.65**	**–**	**196.88**
III. Net carrying amount (I-II)	**87.21**	**46.22**	**20.50**	**34.90**	**–**	**188.82**

Note No. 5 – Other Intangible Assets

Rs. In lakhs

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April 2019	41.36	41.36
Additions from separate acquisitions	2.47	2.47
Disposals	–	–
Balance as at 31 March 2020	**43.83**	**43.83**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2019	19.30	19.30
Amortisation expense for the year	6.18	6.18
Eliminated on disposal of assets	–	–
Balance as at 31 March 2020	**25.48**	**25.48**
III. Net carrying amount (I-II)	**18.35**	**18.35**

Rs. In lakhs

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April 2018	26.77	26.77
Additions from separate acquisitions	14.59	14.59
Disposals	–	–
Balance as at 31 March 2019	**41.36**	**41.36**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2018	11.78	11.78
Amortisation expense for the year	7.52	7.52
Eliminated on disposal of assets	–	–
Balance as at 31 March 2019	**19.30**	**19.30**
III. Net carrying amount (I-II)	**22.06**	**22.06**

Note:

Amortisation of the assets are done in a span of 5 years from the date of acquisition.

Note No. 6 – Other financial assets

Rs. In lakhs

Particulars	As at 31 March 2020		As at 31 March 2019	
	Current	Non-Current	Current	Non-Current
Financial assets at amortised cost				
(a) Security Deposit	–	**84.40**	–	66.57
(b) Interest accrued on Fixed Deposits	**0.06**	–	0.71	–
Total	**0.06**	**84.40**	0.71	66.57

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 7 – Other assets (Non Financial)

Rs. In lakhs

Particulars			As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
(a)	Advances other than capital advances					
	(i)	Prepaid expenses	18.14	–	12.64	–
	(ii)	Prepaid rent	4.65	7.20	4.65	11.85
	(iii)	Unbilled revenue	17.92	–	20.26	–
(b)	Other receivables		–	–	–	–
Total			40.71	7.20	37.55	11.85

Note No. 8: Current Tax and Deferred Tax

(i) Movement in deferred tax balances

Rs. In lakhs

Particulars	For the Year ended 31 March 2020			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment and Intangible assets	(1.59)	(7.50)		(9.09)
Other Temporary Differences	5.90		(2.75)	3.15
	4.31	(7.50)	(2.75)	(5.94)
Tax effect of items constituting deferred tax assets				
Employee Benefits	83.45	30.97		114.42
Other Temporary Differences	14.61	15.75		30.35
	98.06	46.72	–	144.77
Net Tax Asset (Liabilities)	93.74	54.22	2.75	150.71

Rs. In lakhs

Particulars	For the Year ended 31 March 2019			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment and Intangible assets	10.11	(11.70)		(1.59)
Other Temporary Differences	(0.15)		6.05	5.90
	9.97	(11.70)	6.05	4.31
Tax effect of items constituting deferred tax assets				
Employee Benefits	76.86	6.59		83.45
Other Temporary Differences	10.98	3.63		14.61
	87.83	10.22	–	98.06
Net Tax Asset (Liabilities)	77.87	21.92	(6.05)	93.74

Rs. In lakhs

Particulars	For the Year ended 31 March 2018			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment and Intangible assets	7.76	2.35		10.11
Other Temporary Differences	1.15		(1.30)	(0.15)
	8.91	2.35	(1.30)	9.97
Tax effect of items constituting deferred tax assets				
Employee Benefits	41.90	34.95		76.86
Other Temporary Differences	1.91	9.07		10.98
	43.81	44.02	–	87.83
Net Tax Asset (Liabilities)	34.90	41.67	1.30	77.87

Note No. 9 – Investments

Rs. In lakhs

Particular	As at 31 March 2020 Amounts* Current	As at 31 March 2020 Amounts* Non Current	As at 31 March 2019 Amounts* Current	As at 31 March 2019 Amounts* Non Current
Designated as Fair Value Through Profit and Loss				
I. Quoted Investments				
Investments in Mutual Funds	50.87	–	92.47	–
Total	50.87	–	92.47	–
Aggregate amount of quoted investments	50.87	–	92.47	–
Aggregate amount of market value of investments	50.87	–	92.47	–
TOTAL INVESTMENTS CARRYING VALUE	50.87	–	92.47	–

Note No. 10 – Trade receivables

Rs. In lakhs

Particulars		As at 31 March 2020 Current	As at 31 March 2020 Non Current	As at 31 March 2019 Current	As at 31 March 2019 Non Current
(a)	Trade receivables considered good - Secured				
(b)	Trade receivables considered good - Unsecured	687.44	–	628.21	–
(c)	Trade receivables which have significant increase in credit risk				
(d)	Trade receivables - credit impaired.	21.90		21.90	–
Less: Allowance for Credit Losses		(21.90)		(21.90)	–
TOTAL		687.44	–	628.21	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Rs. In lakhs

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non Current	As at 31 March 2019 Current	As at 31 March 2019 Non Current
Of the above, trade receivables from:				
– Related Parties	**554.87**	**–**	554.87	–
– Others	**132.57**	**–**	73.34	–
Total	**687.44**	**–**	**628.21**	–

Note No. 11 – Cash and Bank Balances

Rs. In lakhs

Particulars	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents			
(a) Balances with banks	**475.73**	175.03	25.34
(b) Cheques, drafts on hand	**–**	0.37	–
Total Cash and cash equivalent	**475.73**	175.40	25.34
Other Bank Balances			
(a) Balances with Banks:			
(i) Fixed Deposits with maturity greater than 3 months	**9.82**	161.86	180.65
Total Other Bank balances	**9.82**	161.86	180.65

Reconcliation of Cash and Cash Equivalents

Particulars	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Total Cash and Cash Equivalents as per Balance Sheet	**475.73**	175.40	25.34
Add: Bank Overdraft	**–**	–	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**475.73**	175.40	25.34

Note No. 12 – Equity Share Capital

Rs. In lakhs

Particulars	As at 31 March 2020 No. of shares	As at 31 March 2020 Value	As at 31 March 2019 No. of shares	As at 31 March 2019 Value
Authorised:				
Equity shares of Rs. 10 each with voting rights	**2,000,000**	**200.00**	2,000,000	200.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**1,500,000**	**150.00**	1,500,000	150.00
Total	**1,500,000**	**150.00**	1,500,000	150.00

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Closing Balance
Equity Shares with Voting rights			
Period Ended 31 March 2020			
No. of Shares	**1,500,000**	**–**	**1,500,000**
Amount	**15,000,000**	**–**	**15,000,000**
Year Ended 31 March 2019			
No. of Shares	1,500,000	–	1,500,000
Amount	15,000,000	–	15,000,000

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Direcors is subject to approval of the shareholders in the ensuing annual general meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) There is only one class of Equity shares valued at Rs. 10 and there are no preference shares.

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares: Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2020			
Mahindra Holdings Limited, the Holding Company	**1,500,000**		
As at 31 March 2019			
Mahindra Holdings Limited, the Holding Company	1,500,000		

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 March 2020 Number of shares held	As at 31 March 2020 % holding in that class of shares	As at 31 March 2019 Number of shares held	As at 31 March 2019 % holding in that class of shares
Equity shares with voting rights				
Mahindra Holdings Limited	**1,500,000**	**100**	1,500,000	100

Note No. 13 – Other Financial Liabilities

Rs. In lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Other Financial Liabilities Measured at Amortised Cost		
Non-Current		
(a) Security Deposits	**378.80**	–
(b) Other long term liabilities	**378.80**	–
Current		
(a) Current maturities of finance lease obligations	**24.19**	–
(b) Interest accrued	**0.06**	
	24.25	–
Total other financial liabilities	**403.05**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 14 – Provisions

Rs. In lakhs

Particulars			As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
(a)	Provision for employee benefits					
	(1)	Long-term Employee Benefits	**45.48**	**220.26**	30.83	144.61
(b)	Other Provisions					
	(1)	Warranty	**–**	**–**	–	–
	(2)	Other Provisions	**–**	**–**	–	–
Total Provisions			**45.48**	**220.26**	30.83	144.61

Note No. 15 – Trade Payables

Particulars			As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
(a)	(i)	Trade payable - Micro and small enterprises	**19.94**	**–**	3.74	–
	(ii)	Trade payable - Other than micro and small enterprises	**894.54**	**–**	507.02	–
Total trade payables			**914.48**	**–**	510.76	–

Note No. 16 – Other Liabilities

Particulars		As at 31 March 2020 Current	As at 31 March 2020 Non-Current	As at 31 March 2019 Current	As at 31 March 2019 Non-Current
(a)	Capital creditors	**22.68**	**–**	44.46	–
(b)	Statutory dues	**336.21**	**–**	221.77	–
(c)	Others*	**273.87**	**–**	295.26	–
Total Other Liabilities		**632.76**	**–**	561.49	–

* Others mainly includes salary, bonus, performance pay and other employee related payables.

Note No. 17 – Current Borrowings

Rs. In lakhs

Particulars			As at 31 March 2020	As at 31 March 2019
A.	**Secured Borrowings**			
(a)	Loans repayable on demand		**–**	–
	(1)	From Banks	**–**	–
	(2)	from other parties	**–**	–
(b)	Loans from related parties		**–**	–
(c)	Deposits		**–**	–
(c)	Other Loans		**–**	–
Total Secured Borrowings				
B.	**Unsecured Borrowings**			
(a)	Loans repayable on demand		**–**	–
	(1)	From Banks	**–**	–
	(2)	from other parties	**–**	–
(b)	Loans from related parties		**50.00**	–
(c)	Deposits		**–**	–
(c)	Other Loans		**–**	–
Total Unsecured Borrowings			**50.00**	–
Total Current Borrowings			**50.00**	–

Note No. 18 – Revenue from Operations

Rs. In lakhs

Particulars		As at 31 March 2020	As at 31 March 2019
(a)	Revenue from rendering of services	**12,085.79**	7,768.13
Total Revenue from Operations		**12,085.79**	7,768.13

Note No. 19 – Other Income

Particulars			As at 31 March 2020	As at 31 March 2019
(a)	Interest Income			
	(1)	On Fixed Deposits with Bank	**8.82**	11.73
	(2)	On Income tax refund	**–**	19.96
(b)	Dividend Income*			
	(1)	on Mutual funds	**2.77**	3.20
(c)	Unrealised gain on Mutual Funds			
(d)	Other income		**–**	–
(e)	Interest Income on Security Deposit - Ind AS adjustment		**4.45**	2.32
Total Other Income			**16.04**	37.21

Note No. 20 – Employee Benefits Expense

Rs. In lakhs

Particulars		As at 31 March 2020	As at 31 March 2019
(a)	Salaries and wages, including bonus	**8,449.17**	5,479.24
(b)	Contribution to provident and other funds	**716.50**	397.97
(c)	Gratuity expense	**28.28**	39.07
(d)	Leave salary	**85.05**	18.06
(e)	Training	**3.40**	8.11
(g)	Staff welfare expenses	**65.91**	52.41
Total Employee Benefit Expense		**9,348.31**	5,994.86

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 21 – Finance Costs

Particulars		As at 31 March 2020	As at 31 March 2019
(a)	Ind AS Adjustment on Security Deposits	**4.65**	2.52
	Less: Amounts included in the cost of qualifying assets		
(b)	Ind AS Adjustment on Lease Payment	**36.28**	–
(c)	Other borrowing cost	**2.20**	–
Total Finance Costs		**43.13**	2.52

Note No. 22 – Other Expenses

Rs. In lakhs

Particulars			As at 31 March 2020	As at 31 March 2019
(a)	Power & Fuel		**43.51**	34.07
(b)	Rent including lease rentals		**225.75**	325.15
(c)	Rates and taxes		**0.13**	1.11
(d)	Insurance		**38.14**	32.47
(e)	Advertisement		**–**	0.82
(f)	Travelling and Conveyance Expenses		**904.41**	328.56
(g)	Provision for doubtful trade and other receivables, loans		**–**	6.92
(h)	Net loss/(gain) on foreign currency transactions net off Derivative gain/loss (other than considered as finance costs)		**0.69**	2.03
(i)	Auditors remuneration and out-of-pocket expenses			
	(i)	As Auditors	**3.50**	3.50
	(ii)	For Taxation matters	**0.50**	0.50
	(iii)	For Other services	**1.00**	1.00
	(vi)	For reimbursement of expenses	**0.06**	0.06
(j)	Other expenses			
	(i)	Legal and other professional costs	**179.61**	196.34
	(ii)	Postage, Telephone and Communication	**146.55**	93.31
	(iii)	IT Expenses	**304.05**	346.07
	(iv)	Service contracted	**239.57**	130.22
	(v)	Loss on sale of assets	**–**	0.08
	(vi)	Brokerage	**–**	–
	(vii)	Miscellaneous expenses	**118.35**	93.05
Total Other Expenses			**2,205.82**	1,595.26

Note No. 23 – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rs. In lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current Tax:		
In respect of current year	**126.46**	54.93
In respect of prior years	**–**	–
	126.46	54.93
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(54.22)**	(21.92)
Total income tax expense on continuing operations	**72.24**	33.01

(b) Income tax recognised in other Comprehensive income

Rs. In lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current Tax	**–**	–
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligaitons	**2.75**	(6.05)
Total	**2.75**	(6.05)

(d) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rs. In lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Profit before tax from continuing operations	**266.00**	123.77
Effective Income tax expense calculated at 27.82% (2019: 27.82%)#	**74.00**	34.43
Reduction in deferred tax due to reduction in tax rate	**–**	0.76
Effect of income that is exempt from taxation	**(0.63)**	(0.78)
Effect of expenses that is non-deductible in determining taxable profit	**(0.20)**	(0.04)
Temporary difference not considered in deferred tax in previous year (40(a)(ia))		
Others	**(0.93)**	(1.36)
	72.24	33.01
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	–
Income tax expense recognised In profit or loss from continuing operations	**72.24**	33.01
	(0.00)	(0.00)

The tax rate used for the 31 March 2020 and 31 March 2019 reconciliations above is the corporate tax rate of 27.82% (Previous year 27.82%) payable by corporate entities in India on taxable profits under Indian Income Tax Laws. This rate has further been adjusted considering the effects of various allowances and disallowances in the Statement of Profit and Loss.

Note No. 24 – Earnings per Share

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018
	Per Share	Per Share	Per Share
Basic Earnings per share			
From continuing operations	**12.41**	7.13	5.10
From discontinuing operations	**–**	–	–
Total basic earnings per share	**12.41**	7.13	5.10
Diluted Earnings per share			
From continuing operations	**12.41**	7.13	5.10
From discontinuing operations	**–**	–	–
Total diluted earnings per share	**12.41**	7.13	5.10

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 25 – Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The capital structure is monitored on the basis of net debt to equity of the Company.

Rs. In lakhs

	31-Mar-20	31-Mar-19	31-Mar-18
Equity	**1,031.91**	872.92	793.09
Net Debt	**50.00**	–	
Less: Cash and cash equivalents	**475.73**	175.40	25.34
Net Debt			
Total Capital	**556.18**	**697.52**	**767.75**

Categories of financial assets and financial liabilities

As at 31 March 2020 — **Rs. In lakhs**

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets				
- Security deposits	**84.40**			**84.40**
Current Assets				
Investments		**50.87**		**50.87**
Trade Receivables	**687.44**			**687.44**
Other Bank Balances	**9.82**			**9.82**
Other Financial Assets				
– Interest accrued on Fixed Deposits	**0.06**			**0.06**
Current Liabilities				
Borrowings	**50.00**			
Trade Payables	**914.48**			**914.48**

As at 31 March 2019 — **Rs. In lakhs**

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets				
– Security deposits	66.57			66.57
Current Assets				
Investments		92.47		92.47
Trade Receivables	628.21			628.21
Other Bank Balances	161.86			161.86
Other Financial Assets				
– Interest accrued on Fixed Deposits	0.71			0.71
Current Liabilities				
Borrowings				
Trade Payables	510.76			510.76

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

As at 31 March 2020 — **Rs. In lakhs**

	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0.0%	100.0%	3.2%
Gross carrying amount	665.54	21.90	687.44
Loss allowance provision	–	21.90	21.90

As at 31 March 2019 — Rs. In lakhs

	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0.0%	100.0%	3.5%
Gross carrying amount	606.31	21.90	628.21
Loss allowance provision	–	21.90	21.90

Reconciliation of loss allowance provision for Trade Receivables

Particulars	**31-Mar-20**	31-Mar-19
		Rs. In lakhs
Balance as at beginning of the year	**21.90**	14.98
Impairment losses recognised in the year based on lifetime expected credit losses	**–**	6.92
Amounts written off during the year as uncollectible	**–**	–
Amounts recovered during the year	**–**	–
Impairment losses reversed/written back	**–**	–
Balance at end of the year	**21.90**	21.90

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company may be required to pay.

Rs. In lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-20				
Trade Payables	914.48	–	–	–
Total	**914.48**	–	–	–
31-Mar-19				
Trade Payables	510.76	–	–	–
Total	510.76	–	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	**INR**	**INR**	**INR**
Non-derivative financial assets				
31-Mar-20				
Non-current Assets				
Other Financial Assets				
– Security deposits		**12.38**	**72.03**	**–**
Current Assets				
Investments	**50.87**	**–**	**–**	**–**
Trade Receivables	**687.44**	**–**	**–**	**–**
Other Bank Balances	**9.82**	**–**	**–**	**–**
Other Financial Assets		**–**	**–**	**–**
– Interest accrued on Fixed Deposits	**0.71**	**–**	**–**	**–**
Total	**748.84**	**12.38**	**72.03**	**–**

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
31-Mar-19				
Non-current Assets				
Other Financial Assets				
– Security deposits	–	–	66.57	–
Current Assets				
Investments	92.47	–	–	–
Trade Receivables	628.21	–	–	–
Other Bank Balances	161.86	–	–	–
Other Financial Assets				
– Interest accrued on Fixed Deposits	0.71	–	–	–
Total	883.25	–	66.57	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's/ Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	31-Mar-20	31-Mar-19
Trade Receivables	USD	**3,761.29**	12,327.00
	AUD	**2,746.64**	2,214.00
	EUR	**0.00**	22,294.00
Trade Payables	USD	**–**	–
	AUD	**–**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Of the above foreing currency exposures, the following exposures are not hedged by a derivative:

Particulars	Currency	31-Mar-20	31-Mar-19
Trade Receivables	USD	**3,761.29**	12,327.00
	AUD	**2,746.64**	2,214.00
	EUR	**–**	**22,294.00**
Trade Payables	USD	**–**	–
	AUD	**–**	–

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and AUD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	Currency	Change in rate	Effect on profit before tax	Effect on pre-tax equity
31-Mar-20	USD	+10%	0.28	0.28
	USD	-10%	(0.28)	(0.28)
	AUD	+10%	0.13	0.13
	AUD	-10%	(0.13)	(0.13)
	EUR	+10%	–	–
	EUR	-10%	–	–
31-Mar-19	USD	+10%	0.85	0.73
	USD	-10%	(0.85)	(0.85)
	AUD	+10%	0.11	0.11
	AUD	-10%	(0.11)	(0.11)
	EUR	+10%	1.73	1.73
	EUR	-10%	(1.73)	(1.73)

Note No. 26 – Fair Value Measurement

Fair Valuation Techiques and Inputs used – recurring Items

Rs. In lakhs

Financial assets/financial liabilities measured at Fair value	Fair value as at		Fair value hierarchy*	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31-Mar-20	31-Mar-19				
Financial assets						
Investments						
1) Equity investments						
2) Mutual fund investments	**50.87**	92.47	Level 1	As declared from the fund houses	N.A.	N.A.
Total financial assets	**50.87**	92.47				

There were no transfers between level 1, level 2 and level 3 for recurring fair value measurements during the year.

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**	**Total**
			Fair value hierarchy as at 31 March 2020			
Financial assets						
<u>Financial assets carried at Amortised Cost</u>						
– trade and other receivables	**687.44**	**687.44**		**687.44**		**687.44**
– deposits and similar assets	**84.4**	**84.4**		**84.40**		**84.40**
– Others	**0.06**	**0.06**		**0.06**		**0.06**
Total	**771.90**	**771.90**		**771.90**		**771.90**
Financial liabilities						
Financial Instruments not carried at Fair Value						
– trade and other payables	**914.48**	**914.48**		**914.48**		**914.48**
Total	**(142.58)**	**(142.58)**		**(142.58)**		**(142.58)**

Particulars	Carrying amount	Fair value	Level 1	Level 2	Level 3	Total
			Fair value hierarchy as at 31 March 2019			
Financial assets						
<u>Financial assets carried at Amortised Cost</u>						
– trade and other receivables	628.21	628.21		628.21		628.21
– deposits and similar assets	66.57	66.57		66.57		66.57
– Others	0.71	0.71		0.71		0.71
Total	695.49	695.49		695.49		695.49
Financial liabilities						
Financial Instruments not carried at Fair Value						
– trade and other payables	510.76	510.76		510.76		510.76
Total	184.73	184.73		184.73		184.73

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 27 – Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund, Superannuation Fund and ESIC aggregating Rs. 71,649,675 (2019: Rs. 39,797,866) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	31st March 2020	31st March 2019
Discount rate(s)	**6.70%**	7.60%
Expected rate(s) of salary increase	**8.50%**	10.00%

Defined benefit plans – as per actuarial valuation on 31st March, 2020

Rs. In lakhs

Particulars	**Funded Plan Gratuity 2020**	**2019**
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**28.80**	39.58
Past service cost and (gains)/losses from settlements	**–**	–
Net interest expense	**0.80**	(0.51)
Components of defined benefit costs reconised in profit or loss	**29.60**	39.07
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**3.97**	(8.86)
Actuarial gains and loss arising form changes in financial assumptions	**(9.77)**	6.76
Actuarial gains and loss arising form experience adjustments	**16.21**	11.44
Actuarial gains and loss arising form changes in demographic assumptions	**–**	(31.57)
Componenets of defined benefit costs recognised in other comprehensive income	**10.41**	(22.23)
Total	**40.01**	16.84
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**240.34**	206.34
2. Fair value of plan assets as at 31st March	**181.08**	185.76
3. Surplus/(Deficit)	**59.27**	20.58
4. Current portion of the above	**–**	–
5. Non current portion of the above	**59.27**	20.58
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**206.34**	193.12
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer		
3. *Expenses Recognised in Profit and Loss Account*		
– Current Service Cost	**28.80**	39.58
– Interest Expense (Income)	**14.21**	15.56
4. *Recognised in Other Comprehensive Income*		
Remeasurement gains/(losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	(31.57)
ii. Financial Assumptions	**(9.77)**	6.76
iii. Experience Adjustments	**16.21**	11.44
5. Benefit payments	**(15.45)**	(28.55)
6. Others (Specify)	**–**	–
7. Present value of defined benefit obligation at the end of the year	**240.34**	206.34

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Rs. In lakhs

Particulars	Funded Plan Gratuity 2020	2019
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**185.76**	189.38
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer		
3. Expenses Recognised in Profit and Loss Account		
– Expected return on plan assets	**13.41**	16.06
4. Recognised in Other Comprehensive Income		
Remeasurement gains/ (losses)		
– Actual Return on plan assets in excess of the expected return	**(3.97)**	8.86
– Others (specify)		
5. Contributions by employer (including benefit payments recoverable)	**1.33**	–
6. Benefit payments	**(15.45)**	(28.55)
7. Fair value of plan assets at the end of the year	**181.08**	185.76
IV. The Major categories of plan assets		
– List the plan assets by category here		
Insurer Managed Fund	**181.08**	185.76
V. Actuarial assumptions		
1. Discount rate	**6.70%**	7.60%
2. Expected rate of return on plan assets	**6.70%**	7.60%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	2020	1.00%	-6.43%	7.39%
	2019	1.00%	-6.34%	7.27%
	2018	1.00%	-10.16%	12.37%
	2017	1.00%	-9.74%	11.87%
	2016	0.50%	-4.25%	4.65%
	2015	0.25%	-3.55%	5.33%
Salary growth rate	2020	1.00%	7.19%	-6.38%
	2019	1.00%	7.03%	-6.27%
	2018	1.00%	12.01%	-10.09%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs. 2,000,000 to the gratuity trusts during the next financial year.

Maturity profile of defined benefit obligation:

	2020	2019
Within 1 year	**4,753,478**	3,863,126
1 - 2 year	**2,821,317**	2,900,012
2 - 3 year	**3,212,499**	2,374,058
3 - 4 year	**2,214,548**	2,737,320
4 - 5 year	**1,533,779**	1,787,386
above 5 years	**29,179,377**	27,419,449

Plan Assets

The fair value of Company's pension plan asset as of 31 March 2019 and 2020 by category are as follows:

	2020	2019
Asset category:		
Deposits with Insurance companies	**18,107,524**	18,575,749
	100%	100%

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

The weighted average duration of the defined benefit obligation as at 31 March 2020 is 6.88 years (2019: 6.78 years).

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit orloss of the expense for the year.

In February 2019, Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution from the date of Supreme Court order.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 28 – Related Party Transactions

Name of the parent Company	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited
Fellow Subsidiary:	
Auto Digitech Private Limited	Mahindra Inter-Trade Ltd.
Bristlecone (India) Ltd	Mahindra Hzpc Pvt. Ltd
Mahindra Emarket Ltd	Mahindra Lifespace Developers Ltd.
Mahindra EPC Irrigation Limited	Mahindra Logistics Ltd.
Gipps Aero Pty Limited	Mahindra Mstc Recycling Pvt. Ltd.
Mahindra & Mahindra Financial Services Ltd	Mahindra Residential Developers Ltd.
Mahindra Marine Private Limited	Mahindra Rural Housing Finance Ltd
Mahindra & Mahindra Contech Ltd	Mahindra Steel Service Centre Ltd.
Mahindra Agri Solutions Limited	Mahindra Telephonics Integrated Systems Pvt Ltd.
Mahindra Aerospace Pvt Ltd	Mahindra Trucks & Buses Limited
Mahindra Aerostructures Pvt Ltd	Mahindra Two Wheelers Limited.
Mahindra Auto Steel Pvt. Ltd.	Mahindra Greenyard Private Limited
Mahindra Automobile Distributor Pvt Ltd	Mahindra Vehicle Manufacturers Ltd
Mahindra Bloomdale Developers Ltd	Mahindra World City (Jaipur) Ltd.
Mahindra Defence Naval Systems Pvt Ltd	Mahindra World City (Chennai) Ltd.
Mahindra Defence System Ltd	Mera Kisan Pvt. Ltd.
Mahindra Electric Mobility Limited	Mumbai Mantra Media Pvt Ltd.
Mahindra Emirates Vehicle Armoring Fz LLC	NBS International Ltd
Mahindra Susten Pvt Ltd.	Orizonte Business Solutions Limited
Mahindra First Choice Services Ltd	Trringo.Com Limited
Mahindra First Choice Wheels Ltd	Mahindra Airways Limited
Mahindra Heavy Engines Ltd.	Mahindra Asset Management Company Pvt Ltd
Mahindra Holidays & Resorts India Limited	Gromax Agri Equipment Limited
Mahindra Homes Pvt. Ltd.	Classic Legends Private Limited
Mahindra Insurance Brokers Ltd.	Mahindra Industrial Park Private Limited
Mahindra Integrated Township Ltd.	Mahindra Industrial Park Chennai Ltd.
Mahindra Happinest Developers Ltd.	Mahindra Waste to Energy Solutions Ltd.
Peugeot Motorcycles	Mahindra TEQO Private Limited
Mahindra MiddleEast Electrical Steel Service Centre (FZC)	Mahindra USA Inc.

Details of transaction between the Company and its related parties are disclosed below:

	Rs. In lakhs			
Particulars	**For the year ended**	**Parent Company**	**Fellow subsidiaries**	**Ultimate Holding Company**
Nature of transactions with Related Parties				
Purchase of goods	31-Mar-20		0.16	
	31-Mar-19		–	
Purchase of property and other assets	31-Mar-20		45.50	
	31-Mar-19		38.62	
Rendering of services	31-Mar-20		4,969.98	6,270.15
	31-Mar-19		3,247.57	3,872.66
Receiving of services	31-Mar-20		1.49	8.47
	31-Mar-19		4.12	10.41
Lease expenses	31-Mar-20			126.42
	31-Mar-19			111.96
Loans taken	31-Mar-20			50.00
	31-Mar-19			–
Dividend paid	31-Mar-20	22.50		
	31-Mar-19	22.50		
Other transactions - Reimbursement of expenses made to parties	31-Mar-20			302.16
	31-Mar-19			359.40
Other transactions - Reimbursement of expenses made to parties	31-Mar-20			2.20
	31-Mar-19			–

Nature of Balances with Related Parties	**Balance as on**	**Parent Company**	**Fellow subsidiaries**	**Ultimate Holding Company**
Trade payables	31-Mar-20		23.72	587.89
	31-Mar-19		45.51	264.49
Receivables	31-Mar-20		310.57	244.30
	31-Mar-19		230.38	263.77
Loans & advances taken	31-Mar-20			50.00
	31-Mar-19			–
Other balances- Interest accrued but not due on Borrowing	31-Mar-20			0.06
	31-Mar-19			–

Note No. 29 – Additional Information to the Financial Statements

Dividend

In respect of the current year, the directors propose that a dividend of Rs 1.50 per share be paid on equity shares in August 2020. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members on 31st March 2019. The total estimated equity dividend to be paid is Rs 22,50,000. The payment of this dividend is estimated to result in payment of dividend tax of Rs 4,62,494 @ 15% on the amount of dividends grossed up for the related dividend distribution tax.

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

			Rs. In lakhs
Particulars		**31-Mar-20**	31-Mar-19
(i)	Principal amount remaining unpaid to MSME suppliers as on	**19.94**	3.74
(ii)	Interest due on unpaid principal amount to MSME suppliers as on	**0.95**	0.22
(iii)	The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	**–**	–
(iv)	The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	**–**	–
(v)	The amount of interest accrued and remaining unpaid as on	**0.95**	0.22
(vi)	The amount of interest due and payable to be disallowed under Income Tax Act, 1961	**0.95**	0.22

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Recent accounting pronouncements

Standards issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various Ind AS standards. The amended Rules also notified amendments to Ind AS 12 - 'Income Taxes', Ind AS 21 - 'The Effect of Changes in Foreign Exchange Rates', Ind AS 28 - 'Investments in Associates and Joint Ventures' and Ind AS 40 - 'Investment Property'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1st April, 2018.

Ind AS 115 – 'Revenue from Contracts with Customers':

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 11 Construction Contracts and Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Amendment to Ind AS 12 – 'Income Taxes':

The amendments clarify the requirement for recognising deferred tax assets on unrealised losses on debt instruments that are measured at fair value. The amendment also clarify certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 21 – 'The Effect of Changes in Foreign Exchange Rates':

This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 28 - 'Investments in Associates and Joint Ventures':

The amendment clarifies accounting options in consolidated financial statements of a venture capital or similar entity and investment entity. These amendments are not applicable to the Company's standalone financial statements.

Amendment to Ind AS 40 – 'Investment Property':

The amendments clarify transfers of investment property to or from the portfolio in the case of a change of use. The changes will not have any material impact on the financial statements of the Company.

Ind AS 116 Leases

The Ministry of Corporate Affairs notified Ind AS 116 "Leases" in respect of accounting periods commencing on or after April 1, 2019 superseding Ind AS 17 "Leases".

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). **The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.**

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company will adopt IND AS 116, effective annual reporting period beginning April 1, 2019. **The Company has chosen the modified retrospective application of IND AS 116. Consequently, the Company will not restate the comparative information, instead, the cumulative effect of initially applying this Standard will be recognized as an adjustment to the opening balance of retained earnings as on April 1, 2019.**

The Company will make use of the practical expedient available on transition to IND AS 116 not to reassess whether a contract is or contains a lease. **Accordingly, the Company will therefore not apply the standard to contracts that were not previously identified as containing a lease applying Ind AS 17 before April 1, 2019.**

The Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Company has leases of certain office equipment that are considered of low value.

Note No. 30 – Comparatives

The figures for previous year have been regrouped wherever necessary to conform to current year's classification.

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place: Mumbai
Date:

For and on behalf of the Board of Directors

S. Durgashankar Director DIN No. 00044713	**Rajeshwar Tripathi** Director DIN No. 06734734
Sanjay Joglekar Director DIN No. 00209394	**Vinay Deshpande** Director DIN No. 01904423

Place: Mumbai
Date:

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF, MAHINDRA "ELECTORAL TRUST" COMPANY

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the financial statements of **Mahindra "ELECTORAL TRUST" Company** ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Income and Expenditure, (statement of changes in equity) and statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and deficit, (changes in equity) and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

Our opinion on financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional **skepticism** throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. The Company is licensed to operate under Section 8 of the Act. Therefore on facts, Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, is not applicable to the Company.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Income and Expenditure, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The company does not have any pending litigations which will impact its financial positions.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 20111212AAAAIM3956

Date: 19th May, 2020
Place: Mumbai

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra "ELECTORAL TRUST" Company** ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 20111212AAAAIM3956

Date: 19th May, 2020
Place: Mumbai

BALANCE SHEET AS AT 31ST MARCH, 2020

(Currency: Indian Rupees)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	1	**500,000**	500,000
(b) Other Equity	2	**(252,767)**	(176,619)
		247,233	323,381
(2) Current liabilities			
(a) Trade payables	3		
(i) Micro and Small Enterprises		**–**	–
(i) Other than Micro and Small Enterprises		**81,393**	25,493
		81,393	25,493
TOTAL		**328,626**	348,874
II. ASSETS			
(1) Current Assets			
(a) Cash and cash equivalents	4	**328,626**	348,874
		328,626	348,874
TOTAL		**328,626**	348,874

See accompanying Notes forming part of the financial statements

Significant Accounting Policies
Notes to the Balance Sheet

In terms of our report of even date

For B K KHARE & CO.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Place: Mumbai
Date: 19th May, 2020

For and on behalf of the Board of Directors

MAHINDRA "ELECTORAL TRUST" COMPANY

Anita Halbe
Director

Feroze Baria
Director

Place: Mumbai
Date: 19th May, 2020

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2020

(Currency: Indian Rupees)

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
I. Revenue from operations	5	–	–
II. Other income	6	–	–
III. **Total Revenue (I + II)**		–	–
IV. Expenses:			
Other expenses	7	**76,148**	42,046
Interest Others			
Total Expenses		**76,148**	42,046
V. **Profit before tax (III - IV)**		**(76,148)**	(42,046)
VI Tax Expenses:			
(1) Tax Expenses including for earlier years			
(2) Deferred Tax		–	–
VII **Profit/(Loss) for the year (V - VI)**		**(76,148)**	(42,046)
VIII **Other comprehensive income**			
(i) (a) Items that will not be reclassified to profit or loss		–	–
(ii) (b) Equity instruments through other comprehensive income			
Income tax relating to items that will not be reclassified to profit or loss		–	–
Total comprehensive income for the period		–	–
IX Earnings per equity share:			
Basic/Diluted	8	**(2)**	(1)

See accompanying Notes forming part of the financial statements

Significant Accounting Policies
Notes to Income and Expenditure Account

In terms of our report of even date

For B K KHARE & CO.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Place: Mumbai
Date: 19th May, 2020

For and on behalf of the Board of Directors

MAHINDRA "ELECTORAL TRUST" COMPANY

Anita Halbe
Director

Feroze Baria
Director

Place: Mumbai
Date: 19th May, 2020

CASH FLOW STATEMENT FOR YEAR ENDED 31ST MARCH,2020

(Currency: Indian Rupees)

	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash Flow from Operating Activities		
Net Profit before taxation	**(76,148)**	(42,046)
Adjustments for:		
Depreciation on fixed assets	**–**	–
Loss on sale of fixed assets	**–**	–
Interest expense	**–**	–
Deduct:		
Profit on sale of fixed assets	**–**	–
Interest income	**–**	–
Operating Profit before Working Capital changes	**(76,148)**	(42,046)
Adjustments for:		
(Increase)/Decrease in loans and advances	**–**	–
Increase/(Decrease) in liabilities	**55,900**	5,900
CASH GENERATED FROM OPERATIONS	**(20,248)**	(36,146)
Income tax Paid (Including provisions)	**–**	–
Net Cash inflow from/(outflow) from Operating activities	**(20,248)**	(36,146)
B. Cash Flow from Investing Activities	**–**	–
Net Cash inflow from/(outflow) from Investing activities	**–**	–
C. Cash Flow from Financing Activities	**–**	–
Net Cash inflow from/(outflow) from Financing activities	**–**	–
Net increase/(decrease) in cash and cash equivalents	**(20,248)**	(36,146)
Opening Cash and Cash Equivalents		
Cash in hand	**348,874**	385,020
Bank balances	**–**	–
	328,626	348,874
Closing Cash and Cash Equivalents		
Cash in hand	**–**	–
Bank balances	**328,626**	348,874
Non cash transactions:	**328,626**	348,874

In terms of our report of even date

For B K KHARE & CO.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Place: Mumbai
Date: 19th May, 2020

For and on behalf of the Board of Directors

MAHINDRA "ELECTORAL TRUST" COMPANY

Anita Halbe
Director

Feroze Baria
Director

Place: Mumbai
Date: 19th May, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2020

(Currency: Indian Rupees)

NOTE 1: Significant Accounting Policies

Nature of Operations

Mahindra 'Electoral Trust' Company, a subsidiary of Mahindra & Mahindra Ltd, was incorporated in India as a section 25 Company (under Companies Act, 1956) on 30th December 2013. The main object of the company is to distribute, allocate or solely utilize the contributions, payments, funds or donations received or gathered by the company to/for the use of the political parties which are registered under section 29A of the Representation of People Act, 1951.

1. Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the **Companies Act, 2013** ('the Act'), and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

The financial statement are prepared and presented in the form set out in Schedule III of the Act, so far as they are applicable thereto.

These financial statements are presented in Indian rupees.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial Statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

c) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- *Interest income*

  Interest income is recognized on time proportion basis.

d) Taxation

Current tax

Provision for current tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws.

e) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share are calculated after adjusting effects of potential equity shares (PES).PES are those shares which will convert into equity shares at a later stage. Profit / loss is adjusted by the expenses incurred on such PES. Adjusted profit/loss is divided by the weighted average number of ordinary plus potential equity shares.

f) Provisions and Contingencies

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company.

When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

g) The company has not received any intimation, from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/ payable as required under the said Act have not been given.

h) Previous year figures have been regrouped/reclassified wherever applicable.

1 - SHARE CAPITAL

a. Details of authorised, issued and subscribed share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Capital		
50000 Equity Shares of Rs 10/- each	**500,000**	500,000
Issued Subscribed and Paid up		
50000 Equity Shares of Rs 10/- each.......	**500,000**	500,000
	500,000	500,000

b. Information on shareholders

Name of Shareholder	Relationship	As at March 31, 2020 No of Equity shares held	As at March 31, 2020 Percentage	As at March 31, 2019 No of Equity shares held	As at March 31, 2019 Percentage
Mahindra & Mahindra Ltd	Holding Company	**50,000**	**100%**	50,000	100%

c. Reconciliation of number of shares

Particulars	Equity Shares Number	Equity Shares Rs.
Shares outstanding at the beginning of the year ...	**50,000**	–
Shares issued during the year...............................	**–**	–
Shares bought back during the year....................	**–**	–
Shares outstanding at the end of the year..........	**50,000**	–

2 - OTHER EQUITY

Particulars	As at March 31, 2020	As at March 31, 2019
Other Equity:		
Balance as per last Balance Sheet...........	(176,619)	(134,573)
Less:(Loss) for the Current year	**(76,148)**	(42,046)
	(252,767)	(176,619)

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31ST MARCH, 2020

(Currency: Indian Rupees)

3 - TRADE PAYABLES

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Payables*		
Due to Micro and Small Enterprises	–	–
Other than Micro and Small Enterprises	81,393	25,493
	81,393	25,493

Based on the information available with the Company, there are no parties who have been identified as micro, small and medium enterprises based on the confirmations circulated and responses received by the management.

4 - CASH AND CASH EQUIVALENT

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
(i) On Current account	328,626	348,874
(ii) On Fixed Deposit account (for more than 12 months)	–	–
	328,626	348,874

5 - REVENUE FROM OPERATIONS

Particulars	As at March 31, 2020	As at March 31, 2019
Sale of Products (Gross)	–	–
Less: Excise Duty	–	–
	–	–

6 - OTHER INCOME

Particulars	As at March 31, 2020	As at March 31, 2019
Interest Income	–	–
	–	–

7 - OTHER EXPENSES

Particulars	As at March 31, 2020	As at March 31, 2019
Auditor's remuneration	5,900	5,900
Professional fees	64,016	36,146
ROC Filing Expenses	6,232	–
	76,148	42,046

8 - EARNINGS PER EQUITY SHARES

Particulars	As at March 31, 2020	As at March 31, 2019
Basic Earnings per Share		
Profit/(Loss) attributable to Equity shareholders	(76,148)	(42,046)
Weighted average number of equity shares	50,000	50,000
Basic Earnings Per Share	(1.52)	(0.84)
Face value per Share	10	10

For and on behalf of the Board

MAHINDRA "ELECTORAL TRUST" COMPANY

Anita Halbe	**Feroze Baria**
Director	Director

Place: Mumbai

Date: 19th May, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of, **Mahindra eMarket Limited**

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **Mahindra eMarket Limited** ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The

risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year.

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The company does not have any pending litigations which will impact its financial positions.

      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 20111212AAAAHR8709

Place: Mumbai
Date: 04th May, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra eMarket Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 20111212AAAAHR8709

Place: Mumbai
Date: 04th May, 2020

ANNEXURE “B” TO THE AUDITOR’S REPORT

Referred to in paragraph under “Report on Other Legal and Regulatory Requirements” section of our report of even date)

Annexure to the Auditor’s Report referred to in our report of even date:

i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) The fixed assets were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals, According to the information and explanation given to us, no material discrepancies were noticed on such verification.

c) The Company does not have any immovable property as on March 31, 2020. Hence clause 3(i) (c) is not applicable.

ii. The inventory has been physically verified by the management during the year. in our opinion, the frequency of verification is reasonable. No material discrepancies were noted on such physical verification.

iii. The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other related parties covered in the register maintained under section 189 of the Act.

iv. According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

vii. i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2020 for a period of more than 6 months from the date they become payable.

ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.

viii. The Company does not have any loans/dues towards any financial institution, bank or Government. The Company has not raised any money through debentures during the year.

ix. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under this clause is not applicable.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

xii. The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm’s Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 20111212AAAAHR8709

Place: Mumbai
Date: 04th May, 2020

BALANCE SHEET AS AT 31ST MARCH 2020

Amount in Lakhs

	Note No.	As at 31 March 2020	As at 31 March 2019
I. ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	1	**130.46**	12.89
(b) Capital Work-in-Progress	1	**16.70**	–
(c) Deferred Tax Assets (Net)	2	**7.53**	–
(d) Current Tax Assets	3	**302.71**	23.23
SUB-TOTAL		**457.40**	36.12
CURRENT ASSETS			
(a) Inventories	4	**19.41**	26.01
(b) Financial Assets			
(i) Trade Receivables	5	**505.79**	359.38
(ii) Cash and Cash Equivalents	6	**245.09**	132.07
(iii) Other Financial Assets	7	**18.40**	–
(c) Other Current Assets	8	**156.10**	1.13
SUB-TOTAL		**944.79**	518.59
TOTAL ASSETS		**1,402.19**	554.71
II. EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	9	**79.97**	79.97
(b) Other Equity	10	**573.06**	166.81
SUB-TOTAL		**653.03**	246.78
LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Provisions	11	11.85	–
(b) Deferred Tax Liability (Net)		**–**	–
(c) Other Non Current Liability	12	**80.10**	–
SUB-TOTAL		**91.95**	–
CURRENT LIABILITIES			
(a) Financial Liabilities			
(ii) Trade Payables	13		
- dues of micro enterprises and small enterprises		**–**	–
- dues of creditors other than micro enterprises and small enterprises		**315.13**	224.85
(b) Provisions	11	**146.72**	2.86
(c) Other Current Liabilities	12	**195.36**	80.22
SUB-TOTAL		**657.21**	307.93
TOTAL		**1,402.19**	554.71

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For and on behalf of the Board of Directors

For B. K. KHARE & Co.
Chartered Accountants
(Firm Registration Number : 105102W)

Shirish Rahalkar
Partner
Membership No. 111212

V S Parthasarathy
Director

Bharat Moossaddee
Director

Vijay R Nakra
Director

Place: Mumbai
Date: 04th May, 2020

Place: Mumbai
Date: 04th May, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

Amount in Lakhs

	Particulars	Note No.	For Year Ended 31 March 2020	For Year Ended 31 March 2019
	Continuining Operations			
I	Revenue from operations	14	**3,977.07**	1,470.32
II	Other Operating Income	15	**39.52**	–
III	**Total Revenue (I + II)**		**4,016.59**	1,470.32
IV	**EXPENSES**			
	(a) Purchases of Stock-in-trade		**264.80**	71.75
	(b) Changes in Inventory		**12.30**	
	(c) Cost of Services	16	**1,666.49**	911.84
	(d) Employee benefit expense	17	**314.41**	6.66
	(e) Finance costs	18	**7.56**	–
	(f) Depreciation and amortisation expense	1	**14.74**	0.95
	(g) Other expenses	19	**1,184.57**	146.99
	Total Expenses (IV)		**3,464.88**	1,138.19
V	**Profit before tax (III - IV)**		**551.71**	332.13
VI	**Tax Expense**			
	(1) Current tax		**146.39**	**76.60**
	(2) Income Tax Adjustment of earlier years		**–**	**–**
	(3) Deferred tax		**(7.53)**	–
	Total tax expense (VI)		**138.86**	76.60
VII	**Profit for the year (V-VI)**		**412.84**	**255.53**
VIII	**Profit from continuing operations for the year attributable to:**			
	Owners of the Company		**412.84**	255.53
IX	**Other comprehensive income**		**–**	–
	A (i) Items that will not be reclassified to profit or loss		**–**	–
	- Remeasurements of the defined benefit liabilities/(asset)		**–**	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
X	**Total comprehensive income for the year (VII+IX)**		**412.84**	255.53
XI	**Earnings per equity share (for continuing operation):**			
	(1) Basic	20	**51.62**	31.95
	(2) Diluted	20	**51.62**	31.95

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For and on behalf of the Board of Directors

For B. K. KHARE & Co.
Chartered Accountants
(Firm Registration Number : 105102W)

Shirish Rahalkar
Partner
Membership No. 111212

V S Parthasarathy
Director

Bharat Moossaddee
Director

Vijay R Nakra
Director

Place: Mumbai
Date: 04th May, 2020

Place: Mumbai
Date: 04th May, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

A. Equity share capital

Issued and Subscribed	**Rupees Lacs**
As at 1 April 2018	79.97
Changes in equity share capital during the year	–
As at 31 March 2019	79.97
Changes in equity share capital during the year	–
As at 31 March 2020	**79.97**

Notes :
Company has only one class of Equity Shares having par value of Rs. 10 each.

B. Other Equity

Amount in Lakhs

Particulars	Equity component of compound financial instruments	Retained Earnings	Items of other comprehensive income	Total
As at 1st April 2017	–	**(83.57)**	–	**(83.57)**
Profit/(Loss) for the period	–	(5.15)	–	**(5.15)**
Other Comprehensive Income/(Loss)	–	–	–	–
Total Comprehensive Income for the year	–	**(5.15)**	–	**(5.15)**
Dividend paid on Equity Shares	–	–	–	–
Dividend Distribution Tax	–	–	–	–
Transfers to Reserves	–	–	–	–
Transfers from retained earnings	–	–	–	–
As at 31 March 2018	–	**(88.72)**	–	**(88.72)**
Profit/(Loss) for the period	–	255.53	–	**255.53**
Other Comprehensive Income/(Loss)	–	–	–	–
Total Comprehensive Income for the year	–	**255.53**	–	**255.53**
Dividend paid on Equity Shares	–	–	–	–
Dividend Distribution Tax	–	–	–	–
Transfers to Reserves	–	–	–	–
Transfers from retained earnings	–	–	–	–
As at 31 March 2019	–	**166.81**	–	**166.81**
Profit/(Loss) for the period	–	412.84	–	412.84
Other Comprehensive Income/(Loss)	–	–	–	–
Total Comprehensive Income for the year	–	**412.84**	–	**412.84**
Dividend paid on Equity Shares	–	–	–	–
Dividend Distribution Tax	–	–	–	–
Transfers to Reserves	–	–	–	–
Transfers from retained earnings	–	**(6.60)**	–	**(6.60)**
As at 31 March 2020	–	**573.06**	–	**573.06**

For and on behalf of the Board of Directors

For B. K. KHARE & Co.
Chartered Accountants
(Firm Registration Number : 105102W)

Shirish Rahalkar
Partner
Membership No. 111212

V S Parthasarathy
Director

Bharat Moossaddee
Director

Vijay R Nakra
Director

Place: Mumbai
Date: 04th May, 2020

Place: Mumbai
Date: 04th May, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

Amount in Lakhs

Particulars	Note No.	For the Year ended 31 March 2020	For the Year ended 31 March 2019
Cash flows from operating activities:			
Profit before tax for the year		**412.84**	255.53
Adjustments for:			
Depreciation and amortisation of non-current assets		**14.74**	2.05
Transfers from retained earnings		**(6.60)**	–
		420.99	257.58
Movements in working capital:			
(Increase)/decrease in trade and other receivables		**(146.43)**	(341.49)
(Increase)/decrease in Inventory		**6.60**	(24.53)
(Increase)/decrease in other assets		**(460.38)**	7.74
Increase/(decrease) in provision		**155.73**	3.36
Increase/(decrease) in other liabilities		**195.24**	26.03
Increase/(decrease) in trade and other payables		**90.28**	187.64
Cash generated from operations		**(158.95)**	(141.25)
Cash generated from operations		**262.04**	116.33
Income taxes paid		**–**	**–**
Net cash generated by operating activities		**262.04**	116.33
Cash flows from investing activities			
Acquisition of assets		**(149.02)**	(13.84)
Net cash used in investing activities		**(149.02)**	(13.84)
Cash flows from financing activities		**–**	–
Net cash used in financing activities		**–**	–
Net increase/(decrease) in cash and cash equivalents		**113.01**	101.38
Cash and cash equivalents at the beginning of the year		**132.07**	30.69
Cash and cash equivalents at the end of the year		**245.08**	132.07

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For and on behalf of the Board of Directors

For B. K. KHARE & Co.
Chartered Accountants
(Firm Registration Number : 105102W)

Shirish Rahalkar
Partner
Membership No. 111212

V S Parthasarathy
Director

Bharat Moossaddee
Director

Vijay R Nakra
Director

Place: Mumbai
Date: 04th May, 2020

Place: Mumbai
Date: 04th May, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

1 Corporate information:

Mahindra E-Market Limited is a public limited company incorporated in Mumbai, India under the Companies Act 2013. The Company is engaged, inter-alia, in the business of facilitating sales of vehicles, Merchandise, Car Spares, accessories and related products & services through an online portal. The company operates under the brand name M2all.com

2 Significant Accounting Policies followed by the Company:

2.1 Statement of compliance and basis of preparation and presentation of financial statements:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Rules 2016.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

2.2 Financial Assets and Financial Liabilities:

Financial Instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial Assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial Liabilities and Equity Instruments:

Equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual agreements and the definitions of an equity instrument.

Equity Instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial Liabilities:

All the financial liabilities are subsequently measured at either amortised cost using the effective interest method or at fair value through profit and loss, depending on the classification of the financial liabilities.

2.3 Property, plant and equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use.

Depreciation is provided on straight-line basis for property, plant and equipment so as to expense the depreciable amount, i.e. the cost less estimated residual value, over its estimated useful lives. The estimated useful lives and residual values are reviewed annually and the effect of any changes in estimate is accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

The management's estimate of useful lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes, based on the Company's expected usage pattern supported by technical assessment:

Certain items of Plant and machinery individually costing more than Rs. 5,000 – over useful lives (3 years, 5 years, 6 years, 10 years).

2.4 Inventories:

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Stores, spares and tools other than obsolete and slow-moving items are carried at cost. Obsolete and slow-moving items are valued at cost or estimated net realizable value, whichever is lower.

2.5 Employee benefits:

(i) Defined Contribution Plan:

The Company’s contributions paid/payable during the year to Provident Fund and Superannuation Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees.

(ii) Defined Benefit Plan/Leave encashment:

The Company’s liability towards gratuity and leave encashment is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognised on straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of other comprehensive income as income or expense. Obligation is measured at the present value of estimated future cash flow using discounted rate i.e. determined by reference to the market yield at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(iii) Other Benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

2.6 Leases:

Ind AS 116 is replaced the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees.

Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The amendment is effective for annual periods beginning on or after 01st April 19.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

2.7 Revenue Recognition:

In view of INDAS 115, Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, Company apply the following five step approach:

(1) identify the contract with a customer

(2) identify the performance obligations in the contract

(3) determine the transaction price

(4) allocate the transaction price to the performance obligations in the contract

(5) recognize revenues when a performance obligation is satisfied.

The Company applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligation based on their selling price.

2.8 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.9 Taxes on Income:

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.10 Measurement of fair values:

The company's accounting policies and disclosures require the measurement of fair values. In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.11 Use of estimates and judgements:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

2.12 Cash and cash equivalents:

Cash comprises demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.13 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.14 Earnings per share:

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Note No. 1 - Property, Plant and Equipment & Capital Work-In-Prog

Amount in Lakhs

Description of Assets	Buildings - Leasehold	Right to use Asset- Leasehold Office Premises	Office Equipment & Electrical Installations	Furniture and Fixtures	Computers	Total	CWIP
I. Gross Carrying Amount							
Balance as at 1 April 2019	–		13.84	–	–	13.84	–
Additions	–	122.57	9.74	–	–	132.31	16.70
Disposals/Transfer	–		–	–	–	–	–
Balance as at 31 March 2020	–	**122.57**	**23.58**	**–**	**–**	**146.15**	**16.70**
II. Accumulated depreciation and impairment							
Balance as at 1 April 2019	–		0.95	–	–	0.95	–
Depreciation/Amortisation for the year	–	6.81	7.93	–	–	14.74	–
Eliminated on disposal of assets	–		–	–	–	–	–
Balance as at 31 March 2020	–	**6.81**	**8.88**	**–**	**–**	**15.69**	**–**
III. Net carrying amount (I-II)	–	**115.76**	**14.70**	**–**	**–**	**130.46**	**16.70**

Note No. 2 - Deferred Tax Assets (Net)

(a) Income Tax recognised in profit or loss

Amount in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred Tax:		
In respect of current quarter origination and reversal of temporary differences	**7.53**	–
Total	**7.53**	–

Movement in Deferred tax assets/(liabilities) for the year ended March 31, 2020:

Amount in Lakhs

Particulars	Opening Balance as at April 1, 2019	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Closing Balance as at March 31, 2020
Deferred tax assets/(liabilities) in relation to:				
Provision for compensated absences	–	0.13	–	0.13
Depreciation and amortisation	–	0.01	–	0.01
Others	–	7.39	–	7.39
	–	**7.53**	**–**	**7.53**

Movement in Deferred tax assets/(liabilities) for the year ended March 31, 2019:

Amount in Lakhs

Particulars	Opening Balance as at April 1, 2018	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Closing Balance as at March 31, 2019
Deferred tax assets/(liabilities) in relation to:				
Provision for compensated absences	–	–	–	–
Depreciation and amortisation	–	–	–	–
Others	–	–	–	–
	–	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note No. 3 - Current Tax Assets (Net)

Amount in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Current Tax:		
In respect of current quarter	**302.71**	23.23
In respect of prior years	**–**	**–**
Total	**302.71**	23.23

Note No. 4 - Inventories

Amount in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Stock in trade	**19.41**	26.01
Total Inventories (at lower of cost and net realisable value)	**19.41**	26.01

Note No. 5 - Trade receivables

Amount in Lakhs

	As at 31 March 2020		As at 31 March 2019	
Particulars	Current	Non Current	Current	Non Current
Trade receivables				
(a) Secured, considered good	–	**–**	–	–
(b) Unsecured, considered good	505.79	**–**	359.38	–
(c) Doubtful	–	**–**	–	–
Less: Allowance for Credit Losses	–	**–**	–	–
Total	**505.79**	**–**	**359.38**	**–**
Of the above, trade receivables from:				
- Related Parties	492.25		186.99	–
- Others	**13.54**	**–**	**172.39**	–
Total	**505.79**	**–**	**359.38**	**–**

Note No. 6 - Cash and Bank Balances

Amount in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents		
(a) Balances with banks	**244.72**	132.07
(b) Cash on hand	**0.37**	**–**
Total Cash and cash equivalent	**245.09**	132.07

Note No. 7 - Other financial assets

Amount in Lakhs

	As at 31 March 2020		As at 31 March 2019	
Particulars	Current	Non Current	Current	Non Current
a) Security Deposits	**18.40**	**–**	–	–
Total	**18.40**	**–**	–	–

Security Deposits includes Rent Deposits. Rent Deposits are amortised over the period of agreement.

Amount in Lakhs

	As at 31 March 2020		As at 31 March 2019	
Particulars	Current	Non Current	Current	Non Current
Advances receivable in cash or kind				
(i) Other advances	**7.04**		–	
(il) Balances with government authorities (other than income taxes)			0.13	
Nodal balance for Advance	**42.50**	**–**	–	–
Other Happycard balance	**4.11**			
Prepaid Expenses	**9.25**	**–**	1.00	–
Prepaid Rent on Security Deposits	**4.48**			
Unbilled Revenue	**83.42**		–	–
Advance to Vendor	**5.30**			
Total	**156.10**	**–**	**1.13**	**–**

Note No.9 - Equity Share Capital

Amount in Lakhs

	As at 31 March 2020		As at 31 March 2019	
Particulars	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of 10 each with voting rights	**10,00,000**	**100.00**	10,00,000	100
Issued, Subscribed and Fully Paid:				
Equity shares of 10 each with voting rights	**7,99,700**	**79.97**	7,99,700	79.97
Total	**7,99,700**	**79.97**	**7,99,700**	**79.97**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Particulars		Opening Balance	Closing Balance
(a) Equity Shares with Voting rights*			
Year Ended 31 March 2020			
	No. of Shares	**7,99,700**	**7,99,700**
	Amount	**79.97**	**79.97**
Year Ended 31 March 2019			
	No. of Shares	7,99,700	7,99,700
	Amount	79.97	79.97

(ii) Details of shares held by the holding company, the ultimate holding company, subsidiaries and associates:

Particulars	No. of Shares Equity Shares with Voting rights
As at 31 March 2020	**799,700**
As at 31 March 2019	799,700

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March 2020 Number of shares held	 % holding in that class of shares	As at 31 March 2019 Number of shares held	 % holding in that class of shares
Equity shares with voting rights				
Mahindra & Mahindra Limited	**3,59,860**	**45.00%**	3,59,860	45.00%
Mahindra Holdings Limited	**1,91,928**	**24.00%**	1,91,928	24.00%
Mahindra & Mahindra Contech Limited	**2,47,907**	**31.00%**	2,47,907	31.00%

Note 10 - Statement Of Changes In Equity for the year ended 31 March 2020

A. Equity share capital	**Rupees**
As at 31 March 2020	**7,99,700**
Changes in equity share capital during the year	
As at 31 March 2019	7,99,700

B. Other Equity

Amount in lakhs

Particulars	Reserves & Surplus Securities Premium Reserve	 General Reserve	 Retained Earnings	Other Comprehensive Income	Total
As at 31 March 2018			(88.72)		(88.72)
Profit/(Loss) for the year			255.53		255.53
Other Comprehensive Income for the year					–
Total Comprehensive Income for the year	–	–	255.53	–	255.53
Dividend paid on Equity Shares			–		–
Dividend Distribution Tax			–		–
Transfers to Reserves			–		–
Transfers from retained earnings			–		–
As at 31 March 2019	–	–	166.81	–	166.81
As at 31 March 2019			166.81		166.81
Profit/(Loss) for the year			412.84		412.84
Other Comprehensive Income for the year				–	–
Total Comprehensive Income for the year	–	–	412.84	–	412.84
Dividend paid on Equity Shares			–		–
Dividend Distribution Tax			–		
Transfers to Reserves			–		–
Transfers from retained earnings			(6.60)		(6.60)
As at 31 March 2020	–	–	573.06	–	573.06

Note No. 11 - Provisions

Amount in Lakhs

Particulars	As at 31 March 2020 Current	 Non Current	As at 31 March 2019 Current	 Non Current
Provision for employee benefits				
Compensated Absences	0.26	**5.81**	–	–
Gratuity	0.07	**6.04**	–	–
Other Provision				
Provision for Income Tax	146.39	**–**	2.86	–
Total Provisions	**146.72**	**11.85**	**2.86**	**–**

Note 12 - Other Liabilities

Amount in Lakhs

Particulars	As at 31 March 2020 Current	 Non Current	As at 31 March 2019 Current	 Non Current
a. Advances received from customers	**–**	**–**	**43.70**	–
b. Lease Liability	44.44	**80.10**	–	–
c. Statutory dues	–	**–**	–	–
Taxes payable (other than income taxes)	15.30	**–**	34.45	–
d. Other Payables	135.62	**–**	2.06	–
TOTAL OTHER LIABILITIES	**195.36**	**80.10**	**80.21**	**–**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note No. 13 - Trade Payables

Amount in Lakhs

Particulars	As at 31 March 2020 Current	As at 31 March 2020 Non Current	As at 31 March 2019 Current	As at 31 March 2019 Non Current
Trade payable - Micro and small enterprises	–	–	–	–
Trade payable - Other than micro and small enterprises	315.13		224.85	
Total trade payables	**315.13**	**–**	**224.85**	**–**

Note No. 14 - Revenue from Operations

Amount in Lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Revenue from sale of products	**323.97**	113.13
(b) Revenue from rendering of services	**3,653.10**	**1,357.19**
Total Revenue from Operations	**3,977.07**	1,470.32

Note No. 15 - Other Income

Amount in Lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Other income	**39.52**	–
Total Other Income	**39.52**	–

Note 16 - Cost of Services

Amount in Lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Cost of services	**1,666.49**	911.84
Total Cost of Services	**1,666.49**	911.84

Note 17 - Employee Benefits Expense

Amount in Lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries and wages, including bonus	**262.74**	6.66
Contribution to provident and other funds	**8.05**	–
Staff welfare expenses	**43.62**	–
Total Employee Benefits Expenses	**314.41**	6.66

Note 18 - Finance Cost

Amount in Lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
- Interest Expense (Lease liability)	**1.60**	–
- Bank Charges	**5.96**	–
Total finance costs	**7.56**	–

Note 19 - Other Expenses

Amount in Lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Legal and other professional costs	**20.13**	25.82
Business Promotion Expense	**–**	32.78
Administrative Expense	**29.96**	6.76
Logistic Expense	**60.63**	13.45
Rent	**131.13**	30.11
Travelling Expense	**27.09**	10.99
Training expenses	**–**	2.12
Printing and Stationery	**5.32**	1.98
Auditors remuneration		
- For Statutory Audit	**1.50**	0.75
- For Taxation matters	**4.67**	0.25
Recruitment Charges	**28.49**	–
Marketing Expenses	**849.52**	–
Telephone & Internet Charges	**7.19**	–
Miscellaneous Expenses	**18.94**	22.93
Total Other Expenses	**1,184.57**	147.94

Note No. 20 - Earnings per Share

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Basic Earnings per share		
From continuing operations	**51.62**	31.95
From discontinuing operations	**–**	–
Total basic earnings per share	**51.62**	31.95
Diluted Earnings per share		
From continuing operations	**51.62**	31.95
From discontinuing operations	**–**	–
Total diluted earnings per share	**51.62**	31.95

Basic and Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit/(loss) for the year attributable to owners of the Company	**412.84**	255.53
Less: Preference dividend and tax thereon		
Profit/(loss) for the year used in the calculation of basic earnings per share	**412.84**	255.53
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations		
Profits used in the calculation of basic earnings per share from continuing operations	**412.84**	255.53
Weighted average number of equity shares	**8.00**	8.00
Earnings per share from continuing operations - Basic and Diluted	**51.62**	31.95

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Profit reconciliation for the calculation of Basic and Diluted earning per share

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit/(loss) for the year used in the calculation of basic earnings per share	**412.84**	255.53
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes	**–**	–
Profit/(loss) for the year used in the calculation of diluted earnings per share	**412.84**	255.53
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	**–**	–
Profits used in the calculation of diluted earnings per share from continuing operations	**412.84**	255.53

Note No. 21 - Financial Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	31-Mar-20	31-Mar-19
Equity	**653.03**	246.77

Categories of financial assets and financial liabilities

Rupees Lakhs

As at 31 March 2020

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Trade Receivables	–	–	–	–
Current Assets				
Trade Receivables	**505.79**	–	–	–
Cash and Cash Equivalents	**245.09**	–	–	–
Non-current Liabilities				
Trade Payables	–	–	–	–
Current Liabilities				
Trade Payables	–	–	–	–

Categories of financial assets and financial liabilities

As at 31 March 2019

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Trade Receivables	–	–	–	–
Current Assets				
Trade Receivables	359.38	–	–	–
Cash and Cash Equivalents	132.07	–	–	–
Non-current Liabilities				
Trade Payables	–	–	–	–
Current Liabilities				
Trade Payables	224.85	–	–	–

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company's exposure are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Three largest Trade Receivable constitute more than 10% of outstanding exposure and together more than 50% of the outstanding exposure.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial liabilities				
31-Mar-20	–	–	–	–
Non-interest bearing	–	–	–	–
Non-derivative financial liabilities				
31-Mar-19	–	–	–	–
Non-interest bearing	**224.85**	–	–	–
Total	**224.85**	–	–	–

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial assets				
31-Mar-20	–	–	–	–
Non-interest bearing	**750.88**	–	–	–
Fixed interest rate instruments	–	–	–	–
Total	**750.88**			
Non-derivative financial assets				
31-Mar-19	–	–	–	–
Non-interest bearing	**491.45**	–	–	–
Fixed interest rate instruments	–	–	–	–
Total	**491.45**			

Note No. 22 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Amount in Lakhs

Particulars	31-Mar-20 Carrying amount	31-Mar-20 Fair value	31-Mar-19 Carrying amount	31-Mar-19 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties				
– trade and other receivables	**505.79**	**505.79**	359.38	359.38
Financial liabilities				
Financial liabilities held at amortised cost				
– loans from related parties				
– trade and other payables	**315.13**		224.85	
Total	**820.92**	–	**584.23**	–

Fair value hierarchy as at 31 March 2019

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties				
– trade and other receivables		**505.79**		505.79
Total		**505.79**		505.79
Financial liabilities				
Financial Instruments not carried at Fair Value				
– loans from related parties				
– trade and other payables		**315.13**		315.13
Financial lease payables		**315.13**		315.13
Total				

Fair value hierarchy as at 31 March 2018

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties				
– trade and other receivables		**359.38**		359.38
Total		**359.38**		359.38
Financial liabilities				
Financial Instruments not carried at Fair Value				
– loans from related parties				
– trade and other payables		**224.85**		224.85
Financial lease payables		**224.85**		224.85
Total				

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note No. 23 - Employee Benefit Expenses

(A) Defined Contribution Plan

Amount recognised as an expense in the Statement of Profit and Loss is Rs. 6.10 lakhs (31st March,2019 - Nil).

(B) Defined benefit plan:

The defined benefit plan comprise of gratuity

The company operates a gratuity plan covering qualifying employees . The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act or the company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. The current service cost and the net interest expense for the year are included in the employee benefits and expenses during the year provided is Rs. 6.10 lakhs (31st March,2019 - NIL).

Through its defined benefit plans the company is exposed to a number of risks, the most significant of which are detailed below :

Discount Rate Risk:

A decrease in government bond yields will increase plan liabilities.

Longevity Risk:

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk:

The present value of defined benefit plan liability is calculated by reference to the future salaries plan participants. As such, an increase in the salary of the plan participants will increase the plans's liability.

(C)

Amount in Lakhs

Particulars	**Gratuity (Funded)**	
Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:	**For the year ended 31st March, 2020**	For the year ended 31st March, 2019
1. Present value of defined benefit obligation as on 1st April	**–**	–
2. Current service cost	**6.10**	–
3. Past service cost	**–**	–
4. Interest cost	**–**	–
5. Remeasurements (gains)/losses [Actuarial (gains)/losses]	**–**	–
(i) Actuarial (gains)/losses arising from changes in demographic assumption	**–**	–
(ii) Actuarial (gains)/losses arising from changes in financial assumption	**–**	–
(iii) Actuarial (gains)/losses arising from changes in experience adjustment	**–**	–
6. Benefits paid	**–**	–
7. Liabilities assumed/(settled)*	**–**	–
8. Present value of defined benefit obligation as on balance sheet date	**6.10**	–

* On account of inter group transfer

(D)

Amount in Lakhs

Analysis of defined benefit obligation:	**As at 31st March, 2020**	As at 31st March, 2019
1. Defined benefit obligation	**6.10**	–
2. Fair value of plan assets at the end of the year	**7.04**	–
3. Net (asset)/liability recognised in the Balance Sheet	**(0.94)**	–

(E)

Amount in Lakhs

Reconciliation of present value of defined benefit obligation and fair value of plan assets showing amount recognised in the balance sheet:	**As at 31st March, 2020**	As at 31st March, 2019
1. Present value of defined benefit obligation	**6.10**	
2. Fair value of plan assets	**7.04**	
3. Funded status [surplus/(deficit)]	**0.94**	
4. Net asset/(liability) recognised in balance sheet	**0.94**	
5. Current portion of the above	**0.07**	
6. Non-current portion of the above	**6.04**	

(F)

Amount in Lakhs

Components of employer expenses recognised in the statement of profit and loss for the year ended	**For the year ended 31st March, 2020**	For the year ended 31st March, 2019
1. Current service cost	**6.10**	–
2. Past service cost	**–**	–
3. Interest cost	**–**	–
4. Total expenses recognised in the Statement of Profit and Loss	**6.10**	–

(G)

Amount in Lakhs

Components of employer expenses recognised in the comprehensive income for the year ended	**For the year ended 31st March, 2020**	For the year ended 31st March, 2019
1. Actuarial Losses/(Gains)	**6.10**	–
(i) arising from changes in demographic assumption	**–**	–
(ii) arising from changes in financial assumption	**–**	–
(ii) arising from changes in experience adjustment	**–**	–
2. Components of defined benefit costs recognised in other comprehensive income	**–**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(H)

Amount in Lakhs

Reconciliation of present value of defined benefit obligation and fair value of plan assets showing amount recognised in the balance sheet:	**As at 31st March, 2020**	As at 31st March, 2019
1. Discount rate (%)	**6.75%**	
2. Expected return on plan assets (%)	**N.A.**	
3. Salary escalation (%)	**8.00%**	
4. Withdrawal rate (%) (others)	**3.00%**	

a) The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated terms of the obligations.

b) Salary escalation rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors

(I)

Amount in Lakhs

Experience adjustments	**For the year ended 31st March, 2020**	For the year ended 31st March, 2019
1. Defined benefit obligation at the end of the year	**6.10**	–
2. Plan assets at the end of the year	**7.04**	–
3. Surplus/(deficit)	**0.94**	–
4. Experience adjustments on plan liabilities (gains)/losses	**–**	–
5. Experience adjustments on plan assets	**–**	–

(J)

Amount in Lakhs

Sensitivity of the defined benefit obligation to changes:		**Changes in assumption**	**Impact on defined benefit obligation increase/(decrease)**	
			Increase in assumption	**Decrease in assumption**
1. Discount rate (%)	**2020**	**1%**	**6.75%**	
	2019	1%		
2. Salary escalation (%)	**2020**	**1%**	**8.00%**	
	2019	1%		

Note :

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practise this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change.

(K)

Amount in Lakhs

Maturity profile of defined benefit obligation :	**2020**	2019
Within 1 year	**0.07**	–
2 - 5 years	**0.80**	–
6 - 9 years	**1.67**	–
10 years & above	**3.57**	–

(L) The weighted average duration of the defined benefit obligation as at 31st March, 2020 is 14.52 years (31st March, 2019 : NIL)

Note No. 24 - Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Amount in Lakhs

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
(i) the principal amount and the interest due theron remaining unpaid to any supplier as at the end of each accounting year		
Principal	**NIL**	NIL
Interest	**NIL**	NIL
(ii) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act,2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	**NIL**	NIL
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act,2006	**NIL**	NIL
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year	**NIL**	NIL
(v) the amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise , for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act,2006	**NIL**	NIL

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note No. 25- Related Party Transactions

Name of the ultimate parent Company Mahindra & Mahindra Ltd

Name of the parent Company Mahindra Holdings Ltd

Name of the fellow subsidiary Company Mahindra Two Wheelers Ltd, Mahindra Holidays & Resorts India Limited,
Mahindra Integrated Business Solutions Pvt Ltd, Mahindra & Mahindra Financial Services Ltd
Mahindra Happinest Developers Ltd, Mahindra CIE Automotive Ltd, Mahindra Trucks and Buses ltd.

Details of transaction between the Company and its related parties are disclosed below:

							Amount in Lakhs
Particulars	**For the year ended**	**Parent Company**	**Entities having joint control/ significant influence over Company**	**Fellow Subsidiaries**	**Associates**	**Joint ventures**	**KMP of the Company and KMP of parent Company**
Nature of transactions with Related Parties							
Sale of goods	**31-Mar-20**	**9.76**	**–**	**23.26**	**–**	**–**	**–**
	31-Mar-19	43.73	–	20.27	–	–	–
Purchase of goods	**31-Mar-20**	**123.90**	**–**	**76.62**	**–**	**–**	**–**
	31-Mar-19	–	–	43.39	–	–	–
Rendering of services	**31-Mar-20**	**3,520.99**	**–**	**132.11**	**–**	**–**	**–**
	31-Mar-19	1,312.77	–	13.89	–	30.53	–
Receiving of services	**31-Mar-20**	**269.39**	**–**	**930.89**	**–**	**–**	**–**
	31-Mar-19	2.35	–	438.67	–	–	–

Nature of Balances with Related Parties	**Balance as on**	**Parent Company**	**Entities having joint control/ significant influence over Company**	**Subsidiaries**	**Associates**	**Joint ventures**	**KMP of the Company and KMP of parent Company**
Other payables	**31-Mar-20**	**13.35**		**0.77**	**–**	**–**	**–**
	31-Mar-19	20.62	–	39.90	–	–	–
Other receivables	**31-Mar-20**	**476.71**	**–**	**15.54**	**–**		**–**
	31-Mar-19	0.84		186.15	–	17.53	–

Information of transaction and balances outstanding with related parties (secured/ unsecured/ nature of consideration for settlement of dues etc.)

*Company has incurred Rs. 39.18 lacs (For FY 2019 Rs. 2.35 lacs) for key managerial personnel services provided by M/s. Mahindra & Mahindra Limited.

Note No. 26 - Disclosures under Ind AS 115

Country-wise break up of Revenue **Amount in Lakhs**

Country	**Revenue from contracts with customers (Ind AS 115)**	**Revenue from operations from other than customers**	**Total Revenue from Operations**	**Other Income**	**Total Income**
India - 31st March, 2020	3,653.10	323.97	3,977.06	39.52	4,016.58
India - 31st March, 2019	1,357.19	113.13	1,470.32	–	1,470.32

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Breakup of Revenue into contracts entered in previous year and in current year

	Amount in Lakhs	
Particulars	**As at 31st March, 2020**	As at 31st March, 2019
Revenue from PO/ contract/agreement entered into previous year	**–**	–
Revenue from New PO/ contract/ agreement entered into current year	**3,653.10**	1,357.19
Total revenue recognised during the year	**3,653.10**	**1,357.19**

Reconciliation of revenue from contract with customer

	Amount in Lakhs	
Particulars	**As at 31st March, 2020**	As at 31st March, 2019
Revenue from contract with customer as per the contract price	**3,653.10**	1,357.19
Adjustments made to contract price on account of :-		
Commission on Sales		–
Total revenue recognised during the year	**3,653.10**	**1,357.19**

Revenue to be recognised for performance obligation(s) not satisfied or partially satisfied at the end of the current year in respect of contracts with customer that are in place at the end of reporting year.

The company has entered into contract with customers, however the price is dependant on market conditions, no value is assigned.

Note No. 27 - Segment Reporting

The company business activity falls within a single business segment. All other activities of the company revolve around its main business . Hence, there are no separate reportable primary segments.

Note No. 28 - The Company has used certain significant accounting estimates which have been disclosed in the financial statements.

These includes valuation of inventories, fair valuation of financial and non-financial assets and liabilities, going concern assessment etc. requiring significant management judgement in estimating the same. Considering the continuing COVID-19 pandemic, the results in upcoming period may significantly vary and may affect the recoverability of assets and settlement of liabilities.

The Company, based on internal & external sources of information including market research, economic forecast and other information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2020 as at the date of approval of these financial statements.

Note No.29- Previous period's figures are regrouped/reclassified wherever necessary to conform with those of the current year.

For and on behalf of the Board of Directors

For B. K. KHARE & Co.
Chartered Accountants
(Firm Registration Number : 105102W)

Shirish Rahalkar
Partner
Membership No. 111212

V S Parthasarathy
Director

Bharat Moossaddee
Director

Vijay R Nakra
Director

Place: Mumbai
Date: 04th May, 2020

Place: Mumbai
Date: 04th May, 2020

INDEPENDENT AUDITORS' REPORT

To the Members of Mahindra MSTC Recycling Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra MSTC Recycling Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Directors report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether

the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act read with Schedule V of the act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No.101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No. 113959)
UDIN: 20113959AAAACG9301

Mumbai
14 May 2020

Annexure A to the Independent Auditor's Report – 31 March 2020

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have been physically verified by the management during the year in accordance with regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the Company does not own any immovable properties. In respect of leasehold lands, we have verified the lease agreements are duly registered with appropriate authorities.

(ii) The inventories have been physically verified by management at reasonable intervals during the year. In our opinion, frequency of verification is reasonable. No material discrepancies were noticed on such physical verification, discrepancies noted have been suitably dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not granted any loan or made any investment or given any guarantee or security during the year. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

(vi) According to the information and explanation given to us, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account of the Company, the Company is regular in depositing undisputed statutory dues accrued/ deducted including, Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax and other material statutory dues with the appropriate authorities. Further as informed to us, the Company did not have any dues on account of Sales-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable. Further as informed to us, the Company did not have any dues on Sales-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales-Tax, Service Tax, Customs duty, Excise duty, Value Added Tax, Goods and Service Tax and Cess which have not been deposited with the authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us by the management, the company has not taken any loans or borrowings from a financial institutions, banks or government nor has issued any debentures during the year. Accordingly, paragraph 3 (viii) of the Order is not applicable to the Company.

(ix) According to the information and explanations given to us by the management, the Company did not raise money by way of term loan, initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given by the management, managerial remuneration has been paid or provided is in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V of the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us by the management, the Company has entered into transactions with related parties in compliance with the provisions of Section 177 and Section 188 of the Act, where applicable and the details of such related party transaction have been disclosed in the Ind AS financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act.

(xiv) According to the information and explanations given to us by the management, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3 (xiv)of the Order is not applicable to the company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No: 113959)
UDIN: 20113959AAAACG9301

Mumbai
14 May 2020

Annexure B to the Independent Auditors' report on the financial statements of Mahindra MSTC Recycling Private Limited for the period ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra MSTC Recycling Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No.113959)
UDIN: 20113959AAAACG9301

Mumbai
14 May 2020

BALANCE SHEET AS AT 31 MARCH, 2020

Amount (Rs)

Particulars				Note No.	As at 31 March, 2020	As at 31 March, 2019
A	**ASSETS**					
1	**Non-current assets**					
		(a)	Property, plant and equipment	5	**204,871,690**	147,126,592
		(b)	Capital work-in-progress		**802,577**	4,197,266
		(c)	Intangible assets	5a	**2,075,779**	3,435,372
		(d)	Financial assets			
			Others	6	**4,663,125**	6,371,578
		(e)	Other non-current assets	7	**1,758,579**	601,846
	Total Non-Current Assets				**214,171,750**	161,732,654
2	**Current assets**					
		(a)	Inventories	8	**5,281,131**	9,693,445
		(b)	Financial assets			
			(i) Trade receivables	9	**2,074,423**	–
			(ii) Cash and cash equivalents	10a	**40,048,379**	46,988,816
			(iii) Other bank balances	10b	**–**	50,000,000
			(iv) Others	6	**1,661,690**	1,057,662
		(c)	Other current assets	7	**28,194,807**	28,986,762
	Total Current Assets				**77,260,430**	136,726,685
	Total Assets (1+2)				**291,432,180**	298,459,339
B	**EQUITY AND LIABILITIES**					
1	**Equity**					
		(a)	Equity share capital	11	**372,000,000**	372,000,000
		(b)	Other equity	12	**(148,051,799)**	(94,574,854)
					223,948,201	277,425,146
			Total equity		**223,948,201**	277,425,146
	LIABILITIES					
2	**Non-current liabilities**					
		(a)	Financial liabilities			
			(i) Lease liability	15	**29,727,969**	–
		(b)	Deferred tax liabilities (net)	19	**4,138,180**	3,020,587
		(c)	Provisions	13	**3,566,836**	7,947,323
			Total Non-Current Liabilities		**37,432,985**	10,967,910

BALANCE SHEET AS AT 31 MARCH, 2020

Amount (Rs)

Particulars	Note No.	As at 31 March, 2020	As at 31 March, 2019
3 **Current liabilities**			
(a) Financial liabilities			
(i) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	14	**143,067**	–
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	14	**5,449,516**	3,429,404
(ii) Lease liability	15	**15,253,995**	–
(iii) Other financial liabilities	16	**5,207,305**	4,631,296
(b) Provisions	13	**360,804**	798,345
(d) Other current liabilities	17	**3,636,307**	1,207,238
Total Current Liabilities		**30,050,994**	10,066,283
Total Equity and Liabilities (1+2+3)		**291,432,180**	298,459,339

See accompanying notes forming part of the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
14 May 2020

For and on behalf of the Board of Directors of
Mahindra MSTC Recycling Private Limited
CIN No: U37100MH2016PTC288535

Surinder Kumar Gupta DIN: 08643406
Chairman

Sumit Issar DIN: 06951249
Director

Amitava Sinha
Chief Financial Officer

Dolly Dhandhresha
Company Secretary

Mumbai
14 May 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

Amount (Rs)

	Particulars	Note No.	For the year ended 31 March, 2020	For the year ended 31 March, 2019
	Revenue from operations	20	**53,744,657**	8,566,484
	Other income	21	**4,578,470**	3,326,643
I	**Total Income**		**58,323,127**	11,893,127
II	**EXPENSES**			
	(a) Cost of materials consumed	22a	**21,989,846**	8,388,575
	(b) Changes in stock of finished goods and work-in-progress	22b	**375,775**	(3,504,262)
	(c) Employee benefits expense	23	**26,455,210**	20,045,024
	(d) Finance costs	24	**6,293,504**	674,708
	(e) Depreciation and amortisation expenses	5 & 5a	**29,843,752**	4,339,114
	(f) Other expenses	25	**26,267,550**	36,548,238
	Total Expenses (II)		**111,225,637**	66,491,397
III	**Loss before tax (I - II)**		**(52,902,510)**	(54,598,270)
IV	**Tax Expense**			
	(a) Current tax	18	**–**	–
	(b) Deferred tax	19	**976,372**	3,537,216
	Total tax expense		**976,372**	3,537,216
V	**Loss after tax (III - IV)**		**(53,878,882)**	(58,135,486)
VI	**Other comprehensive income/(loss)**		**401,937**	(243,000)
(i)	Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit (asset) / liabilities		**(543,158)**	328,378
(ii)	Income tax relating to items that will not be reclassified to profit or loss	19	**141,221**	(85,378)
VII	**Total comprehensive loss for the year (V + VI)**		**(53,476,945)**	(58,378,486)
	Earnings per equity share (of Rs. 10/- each)	32		
	(a) Basic		**(1.45)**	(2.61)
	(b) Diluted		**(1.45)**	(2.61)

See accompanying notes forming part of the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
14 May 2020

For and on behalf of the Board of Directors of
Mahindra MSTC Recycling Private Limited
CIN No: U37100MH2016PTC288535

Surinder Kumar Gupta DIN: 08643406
Chairman

Sumit Issar DIN: 06951249
Director

Amitava Sinha
Chief Financial Officer

Dolly Dhandhresha
Company Secretary

Mumbai
14 May 2020

STATEMENT OF CHANGES IN EQUITY

A. Equity share capital

For the year ended 31 March, 2020 — Amount (Rs)

Particulars	**As at 31 March, 2020**	As at 31 March, 2019
Balance at the beginning of the year	**372,000,000**	212,000,000
Changes in equity share capital during the year	**–**	160,000,000
Balance at the end of the year	**372,000,000**	372,000,000

B. Other equity

For the year ended 31 March, 2020 — **Amount (Rs)**

Particulars	**Retained earnings**	
	As at 31 March, 2020	As at 31 March, 2019
Balance at the beginning of year (A)	**(94,574,854)**	(36,036,368)
Loss for the year (B)	**(53,878,882)**	(58,135,486)
Other comprehensive income/(loss) (net of taxes) (C)	**401,937**	(243,000)
Total comprehensive loss for the year (D)=(B)+(C)	**(53,476,945)**	(58,378,486)
Share issue costs (E)	**–**	160,000
Balance at the end of year (A)+(D)-(E)	**(148,051,799)**	(94,574,854)

See accompanying notes forming part of the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
14 May 2020

For and on behalf of the Board of Directors of
Mahindra MSTC Recycling Private Limited
CIN No: U37100MH2016PTC288535

Surinder Kumar Gupta DIN: 08643406
Chairman

Sumit Issar DIN: 06951249
Director

Amitava Sinha
Chief Financial Officer

Dolly Dhandhresha
Company Secretary

Mumbai
14 May 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2020

Amount (Rs)

Particulars	**For the year ended 31 March,2020**	For the year ended 31 March,2019
Cash flow from operating activities		
Loss before tax for the year ended	**(52,902,510)**	(54,598,270)
Adjustment for:		
(1) Depreciation and amortisation expenses	**29,843,752**	4,339,114
(2) Finance cost	**6,293,504**	674,708
(3) Interest income	**(3,486,970)**	(2,215,582)
(4) Net gain arising on financial assets designated as FVTPL	**(388,867)**	–
(5) Loss on sale of property, plant and equipment	**270,799**	–
	(20,370,292)	(51,800,030)
Movement in working capital:		
(1) Decrease/(Increase) in inventories	**4,412,314**	(9,486,785)
(2) Decrease/(Increase) in other assets	**35,526**	(17,511,230)
(3) Increase in trade payables	**2,163,179**	476,106
(4) (Increase) in trade receivables	**(2,074,423)**	–
(5) (Decrease)/Increase in provisions	**(4,274,870)**	1,801,275
(6) Increase/(decrease) in other liabilities	**2,603,165**	(30,609)
	2,864,891	(24,751,243)
Cash used in operations	**(17,505,401)**	(76,551,273)
Less: income taxes paid	**(676,733)**	(367,203)
Net cash used in operating activities	**(18,182,134)**	(76,918,476)
Cash flows from investment activities		
(1) Payment for property, plant and equipment	**(25,910,437)**	(108,179,032)
(2) Proceeds from disposal of property, plant and equipment	**353,738**	–
(3) Bank balances not considered as cash and cash equivalents		
- Placed	**–**	(68,500,000)
- Matured	**50,000,000**	33,500,000
(4) Interest received	**3,593,528**	3,023,787
Net cash generated/(used in) investment activities	**28,036,829**	(140,155,245)
Cash flow from financing activities		
(1) Proceeds from issue of equity shares	**–**	160,000,000
(2) Payment for share issue cost	**–**	(160,000)
(3) Proceeds from intercorporate deposits	**–**	26,000,000
(4) Repayment of intercorporate deposits	**–**	(26,000,000)
(5) Finance cost paid	**–**	(674,708)
(6) Repayment of lease liability	**(16,795,132)**	–
Net cash (used in)/generated from financing activities	**(16,795,132)**	159,165,292
Net increase in cash and cash equivalents	**(6,940,437)**	(57,908,429)
Cash and cash equivalents at the beginning of the year	**46,988,816**	104,897,245
Cash and cash equivalents at the end of the year	**40,048,379**	46,988,816
Reconciliation of cash and cash equivalents with the balance sheet:		
Cash and cash equivalents as per balance sheet (refer Note no. 10a)	**40,048,379**	46,988,816
Balance as per statement of cash flows	**40,048,379**	46,988,816

See accompanying notes forming part of the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
14 May 2020

For and on behalf of the Board of Directors of
Mahindra MSTC Recycling Private Limited
CIN No: U37100MH2016PTC288535

Surinder Kumar Gupta DIN: 08643406
Chairman

Sumit Issar DIN: 06951249
Director

Amitava Sinha
Chief Financial Officer

Dolly Dhandhresha
Company Secretary

Mumbai
14 May 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

1 Corporate information

Mahindra MSTC Recycling Private Limited is a private limited company incorporated in Mumbai, India on 16 December, 2016 under the Companies Act 2013. The registered office of the company is located at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018.

The Company's main activity is carrying on the business of setting up, owning, maintenance and operation of shredding plants and facilities for purchase, storage, collection, segregating, processing, recycling and importing of end of life vehicles and end of life white goods and other materials and sale there from of shredded ferrous and non-ferrous metal scrap and all other types of scrap including E-waste scrap, plastics, rubber, spare parts and any other disposable items, within and outside India.

2 Significant accounting policies:

2.1 Statement of Compliance and Basis of preparation and presentation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act 2013 (the 'Act') and other relevant provisions of the act.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on May 14, 2020.

2.2 Use of estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

2.3 Property, plant & equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset class based on the Company's expected usage pattern:

(a) Building - over the lease period
(b) Plant & Machinery - 5 to 20 years
(c) Vehicles - 5 years

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet is classified as capital advances and cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress.

2.4 Intangible asset:

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Advances paid towards the acquisition of intangible assets outstanding at each balance sheet is classified as capital advances and cost of assets not ready for use at the balance sheet date are disclosed under Intangible asset under development.

2.5 Impairment of assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

2.6 Inventories:

Inventories are valued at the lower of cost (on weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary.

Cost comprises of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Net Realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, taxes.

2.7 Foreign exchange transactions and translations:

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest cost on those foreign currency borrowings.

2.8 Financial assets and Financial liabilities:

Financial instruments:
Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Financial assets:
All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Derecognition of financial assets:
The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

Equity instrument:
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instrument issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:
All the financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

Derecognition of financial liabilities:
The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

2.9 Revenue recognition:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue is measured based on the transaction price as specified in the contract with the customer. It excludes taxes or other amounts collected from customers in its capacity as an agent. In determining the transaction price, the Company considers:

Significant financing component - Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The accounting policies for specific revenue streams of the company is summarised below:

Sale of goods: Customers obtain control of the goods when the goods are delivered to and have been accepted.

Sale of Services: Service income is recognized over time based on as and when service is performed.

Other income:
Interest income is accounted on time proportionate basis.

2.10 Employee benefits:

Retirement benefit costs and termination benefits:
Payment to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return of plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to Statement of profit and loss. Past service cost is recognised in Statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset. Defined benefit costs are categorised as follows

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item "Employee benefits expense". Curtailment gains and losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for the termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits:
A liability is recognised for benefits accruing to the employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of related service.

Liabilities recognized in respect of other long-term employee benefits are measured at present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employee upto the reporting date.

2.11 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

2.12 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations are recognised at the time of sale of the relevant products, at the best estimate of the expenditure required to settle the Company's obligation.

2.13 Taxes on income:

Income Tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:
The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax:
Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:
Current and deferred tax are recognized in the Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.14 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Bank overdrafts are shown within borrowings in other financial liabilities.

2.15 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating investing and financing activities of the Company are segregated based on the available information.

2.16 Earnings per share:

Basic earnings per share is computed by dividing the profit/loss after tax by the weighted average number of equity shares outstanding during the year.

2.17 Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee:
At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in the statement of financial position.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease.

3 Significant changes in accounting policies:

The Company has adopted Ind AS 116 'Leases' from 1 April 2019 using the modified retrospective method Accordingly, comparatives for the year ended 31 March 2019 have not been retrospectively adjusted.

A. Definition of lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in significant accounting policy.

On transition to Ind AS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and 'Appendix C' were not reassessed for whether there is a lease under Ind AS 116. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

i. Leases classified as operating lease under IAS 17

Previously, the Company classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application; and
- did not recognise right-of-use assets and liabilities for leases of low value assets

ii. Leases classified as finance leases under IAS 17

The leases which were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 April 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before transition date.

iii. Impact on financial statements

On transition date the Company recognised Right-of-Use asset and lease liability, the impact is as follows:

		Amount (Rs.)
1)	Right-of-Use assets: Property, plant & equipment	57,648,915
2)	Lease liabilities	55,483,594

4 Recent Indian Accounting Standards (Ind AS):

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Note No. 5 - Property, plant and equipment

Amount (Rs)

Description of Assets	Building **	Right of use Asset (Leasehold land & Buidling) *	Plant equipments	Furniture and fixtures	Office equipments	Electrical Installations	Vehicles	Computers & data processing units	Total
I. Cost									
Balance as at 1 April, 2019	**22,578,796**	**–**	**116,798,279**	**475,109**	**1,464,568**	**6,680,065**	**2,027,621**	**1,029,551**	**151,053,989**
Additions	5,868,547	57,648,915	16,893,495	682,991	1,747,751	2,178,991	1,414,405	418,700	86,853,795
Disposals	–	–	–	–	–	–	(1,088,089)	(51,261)	(1,139,350)
Balance as at 31 March, 2020	**28,447,343**	**57,648,915**	**133,691,774**	**1,158,100**	**3,212,319**	**8,859,056**	**2,353,937**	**1,396,990**	**236,768,434**
II. Accumulated depreciation									
Balance as at 1 April, 2019	**1,522,971**	**–**	**1,418,960**	**21,008**	**85,411**	**165,172**	**443,165**	**270,710**	**3,927,397**
Depreciation for the year	6,307,620	14,469,630	5,911,101	69,048	360,217	668,541	405,915	292,087	28,484,159
Eliminated on disposal of assets	–	–	–	–	–	–	(482,197)	(32,615)	(514,812)
Balance as at 31 March, 2020	**7,830,591**	**14,469,630**	**7,330,061**	**90,056**	**445,628**	**833,713**	**366,883**	**530,182**	**31,896,744**
Net carrying amount (I-II)									
Balance as at 31 March, 2020	**20,616,752**	**43,179,285**	**126,361,713**	**1,068,044**	**2,766,691**	**8,025,343**	**1,987,054**	**866,808**	**204,871,690**
I. Cost									
Balance as at 1 April, 2018	**–**	**–**	**–**	**26,914**	**–**	**–**	**1,088,089**	**438,336**	**1,553,339**
Additions	22,578,796	–	116,798,279	448,195	1,464,568	6,680,065	939,532	591,215	149,500,650
Balance as at 31 March, 2019	**22,578,796**	**–**	**116,798,279**	**475,109**	**1,464,568**	**6,680,065**	**2,027,621**	**1,029,551**	**151,053,989**
II. Accumulated depreciation									
Balance as at 1 April, 2018	**–**	**–**	**–**	**296**	**–**	**–**	**137,636**	**93,759**	**231,691**
Depreciation for the year	1,522,971	–	1,418,960	20,712	85,411	165,172	305,529	176,951	3,695,706
Balance as at 31 March, 2019	**1,522,971**	**–**	**1,418,960**	**21,008**	**85,411**	**165,172**	**443,165**	**270,710**	**3,927,397**
Net carrying amount (I-II)									
Balance as at 31 March, 2019	**21,055,825**	**–**	**115,379,319**	**454,101**	**1,379,157**	**6,514,893**	**1,584,456**	**758,841**	**147,126,592**

* Right of Use Asset on Leasehold land and Building is recognised on transition to IND AS 116.

** It includes the capital expenditure incurred on Leasehold land.

Note No. 5a - Intangible Assets

Amount (Rs)

Description of Assets	Software	Website	Total
I. Cost			
Balance as at 1 April, 2019	3,703,780	375,000	4,078,780
Additions	–	–	–
Balance as at 31 March, 2020	**3,703,780**	**375,000**	**4,078,780**
II. Accumulated depreciation			
Balance as at 1 April, 2019	**601,741**	**41,667**	**643,408**
Amortisation for the year	1,234,593	125,000	1,359,593
Balance as at 31 March, 2020	**1,836,334**	**166,667**	**2,003,001**
Net carrying amount (I-II)			
Balance as at 31 March, 2020	**1,867,446**	**208,333**	**2,075,779**
I. Cost			
Balance as at 1 April, 2018	–	–	–
Additions	3,703,780	375,000	4,078,780
Balance as at 31 March, 2019	**3,703,780**	**375,000**	**4,078,780**
II. Accumulated depreciation			
Balance as at 1 April, 2018	**–**	**–**	**–**
Amortisation for the year	601,741	41,667	643,408
Balance as at 31 March, 2019	**601,741**	**41,667**	**643,408**
Net carrying amount (I-II)			
Balance as at 31 March, 2019	**3,102,039**	**333,333**	**3,435,372**

Note No. 6 - Other financial assets

Amount (Rs)

Particulars	As at 31 March, 2020			As at 31 March, 2019		
	Current	Non-Current	Total	Current	Non-Current	Total
Financial assets at amortised cost						
Security Deposits						
Unsecured, considered good						
With others		**4,663,125**	**4,663,125**	–	6,371,578	6,371,578
Other receivables						
From related parties	**1,463,563**	–	**1,463,563**	619,486	–	619,486
From others	**125,154**	–	**125,154**	258,645	–	258,645
Interest receivable						
Interest accrued on deposits	**72,973**	–	**72,973**	179,531	–	179,531
Total	**1,661,690**	**4,663,125**	**6,324,814**	1,057,662	6,371,578	7,429,240

Note No. 7 - Other assets

Amount (Rs)

Particulars	As at 31 March, 2020			As at 31 March, 2019		
	Current	Non-Current	Total	Current	Non-Current	Total
Capital advances	–	**480,000**	**480,000**	–	–	–
Total (A)	–	**480,000**	**480,000**	–	–	–
Advances other than capital advances						
Unsecured, considered good						
(i) Prepayments	**320,168**	–	**320,168**	248,646	–	248,646
(ii) Income tax assets (net)	–	**1,278,579**	**1,278,579**	–	601,846	601,846
(iii) Balances with government authorities (other than income taxes						–
(a) GST input tax credit	**27,017,805**	–	**27,017,805**	26,593,992	–	26,593,992

Note No. 7 - Other assets (Continued)

Amount (Rs)

Particulars	As at 31 March, 2020			As at 31 March, 2019		
	Current	**Non-Current**	**Total**	Current	Non-Current	Total
(iv) Other advances						–
(a) Defined contribution plan assets receivable in respect of employees transferred to the company	**569,047**	–	**569,047**	1,659,309	–	1,659,309
(b) Advances to suppliers	**287,787**	–	**287,787**	454,815	–	454,815
(c) Advances to employees	–	–	–	30,000	–	30,000
Total (B)	**28,194,807**	**1,278,579**	**29,473,386**	28,986,762	601,846	29,588,608
Total (A + B)	**28,194,807**	**1,758,579**	**29,953,386**	28,986,762	601,846	29,588,608

Note No. 8 - Inventories

Amount (Rs)

Particulars		**As at 31 March, 2020**	As at 31 March, 2019
(a)	Raw material	**1,871,556**	5,868,915
(b)	Work in progress	**525,149**	99,337
(c)	Finished goods	**2,603,338**	3,404,925
(d)	Stores and spares	**281,088**	320,268
		5,281,131	**9,693,445**

(a) Raw material comprises of End of life Vehicles (ELVs) and industrial scrap.

(b) Work in process comprises of hulk dismantled out of ELVs.

(c) Finished goods comprises of processed material i.e. steel scrap, accessories (preowned spare parts), etc.

The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 22,365,621 (2019 : Rs 4,884,313)

The cost of inventories recognised as an expense includes Rs. 57,971 (2019 : Rs. 455,614) in respect of write-downs of inventory to net realisable value and provision on slow moving inventory.

The mode of valuation of inventories has been stated in Note no. 2.6

Note No. 9 - Trade receivables

Amount (Rs)

Particulars	**As at 31 March, 2020**	As at 31 March, 2019
Trade receivables		
Considered good, Unsecured	**2,074,423**	–
Total	**2,074,423**	–

Note No. 10a - Cash and cash equivalents

Amount (Rs)

Particulars	**As at 31 March, 2020**	As at 31 March, 2019
(a) Balances with banks		
With scheduled banks		
(i) In Current accounts	**21,548,379**	2,488,816
(ii) In Deposit accounts (refer note below)	**18,500,000**	44,500,000
Total	**40,048,379**	46,988,816

Note: Lien has been created on a fixed deposit of Rs 500,000 in favour of banks as a security for their guarantees.

Note No. 10b - Other bank balances

Amount (Rs)

Particulars	**As at 31 March, 2020**	As at 31 March, 2019
(a) Balances with banks		
With scheduled banks		
(i) In Deposit accounts with maturity greater than 3 months but less than 12 months at inception	–	50,000,000
Total	–	50,000,000

Note No. 11 - Equity share capital

Particulars	**As at 31 March, 2020**		As at 31 March, 2019	
	Number of shares	**Amount (Rs)**	Number of shares	Amount (Rs)
(a) Authorised				
Equity Shares of Rs.10 each	**60,000,000**	**600,000,000**	60,000,000	600,000,000
	60,000,000	**600,000,000**	60,000,000	600,000,000
(b) Issued, subscribed and fully paid up				
Equity Shares of Rs.10 each	**37,200,000**	**372,000,000**	37,200,000	372,000,000
	37,200,000	**372,000,000**	37,200,000	372,000,000

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	**As at 31 March, 2020**		As at 31 March, 2019	
	Number of shares	**Amount (Rs)**	Number of shares	Amount (Rs)
Equity Shares of Rs. 10 each				
<u>**Subscribed and fully paid**</u>				
Opening balance	**37,200,000**	**372,000,000**	21,200,000	212,000,000
Add: Fresh issue	**-**	**-**	16,000,000	160,000,000
Closing balance	**37,200,000**	**372,000,000**	37,200,000	372,000,000

(ii) The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back since its incorporation (i.e. 16 December, 2016).

Terms and rights attached to equity shares

The Company has only one class of equity share having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: in proportion to his share in the paid up equity share capital of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

As laid down in Articles of Association of the Company, there is a restriction on transfer of Company's shares for a lock-in period of 3 years from the date of issue of share certificate(s) of the Memorandum of Association, during which period Shares of the Company cannot be transferred by the Parties. After the expiry of the Lock-in Period, the shareholders may transfer the shares in accordance with the provisions of the Articles of Association.

(iii) Details of shares held by the holding company:

Particulars	As at 31 March, 2020	As at 31 March, 2019
	Number of shares	Number of shares
Mahindra Intertrade Limited, the holding company	**18,600,000**	18,600,000

(iv) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Number of shares	% of holding	Number of shares	% of holding
Mahindra Intertrade Limited	**18,600,000**	**50.00%**	18,600,000	50.00%
MSTC Limited	**18,600,000**	**50.00%**	18,600,000	50.00%

Note No. 12 - Other equity

Amount (Rs)

Particulars	Retained earnings	
	As at 31 March, 2020	As at 31 March, 2019
Balance at the beginning of year (A)	**(94,574,854)**	(36,036,368)
Loss for the year (B)	**(53,878,882)**	(58,135,486)
Other comprehensive income/(loss) (net of taxes) (C)	**401,937**	(243,000)
Total comprehensive loss for the year (D)=(B)+(C)	**(53,476,945)**	(58,378,486)
Share issue costs (E) *	–	160,000
Balance at the end of year (A)+(D) - (E)	**(148,051,799)**	(94,574,854)

* it includes stamp duty cost incurred on issuance of share certificates to shareholders.

Note No. 13 - Provisions

Amount (Rs)

Particulars	As at 31 March, 2020			As at 31 March, 2019		
	Current	Non-Current	Total	Current	Non-Current	Total
Provision for employee benefits						
Long-term employee benefits						
(i) Provision for gratuity	–	**655,656**	**655,656**	241,911	3,382,330	3,624,241
(ii) Provision for compensated absences	**360,804**	**2,551,132**	**2,911,936**	556,434	4,249,919	4,806,353
(iii) Provision for post retirement medical benefit	–	**360,048**	**360,048**	–	315,074	315,074
Total	**360,804**	**3,566,836**	**3,927,640**	798,345	7,947,323	8,745,668

Note No. 14 - Trade payables

Amount (Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Trade payables for goods and services		
(a) Micro enterprises and small enterprises	**143,067**	–
(b) Other than micro enterprises and small enterprises	**5,449,516**	3,429,404
Total	**5,592,583**	3,429,404

Note: Dues of micro, small and medium enterprises

Amount (Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
Principal	**143,067**	–
Interest due thereon	–	–
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	–	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act,2006	–	–
The amount of interest accrued and remaining unpaid at the end of each accounting year.	–	–
The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	–	–

Dues of micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

Note No. 15 - Lease liability

Amount (Rs)

Particulars	As at 31 March, 2020			As at 31 March, 2019		
	Current	Non-Current	Total	Current	Non-Current	Total
Lease liability	**15,253,995**	**29,727,969**	**44,981,964**	–	–	–
Total	**15,253,995**	**29,727,969**	**44,981,964**	–	–	–

Note No. 16 - Other financial liabilities

Amount (Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
Other Financial Liabilities Measured at Amortised Cost		
(a) Other liabilities		
(i) Creditors for capital supplies/services	**1,172,552**	792,798
(ii) Employee related liabilities	**4,034,753**	3,838,498
Total	**5,207,305**	4,631,296

Note No. 17 - Other current liabilities

Amount (Rs)

Particulars	As at 31 March, 2020	As at 31 March, 2019
(a) Others		
(1) Employee recoveries and employer contributions	**206,293**	186,196
(2) Statutory dues payable	**342,796**	846,513
(3) GST payable	**22,157**	9,765
(4) Dealers deposit	–	100,000
(5) Advance received from customers	**3,065,061**	64,764
Total	**3,636,307**	1,207,238

Note No. 18 - Current tax

(a) Income tax recognised in statement of profit and loss

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Current tax:		
In respect of current year	–	–
Deferred tax:		
Origination and reversal of temporary differences	**976,372**	3,537,216
	976,372	3,537,216
Total	**976,372**	3,537,216

(b) Income Tax recognised in other comprehensive income

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined obligations	**141,221**	(85,378)
Total	**141,221**	(85,378)
Bifurcation of income tax recognised in other comprehensive income into:		
– Items that will not be reclassified to profit and loss	**141,221**	(85,378)
Total	**141,221**	(85,378)

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Loss before tax	**(52,902,510)**	(54,598,270)
Income tax expense calculated at 26% (2019: 26%)	**(13,754,653)**	(14,195,550)
Effect of unused tax losses for which no deferred tax asset is recognised	**15,421,010**	19,081,918
Others	**(689,985)**	(1,349,152)
	976,372	3,537,216
Adjustments recognised in the current year in relation to the current tax of prior years	–	–
Income tax expense recognised in statement of profit and loss	**976,372**	3,537,216

Note:

The tax rate used for the year ended 31 March, 2020 reconciliations above is the corporate tax rate of 26% (including Health and Education cess of 4% respectively) and 31 March 2019 reconciliations above is the corporate tax rate of 26% (including Health and Education cess of 4% respectively) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

Note No. 19 - Deferred tax

Amount (Rs)

Particulars	For the year ended 31 March, 2020			
	Opening Balance	**Recognised in the Statement of Profit and Loss**	**Recognised in Other Comprehensive Income (OCI)**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	**5,026,927**	**882,356**	–	**5,909,283**
Employee Benefits	–	**1,014,405**	**141,221**	**1,155,626**
Tax effect of items constituting deferred tax assets				
Employee benefits	**(2,006,340)**	–	–	**(2,006,340)**
Preliminary expenses	–	**(913,458)**	–	**(913,458)**
Others	–	**(6,931)**	–	**(6,931)**
Net deferred tax liabilities	**3,020,587**	**976,372**	**141,221**	**4,138,180**

Amount (Rs)

Particulars	For the Year ended 31 March, 2019			
	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	–	**5,087,167**	–	**5,087,167**
Tax effect of items constituting deferred tax assets				
Property, Plant and equipment	**(60,240)**	–	–	**(60,240)**
Employee benefits	**(371,011)**	**(1,549,951)**	**(85,378)**	**(2,006,340)**
Net deferred tax (asset)/ liabilities	**(431,251)**	**3,537,216**	**(85,378)**	**3,020,587**

Note No. 20 - Revenue from operations

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Revenue from contracts with customers:		
Sale of goods (refer Note below)	42,732,412	8,566,484
Sale of services (refer Note below)	**11,012,245**	–
Total	**53,744,657**	8,566,484

Note:

Revenue from sale of goods mainly comprises of sale of processed material i.e. steel scrap, accessories (preowned spare parts), processed industrial scrap, etc.

The management determines that the segment information reported under Note No. 30 - Segment information is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no separate disclosures of disaggregated revenues are reported.

Note No. 21 - Other income

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a) Interest Income:		
On fixed deposits with banks	**3,486,970**	2,215,582
Others	**24,710**	–
(b) Net gain arising on financial assets designated as FVTPL	**388,867**	–
(c) Net foreign exchange gain on foreign currency transactions	–	665,613
(d) Insurance claim received	–	257,891
(e) Other income including earnest money deposit forfeited	**677,923**	187,557
Total	**4,578,470**	3,326,643

Note No 22(a) - Cost of materials consumed

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Opening stock	**5,868,915**	206,660
Add: Purchases	**14,249,375**	14,050,830
	20,118,290	14,257,490
Less: Closing stock	**(1,871,556)**	(5,868,915)
Total cost of materials consumed	**21,989,846**	8,388,575

Note No 22(b) - Change in stock of finished goods and work in progress

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Inventories at the end of the year:		
Finished goods	**2,603,338**	3,404,925
Work-in-progress	**525,149**	99,337
	3,128,487	3,504,262
Inventories at the beginning of the year:		
Finished goods	**3,404,925**	–
Work-in-progress	**99,337**	–
	3,504,262	–
Net decrease/(increase)	**375,775**	(3,504,262)

Note No. 23 - Employee benefits expenses

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a) Salaries and wages	**23,901,233**	17,603,983
(b) Contribution to provident and other funds	**1,930,390**	915,468
(c) Gratuity provisions	–	498,569
(d) Post retirement medical benefit expenses	**75,410**	57,063
(e) Staff welfare expenses	**548,177**	969,941
Total	**26,455,210**	20,045,024

Note No. 24 - Finance cost

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Interest expense on		
(a) Borrowings	–	363,288
(b) Lease liability	**6,293,504**	–
(c) Other	–	311,420
Total	**6,293,504**	674,708

Analysis of interest expense by category

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Interest Expense		
(a) On financial liabilities at amortised cost	**6,293,504**	674,708
Total	**6,293,504**	674,708

Note No. 25 - Other expenses

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a) Power and fuel	**1,586,625**	986,015
(b) Rates and taxes	**836,051**	410,925
(c) Security expenses	**2,130,478**	1,192,039
(d) Insurance charges	**403,969**	184,206
(e) Repairs and maintenance - others	**521,763**	687,522
(f) Rent expenses	**1,784,842**	13,908,903
(g) Freight and handling charges	**2,135,499**	391,200
(h) Advertisement expenses	**119,004**	1,650,036
(i) Auditors' remuneration (refer Note below)	**900,000**	500,000
(j) Directors' fees	**440,000**	420,000
(k) Net loss on foreign currency transactions	**60,134**	–
(l) Loss on sale of property, plant and equipment	**270,799**	–
(m) Printing and stationery	**241,872**	145,701
(n) Legal and professional expenses	**5,001,844**	9,235,626
(o) Subcontracting and hire charges	**2,242,531**	1,130,751
(p) Travelling expenses	**3,607,267**	3,501,347
(q) Other general expenses	**3,984,872**	2,203,966
Total	**26,267,550**	36,548,238

Note

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Payment to Statutory Auditors (excluding GST)		
(a) For audit	**300,000**	300,000
(b) For other services *	**600,000**	200,000
	900,000	500,000

* Reimbursement of limited review expenses by MSTC Limited to the Company.

Note No. 26 - Employee benefits

(a) Defined contribution plan:

The Company has recognized, in the statement of profit and loss for the year ended, an amount of Rs 1,051,162 (2019: 840,479) pertaining to defined contribution plans.

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Provident Fund	**731,155**	638,515
Pension Fund	**320,007**	201,964
Total	**1,051,162**	840,479

(b) Defined benefit plan:

(i) GRATUITY

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Nature of benefits:

The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the income tax and rules. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

Governance of plan:

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The plan is funded under Group Gratuity Scheme which is administered by LIC. The Company makes annual contribution to the plan.

Inherent risk

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

(ii) POST RETIREMENT MEDICAL BENEFITS

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Nature of benefits:

The Company operates a defined benefit post-retirement medical plan. The benefits payable to the employees are post their retirement from the Company. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for such a post-retirement medical plan in India. The Company has chosen not to fund the post-retirement benefit liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts.

Governance of plan:

The Company is responsible for the overall governance of the plan. Since the plan is unfunded, the governance of the plan is limited to employees being paid the benefits as per the terms of the plan.

Inherent risk

The plan is of a defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse increase in healthcare costs or demographic experience can result in an increase in cost of providing these benefits to employees in future. The benefits are also paid post retirement upto a specified age of the beneficiary and plan carries the longevity risks.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Note No. 26 - Employee benefits
Defined benefit plans – as per actuarial valuation as on 31 March, 2020

Particulars				Amount (Rs)
	Funded Plan	**Unfunded Plan**	Unfunded Plan	Unfunded Plan
	Gratuity	**Post retirement medical benefit**	Gratuity	Post retirement medical benefit
	31 March, 2020	**31 March, 2020**	31 March, 2019	31 March, 2019
(i). Expense recognised in the statement of profit and loss for the year ended:				
1. Current service cost	**473,538**	**51,779**	302,314	40,428
2. Interest on net defined benefit liability	**262,746**	**23,631**	196,255	16,635
	736,284	**75,410**	498,569	57,063
(ii). Included in other comprehensive income				
1. Return on assets less interest on assets	**(134,298)**	–	–	–
2. Actuarial (Gain)/Loss on account of:				
– Financial assumptions	**(436,833)**	**54,107**	101,707	15,843
– Experience adjustments	**(78,476)**	**52,342**	179,693	29,342
– Demographic assumptions	–	–	878	915
	(649,607)	**106,449**	282,278	46,100
(iii). Net asset/(liability) recognised in the balance sheet as at 31 March				
1. Present value of defined benefit obligation as at 31 March	**2,386,780**	**360,048**	3,624,241	315,074
2. Fair value of plan assets as at 31 March	**1,731,124**	–	–	–
2. (Deficit)	**(655,656)**	**(360,048)**	(3,624,241)	(315,074)
3. Current portion of the above	–	–	(241,911)	–
4. Non current portion of the above	**(655,656)**	**(360,048)**	(3,382,330)	(315,074)
(iv). Change in the obligation during the year ended				
1. Present value of defined benefit obligation at the beginning of the year	**3,624,241**	**315,074**	2,595,271	211,911
2. Expenses recognised in statement of profit and loss account				
– Current service Cost	**473,538**	**51,779**	302,314	40,428
– Interest expense (Income)	**262,746**	**23,631**	196,255	16,635

Particulars	Amount (Rs)			
	Funded Plan	Unfunded Plan	Unfunded Plan	Unfunded Plan
	Gratuity	Post retirement medical benefit	Gratuity	Post retirement medical benefit
	31 March, 2020	31 March, 2020	31 March, 2019	31 March, 2019
3. Recognised in other comprehensive income				
Remeasurement gains / (losses)				
– Actuarial gain (loss) arising from:				
i. Demographic assumptions	–	–	878	915
ii. Financial assumptions	**(436,833)**	**54,107**	101,707	15,843
iii. Experience adjustments	**(78,476)**	**52,342**	179,693	29,342
4. Benefit payments	**(368,174)**	–	–	–
5. Impact of liability assumed or (settled)	**(1,090,262)**	**(136,885)**	248,123	–
6. Present value of defined benefit obligation at the end of the year	**2,386,780**	**360,048**	3,624,241	315,074
(v). Change in fair value of assets during the year ended				
1. Fair value of plan assets at the beginning of the year	–	–	–	–
2. Expenses recognised in statement of profit and loss account				
– Interest on plan assets	–	–	–	–
3. Recognised in other comprehensive income				
Remeasurement gains/(losses)				
– Actual return on plan assets in excess of the expected return	**134,298**	–	–	–
– Others (specify)	–	–	–	–
4. Contributions by employer (including benefit payments recoverable)	**1,965,000**	–	–	–
5. Benefit payments	**(368,174)**	–	–	–
6. Assets acquired/(settled)		–	–	–
7. Fair value of plan assets at the end of the year	**1,731,124**	–	–	–
(vi). The major categories of plan assets				
– List the plan assets by category here				
– Insurer managed funds	**1,731,124**	–	–	–
(vii). Actuarial assumptions				
1. Discount rate	**6.50%**	**6.50%**	7.85%	7.85%
2. Attrition rate	**8.00%**	**8.00%**	8.00%	8.00%
3. Medical premium inflation	–	**6.00%**	–	6.00%
4. Rate of increase in compensation levels	**7.00%**	**7.00%**	10.00%	10.00%
5. Mortality table	**IALM(2012–14) ult**	**IALM(2012–14) ult**	IALM(2012-14) ult	IALM(2012-14) ult

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(viii) Sensitivity analysis:

Gratuity

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key aerial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The sensitivity of the gratuity benefits to changes in the weighted principal assumptions is:

Amount (Rs)

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	**31 March, 2020**	1%	2,201,267	2,598,416
	31 March, 2019	1%	3,346,151	3,944,325
Salary growth rate	**31 March, 2020**	1%	2,595,276	2,200,446
	31 March, 2019	1%	3,933,506	3,349,727

Post retirement medical benefits

The benefit obligation results for the cost of paying future hospitalization premiums to insurance company in future for the employee / beneficiaries during their lifetime is sensitive to discount rate and future increase in healthcare costs.

The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account changes in these three key parameters:

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The sensitivity of the post retirement medical benefit obligation to changes in the weighted principal assumptions is:

Amount (Rs)

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	31 March, 2020	1%	305,941	426,302
	31 March, 2019	1%	272,383	366,549
Medical inflation rate	31 March, 2020	1%	425,960	305,243
	31 March, 2019	1%	366,814	271,458

(ix) Expected contributions for the next year:

The expected contribution payable to the plan next year is Rs. 500,000.

(x) Maturity profile:

Gratuity — Amount (Rs)

Maturity profile of defined benefit obligation:	31 March, 2020	31 March, 2019
Within 1 year	**156,034**	241,911
1 - 2 year	**175,748**	249,726
2 - 3 year	**191,254**	273,408
3 - 4 year	**191,081**	288,788
4 - 5 year	**323,278**	294,515
5 - 10 years	**968,488**	2,207,649
More than 10 years	**2,530,302**	4,416,680

Post retirement medical benefits — Amount (Rs)

Maturity profile of defined benefit obligation:	31 March, 2020	31 March, 2019
Within 1 year	–	–
1 - 2 year	–	–
2 - 3 year	–	–
3 - 4 year	–	–
4 - 5 year	–	–
5 - 10 years	**42,107**	80,627
More than 10 years	**1,183,272**	1,085,394

Note No. 27 - Related party transactions

Related party transactions as required by IND AS 24 " Related Party Disclosures" are given below.

(A) List of related parties:

Ultimate Holding Company	Mahindra & Mahindra Limited (M&M)
Holding Company	Mahindra Intertrade Limited (MIL)
Other parties with whom transactions have taken place during the year	
(i) Fellow Subsidiaries	Mahindra Integrated Business Solutions Private Limited (MIBS) Mahindra Steel Service Centre Limited (MSSCL) Mahindra Auto Steel Private Limited (MASPL) Mahindra Retail Limited (MRL), formerly known as Mahindra Retail Private Limited Mahindra Lifespace Developers Limited (MLDL) Mahindra Engineering and Chemical Products Limited (MECP) Mahindra Logistics Limited (MLL)
(ii) Companies having significant influence	MSTC Limited (MSTC)
(iii) Key Management Personnel (KMP)	Mr. L. B. Popalghat, Chief Operating Officer and Manager (resigned on 4th November, 2019) Mr. Ashish Bhagra, Chief Operating Officer and Manager (appointed w.e.f. 1st December, 2019)

(B) Disclosure of transactions (net of duties and taxes) between the Company and related parties during the financial year ended 31 March, 2020:

Amount (Rs)

	Ultimate Holding Company		Holding Company		A Company having significant influence		Fellow Subsidiary	
	M&M		MIL		MSTC		MIBS	
	31 March, 2020	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019
Issue of equity share capital	–	–	–	80,000,000	–	80,000,000	–	–
Purchase of property, plant and equipment	–	678,625	**1,416,405**	–		–	–	–
Sale of property, plant and equipment	–	–	**353,738**	–	–	–	–	–
Purchase of raw material	**684,000**	–	–	–	–	–	–	–
Rent paid	**1,784,842**	2,444,934	–	–	–	–	–	–
Deputation of personnel from related parties	–	516,320	–	3,594,509	–	–	–	–
Reimbursement made to related parties	**1,975,065**	1,164,800	**420,208**	887,530	**658,410**	729,420	–	–
Reimbursement received from related parties	–	13,186	**215,467**	84,764	**611,600**	222,852	–	–
Legal and professional expenses	**110,950**	112,000	–	–	**227,144**	131,454	–	–
Payroll processing fees	–	–	–	–	–	–	**71,500**	70,100
Contact centre and call free charges	–	–	–	–	–	–	**624,812**	253,607
Intercorporate deposit received	–	–	–	26,000,000	–	–	–	–
Intercorporate deposit repaid	–	–	–	26,000,000	–	–	–	–
Interest on intercorporate deposit	–	–	–	363,288	–	–	–	–

(C) Outstanding receivable from and payable to related parties Amount (Rs)

	Ultimate Holding Company		Holding Company		A Company having significant influence		Fellow Subsidiary	
	M&M		MIL		MSTC		MIBS	
	31 March, 2020	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019
Outstanding receivable	–	15,559	**373,979**	–	**830,193**	262,965	–	–
Outstanding payable	**1,058,543**	500,430	**1,904,205**	570,193	**54,373**	55,362	**97,087**	53,407

Amount (Rs)

	Fellow Subsidiary MSSCL		Fellow Subsidiary MASPL		Fellow Subsidiary MRL		Fellow Subsidiary MLDL		Fellow Subsidiary MECP		Fellow Subsidiary MLL		KMP* Mr. L. B. Popalghat		KMP* Mr. Ashish Bhagra	
	31 March, 2020	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019
Reimbursement received from related parties	**728,438**	345,616	**60,579**	–	–	–	–	–	–	–	–	–	–	–	–	–
Reimbursement made to related parties	–	–	–	–	–	–	**146,913**	–	–	–	–	–	–	–	–	–
Other expenses	–	–	–	–	**127,792**	122,460	–	–	**2,373**	–	–	–	–	–	–	–
Freight charges paid	–	–	–	–	–	–	–	–	–	–	–	2,142,000	–	–	–	–
Managerial remuneration paid	–	–	–	–	–	–	–	–	–	–	–	–	**2,455,555**	3,978,021	**972,258**	–

	Fellow Subsidiary MSSCL		Fellow Subsidiary MASPL		Fellow Subsidiary MECP	
	31 March, 2020	31 March, 2019	**31 March, 2020**	31 March, 2019	**31 March, 2020**	31 March, 2019
Outstanding receivable	**193,966**	340,962	65,425	–	–	–
Outstanding payable	–	–	–	–	2,800	–

* excludes provision for gratuity and compensated absences, which is determined on the basis of actuarial valuation done on overall basis for the Company.

Note:
1. The sales/provision of services to and purchases/provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Note No. 28 - Financial instruments

[I] Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Company consists of total equity of the Company.

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Amount (Rs)

	31 March, 2020	31 March, 2019
Equity	**223,948,201**	277,425,146
Less:- Cash and cash equivalents	**(40,048,379)**	(46,988,816)
	183,899,822	230,436,330

[II] Financial risk management framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

(A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade and other receivables

As at 31 March 2020, the Company had receivables majorly from its related parties only. The Company does not expect any credit loss.

Financial instruments and cash deposits:

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with banks and within credit limits assigned to each counterparty.

(B) LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Amount (Rs)

	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total	Carrying amount
Non-derivative financial liabilities						
31 March 2020						
Non-interest bearing	**10,799,888**		–	–	**10,799,888**	**10,799,888**
Fixed interest rate instruments	**15,253,995**	**29,727,969**		–	**44,981,964**	**44,981,964**
Total	**26,053,883**	**29,727,969**	–	–	**55,781,852**	**55,781,852**
31 March 2019						
Non-interest bearing	8,060,700	–	–	–	8,060,700	8,060,700
Total	8,060,700	–	–	–	8,060,700	8,060,700

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Amount (Rs)

	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above	Total	Carrying value
Non-derivative financial assets						
31 March 2020						
Non-interest bearing	**25,284,492**	–	**4,663,125**	–	**29,947,617**	**29,947,617**
Fixed interest rate instruments	**18,500,000**	–	–	–	**18,500,000**	**18,500,000**
Total	**43,784,492**	–	**4,663,125**	–	**48,447,617**	**48,447,617**
31 March 2019						
Non-interest bearing	9,918,056	–	–	–	9,918,056	9,918,056
Fixed interest rate instruments	94,500,000	–	–	–	94,500,000	94,500,000
Total	104,418,056	–	–	–	104,418,056	104,418,056

(iv) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Amount (Rs)

	31 March, 2020	31 March, 2019
Working Capital Non-Fund Based facility: (LC, BG, LUT, LER)		
Expiring beyond one year (unsecured)	**1,000,000**	1,000,000

(C) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

Note No. 29 - Fair value measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval
- implied volatilities
- credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Amount (Rs)

Financial assets/financial liabilities	Fair value hierarchy as at 31 March 2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– cash and cash equivalents	–	**40,048,379**	–	**40,048,379**
– trade receivables	–	**2,074,423**	–	**2,074,423**
– other receivables	–	**1,588,717**	–	**1,588,717**
– deposits	–	**4,663,125**	–	**4,663,125**
– Interest receivable	–	**72,973**	–	**72,973**
Total	–	**48,447,617**	–	**48,447,617**
Financial liabilities				
Financial liabilities held at amortised cost				
– trade payables	–	**5,592,583**	–	**5,592,583**
– lease liability	–	**44,981,964**	–	**44,981,964**
– creditors for capital supplies/ services	–	**1,172,552**		**1,172,552**
– employee related liabilities	–	**4,034,753**	–	**4,034,753**
Total	–	**55,781,852**	–	**55,781,852**

Amount (Rs)

Financial assets/ financial liabilities	Fair value hierarchy as at 31 March 2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– cash and cash equivalents	–	46,988,816	–	46,988,816
– other bank balances	–	50,000,000	–	50,000,000
– other receivables	–	878,131	–	878,131
– deposits	–	6,371,578	–	6,371,578
– Interest receivable	–	179,531	–	179,531
Total	–	104,418,056	–	104,418,056
Financial liabilities				
Financial liabilities held at amortised cost				
– trade payables	–	3,429,404	–	3,429,404
– creditors for capital supplies/ services	–	792,798	–	792,798
– employee related liabilities	–	3,838,498	–	3,838,498
Total	–	8,060,700	–	8,060,700

The fair values of the financial assets and financial liabilities included in the level 2 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value

The Company considers that the carrying amount of financial assets and financial liabilities recognised in financial statements approximates their fair value.

Note No. 30 - Segment reporting

Segment Information

The company has identified 'Processing of End of life vehicles (ELVs) and Industrial steel scrap' as its only primary reportable segment. The Chief Operating Officer of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined under Ind AS 108. CODM reviews overall financial information of the Company together for performance evaluation and allocation of resources and does not review any discrete information to evaluate performance of any individual product or geography.

Geographical Information

All customers of the Company are located within India.

The Company operates and has its processing facilities based out at Greater Noida and Chennai in India.

There are no customers who are individually contributing to more than 10% of the Company's revenue.

Note No. 31 - Commitments (to the extent not provided for)

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**3,619,511**	742,645

Note No. 32 - Earnings per share

Amount (Rs)

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Loss after tax (Rs.) (A)	**(53,878,882)**	(58,135,486)
Weighted average number of shares (B)	**37,200,000**	22,279,452
Earnings per share [basic / diluted] (Rs.) (A/B)	**(1.45)**	(2.61)
Nominal value of equity share (Rs.)	**10.00**	10.00

Note No. 33

In March 2020, World Health Organization have declared Covid-19 as a pandemic. Escalation of Covid-19 has the potential to impact the global economic growth and business developments. The countrywide lockdown declared by Government of India covered a part of March 2020 and continued until April 2020. Whilst overall impact is still uncertain, the Company has carried out an assessment for any possible impact on performance of the Company due to Covid outbreak. Based on the current situation, the Company does not expect operations and performance for next year to get very significantly impacted. The Company will continue to monitor the situation as it evolves in coming months.

Note No. 34

Previous year's figures have been regrouped/reclassified wherever necessary.

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
14 May 2020

For and on behalf of the Board of Directors of
Mahindra MSTC Recycling Private Limited
CIN No: U37100MH2016PTC288535

Surinder Kumar Gupta DIN: 08643406
Chairman

Sumit Issar DIN: 06951249
Director

Amitava Sinha
Chief Financial Officer

Dolly Dhandhresha
Company Secretary

Mumbai
14 May 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA AIRWAYS LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **Mahindra Airways Limited ("the Company"),** which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Ind AS financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures

INDEPENDENT AUDITORS' REPORT

responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The company does not have any pending litigations which will impact its financial positions.

      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 20111212AAAAHF5572

Place: Mumbai
Date: April 21, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Airways Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 20111212AAAAHF5572

Place: Mumbai
Date: April 21, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of Mahindra Airways Limited for the year ended March 31, 2020

Annexure to the Auditor's Report referred to in our report of even date:

i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals, According to the information and explanation given to us, no material discrepancies were noticed on such verification.

c) The Company does not have any immovable property as on March 31, 2020.

ii. In our opinion and according to the information and explanations given to us, the Company has not dealt in any inventory during the year & does not hold any inventory at the end of the year.

iii. The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other related parties covered in the register maintained under section 189 of the Act.

iv. The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

vii. i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2020 for a period of more than 6 months from the date they become payable.

ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.

viii The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

ix The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the money raised by the Company by the way of Buyer's credit term loans were applied for the purpose for which those are raised.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

xi. According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

xii. The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 20111212AAAAHF5572

Place: Mumbai
Date: April 21, 2020

BALANCE SHEET AS AT 31ST MARCH 2020

Rs. In Lakhs

		Note No.	As at 31st March 2020	As at 31st March 2019
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	1	**0.56**	0.62
	(b) Other Intangible Assets			
	(i) Right to use Assets		**450.19**	
	SUB-TOTAL		**450.75**	0.62
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Investments	3	**135.01**	3.75
	(ii) Trade Receivables	2	**40.53**	
	(iii) Cash and Cash Equivalents	4	**13.73**	1.40
	(b) Current Tax Assets (Net)	5	**11.28**	4.70
	(c) Other Current Assets	10	**25.72**	
	SUB-TOTAL		**226.27**	9.85
	TOTAL ASSETS		**677.01**	10.47
II	**EQUITY AND LIABILITIES**			
	EQUITY			
	(a) Equity Share Capital	6	**285.00**	225.00
	(b) Other Equity	7	**(314.91)**	(232.04)
	SUB-TOTAL		**(29.91)**	(7.04)
	LIABILITIES			
2	**NON-CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Other Financial Liabilities	11	**50.00**	
	(i) Lease Liabilities		**241.34**	–
	(b) Provisions	13	**4.55**	–
	SUB-TOTAL		**295.90**	–
3	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings			–
	(ii) Trade Payables	12		4.08
	(i) total outstanding dues of micro enterprises and small enterprises		**22.00**	–
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**97.16**	–
	(iii) Other Payables			
	(i) total outstanding dues of micro enterprises and small enterprises		**–**	–
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**–**	–
	(iv) Lease Liabilities		**220.50**	–
	(b) Provisions	8	**65.20**	12.87
	(c) Other Current Liabilities	9	**6.17**	0.57
	SUB-TOTAL		**411.03**	17.51
	TOTAL		**677.01**	10.47

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 21, 2020

For and on behalf of the Board of Directors

Director

Director

Place: Mumbai
Date: April 21, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

Rs. In Lakhs

	Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
	Continuining Operations			
I	Revenue from operations	19	**372.63**	–
II	Other Income	14	**2.50**	3.58
III	**Total Revenue (I + II)**		**375.13**	3.58
IV	**EXPENSES**			
	(a) Employee benefit expense	15	**165.76**	**22.76**
	(b) Finance costs	16	**26.23**	–
	(c) Depreciation and amortisation expense		**112.79**	0.12
	(d) Other expenses	17	**153.16**	63.7
	Total Expenses (IV)		**457.94**	86.58
V	**Profit/(loss) before exceptional items and tax (III - IV)**		**(82.82)**	(83.01)
VII	**Profit/(loss) before tax (V - VI)**		**(82.82)**	(83.01)
VIII	**Tax Expense**			
	(1) Current tax		**–**	–
	(2) Deferred tax		**–**	–
	Total tax expense (VIII)		**–**	–
IX	**Profit/(loss) after tax from continuing operations (VII - VIII)**		**(82.82)**	(83.01)
X	**Discontinued Operations**			
	(1) Profit/(loss) from discontinued operations			
	(2) Tax Expense of discontinued operations			
XI	**Profit/(loss) after tax from discontinued operations (XII + XIII)**			
IX	**Profit/(loss) for the period**		**(82.82)**	(83.01)
XX	**Earnings per equity share (for continuing and discontinued operations):**			
	(1) Basic	18	**(2.91)**	(3.69)
	(2) Diluted			

In terms of our report attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 21, 2020

For and on behalf of the Board of Directors

Director

Director

Place: Mumbai
Date: April 21, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2020

Rs. In Lakhs

Particulars	Note No.	Year ended 31st March 2020	Year ended 31st March 2019
Cash flows from operating activities			
Profit before tax for the year	PL	**(82.82)**	(83.01)
Adjustments for:			
Investment income recognised in profit or loss		**(2.50)**	(3.58)
Depreciation and amortisation of non-current assets		**139.02**	0.12
		53.70	(86.46)
Movements in working capital:			
Increase in trade and other receivables		**(40.53)**	–
(Increase)/decrease in other assets		**(25.72)**	–
Decrease in trade and other payables		**115.01**	4.08
Increase/(decrease) in provisions		**56.89**	11.59
Decrease/(increase) in tax assets		**(6.58)**	(2.67)
(Decrease)/increase in other liabilities		**55.61**	0.56
Cash generated from operations		**154.67**	13.55
Income taxes paid			
Net cash generated by operating activities		**208.37**	(72.91)
Cash flows from investing activities			
Payments to acquire/redemption of financial assets		**(131.25)**	65.93
Other dividends received		**2.50**	3.58
Payments for property, plant and equipment		**(0.18)**	(0.74)
Net cash (used in)/generated by investing activities		**(128.93)**	68.76
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		**60.00**	–
Proceeds from borrowings		**11.65**	–
Repayment of borrowings		**(138.78)**	–
Net cash used in financing activities		**(67.13)**	–
Net increase in cash and cash equivalents		**12.32**	(4.15)
Cash and cash equivalents at the beginning of the year		**1.40**	5.55
Effects of exchange rate changes on the balance of cash held in foreign currencies			
Cash and cash equivalents at the end of the year		**13.73**	1.40

Of the above, the balances that meet the definition of cash and cash equivalents as per IND-AS 7 Cash Flow Statement is 13.73.

In terms of our report attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 21, 2020

For and on behalf of the Board of Directors

Director

Director

Place: Mumbai
Date: April 21, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2020

	Rs. In Lakhs TOTAL
A. Equity share capital	
As at 31 March 2019	225.00
Changes in equity share capital during the year	60.00
As at 31 March 2020	285.00

Remarks/Commentary:

Balances should be net off treasury shares. The above table should provide aggregate opening, movement and closing values for all classes of Equity Capital.

In terms of our report attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 21, 2020

For and on behalf of the Board of Directors

Director

Director

Place: Mumbai
Date: April 21, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

1. General Information

Mahindra Airways Limited is a Limited Company incorporated and domiciled in India. The Company's registered office is at Mahindra Towers, P K Kurne Chowk, Worli, Mumbai, Maharashtra, India. These financial statements correspond to the stand alone financial statements of the Company. The Company is primarily involved in Providing Helicopter Chartering Services under Non Scheduled Operators Permit (NSOP) issued by Director General Civil Aviation.

Significant Accounting Policies

a. Statement of compliance and basis of preparation

These financial statements of Mahindra Airways Limited have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

b. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

d. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

e. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

- useful life of property, plant and equipment
- estimation of defined benefit obligation
- income taxes - current and deferred taxes
- fair value of unlisted securities

Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment within the next financial year is included in relevant notes for the above items.

Estimates and judgements are evaluated based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

f. Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

g. Cash Flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

h. Property, Plant and equipment

Property, Plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any.

Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use.

Depreciation is provided on straight line basis for property, plant and equipment so as to expense the depreciable amount, i.e. the cost less estimated residual value, over its estimated useful lives. The estimated useful lives and residual values are reviewed annually and the effect of any changes in estimate is accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

The management's estimate of useful lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes, based on the Company's expected usage pattern supported by technical assessment:

Asset Class	Useful Lives
Furniture & Fixtures	10 years
Computer	3 years

Assets costing less than or equal to Rs. 5,000 are depreciated fully in the year of purchase.

i. Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or a group of assets. The recoverable amount of the asset (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Value in use is the present value of estimated future cash flow expected to arise from the continuing use of the assets and from its disposal at the end of its useful life.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

j. Revenue Recognition

The Company has applied Ind AS 115 'Revenue from Contracts with customers' ("hereinafter referred to as Ind AS 115") effective from 01 April 2018, using modified retrospective approach for the purpose of transition. Accordingly, comparatives for the previous period have not been restated. The application of Ind AS 115 did not have any material impact on the financial results of the Company.

- Service Income

  Income from Chartering Services are recognised on satisfaction of performance obligation towards rendering of such services.

- Interest income

  Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

- Dividend Income

  Dividend from investments are recognised in profit or loss when the right to receive payment is established.

k. Investments

Investments are classified under Non-current and current categories.

Non-current Investments' are carried at acquisition /amortized cost. A provision is made for diminution other than temporary on an individual basis.

Current Investments' are carried at fair value on an individual basis

l. Employee Benefits

Defined Contribution schemes

Company's contributions to the Provident Fund are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

Defined benefits plans

The Company's gratuity benefit scheme is a defined benefit plan.

m. Taxation

Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rate that have been enacted and substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax liability or asset is recognized for timing differences between the profits/losses offered for income tax and profits/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax asset are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

n. Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with requirements under Ind AS 16 for cost model.

o. Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

p. Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

–it has been acquired principally for the purpose of selling it in the near term; or

–on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking.

The Company has equity investments which are not held for trading. The Company has elected the FVTOCI irrevocable option for these investments.

Dividend on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

q. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

r. Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company.

Standards issued but not yet effective:

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019 and Companies (Indian Accounting Standards) (Second Amendment) Rules, 2019 notifying Ind AS 116 - 'Leases' and making amendments to various other Ind AS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

standards viz. Ind AS 12 - 'Income Taxes', Ind AS 19 - 'Employee benefits', Ind AS 23 - 'Borrowing Cost', Ind AS 28 - 'Investments in Associates and Joint Ventures', Ind AS 111 - 'Joint Arrangements', Ind AS 103 - 'Business Combinations' and Ind AS 109 - 'Financial Instruments'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB). The amendments are effective from accounting periods beginning from 1st April 2019.

Ind AS 116 – 'Leases':

This standard will supersede Ind AS 17 'Leases'. It abolishes for lessees the previous classification of leasing agreements as either operating or finance leases. Instead, Ind AS 116 introduces a single lessee accounting model, requiring lessees to recognise assets for right to use assets and lease liability representing its obligation to make lease payments. This means that leases which were previously not reported in the balance sheet will have to be reported in subsequent reporting periods. The depreciation expenses will include amortisation of right to use asset and finance cost will include interest expense on lease liability. Ind AS 116 also provides exception from recognition of right to use asset and lease liability where lease term is less than 12 months or leases for which underlying asset is of low value. In such cases, lease payments are recognised as an expenses over lease term either on straight-line basis unless another systematic basis is representative of time pattern of the user's benefit.

The Company has appropriately accounted the lease of Helicopter as per Ind As 116 and our financial statement reflects the same as per standard.

Amendments to Ind AS 12 – 'Income Taxes':

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Further, the amendment to Appendix C specifies that when an entity is uncertain how tax laws applies to a particular transaction or circumstance until the relevant tax authorities or a court takes a decision in future and it is not probable that taxation authorities may accept entities tax position then entity is required to estimate effect of such uncertain position on income tax and deferred tax.

The Company is currently assessing the impact of application of these amendments made to Ind AS 12 on the Company's consolidated financial statements.

Amendments to Ind AS 19 – 'Employee Benefits':

The amendment clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendment has been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The Company is currently assessing the impact of application of the amendment made to Ind AS 19 on the Company's financial statements.

Amendments to Ind AS 23 – 'Borrowing Cost':

The standard clarifies that borrowing costs (related to specific borrowings) that remain outstanding after the related qualifying asset is ready for intended use or sale would subsequently be considered as part of general borrowing costs of an entity.

The Company has not borrowed any funds hence the amendment does not have any impact on the Company's financial statement.

Amendments to Ind AS 28 - 'Investments in Associates and Joint Ventures':

The amendments specify that entity shall apply Ind AS 109 'Financial Instruments' before applying Ind AS 28 to long term interest in associate and joint venture that form part of net investment in associate and joint venture but to which equity method is not applied.

The amendment is not applicable to the Company's standalone financial statement.

Amendments to Ind AS 103 – 'Business Combination and Ind AS 111 Joint Arrangements':

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, then the entity considers such an acquisition as a business combination achieved in stages and accounts for it accordingly ie it re-measures previously held interests in that business.

The amendment to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

These amendment are not applicable to the Company's standalone financial statement.

Amendments to Ind AS 109 – 'Financial instruments':

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The amendment is not expected to have impact on the Company's financial statement.

Note No. 1 - Property, Plant and Equipment

Rs. In Lakhs

Description of Assets	Computer & Accessories	Furniture and Fixtures	Total
I. Gross Carrying Amount			
Balance as at 1 April 2019	0.74	–	0.74
Additions	–	0.18	0.18
Acquisitions through business combinations	–	–	–
Disposals	–	–	–
Reclassified as held for sale	–	–	–
Others [describe]	–	–	–
Balance as at 31 March 2020	**0.74**	**0.18**	**0.92**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2019	0.12	–	0.12
Depreciation expense for the year	0.24	0.01	0.24
Eliminated on disposal of assets	–	–	–
Eliminated on reclassification as held for sale	–	–	–
Impairment losses recognised in profit or loss	–	–	–
Reversals of impairment losses recognised in profit or loss	–	–	–
Others [describe]	–	–	–
Balance as at 31 March 2020	**0.36**	**0.01**	**0.36**
III. Net carrying amount (I-II)	**0.39**	**0.17**	**0.56**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 2 - Trade receivables

Rs. In lakhs

Particulars	As at 31st March 2020 Current	As at 31st March 2020 Non-Current	As at 31st March 2019 Current	As at 31st March 2019 Non-Current
Trade receivables				
(a) Secured, considered good	**41**	**–**	–	–
(b) Unsecured, considered good	–	–	–	–
(c) Doubtful	–	–	–	–
Less: Allowance for Credit Losses	–	–	–	–
TOTAL	**41**	**–**	–	–
Of the above, trade receivables from:				
– Related Parties	**2**	**–**	–	–
– Others	**39**	**–**	–	–
TOTAL	**41**	**–**	–	–

Note No. 3 - Investments

Particular	As at 31st March 2020 QTY	As at 31st March 2020 Amounts* In Lakhs Current	As at 31st March 2020 Amounts* In Lakhs Non Current	As at 31st March 2019 QTY	As at 31st March 2019 Amounts* In Lakhs Current	As at 31st March 2019 Amounts* In Lakhs Non Current
Investments in Mutual Funds	**10,527**	**135**	**–**	311	4	–
Total Aggregate Quoted Investments	**–**	**135**	**–**	–	4	–
TOTAL INVESTMENTS	–	**135**	**–**	–	4	–

Note No. 4 - Cash and Bank Balances

Rs. In Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
Cash and cash equivalents		
(a) Balances with banks (in current accounts)....	**13.73**	1.40
(b) Cash on hand...	**0.00**	0.00
Total Cash and cash equivalent.........................	**13.73**	1.40

Reconcliation of Cash and Cash Equivalents

Rs. In Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
Total Cash and Cash Equivalents as per Balance Sheet...	**13.73**	1.40
Add: Bank Overdraft...	**–**	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**13.73**	1.40

Note No. 5 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rs. In Lakhs

Particulars	year ended 31st March 2020	year ended 31st March 2019
Current Tax:		
In respect of current year	**–**	–
In respect of prior years	**–**	–
Unrecognised tax loss used to reduce current tax expense	**–**	–
Others	**–**	–
i. Balances with Government Authority		
i. GST Receivable	**11.28**	4.70
Deferred Tax:		
In respect of current year origination and reversal of temporary differences		
Unrecognised tax loss used to reduce deferred tax expense	**–**	–
Deferred Tax reclassified from equity to profit or loss	**–**	–
Adustments due to changes in tax rates	**–**	–
Write down/Reversal of previous write-downs of deferred tax assets	**–**	–
Others	**–**	–
Total income tax expense on continuing operations	**11.28**	4.70

Note No. 6 - Equity Share Capital

Rs. In Lakhs

Particulars	As at 31st March 2020 No. of shares	As at 31st March 2020 Amounts*	As at 31st March 2019 No. of shares	As at 31st March 2019 Amounts*
Authorised:				
Equity shares of 10 each with voting rights	**50,00,000**	**500.00**	50,00,000	500.00
Issued, Subscribed and Fully Paid:				
Equity shares of 10 each with voting rights	**2,850,000**	**285.00**	2,250,000	225.00
Total	**2,850,000**	**285.00**	2,250,000	225.00

(ii) Details of shares held by the holding company, the ultimate holding company, subsidiaries and associates:

Particulars	No. of Shares Equity Shares with Voting rights
Mahindra Holdings Limited	2,850,000
Mahindra Towers, P K Kurne Chowk,	
Worli, Mumbai 400 018	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(iii) Details of shares held by each shareholder holding more than 5% shares:

Rs. In Lakhs

Class of shares/Name of shareholder	As at 31st March 2020 Number of shares held	% holding in that class of shares	As at 31st March 2019 Number of shares held	% holding in that class of shares
Mahindra Holdings Limited	**2,850,000**	**100%**	2,250,000	100%
Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018				

Note No. 7 - Other Equity

Rs. In Lakhs

	As at 31st March 2020	As at 31st March 2019
As at 31 March 2019	**(90.24)**	(7.23)
Profit/(Loss) for the period	**(82.82)**	(83.01)
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	**(82.82)**	(83.01)
Dividend paid on Equity Shares	–	–
Dividend Distribution Tax	–	–
Transfers to Reserves	–	–
Transfers from retained earnings	–	–
Equity Share Issuance Costs	–	–
Exercise of employee stock options	–	–
Options granted during the period	–	–
Any other changes (to be specified)	–	–
As at 31 March 2020	**(173.05)**	(90.24)

Note No. 8 - Provisions

Rs. In Lakhs

Particulars	As at 31st March 2020 Current	Non-Current	As at 31st March 2019 Current	Non-Current
a. Advances received from customers	–	–	–	–
b. Defered Revenue				
– Deferred Revenue arising from Customer Loyalty program	–	–	–	–
– Deferred Government grant related to assets	–	–	–	–
– Other Provisions	65.20	–	12.87	–
c. Statutory dues				
– Employee Recoveries and Employer Contributions	–	–	–	–
Total other liabilities	**65.20**	–	12.87	–

Note No. 9 - Other Liabilities

Rs. In Lakhs

Particulars	As at 31st March 2020 Current	Non-Current	As at 31st March 2019 Current	Non-Current
– Statutory Dues-taxes payable	**6.17**	–	0.57	–
TOTAL OTHER LIABILITIES	**6.17**	–	0.57	–

Note No. 10 - Other assets

Rs. In Lakhs

Particulars	As at 31st March 2020 Current	Non-Current	As at 31st March 2019 Current	Non-Current
Advances receivable in cash or kind				
(i) Balances with government authorities (other than income taxes)	**7.26**	–	–	–
(ii) Other advances	–	–	–	–
Security Deposites	**16.00**	–	–	–
Prepaid Expenses	**2.46**	–	–	–
Prepaid Rent	–	–	–	–
Other Recoverables	–	–	–	–
Total	**25.72**	–	–	–

Note No. 11 - Other Financial Liabilities

Rs. In Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
Other Financial Liabilities Measured at Amortised Cost		
Non-Current		
(a) Security Deposits	**50.00**	–
(b) Other long term liabilities	–	–
Total other financial liabilities	**50.00**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No. 12 - Trade Payables

Rs. In Lakhs

Particulars	As at 31st March 2020 Current	As at 31st March 2020 Non Current	As at 31st March 2019 Current	As at 31st March 2019 Non Current
(I) Trade Payables				
(i) total outstanding dues of micro enterprises and small enterprises	**22.00**	**–**	–	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**97.16**	**–**	4.08	–
(II) Other Payables				
(i) total outstanding dues of micro enterprises and small enterprises	–	–	–	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	–	–	–	–
Liability for Cash-settled share-based payments	–	–	–	–
Acceptances	–	–	–	–
Total trade payables	**119.15**	–	4.08	–
	119.15	–	4.08	–

Note No. 12 Financial Instruments

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk <list all such risks as applicable>. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel , where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, and where appropraite, credit guarantee insurance cover is purchased.

Apart from Company A, the largest customer of the Company, the Company does not have significant credit risk exposure to any single counterparty. Concentration of credit risk related to Company A did not exceed 20% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 10% of gross monetary assets at any time during the year.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-agencies.

In addition, the Company is exposed to credit risk in relation to financial gurantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on. As at 31 march 2018, an amount of INR NIL(31 March 2017: INR NIL)) has been recognised in the Consolidated Balance Sheet as financial liabilities.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses. The Company has taken dealer deposit of INR XX and bank guarantees of INR XX which is considered as collateral and these are considered in determination of expected credit losses, where applicable. <Provide details on any other type of collateral and its effect on ECL allowance>.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars Note No. 11 - Financial Instrument	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial assets				
31-Mar-20				
Non-interest bearing	13.73	–	–	–
Variable interest rate instruments	135.01	–	–	–
Total	**148.74**	**–**	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Note No. 13 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

This section explains the judgement and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 Inputs:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 Inputs:

Level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

_ quoted prices for similar assets or liabilities in active markets

_quoted prices for identical or similar assets or liabilities in markets that are not active

_inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval

_ implied volatilities

_ credit spreads

_inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 Inputs

Level 3 inputs are ubobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measuremnet date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participation assumptions that is reasonably available.

Fair value of financial assets and financial liabilities that are not measured at fair value

	Fair value hierarchy as at 31st March 2020			
Particulars	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost	–	–	–	–

	Fair value hierarchy as at 31st March 2020			
Particulars	**Level 1**	**Level 2**	**Level 3**	**Total**
– investments	–	**135.01**	–	**135.01**
– cash & cash equivalents	–	**13.73**	–	**13.73**
Total	–	**148.73**	–	**148.73**

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note No. 13 - Provisions

Rs. In Lakhs

Particulars	As at 31st March 2020 Current	As at 31st March 2020 Non-Current	As at 31st March 2019 Current	As at 31st March 2019 Non-Current
(a) Provision for employee benefits				
(1) Long-term Employee Benefits	–	–	–	–
Gratuity (Unfunded)	**3.45**	–	–	–
Leave Encashment	**1.10**	–	–	–
(b) Other Provisions				
1 Warranty	–	–	–	–
2 Other Provisions	–	–	–	–
Total Provisions	**4.55**	–	–	–

Note No. 14 - Other Income

Rs.In lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
(a) Dividend Income*		
(1) Dividend on other investments (Mutual funds)	–	3.58
(2) Others	–	–
	–	**3.58**
(b) Gain on Fair Valuation of Investments	**1.35**	–
(c) Gain on Redemption of Mutual Funds	**1.16**	–
Total Other Income	**2.50**	3.58

Note No. 14 - Related Party Transactions

Name of the parent Company Mahindra Holdings Limited

Note: Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Parent Company	Entities having joint control/ significant influence over Company	Other related parties
Nature of transactions with Related Parties				
Receiving of services	**31-Mar-20**	–	**190.45**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Particulars	For the year ended	Parent Company	Entities having joint control/ significant influence over Company	Other related parties
Equity contribution to the Company	31-Mar-20	–	–	–
Settlement of liabilities on behalf of the Company	31-Mar-20	–	–	–
Settlement of liabilities by the Company on behalf of related parties	31-Mar-20	–	–	–
Nature of Balances with Related Parties	**Balance as on**	**Parent Company**	**Entities having joint control/ significant influence over Company**	**Other related parties**
Trade payables	31-Mar-20	Nil	119.86	Nil
Other balances	31-Mar-20	Nil	Nil	Nil

Note No. 15 - Employee Benefits Expense

Rs.In lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
(a) Salaries and wages, including bonus	160.60	22.76
(b) Contribution to provident and other funds	4.97	–
(c) Share based payment transactions expenses	–	–
(1) Equity-settled share-based payments	–	–
(2) Cash-settled share-based payments	–	–
(d) Staff welfare expenses	0.19	–
Total Employee Benefit Expense	165.76	22.76

Note No. 16 - Finance Cost

Rs.In lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
(a) Interest expense	26.23	–
Less: Amounts included in the cost of qualifying assets	–	–
(b) Dividend on redeemable preference shares	–	–
(c) Finance charges on Finance leases	–	–
(d) Exchange differences regarded as an adjustment to borrowing costs	–	–
(e) Other borrowing cost	–	–
Total finance costs	26.23	–

Note No. 17 - Other Expenses

Rs. In Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
(c) Power & Fuel	17.77	–
(d) Rent including lease rentals	5.70	5.15
(e) Rates and taxes	0.69	0.03
(f) Insurance	14.56	–
(i) Repairs and maintenance - Others	97.83	–
(n) Travelling and Conveyance Expenses	0.03	0.10
(i) As Auditors	0.50	0.50
(1) Training expenses	7.93	23.39
(2) Travelling expenses	3.90	3.38
(3) Hire and service charges	2.34	1.36
(4) Legal and other professional costs	0.52	19.40
(5) Miscelleneous expenses	1.38	8.62
Total Other Expenses	153.16	61.93

Note No. 18 - Earnings per Share

Rs. In Lakhs

Note	Particulars	For the year ended 31st March 2020 Per Share	For the year ended 31st March 2019 Per Share
	Basic Earnings per share		
	From continuing operations	(2.91)	(3.69)
	From discontinuing operations	–	–
	Total basic earnings per share	(2.91)	(3.69)
	Diluted Earnings per share		
	From continuing operations	(2.91)	(3.69)
	From discontinuing operations	–	–
	Total diluted earnings per share	(2.91)	(3.69)

Note No. 19 - Revenue from Operations

Rs.In lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
(a) Revenue from sale of products (including excise duty)	–	–
(b) Revenue from rendering of services	363.48	–
(c) Other operating revenue	9.15	–
(d) Interest income of financial enterprises	–	–
(e) Construction contract revenue	–	–
Total Revenue from Operations	372.63	–

INDEPENDENT AUDITOR'S REPORT
To The Members of Mahindra Logistics Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Mahindra Logistics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Completeness of revenue recognised for Supply Chain Management:**	**We have performed following procedures:**
	The Company engages external fleet owners for providing onward transportation services to the customers. The Company recognises 'Revenue' from rendering of services upon: 1. Receiving of actual invoice from vendor along with customer acknowledged Proof of Delivery (POD) of completed services; OR 2. An estimate of 'Trips' that would have been completed using the 'Expected Lead Time' (ELT)	➢ Tested the design and implementation of internal controls on judgements exercised over the following as well as their operating effectiveness: ✓ Controls over determination of ELT used as well as their operating effectiveness by: i. validating the basis of ELT, and

Sr. No.	Key Audit Matter	Auditor's Response
	Determining completion of performance obligation and recording 'Revenue' using the ELT method at the reporting date requires management to exercise significant judgments. Given the involvement of significant judgments around estimations of ELT in the recognition of 'Revenue' with respect to Supply Chain business, it is considered to be a key audit matter. (Refer Significant Accounting Policy 3(a).iv and note no. 9 and 21 to the financial statements)	ii. testing 'Unbilled Revenue' for an interim period against actual POD's received subsequently; ✓ Tested samples of relevant direct costs to ensure that all expenses have been booked corresponding to revenue.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report and Annexures to Board's Report, Management Discussion and Analysis, Corporate Governance Report and Business Responsibility Report, but does not include the standalone financial statements and our auditor's report thereon.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid standalone financial statements comply with the IndAS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Kedar Raje
(Partner)
(Membership No. 102637)
(UDIN: 20102637AAAABE4424)

Place: Mumbai
Date: 20 May 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Logistics Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Kedar Raje
(Partner)
(Membership No. 102637)
(UDIN: 20102637AAAABE4424)

Place: Mumbai
Date: 20 May 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the property, plant and equipment.

b. The Company has a program of verification of Property, Plant and Equipment to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c. According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deed comprising the immovable property of land is held in the name of the Company as at the balance sheet date. In respect of immovable properties of buildings that have been taken on lease and disclosed as Property, Plant and Equipment in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.

(iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(iv) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year within the meaning of the provisions of Sections 73 and 76 or any other relevant provisions of the Companies Act, 2013.

(vi) Having regard to the nature of Company's business / activities, reporting under clause (vi) of the Order is not applicable.

(vii) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion:

a. The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and other material statutory dues as applicable to it with the appropriate authorities.

b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax Act and other material statutory dues in arrears as at March 31, 2020, for a period of more than six months from the date they became payable.

c. As at March 31, 2020, the following are the particulars of dues on account of Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Value Added Tax matters that have not been deposited on account of any dispute:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the Amount Relates	Amount involved (Rs. in Crores)
Bihar Value Added Tax	Value Added Tax	Joint Commissioner – Commercial Tax	2013-14	0.02
Service Tax Laws	Service Tax	High Court	2001-02	0.48
Service Tax Laws	Service Tax	High Court	2002-03	0.35
Service Tax Laws	Service Tax	Commissioner Customs, Central Excise and Service Tax, Nagpur	2008-09	1.02
Service Tax Laws	Service Tax	Commissioner Customs, Central Excise and Service Tax, Nagpur	2009-10	2.01

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of Initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiaries or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Kedar Raje
(Partner)
(Membership No. 102637)
(UDIN: 20102637AAAABE4424)

Place: Mumbai
Date: 20 May 2020

STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2020

₹ in Crores

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
I NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**208.92**	42.75
(b) Net Investment in Lease		**20.47**	–
(c) Capital Work-in-Progress		**15.04**	2.59
(d) Intangible Assets	5	**0.98**	0.87
(e) Financial Assets			
(i) Investments	6	**21.41**	21.41
(ii) Trade Receivables	7	**13.20**	6.82
(iii) Other Financial Assets	9	**22.87**	18.43
(f) Deferred Tax Assets (Net)	10	**18.34**	17.75
(g) Income Tax Assets (Net)	13	**79.70**	70.30
(h) Other Assets	11	**24.72**	22.40
SUB-TOTAL		**425.65**	203.32
II CURRENT ASSETS			
(a) Financial Assets			
(i) Investments	6	**–**	77.52
(ii) Trade Receivables	7	**462.32**	481.22
(iii) Cash and Cash Equivalents	12	**99.28**	54.84
(iv) Bank Balances other than (iii) above	12	**–**	15.00
(v) Loans	8	**15.00**	15.00
(vi) Other Financial Assets	9	**241.10**	222.71
(b) Other Assets	11	**84.69**	49.53
SUB-TOTAL		**902.39**	915.82
III Non-Current Assets Classified as Held for Sale	14	**1.91**	1.91
TOTAL ASSETS		**1,329.95**	1,121.05
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	15	**71.54**	71.45
(b) Other Equity	16	**473.77**	427.39
SUB-TOTAL		**545.31**	498.84
LIABILITIES			
I NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
Lease liabilities	32	**119.45**	–
(b) Provisions	19	**14.55**	15.66
SUB-TOTAL		**134.00**	15.66
II CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Lease liabilities	32	**45.40**	–
(ii) Trade Payables			
a) Due to Micro and Small Enterprises	17	**4.32**	5.23
b) Other than Micro and Small Enterprises	17	**566.31**	568.38
(iii) Other Financial Liabilities	18	**10.56**	6.11
(b) Provisions	19	**3.51**	3.74
(c) Other Liabilities	20	**20.54**	23.09
SUB-TOTAL		**650.64**	606.55
TOTAL EQUITY AND LIABILITIES		**1,329.95**	1,121.05

The accompanying notes 1 to 36 are an integral part of the Financial Statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Kedar Raje
Partner

Place: Mumbai
Date: 20th May, 2020

For and on behalf of the Board of Directors

Mahindra Logistics Limited

V S Parthasarathy
Chairman
DIN: 00125299

Rampraveen Swaminathan
Managing Director & CEO
DIN: 01300682

Yogesh Patel
Chief Financial Officer

Brijbala Batwal
Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

₹ in Crores

	Particulars	Note No.	Year ended 31st March, 2020	Year ended 31st March, 2019
I	Revenue from Operations	21	3,260.90	3,665.51
II	Other Income	22	13.29	7.27
III	**Total Income (I + II)**		3,274.19	3,672.78
IV	**Expenses**			
	(a) Operating Expenses	23	2,756.70	3,219.99
	(b) Employee benefits expense	24	291.14	250.59
	(c) Finance costs	25	14.43	0.16
	(d) Depreciation and amortisation expense	4&5	65.95	14.69
	(e) Other expenses	26	65.28	57.03
	Total Expenses		3,193.50	3,542.46
V	**Profit before tax (III - IV)**		80.69	130.32
VI	**Tax Expenses**			
	(1) Current tax	27	24.19	50.58
	(2) Deferred tax	27	1.36	(4.70)
	Total Tax Expense		25.55	45.88
VII	**Profit After Tax (V - VI)**		55.14	84.44
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans		0.46	0.10
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.12)	(0.03)
	Total Other Comprehensive Income		0.34	0.07
IX	**Total comprehensive income for the year (VII + VIII)**		55.48	84.51
X	**Earnings per equity share (Face Value ₹ 10/- per share)**			
	(1) Basic (in ₹)	28	7.72	11.85
	(2) Diluted (in ₹)	28	7.68	11.80

The accompanying notes 1 to 36 are an integral part of the Financial Statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Kedar Raje
Partner

Place: Mumbai
Date: 20th May, 2020

For and on behalf of the Board of Directors

Mahindra Logistics Limited

V S Parthasarathy
Chairman
DIN: 00125299

Rampraveen Swaminathan
Managing Director & CEO
DIN: 01300682

Yogesh Patel
Chief Financial Officer

Brijbala Batwal
Company Secretary

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

(A) Equity Share Capital

₹ in Crores

Particulars	Number of shares	Equity share capital
Balance as at 1st April, 2018	7,11,41,924	71.14
Changes in equity share capital during the year		
Exercise of employee stock options	3,05,760	0.31
Balance as at 31st March, 2019	**7,14,47,684**	**71.45**
Balance as at 1st April, 2019	**7,14,47,684**	**71.45**
Changes in equity share capital during the year		
Exercise of Employee Stock Options & RSUs	89,572	0.09
Balance as at 31st March, 2020	**7,15,37,256**	**71.54**

(B) Other Equity

Particulars	Reserves & Surplus			
	Securities premium	Equity-settled employee benefits reserve	Retained earnings	Total
Balance as at 1st April, 2018	98.49	1.50	247.77	347.76
– Addition to Securities premium reserve	3.74	–	–	3.74
– Addition to equity settled employee benefit reserve	–	5.62	–	5.62
– Deletion to equity settled employee benefit reserve	–	(1.38)	–	(1.38)
– Dividend paid on Equity Shares (including tax theron)	–	–	(12.86)	(12.86)
Total Comprehensive income for the year				
– Profit for the year	–	–	84.44	84.44
– Actuarial gain/(loss) transferred to retained earnings	–	–	0.07	0.07
Balance as at 31st March, 2019	**102.23**	**5.74**	**319.42**	**427.39**
Balance as at 1st April, 2019	**102.23**	**5.74**	**319.42**	**427.39**
– Addition to Securities premium	**3.29**	**–**	**–**	**3.29**
– Addition to equity settled employee benefit reserve	**–**	**11.95**	**–**	**11.95**
– Deletion to equity settled employee benefit reserve	**–**	**(3.01)**	**–**	**(3.01)**
– Dividend paid on Equity Shares (including tax theron)	**–**	**–**	**(15.50)**	**(15.50)**
– Impact on transition to Ind AS 116	**–**	**–**	**(5.83)**	**(5.83)**
Total Comprehensive income for the year				
– Profit for the year	**–**	**–**	**55.14**	**55.14**
– Actuarial gain/(loss) transferred to retained earnings	**–**	**–**	**0.34**	**0.34**
Balance as at 31st March, 2020	**105.52**	**14.68**	**353.57**	**473.77**

The accompanying notes 1 to 36 are an integral part of the Financial Statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Kedar Raje
Partner

Place: Mumbai
Date: 20th May, 2020

For and on behalf of the Board of Directors

Mahindra Logistics Limited

V S Parthasarathy
Chairman
DIN: 00125299

Rampraveen Swaminathan
Managing Director & CEO
DIN: 01300682

Yogesh Patel
Chief Financial Officer

Brijbala Batwal
Company Secretary

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2020

₹ in Crores

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax for the year	**80.69**	130.32
Adjustments for:		
Loss on disposal of property, plant and equipment	**0.21**	0.53
Provision for expected credit loss recognised on trade receivables	**1.58**	1.42
Bad debts/advances written off	**1.21**	0.82
Provision for doubtful advances	**0.57**	0.80
Depreciation and amortisation expense	**65.95**	14.69
Finance Charges	**14.43**	0.16
Unrealised gain on reversal of Right of Use Assets	**(0.80)**	–
Unrealised gain on sub-lease arrangement	**(0.94)**	–
Dividend Income	**–**	–
Interest Income	**(3.39)**	(3.62)
Rental Income on Sub-Lease	**2.34**	–
Finance Income on net investment in lease	**(1.21)**	–
Profit on sale of mutual funds	**(1.11)**	(2.14)
Share based payment expenses	**11.95**	5.62
	90.79	18.28
Operating profit before working capital changes	**171.48**	148.60
Movements in working capital:		
Increase in trade and other receivables	**(51.26)**	(145.01)
Increase in trade and other payables	**(6.11)**	127.72
	(57.37)	(17.29)
Cash generated from operations	**114.11**	131.31
Income taxes paid (net of refunds)	**(33.71)**	(39.42)
Net cash flow generated from operating activities	**80.40**	91.89
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment to acquire current investments	**(649.00)**	(1,898.05)
Proceeds from sale of current investments	**727.63**	1,872.72
Investment in subsidiary	**–**	(4.45)
Investment in Joint Venture	**–**	(4.00)
Inter Corporate Deposit given	**–**	(15.00)
Bank Deposits Matured/(Placed)	**15.00**	(15.00)
Dividend Income	**–**	–
Interest Income	**3.15**	3.29
Payment to acquire property, plant and equipment & other intangible assets	**(62.32)**	(31.89)
Proceeds from disposal of property, plant and equipment	**0.69**	0.32
Net cash flow generated from/(used in) investing activities	**35.15**	(92.06)
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest Paid	**(0.45)**	(0.16)
Issue of Share Capital	**0.09**	0.31

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2020

₹ in Crores

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Share premium received	**0.28**	2.36
Repayment of finance lease obligations	**(55.53)**	–
Dividend Paid	**(15.50)**	(12.86)
Net cash used in financing activities	**(71.11)**	(10.35)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**44.44**	(10.52)
Cash and cash equivalents at the beginning of the year	**54.84**	65.36
Cash and cash equivalents at the end of the year	**99.28**	54.84
Components of cash and cash equivalents		
Cash/Cheques on hand	**–**	0.28
With Banks - on Current account/Balance in Cash Credit Accounts	**99.28**	54.56
	99.28	54.84

Notes:

1 The above Cash Flow Statement has been prepared under the Indirect Method set out in 'Ind AS 7- Statement of Cash Flows'.

2 Figures in bracket indicates cash outflow.

The accompanying notes 1 to 36 are an integral part of the Financial Statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Kedar Raje
Partner

Place: Mumbai
Date: 20th May, 2020

For and on behalf of the Board of Directors

Mahindra Logistics Limited

V S Parthasarathy
Chairman
DIN: 00125299

Rampraveen Swaminathan
Managing Director & CEO
DIN: 01300682

Yogesh Patel
Chief Financial Officer

Brijbala Batwal
Company Secretary

NOTES ACCOMPANYING FINANCIAL STATEMENTS

1. Corporate information

Mahindra Logistics Limited is a public limited company incorporated on 24th August, 2007 under the Companies Act, 1956. The address of its registered office are disclosed in the introduction to the Annual Report. The Company is a 3PL service provider mainly engaged in transportation, warehousing, supply chain management and people logistics services.

The Financial Statements for the year ended 31st March, 2020 are approved for issue in accordance with a resolution of the directors on 20th May, 2020.

2. Significant accounting policies

2.1. Statement of compliance

The Financial Statements have been prepared in accordance with Indian Accounting Standard as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the 'Act'). The Financial Statements are separate Financial Statements.

2.2. Basis of preparation and presentation

The Financial Statements have been prepared on accrual basis and the historical cost basis as a going concern except for certain financial instruments that are measured at fair values or at amortised cost, wherever applicable, at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this financial statement is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Financial Statements are prepared in Indian Rupee (INR) and denominated in crores.

The principal accounting policies are set out below.

2.3. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.4. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.4.1. Rendering of services

Incomes from logistics services rendered are recognised on the completion of the services as per the terms of contract. Revenue is recognized at the fair value of consideration received or receivable, to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

2.4.2. Dividend and interest income

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4.3. Sale of Goods

Sale of products are recognised when the products are dispatched which coincides with the transfer of control to the buyer of products. Sales are exclusive of Sales Tax/ Goods and Service Tax & sales returns.

2.5. Leasing

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the lessor has a substantive substitution right, then the asset is not identified
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company as a lessee has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  a) the Company as a lessee has the right to operate the asset; or
  b) the Company as a lessee designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or modified, on or after 1st April, 2019.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at amortised cost at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the incremental borrowing rate.

It is re -measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term

As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term as part of 'other income'.

Transition

The Company has adopted Ind AS 116 using the modified retrospective approach with effect from initially applying this standard from 1st April, 2019. Accordingly, the information presented for previous year ended 31st March, 2019 has not been restated and continues to be reported under IAS 17.The Company has adopted modified retrospective approach where lease liability measured at present value of remaining lease payment discounted at the incremental borrowing rate at the date of initial application and right to use asset is equal to lease liability adjusted by the amount of any prepaid or accrued lease payments.

As a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. Single discount rate to a portfolio of leases with similar characteristics.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

2.6. Foreign currencies

i. Initial recognition

In preparing the Financial Statements of the company, transactions in currencies other than the entity's functional currency of Indian Rupees (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

ii. Conversion

a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

b. Non-monetary items, if any are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

2.7. Borrowing costs

Borrowing Cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue in the year of incurrence.

2.8. Employee benefits

2.8.1. Retirement benefit costs and termination benefits

i. Defined Contribution Plan:

Company's contributions paid/payable during the year to the Superannuation Fund, ESIC, Provident Fund and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

ii. Defined Benefits Plan:

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in Other Comprehensive Income in the period in which they occur. Remeasurement recognised in Other Comprehensive Income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

a. Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

b. Net interest expense or income; and

c. Remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

2.8.2. Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.9. Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note no. 24.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.10. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.10.1. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'Profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.10.2. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.10.3. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity respectively.

2.11. Property, plant and equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use. Subsequent costs are included in the asset's carrying amount or recognised as separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation on tangible assets is charged by the Straight Line Method (SLM) in accordance with the useful lives specified in Part – C of Schedule II of the Companies Act, 2013 on a pro-rata basis except in the case of:

i. Certain items of Plant & Machinery individually costing more than ₹ 5,000 - over their useful lives ranging from 2 years to 10 years as estimated by the company and also based on the contractual arrangements wherever applicable.

ii. Certain items of Plant & Machinery individually costing less than Rs. 5,000 shall be depreciated over a period of 1 year.

iii. Mobile Phones (included in Office Equipment) in 2 years.

iv. Motor Cars (included in Vehicles) in 5 years

v. Assets capitalised which are attached to the leasehold office premises shall be depreciated upto 75% of its value over the lease period assuming a realisable value of 25% after the end of original lease period.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.12. Intangible assets

2.12.1. Intangible assets acquired separately

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.12.2. Useful lives of intangible assets

The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

2.13. Impairment of tangible and intangible assets

The management of the Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. A reversal of an impairment loss is recognised immediately in profit or loss.

2.14. Provisions, Contingent Liabilities & Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.14.1. Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is disclosed where an inflow of economic benefits is probable.

2.15. Financial instruments

Financial assets and financial liabilities are recognised when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.16. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.16.1. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

i. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

ii. the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer note no 2.16.4

Investments in subsidiaries: All investments in subsidiaries are valued at cost.

All other financial assets are subsequently measured at fair value.

2.16.2. Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

2.16.3. Financial assets at Fair value through Profit and Loss

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in Other Comprehensive Income for investments in equity instruments which are not held for trading.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other Income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be measured reliably.

2.16.4. Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

2.16.5. Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in Other Comprehensive Income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in Other Comprehensive Income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in Other Comprehensive Income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.16.6. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in Other Comprehensive Income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in Other Comprehensive Income.

2.17. Financial liabilities and equity instruments

2.17.1. Classification as debt or equity

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.17.2. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.17.3. Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

2.17.4. Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.18.Segment Accounting:

The CEO monitors the operating results of the business segments separately for the purpose of making decisions about the allocation of resources and performance assessment. Segment performance is measured based on profit or loss and is measured consistently with profit or loss in Financial Statements

2.18.1. Identification of Operating Segments

The operating segments have been identified based on its services and has two reportable segments, as follows:

i. **Supply Chain Management-** Goods transportation service including warehouse management service.

ii. **People Logistics-** People transportation service

2.18.2. Accounting of Operating Segments

Accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenues and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis and inter-segment revenue and expenses, have been included under "Unallocated Corporate Expenses/Eliminations".

2.19.Earnings Per Share:

Basic and diluted earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year, in accordance with Ind AS 33.

3 (a). Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Useful lives of Property, plant and equipment

As described in note 2.11 above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

(ii) Defined Benefit Plans

The cost of the defined benefit plans and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(iii) Fair Value of financial assets and liabilities and investments

The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) requires estimates of operating margin, discount rate, future growth rate, terminal values etc. based on management's best estimate about future developments.

(iv) Estimated Lead Time for determining completion of performance obligation

The company also determines completion of performance obligation with respect to transportation service based on Estimated Lead Time (ELT) to deliver based on standard past performance and to that extent it involves management judgments for estimating delivery time to destination.

(v) Leases

Ind AS 116 requires lessees to determine the lease term as the non- cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by lease basis and there by assesses whether tis reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

(vi) Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The operations of the Company were suspended following countrywide lockdown announced due to onslaught of COVID-19. The Company has since obtained required permissions and started its operations partially in respect of essential commodities as and when the same was allowed gradually across the country. Based on the immediate assessment of impact of COVID-19 on the operations of the Company and ongoing discussions with the customers, vendors and service providers, the Company is positive of serving customer orders pertaining to logistics services after resumption of the operations. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of current assets including trade receivables. In assessing recoverability of trade receivables, the Company has considered subsequent recoveries, past trends, credit risk profiles of the customers based on their industry, macroeconomic forecasts and internal and external information available up to the date of issuance of these financial statements. Based on this assessment, the Company is of the view that carrying amounts of trade receivables are expected to be realisable. The impact of COVID-19 may be different from that estimated as at the date of approval of these financial statements, and the Company will continue to closely monitor the developments.

(vii) Trade receivables

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company has considered subsequent recoveries, past trends, credit risk profiles of the customers based on their industry, macroeconomic forecasts and internal and external information available to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

(viii) Revenue from Contracts with Customers

The Company has evaluated the impact of COVID-19 resulting from (i) the possible constraints to continue its operations and revisions in costs to fulfill the pending obligations (ii) onerous obligations (iii) penalties, if any, relating to breaches of agreements and (iv) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID-19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

3 (b). Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2020.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 4 - Property, Plant and Equipment

As at 31st March, 2020

₹ in Crores

Description of Assets	Plant and Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Right of Use Assets	Total
A. Cost						
Balance as at 1st April, 2019	34.84	26.04	22.74	2.20	–	**85.82**
a) Impact of adoption of Ind AS 116	–	–	–	–	112.75	**112.75**
b) Additions	30.09	8.68	12.50	–	79.98	**131.25**
c) Less: Disposals/adjustments	(2.54)	(0.60)	(0.77)	(0.73)	(16.89)	**(21.53)**
Balance as at 31st March, 2020	**62.39**	**34.12**	**34.47**	**1.47**	**175.84**	**308.29**
B. Accumulated depreciation/amortisation						
Balance as at 1st April, 2019	18.21	15.22	9.02	0.62	–	**43.07**
a) Depreciation/amortisation expense for the year	6.21	5.63	5.28	0.36	47.59	**65.07**
b) Less: Disposals/adjustments	(2.26)	(0.51)	(0.66)	(0.30)	(5.04)	**(8.77)**
Balance as at 31st March, 2020	**22.16**	**20.34**	**13.64**	**0.68**	**42.55**	**99.37**
C. Net carrying amount as at 31st March 2020 (A-B)	**40.23**	**13.78**	**20.83**	**0.79**	**133.29**	**208.92**

As at 31st March, 2019

Description of Assets	Plant and Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Right of Use Assets	Total
A. Cost						
Balance as at 1st April, 2018	24.43	22.71	13.46	1.60	–	**62.20**
a) Additions	12.46	4.32	9.55	0.76	–	**27.09**
b) Less: Disposals/adjustments	(2.05)	(0.99)	(0.27)	(0.16)	–	**(3.47)**
Balance as at 31st March, 2019	**34.84**	**26.04**	**22.74**	**2.20**	**–**	**85.82**
B. Accumulated depreciation/amortisation						
Balance as at 1st April, 2018	13.68	12.06	5.92	0.45	–	**32.11**
a) Depreciation/amortisation expense for the year	5.54	4.76	3.01	0.31	–	**13.62**
b) Less: Disposals/adjustments	(1.01)	(1.60)	0.09	(0.14)	–	**(2.66)**
Balance as at 31st March, 2019	18.21	15.22	9.02	0.62	–	**43.07**
C. Net carrying amount as at 31st March 2019 (A-B)	**16.63**	**10.82**	**13.72**	**1.58**	**–**	**42.75**

Note

The estimated amount of contracts remaining to be executed on capital account and not provided for is as follows:

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Contracts remaining to be executed on capital account	**8.91**	1.49

Note No. 5 - Intangible Assets

₹ in Crores

Computer Software	As at 31st March, 2020	As at 31st March, 2019
A. Cost		
a) Balance as at 1st April	**14.29**	13.34
b) Additions	**0.99**	0.95
Balance at the end of the year	**15.28**	14.29
B. Accumulated ammortisation		
a) Balance as at 1st April	**13.42**	12.35
b) Amortisation expense for the year	**0.88**	1.07
Balance at the end of the year	**14.30**	13.42
C. Net carrying amount as at the end of the year (A-B)	**0.98**	0.87

Note

The estimated amount of contracts remaining to be executed on capital account and not provided for is as follows:

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Contracts remaining to be executed on capital account	**2.45**	0.87

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 6 - Investments

₹ in Crores

Particulars	As at 31st March, 2020 Quantity	As at 31st March, 2020 Amount Current	As at 31st March, 2020 Amount Non Current	As at 31st March, 2019 Quantity	As at 31st March, 2019 Amount Current	As at 31st March, 2019 Amount Non Current
I. COST						
Unquoted Investments (fully paid)						
(A) Investments in Equity Instruments of Subsidiaries						
i) Equity Shares of 2x2 Logistics Private Limited of Rs. 10 each fully paid up	**49,55,500**	**–**	**4.96**	49,55,500	–	4.96
ii) Equity Shares of LORDS Freight India Private Limited of Rs. 10 each fully paid up	**14,17,509**	**–**	**12.45**	19,59,039	–	12.45
(B) Investments in Equity Instruments of Joint Venture						
i) Equity Shares of Transtech Logistics Private Limited of Rs. 10 each fully paid up	**100**	**–**	**0.01**	100	–	0.01
ii) 0.01% Compulsory Convertible Preference Shares ("CCPS") of Transtech Logistics Private Limited of Rs. 50 each fully paid up	**65,988**	**–**	**3.99**	65,988	–	3.99
Total Unquoted Investments	**–**	**–**	**21.41**		–	21.41
TOTAL INVESTMENTS CARRIED AT COST [I]	**–**	**–**	**21.41**		–	21.41
II. FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL)						
A. Quoted Investments (fully paid)						
Investments in Mutual Funds	**–**	**–**	**–**	**–**	77.52	–
Total Quoted Investments	**–**	**–**	**–**		77.52	–
TOTAL INVESTMENTS CARRIED AT FVTPL [II]	**–**	**–**	**–**	**–**	77.52	–
Of the above, investments designated at FVTPL	**–**	**–**	**–**		–	–
Of the above, investments held for trading - Carried at FVTPL	**–**	**–**	**–**		77.52	–
Other investments carried at FVTPL	**–**	**–**	**–**		–	–
TOTAL INVESTMENTS (I) + (II)	**–**	**–**	**21.41**		77.52	21.41
TOTAL IMPAIRMENT VALUE OF INVESTMENTS (III)	**–**	**–**	**–**		–	–
TOTAL INVESTMENTS CARRYING VALUE (I) + (II) - (III)	**–**	**–**	**21.41**		77.52	21.41
Other disclosures						
Aggregate amount of quoted investments	**–**	**–**	**–**		77.52	–
Aggregate amount of Market value of investments	**–**	**–**	**–**		77.52	–
Aggregate amount of unquoted investments	**–**	**–**	**21.41**		–	21.41
Aggregate amount of impairment in value of investments	**–**	**–**	**–**		–	–

Name of Investees	**Principal Place of Business**	**Ownership Interest As at 31st March, 2020**	Ownership Interest As at 31st March, 2019
2x2 Logistics Private Limited	Mumbai	55.00%	55.00%
LORDS Freight India Private Limited	Mumbai	82.92%	82.92%
Transtech Logistics Private Limited	Bengaluru	39.79%	39.79%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 7 – Trade receivables

₹ in Crores

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	**Non- Current**	Current	Non- Current
Unsecured, considered good	**476.96**	**13.20**	494.28	6.82
Less: Allowance for Credit Losses	**(14.64)**	**–**	(13.06)	–
Total	**462.32**	**13.20**	481.22	6.82

Notes:

i) Refer Note 29 (III) for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

ii) The company applies the simplified approach to provide for expected credit losses prescribed by IND AS 109, which permits the use of the lifetime expected credit loss provision for all trade receivables. The company has expected credit losses based on a provision matrix which uses historical credit loss experience of the Company.

iii) Trade Receivables are hypothecated to Banks against working capital facility.

Note No. 8 - Loans

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Loan to related party		
Unsecured, considered good	**15.00**	15.00
Total	**15.00**	15.00

Note

Refer Note 29 (III) for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

Note No. 9 - Other financial assets

₹ in Crores

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	**Non-Current**	Current	Non-Current
Financial assets at amortised cost				
a) Bank Deposit				
Under lien with Government authority with more than 12 months of original maturity	**–**	**0.01**	–	–
Total	**–**	**0.01**	–	–
b) Security Deposits				
i. Unsecured, considered good	**10.49**	**22.74**	10.68	18.40
ii. Doubtful	**0.79**	**0.01**	0.12	0.27
Less: Allowance for Losses	**(0.79)**	**(0.01)**	(0.12)	(0.27)
Total	**10.49**	**22.74**	10.68	18.40
c) Other items				
i. Interest Accrued	**0.58**	**–**	0.34	–
ii. Accrued Sales	**229.80**	**–**	207.92	–
iii. Equity Shares of Zoroastrian Cooperative Bank Ltd	**–**	**0.01**	–	0.01
iv. National Savings Certificate	**–**	**0.01**	–	0.01
v. Other Receivables	**0.28**	**0.10**	3.82	0.01
Less: Allowance for Losses	**(0.05)**	**–**	(0.05)	–
Total	**230.61**	**0.12**	212.03	0.03
Total (a+b+c)	**241.10**	**22.87**	222.71	18.43

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 10: Deferred Tax Assets

Movement in deferred tax balances

₹ in Crores

Particulars	Year ended 31st March, 2020				Year ended 31st March, 2019			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
A. Tax effect of items constituting deferred tax liabilities								
a) VAT allowance	**1.09**	**(0.30)**	**–**	**0.79**	1.09	–	–	1.09
b) Deposits received	**–**	**–**	**–**	**–**	–	–	–	–
c) Mutual Funds	**0.05**	**(0.05)**	**–**	**–**	0.02	0.03	–	0.05
Total	**1.14**	**(0.35)**	**–**	**0.79**	1.11	0.03	–	1.14
B. Tax effect of items constituting deferred tax assets								
a) Property, Plant and Equipment	**4.74**	**(1.27)**	**–**	**3.47**	3.50	1.24	–	4.74
b) Employee benefits	**6.78**	**(2.23)**	**–**	**4.55**	6.06	0.72	–	6.78
c) Allowances for credit losses	**5.29**	**(0.94)**	**–**	**4.35**	4.52	0.77	–	5.29
d) ESOP Expenses	**1.96**	**1.70**	**–**	**3.66**	–	1.96	–	1.96
e) Leases*	**1.62**	**1.17**	**–**	**2.79**	(0.25)	(0.08)	–	(0.33)
f) Others	**0.45**	**(0.14)**	**–**	**0.31**	0.33	0.12	–	0.45
Total	**20.84**	**(1.71)**	**–**	**19.13**	14.16	4.73	–	18.89
Net Tax Asset/(Liabilities) (B-A)	**19.70**	**(1.36)**	**–**	**18.34**	13.05	4.70	–	17.75

*Opening balance of deferred tax on lease liabilities has been restated by ₹ 1.95 crores to give impact of transition to Ind AS 116

Note No. 11 – Other assets

₹ in Crores

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non-Current	Current	Non-Current
A. Capital advances				
a) For Capital work-In-progress	**–**	**0.36**	–	0.76
b) For Intangible asset	**–**	**17.52**	–	15.35
Total (A)	**–**	**17.88**	–	16.11
B. Advances other than capital advances				
a) Advances to suppliers – considered good	**56.04**	**–**	41.75	–
b) Advances to suppliers – considered doubtful	**1.81**	**–**	1.65	–
c) Balances with government authorities (other than income taxes)	**25.37**	**6.54**	3.36	5.70
d) Prepaid Expenses	**2.29**	**0.30**	2.64	0.59
e) Advances to employees (refer note (a) below)	**0.99**	**–**	1.78	–
Total (B)	**86.50**	**6.84**	51.18	6.29
Total (A+B)	**86.50**	**24.72**	51.18	22.40
Less: Allowances for credit losses	**(1.81)**	**–**	(1.65)	–
Total (C)	**(1.81)**	**–**	(1.65)	–
Total (A+B+C)	**84.69**	**24.72**	49.53	22.40

Note:

a) Advances given to employees are as per the Company's policy and are not required to be disclosed u/s 186(4) of Companies Act, 2013.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 12 – Cash and Cash Equivalents

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
A. Cash and cash equivalents		
a) Balances with banks	**58.62**	29.56
b) Cheques, drafts on hand	**–**	0.28
c) Bank deposits with original maturity of less than 3 months	**40.00**	25.00
d) Cash on hand	**0.66**	–
Total	**99.28**	54.84
B. Other Bank Balances		
Fixed Deposits with original maturity greater than 3 months but less than 12 months	**–**	15.00
Total	**–**	15.00

Note:
Cash Credit facilities are repayable on demand and carry interest based on applicable rate plus agreed spreads and/or negotiated rates. The rates of interest during the period ranged between 8.15% to 11.00%.

Note No. 13 – Income Tax Assets (Net)

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance Income Tax/TDS Receivable (Net)	**79.70**	70.30
Total	**79.70**	70.30

Note No. 14 – Non-Current Assets classified as held for sale

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Land held for sale	**1.91**	1.91
Total	**1.91**	1.91
Liabilities associated with assets held for sale	**–**	–

Notes:

i) During the financial year 2011-2012, cost of land situated at Sembiya Manali Village, Ponneri Taluka, Tiruvallore District, amounting to Rs.1.89 Crores and related development costs of the land amounting to Rs. 0.02 Crores was classified as Non-Current Asset held for sale.

ii) Being a non-core asset, the management decided to sell the land. The Company is looking for a prospective buyer including advertisements through print media. The property is available for immediate sale in its present condition.

Note No. 15 – Equity Share Capital

₹ in Crores

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of shares	Amount	No. of shares	Amount
A. Authorised:				
Equity shares of ₹ 10 each with voting rights	**10,50,00,000**	**105.00**	10,50,00,000	105.00
Total	**10,50,00,000**	**105.00**	10,50,00,000	105.00
B. Issued, Subscribed and Fully Paid:				
Equity shares of ₹ 10 each with voting rights	**7,15,37,256**	**71.54**	7,14,47,684	71.45
Total	**7,15,37,256**	**71.54**	7,14,47,684	71.45

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Particulars		Opening Balance	Fresh Issue	Other Changes	Closing Balance
Equity Shares with Voting rights					
Year ended 31st March, 2020					
	No. of Shares	**7,14,47,684**	**89,572**	**-**	**7,15,37,256**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars		Opening Balance	Fresh Issue	Other Changes	Closing Balance
	Amount	**71.45**	**0.09**	**–**	**71.54**
Year ended 31st March, 2019					
	No. of Shares	7,11,41,924	3,05,760	–	7,14,47,684
	Amount	71.14	0.31	–	71.45

(ii) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Details of shares held by Holding Company/and their Subsidiaries

Name of shareholder	As at 31st March, 2020	As at 31st March, 2019
a) Holding Company		
– Mahindra & Mahindra Limited	**4,18,12,157**	4,18,12,157
b) Subsidiaries of Holding Company		
– Mahindra Engineering and Chemical Products Limited	**100**	100

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
A. Equity shares with voting rights				
a) Mahindra & Mahindra Limited	**4,18,12,157**	**58.45%**	4,18,12,157	58.52%
b) Normandy Holdings Limited	**–**	**–**	64,15,083	8.98%

Note:
For details of shares reserved for issuance under options, please refer note no 24.

Note No. 16 – Other Equity

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Securities premium	**105.52**	102.23
Equity-settled employee benefits reserve	**14.68**	5.74
Retained earnings	**353.57**	319.42
Total	**473.77**	427.39

Movement in Reserves

Particulars	As at 31st March, 2020	As at 31st March, 2019
(A) Securities Premium		
Balance as at the beginning of the year	**102.23**	98.49
Add: Additions during the year	**3.29**	3.74
Less: Deletion during the year	**–**	–
Balance as at the end of the year	**105.52**	102.23
(B) Equity-settled Employee benefits reserve		
Balance as at the beginning of the year	**5.74**	1.50
Add: Additions during the year	**11.95**	5.62
Less: Deletion during the year	**(3.01)**	(1.38)
Balance as at the end of the year	**14.68**	5.74

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	As at 31st March, 2020	As at 31st March, 2019
(C) Retained Earnings		
Balance as at the beginning of the year	**319.42**	247.77
Add: Profit for the year	**55.14**	84.44
Less: Actuarial gain/(loss) for the year	**0.34**	0.07
Less: Dividend paid on Equity Shares (including tax theron)	**(15.50)**	(12.86)
Less: Impact on transition to Ind AS 116	**(5.83)**	–
Balance as at the end of the year	**353.57**	319.42

Nature and purpose of other reserves:

Securities Premium Reserve:

Securities premium account is created when shares are issued at premium. The reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

Equity-settled employee benefits reserve:

Equity settled employee benefit reserve represents reserve towards the premium for the equity shares to be issued against the options granted.

Retained earnings:

Retained earnings represents the accumulated surplus. The reserve can be distributed/utilised by the Company in accordance with the Companies Act, 2013.

Note: The Board of Directors at its meeting held on 20th May, 2020 have recommended a payment of final dividend of ₹ 1.50 (Rupee one and paise fifty only) per equity share of face value of ₹ 10 each for the year ended 31st March, 2020. The same amounts to ₹ 10.73 crores.

Note No. 17 – Trade Payables

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
a) Total outstanding dues of micro enterprises and small enterprises	**4.32**	5.23
Total outstanding dues other than micro enterprises and small enterprises:		
– Trade payable - Other than Micro and small enterprises (includes Outstanding dues of Medium enterprises)	**563.71**	568.38
– Acceptances	**2.60**	–
	566.31	568.38
Total Trade Payables	**570.63**	573.61

Notes:

i) Trade Payables are payables in respect of the amount due on account of goods purchased or services availed in the normal course of business.

ii) Micro, Small & Medium enterprises have been identified by the company on the basis of the information available with the Company. Total outstanding dues of Micro and Small enterprises, which are outstanding and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the Act") are given below: This has been relied upon by the auditors.

Particulars	As at 31st March, 2020	As at 31st March, 2019
a) Dues remaining unpaid		
– Principal	**4.25**	5.12
– Interest on the above	**0.07**	0.11
b) Interest paid in terms of section 16 of the Act along with the amount of payment made to the supplier beyond appointed day during the year		
– Principal paid beyond the appointed date	**2.02**	–
– Interest paid in terms of section 16 of the Act	**0.02**	–
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**0.03**	0.11

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	As at 31st March, 2020	As at 31st March, 2019
d) Further interest due and payable even in succeeding years, until such date when the interest due as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Act	**0.04**	0.11
e) Amount of interest accrued and remaining unpaid at the end of accounting year	**0.07**	0.11

Note No. 18 – Other Financial Liabilities

₹ in Crores

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non-Current	Current	Non-Current
Other Financial Liabilities Measured at Amortised Cost				
(a) Security Deposits	**3.57**	**–**	3.82	–
(b) Other liabilities				
– Creditors for capital supplies/services	**6.44**	**–**	2.29	–
– Deferred Revenue	**0.55**	**–**	–	–
Total	**10.56**	**–**	6.11	–

Note No. 19 – Provisions

₹ in Crores

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non-Current	Current	Non-Current
Provision for employee benefits				
Provision for Compensated absences	**3.51**	**14.55**	3.74	15.66
Total	**3.51**	**14.55**	3.74	15.66

Note No. 20 – Other Liabilities

₹ in Crores

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non-Current	Current	Non-Current
A. Advances received from customers	**0.25**	**–**	1.16	–
B. Statutory dues				
a) Taxes Payable	**13.84**	**–**	16.07	–
b) Employee Liabilities	**2.49**	**–**	2.35	–
C. Post-employment Benefit – Gratuity Liability	**3.96**	**–**	3.51	–
Total	**20.54**	**–**	23.09	–

Note:
For disclosures related to employee benefits, refer note 33.

Note No. 21 – Revenue from Operations

₹ in Crores

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
a) Revenue from rendering of services	**3,260.77**	3,665.33
b) Other operating revenue	**0.13**	0.18
Total	**3,260.90**	3,665.51

A. Country-wise break up of Revenue

Year ended 31st March, 2020

Country	Revenue from contracts with customers	Revenue from operations from other than customers	Total Revenue from Operations	Other Income	Total Income
India	**3,260.90**	**–**	**3,260.90**	**13.29**	**3,274.19**
Total	**3,260.90**	**–**	**3,260.90**	**13.29**	**3,274.19**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Year ended 31st March, 2019

Country	Revenue from contracts with customers	Revenue from operations from other than customers	Total Revenue from Operations	Other Income	Total Income
India	**3,665.51**	**–**	**3,665.51**	**7.27**	**3,672.78**
Total	**3,665.51**	**–**	**3,665.51**	**7.27**	**3,672.78**

B. Reconciliation of revenue from contract with customer

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Revenue from contract with customer as per the contract price	**3,310.97**	**3,713.09**
Adjustments made to contract price on account of :-		
Less: Sales Returns/Reversals	50.07	47.58
Revenue from contract with customer as per the Statement of Profit and Loss	**3,260.90**	**3,665.51**

C. Break-up of Provision for Expected Credit Losses recognised in P&L

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Expected Credit loss recognised during the year on trade receivables	14.64	13.06
Total	**14.64**	**13.06**

D. Movement of Contract Assets and Contract Liabilities

Movement of Contract Assets

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Opening Balance	**207.92**	**71.30**
Additions during the year	229.80	207.92
Reclassification Adjustments:		
– Reclass of opening balances of contract assets to trade receivables	(207.92)	(71.30)
Closing Balance	**229.80**	**207.92**

Movement of Contract Liabilities

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Opening Balance	**1.16**	**0.08**
Additions during the year	0.25	1.16
Reclassification Adjustments:		
– Reclass of opening balances of contract liabilities to revenue	(1.16)	(0.08)
Closing Balance	**0.25**	**1.16**

Note No. 22 – Other Income

₹ in Crores

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
a) Interest Income		
i. Financial assets carried at amortised cost	**3.39**	1.08
ii. Finance Income on Net investment in Lease	**1.21**	–
iii. Other assets	**4.99**	2.54
b) Dividend Income		
i. From mutual funds at FVTPL	**–**	–
ii. Other investments	**#**	#
c) Miscellaneous Income		
i. Net gain arising on financial assets carried at FVTPL	**1.11**	2.14
ii. Net gain arising on financial liabilities carried at amortised cost	**–**	–
iii. Other income	**2.59**	1.51
Total	**13.29**	7.27

# denotes amount less than ₹ 50,000

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 23 – Operating Expenses

₹ in Crores

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Freight & Other Related Expenses	**2,372.26**	2,853.81
Labour & Other Related Expenses	**269.64**	234.98
Rent	**33.69**	67.25
Warehouse & Other Related Expenses	**56.30**	41.56
Hire & Service Charges	**13.57**	14.21
Power & Fuel	**6.94**	5.36
Repairs Machinery	**2.78**	2.07
Repairs Building	**1.52**	0.75
Total	**2,756.70**	3,219.99

Note No. 24 – Employee Benefits Expense

₹ in Crores

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
a) Salaries and wages, including bonus	**234.51**	208.11
b) Contribution to provident and other funds	**14.63**	12.82
c) Gratuity	**4.42**	3.61
d) Share based payment expenses	**11.95**	5.62
e) Staff welfare expenses	**25.63**	20.43
Total	**291.14**	250.59

Notes:

i) Salaries and wages includes salaries, wages, bonus, compensated absences and all other amounts payable to employees in respect of services rendered as per their employment terms under a contract of service.

ii) Contribution to provident fund and other funds includes contributions to other funds like Superannuation Fund, ESIC etc. pertaining to employees.

iii) Share based payment

The Company has introduced a MLL - Key Executives Stock Option Scheme, 2012 ("Plan") as approved at its Board Meeting held on 27th April, 2012 and subsequently amended on 5th February, 2014, 27th October, 2015 and 3rd August, 2017. The plan provides that eligible employees and the Partners' Enterprise (Formerly, Mahindra Partners Employees Options Trust (the Trust)) as defined in the Plan are granted options to acquire equity shares of the Company that vests in a graded manner. The vested options can be exercised within a specified period from the date on which the shares of the Company get listed on a recognized stock exchange or on happening of an event as specified in the Plan. The number of options granted is calculated in accordance with the performance- based formula approved by the Board as recommended by the then ESOP committee.

The Company has granted 1,80,313 (One Lakh Eighty Thousand Three hundred and Thirteen) Restricted Stock Units (RSU's) under Company's Restricted Stock Unit Plan 2018 to its identified employees. This grant is effective from 4th November 2019, 1st February 2020 and 4th February 2020 for 1,28,313, 40,000 & 12,000 RSUs respectively. These shall vest as per the vesting schedule approved by the board of governance, Nomination and Remuneration Committee (NRC) and can be exercised over the exercise period as approved by NRC in their meeting held on 4th November 2019. Personnel Cost mentioned above includes ₹ 1.21 crores for the year towards the said grants.

iv) Information in respect of options outstanding:

As at 31st March, 2020

Particulars	Number of Shares	Grant Date	Expiry Date	Exercise Price	Fair value at Grant Date
Equity Settled					
i. Restricted Stock Units	12,000	04-02-2020	04-02-2021	10.00	391.74
ii. Restricted Stock Units	40,000	01-02-2020	02-02-2021	10.00	365.80
iii. Restricted Stock Units	6,667	04-11-2019	04-11-2020	10.00	366.06
iv. Restricted Stock Units	6,667	04-11-2019	17-07-2021	10.00	365.31
v. Restricted Stock Units	6,666	04-11-2019	17-07-2022	10.00	364.26
vi. Restricted Stock Units	36,105	04-11-2019	04-11-2020	10.00	366.06
vii. Restricted Stock Units	36,104	04-11-2019	30-06-2021	10.00	365.36
viii. Restricted Stock Units	36,104	04-11-2019	30-06-2022	10.00	364.31
ix. Restricted Stock Units	92,254	01-11-2018	01-11-2019	10.00	538.29
x. Restricted Stock Units	1,45,106	01-11-2018	30-06-2020	10.00	537.73
xi. Restricted Stock Units	1,26,061	01-11-2018	30-06-2021	10.00	536.82
xii. Restricted Stock Units	1,26,060	01-11-2018	30-06-2022	10.00	536.01
xiii. Option 6	39,444	10-07-2017	10-07-2021	87.28	44.96

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

As at 31st March, 2019

Particulars	Number of Shares	Grant Date	Expiry Date	Exercise Price	Fair value at Grant Date
Equity Settled					
i. Restricted Stock Units	1,53,371	01-11-2018	01-11-2019	10.00	538.29
ii. Restricted Stock Units	1,53,371	01-11-2018	30-06-2020	10.00	537.73
iii. Restricted Stock Units	1,53,371	01-11-2018	30-06-2021	10.00	536.82
iv. Restricted Stock Units	1,53,371	01-11-2018	30-06-2022	10.00	536.01
v. Option 6	76,164	10-07-2017	10-07-2021	87.28	44.96

v) Movement in Share Options

Particulars	**Year ended 31st March, 2020** Number of Shares	**Weighted average exercise price**	Year ended 31st March, 2019 Number of Shares	Weighted average exercise price
a) The number and weighted average exercise prices of share options outstanding at the beginning of the year	**6,89,648**	**18.53**	4,59,360	87.28
b) Granted during the year	**1,80,313**	**10.00**	6,13,484	10.00
c) Forfeited during the year	**71,151**	**10.00**	77,436	87.28
d) Exercised during the year	**89,572**	**41.68**	3,05,760	87.28
e) Expired during the year	**–**	**–**	–	–
f) Outstanding at the end of the year	**7,09,238**	**14.30**	6,89,648	18.53
g) Exercisable at the end of the year	**7,09,238**	**14.30**	6,89,648	18.53
h) Remaining contractual life (no of days)		**838**		1,187

vi) The inputs used in the measurement of the fair values at grant date of the employee stock option plans (ESOPs) were as follows.

Particulars/Grant Date	**04-02-2020** RSU (i)	**01-02-2020** RSU (ii)	**04-11-2019** RSU (iii)	**04-11-2019** RSU (iv)	**04-11-2019** RSU (v)	**04-11-2019** RSU (vi)	**04-11-2019** RSU (vii)
Share price at grant date	404.15	378.25	378.25	378.25	378.25	378.25	378.25
Exercise price	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Expected volatility (weighted-average)	31.49%	29.09%	29.09%	29.09%	29.09%	29.09%	29.09%
Expected life/Option life (weighted-average)	2.00	2.25	2.00	2.70	3.70	2.00	2.65
Expected dividends yield	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%
Risk-free interest rate (based on government bonds)	5.85%	5.88%	5.83%	5.96%	6.25%	5.83%	5.95%

Particulars/Grant Date	**04-11-2019** RSU (viii)	**01-11-2018** RSU (ix)	**01-11-2018** RSU (x)	**01-11-2018** RSU (xi)	**01-11-2018** RSU (xii)	**10-07-2017** Option 6 (xiii)
Share price at grant date	378.25	549.85	549.85	549.85	549.85	87.28
Exercise price	10.00	10.00	10.00	10.00	10.00	87.28
Expected volatility (weighted-average)	29.09%	34.30%	34.30%	34.30%	34.30%	58.27%
Expected life/Option life (weighted-average)	3.65	2.00	2.66	3.66	4.66	4.00
Expected dividends yield	0.44%	0.27%	0.27%	0.27%	0.27%	0.00%
Risk-free interest rate (based on government bonds)	6.24%	7.74%	7.71%	7.63%	7.98%	6.72%

vii) The fair value of the employee share options has been measured using the Black-Scholes Option Pricing Model. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

viii) Expected volatility has been based on an evaluation of annual volatility of peer group prevailing in the year of grant.

Note No. 25 – Finance Cost

₹ in Crores

Particulars	**Year ended 31st March, 2020**	Year ended 31st March, 2019
a) Interest expense on financial instruments designated at amortised cost	**0.45**	0.16
b) Interest on Lease Liability	**13.98**	–
Total	**14.43**	0.16

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 26 – Other Expenses

₹ in Crores

Particulars		Year ended 31st March, 2020	Year ended 31st March, 2019
a) Rent including lease rentals		**3.77**	7.11
b) Legal and Other professional costs		**20.71**	13.35
c) Hire and Service Charges		**1.14**	0.83
d) Travelling and Conveyance Expenses		**11.86**	11.30
e) Provision for expected credit loss on trade receivables		**1.58**	1.42
f) Provision for doubtful advances		**0.57**	0.80
g) Power and Fuel		**1.60**	1.22
h) Expenditure on Corporate Social Responsibility (CSR)		**2.05**	1.54
i) Advertisement		**0.98**	0.97
j) Net loss on sale of property, plant and equipments		**0.21**	0.53
k) Repairs and maintenance:			
i) Buildings	–		0.01
ii) Machinery	0.26		0.25
iii) Others	3.64		3.44
		3.90	3.70
l) Auditors remuneration and out-of-pocket expenses:			
i) As Auditors	0.28		0.28
ii) For Taxation matters	–		0.05
iii) For Other services	0.01		0.01
		0.29	0.34
m) Other expenses:			
i) Miscellaneous Expenses		**15.41**	13.10
ii) Loss arising on derecognition of financial assets- Bad debts/advances written off		**1.21**	0.82
		16.62	13.92
Total		**65.28**	57.03

Note No. 27 – Current Tax and Deferred Tax

(a) Income Tax recognised in Profit & Loss

₹ in Crores

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
A. Current Tax:		
a) In respect of current year	**24.28**	50.66
b) In respect of prior years	**(0.09)**	(0.08)
Total	**24.19**	50.58
B. Deferred Tax:		
a) In respect of current year	**(3.60)**	(4.70)
b) In respect of change in tax rate	**4.96**	–
Total	**1.36**	(4.70)
Total (A+B)	**25.55**	45.88

(b) Income tax recognised in Other Comprehensive Income

₹ in Crores

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
A. Current Tax:		
Remeasurement of defined benefit obligations	**(0.12)**	(0.03)
Total	**(0.12)**	(0.03)
B. Deferred Tax:		
Total	**–**	–
Classification of income tax recognised in Other Comprehensive Income		
Income taxes related to items that will not be reclassified to profit or loss	**(0.12)**	(0.03)
Income taxes related to items that will be reclassified to profit or loss	**–**	–
Total	**(0.12)**	(0.03)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

₹ in Crores

	Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
a)	Profit Before tax	**80.69**	130.32
b)	Income Tax using the Company's domestic tax rate#	**20.31**	45.54
c)	Change in tax rate	**4.96**	–
d)	Expenses not allowed for tax purpose	**0.53**	0.59
e)	Deduction under Income Tax (u/s 80G)	**(0.16)**	(0.14)
f)	Income tax relating to items that will not be reclassified to profit or loss	**–**	(0.03)
		25.64	45.96
g)	Adjustments recognised in the current year in relation to the current tax of prior years	**(0.09)**	(0.08)
	Income tax expense recognised in profit or loss	**25.55**	45.88

Note:

The tax rate used in reconciliations above is the corporate tax rate of 22% (plus surcharge and cess as applicable) on taxable profits under Income Tax Act, 1961.

(d) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items since it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

₹ in Crores

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Unused Tax losses (capital in nature)	**–**	10.29
Total	**–**	10.29

Note: The unrecognised tax losses carried forward will expire entirely in FY 2019-2020.

Note No. 28 – Earnings Per Share

₹ in Crores

	Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
A.	Basic Earnings Per Share (in ₹) (face value ₹ 10/- per share)	**7.72**	11.85
B.	Diluted Earnings Per Share (in ₹) (face value ₹ 10/- per share)	**7.68**	11.80

Notes:

i) Basic Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

₹ in Crores

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Profit for the year attributable to owners of the Company	**55.14**	84.44
Profit for the year used in the calculation of basic earnings per share	**55.14**	84.44
Weighted average number of equity shares	**7,14,70,864**	7,12,48,536
Earnings per share from continuing operations - Basic (in ₹)	**7.72**	11.85

ii) Diluted Earnings Per Share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving the effect of the dilutive potential ordinary shares for the respective years.

₹ in Crores

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
a) Profit for the year used in the calculation of basic earnings per share	**55.14**	84.44
b) Add: adjustments on account of dilutive potential equity shares	**–**	–
Profit for the year used in the calculation of diluted earnings per share	**55.14**	84.44

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

iii) Reconciliation of weighted average number of equity shares

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

₹ in Crores

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Weighted average number of equity shares used in the calculation of Basic EPS	**7,14,70,864**	7,12,48,536
Add: Dilutive impact of potential Equity Shares on account of ESOPs & RSUs	**3,67,175**	3,20,935
Weighted average number of equity shares used in the calculation of Diluted EPS	**7,18,38,039**	7,15,69,471
Earnings per share from continuing operations - Diluted (in ₹)	**7.68**	11.80

Note No. 29 – Financial Instruments

I. Capital Management Policy

a) The Company's capital management objectives are:

– to ensure the Company's ability to continue as a going concern.

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

b) For the purpose of Company's capital management, capital includes issued share capital, equity and all other equity reserves. The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

c) The following table shows the components of capital:

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
Equity	**545.31**	498.84
Total	**545.31**	498.84

Note:

The above capital management disclosures are based on the information provided internally to key management personnel.

II. Categories of financial assets and financial liabilities

₹ in Crores

Particulars	As at 31st March, 2020			
	Amortised Costs	FVTPL	FVOCI	Total
A. Non-current Assets				
a) Trade Receivables	**13.20**	**–**	**–**	**13.20**
b) Other Financial Assets	**22.87**	**–**	**–**	**22.87**
Total	**36.07**	**–**	**–**	**36.07**
B. Current Assets				
a) Investments	**–**	**–**	**–**	**–**
b) Trade Receivables	**462.32**	**–**	**–**	**462.32**
c) Cash and Bank Balances	**99.28**	**–**	**–**	**99.28**
d) Loans	**15.00**	**–**	**–**	**15.00**
e) Other Financial Assets	**241.10**	**–**	**–**	**241.10**
Total	**817.70**	**–**	**–**	**817.70**
C. Current Liabilities				
a) Lease liabilities	**119.45**	**–**	**–**	**119.45**
b) Other Financial Liabilities	**–**	**–**	**–**	**–**
Total	**119.45**	**–**	**–**	**119.45**
D. Current Liabilities				
a) Lease liabilities	**45.40**	**–**	**–**	**45.40**
b) Trade Payables	**570.63**	**–**	**–**	**570.63**
c) Other Financial Liabilities	**10.56**	**–**	**–**	**10.56**
Total	**626.59**	**–**	**–**	**626.59**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

₹ in Crores

Particulars	As at 31st March, 2019 Amortised Costs	FVTPL	FVOCI	Total
A. Non-current Assets				
a) Trade Receivables	6.82	-	-	6.82
b) Other Financial Assets	18.43	-	-	18.43
Total	25.25	-	-	25.25
B. Current Assets				
a) Investments	-	77.52	-	77.52
b) Trade Receivables	481.22	-	-	481.22
c) Cash and Bank Balances	69.84	-	-	69.84
d) Loans	15.00	-	-	15.00
e) Other Financial Assets	222.71	-	-	222.71
Total	788.77	77.52	-	866.29
C. Current Liabilities				
a) Other Financial Liabilities	–	–	–	–
Total	–	–	–	–
D. Current Liabilities				
a) Trade Payables	573.61	-	-	573.61
b) Other Financial Liabilities	6.11	-	-	6.11
Total	579.72	-	-	579.72

III. Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) Credit risk management

Trade receivables and deposits

(i) Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivable. Credit exposure is controlled by counterparty credit period which is monitored through an approved policy.

(ii) Trade receivables consist of a large number of customers, spread across diverse industries and places across India.

(iii) Apart from one large customers of the Company, the Company does not have significant credit risk exposure to any single customer and concentration of credit risk related to a single company did not exceed 15% of trade receivables at the end of the year.

(iv) The Company applies the simplified approach in providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable.

(v) There is no change in estimation techniques or significant assumptions during the reporting year.

(vi) The loss allowance for expected credit losses for trade receivables for different ageing periods are as follows:

₹ in Crores

Particulars	**As at 31st March, 2020** Not due	Less than 6 months past due	More than 6 months past due	Total
a) Gross carrying amount	**197.50**	**246.28**	**46.38**	**490.16**
b) Loss allowance provision	**4.63**	**2.14**	**7.87**	**14.64**

Particulars	**As at 31st March, 2019** Not due	Less than 6 months past due	More than 6 months past due	Total
a) Gross carrying amount	265.45	203.35	32.30	501.10
b) Loss allowance provision	5.14	2.54	5.38	13.06

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(vii) Reconciliation of loss allowance provision for Trade Receivables

₹ in Crores

Particulars	**Year ended 31st March, 2020**	Year ended 31st March, 2019
a) Balance as at beginning of the year	**13.06**	11.64
b) Impairment losses recognised in the year based on lifetime expected credit losses		
– On receivables originated during the year	**3.24**	1.93
– Other receivables	**0.02**	0.43
c) Impairment losses reversed/written back	**(1.68)**	(0.94)
d) Balance at end of the year	**14.64**	13.06

(viii) During the year, the Company has made write off of Rs. 1.14 crores (Previous year Rs 0.79 crores) of trade receivables and NIL (Previous year NIL) of deposits given. These trade receivables and deposits are not subject to enforcement activity.

Investment in Mutual Funds

The Company has NIL investments as at 31st March, 2020 (As at 31st March, 2019, Rs 77.52 crores) in growth oriented mutual funds which have not been impaired till date.

Cash and Cash equivalents

As at 31st March, 2020, the Company holds cash and cash equivalents of Rs. 99.28 crores (As at 31st March, 2019 Rs 69.84 crores). The cash and cash equivalents are held with banks with good credit rating.

B) Liquidity risk management

(i) The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

(ii) Maturities of financial liabilities

Table showing maturity profile of financial liabilities:

Particulars	**As at 31st March, 2020**			
	Less than 1 Year	**1 Years to 3 Years**	**3 Years to 5 Years**	**5 years and above**
A) Non-derivative financial liabilities				
a) Lease liabilities	**57.14**	**93.01**	**30.86**	**13.05**
b) Trade Payables	**570.63**	**–**	**–**	**–**
c) Security Deposits	**3.57**	**–**	**–**	**–**
e) Creditors for capital supplies	**6.44**	**–**	**–**	**–**
f) Deferred Revenue	**0.55**	**–**	**–**	**–**
Total	**638.33**	**93.01**	**30.86**	**13.05**

Particulars	As at 31st March, 2019			
	Less than 1 Year	1 Years to 3 Years	3 Years to 5 Years	5 years and above
A) Non-derivative financial liabilities				
a) Lease liabilities	573.61	–	–	–
b) Trade Payables	3.82	–	–	–
c) Creditors for capital supplies	2.29	–	–	–
Total	579.72	–	–	–

The above table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

(iii) Financing arrangements

The Company has access to following undrawn borrowing facilities at the end of the reporting year:

₹ in Crores

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
a) Secured Cash credit facility		
– Expiring within one year	**58.00**	58.00
– Expiring beyond one year	**–**	–
b) Secured Sales Invoice facility*		
– Expiring within one year	**–**	–
– Expiring beyond one year	**–**	–

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
c) **Bank Guarantees***		
– Expiring within one year	**1.95**	–
– Expiring beyond one year	**4.19**	2.10

* These limits are as a sub-limit of secured cash credit facility.

(iv) Maturities of financial assets

Table showing maturity profile of financial assets

As at 31st March, 2020

₹ in Crores

Particulars	Less than 1 Year	1 Years to 3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
Trade Receivables	**462.32**	**9.82**	**3.38**	**–**
Security Deposits	**11.28**	**17.49**	**4.36**	**1.84**
Loan to related party	**15.00**	**–**	**–**	**–**
Others	**230.61**	**0.12**	**–**	**–**
Total	**719.21**	**27.43**	**7.74**	**1.84**

As at 31st March, 2019

Particulars	Less than 1 Year	1 Years to 3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
Trade Receivables	481.22	4.53	2.29	–
Security Deposits	10.80	16.73	2.56	0.36
Loan to related party	15.00	–	–	–
Others	212.03	0.03	–	–
Total	**719.05**	**21.29**	**4.85**	**0.36**

The above table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

C) Market Risk Management

The Company does not have significant market risk at the respective reporting dates.

Note No. 30 – Fair Value Measurement

a) Fair Valuation Techniques and Inputs used - recurring items

Financial assets/financial liabilities measured at Fair value	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	As at 31st March, 2020	As at 31st March, 2019				
A) Financial assets						
Investments						
Mutual fund investments	**-**	77.52	Level 1	Quoted Market Prices	NA	NA

As at the reporting date, the Company does not have any financial liability measured at fair values.

b) Fair value of financial assets and financial liabilities that are measured at amortised cost:

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Carrying amount	**Fair value**	Carrying amount	Fair value
A) Financial assets				
a) Financial assets carried at Amortised Cost				
i) Loans to related parties	**15.00**	**15.00**	15.00	15.00
ii) Trade and other receivables	**475.52**	**475.52**	488.04	488.04

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Carrying amount	**Fair value**	Carrying amount	Fair value
iii) Deposits given	**33.23**	**33.23**	29.08	29.08
iv) Cash and cash equivalents	**99.28**	**99.28**	54.84	54.84
v) Bank Balances Other than iv above	**–**	**–**	15.00	15.00
vi) Others	**230.74**	**230.74**	212.06	212.06
Total	**853.77**	**853.77**	814.02	814.02
B) Financial liabilities				
a) Financial liabilities held at Amortised cost				
i) Lease Liabilities	**164.85**	**164.85**	–	–
ii) Deposits received	**3.57**	**3.57**	3.82	3.82
iii) Trade and other payables	**570.63**	**570.63**	573.61	573.61
iv) Creditors for capital supplies	**6.44**	**6.44**	2.29	2.29
v) Deferred Revenue	**0.55**	**0.55**	–	–
Total	**746.04**	**746.04**	579.72	579.72

Note No. 31 – Segment information

i) The management of the Company has chosen to organise the Company on the basis of nature of services. No operating segments have been aggregated in arriving at the reportable segments of the Company.

ii) Specifically, the Company's reportable segments and the type of product or service from which they derive income are:

a) Supply Chain Management (SCM) - Goods transportation service, including warehouse management service.

b) Enterprise Mobility Services - People transportation service

iii) The CEO monitors the operating results of the business segments separately for the purpose of making decisions about the allocation of resources and performance assessment.

(iv) The segmental disclosures are as follows :-

Particulars	As at 31st March, 2020				
	SCM	**Enterprise Mobility Services**	**Total Segments**	**Elimination**	**Total**
Revenue					
I. External customers	**2,893.29**	**367.61**	**3,260.90**	**–**	**3,260.90**
II. Intersegment revenue	**–**	**–**	**–**	**–**	**–**
Total revenue	**2,893.29**	**367.61**	**3,260.90**	**–**	**3,260.90**
Results					
I. Segment Result	**229.63**	**33.81**	**263.44**	**–**	**263.44**
Less:					
Finance Costs	**–**	**–**	**–**	**–**	**(14.43)**
Unallocated corporate income net of unallocated expenses	**–**	**–**	**–**	**–**	**(168.32)**
Profit before tax	**–**	**–**	**–**	**–**	**80.69**
Income Taxes	**–**	**–**	**–**	**–**	**(25.55)**
Profit after tax	**–**	**–**	**–**	**–**	**55.14**
OTHER INFORMATION					
Segment Assets	**931.15**	**103.04**	**1,034.19**	**–**	**1,034.19**
Unallocated Corporate Assets	**–**	**–**	**–**	**–**	**295.76**
Total Assets	**–**	**–**	**–**	**–**	**1,329.95**
Segment Liabilities	**660.02**	**43.27**	**703.29**	**–**	**703.29**
Unallocated Corporate Liabilities	**–**	**–**	**–**	**–**	**81.35**
Total Liabilities	**–**	**–**	**–**	**–**	**784.64**
Capital Expenditure	**56.23**	**1.39**	**57.62**	**–**	**57.62**
Depreciation and Amortisation expense	**57.77**	**0.12**	**57.89**	**–**	**57.89**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

As at 31st March, 2019

Particulars	SCM	Enterprise Mobility Services	Total Segments	Elimination	Total
Revenue					
I. External customers	3,280.04	385.47	3,665.51	–	3,665.51
II. Intersegment revenue	–	–	–	–	–
Total revenue	3,280.04	385.47	3,665.51	–	3,665.51
Results					
I. Segment Result	240.96	40.52	281.48	–	281.48
Less:					
Finance Costs	–	–	–	–	(0.16)
Unallocated corporate income net of unallocated expenses	–	–	–	–	(151.00)
Profit before tax	–	–	–	–	130.32
Income Taxes	–	–	–	–	(45.88)
Profit after tax	–	–	–	–	84.44
OTHER INFORMATION					
Segment Assets	703.22	120.21	823.43	–	823.43
Unallocated Corporate Assets	–	–	–	–	297.62
Total Assets	–	–	–	–	1,121.05
Segment Liabilities	503.45	53.40	556.85	–	556.85
Unallocated Corporate Liabilities	–	–	–	–	65.36
Total Liabilities	–	–	–	–	622.21
Capital Expenditure	24.06	3.03	27.09	–	27.09
Depreciation and Amortisation expense	10.15	0.31	10.46	–	10.46

Other disclosures :-

a) Unallocable Expenditure/Assets:

(i) Finance income and costs, fair value gains and losses on financial assets and indirect expenses are not allocated to individual segments as the underlying instruments are managed on an entity basis.

(ii) Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on an entity basis.

(iii) The accounting policies of the reportable segments are the same as the Company's accounting Policies described in Note 2.18.

There is no difference between segment profit as reviewed by CEO and the profit before tax as appearing in the financial statements.

(v) Geographic information

₹ in Crores

Particulars	**Year ended 31st March, 2020**	Year ended 31st March, 2019
Revenue from external customers		
India	**3,260.90**	3,665.51
Outside India	**–**	–
Revenue from operations as per statement of profit or loss	**3,260.90**	3,665.51

(vi) Segment Assets

₹ in Crores

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
India	**1,034.19**	823.43
Outside India	**–**	–
Total	**1,034.19**	823.43

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(vii) Capital Expenditure

₹ in Crores

Particulars	As at 31st March, 2020	As at 31st March, 2019
India	**57.62**	27.09
Outside India	**–**	–
Total	**57.62**	27.09

(viii) Revenue from major products and services :-

The following is an analysis of the Company's revenue from continuing operations from its major products and services:

₹ in Crores

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Transportation	**2,285.70**	2,756.42
Warehousing & other related activities	**574.91**	502.18
People Logistics	**367.61**	385.47
Total	**3,228.22**	3,644.07

The revenues of the Company from holding company and group of customers under common control of the holding company amounts to 53.90% (Previous year: 58.53%) for the year ended 31st March, 2020 of its total revenues.

Note No. 32 – Leases

Operating Lease

The Company has adopted Ind AS 116 'Leases' with the date of initial application being 1st April, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as at 1st April, 2019. As a result, the comparative information has not been restated. In adopting Ind AS 116, the Company has applied the below practical expedients:

The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics

The Company has treated the leases with remaining lease term of less than 12 months as if they were "short term leases"

The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition

The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease

On transition to Ind AS 116, the Company recognised right-of-use assets amounting to Rs. 111.81 crore, Net Investment in sublease of ROU of Rs. 1.76 crore, and a corresponding lease liabilities amounting to Rs. 121.36 crore by adjusting retained earnings of Rs. 5.07 crore (including the impact of defferred tax created of Rs. 2.72 crore). The Company has discounted lease payments using the applicable incremental borrowing rate as at 1st April, 2019 which is 8.70% for measuring the lease liability.

Reconciliation of operating lease commitments as at 31st March, 2019 with the lease liabilities recognized in the Balance Sheet as at 1st April, 2019:

₹ in Crores

Particulars	Year ended 31st March, 2020
A. Operating lease commitments disclosure as per Ind AS 17 as at 31st March, 2019	**56.06**
Weighted average incremental borrowing rate	**8.70%**
B. Present value using incremental borrowing rate as on 1st April, 2019	**88.58**
Recognition exemption for:	
Short term leases	**(1.64)**
Leases of low value assets	**–**
Extension and termination options reasonably certain to be exercised	**34.42**
Lease liabilities recognised at 1st April, 2019	**121.36**

Following are the changes in the carrying value of right of use assets for the year ended 31st March, 2020:

₹ in Crores

Particulars	Year ended 31st March, 2020
Balance as at 1st April, 2019	**–**
Impact of adoption of Ind AS 116	**112.75**
Additions	**79.98**
Disposals	**(11.85)**
Amortisation expense for the year	**(47.59)**
Balance as at 31st March, 2020	**133.29**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

The following is the movement in lease liabilities during the year ended 31st March, 2020:

₹ in Crores

Particulars	Year ended 31st March, 2020
Lease liabilities recognised at 1st April, 2019	121.36
Additions	97.68
Finance cost accrued during the period	13.98
Deletions	(12.64)
Payment of lease liabilities	(55.53)
Balance as at 31st March, 2020	**164.85**

The following is the break-up of current and non-current lease liabilities as at 31st March, 2020:

₹ in Crores

Particulars	As at 31st March, 2020
Non-current lease liabilities	119.45
Current lease liabilities	45.40
Total	**164.85**

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2020 on an undiscounted basis:

₹ in Crores

Particulars	2020
Less than one year	57.14
One to Three years	93.01
Three to five years	30.86
More than five years	13.05
Total undiscounted lease liabilities at Balance sheet date	**194.06**

Rental expense recorded for short-term leases was ₹ 37.46 crore for the year ended 31st March, 2020.

The following is the movement in the net investment in sublease of ROU asset during the year ended 31st March, 2020:

₹ in Crores

Particulars	Year ended 31st March, 2020
Net investment in sublease in ROU recognised at 1st April, 2019	1.76
Additions	19.84
Finance Income on net investment in sublease in ROU	1.21
Deletions	–
Rental Income on net investment in sublease in ROU	(2.34)
Balance as at 31st March, 2020	**20.47**

The table below provides details regarding the contractual maturities of net investment in sublease of ROU asset on an undiscounted basis:

₹ in Crores

Particulars	2020
Less than one year	3.35
One to Three years	6.97
Three to five years	6.44
More than five years	11.60
Total	**28.36**

Impact of adoption of Ind AS 116 on retained earnings:

₹ in Crores

Particulars	Amount
Reclassification of operating lease under Ind AS 17 'Leases' to right-of-use assets	5.07
Impact on retained earnings as at 1st April, 2019	**5.07**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Impact of adoption of Ind AS 116 on the statement of profit and loss:

₹ in Crores

Particulars	Year ended 31st March, 2020
Finance Income on Net investment in Lease	1.21
Upfront notional gain on sub-lease arrangement	0.94
Rental Income on Sub-Lease	(2.34)
Interest on lease liabilities	(13.98)
Depreciation of Right-of-use assets	(47.59)
Unrealised gain on reversal of ROU	0.80
Payment of lease liabilities	55.53
Impact of Ind AS 116 (on profit and loss before Tax)	(5.43)

Leases not yet commenced to which Company is committed amounts to ₹ 11.10 crore for a lease term ranging from 3 years to 5 years.

Note No. 33 – Employee benefits

a) Defined Contribution Plan

The Company's contribution to Provident Fund, superannuation Fund and other funds aggregating Rs.14.63 crore (2019: Rs.12.68 crore) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

b) Defined Benefit Plans

Gratuity

a) The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

b) Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

(1) Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The funds of the defined benefit plans are held with LIC.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

(2) Change in bond yields

A decrease in government bond yields will increase plan liabilities.

(3) Inflation risk

Defined benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

(4) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

(c) Significant Actuarial Assumptions

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars		Valuation	
		As at 31st March, 2020	As at 31st March, 2019
a)	Discount rate(s)	6.60%	7.40%
b)	Expected rate(s) of salary increase	5% for first 3 years and 7% thereafter	8.00%
c)	Mortality rate during employment	IALM (2012-14) Ultimate	IALM(2006-08) Ultimate

(d) Defined benefit plans – as per actuarial valuation

₹ in Crores

Particulars		Funded Plan – Gratuity	
		As at 31st March, 2020	As at 31st March, 2019
I.	**Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:**		
a)	Current Service Cost	**4.16**	3.31
b)	Past service cost and (gains)/losses from settlements	**–**	–

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

₹ in Crores

Particulars		Funded Plan – Gratuity As at 31st March, 2020	Funded Plan – Gratuity As at 31st March, 2019
	c) Net interest expense	**0.26**	0.30
	Components of defined benefit costs recognised in profit or loss	**4.42**	3.61
	Remeasurement on the net defined benefit liability		
	a) Return on plan assets (excluding amount included in net interest expense)	**(0.16)**	(0.05)
	b) Actuarial (gains)/loss arising form changes in financial assumptions	**(1.07)**	0.45
	c) Actuarial (gains)/loss arising form changes in demographic assumptions	**–**	(0.48)
	d) Actuarial (gains)/loss arising form experience adjustments	**0.77**	(0.02)
	Components of defined benefit costs recognised in Other Comprehensive Income	**(0.46)**	(0.10)
	Total	**3.96**	3.51
II.	**Net Asset/(Liability) recognised in the Balance Sheet as at 31st March**		
	a) Present value of defined benefit obligation	**(20.37)**	(16.51)
	b) Fair value of plan assets	**16.41**	13.00
	c) Surplus/(Deficit)	**(3.96)**	(3.51)
	d) Current portion of the above	**(3.96)**	(3.51)
	e) Non current portion of the above	**–**	–
III.	**Change in the obligation during the year ended 31st March**		
	a) Present value of defined benefit obligation at the beginning of the year	**16.51**	13.76
	b) Add/(Less) on account of Scheme of Arrangement/Business		
	c) Transfer	**0.01**	–
	d) Expenses Recognised in Profit and Loss Account		
	– Current Service Cost	**4.16**	3.31
	– Past Service Cost	**–**	–
	– Interest Expense (Income)	**1.22**	1.06
	e) Recognised in Other Comprehensive Income		
	Remeasurement gains/(losses)		
	– Actuarial Gain (Loss) arising from:		
	i. Financial Assumptions	**(1.07)**	0.45
	ii. Demographic Assumptions	**–**	(0.48)
	iii. Experience Adjustments	**0.77**	(0.02)
	f) Benefit payments	**(1.23)**	(1.57)
	g) Present value of defined benefit obligation at the end of the year	**20.37**	16.51
IV.	**Change in fair value of assets during the year ended 31st March**		
	i) Fair value of plan assets at the beginning of the year	**13.00**	9.87
	ii) Expenses Recognised in Profit and Loss Account		
	– Expected return on plan assets	**0.96**	0.76
	iii) Recognised in Other Comprehensive Income		
	Remeasurement gains/(losses)		
	– Actual Return on plan assets in excess of the expected return	**0.16**	0.05
	iv) Contributions by employer (including benefit payments recoverable)	**3.52**	3.89
	v) Benefit payments	**(1.23)**	(1.57)
	vi) Fair value of plan assets at the end of the year	**16.41**	13.00
V.	**The Major categories of plan assets**		
	– Insurance Funds	**16.41**	13.00
VI.	**Actuarial assumptions**		
	a) Discount rate	**6.60%**	7.40%
	b) Expected rate of return on plan assets	**6.60%**	7.40%
	c) Attrition rate	**12.00%**	12.00%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

e) **The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:**

Principal assumption		**Impact on defined benefit obligation**			
		As at 31st March, 2020		As at 31st March, 2019	
	Changes in assumption	**Increase in assumption**	**Decrease in assumption**	Increase in assumption	Decrease in assumption
a) Discount rate	1.00%	**18.97**	**21.96**	15.37	17.82
b) Salary growth rate	1.00%	**21.92**	**18.97**	17.77	15.39
c) Rate of employee turnover	1.00%	**20.23**	**20.52**	16.37	16.66

Notes:

i) The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance Sheet.

ii) The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous year.

iii) The weighted average duration of the defined benefit obligation as at 31st March, 2020 is 7 years

f) **Maturity profile of defined benefit obligation:**

The tables include both discounted value as well as unwinding of interest.

Particulars	**2020**	2019
Within 1 year	**2.22**	1.72
1 - 2 years	**2.28**	1.74
2 - 3 years	**2.47**	1.86
3 - 4 years	**2.24**	2.08
4 - 5 years	**2.15**	1.84
5 - 10 years	**9.06**	8.04
More than 10 years	**16.52**	15.59

g) **Plan Assets**

The fair value of Company's plan asset by category are as follows:

₹ in Crores

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
Asset category:		
Deposits with Insurance companies	**16.41**	13.00
	100%	100%

h) **Experience Adjustments:**

					₹ in Crores
Particulars	**As at 31st March, 2020**	**As at 31st March, 2019**	**As at 31st March, 2018**	**As at 31st March, 2017**	**As at 31st March, 2016**
	Gratuity				
1. Defined Benefit Obligation	**(20.37)**	(16.51)	(13.76)	(9.52)	(6.60)
2. Fair value of plan assets	**16.41**	13.00	9.87	6.67	4.58
3. Surplus/(Deficit)	**(3.96)**	(3.51)	(3.89)	(2.85)	(2.02)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**0.77**	(0.02)	1.50	0.22	0.18
5. Experience adjustment on plan assets [Gain/(Loss)]	**0.16**	0.05	0.22	0.03	0.02

i) The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

j) The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

k) The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 34 – Related Party Transactions

i) List of Related Parties:

Holding Company	Mahindra & Mahindra Limited
(a) Related parties where control exists:	
Subsidiaries	
1	Lords Freight (India) Private Limited
2	2X2 Logistics Private Limited
(b) Other parties with whom transactions have taken place during the year:	
(i) Joint Venture	
1	Transtech Logistics Private Limited (w.e.f. 5th October 2018)
(ii) Fellow Subsidiaries	
1	Gromax Agri Equipment Limited
2	Mahindra Auto Steel Pvt Ltd
3	Mahindra Defence Systems Limited
4	Mahindra Electric Mobility Limited
5	Mahindra E-market Ltd
6	Mahindra EPC Irrigation Limited (Formerly known as EPC Industrié Limited) (Name changed w.e.f. 28.02.2019)
7	Mahindra Greenyard Private Limited
8	Mahindra Heavy Engines Limited
9	Mahindra Holidays & Resorts India Limited
10	Mahindra Integrated Business Solutions Private Limited
11	Mahindra Intertrade Limited
12	Mahindra Lifespace Developers Limited
13	Mahindra Marine Private Limited
14	Mahindra MSTC Recycling Private Limited
15	Mahindra Retail Limited
16	Mahindra Rural Housing Finance Limited
17	Mahindra Steel Service Centre Limited
18	Mahindra Susten Private Limited
19	Mahindra Trucks and Buses Limited
20	Mahindra Two Wheelers Limited
21	Mahindra Vehicle Manufacturers Limited
22	Mahindra Water Utilities Limited
23	NBS International Limited
(iii) Other Related Parties	
a) Joint Venture of Holding Company	
1	Classic Legends Private Limited
2	Mahindra Tsubaki Conveyor Systems Private Limited
3	M.I.T.R.A Agro Equipments Private Limited
4	Mahindra World City Developers Limited
b) Associate of Holding Company	
1	Brainbees Solutions Private Limited
2	Mahindra CIE Automotive Limited
3	Swaraj Engines Limited
4	Tech Mahindra Limited
c) Subsidiary of Associate of Holding Company	
1	Comviva Technologies Limited
d) Subsidiary of Joint Venture of Holding Company	
1	Mahindra Industrial Park Chennai Ltd
e) Associates of Fellow subsidiaries	
1	Medwell Ventures Private Limited
(iv) Key Management Personnel (KMP)	
1	Rampraveen Swaminathan (w.e.f. 1st Oct 2019)
2	Pirojshaw Sarkari (upto 30th Sep 2019)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

ii) Details of transaction between the Company and its related parties are disclosed below:

₹ in Crores

Particulars	Holding Company	Subsidiaries	Fellow subsidiaries	Joint Ventures	Other related parties
Nature of transactions with Related Parties					
a) Purchase of property and other assets	**1.28**	**–**	**0.06**	**–**	**–**
	0.37	–	0.13	–	–
b) Rendering of services	**1,559.94**	**0.25**	**118.78**	**–**	**72.50**
	1,892.50	0.01	163.76	–	–
c) Receiving of services	**1.58**	**42.02**	**0.33**	**1.19**	**0.01**
	6.74	47.42	0.46	0.36	–
d) Reimbursements made to parties	**9.38**	**–**	**0.01**	**–**	**–**
	1.71	–	0.04	–	–
e) Reimbursements received from parties	**0.03**	**0.28**	**0.06**	**–**	**–**
	0.01	0.29	0.20	0.08	–
f) Sale of property and other assets	**0.49**	**–**	**–**	**–**	**–**
	–	–	–	–	–
g) Loans/Deposits given	**–**	**–**	**–**	**–**	**–**
	–	–	15.00	–	–
h) Loans/Deposits refunded back	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	–
i) Interest Income on inter-corporate deposits	**–**	**–**	**1.15**	**–**	**–**
	–	–	0.01	–	–
j) Bad & doubtful debts recognised in respect of dues from related parties	**–**	**–**	**–**	**–**	**0.01**
	0.25	–	–	–	–
Balances Outstanding with Related Parties					
a) Trade payables	**5.53**	**1.12**	**0.04**	**–**	**–**
	3.50	4.44	0.07	0.06	–
b) Trade receivables	**110.46**	**0.60**	**12.43**	**–**	**12.90**
	102.33	0.07	18.79	–	–
c) Other receivables	**–**	**–**	**0.54**	**–**	**–**
	–	–	0.01	–	–
d) Inter Corporate Deposits outstanding	**–**	**–**	**15.00**	**–**	**–**
	–	–	15.00	–	–
e) Provision of bad & doubtful debts related to amount due from related parties	**0.12**	**–**	**0.07**	**–**	**0.19**
	0.12	–	0.07	–	0.19

a) All the outstanding balances, whether receivables or payables are unsecured.

b) Related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.

₹ in Crores

Particulars	Holding Company	Subsidiaries	Fellow subsidiaries	Joint Ventures	Other related parties
Nature of transactions with Related Parties					
a) Purchase of property and other assets					
NBS International Ltd	**–**	**–**	**–**	**–**	**–**
	–	–	0.09	–	–
Mahindra & Mahindra Limited	**1.28**	**–**	**–**	**–**	**–**
	0.37	–	–	–	–
Mahindra Integrated Business Solutions Pvt Ltd	**–**	**–**	**0.01**	**–**	**–**
	–	–	0.04	–	–
Mahindra Water Utilities Limited	**–**	**–**	**0.05**	**–**	**–**
	–	–	–	–	–

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

₹ in Crores

Particulars	Holding Company	Subsidiaries	Fellow subsidiaries	Joint Ventures	Other related parties
b) Rendering of services					
Mahindra & Mahindra Limited	**1,559.94**	**–**	**–**	**–**	**–**
	1,892.50	–	–	–	–
Mahindra Vehicle Manufacturers Ltd.	**–**	**–**	**90.41**	**–**	**–**
	–	–	121.00	–	–
Classic Legends Private Limited	**–**	**–**	**–**	**–**	**16.36**
	–	–	–	–	–
Tech Mahindra Ltd.	**–**	**–**	**–**	**–**	**38.79**
	–	–	–	–	–
Mahindra CIE Automotive Ltd	**–**	**–**	**–**	**–**	**9.47**
	–	–	–	–	–
Lords Freight (India) Private Limited	**–**	**0.25**	**–**	**–**	**–**
	–	–	–	–	–
2X2 Logistics Private Limited	**–**	**–**	**–**	**–**	**–**
	–	0.01	–	–	–
c) Receiving of services					
Mahindra & Mahindra Limited	**1.58**	**–**	**–**	**–**	**–**
	6.74	–	–	–	–
Mahindra Defence Systems Limited	**–**	**–**	**0.08**	**–**	**–**
	–	–	–	–	–
Mahindra Retail Ltd	**–**	**–**	**–**	**–**	**–**
	–	–	0.19	–	–
Mahindra World City Developers Limited	**–**	**–**	**–**	**–**	**0.01**
	–	–	–	–	–
Mahindra Integrated Business Solutions Pvt Ltd	**–**	**–**	**0.23**	**–**	**–**
	–	–	0.25	–	–
2X2 Logistics Private Limited	**–**	**41.74**	**–**	**–**	**–**
	–	44.06	–	–	–
Transtech Logistics Pvt Ltd	**–**	**–**	**–**	**1.19**	**–**
	–	–	–	0.36	–
d) Reimbursements made to parties					
Mahindra & Mahindra Limited	**9.38**	**–**	**–**	**–**	**–**
	1.71	–	–	–	–
Mahindra Defence Systems Limited	**–**	**–**	**0.01**	**–**	**–**
	–	–	–	–	–
NBS International Ltd	**–**	**–**	**–**	**–**	**–**
	–	–	0.03	–	–
e) Reimbursements received from parties					
Mahindra & Mahindra Limited	**0.03**	**–**	**–**	**–**	**–**
	0.01	–	–	–	–
Mahindra Intertrade Ltd.	**–**	**–**	**0.04**	**–**	**–**
	–	–	0.11	–	–
Mahindra Lifespace Developers Ltd.	**–**	**–**	**–**	**–**	**–**
	–	–	0.03	–	–
Mahindra Steel Service Centre Ltd.	**–**	**–**	**0.02**	**–**	**–**
	–	–	0.05	–	–
Lords Freight (India) Private Limited	**–**	**0.20**	**–**	**–**	**–**
	–	0.22	–	–	–
2X2 Logistics Private Limited	**–**	**0.09**	**–**	**–**	**–**
	–	0.07	–	–	–
Transtech Logistics Pvt Ltd	**–**	**–**	**–**	**–**	**–**
	–	**–**	**–**	**0.08**	**–**
f) Sale of property and other assets					
Mahindra & Mahindra Limited	**0.49**	**–**	**–**	**–**	**–**
	–	–	–	–	–
g) Loans/Deposits given					
Mahindra Rural Housing Finance Limited	**–**	**–**	**–**	**–**	**–**
	–	–	15.00	–	–
h) Interest Income on inter-corporate deposits					
Mahindra Rural Housing Finance Limited	**–**	**–**	**1.15**	**–**	**–**
	–	–	0.01	–	–

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

₹ in Crores

Particulars	Holding Company	Subsidiaries	Fellow subsidiaries	Joint Ventures	Other related parties
i) Bad & doubtful debts recognised in respect of dues from related parties					
Mahindra & Mahindra Limited	**–**	**–**	**–**	**–**	**–**
	0.25	–	–	–	–
Comviva Technologies Limited	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	0.01

iii) Compensation of key managerial personnel

The remuneration of key managerial personnel during the year was as follows:

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Short-term employee benefits	**3.31**	2.08
Issue of ESOP Shares during the year	**–**	0.94

The remuneration of key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. The separate actuarial valuation figures are not available for key managerial personnel.

iv) Disclosure required under section 186(4) of the Companies Act, 2013 for Loans given

Name	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Mahindra Rural Housing Finance Limited	**15.00**	15.00

Above inter corporate loans have been given for general business purposes for meeting their working capital requirements @ 7.20%

Note No. 35 - Contingent liabilities and commitments

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Contingent liabilities (to the extent not provided for)		
Claims against the Company not acknowledged as debt		
a) VAT	**5.41**	5.41
b) Service Tax	**3.72**	3.51
c) Income Tax	**–**	0.08
d) Other Matters	**6.90**	11.66

Notes:

i) The Company does not expect any reimbursement in respect of the above contingent liabilities.

ii) It is not practicable to estimate the timings of cash outflows, if any, in respect of matters at (a) to (d) above, pending resolution of appellate/court proceedings.

Note No. 36

Previous year numbers have been regrouped wherever necessary.

INDEPENDENT AUDITOR'S REPORT

To the Members of **2 X 2 LOGISTICS PRIVATE LIMITED**

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **2 X 2 Logistics Private Limited** ("the Company"), which comprise the balance sheet as at 31st March, 2020, and the statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its financial performance including other comprehensive income, changes in equity 2020 and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

That Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (c) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (d) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   (e) Section 143(3)(i) mandates the auditor to comment on whether the company has an adequate internal financial controls over financial reporting of the company and the operating effectiveness of such controls. In terms of paragraph 5 of Ministry of Corporate Affairs notification number G.S.R. 583 (E) dated June 13, 2017, and as amended from time to time, exemption has been provided to private limited companies fulfilling certain criteria mentioned in the notification, from the applicability of the requirement of reporting in terms of Section 143(3)(i). As the Company meets the relevant criteria specified in the said notification for the Financial Year 2019-20, the requirement of Section 143(3)(i) is not applicable to the Company and accordingly no report has been made under the said clause.

   (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations;

      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

H P Mahajani
Partner
Membership No. 030168
UDIN: 20030168AAAAXA1046

Mumbai, 16th May, 2020

ANNEXURE A TO THE AUDITOR'S REPORT

Referred to in paragraph 1 of our report of even date on the financial statements of **2 X 2 Logistics Private Limited** for the year ended 31st March 2020

Annexure to the Auditor's Report referred to in our report of even date:

I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment's.

(b) These Property, Plant & Equipment's were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.

(c) The Company has no immovable properties and hence Clause 3(i)(c) is not applicable to the Company.

II. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

III. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 189 of the Act, and accordingly provisions of clause 3 (iii) are not applicable to the Company

IV. The Company has not granted any loans or made any investments or provided any guarantees or securities to the parties covered under Section 185 & 186 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the company.

V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the Company.

VI. On facts, clause 3(vi) relating to maintenance of cost records is not applicable to the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, value added tax, and other statutory dues applicable to it with the appropriate authorities.

(b) According to the information and explanations given to us and records of the Company examined by us, there are no disputed dues of income tax or sales tax, wealth tax, service tax, duty of customs, duty of excise value added tax and cess which have not been deposited on account of any dispute.

VIII. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.

IX. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year, and accordingly, Para 3(ix) of the Order is not applicable to the Company.

X. On the basis of our examination of the relevant records of the Company, carried out in accordance with generally accepted auditing practices and according to the information and explanations given to us, no material fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.

XI. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

Section 197 of the Companies Act 2013 is not applicable to a private limited company, hence reporting requirements of section 197(16) does not apply to the Company.

XII. The Company is not a 'Nidhi Company'; therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

XV. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them.

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provision of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

H P Mahajani
Partner
Membership No. 030168
UDIN: 20030168AAAAXA1046

Mumbai, 16th May, 2020

BALANCE SHEET AS AT 31ST MARCH 2020

Rs. in Lakhs

	Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
	ASSETS			
I	**NON-CURRENT ASSETS**			
	(a) Property, Plant and Equipment	3	**1,575.49**	2,280.42
	(b) Intangible Assets	4	**–**	–
	(c) Deferred Tax Assets (Net)	18	**56.24**	9.35
	(d) Income Tax Assets (Net)	9	**72.39**	98.53
	(e) Other Assets	7	**–**	–
	SUB-TOTAL		**1,704.12**	2,388.30
II	**CURRENT ASSETS**			
	(a) Financial Assets			
	(i) Trade Receivables	5	**174.97**	587.76
	(ii) Cash and Cash Equivalents	8	**21.13**	8.59
	(iii) Other Financial Assets	6	**328.80**	387.10
	(b) Other Assets	7	**1,556.58**	1,086.19
	SUB-TOTAL		**2,081.48**	2,069.64
	TOTAL ASSETS		**3,785.60**	4,457.94
	EQUITY AND LIABILITIES			
	EQUITY			
	(a) Equity Share Capital	10	**901.00**	901.00
	(b) Other Equity	11	**8.56**	130.28
	SUB-TOTAL		**909.56**	1,031.28
	LIABILITIES			
I	**NON-CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	12	**231.09**	888.69
	(b) Provisions	16	**7.23**	5.30
	(c) Other Liabilities	17	**–**	–
	SUB-TOTAL		**238.32**	893.99
II	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	13	**602.89**	555.05
	(ii) Trade Payables	14	**1,365.43**	1,008.91
	(iii) Other Financial Liabilities	15	**657.60**	918.18
	(b) Provisions	16	**0.74**	0.30
	(c) Other Liabilities	17	**11.06**	50.23
	SUB-TOTAL		**2,637.72**	2,532.67
	TOTAL EQUITY AND LIABILTIES		**3,785.60**	4,457.94

The accompayning notes 1 to 31 are integral part of these financial statement.

In terms of our report attached.	For and on behalf of Board of Directors		
For B. K. Khare & Co. Chartered Accountants FRN: 105102W	**2 X 2 Logistics Private Ltd.**		
H.P Mahajani Partner M.No. 030168	**Sushil Rathi** Director	**Nitin Singhal** Director	**Ruchie Khanna** Company Secretary

Place : Mumbai
Date : 16th May, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

Rs. in Lakhs

	Particulars	**Note No.**	**Year ended 31st March 2020**	Year ended 31st March 2019
I	Revenue from operations	**19**	**4,741.82**	5,907.89
II	Other Income	**20**	**23.94**	15.41
III	**Total Income (I + II)**		**4,765.76**	5,923.30
IV	**EXPENSES**			
	(a) Operating Expenses	**21**	**3,805.17**	4,558.70
	(b) Employee benefits expense	**22**	**115.26**	90.36
	(c) Finance costs	**23**	**169.14**	231.85
	(d) Depreciation and amortisation expense	**3&4**	**705.38**	706.49
	(e) Other expenses	**24**	**138.94**	160.40
	Total Expenses		**4,933.89**	5,747.80
V	**Profit/(loss) before tax (III - IV)**		**(168.13)**	175.50
VI	**Tax Expense**			
	(1) Current tax	**24**	**–**	36.15
	(2) Deferred tax	**24**	**(46.76)**	12.65
	Total Tax Expense (1+2)		**(46.76)**	**48.80**
VII	**Profit/(loss) After Tax (V - VI)**		**(121.37)**	126.70
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans- Gains/(Losses)		**(0.48)**	0.10
	(ii) Income tax relating to items that will not be reclassified to profit or loss	**18**	**0.13**	(0.04)
	Total Other Comprehensive Income		**(0.35)**	0.06
IX	**Total comprehensive income for the period (VII + VIII)**		**(121.72)**	126.76
X	**Earnings per equity share (face value Rs.10/- per share)**			
	(1) Basic (in Rs.)	**25**	**(1.35)**	1.41
	(2) Diluted (in Rs.)	**25**	**(1.35)**	1.41

The accompayning notes 1 to 31 are integral part of these financial statement.

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

H.P Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 16th May, 2020

For and on behalf of Board of Directors

2 X 2 Logistics Private Ltd.

Sushil Rathi
Director

Nitin Singhal
Director

Ruchie Khanna
Company Secretary

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2020

Particulars		Year ended 31st March 2020	Rs. in Lakhs Year ended 31st March 2019
A.	**Cash flows from operating activities**		
	Profit before tax for the period	**(168.13)**	175.50
	Adjustments for:		
	(Profit)/Loss on disposal of property, plant and equipment		–
	Depreciation and amortisation of non-current assets	**705.38**	706.49
	Finance Charges	**169.14**	231.85
	Interest Income	**(6.87)**	(3.64)
	Operating profit before working capital changes	**699.52**	1,110.20
	Movements in working capital:		
	(Increase)/Decrease in trade and other receivables	**0.70**	(380.96)
	Increase/(Decrease) in trade and other payables	**319.24**	331.65
	Cash generated from operations	**1,019.46**	1,060.89
	Income taxes paid	**26.14**	(7.31)
	Net cash generated by/(used in) operating activities	**1,045.60**	1,053.58
B.	**Cash flows from investing activities**		
	Interest income	**6.87**	3.64
	Payments for property, plant and equipment	**(0.45)**	(4.28)
	Net cash generated by/(used in) investing activities	**6.42**	(0.64)
C.	**Cash flows from financing activities**		
	Issue of Share Capital		
	Proceeds from borrowings	**47.84**	16.02
	Repayment of borrowings	**(918.18)**	(843.69)
	Finance Charges	**(169.14)**	(231.85)
	Net cash generated by/(used in) financing activities	**(1,039.48)**	(1,059.52)
	Net increase in cash and cash equivalents (A+B+C)	**12.54**	(6.58)
	Cash and cash equivalents at the beginning of the period	**8.59**	15.17
	Cash and cash equivalents at the end of the period	**21.13**	8.59
	Components of cash and cash equivalents		
	Cash / Cheques on hand	**19.52**	8.04
	With Banks - on Current account/Balance in Cash Credit Accounts	**1.61**	0.55
		21.13	8.59

Notes:

1. The above Cash Flow Statement has been prepared under the Indirect Method set out in 'IND AS 7- Statement of Cash Flows'.
2. Figures in bracket indicates cash outflow.
3. Additions to property, plant and equipment and intangible assets include movements in capital work-in-progress and intangible assets under development respectively during the period.

The accompayning notes 1 to 31 are integral part of these financial statement.

In terms of our report attached.	For and on behalf of Board of Directors		
For B. K. Khare & Co. Chartered Accountants FRN: 105102W	**2 X 2 Logistics Private Ltd.**		
H.P Mahajani Partner M.No. 030168	**Sushil Rathi** Director	**Nitin Singhal** Director	**Ruchie Khanna** Company Secretary

Place : Mumbai
Date : 16th May, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 2020

Rs. in Lakhs

(a) Equity Share Capital

Particulars	Number of Shares	Equity share capital
As at 31st March, 2018	9,010,000	901.00
Changes in equity share capital during the period	–	–
As at 31st March 2019	9,010,000	901.00
Changes in equity share capital during the period	–	–
As at 31st March 2020	**9,010,000**	**901.00**

(b) Other Equity

Particulars	Reserves & Surplus			Total
	Securities premium reserve	Equity-settled employee benefits reserve	Retained earnings	
Balance as at 31st March, 2018	–	–	3.52	3.52
– Addition to equity settled employee benefit reserve	–	–	–	–
Total Comprehensive income for the period				
– Profit for the period	–	–	126.70	126.70
– Actuarial gain/(loss) transferred to retained earnings	–	–	0.06	0.06
Balance as at 31st March, 2019	–	–	130.28	130.28
– Addition to equity settled employee benefit reserve	–	–	–	–
Total Comprehensive income for the period				
– Profit for the period	–	–	(121.37)	(121.37)
– Actuarial gain/(loss) transferred to retained earnings	–	–	(0.35)	(0.35)
Balance as at 31st March, 2020	–	–	**8.56**	**8.56**

The accompaying notes 1 to 31 are integral part of these financial statement.

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

H.P Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 16th May, 2020

For and on behalf of Board of Directors

2 X 2 Logistics Private Ltd.

Sushil Rathi
Director

Nitin Singhal
Director

Ruchie Khanna
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Notes to Accounts – Part A

Corporate Information

2 X 2 Logistics Private Limited is a deemed public limited company incorporated on 22nd October, 2012 under the Companies Act, 1956. The Company is engaged in providing logistics services to its Customers. The financial statements for the period ended 31st March, 2020 were approved for issue in accordance with a resolution of the directors on 16th May, 2020.

1. Significant accounting policies

1.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of Companies Act, 2013 and the Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, specified under Section 133 of the Act. The financial statements are separate financial statements.

1.2 Basis of preparation and presentation

The financial statements have been prepared on accrual basis and the historical cost basis as a going concern except for certain financial instruments that are measured at fair values or at amortised cost, wherever applicable, at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this financial statement is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Assets and Liabilities are classified as Current or Non Current as per the provisions of Schedule III to the Companies Act, 2013 and Company's Normal Operating Cycle. Based on the nature of business, the Company has ascertained its operating cycle as 12 months for the classification of assets and liabilities.

The financial statements are prepared in Indian Rupee(INR) and denominated in lakhs.

The principal accounting policies are set out below.

1.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

1.3.1 Rendering of services

Incomes from logistics services rendered are recognised on the completion of the services as per the terms of contract. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

1.3.2 Dividend and interest income

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

1.4 Leasing

The Company's significant operating leasing arrangements are in respect of office premises and IT related equipments. Lease rentals are recognised as per the terms of lease.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

1.5 Borrowing costs

Borrowing Cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue in the year of incurrence.

1.6 Employee benefits

1.6.1 Retirement benefit costs and termination benefits

Defined Contribution Plan:

Company's contributions paid/payable during the year to the Superannuation Fund, ESIC, Provident Fund and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

Defined Benefits:

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

1.6.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

1.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1.7.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

1.7.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1.7.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.8 Property, plant and equipment

All fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use. Subsequent costs are included in the assets carrying amount or recognised as separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of profit and loss during the reporting period in which they are incurred.

Depreciation on tangible assets is charged by the Straight Line Method (SLM) in accordance with the useful lives specified in Part – C of Schedule II of the Companies Act, 2013 on a pro-rata basis except for following assets in order to reflect the actual usage of the assets:

- Horse portion of a Vehicle is depreciated over five years based on the management experience of handling similar kind of asset.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.9 Intangible assets

1.9.1 Intangible assets acquired separately

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

1.9.2 Useful lives of intangible assets

The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

1.10 Impairment of tangible and intangible assets other than goodwill

The Management of the Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

1.11 Provisions, Contingent Liabilities & Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is disclosed where an inflow of economic benefits is probable.

1.12 Financial instruments

Financial assets and financial liabilities are recognised when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.13 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

1.13.1 <u>Classification of financial assets</u>

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer Note 1.13.3

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

1.13.2 <u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be measured reliably.

1.13.3 <u>Impairment of financial assets</u>

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

1.13.4 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

1.14 Financial liabilities and equity instruments

1.14.1 Classification as debt or equity

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

1.14.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

1.14.3 Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

1.14.4 Financial liabilities

All financial liabilities are subsequently measured at amortised cost or at FVTPL.

1.14.4.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

1.14.4.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

1.15 Segment Accounting:

The Company has single reportable segment "Supply chain management" for the purpose of Segment reporting.

1.16 Earnings Per Share:

Basic and diluted earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.

2A. Critical accounting judgements and key sources of estimation uncertainty

2A. In the application of the Company's accounting policies, which are described in note 1, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2A.1.1 Useful lives of Property, plant and equipment

As described in note 2 above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

2A.1.2 Defined Benefit Plans:

The cost of the defined benefit plans and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

2B. COVID-19:

The Company has accounted significant accounting estimates which have been disclosed in the financial statements.

These includes fair valuation of financial assets, testing of impairment of assets, going concern assessment etc. requiring significant management judgement in estimating the same. Considering the continuing COVID-19 pandemic, the results in upcoming period may significantly vary and may affect the recoverability of assets. However, this will depend upon future developments including actions taken to contain or treat the disease and to mitigate its impact on the economy.

The Company, based on internal & external sources of information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2020 as at the date of approval of these financial statements.

Note No. 3 - Property, Plant and Equipment

As at 31st March 2020

Rs. in Lakhs

Description of Assets	**Plant and Machinery**	**Office Equipment**	**Furniture & Fittings**	**Vehicles**	**Total**
A. Cost					
Balance as at 1st April, 2019	4.09	5.96	2.24	4,358.95	4,371.24
a) Additions	–	0.45	–	–	0.45
b) Less: Disposals / adjustments	–	–	–	–	–
Balance as at 31st March 2020	**4.09**	**6.41**	**2.24**	**4,358.95**	**4,371.69**
B. Accumulated depreciation and impairment					
Balance as at 1st April, 2019	1.32	3.28	0.61	2,085.61	2,090.82
a) Depreciation expense for the year	0.91	1.88	0.21	702.38	705.38
b) Less: Disposals / adjustments	–	–	–	–	–
Balance as at 31st March 2020	**2.23**	**5.16**	**0.82**	**2,787.99**	**2,796.20**
C. Net carrying amount (A-B)	**1.86**	**1.25**	**1.42**	**1,570.96**	**1,575.49**

As at 31st March 2019

Rs. in Lakhs

Description of Assets	**Plant and Machinery**	**Office Equipment**	**Furniture & Fittings**	**Vehicles**	**Total**
A. Cost					
Balance as at 1st April, 2018	1.36	4.42	2.24	4,358.95	4,366.97
a) Additions	2.73	1.54	–	–	4.27
b) Less: Disposals / adjustments	–	–	–	–	–
Balance as at 31st March 2019	4.09	5.96	2.24	4,358.95	4,371.24

Rs. in Lakhs

Description of Assets	Plant and Machinery	Office Equipment	Furniture & Fittings	Vehicles	Total
B. Accumulated depreciation and impairment					
Balance as at 1st April, 2018	0.26	1.96	0.40	1,381.71	1,384.33
a) Depreciation expense for the year	1.06	1.32	0.21	703.90	706.49
b) Less: Disposals / adjustments	–	–	–	–	–
Balance as at 31st March 2019	1.32	3.28	0.61	2,085.61	2,090.82
C. Net carrying amount (A-B)	2.77	2.68	1.63	2,273.34	2,280.42

Notes:

i) There is no significant amount of compensation received from third parties recognised in profit or loss related to tangible assets.

ii) Vehicles with the carrying amount of Rs. 1564.60 lakhs (31st March 2019 - Rs. 2263.33 lakhs) have been pledged to secure borrowings of the Company. For details refer note no.13 on borrowing.

iii) The depreciation methods used and the useful lives or the depreciation rates used have been mentioned in the note 1.8.

iv) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2020 and for 31st March 2019 is Nil.

Note No. 4 - Intangible Assets

Rs. in Lakhs

Computer Software	As at 31st March 2020	As at 31st March 2019
A. Cost		
Balance as at 1st April	0.51	0.51
a) Additions	–	–
b) Less: Disposals / adjustments	–	–
Balance as at 31st March	**0.51**	0.51
B. Accumulated amortisation and impairment		
Balance as at 1st April	0.51	0.51
a) Additions	–	–
b) Less: Disposals / adjustments	–	–
Balance as at 31st March	**0.51**	0.51
C. Net carrying amount (A-B)	**–**	**–**

Notes:

i) There is no significant intangible asset that is material to the Company's financial statements on individual basis.

ii) The intangible assets mentioned above have finite useful lives as mentioned in note 1.9.2.

Note No. 5 - Trade receivables

Rs. in Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
Trade receivables		
Unsecured, considered good	**174.97**	587.76
	174.97	587.76
Less: Allowance for Credit Losses	**–**	–
TOTAL...	**174.97**	587.76

Notes:

i) Refer Note 26 for disclosures related to credit risk and impairment of trade receivables .

ii) Trade Receivables are subject to confirmation and Reconciliations.

Note No. 6 - Other financial assets

Rs. in Lakhs

Particulars	As at 31st March 2020		As at 31st March 2019	
	Current	**Non-Current**	Current	Non-Current
Financial assets at amortised cost				
a) Bank Deposit with more than 12 months original maturity	**–**	**–**	–	–
Total	**–**	**–**	–	–
b) Security Deposits				
i. Unsecured, considered good	**1.31**	**–**	1.31	–
ii. Doubtful	**–**	**–**	–	–
Total	**1.31**	**–**	1.31	–
c) Other items				
i. Accrued Sales	**319.10**	**–**	380.31	–
ii. Other Accrued	**8.39**	**–**	5.48	–
Total	**327.49**	**–**	385.79	–
Total (a+b+c)	**328.80**	**–**	387.10	–

Notes:

i) Refer Note 26 for disclosures related to credit risk, impairment under expected credit loss model and related disclosures.

Note No. 7 - Other assets

Rs. in Lakhs

Particulars	As at 31st March 2020 Current	As at 31st March 2020 Non- Current	As at 31st March 2019 Current	As at 31st March 2019 Non- Current
A. Capital advances				
a) For Capital work in progress	–	–	–	–
b) For intangible asset	–	–	–	–
Total (A)	–	–	–	–
B. Advances other than capital advances				
a) Advances to suppliers - considered good	**15.21**	–	22.40	–
b) Prepaid Expenses	**71.18**	–	75.22	–
c) Other advances	**1,464.96**	–	981.64	–
d) Balances with government authorities (other than income taxes)	–	–	–	–
Total (B)	**1,551.35**	–	1,079.26	–
C. Consumables Tyres	**5.23**	–	6.93	–
TOTAL (A+B+C)	**1,556.58**	–	1,086.19	–
Less: Provision for doubtful advances	–	–	–	–
TOTAL (A+B+C)	**1,556.58**	–	1,086.19	–

Note No. 8 - Cash and Cash equivalents

Rs. in Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
A. Cash and cash equivalents		
a) Balances with banks	**1.61**	0.55
b) Cash on hand	**19.52**	8.04
Total	**21.13**	8.59

Note No. 9 - Income Tax Assets (Net)

Rs. in Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
Advance Income Tax/TDS Receivable (Net)	**72.39**	98.53
Total	**72.39**	98.53

Note No. 10 - Equity Share Capital

Particulars	Year ended 31st March 2020 No. of shares	Year ended 31st March 2020 Amount	Year ended 31st March 2019 No. of shares	Year ended 31st March 2019 Amount
A. Authorised:				
a) Equity shares of Rs.10 each with voting rights	**10,00,00,000**	**10,00,00,000**	10,00,00,000	10,00,00,000
Total	**10,00,00,000**	**10,00,00,000**	10,00,00,000	10,00,00,000
B. Issued, Subscribed and Fully Paid:				
a) Equity shares of Rs.10 each with voting rights	**90,10,000**	**9,01,00,000**	90,10,000	9,01,00,000
Total	**90,10,000**	**9,01,00,000**	90,10,000	9,01,00,000
C. Issued, Subscribed and Partly Paid:				
a) Equity shares of Rs.10 each with voting rights Rs. 2 paid up	–	–	–	–
b) Equity shares of Rs.10 each with voting rights Rs. 1 paid up	–	–	–	–
TOTAL	–	–	–	–
TOTAL (B+C)	**90,10,000**	**9,01,00,000**	90,10,000	9,01,00,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rs. in Lakhs

Particulars		Opening Balance	Right Issue	Other Changes	Closing Balance
A. Equity Shares with Voting rights					
a) Period ended 31st March 2020					
	No. of Shares	**90,10,000**	–	–	**90,10,000**
	Amount	**901.00**	–	–	**901.00**
b) Period ended 31st March 2019					
	No. of Shares	90,10,000	–	–	90,10,000
	Amount	901.00	–	–	901.00

(i) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Details of shares held by Holding Company / and their Subsidiaries

Name of shareholder	As at 31st March 2020	As at 31st March 2019
Holding Company - Mahindra Logistics Limited	**49,55,500**	49,55,500

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31st March 2020 Number of shares held	As at 31st March 2020 % holding in that class of shares	As at 31st March 2019 Number of shares held	As at 31st March 2019 % holding in that class of shares
A. Equity shares with voting rights				
a) Mahindra Logistics Ltd.	**49,55,500**	**55.00%**	49,55,500	55.00%
b) IVC Logistics Ltd.	**40,54,500**	**45.00%**	40,54,500	45.00%

Note No. 11 - Other Equity

Rs. in Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
Securities premium reserve	**–**	–
Equity-settled employee benefits reserve	**–**	–
Retained earnings	**8.56**	130.28
Total	**8.56**	130.28

Movement in Reserves

Rs. in Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
(A) Securities Premium Reserve		
Balance as at the beginning of the year	**–**	–
Add: Additions during the year	**–**	–
Less: Deletion during the year	**–**	–
Balance as at the end of the year	**–**	–
(B) Equity-settled Employee benefits reserve		
Balance as at the beginning of the year	**–**	–
Add: Additions during the year	**–**	–
Less: Deletion during the year	**–**	–
Balance as at the end of the year	**–**	–
(C) Retained Earnings		
Balance as at the beginning of the year	**130.28**	3.52
Add: Profit for the year	**(121.37)**	126.70
Less: Actuarial gain/(loss) for the year	**(0.35)**	0.06
Balance as at the end of the year	**8.56**	130.28

Nature and purpose of other reserves:

Retained earnings:

Retained earnings represents the accumulated surplus. The reserve can be distributed/utilised by the Company in accordance with the Companies Act, 2013.

Note No. 12 - Non-Current Borrowings

Rs. in Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
Measured at amortised cost		
A. Secured Borrowings:		
(a) Term Loans		
(1) From Banks	**231.09**	888.69
(2) From Related Party	–	–
Total Secured Borrowings	**231.09**	888.69
B. Unsecured Borrowings - at amortised Cost		
(a) Other Loans	–	–
Total Unsecured Borrowings	–	–
Total Borrowings	**231.09**	888.69

Note: i) Vehicle loan has been taken at the rate of interest ranging from 8.15% p.a to 8.40 % p.a.

ii) The Loan has been secured by way of hypothecation of the related vehicle and to be paid in 57 equal monthly instalments.

Note - 13: Current Borrowings

Rs. in Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
A. Secured Borrowings	**–**	–
Total Secured Borrowings	**–**	–
B. Unsecured Borrowings		
from Banks	**602.89**	555.05
Total Unsecured Borrowings	**602.89**	555.05
Total Current Borrowings	**602.89**	555.05

Note:

Unsecured loan from banks is in the nature of Bank Overdraft facility.

Note No. 14 - Trade Payables

Rs. in Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
Due to Micro and Small Enterprises	**22.81**	25.71
Trade payable - Other than Micro and Small Enterprises	**1,342.62**	983.20
Total	**1,365.43**	1,008.91

Note:

i) Trade Payables are payables in respect of the amount due on account of goods purchased or services availed in the normal course of business.

Note No. 15 - Other Financial Liabilities

Rs. in Lakhs

Particulars	As at 31st March 2020 Current	As at 31st March 2020 Non Current	As at 31st March 2019 Current	As at 31st March 2019 Non Current
Other Financial Liabilities Measured at Amortised Cost				
Current maturities of long-term debt				
From Banks	**657.60**	–	918.18	–
From Related Party	–	–	–	–
Total	**657.60**	–	918.18	–

Note No. 16 - Provisions

Rs. in Lakhs

Particulars	As at 31st March 2020 Current	As at 31st March 2020 Non-Current	As at 31st March 2019 Current	As at 31st March 2019 Non-Current
Provision for employee benefits				
a) Post- employment Benefit - Leave Encashment and Gratuity	**0.74**	**7.23**	0.30	5.30
Total	**0.74**	**7.23**	0.30	5.30

Note No. 17 - Other Liabilities

Rs. in Lakhs

Particulars	As at 31st March 2020 Current	As at 31st March 2020 Non-Current	As at 31st March 2019 Current	As at 31st March 2019 Non-Current
Statutory dues				
a) Taxes Payable	**6.91**	–	46.41	–
b) Employee Liabilities	**3.98**	–	3.82	–
c) Advance to customer	**0.17**	–	–	–
TOTAL	**11.06**	–	50.23	–

Notes:

For disclosures related to employee benefits, refer note 29.

Note No. 18: Deferred Tax Assets

Movement in deferred tax balances

Rs. in Lakhs

Particulars	Year ended 31st March 2020 Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance	Year ended 31st March 2019 Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
A. Tax effect of items constituting deferred tax liabilities								
a) Property, Plant and Equipment WDV	**234.87**	**(76.50)**	**–**	**158.37**	243.77	(8.90)	–	234.87
Total	**234.87**	**(76.50)**	**–**	**158.37**	243.77	(8.90)	–	234.87
B. Tax effect of items constituting deferred tax assets								
a) Income tax Loss	**184.27**	**(30.26)**	**–**	**154.01**	242.55	(58.28)	–	184.27
b) MAT Credit	**58.39**	**–**	**–**	**58.39**	22.24	36.15	**–**	58.39
c) Employee benefits	**1.56**	**0.52**	**0.13**	**2.21**	1.02	0.58	(0.04)	1.56
Total	**244.22**	**(29.74)**	**0.13**	**214.61**	265.81	(21.55)	(0.04)	244.22
Net Tax Asset/(Liabilities) (B-A)	**9.35**	**46.76**	**0.13**	**56.24**	22.04	(12.65)	(0.04)	9.35

Note No. 19 - Revenue from Operations

Rs. in Lakhs

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Revenue from rendering of services	**4,741.82**	5,907.89
Total	**4,741.82**	5,907.89

Ind As 115 Disclosure

A. Country-wise break up of Revenue

Rs. in Lakhs

Country	Revenue from contracts with customers (IndAS 115)	Revenue from operations from other than customers	Total Revenue from Operations	Other Income	Total Income
India	4,741.82	–	4,741.82	23.94	4,765.76
Others (specify)	–	–	–	–	–
Total	**4,741.82**	**–**	**4,741.82**	**23.94**	**4,765.76**

B. Reconciliation of revenue from contract with customer

Particulars	Amount
Revenue from contract with customer as per the contract price	**4,987.15**
Adjustments made to contract price on account of :-	
a) Discounts / Rebates / Incentives	**158.51**
b) Sales Returns / Reversals	**25.61**
f) Any other adjustments-Unbilled Revenue	**61.21**
Revenue from contract with customer as per the statement of Profit and Loss	**4,741.82**

C. Movement of Contract Assets and Contract Liabilities

Movement of Contract Assets

Particulars	Amount
Opening Balance	**380.31**
Additions during the year	**319.10**
Reclassification Adjustments:	
– Reclass of opening balances of contract assets to trade receivables	**380.31**
Closing Balance	**319.10**

Note No. 20 - Other Income

Rs. in Lakhs

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
a) Interest Income	**6.87**	3.64
b) Miscellaneous Income	**17.07**	11.77
Total	**23.94**	15.41

Note No. 21 - Operating Expenses

Rs. in Lakhs

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
a) Freight & other related Expense	**18.00**	–
b) Labour & other related Expense	**234.16**	251.26
c) Rent including lease rentals	**14.34**	17.47
d) Vehicle running expense	**1,652.56**	1,737.22
h) Power & Fuel Expenses	**1,632.83**	2,226.24
i) Repairs and maintenance - machinery	**253.28**	326.51
Total Operating Expense	**3,805.17**	4,558.70

Note No. 22 - Employee Benefits Expense

Rs. in Lakhs

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
a) Salaries and wages, including bonus	**101.04**	80.03
b) Contribution to provident and other funds	**6.02**	5.68
c) Gratuity	**1.79**	1.47
e) Staff welfare expenses	**6.41**	3.18
Total Employee Benefit Expense	**115.26**	90.36

Notes:

i) Salaries and wages includes salaries, wages, bonus, compensated absences and all other amounts payable to employees in respect of services rendered as per their employment terms under a contract of service.

Note No. 23 - Finance Cost

Rs. in Lakhs

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
a) Interest expense on Term Loan	**119.69**	194.19
b) Interest expense on Bank Overdraft	**49.45**	37.66
Total	**169.14**	231.85

Notes:

i) Analysis of Interest Expenses by Category

Rs. in Lakhs

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Interest Expenses		
a) On Financial Liability at Amortised Cost	**169.14**	231.85
Total	**169.14**	231.85

Note No. 24 - Other Expenses

Rs. in Lakhs

Particulars		Year ended 31st March 2020		Year ended 31st March 2019
a) Rent including lease rentals		**11.82**		17.12
b) Legal and Other professional costs		**34.24**		45.52
c) Insurance		**72.32**		75.90
d) Travelling and Conveyance Expenses		**6.56**		8.95
e) Repairs and maintenance - machinery		**–**		–
f) Auditors remuneration and out-of-pocket expenses		**1.34**		1.30
i) As Auditors	0.90		0.84	–
ii) For Taxation matters	0.41		0.40	–
iii) For Other services	0.03		0.06	–
g) Miscellaneous Expenses		**12.66**		11.61
Total		**138.94**		160.40

Note No. 25 - Current Tax and Deferred Tax

(a) Income Tax recognised in Profit & Loss

Rs. in Lakhs

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
A. Current Tax:		
a) In respect of current year	**–**	36.15
b) In respect of prior year	**–**	–
Total	**–**	36.15
B. Deferred Tax:		
In respect of current year originination and reversal of temporary difference	**(46.76)**	12.65
In respect of changes in tax rate	**–**	–
Total	**(46.76)**	12.65
Total (A+B)	**(46.76)**	48.80

(b) Income tax recognised in Other Comprehensive Income

Rs. in Lakhs

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
A. Current Tax:		
Remeasurement of defined benefit obligations	**–**	–
Total	**–**	–
B. Deferred Tax:	**0.13**	(0.04)
Total	**0.13**	(0.04)
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**–**	–
Total	**–**	–

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rs. in Lakhs

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
a) Profit Before tax	**(168.61)**	175.60
b) Income Tax using the Company's domestic tax rate#	**(46.89)**	48.85
c) Change in tax rate	**–**	–
d) Expenses not allowed for tax purpose	**–**	–
Income tax expense recognised In profit or loss.....	**(46.89)**	48.85

Note:

The tax rate used in reconciliations above is the corporate tax rate of 25% (plus surcharge and cess as applicable) on taxable profits under Income Tax Act, 1961.

Note No. 26 - Earnings Per Share

Rs. in Lakhs

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
A. Basic Earnings Per Share (in Rs.) (face value in Rs. 10/- per share)	**(1.35)**	1.41
B. Diluted Earnings Per Share (in Rs.) (face value in Rs. 10/- per share)	**(1.35)**	1.41

Notes:

i) Basic Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Rs. in Lakhs

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Profit / (loss) for the period attributable to owners of the Company	**-121.37**	126.70
Profit / (loss) for the period used in the calculation of basic earnings per share	**-121.37**	126.70
Weighted average number of equity shares	**90.10**	90.10
Earnings per share from continuing operations - Basic (in Rs.)	**(1.35)**	1.41

ii) Diluted Earnings Per Share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving the effect of the dilutive potential ordinary shares for the respective years.

Rs. in Lakhs

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
a) Profit / (loss) for the period used in the calculation of basic earnings per share	**-121.37**	126.70
b) Add: adjustments on account of dilutive potential equity shares	**–**	–
Profit / (loss) for the period used in the calculation of diluted earnings per share	**-121.37**	126.70

iii) Reconciliation of weighted average number of equity shares

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Rs. in Lakhs

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Weighted average number of equity shares used in the calculation of Basic EPS	**90.10**	90.10
Add: Effect of ESOPs	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**90.10**	90.10

Note No. 27- Financial Instruments

I. Capital management Policy

a) The Company's capital management objectives are:

– to ensure the Company's ability to continue as a going concern.

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

b) For the purpose of Company's capital management, capital includes issued share capital, equity and all other equity reserves. The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

c) The following table shows the components of capital:

		Rs. in Lakhs
Particulars	**As at 31st March 2020**	As at 31st March 2019
Equity	**909.56**	1,031.28
Capital	**909.56**	1,031.28

Note:

The above capital management disclosures are based on the information provided internally to key management personnel.

The Company is not subject to externally enforced capital regulation.

II. Categories of financial assets and financial liabilities

Rs. in Lakhs

As at 31st March 2020

Particulars	Amortised Costs	FVTPL	FVOCI	Total
A. Current Assets				
a) Trade Receivables	**174.97**	–	–	**174.97**
b) Cash and Bank Balances	**21.13**	–	–	**21.13**
c) Other Financial Assets	**328.80**	–	–	**328.80**
Total	**524.90**	–	–	**524.90**
B. Non-current Liabilities				
a) Other Financial Liabilities	**231.09**	–	–	**231.09**
Total	**231.09**	–	–	**231.09**
C. Current Liabilities				
a) Trade Payables	**1,365.43**	–	–	**1,365.43**
b) Current Maturities of long term Debt	**657.60**	–	–	**657.60**
c) Short Term Borrowing	**602.89**	–	–	**602.89**
d) Other Financial Liabilities	–	–	–	–
– Non Derivative Financial Liabilities	–	–	–	–
Total	**2,625.92**	–	–	**2,625.92**

Particulars	As at 31st March 2019 Amortised Costs	FVTPL	FVOCI	Total
A. Current Assets				
a) Trade Receivables	587.76	–	–	587.76
b) Cash and Bank Balances	8.59	–	–	8.59
c) Other Financial Assets	387.10	–	–	387.10
Total	983.45	–	–	983.45
B. Non-current Liabilities				
a) Other Financial Liabilities	888.69	–	–	888.69
Total	888.69	–	–	888.69
C. Current Liabilities				
a) Trade Payables	1,008.91	–	–	1,008.91
b) Current Maturities of long term Debt	918.18	–	–	918.18
c) Short Term Borrowing	555.05	–	–	555.05
d) Other Financial Liabilities	–	–	–	–
Total	2,482.14	–	–	2,482.14

III) Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) Credit risk management

Trade receivables and deposits

(i) Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The company yearically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Credit exposure is controlled by counterpaty credit year which is monitored through an approved policy.

(ii) Trade receivables consist of a small number of customers.

(iii) One of the customer of the Company, which is also a group company accounts for more than 10% of total outstanding exposure. However since such customer is also a group company, the Company does not anticipate any credit risk.

(iv) The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

(v) There is no change in estimation techniques or significant assumptions during the reporting year.

(vi) During the year, the company has not made any write off on trade receivable and advances. These trade receivables and advances are not subject to enforcement activity.

b) Liquidity risk management

(i) The company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the company's net liquidity position through rolling forecasts on the basis of expected cash flows.

(ii) Maturities of financial liabilities

Table showing maturity profile of financial liabilites

Rs. in Lakhs

Particulars	**As at 31st March 2020** Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
A) Non-derivative financial liabilities				
a) Trade Payables	**1,365.43**	–	–	–
b) Long term debt	–	**231.09**	–	–
c) Current maturities of long term debt	**657.60**	–	–	–
d) Employee Dues	–	–	–	–
e) Short Term Borrowings	**602.89**	–	–	–
Total	**2,625.92**	**231.09**	–	–

Particulars	As at 31st March 2019 Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
A) Non-derivative financial liabilities				
a) Trade Payables	1,008.91	–	–	–
b) Long term debt	–	856.34	32.35	–
c) Current maturities of long term debt	918.18	–	–	–
d) Employee Dues	–	–	–	–
e) Short Term Borrowings	555.05	–	–	–
Total	2,482.14	856.34	32.35	–

The above table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

(iii) Financing arrangements

The Company has access to following undrawn borrowing facilities at the end of the reporting year:

Rs. in Lakhs

Particulars	**As at 31st March 2020**	As at 31st March 2019
a) Unsecured Bank Overdraft facility		
- Expiring within one year	**97.11**	144.95
- Expiring beyond one year	–	–

(iv) Maturities of financial assets

Table showing maturity profile of financial assets

Rs. in Lakhs

Particulars	**As at 31st March 2020** Less than 1 Year In Rs. Lakhs	1-3 Years In Rs. Lakhs	3 Years to 5 Years In Rs. Lakhs	5 years and above In Rs. Lakhs
Non-derivative financial assets				
Trade Receivables	174.97	–	–	–
Security Deposits	1.31	–	–	–
Others	327.49	–	–	–
Total	503.77	–	–	–

Rs. in Lakhs

Particulars	Less than 1 Year In Rs. Lakhs	1-3 Years In Rs. Lakhs	3 Years to 5 Years In Rs. Lakhs	5 years and above In Rs. Lakhs
	As at 31st March 2019			
Non-derivative financial assets				
As at 31st March 2019				
Trade Receivables	587.76	–	–	–
Security Deposits	1.31	–	–	–
Others	385.79	–	–	–
Total	974.86	–	–	–

The above table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

c) Market Risk Management

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Interest rate risk

								Rs. in Lakhs
Nature of Liability	**Nature of Borrowing**	**Type of Interest**	**Rate of interest**	**Loan amount outstanding as at year end**	**Increase in Base Rate**	**Sensitivity Impact on P&L (pre-tax)**	**Decrease in Base Rate**	**Sensitivity Impact on P&L (pre-tax)**
As at 31st March, 2020	**Bank Overdraft**	**Floating**	**8.20%**	**602.89**	**1.00%**	**(6.03)**	**1.00%**	**6.03**
As at 31st March, 2019	Bank Overdraft	Floating	8.75%	555.05	1.00%	(5.55)	1.00%	5.55

Note No. 28 - Fair Value Measurement

a) Fair value of financial assets and financial liabilities that are measured at amortised cost:

Rs. in Lakhs

Particulars	31st March 2020 Carrying amount	31st March 2020 Fair value	31st March 2019 Carrying amount	31st March 2019 Fair value
A) Financial assets				
a) Financial assets carried at Amortised Cost				
i) Trade and other receivables	**174.97**	**174.97**	587.76	587.76
ii) Deposits given	**1.31**	**1.31**	1.31	1.31
iii) Cash and cash equivalents	**21.13**	**21.13**	8.59	8.59
iv) Others	**327.49**	**327.49**	385.79	385.79
Total	**524.90**	**524.90**	983.45	983.45
B) Financial liabilities				
b) Financial liabilities held at amortised cost				
i) Trade and other payables	**1,365.43**	**1,365.43**	1,008.91	1,008.91
ii) Borrowings	**888.69**	**842.06**	1,806.87	1,643.53
iii) Short Term Borrowings	**602.89**	**602.89**	555.05	555.05
Total	**2,857.01**	**2,810.38**	3,370.83	3,207.49

Note No. 29 - Related Party Transactions

i) List of Related Party

a) Holding Company	**Mahindra Logistics Limited**
b) Other related parties	
1	**Mahindra & Mahindra Limited**
2	**IVC Logistics Limited**

ii) Details of transaction between the Company and its related parties are disclosed below:

		Rs. in Lakhs
Particulars	**Holding Company**	**Other related parties**
Nature of transactions with Related Parties		
a) Purchase of property and other assets	– –	– –
b) Rendering of services	4,133.28 (4,406.05)	407.24 (1,041.21)
c) Receiving of services	0.60 (0.60)	88.74 (75.73)
d) Reimbursements made to parties	12.86 (6.53)	39.28 (46.55)
e) Reimbursements received from parties	– –	– –
f) Loans/Deposits Taken	– –	– –
g) Loans/Deposits paid	– –	– –
h) Interest on Vehicle Loan paid	– –	– –

Nature of Balances with Related Parties	**Holding Company**	**Other related parties**
i) Trade payables	14.66 (2.85)	2.42 (7.07)
j) Trade receivables & others	112.00 (444.27)	62.27 (140.81)
k) Loan Payable	– –	– –

iii) All the outstanding balances, whether receivables or payables(Except Loan payable) are unsecured.

iv) All the Previous year balances are shown in Bracket.

Note No. 30 - Employee benefits

i) Defined Contribution Plan

The Company's contribution to Provident Fund, Superannuation Fund and other Funds aggregating Rs. 6.02 lakhs (2018 : Rs. 5.68 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

ii) Defined Benefit Plans:

Gratuity

a) The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

b) Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

(1) Change in bond yields

A decrease in government bond yields will increase plan liabilities.

(2) Inflation risk

Defined benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

(3) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

c) **Significant Actuarial Assumptions**

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Rs. in Lakhs

Particulars	Valuation **As at 31st March 2020**	 As at 31st March 2019
a) Discount rate(s)	**6.60%**	7.50%
b) Expected rate(s) of salary increase	**8.00%**	8.00%
c) Mortality rate during employment	**IALM(2012-14) Ultimate**	IALM(2006-08) Ultimate

d) **Defined benefit plans – as per actuarial valuation**

Particulars	Non Funded Plan - Gratuity **As at 31st March 2020**	 As at 31st March 2019
I. Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
a) Current Service Cost	**2.27**	1.37
b) Past service cost and (gains)/losses from settlements	–	–
c) Net interest expense	–	–
Components of defined benefit costs recognised in profit or loss	**2.27**	1.37
Remeasurement on the net defined benefit liability		
a) Return on plan assets (excluding amount included in net interest expense)	–	–
b) Actuarial (gains)/loss arising form changes in financial assumptions	–	–
c) Actuarial (gains)/loss arising form changes in demographic assumptions	–	–
d) Actuarial (gains)/loss arising form experience adjustments	–	–
Components of defined benefit costs recognised in other comprehensive income	–	–
Total	**2.27**	1.37

Particulars	Non Funded Plan - Gratuity **As at 31st March 2020**	 As at 31st March 2019
II. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
a) Present value of defined benefit obligation	**5.74**	3.47
b) Fair value of plan assets	–	–
c) Surplus/(Deficit)	**5.74**	3.47
d) Current portion of the above	–	–
e) Non current portion of the above	**5.74**	3.47
III. Change in the obligation during the year ended 31st March		
a) Present value of defined benefit obligation at the beginning of the period	**3.47**	2.10
b) Add/(Less) on account of Scheme of Arrangement/ Business	–	–
c) Transfer	–	–
d) *Expenses Recognised in Profit and Loss Account*		
- Current Service Cost	**1.53**	1.31
- Past Service Cost	–	–
- Interest Expense (Income)	**0.26**	0.16
e) *Recognised in Other Comprehensive Income*		
Remeasurement gains/(losses)		
- Actuarial Gain (Loss) arising from:		
i. Financial Assumptions	**0.41**	0.06
ii. Demographic Assumptions	–	–
iii. Experience Adjustments	**0.07**	(0.16)
f) Benefit payments	–	–
g) Present value of defined benefit obligation at the end of the period	**5.74**	3.47
IV. Change in fair value of assets during the year ended 31st March		
i) Fair value of plan assets at the beginning of the period	–	–
ii) *Expenses Recognised in Profit and Loss Account*		
- Expected return on plan assets	–	–
iii) *Recognised in Other Comprehensive Income*		
Remeasurement gains/(losses)		
- Actual Return on plan assets in excess of the expected return	–	–
iv) Contributions by employer (including benefit payments recoverable)	–	–
v) Benefit payments	–	–
vi) Fair value of plan assets at the end of the period	–	–
V. The Major categories of plan assets		
- Insurance Funds	–	–
VI. Actuarial assumptions		
a) Discount rate	**6.60%**	7.50%
b) Expected rate of return on plan assets	**6.60%**	7.50%
c) Attrition rate	**11.00%**	11.00%

e) **The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:**

Principal assumption	Changes in assumption	Impact on defined benefit obligation As at 31st March 2020 Increase in assumption	 Decrease in assumption	 As at 31st March 2019 Increase in assumption	 Decrease in assumption
a) Discount rate	1.00%	**(0.45)**	**0.53**	(0.28)	0.33
b) Salary growth rate	1.00%	**0.51**	**(0.45)**	0.32	(0.29)
c) Rate of employee turnover	50.00%	**(0.34)**	**0.57**	(0.32)	0.38

Notes:

i) The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

ii) The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

iii) The weighted average duration of the defined benefit obligation as at 31st March 2020 is 9 years

f) **Maturity profile of defined benefit obligation:**

The tables include both discounted value as well as unwinding of interest.

Particulars	**2020**	2019
Within 1 year	**0.45**	0.01
2-5 years	**2.23**	1.52
6-10 years	**2.72**	1.97
More than 10 years	**6.24**	4.48

g) **Experience Adjustments:**

Rs. in Lakhs

Particulars	**As at 31st March 2020**	As at 31st March 2019
	Gratuity	
1. Defined Benefit Obligation	**(5.74)**	(3.47)
2. Fair value of plan assets	–	–
3. Surplus/(Deficit)	**5.74**	3.47
4. Experience adjustment on plan liabilities [(Gain)/Loss]	–	–
5. Experience adjustment on plan assets [Gain/(Loss)]	–	–

h) The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

i) The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

j) The current service cost and the net interest expense for the period are included in the employee benefits expense in profit or loss of the expense for the year.

All amounts are in Rs. Lakhs unless otherwise stated

Note No. 31 - MSME disclosures

(i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	**Year ended 31st March 2020**	Year ended 31st March 2019
i. Principal amount remaining unpaid to any supplier as at the end of the accounting year	**22.81**	25.71
ii. Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	–	–
iii. The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	–	–
iv. The amount of interest due and payable for the year	–	–
v. The amount of interest accrued and remaining unpaid at the end of the accounting year	–	–
vi. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	–	–

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

The accompaying notes 1 to 31 are integral part of these financial statement.

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

H.P Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 16th May, 2020

For and on behalf of Board of Directors

2 X 2 Logistics Private Ltd.

Sushil Rathi
Director

Nitin Singhal
Director

Ruchie Khanna
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of
LORDS FREIGHT (INDIA) PRIVATE LIMITED
Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying financial statements of **LORDS FREIGHT (INDIA) PRIVATE LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its financial performance including other comprehensive income, changes in equity 2020 and its cash flows for the year ended on that date

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-I", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure II".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration Number 105102W)

H.P. Mahajani
Partner
Membership Number: 030168
UDIN: 20030168AAAAXB8235
Mumbai,
May 15, 2020

ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph 9 of our report of even date on the financial statements of LORDS FREIGHT (INDIA) PRIVATE LIMITED for the year ended March 31, 2020.

Annexure to the Auditor's Report referred to in our report of even date:

I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) These fixed assets were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.

(c) There is no immovable property held by Company.

II. The company has no inventories hence Clause 3 (ii) is not applicable to the Company

III. The Company has not granted any loans to parties covered in the register maintained under section 189 of Companies Act, 2013. Therefore, clause 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

IV. The Company has not granted any loans or made any investments, or provided any guarantees or securities to the parties covered under Section 185 & 186 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the company.

V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the company.

VI. As informed to us maintenance of cost records Under Section 148(1) of the Companies Act, 2013 is not prescribed to the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, goods & service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities

(b) According to the information and explanations given to us and records of the Company examined by us ,there are no disputed dues of income tax or sales tax, wealth tax, service tax, duty of customs, duty of excise value added tax and cess which have not been deposited on account of any dispute.

VIII. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.

IX. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year, and accordingly, Para 3(ix) of the Order is not applicable to the Company.

X. To the best of our knowledge and according to the information and explanations given to us, Bangalore branch had done excess revenue accruals (in form of unbilled revenue) in Q1 and Q2, People who were involved have been asked to resigned with immediate effect.

XI. As the company is a private limited company hence Section 197 read with Schedule V to the Companies Act, 2013 is not applicable to company.

XII. The Company is not a 'Nidhi Company'; therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

XV. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them.

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare& Co.**
Chartered Accountants
Firm Registration No. 105102W

H.P.Mahajani
Partner
Membership No. 030168
UDIN: 20030168AAAAXB8235
Mumbai
May 15, 2020

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **LORDS FREIGHT (INDIA) PRIVATE LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls With reference to financial statements (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls With reference to financial statements issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

H.P. Mahajani
Partner
Membership No. 030168
UDIN: 20030168AAAAXB8235
Mumbai
May 15, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

₹ in lacs

Particulars		Note No.	As at 31st March, 2020	As at 31st March, 2019
	ASSETS			
I	**NON-CURRENT ASSETS**			
	(a) Property, Plant and Equipment	5	**92.50**	49.05
	(b) Capital Work-in-Progress			
	(c) Intangible Assets	6	**5.72**	7.47
	(d) Intangible Assets Under Development			
	(e) Financial Assets			
	(i) Other Financial Asset	8	**30.03**	19.88
	(f) Deferred Tax Assets (Net)	9 &10	**106.73**	89.66
	SUB-TOTAL		**234.98**	166.06
II	**CURRENT ASSETS**			
	(a) Financial Assets			
	(i) Trade Receivables	7	**6,008.01**	3,567.73
	(ii) Cash and Cash Equivalents	12	**2.92**	1.84
	(iii) Other Financial Asset	8	**266.53**	184.39
	(b) Current Tax Assets (Net)	13	**429.24**	602.99
	(c) Other Current Assets	11	**28.84**	1,194.17
	SUB-TOTAL		**6,735.54**	5,551.12
	TOTAL ASSETS		**6,970.52**	5,717.18
	EQUITY AND LIABILITIES			
	EQUITY			
	(a) Equity Share Capital	14	**236.26**	236.26
	(b) Other Equity	15	**725.82**	575.46
	SUB-TOTAL		**962.08**	811.72
	LIABILITIES			
I	**NON-CURRENT LIABILITIES**			
	(a) Provisions	18	**104.71**	65.48
	(b) Borrowings	16	**26.52**	–
	SUB-TOTAL		**131.23**	65.48
II	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	16	**2,097.45**	1,407.93
	(ii) Trade Payables	17		
	Due to Micro and Small Enterprises		**45.14**	109.60
	Other then Micro and Small Entreprises		**3,419.00**	1,961.78
	(b) Provisions	18	**211.78**	141.66
	(c) Other Financials Liabilites (Lease Liabilities)	19	**29.04**	–
	(c) Other Current Liabilities	20	**74.80**	1,219.01
	SUB-TOTAL		**5,877.21**	4,839.98
	TOTAL		**6,970.52**	5,717.18

The accompanying notes 1 to 35 are an integral part of the financial statements.

"As per our Report of Even Date"

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

For and on behalf of Board of Directors
LORDS Freight (India) Pvt Ltd

H. P. Mahajani
Partner
M.No. 030168

Krishnan Varada
Whole Time Director

Rampraveen Swaminathan
Director

Place : Mumbai
Date : 15th May, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

₹ in lacs

	Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
I	Revenue from operations	21	**20,467.99**	17,417.14
II	Other Income	22	**45.99**	21.12
III	**Total Revenue (I + II)**		**20,513.98**	17,438.26
IV	**EXPENSES**			
	(a) Employee benefit expense	23	**1,437.35**	1,227.66
	(b) Finance costs	24	**151.04**	101.29
	(c) Depreciation and amortization expense	5&6	**43.06**	18.88
	(d) Other expenses	25	**18,665.60**	15,954.51
	Total Expenses (IV)		**20,297.05**	17,302.34
V	**Profit/(loss) before tax (III-IV)**		**216.93**	135.92
VI	**Tax Expense**			
	(1) Current tax		**80.54**	44.13
	(2) Deferred tax		**(16.21)**	(1.76)
	Total tax expense		**64.33**	42.37
VII	**Profit/(loss) after tax (V-VI)**		**152.60**	93.55
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss		**–**	–
	Remeasurements of the defined benefit liabilities/(asset)		**(3.10)**	(9.56)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**0.86**	2.66
	Total Other Comprehensive Income/(Loss)		**(2.24)**	(6.90)
IX	**Total comprehensive income for the period (VII+VIII)**		**150.36**	86.65
X	**Earnings per equity share**			
	(1) Basic	26	**6.36**	3.67
	(2) Diluted	26	**6.36**	3.67
	(3) No. of Shares		**2,362,509**	2,362,509

The accompanying notes 1 to 35 are an integral part of the financial statements.

"As per our Report of Even Date"

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 15th May, 2020

For and on behalf of Board of Directors
LORDS Freight (India) Pvt Ltd

Krishnan Varada
Whole Time Director

Rampraveen Swaminathan
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

(a) Equity Share Capital

₹ in lacs

Particulars	Number of Shares	Equity share capital
As at 31st March, 2019	**2,362,509**	**236.26**
Changes in equity share capital during the year	–	–
As at 31st March, 2020	**2,362,509**	**236.26**

(b) Other Equity

Particulars	Reserves & Surplus			
	Securities Premium	Equity-settled employee benefits reserve	Retained earnings	Total
Balance at 1st April, 2018	622.75	–	(133.94)	488.81
Total Comprehensive income for the year				–
– Profit for the year	–	–	93.55	93.55
– Other Comprehensive Income transferred to retained earnings	–	–	(6.90)	(6.90)
Balance at 31st March, 2019	622.75	–	(47.29)	575.46
Total Comprehensive income for the year				
– Profit for the year	–	–	152.60	152.60
– Other Comprehensive Income transferred to retained earnings	–	–	(2.24)	(2.24)
Balance at 31st March, 2020	**622.75**	–	**103.07**	**725.82**

"As per our Report of Even Date"

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 15th May, 2020

For and on behalf of Board of Directors
LORDS Freight (India) Pvt Ltd

Krishnan Varada
Whole Time Director

Rampraveen Swaminathan
Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2019

₹ in lacs

	Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
A.	**Cash flows from operating activities**		
	Profit before tax for the year	**216.93**	135.92
	Adjustments for:		
	Actuarial (Gain)/Loss	**(3.10)**	(9.56)
	Loss/(Gain) on disposal of property, plant and equipment	**(0.40)**	7.61
	Impairment loss recognized on trade receivables	**239.46**	193.26
	Depreciation and amortization of non-current assets	**43.06**	18.88
	Finance Charges	**151.04**	99.96
	Total	**646.99**	446.07
	Movements in working capital:		
	Increase in trade and other receivables	**(2,679.74)**	(695.92)
	(Increase)/decrease in other assets	**1,247.10**	(1,432.00)
	Decrease in trade and other payables	**357.90**	661.44
		(427.75)	(1,020.41)
	Cash generated from operations		
	Income taxes paid	**(80.54)**	(44.13)
	Net cash generated by operating activities	**(508.29)**	(1,064.54)
B.	**Cash flows from investing activities**		
	Payments for property, plant and equipment	**(9.32)**	(19.79)
	Proceeds from disposal of property, plant and equipment	**–**	–
	Net cash (used in)/generated by investing activities	**(9.32)**	(19.79)
C.	**Cash flows from financing activities**		
	Proceeds from Borrowings	**689.52**	1,134.58
	Rent Paid as per IND AS 116	**(24.31)**	
	Interest paid	**(146.52)**	(99.96)
	Net cash used in financing activities	**518.69**	1,034.62
	Net increase in cash and cash equivalents	**1.08**	(49.71)
	Cash and cash equivalents at the beginning of the year	**1.84**	51.55
	Cash and cash equivalents at the end of the year	**2.92**	1.84

Notes :

1 The above Cash Flow Statement has been prepared under the Indirect Method set out in IND AS 7.

2 Figures in bracket indicates cash outgo.

3 Additions to property, plant and equipment and intangible assets respectively during the year.

”As per our Report of Even Date”

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

H. P. Mahajani
Partner
M.No. 030168

Place : Mumbai
Date : 15th May, 2020

For and on behalf of Board of Directors
LORDS Freight (India) Pvt Ltd

Krishnan Varada
Whole Time Director

Rampraveen Swaminathan
Director

Notes to the financial statements for the year ended 31st March, 2020

1. Corporate information

LORDS Freight (India) Pvt Ltd is a private limited company incorporated on 25th April, 2011 under the Companies Act, 1956. The Company's main activities are freight forwarding including transportation of goods via sea & air.

The financial statements for the year ended 31st March, 2020 are approved for issue in accordance with a resolution of the directors on 15th May, 2020.

2. Significant accounting policies

2.1. Statement of compliance

The financial statements have been prepared in accordance with the provisions of Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, specified under Section 133 of the Act. The financial statements are separate financial statements.

2.2. Basis of preparation and presentation

The financial statements have been prepared on accrual basis and the historical cost basis as a going concern except for certain financial instruments that are measured at fair values or at amortized cost, wherever applicable, at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this financial statement is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupee (INR) and denominated in lakhs. The principal accounting policies are set out below.

2.3. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.3.1. Rendering of services

Incomes from logistics services rendered are recognized on the completion of the services as per the terms of contract. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

2.3.2. Dividend and interest income

Dividend income from investments is recognized when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4. Leasing

The Company's significant operating leasing arrangements are in respect of office premises, warehouse, warehouse equipments and IT related equipments. Lease rentals are recognized as per the terms of lease.

Rental expense from operating leases is generally recognized on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

2.5. Foreign currencies

The Financial statement are presented in rupees in lacs, which is also Company's functional currency.

i. Initial recognition

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

ii. Conversion

a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

b. Non-monetary items, if any are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

a. Realized gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.

b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

2.6. Borrowing costs

Borrowing Cost that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue in the year of incurrence.

2.7. Employee benefits

2.7.1. Retirement benefit costs and termination benefits

i. Defined Contribution Plan :

Company's contributions paid/payable during the year to the Superannuation Fund, ESIC, Provident Fund and Labour Welfare Fund are recognized in the Statement of Profit and Loss.

ii. Defined Benefits Plan:

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income

in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

b. net interest expense or income; and

c. remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

2.7.2. Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.8. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.8.1. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.8.2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.8.3. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.9. Property, plant and equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use. Subsequent costs are included in the assets carrying amount or recognized as separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of profit and loss during the reporting period in which they are incurred. Depreciation on tangible assets is charged by the Straight Line Method (SLM) in accordance with the useful lives specified in Part – C of Schedule II of the Companies Act, 2013 on a pro-rata basis except in the case of:

I. Assets costing less than Rs.5000/- which are fully depreciated in the year of purchase.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.10. Intangible assets

2.10.1. Intangible assets acquired separately

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.10.2. Useful lives of intangible assets

The expenditure incurred is amortized over ten financial years equally commencing from the year in which the expenditure is incurred.

2.11. Impairment of tangible and intangible assets other than goodwill

The management of the Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognized in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

2.12. Provisions, Contingent Liabilities & Contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is disclosed where an inflow of economic benefits is probable.

2.13. Financial instruments

Financial assets and financial liabilities are recognized when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

2.14. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

2.14.1. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

i. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

ii. the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortized cost, refer Note 2.14.3

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

i. the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

ii. the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognized in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

2.14.2. Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that

form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the "Other income" line item.

2.14.3. Impairment of financial assets

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

2.14.4. Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

2.14.5. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.
- For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income.

2.15. Financial liabilities and equity instruments

2.15.1. Classification as debt or equity

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.15.2. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.15.3. Financial liabilities

All financial liabilities are subsequently measured at amortized cost or at FVTPL.

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

a. it has been incurred principally for the purpose of repurchasing it in the near term; or
b. on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
c. it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by the Group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

a. such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
b. the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
c. it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

ii. Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.16. Segment Accounting:

The VP/Whole Time Director monitors the operating results of the business segments separately for the purpose of making decisions about the allocation of resources and performance assessment. Segment performance is measured based on profit or loss and is measured consistently with profit or loss in financial statements.

2.17. Earnings per Share:

Basic and diluted earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.

2.18. First-time adoption – mandatory exceptions, optional exemptions

2.18.1. Overall Principle

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

2.18.2. Deemed cost for property, plant and equipment, investment property, and intangible assets

The Company has not opted the exemption of using previous GAAP carrying value of all its Property, Plant and Equipment, and Intangible Assets recognized as of 1 April 2015 (transition date) as deemed cost.

2.18.3. Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

2.18.4. Derecognition of financial assets and financial liabilities

The company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2015 (the transition date).

2.18.5. Impairment of financial assets

The entity has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the entity has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3.1. Defined Benefit Plans:

The cost of the defined benefit plans and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4. Ind AS 116 – 'Leases':-

The Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings, furniture & fixtures and vehicles. The company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether: (1) the contract involves the use of an identified asset (2) the company has substantially of the economic benefits from use of the asset throughout the period of the lease and (3) the company has the right to direct the use of the asset throughout the period of use.

At the date of commencement of the lease, the company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹75.37 lakhs and a lease liability of ₹75.37 lakhs. The cumulative effect of applying the standard, amounting to ₹20.28 lakhs was debited to retained earnings, net of taxes. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 disclosed under Note No. 24 of annual financial statements forming part of 2019 Annual Report and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 8.85%.

Note No. 5 - Property, Plant and Equipment

For the year ended 31st March, 2020

₹ in lacs

Description of Assets	**Computer**	**Office Equipment**	**Furniture, Fittings and Fixtures**	**Lease Assets**	**Total**
A. Gross Carrying Amount					
a) Balance as at 1st April, 2019	67.41	22.04	39.30	–	**128.75**
b) Additions	9.32	–	–	**75.37**	**84.69**
Less: Disposals/Adjustments	(6.64)	–	–	–	**(6.64)**
Balance as at 31st March, 2020	**70.09**	**22.04**	**39.30**	**75.37**	**206.80**
B. Accumulated depreciation and impairment					
a) Balance as at 1st April, 2019	41.66	17.83	20.21	–	**79.70**
b) Depreciation expense for the year	12.67	1.22	3.94	**23.08**	**40.91**
Less: Eliminated on disposal of assets	(6.31)	–	–		**(6.31)**
Balance as at 31st March, 2020	**48.02**	**19.05**	**24.15**	**23.08**	**114.30**
C. Net carrying amount (A-B)	**22.07**	**2.99**	**15.15**	**52.29**	**92.50**

For the year ended 31st March, 2019

Description of Assets	**Computer**	**Office Equipment**	**Furniture, Fittings and Fixtures**	**Total**
A. Gross Carrying Amount				
a) Balance as at 1st April, 2018	**52.14**	**26.05**	**52.97**	**131.16**
b) Additions	16.33	1.72	0.55	**18.60**
Less: Disposals/Adjustments	(1.06)	(5.73)	(14.22)	**(21.01)**
Balance as at 31st March, 2019	**67.41**	**22.04**	**39.30**	**128.75**
B. Accumulated depreciation and impairment				
a) Balance as at 1st April, 2018	32.31	21.00	22.63	**75.94**
b) Depreciation expense for the year	10.36	1.80	5.00	**17.16**
Less: Eliminated on disposal of assets	(1.01)	(4.97)	(7.42)	**(13.40)**
Balance as at 31st March, 2019	**41.66**	**17.83**	**20.21**	**79.70**
C. Net carrying amount (A-B)	**25.75**	**4.21**	**19.09**	**49.05**

Notes:

i) The depreciation methods used and the useful lives or the depreciation rates used have been mentioned in the note 2.9.

ii) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2020 is Rs. Nil (2019: Rs. NIL).

Note No. 6 - Other Intangible Assets

For the year ended 31st March, 2020

₹ in lacs

Description of Assets	**Computer Software**	**Total**
A. Gross Carrying Amount		
a) Balance as at 1st April, 2020	17.50	**17.50**
b) Additions	–	**–**
Less: Disposals/ Adjustments	–	**–**
Balance as at 31st March, 2020	**17.50**	**17.50**
B. Accumulated depreciation and impairment		
a) Balance as at 1st April, 2019	10.03	**10.03**
b) amortization expense for the year	1.75	**1.75**
Less: Eliminated on disposal of assets	–	**–**
Balance as at 31st March, 2020	**11.78**	**11.78**
C. Net carrying amount (A-B)	**5.72**	**5.72**

For the year ended 31st March, 2019

₹ in lacs

Description of Assets	**Computer Software**	**Total**
A. Gross Carrying Amount		
a) Balance as at 1st April, 2018	16.31	**16.31**
b) Additions	1.19	**1.19**
Less: Disposals/ Adjustments	–	**–**
Balance as at 31st March, 2019	**17.50**	**17.50**
B. Accumulated depreciation and impairment		
a) Balance as at 1st April, 2018	8.31	**8.31**
b) amortization expense for the year	1.72	**1.72**
Less: Eliminated on disposal of assets	–	**–**
Balance as at 31st March, 2019	**10.03**	**10.03**
C. Net carrying amount (A-B)	**7.47**	**7.47**

Notes:

i) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2020 is **Rs.NIL (2019: Rs. NIL)**.

Note No. 7- Trade receivables

₹ in lacs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade receivables		
a) Unsecured, considered good	**6,008.01**	3,567.73
b) Significant increase in credit risk	**–**	–
c) Credit Imparied	**239.46**	193.26
	6,247.47	3,760.99
Less: Allowance for Credit Losses	**239.46**	193.26
TOTAL	**6,008.01**	3,567.73

Notes:

i) Refer Note 26 (III) for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

ii) The Company applies the simplified approach to providing for expected credit losses prescribed by Ind As 109, which permits the use of the lifetime expected loss provision for all trade receiables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company.

Note No. 8 – Other Financial Asset

Particulars	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current	As at 31st March 2019 Current	As at 31st March 2019 Non-Current
A. Security Deposits				
a) Unsecured, considered good	**23.64**	**29.40**	42.22	19.25
Less: Allowance for Credit Losses	–	–	–	–
B. Unbilled Revenue	**241.48**	–	140.76	–
C. Others	**1.41**	**0.63**	1.41	0.63
Total	**266.53**	**30.03**	184.39	19.88

Notes:

i) Refer Note 26 (III) for disclosures related to credit risk, impairment under expected credit loss model and related disclosures.

Note No. 9 - Current Tax and Deferred Tax

(a) Income Tax recognized in profit or loss

₹ in lacs

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
A. Current Tax:		
a) In respect of current year	**80.54**	44.13
b) In respect of prior years	**–**	–
c) Unrecognized tax loss used to reduce current tax expense	**–**	–
Total	**80.54**	44.13
B. Deferred Tax:		
a) In respect of current year origination and reversal of temporary differences	**(16.21)**	(1.76)
b) Adjustments due to changes in tax rates		–
Total	**(16.21)**	(1.76)
Total (A+B)	**64.33**	42.37

(b) Income tax recognized in Other Comprehensive Income

₹ in lacs

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
A. Current Tax:		
Remeasurement of defined benefit obligations	**–**	**–**
Total	**–**	–
B. Deferred Tax:		
Remeasurement of defined benefit obligations	**0.86**	2.66
Total	**0.86**	2.66
Classification of income tax recognized in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**0.86**	2.66
Income taxes related to items that will be reclassified to profit or loss	**–**	–
Total	**0.86**	2.66

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
a) **Profit Before tax**	**216.93**	135.92
b) Income Tax using the Company's domestic tax rate	**60.35**	37.81
c) Change in tax rates	**–**	**–**
d) Expenses not allowed for tax purpose	**2.97**	2.29
e) Tax impact on Business Loss	**63.32**	40.10
f) Adjustments recognized in the current year in relation to the deferred tax of prior years		0.69
g) Adjustments recognized in the current year in relation to the current tax of prior years		–
Income tax expense recognised In profit or loss	**63.32**	40.79

(d) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognized in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
a) Deductible Temporary differences	**–**	–
b) Unused Tax losses (revenue in nature)	**–**	–
c) Unused Tax losses (capital in nature)	**–**	–
Total	**–**	–

Note No. 10 – Deferred Tax Assets

(i) Movement in deferred tax balances

Particulars	As at, 31st March, 2020				As at, 31st March, 2019			
	Opening Balance	**Recognized in profit and Loss**	**Recognized in OCI**	**Closing Balance**	Opening Balance	Recognized in profit and Loss	Recognized in OCI	Closing Balance
A. Tax effect of items constituting deferred tax liabilities								
a) Property, Plant and Equipment	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–	–
B. Tax effect of items constituting deferred tax assets								
a) Property, Plant and Equipment	**6.08**	**(0.04)**	**–**	**6.04**	2.90	3.18	–	6.08
b) Employee Benefits	**23.27**	**9.05**	**0.86**	**33.18**	13.10	7.51	2.66	23.27
c) Provision for doubtful debts/advances	**53.75**	**12.85**	**–**	**66.60**	27.86	25.89	–	53.75
d) Lease Effects	**–**	**0.91**	**–**	**0.91**	–		–	–
e) MAT credit entitlement	**6.56**	**(6.56)**	**–**	**–**	**41.38**	**(34.82)**	**–**	**6.56**
Total	**89.66**	**16.21**	**0.86**	**106.73**	85.24	1.76	2.66	89.66
Net Tax Assets / (Liabilities)	**89.66**	**16.21**	**0.86**	**106.73**	**85.24**	**1.76**	**2.66**	**89.66**

Note No. 11 – Other Current Assets

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	**Non-Current**	Current	Non-Current
A. Capital advances				
a) For Capital work in progress	**–**	**–**	–	–
b) For intangible asset under development	**–**	**–**	–	–
Total (A)	**–**	**–**	–	–
B. Advances other than capital advances				
a) Advances to suppliers - considered good	**–**	**–**	–	–
b) Prepaid Expenses	**18.37**	**–**	21.86	–
c) Other advances	**10.47**	**–**	1,172.31	–
Total (B)	**28.84**	**–**	1,194.17	–
TOTAL (A+B)	**28.84**	**–**	1,194.17	–
Less: Allowances for Credit Losses	**–**	**–**	–	–
Total (C)	**–**	**–**	–	–
TOTAL (A+B+C)	**28.84**	**–**	1,194.17	–

Note No. 12 – Cash and Bank Balances

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents		
a) Balances with banks	**2.05**	1.64
b) Cheques, drafts on hand	**–**	–
c) Cash on hand	**0.87**	0.20
d) Bank deposits with maturity of less than 3 months	**–**	–
Total	**2.92**	1.84

Note No. 13 – Current Tax Assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance Income Tax/TDS Receivable (Net off Provision for Tax)	**429.24**	602.99
Total	**429.24**	602.99

Note No. 14 – Share Capital

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of shares	Amount	No. of shares	Amount
A. **Authorised:**				
Equity shares of Rs. 10 each with voting rights	**2,500,000**	**250.00**	2,500,000	250.00
Total				
B. **Issued, Subscribed and Fully Paid:**				
Equity shares of Rs. 10 each with voting rights	**2,362,509**	**236.26**	2,362,509	236.26
Total		**236.26**		236.26
C. **Issued, Subscribed and Partly Paid:**	**–**	**–**	–	–
Total	**–**	**–**	–	–
Total (B+C)	**–**	**236.26**	–	**236.26**

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Other Changes	Closing Balance
A. **Equity Shares with Voting rights**				
a) **Year Ended 31st March 2019**				
No. of Shares	**23,62,509**	**–**	–	**23,62,509**
Amount	**236.26**	**–**	–	**236.26**
b) Year Ended 31st March 2018				
No. of Shares	23,62,509	–	–	23,62,509
Amount	236.26	–	–	236.26

Notes:

i) **Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) **Details of shares held by the holding company:**

Particulars	No. of Equity Shares with Voting rights	
	As at 31st March, 2020	As at 31st March, 2019
Mahindra Logistics Limited	**1,959,039**	1,959,039

(iii) **Details of shares held by each shareholder holding more than 5% shares:**

Class of shares/Name of shareholder	As at 31st March, 2020 Number of shares held	As at 31st March, 2020 % holding in that class of shares	As at 31st March, 2019 Number of shares held	As at 31st March, 2019 % holding in that class of shares
Equity shares with voting rights				
Mahindra Logistics Limited	**1,959,039**	**82.92%**	1,959,039	82.92%
Mr. Shamsudeen Ahmed	**261,360**	**11.06%**	261,360	11.06%
Mr. V. Krishnan	**119,610**	**5.06%**	119,610	5.06%
Mr. S. Rajagopalan	**22,500**	**0.95%**	22,500	0.95%
Mr. Sumit S. Varma	**–**	**0.00%**	–	0.00%
Mr. Santhosh Kannambra	**–**	**0.00%**	–	0.00%

Note No. 15 – Other Equity

₹ in lacs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Securities Premium	**622.75**	622.75
Retained earnings	**103.07**	(47.29)
Total	**725.82**	575.46

Movement in Reserves

Particulars	As at 31st March, 2020	As at 31st March, 2019
(A) Securities Premium		
Balance as at the beginning of the year	**622.75**	622.75
Add: Additions during the year	–	–
Less: Deletion during the year	–	–
Balance as at the end of the year	**622.75**	622.75
(B) Retained Earnings		
Balance as at the beginning of the year	**(47.29)**	(133.94)
Add: Profit for the year	**152.60**	93.55
Less: Actuarial gain/(loss) for the year	**(2.24)**	(6.90)
Balance as at the end of the year	**103.07**	(47.29)

Nature and purpose of other reserves:

Retained earnings:

Retained earnings represents the surplus during the year to be retained in business and not for appropriation.

Securities Premium:

Securities premium account is created when shares are issued at premium. The reserve can be utilized in accordance with the provisions of the Act.

Note No. – 16 Borrowings

₹ in lacs

Particulars	As at 31st March, 2020 Current	As at 31st March, 2020 Non- Current	As at 31st March, 2019 Current	As at 31st March, 2019 Non- Current
A. Secured Borrowings				
Loans repayable on demand from Banks	**2,097.45**	**–**	1,407.93	–
Total Secured Borrowings	**2,097.45**	**–**	1,407.93	–
Lease Liabilities	–	**26.52**	–	0.00
Total Lease Liabilities	–	**26.52**	–	–
Total Borrowings	**2,097.45**	**26.52**	1,407.93	–

Note:

i. Secured loan from banks is in the nature of Cash Credit facility availed.

ii. Cash credit facililty has been availed at the rate of interest ranging from 7.80% to 9.20% p.a. agianst the charge of trade receivables.

iii. Bank sanctioned facility comprises of Cash Credit limit and working capital facility of Rs. 2,200 lacs and facility availed as on 31st March, 2020 is Rs. 2,097.45 lacs.

Note No. 17 – Trade Payables

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade Payable		
a) Due to Micro and Small Enterprises (refer point no. ii)	**45.14**	109.60
b) Other then Micro and Small Entreprises	**3,419.00**	1,961.78
Total	**3,464.14**	2,071.38

Notes:

i) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

ii) Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below

Particulars	As at 31st March, 2020	As at 31st March, 2019
Dues remaining unpaid		
— Principal	45.14	109.60
Interest on the above	–	–
Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year	–	–
Principal paid beyond the appointed date	–	–
Interest paid in terms of Section 16 of the MSMED Act	–	–
Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	–	–
Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	–	–
Amount of interest accrued and remaining unpaid	–	–

Note No. 18 – Provisions

₹ in lacs

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	**Non-Current**	Current	Non-Current
Provision for employee benefits	**211.78**	**104.71**	141.66	65.48
Total	**211.78**	**104.71**	141.66	65.48

Note No. 19 – Other Liabilities

₹ in lacs

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	**Non-Current**	Current	Non-Current
Lease Liabilities	**29.04**	–	–	–
TOTAL	**29.04**	–	–	–

Note No. 20 – Other Liabilities

₹ in lacs

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	**Non-Current**	Current	Non-Current
A. Advances received from customers	**2.29**	–	2.23	–
B. Statutory dues				
a) Taxes payable	**58.25**	–	26.51	–
b) Employee Liabilities	**9.29**	–	8.68	–
c) Other Liabilities	**4.97**	–	1,181.59	
TOTAL (A+B)	**74.80**	–	1,219.01	–

Note No. 21 – Revenue from Operations

₹ in lacs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Revenue from rendering of services	**20,467.99**	17,417.14
Total	**20,467.99**	17,417.14

Note No. 22 – Other Income

Particulars	As at 31st March, 2020	As at 31st March, 2019
a) Interest Income	**40.92**	0.48
b) Miscellaneous Income		
a) Gain on exchange fluctuation	**5.15**	12.91
b) Other Income	**(0.08)**	7.73
Total	**45.99**	21.12

Note No. 23 – Employee Benefits Expense

Particulars	As at 31st March, 2020	As at 31st March, 2019
a) Salaries and wages, including bonus	**1,328.27**	1,143.61
b) Contribution to provident and other funds	**56.23**	44.71
c) Gratuity	**15.86**	12.39
d) Staff welfare expenses	**36.99**	26.95
Total	**1,437.35**	1,227.66

Notes:

i) Salaries and wages would include: Salaries, wages, bonus, compensated absences and all other amounts payable to employees in respect of services rendered as per their employment terms under a contract of service/employment.

ii) Employee would deem to include directors, in full time or part time employment of the Company, but would exclude directors who are not under a contract of employment with the Company.

iii) Contribution to provident fund and other funds would include contributions to other funds like superannuation fund etc.pertaining to employees. Contributions to ESIC, Labour Welfare Fund.

Note No. 24 – Finance Cost

Particulars	As at 31st March, 2020	As at 31st March, 2019
a) Interest expense on cash credit	**143.86**	99.96
b) Interest on Lease	**4.52**	–
c) Interest on MSME	**2.66**	1.33
Total	**151.04**	101.29

Notes:

i) Analysis of Interest Expenses by Category

₹ in lacs

Particulars	As at 31st March, 2020	As at 31st March, 2019
Interest Expenses		
a) On Financial Liability at Amortized Cost	**143.86**	99.96
Total	**143.86**	99.96

Note No. 25 – Other Expenses

Particulars		As at 31st March, 2020	As at 31st March, 2019
a) Freight & Other related Expenses		**18,127.38**	15,425.47
b) Rent including lease rentals		**83.56**	101.64
c) Travelling and Conveyance Expenses		**132.79**	111.13
d) Provision for expected credit losses (Net of Reversals)		**46.20**	97.55
e) Bad Debts Written off		**48.68**	**8.63**
f) Bad Advances Written off		–	–
g) Auditors remuneration and out-of-pocket expenses			
i) As Auditors	1.60		
ii) For Taxation matters	0.75		
iii) For Other services	0.23	**2.58**	3.89
h) Repairs and maintenance:			
i) Machinery	25.29		20.12
ii) Others	19.75	**45.04**	17.48
i) Legal & Professional charges		**59.55**	47.54
j) Loss on sale of Fixed Assets		**(0.40)**	**7.05**
k) Other expenses		**120.22**	114.01
Total		**18,665.60**	15,954.51

Note No. 26 – Earnings per Share

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
	Per Share	Per Share
A. Basic Earnings per share	**6.36**	3.67
Total basic earnings per share	**6.36**	3.67
B. Diluted Earnings per share	**6.36**	3.67
Total diluted earnings per share	**6.36**	3.67

Notes:

i) Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

₹ in lacs

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
a) Profit/(loss) for the year attributable to owners of the Company	**150.36**	86.65
b) Less: Preference dividend and tax thereon	–	–
Profit/(loss) for the year used in the calculation of basic earnings per share	**150.36**	86.65
Total number of equity shares	**2,362,509**	2,362,509
Earnings per share from continuing operations – Basic	**6.36**	3.67

ii) Diluted Earnings Per Share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving the effect of the dilutive potential ordinary shares for the respective periods.

Particulars	As at 31st March, 2020	As at 31st March, 2019
a) Profit/(loss) for the year used in the calculation of basic earnings per share	**150.36**	86.65
b) Add: adjustments on account of dilutive potential equity shares	–	–
Profit/(loss) for the year used in the calculation of diluted earnings per share	**150.36**	86.65

iii) Reconciliation of weighted average number of equity shares

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Weighted average number of equity shares used in the calculation of Basic EPS	**2,362,509.00**	2,362,509.00
Add: Effect of Adjustments	–	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**2,362,509.00**	2,362,509.00

Note No. 27 – Financial Instruments

I. Capital management Policy

a) The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern.

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

b) For the purpose of company's capital management, capital includes issued share capital, equity as well as preference and all other equity reserves. The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

c) The following table shows the components of capital:

Particulars	As at 31st March, 2020	As at 31st March, 2019
Equity	**962.08**	811.72
Capital	**962.08**	811.72

Note:

The above capital management disclosures are based on the information provided internally to key management personnel.

II. Categories of financial assets and financial liabilities

₹ in lacs

As at 31st March, 2020

Particulars	Amortised Costs	FVTPL	FVOCI	Total
A. Non-current Assets				
a) Investments	–	–	–	–
b) Other Financial Assets	**30.03**	–	–	**30.03**
Total	**30.03**	–	–	**30.03**
B. Current Assets				–
a) Investments	–	–	–	–
b) Trade Receivables	**6,008.01**	–	–	**6,008.01**
c) Cash and Bank Balances	**2.92**	–	–	**2.92**
d) Other Financial Assets	**266.53**	–	–	**266.53**
Total	**6,277.46**	–	–	**6,277.46**
C. Non-current Liabilities				
a) Borrowings	**26.52**	–	–	**26.52**
Total	**26.52**	–	–	**26.52**
D. Current Liabilities				
a) Trade Payables	**3,464.14**	–	–	**3,464.14**
b) Other Financial Liabilities	**2,097.45**	–	–	**2,097.45**
Total	**5,561.59**	–	–	**5,561.59**

As at 31st March, 2019

Particulars	Amortised Costs	FVTPL	FVOCI	Total
A. Non-current Assets				
a) Investments	–	–	–	–
b) Other Financial Assets	19.88	–	–	19.88
Total	19.88	–	–	19.88
B. Current Assets				–
a) Investments	–	–	–	–
b) Trade Receivables	3,567.73	–	–	3,567.73
c) Cash and Bank Balances	1.84	–	–	1.84
d) Other Financial Assets	184.39	–	–	184.39
Total	3,753.96	–	–	3,753.96
C. Non-current Liabilities				
a) Borrowings	–	–	–	–
Total	–	–	–	–
D. Current Liabilities				
a) Trade Payables	**2,071.38**	–	–	**2,071.38**
b) Other Financial Liabilities	**1,407.93**	–	–	**1,407.93**
Total	**3,479.31**	–	–	**3,479.31**

III. Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) Credit risk management

Trade receivables and deposits

(i) Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Credit exposure is controlled by counterpaty credit period which is monitored through an approved policy.

(ii) Trade receivables consist of a large number of customers, spread across diverse industries and places across India.

(iii) Apart from one large customer of the company, the company does not have significant credit risk exposure to any single customer. Concentration of credit risk related to a single company did not exceed 15 % of gross monetary assets at any time during the year.

(iv) The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

(v) There is no change in estimation techniques or significant assumptions during the reporting period.

(vi) The loss allowance provision is determined as follows:

As at 31st March, 2020

Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
a) Gross carrying amount	**2,790.64**	**2,884.45**	**572.38**	**6,247.47**
b) Loss allowance provision	**43.25**	**44.71**	**151.50**	**239.46**

As at 31st March, 2019

Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
a) Gross carrying amount	1,795.78	1,706.14	259.07	3,760.99
b) Loss allowance provision	36.16	34.36	122.74	193.26

(vii) Reconciliation of loss allowance provision for Trade Receivables

₹ in lacs

Particulars	31st March, 2020	31st March, 2019
a) Balance as at beginning of the year	**193.27**	95.71
b) Impairment losses recognised in the year based on lifetime expected credit...		
– On receivables originated in the year	**94.87**	106.18
– Other receivables	–	–
c) Impairment losses reversed/written back	**48.68**	8.62
d) Balance at end of the year	**239.46**	193.27

(viii) During the period, the company has made write off of Rs.48.68 lacs (31 March, 2019: Rs. 8.63 lacs) of trade receivable. These trade receivables and advances are not subject to enforcement activity.

Cash and Cash equivalents

As at 31st March, 2020 the company held cash and cash equivalents of Rs.2.92 Lacs (As at 31st March, 2019 Rs. 1.84 Lacs). The cash and cash equivalents are held with banks with good credit rating.

B) Liquidity risk management

(i) The company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the company's net liquidity position through rolling forecasts on the basis of expected cash flows.

(ii) Maturities of financial liabilities

Table showing maturity profile of financial liabilities:

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
A) Non-derivative financial liabilities				
As at 31st March 2020				
a) Trade Payables	**3,464.14**	–	–	–
b) Security Deposits	–	–	–	–
c) Borrowings	**2,097.45**	**26.52**	–	–
d) Employee Dues	–	–	–	–
Total	**5,561.59**	**26.52**	–	–
As at 31st March 2019				
a) Trade Payables	2,071.38	–	–	–
b) Security Deposits	–	–	–	–
c) Borrowings	1,407.93	–	–	–
d) Employee Dues	–	–	–	–
Total	3,479.31	–	–	–

The above table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

(iii) Financing arrangements

The Company has access to following undrawn borrowing facilities at the end of the reporting period:

₹ in lacs

Particulars	As at 31st March, 2020	As at 31st March, 2019
a) Secured Cash credit facility		
– Expiring within one year	**102.55**	292.07
– Expiring beyond one year	–	–

(iv) Maturities of financial assets

Table showing maturity profile of financial assets

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	In Rs. Lacs	In Rs. Lacs	In Rs. Lacs	In Rs. Lacs
Non-derivative financial assets				
As at 31st March 2020				
Trade Receivables	**6,008.01**	–	–	–
Security Deposits	**23.64**	**29.40**	–	–
Others	**2.92**	–	–	–
Total	**6,034.57**	**29.40**	–	–
As at 31st March 2019				
Trade Receivables	3,567.73	–	–	–
Security Deposits	42.22	19.25	–	–
Others	1.84	–	–	–
Total	3,611.79	19.25	–	–

The above table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

C) Market Risk Management

Market Risk

"Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's unhedged foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	Currency	31st March, 2020	31st March, 2019
Trade Receivables	USD	**652,169**	225,522
	EUR	**2,402**	1,019
	SGD	**3,447**	3,447
	GBP	**1,542**	2,118
	HKD	**7,486**	24,957
Trade Payables	USD	**2,575,706**	7,949
	HKD	**1,345,425**	752,393
	EUR	**238,511**	28,710
	GBP	**176,763**	47,421
	SGD	**8,726**	10,298
	CAD	**2,234**	–
	CHF	–	450
	AUD	–	600
	DKK	–	1,434
	JPY	**156,058**	1,363,976
	AED	–	4,238
	SEK	**16,655**	16,655
	NOK	–	–

The Company does not enter into hedge transactions for either trading or speculative purposes. The outstanding forward contracts at the year end their maturity profile and sensitivity analysis are as under.

Fair value of forward contracts designated as Fair Value hedges of USD-INR as at 31 March 2020 and 31 March 2019 was NIL and 10.43 Cr respectively Outstanding number of contracts as at 31 March 2020 were NIL and 31 March 2019 were 23.

Following table demonstrate the Notional value of forward contracts designated as fair value hedges in lakhs

Currency	As at 31st March, 2020		As at 31st March, 2019	
	Amount in foregeign Currency	Amount in INR	Amount in foregeign Currency	Amount in INR
USD - INR	–	–	15.00	1,043.00
HKD - INR	–	–	6.00	53.00
GBP- INR	–	–	0.40	37.00
Euro - INR	–	–	0.60	47.00

The foreign exchange forward contracts designated as Fair Value hedges mature maximum within 3 months.

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Currency	Change in rate	Effect on profit before tax	Effect on pre-tax equity
31-Mar-20	**USD**	**+10%**	**144.98**	**144.98**
	USD	**-10%**	**(144.98)**	**(144.98)**
	HKD	**+10%**	**13.00**	**13.00**
	HKD	**-10%**	**(13.00)**	**(13.00)**
	EUR	**+10%**	**19.62**	**19.62**
	EUR	**-10%**	**(19.62)**	**(19.62)**
	GBP	**+10%**	**16.45**	**16.45**
	GBP	**-10%**	**(16.45)**	**(16.45)**
31-Mar-19	USD	+10%	(15.07)	(15.07)
	USD	-10%	15.07	15.07
	HKD	+10%	6.42	6.42
	HKD	-10%	(6.42)	(6.42)
	EUR	+10%	2.15	2.15
	EUR	-10%	(2.15)	(2.15)
	GBP	+10%	4.09	4.09
	GBP	-10%	(4.09)	(4.09)

Interest Risk

The following tables demonstrate the sensitivity to a reasonably possible change in Interest rates, with all other variables held constant.

Particulars	Name of borrowing	Type of Interest	Rate of interest	Loan amount outstanding as at year end	Increase in Base Rate	Sensitivity Impact on P&L (pre-tax)	Decrease in Base Rate	Sensitivity Impact on P&L (pre-tax)
As at 31st March, 2020	Cash Credit	Floating	7.93%	2,097.45	1.00%	-20.97	1.00%	20.97
As at 31st March, 2019	Cash Credit	Floating	9.35%	1,407.93	1.00%	-14.08	1.00%	14.08

Note No. 28 – Fair Value Measurement

a) Fair value of financial assets and financial liabilities that are measured at amortized cost:

Particulars	31st March, 2020 Carrying amount	31st March, 2020 Fair value	31st March, 2019 Carrying amount	31st March, 2019 Fair value
A) Financial assets				
a) Financial assets carried at amortized Cost				
i) Trade and other receivables	**6,008.01**	**6,008.01**	3,567.73	3,567.73
ii) Deposits given	**53.04**	**53.04**	61.47	61.47
iii) Cash and cash equivalents	**2.92**	**2.92**	1.84	1.84
Total	**6,063.97**	**6,063.97**	3,631.04	3,631.04
B) Financial liabilities				
b) Financial liabilities held at amortized cost				
i) Borrowings	**2,097.45**	**2,097.45**	1,407.93	1,407.93
ii) Trade and other payables	**3,464.14**	**3,464.14**	2,071.38	2,071.38
Total	**5,561.59**	**5,561.59**	3,479.31	3,479.31

Note No. 29 – Segment information

i) The management of the company has chosen to organise the company on the basis of nature of services. No operating segments have been aggregated in arriving at the reportable segments of the group.

ii) The Company has only one operating segment i.e. "Freight Forwarding.

iii) The VP/ Whole time director monitors the operating results of the business segments separately for the purpose of making decisions about the allocation of resources and performance assessment.

(iv) Geographic information

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Revenue from external customers		
India	**19,729.26**	16,883.45
Outside India	**738.73**	533.69
Total Revenue as per statement of Profit or Loss	**20,467.99**	17,417.14

v) Non-current operating assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
India	**98.22**	56.52
Outside India	–	–
Total	**98.22**	56.52

Non-current assets for this purpose consist of property, plant and equipment, and intangible assets.

The revenues of the company from a group of customers under common control amounts to around 8.84% of its total revenues.

(vi) The company had set up its internal reporting based on Ind AS, ahead of Ind AS adoption for statutory reporting. Hence, the VP/Whole time director was already using Ind AS information for economic decision making. This implies that the company's internal reporting is already set up to report in accordance with Ind-AS.

Note No. 30 – Leases

Operating Lease

i) The Company has entered into operating lease arrangements for commercial premises. The leases are non-cancellable and are for period as specified in the agreement and may be renewed based on mutual agreement of the parties.

Particulars	For the year ended 31 March, 2020	For the year ended 31st March, 2019
i) Future Non-Cancellable minimum lease commitments		
a) not later than one year	–	–
b) later than one year and not later than five years	–	–
c) later than five years	–	–
ii) Expenses recognised in the Statement of Profit and Loss		
a) Minimum Lease Payments	–	–

Note No. 31 – Employee benefits

i) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 55.26 lacs (2019 : Rs. 44.71 lacs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

ii) Defined Benefit Plans:

Gratuity

a) The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

b) Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

(1) Change in bond yields

A decrease in government bond yields will increase plan liabilities.

(2) Inflation risk

Defined benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

(3) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

(c) Significant Actuarial Assumptions

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at 31st March, 2020	31st March, 2019
a) Discount rate(s)	**6.55%**	7.30%
b) Expected rate(s) of salary increase	**7.00%**	6.00%
c) Mortality rate during employment	**IALM(2012-14) Ultimate**	IALM(2006-08) Ultimate

(d) Defined benefit plans – as per actuarial valuation

Particulars	Unfunded Plan – Gratuity 2020	2019
I. Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
a) Current Service Cost	**13.49**	10.85
b) Past service cost and (gains)/ losses from settlements	–	–
c) Net interest expense	**2.37**	1.54
Components of defined benefit costs recognised in profit or loss	**15.86**	12.39
a) Remeasurement on the net defined benefit liability	–	–
b) Return on plan assets (excluding amount included in net interest expense)	–	–
c) Actuarial (gains)/loss arising form changes in demaographic	**0.20**	
d) Actuarial (gains)/loss arising form changes in financial assumptions	**5.45**	0.61
e) Actuarial (gains)/loss arising form experience adjustments	**(2.56)**	8.94
Components of defined benefit costs recognised in other comprehensive income	**3.09**	9.55
Total	**18.95**	21.94

Particulars		Unfunded Plan – Gratuity 2020	2019
II.	**Net Asset/(Liability) recognised in the Balance Sheet as at 31st March**		
a)	Present value of defined benefit obligation	**(50.11)**	(32.37)
b)	Fair value of plan assets	**–**	–
c)	Surplus/(Deficit)	**(50.11)**	(32.37)
d)	Current portion of the above	**(2.84)**	(2.90)
e)	Non current portion of the above	**(47.27)**	(29.47)
III.	**Change in the obligation during the year ended 31st March**		
a)	Present value of defined benefit obligation at the beginning of the year	**32.37**	20.35
b)	Add/(Less) on account of Scheme of Arrangement/Business	**–**	–
c)	Transfer	**–**	–
d)	*Expenses Recognised in Profit and Loss Account*		
	– Current Service Cost	**13.49**	10.85
	– Past Service Cost		
	– Interest Expense (Income)	**2.37**	1.54
e)	*Recognised in Other Comprehensive Income*		
	Remeasurement gains/(losses)		
–	Actuarial Gain (Loss) arising from:		
	i. Demographic Assumptions	**0.20**	
	ii. Financial Assumptions	**5.45**	0.61
	iii. Experience Adjustments	**(2.56)**	8.94
f)	Benefit payments	**(1.21)**	(9.92)
g)	**Present value of defined benefit obligation at the end of the year**	**50.11**	32.37
IV.	**Change in fair value of assets during the year ended 31st March**		
i)	Fair value of plan assets at the beginning of the year	**–**	–
ii)	*Expenses Recognised in Profit and Loss Account*		
	– Expected return on plan assets	**–**	–
iii)	*Recognised in Other Comprehensive Income*	**–**	–
	Remeasurement gains/(losses)		
–	Actual Return on plan assets in excess of the expected return	**–**	–
iv)	Contributions by employer (including benefit payments recoverable)	**–**	–
v)	Benefit payments	**–**	–
vi)	**Fair value of plan assets at the end of the year**	**–**	–
V.	**The Major categories of plan assets**		
–	Insurance Funds	**–**	–
VI.	**Actuarial assumptions**		
a)	Discount rate	**6.55%**	7.30%
b)	Expected rate of return on plan assets	**–**	–
c)	Attrition rate	**12.00%**	12.00%

f) The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption			Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
a)	Discount rate	2020	1.00%	46.65	54.01
		2019	1.00%	30.39	34.58
b)	Salary growth rate	2020	1.00%	53.95	46.63
		2019	1.00%	34.59	30.35
c)	Rate of employee turnover	2020	0.50%	45.55	55.48
		2019	0.50%	30.16	34.47
d)	Rate of Mortality	2020	0.10%	50.11	50.11
		2019	0.00%	32.38	32.36

Notes:

i) The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

ii) The weighted average duration of the defined benefit obligation as at 31 March 2020 is 7 years (2019: 6 years)

f) Maturity profile of defined benefit obligation:

The tables include both discounted value as well as unwinding of interest.

Particulars	2020	2019
Within 1 year	**2.84**	2.90
2 – 5 year	**25.07**	16.66
6 – 10 year	**24.13**	16.28

g) The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

h) The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

Note No. 32 – Related Party Transactions

i) List of Related Parties:

a) Holding Companies:	
1	Mahindra Logistics Limited
b) Other Related parties	
1	Mahindra & Mahindra Limited and its divisions
2	Mahindra Heavy Engines Pvt Ltd
3	Mahindra Trucks and Buses Ltd
4	Mahindra Two Wheelers Ltd
5	Mahindra Vehicles Manufacturers Ltd
6	Mahindra CIE Automotive Limited
7	Mahindra Electric Mobility Limited
c) Key management Personnel	
1	Krishnan Varada (WTD)

ii) Details of transaction between the Company and its related parties are disclosed below:

			₹ in lacs
Particulars	**Parent Company**	**Other related parties**	**KMP**
Nature of transactions with Related Parties			
a) Rendering of services	27.92 335.65	1205.76 1,204.79	–
b) Receiving of services	24.61	3.54 3.50	–
c) Salary/PP Payable	–	–	41.65 44.41
d) Reimbursements made to parties	19.63 22.14	–	–
e) Reimbursements received from the parties	–	–	–
Nature of Balances with Related Parties			
a) Trade payables	45.15 4.02	–	–
b) Trade Receivable	0.14	161.75 225.18	–
c) Loans & advances received	–	–	–

iii) All the outstanding balances, whether receivables or payables are unsecured.

iv) Related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.

Note No. 33 – IND AS 115:- Revenue Recognition policies:-

A. Country-wise break up of Revenue

				₹ in lacs
	Year ended 31st March, 2020		Year ended 31st March, 2019	
Country	**Revenue from contracts with customers (IndAS 115)**	**Total Revenue from Operations**	**Revenue from contracts with customers (IndAS 115)**	**Total Revenue from Operations**
Australia	**7.34**	**7.34**	1.48	1.48
Bangladesh	**11.64**	**11.64**	–	–
Brazil	**0.49**	**0.49**	–	–
Canada	**37.21**	**37.21**	5.07	5.07
China	**11.97**	**11.97**	13.68	13.68
Croatia	–	–	0.19	0.19
Czech Republic	**1.10**	**1.10**	0.59	0.59
Denmark	**0.53**	**0.53**	–	–
France	**1.25**	**1.25**	0.16	0.16
Germany	**7.87**	**7.87**	0.30	0.30
Ghana		–	1.22	1.22
Hong Kong	**36.75**	**36.75**	29.94	29.94
Indonesia	**0.41**	**0.41**	0.19	0.19
Israel	**0.35**	**0.35**	–	–
Italy	**1.55**	**1.55**	1.91	1.91
Japan	–	–	0.28	0.28
Jordan	–	–	0.64	0.64
Kazakhstan	**6.53**	**6.53**	3.18	3.18
Kenya	**1.80**	**1.80**	–	–
Korea (South)	**15.08**	**15.08**	39.04	39.04
Kuwait	**1.32**	**1.32**	–	–
Malaysia	**1.78**	**1.78**	0.67	0.67
Myanmar	–	–	1.07	1.07
Nepal	**-1.14**	**-1.14**	1.98	1.98
Netherlands	**6.73**	**6.73**	6.22	6.22
New Zealand	**0.85**	**0.85**	0.04	0.04
Philippines	**0.34**	**0.34**	–	–
Poland	–	–	0.18	0.18
Qatar	**2.73**	**2.73**	2.30	2.30
Saudi Arabia	**1.22**	**1.22**	–	–
Singapore	**8.51**	**8.51**	19.46	19.46
Slovakia	**0.06**	**0.06**	0.85	0.85
Spain	**0.51**	**0.51**	1.77	1.77
Sri Lanka	**5.04**	**5.04**	9.91	9.91
Sweden	–	–	1.76	1.76
Switzerland	**0.07**	**0.07**	3.05	3.05
Taiwan	–	–	6.36	6.36
Thailand	–	–	0.06	0.06
Turkey	**3.49**	**3.49**	0.06	0.06
Uae	**116.95**	**116.95**	104.59	104.59
United Kingdom	**68.58**	**68.58**	16.89	16.89
United States Of America	**379.54**	**379.54**	255.62	255.62
Vietnam	**0.28**	**0.28**	2.98	2.98
India	**19,729.26**	**19,729.26**	16,883.47	16,883.47
Total	**20,467.99**	**20,467.99**	17,417.16	17,417.16

B. Reconciliation of revenue from contract with customer

Particulars	**Year ended 31st March, 2020**	Year ended 31st March, 2019
Revenue from contract with customer as per the contract price	**20,467.99**	19,252.88
Adjustments made to contract price on account of :-		
a) Discounts / Rebates / Incentives	**–**	–
b) Sales Returns / Reversals	**–**	1,835.72
c) Deferrment of revenue	**–**	–
d) Changes in estimates of variable consideration	**–**	–
e) Recognition of revenue from contract liability out of opening balance of contract liability	**–**	–
f) Any other adjustments	**–**	–
Revenue from contract with customer as per the statement of Profit and Loss	**20,467.99**	17,417.16

C. Break-up of Provision for Expected Credit Losses recognized in P&L

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Expected Credit loss recognized during the year on trade receivables	**46.20**	97.55
Expected Credit loss recognized during the year on contract assets	–	
Expected Credit loss recognized during the year on others	–	
Expected Credit loss recognized during the year on loan related assets	–	
Total	**46.20**	97.55

D. Movement of Contract Assets and Contract Liabilities

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Opening Balance	**140.76**	21.49
Additions during the year	**3,418.35**	1,550.21
Reclassification Adjustments:		
- Reclass of opening balances of contract assets to trade receivables	**(140.76)**	(21.49)
- Reclass of contract assets (out of additions during the year) to trade receivables	**(3,176.87)**	(1,409.45)
Cumulative catch up adjustment recognized during the year	–	–
Adjustments due to contract modification	–	–
Impairment of contract asset	–	–
Addition on account of merger / acquisition of subsidiary	–	–
Deletion on account of demerger / sale of subsidiary	–	–
Closing Balance	**241.48**	140.76

Note No 34:- Ind AS 116 Disclosures

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020

Particulars	Office Premises	Furniture & Fixtures	Vehicles	Total
Balance at 1 April, 2019				
Reclassified on account of adoption of Ind AS 116 (Refer to Note No. 4)	–			–
Addition	75.37			75.37
Deletion	–			–
Depreciation	(23.08)			(23.08)
Balance at 31 March, 2020	**52.29**	**–**	**–**	**52.29**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities as at March 31, 2020

Particulars	As at March 31, 2020
Current lease liabilities	**29.04**
Non-current lease liabilities	**26.52**
Total	**55.56**

The following is the movement in lease liabilities during the year ended March 31, 2020

Particulars	Year ended March 31, 2020
Balance at the beginning	**35.28**
Additions	**40.05**
Finance cost accrued during the period	**4.52**
Deletions	–
Payment of lease liabilities	**(24.29)**
Translation Difference	–
Balance at the end	**55.56**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	As at March 31, 2020
Less than one year	**29.04**
One to five years	**26.52**
More than five years	–
Total undiscounted lease liabilities at 31 March, 2020	**55.56**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was 24.29 lacs and NIL for the year ended March 31, 2020 and year ended March 31, 2019 respectively.

The following is the movement in the net investment in sublease in ROU asset during the year ended March 31, 2020

Particulars	Year ended March 31, 2020
Balance at the beginning of the period	–
Interest income accrued during the period	–
Lease receipts	–
Translation Difference	–
Balance at the end of the period	–

The table below provides details regarding the contractual maturities of net investment in sublease of ROU asset as at March 31, 2020 on an undiscounted basis:

Particulars	As at March 31, 2020
Less than one year	–
One to five years	–
More than five years	–
Total	–

Note No 35:- Covid-19 Disclosure

The Company has accounted significant accounting estimates which have been disclosed in the financial statements.

These includes fair valuation of financial assets, testing of impairment of assets, going concern assessment etc. requiring significant management judgement in estimating the same. Considering the continuing COVID-19 pandemic, the results in upcoming period may significantly vary and may affect the recoverability of assets. However, this will depend upon future developments including actions taken to contain or treat the disease and to mitigate its impact on the economy.

The Company, based on internal & external sources of information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2020 as at the date of approval of these financial statements.

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

H.P. Mahajani
Partner
M.No. 030168

Place: Mumbai
Date: 15th May, 2020

For and on behalf of Board of Directors
LORDS Freight (India) Pvt Ltd

Krishnan Varada
Whole Time Director
Place: Bangalore

Sushil Rathi
Director
Place: Bangalore

INDEPENDENT AUDITORS' REPORT

To the Members of Mahindra Aerospace Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Mahindra Aerospace Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as Ind AS Financial Statements).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements section* of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Ind AS financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Ind AS Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are

appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its Ind AS financial statements - Refer Note 23 to the Ind AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

   iv. The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these Ind AS financial statements since they do not pertain to the financial year ended 31 March 2020.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

   In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 20063980AAAACE4920

Place: Bangalore
Date: 08 May 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2020, we report the following:

(i) (a) The Company has maintained proper records showing full, including quantitative details and situation of property, plant and equipment.

(b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its property, plant and equipment, by which all property, plant and equipment are verified once in a year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. During the year, the Company has written off entire property, plant and equipments and has not carried out any physical verification of property, plant and equipment during the year.

(c) According to the information and explanations given to us and on the basis of our examination of the records, the Company did not have any immovable property. Therefore, the provision of clause 3(i) (c) of the said Order is not applicable to the company.

(ii) According to the information and explanations given to us, the Company did not have any inventory. Therefore, the provision of clause 3(ii) of the said Order is not applicable to the company

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not given any loans, or provided any guarantee or security as specified under section 185 and 186 of the Companies Act, 2013. Moreover, in respect of the investments made by the Company, requirements of section 186 of the Companies Act, 2013 have been complied with.

(v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

(vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including, Income-tax, Goods and Services tax, and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Provident fund, Employees' State Insurance, duty of excise, sales tax, service tax and value added taxes, duty of Customs and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, and Goods and Services tax, Cess and other material statutory dues were in arrears as at 31 March 2020, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Goods and Service tax, Value added tax, Service tax, duty of Customs and duty of excise which have not been deposited by the Company on account of disputes, except for the following:

Name of the Statute	Nature of the Dues	Amount Rs. in lakhs	Period	Forum where dispute is pending*
Service tax	Service tax	98.96	2011-12	Commissioner of Service tax
Income Tax Act 1961	Income Tax	3.67	AY 2011-12	Commissioner of Income Tax (Appeals)
Income Tax Act 1961	Income Tax	5.08	AY 2013-14	Commissioner of Income Tax (Appeals)
Income Tax Act 1961	Income Tax	79.24	AY 2014-15	Commissioner of Income Tax (Appeals)

* Read with Note 23(c) and 23 (d) to the financial statements

(viii) According to the information and explanations given to us, the Company did not have any outstanding loans or borrowings from any financial institution or bank or government or dues to debenture holders during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.

(x) According to the information and explanations given to us, no fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with 188 of the Act, where applicable, and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards. According to the information and explanations given to us, we understand that the provisions of Section 177 to the Act are not applicable to the Company.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 20063980AAAACE4920

Place: Bangalore
Date: 08 May 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE IND AS FINANCIAL STATEMENTS OF MAHINDRA AEROSPACE PRIVATE LIMITED FOR THE YEAR ENDED 31 MARCH 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (1 A (f)) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Aerospace Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 20063980AAAACE4920

Place: Bangalore
Date: 08 May 2020

BALANCE SHEET AS AT MARCH 31, 2020

Rs in Lakhs

Particulars	**Note**	**As at March 31, 2020**	As at March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	3	**–**	–
Capital work in progress	3	**–**	–
Intangible assets	3	**–**	–
Intangible assets under development	3	**–**	–
Right of use asset	3A	**10.04**	–
Financial assets			
Investments	4	**28,000.00**	53,615.91
Income tax assets (net)	6	**51.11**	105.17
Other non-current assets	7	**5.13**	12.18
Total non-current assets		**28,066.28**	53,733.26
Current assets			
Financial assets			
Cash and cash equivalents	8	**66.20**	11.14
Bank balances other than cash and cash equivalents	8A	**122.45**	–
Investments	4	**–**	221.12
Others financial assets	5	**3.82**	113.48
Other current assets	9	**9.42**	74.41
Total current assets		**201.89**	420.15
Total assets		**28,268.17**	54,153.41
Equity and liabilities			
Equity			
Equity share capital	10	**75,112.96**	68,962.96
Other equity	11	**(47,364.82)**	(15,427.93)
Total equity		**27,748.14**	53,535.03
Non-current liabilities			
Financial liabilities			
Borrowings	12	**–**	500.00
Lease liabilities		**7.53**	–
Total non-current liabilities		**7.53**	500.00
Current liabilities:			
Financial liabilities			
Borrowing	12	**500.00**	–
Lease liabilities		**3.20**	–
Trade payable	13	**8.90**	108.40
Other current liabilities	14	**0.40**	9.98
Total current liabilities		**512.50**	118.38
Total equity and liabilities		**28,268.17**	54,153.41
Significant accounting policies	2		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Sanjay Sharma
Partner
Membership No. 063980
UDIN:20063980AAAACE4920

Place: Bangalore
Date: May 8, 2020

For and on behalf of the Board of Directors of
Mahindra Aerospace Private Limited.
CIN No. U63033MH2008PTC179520

Mr. Arvind Mehra
Wholetime Director
DIN No. 01039769

Mr. S.P. Shukla
Managing Director
DIN No. 00007418

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V.S. Ramesh
Company Secretary

Place: Mumbai
Date: May 8, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Rs in Lakhs

Particulars	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Other income	15	**16.21**	238.15
Total income		**16.21**	238.15
Expenses			
Employee benefits expense	16	**–**	42.43
Finance costs	17	**1.04**	4.47
Depreciation	18	**3.44**	–
Other expenses	19	**31,888.79**	18,161.14
Total expenses		**31,893.27**	18,208.04
Loss before tax		**(31,877.06)**	(17,969.89)
Tax expense:			
Current tax		**5.75**	11.20
Tax charge/ (credit) of earlier years		**54.89**	(6.51)
Deferred tax		**–**	–
Income tax expense		**60.64**	4.69
Loss for the year		**(31,937.70)**	(17,974.58)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement gain/(loss) on defined benefit plans		**0.81**	0.60
Other comprehensive income for the year, net of tax		**0.81**	0.60
Total comprehensive income for the year		**(31,936.89)**	(17,973.98)
Earnings per equity share:			
Basic	24	**(4.41)**	(2.71)
Diluted	24	**(4.41)**	(2.71)
Significant accounting policies	**2**		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Sanjay Sharma
Partner
Membership No. 063980
UDIN:20063980AAAACE4920

Place: Bangalore
Date: May 8, 2020

For and on behalf of the Board of Directors of
Mahindra Aerospace Private Limited.
CIN No. U63033MH2008PTC179520

Mr. Arvind Mehra
Wholetime Director
DIN No. 01039769

Mr. S.P. Shukla
Managing Director
DIN No. 00007418

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V.S. Ramesh
Company Secretary

Place: Mumbai
Date: May 8, 2020

CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

Rs in Lakhs

Particulars	**Year ended March 31, 2020**		Year ended March 31, 2019	
A. Cash flow from operating activities:				
Loss before tax		**(31,877.06)**		(17,969.89)
Adjustments for:				
Depreciation	**3.44**		–	
Finance costs	**1.04**		4.47	
Interest income	**(9.96)**		(7.26)	
Fair value gain on financial instruments at FVTPL	**–**		(5.91)	
Profit on sale of mutual funds	**(6.25)**		(29.87)	
Provision for diminution in value of long term investments	**31,766.57**		17,950.15	
Provision for doubtful Goods service tax credit receivable	**36.72**		–	
		31,791.56		17,911.58
Operating (loss) before working capital changes		**(85.50)**		(58.31)
Changes in working capital:				
Adjustments for (increase)/decrease in operating assets:				
Current financial and other current assets	**138.15**		392.07	
Non-current financial and other non-current assets	**7.05**		–	
Adjustments for increase/(decrease) in operating liabilities:				
Trade payables	**(99.50)**		(304.10)	
Other current liabilities	**(9.58)**		(18.09)	
Provisions	**0.81**		(1.48)	
		36.93		68.40
Cash (used in)/generated from operations		**(48.57)**		10.09
Net income tax paid		**(6.58)**		(20.82)
Net cash flow used in operating activities (A)		**(55.15)**		(10.73)
B. Cash flow from investing activities:				
Payment for acquiring right of use assets	**(13.48)**		–	
Purchase of current investments	**(5,745.00)**		(5,845.00)	
Proceed from sale of current investments	**5,972.37**		5,659.66	
Bank deposits (addition)	**(122.45)**		–	
Investment in subsidiaries	**(6,150.66)**		(12,948.36)	
Interest income received	**9.74**		7.39	
Net cash used in investing activities (B)		**(6,049.48)**		(13,126.31)

CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020 (CONTINUED)

Rs in Lakhs

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
C. Cash flow from financing activities				
Proceeds from issue of equity shares	**6,150.00**		13,075.00	
Repayment of lease liabilities	**10.73**		-	
Finance costs	**(1.04)**		(4.47)	
Net cash flow from financing activities (C)		**6,159.69**		13,070.53
Net increase/(decrease) in Cash and cash equivalents (A+B+C)		**55.06**		(66.51)
Cash and cash equivalents at the beginning of the year		**11.14**		77.65
Cash and cash equivalents at the end of the year (Refer note 8)		**66.20**		11.14
Significant accounting policies (Refer note 2)				

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Sanjay Sharma
Partner
Membership No. 063980
UDIN:20063980AAAACE4920

Place: Bangalore
Date: May 8, 2020

For and on behalf of the Board of Directors of
Mahindra Aerospace Private Limited.
CIN No. U63033MH2008PTC179520

Mr. Arvind Mehra
Wholetime Director
DIN No. 01039769

Mr. S.P. Shukla
Managing Director
DIN No. 00007418

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V.S. Ramesh
Company Secretary

Place: Mumbai
Date: May 8, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

a. Equity share capital:

	Rs in Lakhs
At April 1, 2018	**55,887.96**
Add: changes in equity shares	13,075.00
At March 31, 2019	**68,962.96**
Add: changes in equity shares	6,150.00
At March 31, 2020	**75,112.96**

b. Other equity

Rs in Lakhs

Particulars	Equity component of financial instruments	Reserves and surplus		Other comprehensive income	Total
		Securities premium	Retained earnings		
At April 1, 2018	153.47	31,243.98	(28,851.17)	(0.23)	2,546.05
Loss for the period	–	–	(17,974.58)	–	(17,974.58)
Re-measurement (loss)/gain on defined benefit plans	–	–	–	0.60	0.60
Total comprehensive income	–	–	**(17,974.58)**	**0.60**	**(17,973.98)**
At March 31, 2019	**153.47**	**31,243.98**	**(46,825.75)**	**0.37**	**(15,427.93)**

Particulars	Equity component of financial instruments	Reserves and surplus		Other comprehensive income	Total
		Securities premium	Retained earnings		
At April 1, 2019	153.47	31,243.98	(46,825.75)	0.37	(15,427.93)
Loss for the period	–	–	(31,937.70)	–	(31,937.70)
Re-measurement (loss)/gain on defined benefit plans	–	–	–	0.81	0.81
Total comprehensive income	–	–	**(31,937.70)**	**0.81**	**(31,936.89)**
At March 31, 2020	**153.47**	**31,243.98**	**(78,763.45)**	**1.18**	**(47,364.82)**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Sanjay Sharma
Partner
Membership No. 063980
UDIN:20063980AAAACE4920

Place: Bangalore
Date: May 8, 2020

For and on behalf of the Board of Directors of
Mahindra Aerospace Private Limited.
CIN No. U63033MH2008PTC179520

Mr. Arvind Mehra
Wholetime Director
DIN No. 01039769

Mr. S.P. Shukla
Managing Director
DIN No. 00007418

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V.S. Ramesh
Company Secretary

Place: Mumbai
Date: May 8, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2020

1. **Corporate Information**

Mahindra Aerospace Private Limited (the 'Company') is a company domiciled in India, with its registered office situated at Mahindra Towers, P.K Kurne Chowk, Worli, Mumbai - 400018. The Company was incorporated on February 28, 2008 under the provisions of the Indian Companies Act, 1956. Presently the Company is holding investments in subsidiaries engaged in the business of manufacturing aircrafts and Aerostructures and design and development of 5 seater aircrafts. Also the company is exporting design services.

2. **Basis of preparation and Significant accounting policies:**

2.1 Basis of preparation

A. Statement of compliance

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended and notified under section 133 of the Companies Act, 2013 (The 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on 08 May 2020.

Details of the Company's accounting policies are included in Note 2.2

B. Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest lakhs, unless otherwise indicated.

C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value

D. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 3A - leases: whether an arrangement contains a lease and lease classification

Assumptions and estimation uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2020 is included in the following notes:

Note 20 – measurement of defined benefit obligations: key actuarial assumptions; key actuarial assumptions;

Note 23 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 29 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

Note 3 - useful life of property, plant and equipment

Notes 4 and 5 - impairment of financial assets.

E. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 22 - financial instruments.

2.2 Significant accounting policies

a) Property Plant and Equipment

i. Recognition and measurement

Items of property, plant and equipment, are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual value using straight line method over the useful lives of assets estimated by the Company based on an internal technical evaluation performed by the management and is recognised in the statement of profit and loss. Depreciation for assets purchased/sold during the period is proportionately charged.

The range of estimated useful lives of items of property, plant and equipment are as follows:

Asset	Useful life
Plant and Machinery, Office equipment, furniture & fixtures	2 years, 5 years, 10 years, 15 years
Vehicles	5 years

The Company believes the useful lives as given above best represent the useful lives of these assets based on internal assessment where necessary, which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

b) Intangible Assets

Internally generated: Research and development

Expenditure on research activities is recognised in the Statement of Profit and Loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others:

Other intangible assets including those acquired by the Company in a business combination are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation:

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight - line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

Asset	Useful life
Computer software	3-5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

c) Impairment of assets

i. Financial Assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to life time ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12- month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at life time ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

ii. Non-financial assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

d) Investment in subsidiaries

The company accounts for its investment in subsidiaries at cost less accumulated impairment, if any.

e) Revenue Recognition

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11.The adoption of the standard did not have any material impact to the financial statements of the Company.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

f) Other Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the Statement of Profit and Loss.

g) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight line method from the commencement date over the shorter of lease term or useful life of right of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

Transition to Ind AS 116

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, modified retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated the comparative information.

As a lessee:

For transition, the Company has elected not to apply the requirements of Ind AS 116 leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee’s incremental borrowing rate as at April 1, 2019.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 to which the Company has chosen to apply the practical expedient as per the standard.

h) Financial Instruments

A. Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. .

B. Classification and subsequent measurement

i. Financial assets carried at amortized cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv. Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Investment in subsidiaries, joint venture and associates

Investment in subsidiaries, joint venture and associates is carried at cost in the financial statements.

C. De-recognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the Statement of Profit and Loss.

D. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

i) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

ii. Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax is not recognised for:

– temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.

– temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

j) Foreign currencies:

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

k) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognised in the statement of profit and loss on a systematic basis over the periods to which they relate.

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in Statement of profit or loss in the period in which they are incurred.

m) Business combination

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the value of net assets and the consequent reduction in value of investment held by the Company is transferred to the capital reserve or to the accumulated balance of profit and loss.

n) Provisions and contingent liabilities

i. General:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii. Contingent liabilities:

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

iii Onerous contracts:

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

o) Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Managing Director.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue/expenses/assets/liabilities".

p) Employee benefits

i. Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

ii. Post-employment benefits

Contributions to defined contribution schemes such as Provident Fund, employee state insurance scheme, Pension Fund, etc., are considered as defined contribution plans and are recognised as expenses in the period in which the employee renders the related service.

The Company also provides for post-employment defined benefit in the form of gratuity and medical benefits. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Remeasurement of the net benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interests) and the effect of the assets ceiling (if any, excluding interest) are recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the Statement of Profit and Loss.

iii. Other long-term employee benefits

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at 31 March every year using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

q) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

r) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit/(loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit/(loss) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented in case of share splits.

s) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

t) Recent accounting pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Note 3: Property, plant and equipment

Rs in Lakhs

Particulars	Tangible assets					Intangible assets		
	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Total	Computer software	Total	Grand Total
Cost								
As at April 01, 2018	**5.06**	**5.28**	**0.17**	**1.51**	**12.02**	**76.21**	**76.21**	**88.23**
Additions	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–
As at March 31, 2019	**5.06**	**5.28**	**0.17**	**1.51**	**12.02**	**76.21**	**76.21**	**88.23**
Additions	–	–	–	–	–	–	–	–
Writen off	5.06	5.28	0.17	1.51	12.02	76.21	76.21	88.23
As at March 31, 2020	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Accumulated Depreciation and Amortisation								
As at April 01, 2018	**5.06**	**5.28**	**0.17**	**1.51**	**12.02**	**76.21**	**76.21**	**88.23**
Charge for the year	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–

Rs in Lakhs

Particulars	Tangible assets					Intangible assets		
	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Total	Computer software	Total	Grand Total
As at March 31, 2019	**5.06**	**5.28**	**0.17**	**1.51**	**12.02**	**76.21**	**76.21**	**88.23**
Charge for the year	–	–	–	–	–	–	–	–
Disposal	5.06	5.28	0.17	1.51	12.02	76.21	76.21	88.23
As at March 31, 2020	–	–	–	–	–	–	–	–
Net block								
As at April 01, 2018	–	–	–	–	–	–	–	–
As at March 31, 2019	–	–	–	–	–	–	–	–
As at March 31, 2020	–	–	–	–	–	–	–	–

Net book value	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Property, plant and equipment	–	–	–
Intangible assets	–	–	–
Capital work in progress (Refer note 26)	–	–	–
Intangibles assets under development (Refer note 26)	–	–	–

Note 3A: Right of use assets

Rs in Lakhs

Particulars	Additions for year ended March 31, 2020	Depreciation on right-of-use asset	Net carrying amount as at March 31, 2020
Leasehold improvements	**13.48**	3.44	10.04

Interest on lease liabilities is Rs. 1.04 Lakhs for the year ended on March 31, 2020

Note 4: Investments

Rs in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
At cost less provision for other than temporary impairment		
Unquoted equity shares		
Investment in wholly owned subsidiaries		
Mahindra Aerospace Australia PTY Ltd	**59,913.25**	56,762.59
[102,238,500 (2019: 102,238,500) Equity Shares of AU $ 1 each, 18,100,000 (2019: 18,100,000) Equity Shares of AU $ 0.58 each & 15,116,000 (2019: NIL) Equity Shares of AU $ 0.43 each]]		
Less: Provision for diminution in value of investment	**(59,913.25)**	(30,946.68)
	–	25,815.91
Mahindra Aerostructures Pvt Ltd	**42,886.00**	39,886.00
[428,860,000 (2019: 398,860,000) Equity Shares of Rs.10 each]		
Less: Provision for diminution in value of investment	**(14,886.00)**	(12,086.00)
	28,000.00	27,800.00
	28,000.00	53,615.91
Current		
Quoted		
Investments in mutual fund carried at FVTPL		
ICICI Prudential Liquid Plan -Regular Growth		
[(2020: NIL) (2019: No. of Units 79,993.70 of Face Value Rs 100 each)]	–	221.12
	–	221.12

Rs in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Total unquoted non-current investments	**102,799.25**	96,648.59
Aggregate provision for impairment in value of investments	**(74,799.25)**	(43,032.68)

Note 5: Other financial assets

Rs in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good unless otherwise stated		
Current		
Security deposits to related party (Refer note 21)	**3.60**	3.60
Dues from related parties (Refer note 21)	–	109.88
Interest accrued on deposits	**0.22**	–
	3.82	113.48

These financial assets are carried at amortised cost unless otherwise stated.

Note 6: Income tax assets (net)

Rs in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
TDS receivable (Including MAT Credit) (net of provision for taxation Rs. 73.99 Lakhs (2019: Rs. 13.35 Lakhs))	51.11	105.17
	51.11	105.17

Note 7: Other non-current assets

Rs in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good unless otherwise stated		
Balances with government authorities		
GST Credit Receivable	**141.82**	141.82
Less: Provision	**(141.82)**	(141.82)
	–	–
Other deposits	**5.13**	12.18
	5.13	12.18
	5.13	12.18

Note 8: Cash and cash equivalents

Rs in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with banks		
In current accounts	**65.92**	10.81
Cash on hand	**0.28**	0.33
	66.20	11.14

Note 8A: Bank balance other than cash and cash equivalents

Rs in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Bank Balances other than Cash and Cash Equivalents		
	122.45	–
	122.45	–

Note 9: Other current assets

Rs in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good unless otherwise stated		
Balances with government authorities:		
GST credit receivable	**36.72**	67.25
Less: Provision	**(36.72)**	–
	–	67.25
Others (Also refer note 20)	**9.42**	15.37
Less: Provision for doubtful advances	**–**	(8.21)
	9.42	7.16
	9.42	74.41

Note 10: Share Capital

Rs in Lakhs

	Particulars	As at March 31, 2020 Nos	As at March 31, 2020 Amount	As at March 31, 2019 Nos	As at March 31, 2019 Amount
1	Authorised :				
	Equity shares of Rs.10 each	**800,000,000**	**80,000.00**	750,000,000	75,000.00
	5% Non-Cumulative Compulsorily Convertible Preference shares of Rs.10 each	**15,000,000**	**1,500.00**	15,000,000	1,500.00
	0.10% Cumulative Compulsorily Convertible Preference shares of Rs.10 each	**190,000,000**	**19,000.00**	190,000,000	19,000.00
	Total	**1,005,000,000**	**100,500.00**	955,000,000	95,500.00
2	Issued :				
	Equity shares of Rs 10 each :				
	Opening Balance	**689,629,627**	**68,962.96**	602,879,627	60,287.96
	Less: Unsubscribed shares (Refer below note 4A and 4B)	**(1,000,020)**	**(100.00)**	(44,000,000)	(4,400.00)
	Add: Issued during the year	**62,500,000**	**6,250.00**	130,750,000	13,075.00
	Closing balance	**751,129,607**	**75,112.96**	689,629,627	68,962.96
3	Subscribed and fully paid up :				
	Equity shares of Rs 10 each :				
	Opening Balance	**689,629,627**	**68,962.96**	558,879,627	55,887.96
	Add: Issued during the year	**61,499,980**	**6,150.00**	130,750,000	13,075.00
	Closing balance	**751,129,607**	**75,112.96**	689,629,627	68,962.96

Notes:

1) Out of the total equity shares, 674,370,306 (2019: 612,870,326) equity shares are held by Mahindra and Mahindra Ltd., the holding company, Including shares held jointly with nominees.

2) Details of shareholders holding more than 5% equity shares in the Company:

Name of the Shareholder	As at March 31, 2020		As at March 31, 2019	
	Nos	**%**	Nos	%
Mahindra and Mahindra Limited and its nominees*	**674,370,306**	**89.78%**	612,870,326	88.87%
Kotak Mahindra Trustee Limited (Trustee of Kotak India Growth Fund II)	**55,478,722**	**7.39%**	55,478,722	8.04%

* Includes 8 shares (2019: 8 shares) held by nominees jointly with Mahindra and Mahindra Limited

3) Rights, preferences and restrictions attached to shares:

a) Equity Shares:

The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

b) 5% Non-Cumulative Compulsorily Convertible Preference shares (compound financial instruments):

50,00,000, 5% Non-Cumulative Compulsorily Convertible Preference shares (NCCCPS) of Rs.10 each were issued in March 2015 to the holding Company, Mahindra & Mahindra Ltd. The NCCCPS holders will not entitled to any of the rights and privileges available to the members of the company including the right to receive notices of or to attend and vote at General Meetings or to receive annual reports of the company. The NCCCPS holders shall not have the rights of participation in surplus assets and profits, on winding up which may remain after the entire capital has been repaid. The NCCCPS of Rs. 10 each shall have a preferential right to payment of divided and repayment, in the case of winding up or repayment of capital. The NCCCPS are convertible in to equity shares within a period of 3 years at a price to be determined as per terms of the issue.

During the year ended 31 March 2018, the company had extended the tenure of preference shares for the period of 3 years. The preference shares shall be compulsorily convertible into equity shares on or before March 30, 2021 at a price/rate which is discount of 18% to the price at which the above mentioned next round of funding happens. The IRR discount of 18% shall be adjusted to the extent of the dividend paid to the NCCCPS holders. In the event of equity infusion does not happen on or before March 30, 2021, then these NCCCPS shall be compulsorily converted into equity shares at par on March 30, 2021.

The other terms of the issue of these NCCCPS shall remain same.

4A) During the preceding previous year ended 31 March 2018, the company has made a rights issue offer of 44,000,000 equity shares of Rs. 10 each for cash at par. The offer period was initially from 22 February 2018 to 12 March 2018 (both days inclusive) and further extended till 27 March 2018. After the expiry of the time specified in this offer as aforesaid, or on receipt of intimation declining the said offer, the Board of Directors may offer such shares to the other existing shareholder of the Company.

During the previous year ended 31 March 2019, the Board of Directors in their meeting held on 3 May 2018, approved the cancellation of the said unsubscribed shares.

4B) During current year the company has made a rights issue offer of 62,500,000 equity shares of Rs. 10 each for cash at par. The offer period was from 26 August 2019 to 03 September 2019 (both days inclusive). After the expiry of the time specified in this offer as aforesaid, or on receipt of intimation declining the said offer, the Board of Directors may offer such shares to the other existing shareholder of the Company. The Board of Directors in their meeting held on 09 September 2019, approved the cancellation of the said unsubscribed shares.

5) The Company has not allotted any fully paid equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

Note 11: Other equity

A) Securities premium

	Rs in Lakhs
Particulars	Amount
At April 1, 2018	**31,243.98**
Additions during the year	**–**
At March 31, 2019	**31,243.98**
Additions during the year	–
At March 31, 2020	**31,243.98**

Security premium account is used to record the premium on issue of equity shares. The reserve will be utilized in accordance with the provisions of the Companies Act, 2013

B) Retained earnings

	Rs in Lakhs
Particulars	**Amount**
At April 1, 2018	**(28,851.17)**
Loss for the year	(17,974.58)
At March 31, 2019	**(46,825.75)**
Loss for the year	(31,937.70)
At March 31, 2020	**(78,763.45)**

C) Other comprehensive income

	Rs in Lakhs
Particulars	**Amount**
At April 1, 2018	**(0.23)**
Re-measurement gain/(loss) on defined benefit plans	0.60
At March 31, 2019	**0.37**
Re-measurement gain/(loss) on defined benefit plans	0.81
At March 31, 2020	**1.18**

D) Equity components of 5% Non-Cumulative Compulsorily Convertible Preference shares

	Rs in Lakhs
Particulars	**Amount**
At April 1, 2018	**153.47**
Additions during the year	**–**
At March 31, 2019	**153.47**
Additions during the year	**–**
At March 31, 2020	**153.47**

Total other equity	
At April 1, 2018	2,546.05
At March 31, 2019	(15,427.93)
At March 31, 2020	**(47,364.82)**

Note 12: Borrowings

		Rs in Lakhs
Particulars	**As at March 31, 2020**	As at March 31, 2019
Non Current		
5% Non-cumulative compulsorily convertible preference shares	**–**	500.00
	–	500.00
Current		
5% Non-cumulative compulsorily convertible preference shares	**500.00**	–
	500.00	–

Note: For repayment terms and interest: Refer note 10 (3)(b).

Note 13: Trade payable

		Rs in Lakhs
Particulars	**As at March 31, 2020**	As at March 31, 2019
Trade payables		
Dues to micro and small enterprises (Refer note 25)	**–**	–
Dues to related parties (Refer note 21)	**5.79**	91.71
Due to others	**3.11**	16.69
	8.90	108.40

Note 14: Other current liabilities

Rs in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues (withholding taxes, goods and service tax,etc.)	**0.19**	9.77
Others	**0.21**	0.21
	0.40	9.98

Note 15: Other income

Rs in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Income from management services*	**–**	195.11
Profit on sale of mutual funds	**6.25**	29.87
Fair value gain on financial instruments at FVTPL	**–**	5.91
Interest income on bank deposits	**9.96**	7.26
	16.21	238.15

* Represents the income earned from subsidiary companies on cost plus mark up on services rendered.

Note 16: Employee benefits expense

Rs in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus**	**–**	41.09
Contribution to provident and other funds	**–**	1.34
	–	42.43

** Net of reimbursement received from subsidiary companies amounting to Rs 53.49 Lakhs (2019: 25.30 Lakhs).

Note 17: Finance costs

Rs in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense on lease liabilities	**1.04**	4.47
	1.04	4.47

Note 18: Depreciation

Rs in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on right-of-use asset	**3.44**	–
	3.44	–

Note 19: Other expenses

Rs in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent	**-**	3.60
Rates and taxes	**56.40**	14.69
Insurance	**–**	0.18
Legal and other professional charges	**15.90**	182.74
Travelling & Conveyance	**3.89**	0.28
Auditors' remuneration (refer note below)	**6.43**	5.50
Directors' sitting fees	**1.60**	1.20
Loss on foreign exchange translation, (net)	**0.71**	1.66
Provision for diminution of Investments (refer note 27)	**31,766.57**	17,950.15
Provision for doubtful Goods service tax credit receivable	**36.72**	–
Bank charges	**0.31**	0.36
Other miscellaneous expenses	**0.26**	0.78
	31,888.79	18,161.14

\# Total expenses disclosed are net of reimbursement received from subsidiary companies amounting to Rs NIL (2019: 218.62 Lakhs).

Note:

Rs in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Auditors' remuneration includes:		
Statutory audit	**3.00**	3.00
Other services and certifications	**3.00**	2.50
Reimbursement of expenses	**0.43**	–
	6.43	5.50

Note 20: Employee benefits

(a) Defined Contribution Plan:

The Company's contribution to Provident Fund and others aggregating Rs. NIL (2019: Rs. 1.13 Lakhs) has been recognised in the Statement of Profit or Loss under the head employee benefits expense.

(b) Defined Benefit Plans:
Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is calculated as per the Payment of Gratuity Act, 1972 . The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund. However, during the year, the company did not had any eligible employees to whom the gratuity was payable and accordingly, no actuarial valuation was carried out. The receivable from the Gratuity trust of the Company has been recognised in these financial statements under Note 9, as the Company has right to recover the surplus available in the trust.

Rs in Lakhs

Particulars	Funded Plan Gratuity	
	31–Mar–20	31–Mar–19
I. Expense recognised in the Statement of Profit and Loss for the year		
Current service cost	**–**	0.18
Net Interest cost	**–**	0.03
	–	0.21

Particulars	Funded Plan Gratuity (Rs in Lakhs)	
	31–Mar–20	31–Mar–19
II. Recognised in comprehensive income for the year		
Return on plan assets	**–**	(0.27)
Actuarial (Gain)/Loss on account of :		
– Demographic Assumptions	**–**	0.01
– Financial Assumptions	**(0.81)**	–
– Experience Adjustments	**–**	(0.34)
	(0.81)	(0.60)
III. Change in the obligation during the year ended		
1. Present value of defined benefit obligation at the beginning of the year	**1.44**	7.97
2. Acquisitions/Divestures/Transfer (transfer of employees to MASPL)	**–**	(6.97)
3. Current Service Cost	**–**	0.18
4. Interest cost	**–**	0.59
5. Recognised in Other Comprehensive Income		
– Actuarial Gain (Loss)	**(0.81)**	(0.33)
6. Benefit paid	**(1.22)**	–
Present value of defined benefit obligation at the end of the year	**(0.59)**	1.44
IV. Change in fair value of assets during the year ended		
1. Fair value of plan assets at the beginning of the year	**8.35**	7.52
2. Interest income		0.56
3. Recognised in Other Comprehensive Income		
– Return on plan assets	**–**	0.27
4. Contributions by employer	**–**	–
5. Benefit paid	**(1.22)**	–
Fair value of plan assets at the end of the year	**7.13**	8.35
V. Net (Asset)/Liability recognised in the Balance Sheet		
– Present value of defined benefit obligation	**(0.59)**	1.44
– Fair value of plan assets	**7.13**	8.35
Net (Asset)/ liability	**(7.72)**	(6.91)
Current portion of the above	**(7.72)**	(6.91)
Non current portion of the above	**–**	–

Plan Assets:

The details with respect to the investment made by Fund manager (Life Insurance Corporation) into major categories of plan assets have not been disclosed, as the same has not been provided by the Fund manager to the Company.

Acturial Assumptions:

The principal assumptions used in determining defined benefit obligations and fair value of asset for gratuity and leave encashment are:

Particulars	**31-Mar-19**
Discount rate	7.43%
Future salary increases	8.00%
Attrition rate	5.00%
Estimated rate of return on plan assets	7.43%
Mortality	Indian Assured Lives Mortality (2006-08) (Ultimate)

Since the company has no employees on rolls as on 31st March 2020, the sensitivity analysis and other related disclosures are not provided.

Note 21: Related Party Information

i) Related parties where control exists along with nature of relationship

Name of the party	Nature of Relationship
Mahindra & Mahindra Ltd.	Holding Company
Mahindra Aerostructures Private Limited	Subsidiary
Mahindra Aerospace Australia Pty Ltd	Subsidiary
GippsAero Pty Ltd	Step Down Subsidiary
Mahindra Aerospace Private Limited Employees Group Gratuity Assurance Scheme	Employee Gratuity Trust

ii) Related parties under Ind AS 24 and as per Companies Act, 2013

Key management personnel

Mr. S. P. Shukla	Managing Director
Mr. Arvind Kumar Mehra	Chief Executive Officer & Executive Director
Mr. V S Parthasarathy	Non-executive director (until 2 August 2018)
Mr. Nikhil Sohoni	Non-executive director (w.e.f. 4 August 2018)
Mr. Sudhir Yagnik	Non-executive director (until 3 August 2018)
Mr. Mukul Verma	Non-executive director (w.e.f 4 August 2018)
Mr. S.Ramakrishna	Non-executive director (until 31 October 2018)
Mr. K. V. Ramakrishna	Non-executive director
Mr. Dhiraj Rajendran	Non-executive director
Dr. Devi Singh	Independent director (until 29 March 2020)
Ms. Rajyalakshmi Rao Meka	Independent director (until 29 March 2020)
Mr. T. S. Sarma	Chief Financial Officer
Mr. V.S. Ramesh	Company Secretary

Other parties with whom transaction have taken place during the year:

Name of Related Party	**Nature of Relationship**
Mahindra Integrated Business Solution Private Limited	Fellow Subsidiary

iii) Details of the transactions with the related parties

Particulars	2019-20 (Rs in Lakhs)	2018-19
I. Transactions with Group entities		
Services Received (included under note 19 Other expense)		
Mahindra & Mahindra Ltd	**6.66**	333.48
Mahindra Integrated Business Solution Private Limited	**0.20**	0.60
	6.86	334.08
Reimbursement of expenses made to:		
Mahindra & Mahindra Ltd	**–**	4.54
Mahindra Aerostructures Private Limited	**–**	51.23
	–	55.77
Services rendered		

		Rs in Lakhs
Particulars	**2019-20**	2018-19
Mahindra Aerostructures Private Limited	**–**	98.62
GippsAero Pty Ltd	**–**	96.49
	–	195.11
Rent expenses		
Mahindra Aerostructures Private Limited	**3.81**	3.60
	3.81	3.60
Reimbursement of expenses received		
Mahindra Aerostructures Private Limited	**53.49**	109.84
GippsAero Pty Ltd	**–**	134.08
	53.49	243.92
Expenses paid		
Mahindra Aerospace Private Limited Employees Group Gratuity Assurance Scheme	**1.50**	–
	1.50	–
Investment in equity		
Mahindra Aerospace Australia Pty Ltd	**3,150.65**	5,298.36
Mahindra Aerostructures Private Limited	**3,000.00**	7,650.00
	6,150.65	12,948.36

		Rs in Lakhs
Particulars	**2019-20**	2018-19
Shares issued		
Mahindra & Mahindra Ltd	**6,150.00**	13,075.00
	6,150.00	13,075.00

II. Transactions with key managerial personnel

Salary and perquisites		
Mr. S P Shukla	**53.49**	34.25
Mr. Arvind Kumar Mehra	**–**	168.00
Mr. T. S. Sarma	**–**	9.06
Sitting fees	**1.60**	1.20

(iv) Details of balances receivable from and payable to related parties are as follows:

		Rs in Lakhs
Particulars	**As at March 31, 2020**	As at March 31, 2019
Trade payables		
Mahindra & Mahindra Ltd	**3.05**	36.38
Mahindra Aerostructures Pvt Ltd	**2.74**	55.33
	5.79	91.71
Other financial assets		
Mahindra Aerostructures Pvt Ltd	**–**	60.64
GippsAero Pty Ltd	**–**	49.24
	–	109.88
Security deposits (Asset)		
Mahindra Aerostructures Pvt Ltd	**3.60**	3.60
	3.60	3.60

Notes:

1. Corporate Guarantees issued in respect of borrowings availed by subsidiary company (Mahindra Aerostructures Private Limited) - Rs. 9,500 Lakhs (2019: Rs. 9,500 Lakhs)

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

Note 22: Financial instruments - fair values and risk management

A Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2020, including their levels in the fair value hierarchy.

Rs in Lakhs

Particulars		**Carrying amount**					**Fair value**			
	Note	**FVTPL**	**FVOCI**	**Other financial assets -amortised cost**	**Other financial liabilities**	**Total carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value										
Cash and cash equivalents	8	–	–	66.20	–	66.20	–	–	–	–
Investments in mutual fund	4	–	–	–	–	–	–	–	–	–
Security deposits	5	–	–	3.60	–	3.60	–	–	–	–
Dues from related parties	5	–	–	–	–	–	–	–	–	–
Fixed Deposits		–	–	122.45	–	122.45	–	–	–	–
Interest accrued on deposits		–	–	0.22	–	0.22	–	–	–	–
		–	–	192.47	–	192.47	–	–	–	–

Rs in Lakhs

Particulars	Note	Carrying amount FVTPL	FVOCI	Other financial assets -amortised cost	Other financial liabilities	Total carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value										
Borrowings (NCCPS)	12	–	–	–	–	–	–	–	–	–
Trade payables	14	–	–	–	8.90	8.90	–	–	–	–
CCCPS	12	–	–	–	–	–	–	–	–	–
		–	–	–	8.90	8.90	–	–	–	–

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2019, including their levels in the fair value hierarchy.

Rs in Lakhs

Particulars	Note	Carrying amount FVTPL	FVOCI	Other financial assets -amortised cost	Other financial liabilities	Total carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value										
Cash and cash equivalents	8	–	–	11.14	–	11.14	–	–	–	–
Investments in mutual fund	4	221.12	–	–	–	221.12	–	–	–	–
Security deposits	5	–	–	3.60	–	3.60	–	–	–	–
Dues from related parties	5	–	–	109.88	–	109.88	–	–	–	–
		221.12	–	124.62	–	345.74	–	–	–	–
Financial liabilities not measured at fair value										
Borrowings (NCCPS)	12	–	–	–	500.00	500.00	–	–	–	–
Trade payables	14	–	–	–	108.40	108.40	–	–	–	–
CCCPS	12	–	–	–	–	–	–	–	–	–
		–	–	–	608.40	608.40	–	–	–	–

The fair value of cash and cash equivalents, bank balance other than cash and cash equivalents, borrowings, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's long-term debt has been contracted at market rates of interest. Accordingly, the carrying value of such long-term debt approximates fair value.

Investment in equity shares of subsidiaries are not appearing as financial asset in the table above being investment in subsidiaries accounted under Ind AS 27, Separate Financial Statements which is scoped out under Ind AS 109.

There have been no transfers among Level 1, Level 2 and Level 3 during the period.

B Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's management oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

C Financial risk management objectives and policies

The Company's principal financial liabilities comprise NCCPs, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, other receivables, deposits and cash and cash equivalents that derive directly from its operations.

The Company is exposed to the following risks from its use of financial instruments:

– Market risk

– Credit risk

– Liquidity risk

The note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings. The sensitivity analyses in the following sections relate to the position as at 31 March 2020 and 31 March 2019. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies. The analyses exclude the impact of movement in market variables on: the carrying values of gratuity and other post retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2020 and 31 March 2019.

a. Interest rate risk

The company doesn't have borrowings. Hence interest rate risk is not applicable.

b. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's does not have any exposure to the risk of changes in foreign exchange rates as there are no operations being carried out (revenue or expense is denominated in a foreign currency) by the company.

c. Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and AUD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

Rs in lakhs

	31-Mar-20		31-Mar-19	
Particulars	**Increase / decrease in basis points**	**Effect of profit before tax-Rs**	Increase / decrease in basis points	Effect of profit before tax-Rs
AUD	**+50**	**–**	+50	0.50
USD	**+50**	**–**	+50	–
AUD	**-50**	**–**	-50	(0.50)
USD	**-50**	**–**	-50	–

The movement in the pre-tax effect is a result of a change in the fair value of monetary assets and liabilities denominated in US dollars, where the functional currency of the entity is a currency other than US dollars.

(ii) Credit risk

Company does not have any operations and hence credit risk is not applicable.

Financial Instrument and Cash Deposit

Credit risk from balances with banks and financial institutions is managed by the Company's operation department in accordance with the Company's policy. Investments of surplus funds are made only with approved Banks within the limits assigned. These limits are reviewed by the Company's Board of Directors as and when required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss and potential failure to make payments. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31st March 2020 and 2019 is the carrying amounts.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

Rs in lakhs

	On demand	**Less than 1 year**	**1 to 2 Year**	**2 to 5 year**	**More than 5 Years**	**Total**
Year ended 31 March 2020						
Borrowings (NCCPS)	–	500.00	–	–	–	500.00
Trade payables	–	8.90	–	–	–	8.90
	–	**508.90**	**–**	**–**		**508.90**
Year ended 31 March 2019						
Borrowings (NCCPS)	–	–	500.00	–	–	500.00
Trade payables	–	108.40	–	–	–	108.40
	–	**108.40**	**500.00**	**–**	**–**	**608.40**

D Capital management:

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern.
- to provide an adequate return to shareholders by pricing products

The Company monitors capital on the basis of the carrying amount of equity and profit and loss account as presented on the face of the statement of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to externally enforced capital regulation. The Company's capital requirements are substantially met through the issue of equity to the holding companies.

There is no change in the overall capital risk management strategy of the Company compared to last year.

23. Contingent liabilities:

(a) Corporate Guarantees issued in respect of borrowings availed by subsidiary company – Rs. 9,500 Lakhs (2019: Rs. 9,500 Lakhs)

(b) The Company has committed financial support to GippsAero Pty Ltd and Mahindra Aerospace Australia Pty Ltd (collectively, the 'GippsAero Group'), for 12 months from the signing of their 31 March 2020 audited financial statements, stating that the Company will not call in any amounts provided to the GippsAero Group prior to the expiration of the period of support, other than as required in the normal course of business or as required by appropriate and applicable exchange control or other Indian regulatory requirements. The Company will provide an appropriate level of support to GippsAero Group to meet its liabilities and obligations as and when they fall due set out in budgeted forecasts under the approved business plan for the period of support and that are incurred in the normal course of business.

(c) Service tax matters under appeal Rs. Nil (2019: Rs. 98.96 Lakhs). The Company during the year has opted Sabka Vishwas - (Legacy Dispute Resolution) Scheme 2019, a one time amnesty scheme for central taxes, which provided that eligible persons shall declare the tax dues and pay the same in accordance with the provisions of the Scheme. It further provided for certain immunities including penalty, interest or any other proceedings under the Central Excise Act, 1944 or Chapter V of the Finance Act, 1944 to those persons who pay the declared tax dues. Pursuant to the scheme the Company has paid Rs. 49.48 Lakhs towards the service tax matter under litigation, the Company yet to receive discharge certificate for designated authorities.

(d) Income tax matters under appeal Rs. Nil (2019: Rs. 88.00 Lakhs). The Company during the year decided to opt for Vivad se Viswas Act 2020, a one time amnesty scheme for direct taxes, which provided that eligible persons shall declare the tax dues and pay the same in accordance with the provisions of the Scheme. It further provided for certain immunities including penalty, interest or any other proceedings under the Income Tax Act, 1961 to those persons who pay the declared tax dues. Pursuant to the scheme the Company has created a provision of Rs. 54.89 Lacs towards the Income tax matter under litigation.

(e) In February 2019, Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligation under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretive challenges on the application of judgement retrospectively and as such does not consider there any probable obligations for past periods. Accordingly, based on legal advice the company has made provision for provident fund contribution form the date of Supreme court order. The probable obligation for past periods amounting to Rs. 0.30 Lakhs has been considered by the Company as contingent liability.

(f) The estimated amount of contracts remaining to be executed on Capital account and not provided for Rs.Nil (2019: Rs. Nil).

Note: The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/courts and the ultimate outcome will not have a material adverse effect on the Company's financial position and results of operations.

24. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders by the weighted average number of Equity Shares outstanding during the year.

Rs in Lakhs

Sr. No.	Particulars	March 2020	March 2019
(a)	Earnings attributable to equity shareholders	**(31,937.70)**	(17,974.58)
(b)	Weighted average number of equity shares outstanding during the year	**724,170,711.66**	662,763,188.64
(c)	Basic Earnings per share (Rs.)	**(4.41)**	(2.71)
(d)	Diluted Earnings per share (Rs.)	**(4.41)**	(2.71)

Weighted average no of shares (basic & diluted)

Sr. No.	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(a)	Opening Balance	**689,629,627**	558,879,627
(b)	Effect of fresh issue of shares	**34,541,085**	103,883,562
(c)	Weighted average no of shares	**724,170,712**	662,763,189

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings/(loss) per share as follows:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Weighted average number of equity shares used in the calculation of Basic EPS	**724,170,712**	662,763,189
Add: Effect of potential equity shares	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**724,170,712**	662,763,189

25. Dues to micro and small enterprises

There are no micro and small enterprises to which the Company owes dues, which are outstanding for more than 45 days as at 31 March, 2020. This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

26. NM5 Project

During November 2008, erstwhile M/S. Plexion Technologies India Pvt. Ltd., which was later on merged with Mahindra Engineering Services Limited (MESL), had entered into a Collaboration Agreement with Council of Scientific Industrial Research (CSIR), represented by National Aerospace Laboratories (NAL) for Joint Development, Commercial Production and Marketing of a 4-Seater Aircraft (NM 5 Project). By virtue of a Deed of Assignment dated 28th May, 2008, signed between MESL, the Company and Council of Scientific Industrial Research (CSIR), the rights, obligations and benefits of MESL under the said Collaboration Agreement was assigned to the Company by MESL and duly affirmed by CSIR. As per the Collaboration Agreement, the Company jointly owns the Intellectual Property Rights arising from joint development of the aircraft. Such Intellectual Property Rights arising from joint development of the aircraft will be a jointly held intangible asset. The Company has built a prototype of the aircraft which has carried out a successful test flight.

The Company had so far incurred an expenditure of Rs. 274.63 Lakhs (till 2019 : Rs. 274.63 Lakhs) on tools and jigs and Rs. 2,098.63 Lakhs (till 2019 : Rs. 2,098.63 Lakhs) towards the design & development and building one prototype aircraft and these are included under 'Capital work in progress' and 'Intangible assets under development' respectively.

The Management has evaluated the carrying value of above mentioned assets based on the projections of the project and recognized a cumulative impairment of Rs. 2,373.26 Lakhs (till 2019: Rs. 2,373.26 Lakhs).

27. The Company's Management assesses the operations of the subsidiaries, including the future projections, to identify indications of diminution, other than temporary, in the value of the investments recorded in the books of account. The Company based on market conditions and business projections, assessed the recoverable amount for investment in Mahindra Aerospace Australia PTY Ltd (wholly owned subsidiary in Australia) and Mahindra Aerostructures Limited, which individually represents cash generating unit (CGU).

Accordingly during the year ended March 31, 2020, the Company established a provision of Rs. 28,966.67 Lakhs (previous year Rs 9,059.15 Lakhs) for diminution in value of investment in Mahindra Aerospace Australia PTY Ltd, and Rs 2,800 Lakhs (previous year Rs 8,891 Lakhs) in value of investment in Mahindra Aerostructures Private Limited, both being 100% subsidiary of the company.

28. Segment Reporting:

The Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes. Accordingly, segment information has been presented for industry classes.

The operating segment of the Company is identified to be " design, development and manufacturing of aircrafts and Aerostructures" as the CODM reviews business performance at an overall Company level as one segment.

Note 29 Income taxes

The Company has carried out its deferred tax computation in accordance with Ind AS 12 'Income Taxes' notified under the Companies (Indian Accounting Standards) Rules, 2015.

Significant components & classification of deferred tax assets and liabilities are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities		
Related to depreciation of fixed assets	**1.54**	1.82
Total deferred tax liability (a)	**1.54**	1.82
Deferred tax assets		
Provision for diminution of Investments	**19,447.81**	11,188.50
Provision for service tax credit and others	**36.87**	39.01
Provision for goods and service tax input credit	**9.55**	-
Carry forward losses	**1.16**	1.16
Others	**0.23**	0.23
Total deferred tax assets (b)	**19,495.62**	11,228.90
Net deferred tax assets/ (liabilities) (b-a)	**19,494.08**	11,227.08

Having regard to the accumulated losses, the Company has not recognised the net deferred tax assets in the absence of reasonable certainty at this stage that there will be sufficient future taxable income available to realize such assets.

(a) Amount reocognised in statement of profit and loss

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Tax	**5.75**	11.20
Deferred tax	**–**	–

(b) Reconciliation of effective tax rate

Particulars	As at March 31, 2020		As at March 31, 2019	
Profit/(loss) before tax		**(31,877.06)**		(17,969.89)
Income tax expense calculated at domestic tax rates applicable to profits	**26.00%**	**(8,288.04)**	26.00%	(4,672.17)
Tax effects of:				
Permanent difference	**(0.07%)**	**21.05**	(0.11%)	19.64
Carry forward losses lapsed during the year	**0.00%**	**–**	(0.36%)	65.31
Change in tax rate impact	**0.00%**	**–**	0.36%	(63.84)
Others	**0.00%**	**(0.02)**	(25.88%)	4,651.05
Deferred tax asset not recognised in statement of profit and loss		**(8,267.00)**		(6,925.55)
Income tax expense		**5.75**		11.20
Effective tax rate		**25.92%**		38.48%

(c) Tax losses

Particulars	March 31, 2020	Expiry date	March 31, 2019	Expiry date
Loss from business	**4.47**	**31 March 2025**	4.47	31 March 2025
Total	**4.47**		4.47	
Potential tax benefit	**1.16**		1.16	

30. The Company has incurred significant losses in current and earlier years. Basis the continued financial support provided by the shareholders, the use of going concern assumption has been considered appropriate in preparation of financial statements of the company.

31. During the year ended 31 March 2020, no material foreseeable loss (2019: Nil) was incurred for any long-term contract including derivative contracts.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Sanjay Sharma
Partner
Membership No. 063980
UDIN:20063980AAAACE4920

Place: Bangalore
Date: May 8, 2020

For and on behalf of the Board of Directors of
Mahindra Aerospace Private Limited.
CIN No. U63033MH2008PTC179520

Mr. Arvind Mehra
Whole Time Director
DIN No. 01039769

Mr. S.P. Shukla
Managing Director
DIN No. 00007418

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V.S. Ramesh
Company Secretary

Place: Mumbai
Date: May 8, 2020

FORM AOC 1
Mahindra Aerospace Pvt Ltd

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

PART A - SUBSIDIARIES

Rs. In Lakhs

Name of the subsidiary	Mahindra Aerostructures Pvt Ltd	Mahindra Aerospace Australia Pty Ltd	Gipps Aero Pty Ltd	Airvan Flight Services Pty Ltd	GA8 Airvan Pty Ltd	GA200 Pty Ltd	Nomad TC Pty Ltd	Airvan 10 Pty Ltd
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st Mar '20	31st Mar '20	31st Mar '20	31st Mar '20	31st Mar '20	31st Mar '20	31st Mar '20	31st Mar '20
Reporting currency	Rupees	AUD	AUD	AUD	AUD	AUD	AUD	AUD
Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	1	AUD=Rs.46.63	AUD=Rs.46.63	AUD=Rs.46.63	AUD=Rs.46.63	AUD=Rs.46.63	AUD=Rs.46.63	AUD=Rs.46.63
Share capital	42,886.00	55,599.92	48,727.37	4.08	4.08	4.08	10.12	4.08
Reserves & Surplus	(26,249.09)	(55,508.28)	(51,572.81)	(4.08)	(4.08)	(4.08)	(10.12)	(4.08)
Total assets	18,727.49	102.67	3,550.83	0.16	0.16	0.16	0.16	0.17
Total Liabilities	2,090.58	11.03	6,396.27	0.16	0.16	0.16	0.16	0.16
Investments	–	–	–	–	–	–	–	–
Turnover	9,211.71	3.90	5,261.31	–	–	–	–	–
Profit before taxation	(861.65)	(26,847.91)	(10,690.49)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)
Provision for taxation	–	–	–	–	–	–	–	–
Profit after taxation	(861.65)	(26,847.91)	(10,690.49)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)
Other comprehensive income	16.14	–	–	–	–	–	–	–
Total comprehensive income for the year	(845.51)	(26,847.91)	(10,690.49)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)
Proposed Dividend	–	–	–	–	–	–	–	–
% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%

Additional Information:

1) Names of subsidiaries which which are yet to commence operations: Nil

2) Names of subsidiaries which have been liquidated or sold during the year: NIL

PART B - ASSOCIATES and JOINT VENTURES : None

1) Names of associates or joint ventures which are yet to commence operations: Nil

2) Names of associates or joint ventures which have been liquidated or sold during the year: Nil

For and on behalf of the Board of Directors of
For Mahindra Aerospace Private Ltd.

Mr. Arvind Mehra
Wholetime Director

Mr. S.P. Shukla
Managing Director

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V.S. Ramesh
Company Secretary

Place: Mumbai
Date: May 8, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Aerostructures Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Mahindra Aerostructures Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as Ind AS Financial Statements).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Ind AS financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Ind AS Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether

the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its Ind AS financial statements - Refer Note 30 to the Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

iv. The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these Ind AS financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 20063980AAAACF1207

Place: Bangalore
Date: 08 May 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2020, we report the following:

(i) (a) The Company has maintained proper records showing full, including quantitative details and situation of property, plant and equipment.

(b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its property, plant and equipment, by which all property, plant and equipment are verified once in a year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, property, plant and equipment were physically verified during the year and no material discrepancies were noticed on such verification. The discrepancies noticed on such verification have been properly adjusted in the books of account.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, with respect to immovable property taken on lease, the lease agreement are in the name of the Company.

(ii) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or made investments, to parties covered under the register of sections 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of certain products manufactured by the Company. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Goods and Service tax, duty of Customs, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise, sales tax, service tax and value added taxes.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Service tax, duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2020, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Goods and Service tax, Value added tax, Service tax, duty of Customs and duty of excise which have not been deposited by the Company on account of disputes, except for the following:

Name of the Statute	Nature of the Dues	Amount Rs. in lakhs	Period	Forum where dispute is pending
Custom duty	Custom Duty and Penalty	2,598.85 (232.14)*	2014-15	Custom, Excise and Service Tax Appellate Tribunal
Custom duty	Custom Duty (excluding interest)	41.36 (45.33)*	2014-15	Joint Commissioner of Customs
Income Tax Act 1961	Income Tax	99.88**	AY 2012-13	Income-tax Appellate Tribunal, Mumbai
Income Tax Act 1961	Income Tax	61.24**	AY 2013-14	Commissioner of Income Tax (Appeals)
Income Tax Act 1961	Income Tax	644.15**	AY 2014-15	Commissioner of Income Tax (Appeals)

* The amount in parenthesis represent the payment made under protest.

** Represents the additions made to the taxable income of the Company by the tax authorities which have been disputed by the Company. No demand has been raised by the tax authorities as any additions to the income will be adjusted against the brought forward losses and unabsorbed depreciation. The Company has decided to opt for dispute resolution scheme under the Vivad Se Vishwas Act, 2020 ('the VSV Act').

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institution and banks. The Company did not have any outstanding loans or borrowings from government and there are no dues to debenture holders during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.

(x) According to the information and explanations given to us, no fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with 188 of the Act, where applicable, and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards. According to the information and explanations given to us, we understand that the provisions of Section 177 to the Act are not applicable to the Company.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 20063980AAAACF1207

Place: Bangalore
Date: 08 May 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE IND AS FINANCIAL STATEMENTS OF MAHINDRA AEROSTRUCTURES PRIVATE LIMITED FOR THE YEAR ENDED 31 MARCH 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (1 A (f)) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Aerostructures Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 20063980AAAACF1207

Place: Bangalore
Date: 08 May 2020

BALANCE SHEET AS AT MARCH 31, 2020

Rs. In lakhs

Particulars	**Note**	**As at March 31, 2020**	As at March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	3	**11,861.34**	12,872.05
Capital work in progress	3	**247.76**	287.00
Intangible assets	3	**74.83**	89.32
Right of use assets	3A	**38.22**	–
Financial assets			
Other financial assets	10	**36.23**	36.47
Income tax assets (net)	4	**19.00**	36.67
Other non-current assets	5	**1,186.02**	1,174.37
Total non-current assets		**13,463.40**	14,495.88
Current assets			
Inventories	6	**2,186.08**	2,437.50
Financial assets			
Trade receivables	7	**1,927.36**	1,658.29
Cash and cash equivalents	8	**117.42**	149.74
Bank balance other than cash and cash equivalents	9	**4.70**	1.15
Other financial assets	10	**9.94**	72.84
Other current assets	11	**1,018.59**	1,091.41
Total current assets		**5,264.09**	5,410.93
Total assets		**18,727.49**	19,906.81
Equity and liabilities			
Equity			
Equity share capital	12	**42,886.00**	39,886.00
Other equity	13	**(26,249.09)**	(25,403.58)
Total equity		**16,636.91**	14,482.42
Non-current liabilities			
Financial liabilities			
Borrowings	14	**–**	29.32
Lease liabilities		**36.25**	–
Provisions	16	**72.58**	68.97
Other non-current liabilities		**20.64**	17.28
Total non-current liabilities		**129.47**	115.57

BALANCE SHEET AS AT MARCH 31, 2020 (CONTINUED)

Rs. In lakhs

Particulars	Note	As at March 31, 2020	As at March 31, 2019
Current liabilities			
Financial liabilities			
Borrowings	14	**565.06**	1,135.48
Lease liabilities		**3.42**	–
Trade payable	17		
Total outstanding dues of Micro Enterprises and Small Enterprises		**16.86**	20.27
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		**870.89**	1,341.16
Other financial liabilities	15	**16.75**	2,412.95
Other current liabilities	18	**439.59**	354.79
Provisions	16	**48.54**	44.17
Total current liabilities		**1,961.11**	5,308.82
Total equity and liabilities		**18,727.49**	19,906.81
Significant accounting policies	2		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 20063980AAAACF1207

Place: Bangalore
Date: 08 May 2020

For and on behalf of the Board of Directors of
Mahindra Aerostructures Private Limited
CIN No. U35122MH2011PTC212744

Dr. Karthik Krishnamurthy
Whole Time Director
DIN No. 07130799

Mr. Arvind Mehra
Managing Director
DIN No. 01039769

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V. S. Ramesh
Company Secretary

Place: Mumbai
Date: 08 May 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Rs. In lakhs

Particulars	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations	19	**9,085.99**	6,984.29
Other income	20	**125.72**	157.49
Total income		**9,211.71**	7,141.78
Expenses			
Cost of materials consumed	21	**2,555.25**	1,792.33
Purchase of stock-in-trade		**481.08**	740.24
Changes in inventories of finished goods and work-in-progress	22	**(43.76)**	(400.94)
Employee benefits expense	23	**2,977.29**	2,487.42
Finance costs	24	**188.37**	443.76
Depreciation and amortization expense	25	**1,409.83**	1,453.15
Other expenses	26	**2,505.30**	2,584.74
Total expenses		**10,073.36**	9,100.70
Loss before tax		**(861.65)**	(1,958.92)
Tax expense:			
Current tax		**–**	–
Deferred tax		**–**	–
Loss for the year		**(861.65)**	(1,958.92)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement gain/(loss) on defined benefit plans		**16.14**	(10.85)
Other comprehensive income for the year, net of tax		**16.14**	(10.85)
Total comprehensive income for the year		**(845.51)**	(1,969.77)
Earnings per equity share:			
Basic	32	**(0.21)**	(0.51)
Diluted	32	**(0.21)**	(0.51)
Significant accounting policies	2		

The accompanying notes form an integral part of the financial statements

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Chief Financial Officer

Mr. V. S. Ramesh
Company Secretary

Place: Mumbai
Date: 08 May 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

Rs. In lakhs

	Particulars		For the year ended March 31, 2020		For the year ended March 31, 2019
A.	**Cash flow from operating activities:**				
	Loss before tax		**(861.65)**		(1,958.92)
	Adjustments for:				
	Depreciation and amortisation expense	**1,409.83**		1,453.15	
	Finance costs	**188.37**		443.76	
	Interest income	**(11.19)**		(6.55)	
	Loss on sale of property plant and equipment	**–**		3.35	
	Provision for doubtful incentive under government scheme	**55.84**		–	
	Property plant and equipment written off	**3.48**		–	
	Gain on sale of Mutual funds	**–**		(59.91)	
	Net unrealised exchange (gain)/loss	**(49.88)**	**1,596.45**	24.60	1,858.40
	Operating gain/(loss) before working capital changes		**734.80**		(100.52)
	Changes in working capital:				
	Adjustments for (increase)/decrease in operating assets:				
	Inventories	**251.42**		(790.33)	
	Trade receivables	**(195.79)**		360.36	
	Current financial and other current assets	**79.98**		(590.26)	
	Non-current financial and other non-current assets	**0.24**		(18.29)	
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	**(484.49)**		(34.37)	
	Current financial and other current liabilities	**84.80**		344.09	
	Non-current financial liabilities	**–**		–	
	Other non-current liabilities	**3.36**		4.99	
	Provisions	**24.12**		25.02	
			(236.36)		(698.79)
	Cash generated from/(used in) operations		**498.44**		(799.31)
	Net income tax refunds		**17.67**		8.40
	Net cash generated from/(used in) operating activities (A)		**516.11**		(790.91)
B.	**Cash flow from investing activities:**				
	Payment to acquire property, plant and equipment, including capital advances, for acquiring right-of-use assets	**(455.85)**		(1,087.61)	
	Proceeds from sale of property, plant and equipment	**–**		11.01	
	Purchase of Investments	**–**		(2,800.00)	
	Proceeds from sale of Investments	**–**		2,859.91	

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020 (CONTINUED)

Rs. In lakhs

	Particulars		**For the year ended March 31, 2020**		For the year ended March 31, 2019
	Bank deposits (addition)/matured	**(3.55)**		44.43	
	Interest income received	**11.09**		6.53	
	Net cash used in investing activities (B)		**(448.31)**		(965.73)
C.	**Cash flow from financing activities:**				
	Proceeds from issue of equity shares	**3,000.00**		7,650.00	
	Repayment of borrowings	**(3,759.13)**		(9,432.75)	
	Proceeds from borrowings	**839.39**		3,855.91	
	Repayment of lease liabilities	**39.67**		–	
	Finance costs	**(207.46)**		(459.21)	
	Net cash (used in)/from financing activities (C)		**(87.53)**		1,613.95
	Net decrease in cash and cash equivalents (A+B+C)		**(19.73)**		(142.69)
	Effect of exchange differences on restatement of foreign currency cash and cash equivalent		**(12.59)**		(10.14)
	Cash and cash equivalents at the beginning of the year		**149.74**		302.57
	Cash and cash equivalents at the end of the year [Refer Note No. 8]		**117.42**		149.74

Significant accounting policies (Refer note 2)

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 20063980AAAACF1207

Place: Bangalore
Date: 08 May 2020

For and on behalf of the Board of Directors of
Mahindra Aerostructures Private Limited
CIN No. U35122MH2011PTC212744

Dr. Karthik Krishnamurthy
Whole Time Director
DIN No. 07130799

Mr. Arvind Mehra
Managing Director
DIN No. 01039769

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V. S. Ramesh
Company Secretary

Place: Mumbai
Date: 08 May 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

a. Equity share capital:

	Rs. In lakhs
As at April 1, 2018	**32,236.00**
Add: changes in equity shares	7,650.00
As at March 31, 2019	**39,886.00**
Add: changes in equity shares	3,000.00
As at March 31, 2020	**42,886.00**

b. Other equity

Rs. In lakhs

Particulars	Retained Earnings	Other comprehensive income	Total
As at April 1, 2018	**(23,433.60)**	**(0.21)**	**(23,433.81)**
Loss for the period	(1,958.92)	–	(1,958.92)
Re-measurement gain/(loss) on defined benefit plans	–	(10.85)	(10.85)
Total comprehensive income	**(1,958.92)**	**(10.85)**	**(1,969.77)**
As at March 31, 2019	**(25,392.52)**	**(11.06)**	**(25,403.58)**
As at April 1, 2019	**(25,392.52)**	**(11.06)**	**(25,403.58)**
Loss for the period	(861.65)	–	(861.65)
Re-measurement gain/(loss) on defined benefit plans	–	16.14	16.14
Total comprehensive income	**(861.65)**	**16.14**	**(845.51)**
As at March 31, 2020	**(26,254.17)**	**5.08**	**(26,249.09)**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 20063980AAAACF1207

Place: Bangalore
Date: 08 May 2020

For and on behalf of the Board of Directors of
Mahindra Aerostructures Private Limited
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Dr. Karthik Krishnamurthy
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Managing Director
DIN No. 01039769

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V. S. Ramesh
Company Secretary

Place: Mumbai
Date: 08 May 2020

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. Corporate Information

Mahindra Aerostructures Private Limited (the 'Company') is a company domiciled in India, with its registered office situated at Mahindra Towers, P.K Kurne Chowk, Worli, Mumbai – 400 018. The Company was incorporated on January 27, 2011 under the provisions of the Indian Companies Act, 1956. The Company is primarily involved in the business of manufacture and sale of aircraft components, assemblies and Aerostructures.

2. Basis of preparation and Significant accounting policies:

2.1 Basis of preparation

A. Statement of compliance

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended and notified under section 133 of the Companies Act, 2013 (The 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on 08 May 2020.

Details of the Company's accounting policies are included in Note 2.2

B. Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest lakhs, unless otherwise indicated.

C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 3A – leases: whether an arrangement contains a lease and lease classification

Assumptions and estimation uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2020 is included in the following notes:

Note 27 – measurement of defined benefit obligations: key actuarial assumptions; key actuarial assumptions;

Note 30 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 36 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

Note 3 – useful life of property, plant and equipment

Notes 7, 8 and 10 – impairment of financial assets.

E. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

– Note 29 – financial instruments.

2.2 Significant accounting policies

a) Property Plant and Equipment

i. Recognition and measurement

Items of property, plant and equipment, are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual value using straight line method over the useful lives of assets estimated by the Company based on an internal technical evaluation performed by the management and is recognised in the statement of profit and loss. Depreciation for assets purchased/sold during the period is proportionately charged.

The range of estimated useful lives of items of property, plant and equipment are as follows:

Asset	Useful life
Buildings – Roads, Compound Wall*	5 years to 30 years
Plant and Machinery*	2 years, 5 years, 10 years, 15years
Production and Assembly Tools	3 years
Vehicles	5 years

* The Company believes the useful lives as given above best represent the useful lives of these assets based on internal assessment where necessary, which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

b) Intangible Assets

Internally generated: Research and development

Expenditure on research activities is recognised in the Statement of Profit and Loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others:

Other intangible assets including those acquired by the Company in a business combination are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation:

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight - line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

Asset	Useful life
Compute software	3-5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

c) Impairment of assets

i. Financial Assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to life time ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12- month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at life time ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

ii. Non-financial assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

d) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight line method from the commencement date over the shorter of lease term or useful life of right of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, modified retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated the comparative information.

As a lessee:

For transition, the Company has elected not to apply the requirements of Ind AS 116 leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 to which the Company has chosen to apply the practical expedient as per the standard.

e) Inventories

Inventories are valued at the lower of cost (including prime cost, non-refundable taxes and duties and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products.

Raw materials and stores and spares are valued at cost computed on moving weighted average basis. The cost includes purchase price, inward freight and other incidental expenses net of refundable duties, levies and taxes, where applicable.

Stock-in-trade is valued at the lower of net realisable value and cost (including prime cost, non-refundable taxes and duties and other overheads incurred in bringing the inventories to their present location and condition), computed on a moving weighted average basis.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Finished goods are valued at cost or net realisable value whichever is lower.

f) Financial Instruments

A. Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition.

B. Classification and subsequent measurement

i. Financial assets carried at amortized cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv. Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

C. De-recognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the Statement of Profit and Loss.

D. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

g) Revenue Recognition

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e .April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The adoption of the standard did not have any material impact to the financial statements of the Company.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

Product development income is recognized once the first articles are approved by the customers or achievement of mile stones as per customer contract.

Job work Income: Revenue from the rendering of services is recognised upon the delivery of service to the customers. In contracts involving the rendering of services, revenue is recognised pro-rata over the period contract as and when services are rendered.

h) Other Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the Statement of Profit and Loss.

i) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

ii. Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

j) Foreign currencies:

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

k) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognised in the statement of profit and loss on a systematic basis over the periods to which they relate.

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in Statement of profit or loss in the period in which they are incurred.

m) Provisions and contingent liabilities

i. General:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii. Contingent liabilities:

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

iii. Onerous contracts:

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

n) Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Director - Operations.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue/expenses/assets/liabilities".

o) Employee benefits

i. Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

ii. Post-employment benefits

Contributions to defined contribution schemes such as Provident Fund, employee state insurance scheme, Pension Fund, etc., are considered as defined contribution plans and are recognised as expenses in the period in which the employee renders the related service.

The Company also provides for post-employment defined benefit in the form of gratuity and medical benefits. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Remeasurement of the net benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interests) and the effect of the assets ceiling (if any, excluding interest) are recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the Statement of Profit and Loss.

iii. Other long-term employee benefits

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at 31 March every year using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

p) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

q) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit/(loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit/(loss) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented in case of share splits.

r) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

s) Recent accounting pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Note 3: Property, plant and equipment

Rs. In lakhs

	Tangible assets								Intangible assets	
Particulars	**Factory Buildings**	**Plant & Machinery**	**Electrical Installations**	**Office Equipments**	**Computers**	**Furniture and Fixtures**	**Vehicles**	**Total**	**Computer software**	**Total**
Cost										
As at April 1, 2018	6,591.12	9,286.15	1,388.29	235.44	233.91	319.86	51.42	18,106.19	393.83	393.83
Additions	–	736.33	21.21	22.96	28.43	23.15	–	832.08	35.63	35.63
Disposals	–	–	–	–	–	–	18.60	18.60	–	–
As at March 31, 2019	**6,591.12**	**10,022.48**	**1,409.50**	**258.40**	**262.34**	**343.01**	**32.82**	**18,919.67**	**429.46**	**429.46**
Additions	11.83	227.50	1.27	35.68	44.61	25.15	–	346.04	37.48	37.48
Disposals	–	20.24	–	32.92	9.19	3.45	–	65.80	0.19	0.19
As at March 31, 2020	**6,602.95**	**10,229.74**	**1,410.77**	**261.16**	**297.76**	**364.71**	**32.82**	**19,199.91**	**466.75**	**466.75**
Accumulated Depreciation and Amortisation										
As at April 1, 2018	984.30	2,732.26	493.76	159.71	174.24	96.04	18.56	4,658.87	279.98	279.98
Charge for the year	247.27	891.18	132.78	43.84	35.62	34.77	7.53	1,392.99	60.16	60.16
Disposals	–	–	–	–	–	–	4.24	4.24	–	–
As at March 31, 2019	**1,231.57**	**3,623.44**	**626.54**	**203.55**	**209.86**	**130.81**	**21.85**	**6,047.62**	**340.14**	**340.14**
Charge for the year	241.26	886.95	136.19	20.28	27.64	37.05	3.90	1,353.27	51.97	51.97
Disposals	–	18.85	–	32.66	8.81	2.00	–	62.32	0.19	0.19
As at March 31, 2020	**1,472.83**	**4,491.54**	**762.73**	**191.17**	**228.69**	**165.86**	**25.75**	**7,338.57**	**391.92**	**391.92**
Net block										
As at April 1, 2018	5,606.82	6,553.89	894.53	75.73	59.67	223.82	32.86	13,447.32	113.85	113.85
As at March 31, 2019	5,359.55	6,399.04	782.96	54.85	52.48	212.20	10.97	12,872.05	89.32	89.32
As at March 31, 2020	**5,130.12**	**5,738.20**	**648.04**	**69.99**	**69.07**	**198.85**	**7.07**	**11,861.34**	**74.83**	**74.83**

Capital work in progress

Particulars	**As at April 1, 2019**	**Additions**	**Capitalised during the year**	**As at March 31, 2020**
Capital work in progress	287.00	344.28	383.52	**247.76**

Net block	**As at March 31, 2020**	As at March 31, 2019	As at April 1, 2018
Property, plant and equipment	**11,861.34**	12,872.05	13,447.32
Capital work in progress (Refer note 33)	**247.76**	287.00	852.48
Intangible assets	**74.83**	89.32	113.85

Note:

1. First charge by way of equitable mortgage of the immovable property comprising land with building and other structures (existing and to be constructed) and first charge by way of hypothecation on all movable fixed assets (both present and future) is created in favour of Axis Bank Limited for the Credit facilities availed by the Company.
2. Plant and machinery includes certain equipment covered under a 'technical seizure order' issued by the Directorate of Revenue Intelligence (DRI). Gross block and net block value of these equipment as on March 31 2020 are Rs. 2,605.67 lakhs and Rs. 1,107.17 lakhs respectively (2019: 2,605.67 and 1,354.65 Gross block and net block respectively).

Note 3A: Right of use assets

Particulars	**Additions for year ended March 31, 2020**	**Depreciation on right-of-use asset**	**Net carrying amount as at March 31, 2020**
Leasehold improvements (Rs in Lakhs)	**42.81**	4.59	**38.22**

Interest on lease liabilities is 3.42 Lakhs for the year ended on March 31, 2020.

Note 4: Income tax assets (net)

Rs. In lakhs

Particulars	**As at March 31, 2020**	As at March 31, 2019
TDS receivable (net of provision for taxation Rs. NIL Lakhs (2019: Rs. NIL Lakhs))	**19.00**	36.67
	19.00	36.67

Note 5: Other non-current assets

Rs. In lakhs

Particulars	**As at March 31, 2020**	As at March 31, 2019
Unsecured, considered good unless otherwise stated		
Balances with government authorities		
GST credit receivable	**1,258.81**	1,258.81
Less: Provision	**(1,258.81)**	(1,258.81)
	–	–

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Customs deposit	**277.47**	277.47
Capital advances	**25.58**	13.93
Consideration paid for lease land [Refer Note No. 30 (a)]	**870.51**	870.51
Other deposits	**12.46**	12.46
	1,186.02	1,174.37

Note 6: Inventories

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(at the lower of cost and net realisable value)		
Raw materials [Includes in transit Rs. 51.84 lakhs; (2019: Nil)]	**621.67**	994.21
Work in progress	**305.99**	344.63
Finished goods [Includes in transit Rs. 19.27 lakhs; (2019: Rs. 87.42 lakhs)]	**805.18**	722.78
Stores and spares	**453.24**	375.88
	2,186.08	2,437.50

Note: The above Inventory is net of, provision of Rs. 234.99 Lakhs (2019: Rs. 286.24 Lakhs) towards obsolescence. During the year the Company has recognised provision of Rs. 73.30 Lakhs and has utilized opening provision of Rs.124.55. Accordingly the resultant impact of Rs 51.25 Lakhs has been recognised in cost of material consumed.

Note 7: Trade receivables

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Due from related party (Refer note 28)	**–**	64.17
From others	**1,927.36**	1,594.12
	1,927.36	1,658.29

Note: No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

The carrying amount of trade receivables approximates their fair value. The Company's exposure to credit and currency risks, and impairment allowances related to trade receivables is disclosed in Note 29

Rs. In lakhs

Age of Receivables	As at March 31, 2020	As at March 31, 2019
With in the Credit Period	**1,809.31**	1,279.26
Upto 6 months past due	**118.05**	375.71
More than 6 months past due	**–**	3.32
	1,927.36	1,658.29

Note 8: Cash and cash equivalents

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with banks		
– On Current Accounts	**40.97**	38.07
– On EEFC Accounts	**76.07**	111.61
Cash on hand	**0.38**	0.06
	117.42	149.74

Note 9: Bank balance other than cash and cash equivalents

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Restricted Cash and bank balances - current		
Earmarked deposit accounts with bank*	**4.70**	1.15
	4.70	1.15

* Fixed deposit is lien with bank for Bank Guarantee/letter of credit.

Note 10: Other financial assets

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good unless and otherwise stated		
Non - current		
Security deposits	**36.23**	36.47
	36.23	36.47
Current		
Security deposits	**7.00**	7.00
Dues from related parties (Refer note 28)	**2.74**	55.33
Interest accrued on deposits	**0.20**	0.10
Derivative asset carried at fair value	**–**	1.36
Others	**–**	9.05
	9.94	72.84

These financial assets are carried at amortised cost unless otherwise stated.

The Company's exposure to currency and liquidity risk are disclosed in note 29.

Note 11: Other current assets

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good unless and otherwise stated		
Balances with government authorities:		
GST credit receivable	**428.23**	527.36

Particulars	As at March 31, 2020	As at March 31, 2019
		Rs. In lakhs
Foreign VAT receivable	**134.68**	150.52
MEIS benefit receivable	**191.71**	94.55
Duty drawback receivable	**62.05**	29.39
Less: Provision for Duty drawback receivable	**(55.84)**	–
GST Refund receivable	**4.52**	160.21
Advance to suppliers	**231.97**	71.56
Advances to employees	**1.65**	7.45
Prepaid expenses	**19.62**	50.37
	1,018.59	1,091.41

Note: left portion subtotal: **760.83** / 801.82

Note 12: Share capital

Rs. In lakhs

	Particulars	As at March 31, 2020 Nos	As at March 31, 2020 Amount	As at March 31, 2019 Nos	As at March 31, 2019 Amount
1	Authorised :	**470,000,000**	**47,000.00**	450,000,000	45,000.00
	(Equity Shares of Rs. 10 each)				
	Total	**470,000,000**	**47,000.00**	450,000,000	45,000.00
2	Issued:				
	Equity: (Equity shares of Rs. 10 each)				
	Opening balance	**398,860,000**	**39,886.00**	365,860,000	36,586.00
	Less: Unsubscribed shares (Refer below note 4)	**–**	**–**	(43,500,000)	(4,350.00)
	Add: Issued during the year	**30,000,000**	**3,000.00**	76,500,000	7,650.00
	Closing balance	**428,860,000**	**42,886.00**	398,860,000	39,886.00
3	Subscribed and fully paid up:				
	Equity: (Equity shares of Rs. 10 each)				
	Opening balance	**398,860,000**	**39,886.00**	322,360,000	32,236.00
	Add: Issued during the year	**30,000,000**	**3,000.00**	76,500,000	7,650.00
	Closing balance	**428,860,000**	**42,886.00**	398,860,000	39,886.00
	Total	**428,860,000**	**42,886.00**	398,860,000	39,886.00

Notes:

1) The above 428,860,000 (2019: 398,860,000) shares are held by Mahindra Aerospace Private Limited, the holding company, Including shares held jointly with nominees.

2) Details of shareholders holding more than 5% shares in the Company:

Name of the shareholder	As at March 31, 2020 Nos	As at March 31, 2020 %	As at March 31, 2019 Nos	As at March 31, 2019 %
Mahindra Aerospace Private Limited and its nominees*	**428,860,000**	**100.00%**	398,860,000	100.00%

* Includes 8 shares (2019: 8 shares) held by nominees jointly with Mahindra Aerospace Private Limited

3) Rights, preferences and restrictions attached to equity shares:

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

4) During the year ended 31 March 2018, the company made an rights issue offer of 43,500,000 equity shares of Rs. 10 each for cash at par. The offer period was 26 February 2018 to 26 March 2018 (both days inclusive). After the expiry of the time specified in this offer as aforesaid, or on receipt of intimation declining the said offer, the Board of Directors may offer such shares to the other existing shareholder of the Company.

During the previous year ended 31 March 2019, the Board of Directors approved the cancellation of the said unsubscribed shares.

5) The Company has not allotted any fully paid equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

Note 13: Other equity

Rs. In lakhs

Particulars	Retained earnings	Other comprehensive income	Total
As at April 1, 2018	(23,433.60)	(0.21)	(23,433.81)
Re-measurement gain/(loss) on defined benefit plans	–	(10.85)	(10.85)
Loss for the year	(1,958.92)	–	(1,958.92)
As at March 31, 2019	(25,392.52)	(11.06)	(25,403.58)
Re-measurement gain/(loss) on defined benefit plans	–	16.14	16.14
Loss for the year	(861.65)	–	(861.65)
As at March 31, 2020	**(26,254.17)**	**5.08**	**(26,249.09)**
Total other equity			
As at April 1, 2018	(23,433.60)	(0.21)	(23,433.81)
As at March 31, 2019	(25,392.52)	(11.06)	(25,403.58)
As at March 31, 2020	**(26,254.17)**	**5.08**	**(26,249.09)**

Note 14: Borrowings

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Carried at Amortised Cost		
Non-current		
Term loan from bank (Refer note 1 below)	–	29.32
	–	29.32
Current [repayable on demand (Refer note 2 below)]		
Working capital demand loan	–	1,135.48
Export credit facility	565.06	–
	565.06	1,135.48

Notes:

Note 1

A) The term loan is secured by:

- First charge by way of equitable mortgage of the immovable property comprising leasehold land with building and other structures (existing and to be constructed).
- First charge by way of hypothecation of (a) entire current assets, present and future, including stocks of raw materials, semi finished goods, finished goods, stores, spares, book debts and other current assets and (b) all the movable fixed assets present and future.
- The loan is guaranteed by Mahindra Aerospace Private limited, the holding Company.

B) Repayment and other terms of the term loan:

The term loan carries interest of 1 year MCLR + 1.25% p.a. The Loan is repayable in 23 quarterly installments from November 2014. The loan was preclosed on 04 March 2020.

Note 2

A) Loans repayable on demand is secured by:

- First Pari-passu charge on current assets of the company.

B) Repayment and other terms:

The Working capital demand loan carries interest of 6 months MCLR.

The Export credit facility loan carries interest of 6 months LIBOR + 100 bps

Net debt reconciliation:

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents	117.42	149.74
Current borrowings	(565.06)	(1,135.48)
Non-Current borrowings	–	(29.32)
Current maturities of long-term loans	–	(2,320.00)
Net debt	(447.64)	(3,335.06)

Note 15: Other financial liabilities

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Current maturities of long-term loans	–	2,320.00
Interest accrued but not due on borrowings	0.59	19.68
Security deposits - Dues to related parties (Refer note 28)	3.60	3.60
Capital creditors*	12.56	69.67
	16.75	2,412.95

* Includes Dues to micro and small enterprises (Refer Note No. 31)- Rs. 8.83 Lacs (2019: Rs.42.35 Lacs)

Note 16: Provisions

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Non-current		
Gratuity (Refer note 27)	–	8.53
Compensated absences	72.58	60.44
	72.58	68.97
Current		
Gratuity (Refer note 27)	33.22	28.94
Compensated absences	15.32	15.23
	48.54	44.17

Note 17: Trade payables

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Dues to micro and small enterprises (Refer note 31)	16.86	20.27
Dues to related parties (Refer note 28)	31.20	156.10
Dues to others	839.69	1,185.06
	887.75	1,361.43

Note 18: Other current liabilities

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues (contributions to provident fund, employee state insurance, withholding taxes, goods and service tax,etc.)	61.25	42.23
Payables to employees	310.99	310.97
Advance received from customers	64.99	–
Others	2.36	1.59
	439.59	354.79

Note 19: Revenue from operations

Rs. In lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of products		
– Manufactured products	7,772.12	5,113.14
– Traded goods	616.27	931.91
Sale of services		
Job work income	245.92	365.84
Product development income	138.02	169.26
Other operating revenues		
Duty drawback and other incentive	295.92	386.78
Scrap sales	17.74	17.36
	9,085.99	6,984.29

Note 20: Other income

Rs. In lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Operating lease rental income	**3.81**	3.60
Gain on foreign exchange translation, (net)	**105.79**	83.10
Profit on sale of mutual funds units	**–**	59.91
Interest income on		
Bank deposits	**9.50**	4.85
Income tax refund	**1.69**	1.70
Other miscellaneous income	**4.93**	4.33
	125.72	157.49

Note 21: Cost of materials consumed

Rs. In lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventory at the beginning of the year	**994.21**	715.12
Add: Purchases	**2,182.71**	2,071.42
Less: Inventory at the end of the year	**621.67**	994.21
	2,555.25	1,792.33

Note 22: Changes in Inventories of finished goods and work-in-progress

Rs. In lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
At the beginning of the year		
Work-in progress	**344.63**	129.53
Finished progress	**722.78**	536.94
	1,067.41	666.47
At the end of the year		
Work-in progress	**305.99**	344.63
Finished goods	**805.18**	722.78
	1,111.17	1,067.41
Net (increase)/decrease	**(43.76)**	(400.94)

Note 23: Employee benefits expense

Rs. In lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	**2,541.90**	2,101.55
Contribution to provident and other funds	**140.11**	110.01
Staff welfare expenses	**295.28**	275.86
	2,977.29	2,487.42

Note 24: Finance costs

Rs. In lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense at amortised costs		
on loans	**181.43**	433.78
on lease liabilities	**3.52**	–
on others	**3.42**	9.98
	188.37	443.76

Note 25: Depreciation and amortisation expense

Rs. In lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of tangible assets	**1,353.27**	1,392.99
Amortisation of intangible assets	**51.97**	60.16
Depreciation on right-of-use asset	**4.59**	–
	1,409.83	1,453.15

Refer Notes 3 & 3A

Note 26: Other expenses

Rs. In lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Consumption of stores and spares	**394.58**	322.59
Power and fuel	**396.68**	356.62
Rent	**9.45**	8.82
Repairs and maintenance:		
– Plant and equipment	**86.07**	126.54
– Buildings	**3.37**	5.68
– Others	**60.28**	52.35
Insurance	**68.79**	74.40
Rates and taxes	**19.24**	62.58
Auditors remuneration (refer note below)	**9.30**	5.28
Directors sitting fee	**0.80**	0.80
Legal and other professional charges	**560.79**	580.40
Travelling and conveyance	**146.25**	184.83
Bank charges	**57.50**	35.23
Business promotion expenses	**63.08**	216.26
Freight outwards	**158.00**	143.42
Information technology expenses	**132.65**	148.87
Loss on sale of property, plant and equipment, (net)	**–**	3.35
Property, plant and equipment written off	**3.48**	–
Provision for doubtful incentive under government scheme	**55.84**	–

Rs. In lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Office and administrative expenses	**115.38**	108.72
Testing and calibration charges	**54.95**	59.46
Other miscellaneous expenses	**108.82**	88.54
	2,505.30	2,584.74

Note:

Rs. In lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Auditors' remuneration includes:		
Statutory audit	**4.50**	4.50
Other services and certifications	**4.28**	0.75
Reimbursement of expenses	**0.52**	0.03
	9.30	5.28

Note 27: Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and others aggregating Rs. 99.23 lakhs (2019 : Rs. 84.32 lakhs) has been recognised in the Statement of Profit or Loss under the head employee benefits expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit is payable as per the Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Rs. In lakhs

	Funded Plan	
	Gratuity	
Particulars	**31-Mar-20**	31-Mar-19
I. Expense recognised in the Statement of Profit and Loss for the year		
Current service cost	**36.83**	25.23
Net interest cost	**1.59**	0.46
	38.42	25.69
II. Recognised in other comprehensive income for the year		
Return on Plan Assets	**(1.64)**	(0.02)
Actuarial (Gain)/Loss on account of :		
– Demographic Assumptions	**(1.40)**	19.93
– Financial Assumptions	**(14.97)**	(15.62)
– Experience Adjustments	**1.87**	6.56
	(16.14)	10.85
Total	**22.28**	36.54

Rs. In lakhs

	Funded Plan	
	Gratuity	
Particulars	**31-Mar-20**	31-Mar-19
III. Change in the obligation during the year ended		
1. Present value of defined benefit obligation at the beginning of the year	**115.76**	76.73
2. Acquisitions/Divestures/Transfer (transfer of employees from MAPL)	**–**	6.96
3. Current Service Cost	**36.83**	25.23
4. Interest Cost	**7.41**	5.55
5. Recognised in Other Comprehensive Income		
– Actuarial (Gain)/Loss	**(14.50)**	10.87
6.Benefit paid	**(6.61)**	(9.58)
Present value of defined benefit obligation at the end of the year	**138.89**	115.76
IV. Change in fair value of assets during the year ended		
1. Fair value of plan assets at the beginning of the year	**78.29**	58.88
2. Interest income	**5.82**	5.09
3. Recognised in Other Comprehensive Income		
–Return on plan assets	**1.64**	0.02
4. Contributions by employer	**26.53**	23.88
5. Benefit paid	**(6.61)**	(9.58)
Fair value of plan assets at the end of the year	**105.67**	78.29
V. Net Liability/(Asset) recognised in the Balance Sheet		
– Present value of defined benefit obligation	**138.89**	115.76
– Fair value of plan assets	**105.67**	78.29
Net liability	**33.22**	37.47
Current portion of the above	**33.22**	28.94
Non current portion of the above	**–**	8.53

Plan Assets:

The details with respect to the investment made by Fund manager (Life Insurance Corporation) into major categories of plan assets have not been disclosed, as the same has not been provided by the Fund manager to the Company.

Actuarial Assumptions:

The principal assumptions used in determining defined benefit obligations and fair value of asset for gratuity and leave encashment are:

Particulars	31-Mar-20	31-Mar-19
Discount rate	**6.59%**	7.71%
Future salary increases	**6.00%**	8.00%
Attrition rate	**11.12%**	9.02%
Estimated rate of return on plan assets	**6.59%**	7.71%
Mortality	Indian Assured Lives Mortality (2012-14) (Ultimate)	Indian Assured Lives Mortality (2006-08) (Ultimate)

A quantitative Sensitivity analysis for significant assumption as at 31 March 2020 are as below

	Gratuity						
Assumptions	**Discount Rate**		**Further Salary Increase**		**Attrition**		**Mortality**
Sensitivity Level	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease	10% Up
Impact on defined benefit obligation - Gratuity (Rs.in Lakhs)	(13.26)	15.74	15.31	(13.10)	(0.64)	0.62	0.0043
Percentage change	(9.55%)	11.33%	11.02%	(9.43%)	(0.46%)	0.45%	0.00%

A quantitative Sensitivity analysis for significant assumption as at 31 March 2019 are as below

	Gratuity						
Assumptions	**Discount Rate**		**Further Salary Increase**		**Attrition**		**Mortality**
Sensitivity Level	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease	10% Up
Impact on defined benefit obligation - Gratuity (Rs.in Lakhs)	(13.30)	16.06	15.62	(13.16)	(2.03)	2.27	(0.04)
Percentage change	(11.49%)	13.87%	13.49%	(11.37%)	(1.75%)	1.96%	0.04%

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions by the Company to the defined benefit plan in future years:

		Rs. In lakhs
	Gratuity	
Particulars	**31-Mar-20**	31-Mar-19
Within the next 12 months	**5.86**	3.32
Between 2 and 5 years	**24.53**	14.07
Between 6 and 10 years	**23.19**	14.23

Note 28: Related Party transactions

i) Related parties where control exists along with nature of relationship

Name of Related Party Company	**Nature of Relationship**
Mahindra & Mahindra Limited	Ultimate holding company
Mahindra Aerospace Private Limited	Holding company

ii) Related parties under Ind AS 24 and as per Companies Act, 2013

Key management personnel (KMP)

Mr. Arvind Kumar Mehra	Managing Director & CEO (w.e.f 26th April 2019)
Dr. Karthik Krishnamurthy	Chief Operating Officer and Wholetime Director
Mr. T S Sarma	Chief Financial Officer
Mr. V.S. Ramesh	Company Secretary
Mr. S. P. Shukla	Non-executive director
Mr. Sudhir Yagnik	Non-executive director (until 03 August 2018)
Mr. Mukul Verma	Non-executive director (w.e.f 04 August 2018)
Mr. Dhiraj Rajendran	Non-executive director
Ms. Rajyalakshmi Rao Meka	Independent director (until 29 March 2020)

Other parties with whom transaction have taken place during the year:

Name of Related Party	**Nature of Relationship**
GippsAero Pty Ltd.	Fellow subsidiary
Mahindra Integrated Business Solutions Private Limited	Fellow subsidiary
Bristlecone India Ltd.	Fellow subsidiary
Mahindra Defence Systems Limited, SSG Division	Fellow subsidiary
Mahindra E-Market Limited	Fellow subsidiary
Mahindra Engineering And Chemical Pvt Ltd	Fellow subsidiary
Lords Freight (India) Pvt Ltd.	Fellow subsidiary
Mahindra Aerostructures Private Limited Employees Group Gratuity Assurance Scheme	Employees Gratuity Trust

iii) Details of the transactions with the related parties during the year:

		Rs. In lakhs
Particulars	**2019-20**	2018-19
I. Transactions with Group entities		
Services received (included under note 26 Other expense)		
Mahindra & Mahindra Limited	**211.91**	136.09
Mahindra Aerospace Private Limited	**–**	98.62
Mahindra Integrated Business Solutions Private Limited	**48.76**	8.83
Bristlecone India Ltd.	**–**	1.33
Mahindra Defence Systems Limited, SSG Division	**4.57**	2.65
Mahindra eMarket Limited	**0.89**	0.23
Mahindra Engineering And Chemical Pvt Ltd	**0.43**	–
	266.56	247.75
Sale of goods		
GippsAero Pty Ltd.	**367.60**	195.27
	367.60	195.27
Purchase of Goods		
GippsAero Pty Ltd.	**14.72**	7.48
	14.72	7.48
Rent received		
Mahindra Aerospace Private Limited	**3.81**	3.60
	3.81	3.60
Reimbursement of expenses made to:		
Mahindra & Mahindra Limited	**1.46**	8.54
Mahindra Aerospace Private Limited	**53.49**	109.84
Bristlecone India Ltd.	**0.75**	–
	55.70	118.38
Reimbursement of expenses received		
Mahindra Aerospace Private Limited	**–**	51.23
	–	51.23
Freight expenses paid		
Lords Freight (India) Pvt Ltd.	**–**	2.41
	–	2.41

Rs. In lakhs

Particulars	2019-20	2018-19
Expenses paid		
Mahindra Aerostructures Private Limited Employees Group Gratuity Assurance Scheme	**2.56**	–
	2.56	–
Equity shares issued		
Mahindra Aerospace Private Limited	**3,000.00**	7,650.00
	3,000.00	7,650.00
II. Transactions with key managerial personnel		
Salary and perquisites*		
Mr. Arvind Kumar Mehra	**173.29**	–
Dr. Karthik Krishnamurthy	**77.50**	53.35
Mr. T. S. Sarma	**60.26**	36.24
	311.05	**89.59**
Sitting fees	**0.80**	**0.80**

* Compensation of key managerial personnel does not include post employment defined benefit plan and compensated absences as the same has been provided based on the actuarial valuation determined for the Company as a whole.

(iv) Details of balances receivable from and payable to related parties are:

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivable		
GippsAero Pty Ltd	**–**	64.17
	–	64.17
Other financial assets		
Mahindra Aerospace Private Limited	**2.74**	55.33
	2.74	55.33
Trade payables		
Mahindra & Mahindra Limited	**21.89**	90.72
Mahindra Aerospace Private Limited	**–**	60.64
Mahindra eMarket Limited	**–**	0.23
Mahindra Integrated Business Solutions Pvt Ltd.	**7.75**	0.27
GippsAero Pty Ltd	**0.66**	4.24
Mahindra Defence Systems Limited, SSG Division	**0.44**	–
Mahindra Engineering And Chemical Pvt Ltd	**0.46**	–
	31.20	156.10
Security Deposit		
Mahindra Aerospace Private Limited	**3.60**	3.60
	3.60	3.60

Notes:

1. Corporate guarantees given by holding company in respect of borrowings taken by the Company Rs. 9,500 Lakhs (2019: Rs. 9,500 Lakhs)

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

Note 29: Financial instruments - Fair values and risk management

A The carrying value and fair value of financial instruments by categories

Rs. In lakhs

	As at March 31, 2020		As at March 31, 2019		Fair value			
	Carrying Value	Fair values	Carrying Value	Fair values	Level 1	Level 2	Level 3	Total
Financial assets								
Trade receivables	**1,927.36**	**1,927.36**	1,658.29	1,658.29	–	–	–	–
Cash and cash equivalents and other bank balances	**117.42**	**117.42**	149.74	149.74	–	–	–	–
Bank balance other than cash and cash equivalents	**4.70**	**4.70**	1.15	1.15	–	–	–	–
Security deposits	**43.23**	**43.23**	43.47	43.47	–	–	–	–
Dues from related parties	**2.74**	**2.74**	55.33	55.33	–	–	–	–
Interest accrued on deposits	**0.20**	**0.20**	0.10	0.10	–	–	–	–
Derivative assets	**–**	**–**	1.36	1.36	–	–	–	–
Others	**–**	**–**	9.05	9.05	–	–	–	–
Financial liabilities								
Borrowings	**565.06**	**565.06**	1,164.80	1,164.80	–	–	–	–
Trade payables	**887.75**	**887.75**	1,361.43	1,361.43	–	–	–	–
Other financial liabilities	**16.75**	**16.75**	2,412.95	2,412.95	–	–	–	–

Fair value hierarchy

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of cash and cash equivalents, trade receivables, loans, bank balance other than cash and cash equivalents, borrowings, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's long-term debt has been contracted at market rates of interest. Accordingly, the carrying value of such long-term debt approximates fair value. Based on this evaluation, the Company records allowance for estimated losses on these receivables. As of March 31, 2020 and March 31, 2019, the carrying value of such receivables, net of allowances approximates the fair value.

There have been no transfers among Level 1, Level 2 and Level 3 during the period.

B Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's management oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

C Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to the following risks from its use of financial instruments:

– Market risk

– Credit risk

– Liquidity risk

The note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings. The sensitivity analyses in the following sections relate to the position as at 31 March 2020 and 31 March 2019. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies. The analyses exclude the impact of movement in market variables on: the carrying values of gratuity and other post retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2020 and 31 March 2019.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

b. Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Average Interest Rate	Increase/ decrease in base points	Effect of profit before tax
March 31, 2020			
Interest Rates increased by 50 bps	9.80%	+50	Increase in interest by Rs. 6.69 Lakhs
Interest Rates reduced by 50 bps	9.80%	-50	Reduction in interest by Rs. 6.69 Lakhs
March 31, 2019			
Interest Rates increased by 50 bps	9.44%	+50	Increase in interest by Rs. 46.64 Lakhs
Interest Rates reduced by 50 bps	9.44%	-50	Reduction in interest by Rs. 46.64 Lakhs

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

c. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The following table gives details in respect of outstanding foreign exchange forward contracts in relation to Sell Contracts:

Rs. In lakhs

Particulars	**As at March 31, 2020**		As at March 31, 2019	
	in Foreign Currency in lakhs	**Rs. In lakhs**	in Foreign Currency in lakhs	Rs. In lakhs
In USD	–	–	0.64	45.75

The foreign exchange forward contracts will mature within 12 months. The table below analyzes the derivative financial instruments sell contracts into relevant maturity groupings based on the remaining period as on the balance sheet date:

Rs. In lakhs

Particulars	**As at March 31, 2020**	As at March 31, 2019
Less than 1 month	**–**	**45.75**

d. Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, GBP, AUD ,EUR and SGD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non–designated foreign currency derivatives and embedded derivatives. The Company's exposure to foreign currency changes for all other currencies are not material.

Rs. In lakhs

Particulars	31-Mar-20 Increase / decrease in basis points	31-Mar-20 Effect on profit before tax	31-Mar-19 Increase / decrease in basis points	31-Mar-19 Effect on profit before tax-
AUD	**+50**	**–**	+50	0.00
EUR	**+50**	**(0.46)**	+50	0.23
GBP	**+50**	**(0.00)**	+50	(0.07)
USD	**+50**	**11.29**	+50	5.66
SGD	**+50**	**0.02**	+50	–
AUD	**(50)**	**–**	(50)	(0.00)
EUR	**(50)**	**0.46**	(50)	(0.23)
GBP	**(50)**	**0.00**	(50)	0.07
USD	**(50)**	**(11.29)**	(50)	(5.66)
SGD	**(50)**	**(0.02)**	(50)	–

The movement in the pre-tax effect is a result of a change in the fair value of monetary assets and liabilities denominated in US dollars, where the functional currency of the entity is a currency other than US dollars.

(ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

a. Trade Receivable

Trade Receivables: The average credit period on sale of goods is 30 to 90 days. No interest is charged on trade receivables. The company's customers are reputed Aerospace industry companies having good financial position and there is no past default experience of the counter parties.

Trade receivables disclosed below includes the amounts that are past due at the end of the reporting period for which the company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and amounts are still considered recoverable.

Rs. In lakhs

Particulars	31-Mar-20	31-Mar-19
Not Due	**1,809.31**	1,279.26
< 30 days	**79.68**	164.16
30-60 days	**32.44**	127.41
61-180 days	**5.93**	84.14
181-360 days	**–**	3.32
> 360 days	**–**	0.00
Total	**1,927.36**	1,658.29

Information about major customers:

Revenue from single external customer is approximately Rs. 2,587.84 lakhs (2019: Rs. 2,671.96 lakhs) representing 30% (2019: 41%) of Company's total revenue from operations for the year ended 31 March 2020. Receivables from single external customer is approximately Rs. 452.13 Lakhs (2019: Rs. 468.33 Lakhs) representing 23% (2019: 28%) of Company's total receivables as at 31 March 2020. Apart from the aforesaid single customer, the Company does not have a significant credit risk exposure to any other single counterparty.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

Rs. In lakhs

	On demand	Less than 1 year	1 to 2 Year	2 to 5 year	More than 5 Years	Total
Year ended 31 March 2020						
Borrowings	**565.06**	**–**	**–**	**–**	**–**	**565.06**
Trade payables	**–**	**887.75**	**–**	**–**	**–**	**887.75**
Other financial liabilities	**–**	**16.75**	**–**	**–**	**–**	**16.75**
	565.06	**904.50**	**–**	**–**	**–**	**1,469.56**
Year ended 31 March 2019						
Borrowings	1,135.48	2,320.00	29.32	–	–	3,484.80
Trade payables	–	1,361.43	–	–	–	1,361.43
Other financial liabilities	–	2,412.95	–	–	–	2,412.95
	1,135.48	6,094.38	29.32	–	–	7,259.18

Financial assets carried at amortised cost as at March 31, 2020 is 2,095.65 Lakhs.

Financial assets of Rs. 168.29 Lakhs as at March 31, 2020 carried at amortised cost is in the form of cash and cash equivalents, bank deposits, earmarked balances with banks, security deposits etc. where the Company has assessed the counterparty credit risk. Trade receivables of Rs. 1,927.36 Lakhs as at March 31, 2020 forms a significant part of the financial assets carried at amortised cost which is valued considering provision for allowance using expected credit loss method (if any). In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the impact immediately seen in the demand outlook and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to Aerospace Sector. The Company closely monitors its customers who are being impacted.

Basis this assessment, the Management believes Company is not required to provide for doubtful trade receivables as at March 31, 2020.

D Capital management

For the purpose of the company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

		Rs. In lakhs	% change
	31 March 2020	31 March 2019	2019-20
Total equity (A)	**16,636.91**	14,482.42	14.88
Current loans and borrowings	**565.06**	1,135.48	
Non current loans and borrowings	**–**	29.32	
Current maturities of long-term loans	**–**	2,320.00	
Total loans and borrowings (B)	**565.06**	3,484.80	(83.79)
Total capital (loans and borrowings and equity) (C)	**17,201.97**	17,967.22	
As percentage of total capital (B/C)	**3.28**	19.40	
Total loans and borrowings as percentage of Total equity (B/A)	**3.40**	24.06	

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Ultimate Holding/ Parent company will provide financial support in the future to enable them to settle their obligation as and when they fall due and operate as a going concern.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

30. Commitments and contingent liabilities

a) The Company entered into a lease-cum-sale agreement ('Agreement') for a period of 10 years with KIADB for 20 acres of land allotted in Narasapura Industrial area, Kolar District, Karnataka, for the setting up of aerospace component manufacturing facility. The title of the land will be transferred to the Company during the current lease term or at the end of 10 year or extended period, if any, after fulfilling all conditions stipulated in the said Agreement.

During the year ended March 31, 2012, the company incurred Rs. 870.51 Lakhs towards allotment consideration and other related expenses in connection with the said lease-cum-sale agreement. The said amount is disclosed under non-current assets.

As per the agreement, an amount of Rs. 134.00 lakhs is payable to KIADB towards implementation of water supply scheme. However, during 2015 the KIADB raised a demand for Rs. 410.00 lakhs i.e. an increase of Rs. 276.00 lakhs. The Company disputed the amount and the same is pending with KIADB.

b) The estimated amount of contracts remaining to be executed on Capital account and not provided for Rs. 174.62 lakhs (2019: Rs. 51.09 lakhs)

c) Customs duty and penalty of Rs. 2,598.85 lakhs (2019: 2,598.85 lakhs) along with the applicable interest payable against the order issued by the Commissioner of Customs in the matter of import of certain pre-owned equipment. The Company has filed an appeal and the same is pending with the CESTAT.

d) Customs duty of Rs. 41.36 lakhs along with the applicable interest (2019: Rs. 41.36 lakhs) payable against the Demand Cum show cause notice issued by the Directorate of Revenue Intelligence in the matter of certain imports relating to installation of certain equipment, for which the company has submitted reply and the same is pending with Joint Commissioner of Customs.

e) In February 2019, Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligation under Employees Provident Fund Act, 1952. The company has been legally advised that there are interpretive challenges on the application of judgement retrospectively and as such does not consider there any probable obligations for past periods. Accordingly, based on legal advice the company has made provision for provident fund contribution form the date of Supreme court order. The probable obligation for past periods amounting to Rs. 83.75 Lakhs has been considered by the Company as contingent liability.

Note: The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/courts and the ultimate outcome will not have a material adverse effect on the Company's financial position and results of operations.

31. Dues to micro and small enterprises

The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This information has been relied upon by the Auditors. The disclosures relating to Micro, Small and Medium Enterprises as at March 31, 2020 are as under: -

			Rs. in Lakhs
Sr. No.	**Particulars**	**2019-20**	2018-19
A	The principal amount remaining unpaid to supplier as at the end of the year	25.69	62.62
B	The interest due thereon remaining unpaid to supplier as at the end of the year	0.01	0.20
C	Interest paid in terms of Section 16 of the Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	– Principal paid beyond the appointed date	536.69	507.42
	– Interest paid in terms of the Section 16 of the Act	–	–
D	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	–	–
E	Further interest due and payable even in the succeeding year, until such date when the interest due as above are actually paid to the small enterprises	20.64	17.28
F	The amount of interest accrued during the year and remaining unpaid at the end of the year	3.36	4.99

32. Earnings Per Share:

Basic earnings per share amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of Equity Shares outstanding during the year.

			Rs. in Lakhs
Sr. No.	**Particulars**	**31-Mar-20**	31-Mar-19
(a)	Earnings attributable to equity shareholders	**(861.65)**	(1,958.92)
(b)	Weighted average number of equity shares outstanding during the year	**415,544,932**	383,140,822
(c)	Basic Earnings per share (Rs.)	**(0.21)**	(0.51)
(d)	Dilutive Earnings per share (Rs.)	**(0.21)**	(0.51)

Weighted average no of shares (basic & diluted)

Rs. In lakhs

Particulars	**For the year ended 31 March 2020**	For the year ended 31 March 2019
(a) Opening Balance	**398,860,000**	322,360,000
(b) Effect of fresh issue of shares	**16,684,932**	60,780,822
(c) Weighted average no of shares	**415,544,932**	383,140,822

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings/(loss) per share as follows:

Rs. In lakhs

Particulars	**For the year ended 31 March 2020**	For the year ended 31 March 2019
Weighted average number of equity shares used in the calculation of Basic EPS	**415,544,932**	383,140,822
Add: Effect of potential equity shares	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**415,544,932**	383,140,822

33. **Impairment of capital work-in-progress**

During the year 2016-17, the Management had evaluated impairment for certain assets recorded as capital work in progress and as at Balance sheet date has provided an impairment loss of Rs. 325.00 lakhs.

34. **Segment Reporting:**

The Company primarily operates in the aerospace segment. The Activities of the Company includes "Sale of aircraft components and sub assemblies".

The Director (Operations) of the Company, who has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit.

Therefore, based on the guiding principles given in Ind AS 108 on 'Operating Segments', the Company's business activity fall within a single operating segment, namely aerospace segment. Accordingly, the disclosure requirements of Ind AS 108 are not applicable.

Entity wide disclosure details as per Ind AS 108 on Operating segments are given below:

Revenue from Operations

	Domestic	**Overseas**	**Total**
2019-20	**204.00**	**8,568.33**	**8,772.33**
2018-19	355.68	6,224.47	6,580.15

a) Domestic segment includes Component sales and job work services to customers located in India.

b) Overseas segment includes Component sales made to customers located outside India.

c) There are no assets located outside India.

d) Customers contributing 10% or more of Company's revenue (4 customers amounting to Rs 7,107.11 Lakhs in 2019-20 and 3 customers amounting to Rs. 5,129.79 Lakhs in 2018-19)

34A. Due to the transition method chosen in applying Ind AS 115, comparative information has not been restated to reflect the new requirements.:

A. Revenue streams:

The Company is primarily involved in manufacturing and sale of aircraft components, assemblies and aerostructures. Other sources of revenue include income from Job work services, trading of goods, government grants and incentives and scrap sales.

Particulars	**For the year ended 31 March 2020**	For the year ended 31 March 2019
Sale of goods and services	**8,772.33**	6,580.15
Other operating revenue	**313.66**	404.14
Total revenue	**9,085.99**	6,984.29

B. Disaggregation of revenue from contracts with customers:

In the following table, revenue from contracts with customers is disaggregated by primary geographical market

Rs. In lakhs

Particulars	**For the year ended 31 March 2020**	For the year ended 31 March 2019
India	**204.00**	355.68
Others	**8,568.33**	6,224.47
Total revenue	**8,772.33**	6,580.15

Impact of COVID-19

While the Company believes strongly that it has a rich portfolio of capabilities to partner with customers, the impact on future revenue streams could come from

- Reduction in customer requirement arising from overall reduction from Aerospace sector
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility

The Company has assessed that customers in Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of contracts and have noted that there is no significant impact of likely delays/increased cost in meetings its obligations as at 31 March 2020. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

35. The Company has incurred losses in current and earlier years. The Company expects growth in its operations in coming years and is taking measures to improve its operational efficiency. Basis the continued financial support provided by the shareholders, undrawn borrowing facilities from the banks and cash flow projections, the use of going concern assumption has been considered appropriate in preparation of financial statements of the company. The Company's current assets exceed its current liabilities as at 31 March 2020.

Note 36: Income taxes

The Company has carried out its deferred tax computation in accordance with Ind AS 12 'Income Taxes' notified under the Companies (Indian Accounting Standards) Rules, 2015.

Significant components & classification of deferred tax assets and liabilities are as follows:

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities		
Related to depreciation of fixed assets	**768.07**	788.84
Total deferred tax liability (a)	**768.07**	788.84
Deferred tax assets		
Provision for gratuity	**8.64**	9.74
Provision for leave encashment	**22.85**	19.67
Provision for inventory	**61.10**	74.42
Provision for service tax credit	**327.29**	327.29
Provision for Duty drawback receivable	**14.52**	–
Unabsorbed Depreciation	**2,689.20**	2,542.91
Carry forward losses	**3,897.28**	4,129.99
Others	**10.53**	32.46
Total deferred tax assets (b)	**7,031.41**	7,136.49
Net deferred tax assets/ (liabilities) (b-a)	**6,263.34**	6,347.65

Having regard to the accumulated losses, the Company has not recognised the net deferred tax assets in the absence of reasonable certainty at this stage that there will be sufficient future taxable income available to realize such assets.

(b) Reconciliation of effective tax rate:

Particulars	As at March 31, 2020		As at March 31, 2019	
Profit/(loss) before tax		**(861.65)**		(1,958.92)
Income tax expense calculated at domestic tax rates applicable to profits	**26.00%**	**(224.03)**	26.00%	(509.32)
Tax effects of:				
Permanent difference	**(0.24%)**	**2.08**	(0.17%)	3.23
Change in tax rate impact	**0.00%**	**–**	2.88%	(56.37)
Adoption of dispute resolution scheme	**(24.30%)**	**209.37**	0.00%	–
Others	**(11.24%)**	**96.89**	(1.07%)	21.06
Deferred tax asset not recognised in statement of profit and loss		**84.31**		(541.40)

(c) Tax losses

Particulars	March 31, 2020	Expiry date	March 31, 2019	Expiry date
Loss from business	**14,989.53**	31 March 2020 to 31 March 2029	15,884.57	31 March 2020 to 31 March 2028
Unabsorbed depreciation	**10,343.09**	Carried forward indefinitely	9,780.43	Carried forward indefinitely
Total	**25,332.62**		25,665.00	
Potential tax benefit	**6,586.48**		6,672.90	

37. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international as well as specified domestic transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of the stipulated timeline, as required by law. The Management is of the opinion that its international as well as specified domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

38. During the year ended 31 March 2020, no material foreseeable loss (2019: Nil) was incurred for any long-term contract including derivative contracts.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 20063980AAAACF1207

Place: Bangalore
Date: May 08, 2020

For and on behalf of the Board of Directors of
Mahindra Aerostructures Private Limited
CIN No. U35122MH2011PTC212744

Dr. Karthik Krishnamurthy
Whole Time Director
DIN No.07130799

Mr. Arvind Mehra
Managing Director
DIN No.01039769

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V. S. Ramesh
Company Secretary

Place: Mumbai
Date: May 08, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA AEROSPACE AUSTRALIA PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report of Mahindra Aerospace Australia Pty Ltd, "the Company", which comprises the statement of financial position as at 31 March 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Mahindra Aerospace Australia Pty Ltd, is in accordance with the *Corporations Act 2001*, including**:**

(a) giving a true and fair view of the Company's financial position as at 31 March 2020 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Mahindra Aerospace Australia Pty Ltd to meet the requirements of *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusio**n,** forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

N R BULL PITCHER PARTNERS

Partner Melbourne

Date: 4th May 2020

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF MAHINDRA AEROSPACE AUSTRALIA PTY LTD

In relation to the independent audit for the year ended 31 March 2020, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001;* and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards).*

N R BULL **PITCHER PARTNERS**

Partner Melbourne

Date: 4th May, 2020

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 $	2019 $
Revenue and other income			
Interest income	4	**8,367**	11,643
		8,367	11,643
Less: expenses			
Impairment loss	5	**(57,553,573)**	(18,285,000)
Professional fees	5	**(31,275)**	(24,711)
		(57,584,848)	(18,309,711)
Profit / (loss) before income tax expense		**(57,576,481)**	(18,298,068)
Other comprehensive income for the year		**–**	–
Total comprehensive loss		**(57,576,481)**	(18,298,068)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	6	**220,180**	1,484
Receivables	7	**–**	284,854
Other assets	8	**–**	228,289
Total current assets		**220,180**	514,627
Non-current assets			
Investments in subsidiaries	9	**–**	50,780,004
Total non-current assets		**–**	50,780,004
Total assets		**220,180**	51,294,631
Current liabilities			
Payables	10	**23,650**	21,500
Total current liabilities		**23,650**	21,500
Total liabilities		**23,650**	21,500
Net assets		**196,530**	51,273,131
Equity			
Share capital	11	**119,236,380**	112,736,500
Retained earnings	12	**(119,039,850)**	(61,463,369)
Total equity		**196,530**	51,273,131

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Contributed equity $	Retained earnings $	Total equity $
Balance as at 1 April 2018	102,238,500	(43,165,301)	59,073,199
Profit for the year	–	(18,298,068)	(18,298,068)
Total comprehensive income for the year	–	(18,298,068)	(18,298,068)
Transactions with owners in their capacity as owners:			
Contributions	10,498,000	–	10,498,000
Total transactions with owners in their capacity as owners	10,498,000	–	10,498,000
Balance as at 31 March 2019	112,736,500	(61,463,369)	51,273,131
Balance as at 1 April 2019	112,736,500	(61,463,369)	51,273,131
Loss for the year	–	(57,576,481)	(57,576,481)
Total comprehensive income for the year	–	(57,576,481)	(57,576,481)
Transactions with owners in their capacity as owners:			
Contributions	6,499,880	–	6,499,880
Total transactions with owners in their capacity as owners	6,499,880	–	6,499,880
Balance as at 31 March 2020	**119,236,380**	**(119,039,850)**	**196,530**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 $	2019 $
Cash flow from operating activities			
Payments to suppliers		**(29,125)**	(24,711)
Interest received		**8,367**	11,643
Net cash used in operating activities		**(20,758)**	(13,068)
Cash flow from investing activities			
Payment for investments		**(6,545,280)**	(10,498,000)
Net cash used in investing activities		**(6,545,280)**	(10,498,000)
Cash flow from financing activities			
Proceeds from share issue		**6,499,880**	10,498,000
Loan repayment from associated entities		**284,854**	12,007
Net cash provided by financing activities		**6,784,734**	10,510,007
Reconciliation of cash			
Cash at beginning of the financial period		**1,484**	2,545
Net increase / (decrease) in cash held		**218,696**	(1,061)
Cash at end of financial period		**220,180**	1,484

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The directors have determined that the company is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared to satisfy the financial reporting requirements of the *Corporations Act 2001*.

The financial report covers Mahindra Aerospace Australia Pty Ltd as an individual entity. Mahindra Aerospace Australia Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Mahindra Aerospace Australia Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the *Corporations Act 2001*, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of:

AASB 101:	Presentation of Financial Statements
AASB 107:	Statement of Cash Flows
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1054:	Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the company's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the financial statements.

(b) Revenue

Interest revenue is recognised when it become receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is measured net of the amount of goods and services tax (GST).

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks.

(d) Financial instruments

Trade and other receivables

Trade and other receivables arise from the company's transactions with its customers and are normally settled within 30–90 days.

Consistent with both the company's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost, except when the effect of discounting is not material, in which case the financial asset is carried at its nominal amount. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

(e) Investments in subsidiaries

Non-current investments are recorded at cost. The carrying amount of the investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments.

(f) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use (where 'value in use' is determined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit).

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income to the extent that it does not exceed the amount in the revaluation surplus for the same asset. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash-generating unit.

A reversal of an impairment loss for an asset measured at cost is recognised in profit or loss. A reversal of an impairment loss for an asset measured at a revalued amount is treated as a revaluation increase and is recognised in other comprehensive income, except to the extent that an impairment loss on the same asset was previously recognised in profit or loss, in which case a reversal of that impairment loss is also recognised in profit or loss.

(g) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current period disclosures.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Investment in Subsidiaries

All investments in subsidiaries are assessed for impairment by evaluating whether indicators of impairment exist in relation to their carrying values.

For the purposes of impairment assessment, investments in subsidiaries is regarded as a single cash generating unit (CGU).

The recoverable amount of the carrying value of investments in subsidiaries has been assessed on the basis of projected cash flows approved by management covering a period of 3 years (2019: 10 years).

NOTE 3: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of these new and amended pronouncements. Management has assessed that none of these standards will have a material impact on the company's financial statements in the period of initial application.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2020 $	2019 $
NOTE 4: REVENUE AND OTHER INCOME		
Other revenue		
Interest income	**8,367**	11,643
NOTE 5: OPERATING LOSS		
Loss before income tax has been determined after:		
Impairment		
– Other assets	**228,289**	–
– Investment in subsidiary	**57,325,284**	18,285,000
	57,553,573	18,285,000
Remuneration of auditors for:		
Pitcher Partners (Melbourne)		
Audit and assurance services		
–Audit or review of the financial report	22,000	21,500
NOTE 6: CASH AND CASH EQUIVALENTS		
Cash at bank	220,180	1,484
NOTE 7: RECEIVABLES		
CURRENT		
Amounts receivable from:		
-GippsAero Pty Ltd	–	284,854
NOTE 8: OTHER ASSETS		
CURRENT		
Deposits	228,289	228,289
Less provision for impairment loss	(228,289)	–
	–	228,289
NOTE 9: INVESTMENT IN SUBSIDIARIES		
NON CURRENT		
Investment in GippsAero Pty Ltd	84,793,890	78,294,010
Investment in GA8 Airvan Pty Ltd	8,753	3
Investment in GA200 Pty Ltd	8,753	3
Investment in Airvan 10 Pty Ltd	8,760	10
Investment in Airvan Flight Services Pty Ltd	8,752	2
Investment in Nomad TC Pty Ltd	5,010,400	5,000,000
Provision for impairment loss	(89,839,308)	(32,514,024)
Total financial assets at cost	–	50,780,004
NOTE 10: PAYABLES		
CURRENT		
Unsecured liabilities		
Accrued expenses	**23,650**	21,500

	2020 $	2019 $
NOTE 11: SHARE CAPITAL		
Issued and paid-up capital		
135,454,500 (2019: 120,338,500) ordinary shares	119,236,380	112,736,500
NOTE 12: RETAINED EARNINGS		
Retained earnings at beginning of year	(61,463,369)	(43,165,301)
Net loss for the year	(57,576,481)	(18,298,068)
	(119,039,850)	(61,463,369)

NOTE 13: EVENTS SUBSEQUENT TO REPORTING DATE

The impacts of which on the business cannot be determined at this time, there has been no matter or circumstance, which has arisen since 31 March 2020 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2020, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2020, of the company.

NOTE 14: COMPANY DETAILS

The registered office of the entity is:

Mahindra Aerospace Australia Pty Ltd
Pitcher Partners
Level 13
664 Collins Street
DOCKLANDS VIC 3008

DIRECTORS' DECLARATION

The directors have determined that the entity is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the entity declare that:

1. In the directors opinion, the financial statements and notes, as set out on pages herein, are in accordance with the *Corporations Act 2001*, including:
   (a) complying with Accounting Standards in Australia as detailed in Note 1 to the financial statements and the *Corporations Regulations 2001*; and
   (b) giving a true and fair view of the financial position as at 31 March 2020 and performance for the year ended on that date of the entity in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: ____________________________
Arvind Mehra

Director: ____________________________
Ajay Mantry

Dated this 24th day of April 2020

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 $	2019 $
Revenue		–	–
Less: expenses			
Professional fees		**(350)**	(350)
		(350)	(350)
Loss before income tax expense		**(350)**	(350)
Income tax expense		–	–
Loss for the year		**(350)**	(350)
Total comprehensive loss		**(350)**	(350)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	2	**353**	3
Total current assets		**353**	3
Total assets		**353**	3
Current liabilities			
Payables	3	**350**	8,400
Total current liabilities		**350**	8,400
Total liabilities		**350**	8,400
Net assets		**3**	(8,397)
Equity			
Share capital	4	**8,753**	3
Accumulated losses	5	**(8,750)**	(8,400)
Total equity		**3**	(8,397)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

Australian dollars	Contributed equity	Accumulated losses	Total equity
	$	$	$
Balance as at 1 April 2018	3	(8,050)	(8,047)
Loss for the year	–	(350)	(350)
Total comprehensive income for the period	–	(350)	(350)
Balance as at 31 March 2019	3	(8,400)	(8,397)
Balance as at 1 April 2019	3	(8,400)	(8,397)
Loss for the year	–	(350)	(350)
Total comprehensive loss for the year	–	(350)	(350)
Transactions with owners in their capacity as owners:			
Contributions	8,750	–	8,750
Balance as at 31 March 2020	**8,753**	**(8,750)**	**3**

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. GA8 Airvan Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101: Presentation of Financial Statements
AASB 112: Income Taxes
AASB 124: Related Party Disclosures
AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

The company incurred a loss from ordinary activities of $350 during the year ended 31 March 2020(2019: $350, and as at that date the company's total liabilities exceeded total assets by $ Nil (2019: $8,397).

The company is dependent on the ongoing financial support of its parent entity to meet its financial obligations at 31 March 2020. At this time, there is no reason for the directors to believe that the ongoing financial support of the parent entity will not be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: CASH AND CASH EQUIVALENTS

	2020	2019
	$	$
Cash at bank	**350**	–
Cash in hand	**3**	3
	353	3

NOTE 3: PAYABLES

	2020	2019
	$	$
CURRENT		
Unsecured liabilities		
Sundry creditors and accruals	**350**	8,400

NOTE 4: SHARE CAPITAL

Issued and paid-up capital		
8753 (2019: 3) Ordinary shares	**8,753**	3

NOTE 5: ACCUMULATED LOSSES

Accumulated losses at beginning of year	**(8,400)**	(8,050)
Net Loss	**(350)**	(350)
Accumulated losses at end of period	**(8,750)**	(8,400)

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2020 that has significantly affected or may significantly affect:

(a) The operations, in financial year subsequent to 31 March 2020, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial year subsequent to 31 March 2020, of the company.

NOTE 7: COMPANY DETAILS

The registered office of the company is:

GA8 Airvan Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

Keith Douglas
Director

George Morgan
Director

Dated this 24th day of April 2020

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 $	2019 $
Revenue		**–**	–
Less: expenses			
Professional fees		**(350)**	(350)
		(350)	(350)
Loss before income tax expense		**(350)**	(350)
Income tax expense		**–**	–
Loss for the year		**(350)**	(350)
Total comprehensive loss		**(350)**	(350)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	2	**353**	3
Total current assets		**353**	3
Total assets		**353**	3
Current liabilities			
Payables	3	**350**	8,400
Total current liabilities		**350**	8,400
Total liabilities		**350**	8,400
Net assets		**3**	(8,397)
Equity			
Share capital	4	**8,753**	3
Accumulated losses	5	**(8,750)**	(8,400)
Total equity		**3**	(8,397)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Contributed equity $	Accumulated losses $	Total equity $
Australian dollars			
Balance as at 1 April 2018	3	(8,050)	(8,047)
Profit/(loss) for the year	–	(350)	(350)
Total comprehensive income for the year	–	(350)	(350)
Balance as at 31 March 2019	3	(8,400)	(8,397)
Balance as at 1 April 2019	3	(8,400)	(8,397)
Loss for the year	–	(350)	(350)
Total comprehensive loss for the year	–	(350)	(350)
Transactions with owners in their capacity as owners:			
Contributions	8,750	–	8,750
Balance as at 31 March 2020	8,753	(8,750)	3

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. GA 200 Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101: Presentation of Financial Statements
AASB 112: Income Taxes
AASB 124: Related Party Disclosures
AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

The company incurred a loss from ordinary activities of $350 during the year ended 31 March 2020 (2019: $350) and as at that date the company's total liabilities exceeded total assets by Nil (2019: $8,397).

The company is dependent on the ongoing financial support of its parent entity to meet its financial obligations at 31 March 2020. At this time, there is no reason for the directors to believe that the ongoing financial support of the parent entity will not be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: CASH AND CASH EQUIVALENTS

	2020	2019
	$	$
Cash at bank	**350**	–
Cash in hand	**3**	3
	353	3

	2020 $	2019 $
NOTE 3: PAYABLES		
CURRENT		
Unsecured liabilities		
Sundry creditors and accruals	**350**	8,400
NOTE 4: SHARE CAPITAL		
Issued and paid-up capital		
8753 (2019: 3) Ordinary shares	**8,753**	3
NOTE 5: ACCUMULATED LOSSES		
Accumulated losses at beginning of year	**(8,400)**	(8,050)
Net Loss	**(350)**	(350)
Accumulated losses at end of period	**(8,750)**	(8,400)

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2020 that has significantly affected or may significantly affect:

(a) The operations, in financial year subsequent to 31 March 2020, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial year subsequent to 31 March 2020, of the company.

NOTE 7: COMPANY DETAILS

The registered office of the company is:

GA 200 Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

Keith Douglas
Director

George Morgan
Director

Dated this 24th day of April 2020

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 $	2019 $
Revenue		**–**	–
Less: expenses			
Professional fees		**(350)**	(350)
		(350)	(350)
Loss before income tax expense		**(350)**	(350)
Income tax expense		**–**	–
Loss for the year		**(350)**	(350)
Total comprehensive loss		**(350)**	(350)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	2	**350**	–
Total current assets		**350**	–
Total assets		**350**	–
Current liabilities			
Payables	3	**350**	10,050
Total current liabilities		**350**	10,050
Total liabilities		**350**	10,050
Net assets		**–**	(10,050)
Equity			
Share capital	4	**21,708**	11,308
Accumulated losses	5	**(21,708)**	(21,358)
Total equity		**–**	(10,050)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Contributed equity $	Accumulated losses $	Total equity $
Australian dollars			
Balance as at 1 April 2018	11,308	(21,008)	(9,700)
Loss for the year	–	(350)	(350)
Total comprehensive income for the period	–	(350)	(350)
Balance as at 31 March 2019	11,308	(21,358)	(10,050)
Balance as at 1 April 2019	11,308	(21,358)	(10,050)
Loss for the year	–	(350)	(350)
Total comprehensive loss for the year	–	(350)	(10,400)
Transactions with owners in their capacity as owners:			
Contributions	10,400	–	10,400
Balance as at 31 March 2020	21,708	(21,708)	–

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. Nomad TC Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101: Presentation of Financial Statements

AASB 112: Income Taxes

AASB 124: Related Party Disclosures

AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

The company incurred a loss from ordinary activities of $350 during the year ended 31 March 2020 (2019: $350), and as at that date the company's total liabilities exceeded total assets by $ Nil (2019: $10,050).

The company is dependent on the ongoing financial support of its ultimate parent entity to meet its financial obligations at 31 March 2020. At this time, there is no reason for the directors to believe that the ongoing financial support of the ultimate parent entity will not be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: CASH AND CASH EQUIVALENTS

	2020	2019
	$	$
Cash at bank	**350**	–

NOTE 3: PAYABLES

	2020	2019
	$	$
CURRENT		
Unsecured liabilities		
Sundry creditors and accruals	**350**	10,050

NOTE 4: SHARE CAPITAL

	2020	2019
	$	$
Issued and paid-up capital		
21,708 (2019: 11,308) Ordinary shares	**21,708**	11,308

NOTE 5: ACCUMULATED LOSSES

	2020	2019
	$	$
Accumulated losses at beginning of year	**(21,358)**	(21,008)
Net Loss	**(350)**	(350)
Accumulated losses at end of period	**(21,708)**	(21,358)

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2020 that has significantly affected or may significantly affect:

(a) the operations, in financial year subsequent to 31 March 2020, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial year subsequent to 31 March 2020, of the company.

NOTE 7: COMPANY DETAILS

The registered office of the company is:

Nomad TC Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

Keith Douglas — Director

George Morgan — Director

Dated this 24th day of April 2020

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2020

	Note	2020 $	2019 $
Revenue		**–**	–
Less: expenses			
Professional fees		**(350)**	(350)
		(350)	(350)
Loss before income tax expense		**(350)**	(350)
Income tax expense		**–**	–
Loss for the year		**(350)**	(350)
Total comprehensive loss		**(350)**	(350)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	2	**360**	10
Total current assets		**360**	10
Total assets		**360**	10
Current liabilities			
Payables	3	**350**	8,400
Total current liabilities		**350**	8,400
Total liabilities		**350**	8,400
Net assets		**10**	(8,390)
Equity			
Share capital	4	**8,760**	10
Accumulated losses	5	**(8,750)**	(8,400)
Total equity		**10**	(8,390)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2020

Australian dollars	Contributed equity $	Accumulated losses $	Total equity $
Balance as at 1 April 2018	10	(8,050)	(8,040)
Loss for the year	–	(350)	(350)
Total comprehensive income for the period	–	(350)	(350)
Balance as at 31 March 2019	10	(8,400)	(8,390)
Balance as at 1 April 2019	10	(8,400)	(8,390)
Loss for the year	–	(350)	(350)
Total comprehensive loss for the year	–	(350)	(350)
Transactions with owners in their capacity as owners:			
Contributions	8,750	–	8,750
Balance as at 31 March 2020	**8,760**	**(8,750)**	**10**

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. Airvan 10 Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101: Presentation of Financial Statements

AASB 112: Income Taxes

AASB 124: Related Party Disclosures

AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

The company incurred a loss from ordinary activities of $350 during the year ended 31 March 2020 (2019: $350), and as at that date the company's total liabilities exceeded total assets by $ Nil (2019: $8,390).

The company is dependent on the ongoing financial support of its ultimate parent entity to meet its financial obligations at 31 March 2020. At this time, there is no reason for the directors to believe that the ongoing financial support of the ultimate parent entity will not be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the company's functional and presentation curreny.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash at bank	**350**	–
Cash in hand	**10**	10
	360	10

NOTE 3: PAYABLES

	2020 $	2019 $
CURRENT		
Unsecured liabilities		
Sundry creditors and accruals	350	8,400

NOTE 4: SHARE CAPITAL

	2020 $	2019 $
Issued and paid-up capital		
8,760 (2019: 10) Ordinary shares	8,760	10

NOTE 5: ACCUMULATED LOSSES

	2020 $	2019 $
Accumulated losses at beginning of Year	(8,400)	(8,050)
Net Loss	(350)	(350)
Accumulated losses at end of period	(8,750)	(8,400)

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2020 that has significantly affected or may significantly affect:

(a) The operations, in financial year subsequent to 31 March 2020, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial year subsequent to 31 March 2020, of the company.

NOTE 7: COMPANY DETAILS

The registered office of the company is:

Airvan 10 Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

Keith Douglas
Director

George Morgan
Director

Dated this 24th day of April 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GIPPSAERO PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report of GippsAero Pty Ltd, "the Company", which comprises the statement of financial position as at 31 March 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of GippsAero Pty Ltd, is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 31 March 2020 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist GippsAero Pty Ltd to meet the requirements of *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

N R BULL — **PITCHER PARTNERS**
Partner — Melbourne

Date: 4th May 2020

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. In the directors opinion, the financial statements and notes, as set out on pages herein, are in accordance with the *Corporations Act 2001*, including:

    (a) complying with Accounting Standards in Australia as detailed in Note 1 to the financial statements and the *Corporations Regulations 2001*; and

    (b) giving a true and fair view of the financial position as at 31 March 2020 and performance for the year ended on that date of the company in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Keith Douglas	**Ajay Mantry**
Director	Director

Dated this 24th day of April 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 $	2019 $
Revenue and other income			
Revenue from contracts with customers	4	**10,978,530**	12,301,073
Other revenue	5	**81,661**	89,913
Other income	5	**222,909**	218,136
		11,283,100	12,609,122
Less: expenses			
Materials and consumables used	6	**(6,080,812)**	(6,482,134)
Depreciation and amortisation expense	6	**(1,183,501)**	(865,932)
Employee benefits expense	6	**(7,495,742)**	(8,042,730)
Finance costs	6	**(164,382)**	(271,753)
Foreign exchange gain/(loss)	6	**110,181**	(14,741)
Insurance expense		**(600,359)**	(594,152)
Impairment loss	6	**(16,842,535)**	(13,998,000)
Marketing and promotional expense		**(33,039)**	(81,212)
Occupancy expense		**(121,865)**	(355,188)
Professional fees		**(382,311)**	(376,373)
Travel expense		**(433,520)**	(533,519)
Other expenses		**(981,414)**	(1,031,435)
		(34,209,299)	(32,647,169)
Loss before income tax expense		**(22,926,199)**	(20,038,047)
Other comprehensive income for the year		**–**	–
Total comprehensive income		**(22,926,199)**	(20,038,047)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	7	**1,819,775**	196,128
Receivables	8	**816,826**	1,224,716
Inventories	9	**3,753,247**	9,552,994
Other assets	10	**702,349**	1,793,018
Total current assets		**7,092,197**	12,766,856
Non-current assets			
Intangible assets	11	**–**	7,650,107
Lease assets	12	**67,413**	–
Property, plant and equipment	13	**455,301**	1,262,262
Total non-current assets		**522,714**	8,912,369
Total assets		**7,614,911**	21,679,225
Current liabilities			
Payables	14	**2,076,024**	2,700,347
Lease liabilities	12	**68,073**	–
Borrowings	15	**9,500,000**	4,000,000
Provisions	16	**1,592,926**	1,713,344
Other liabilities	17	**429,284**	2,889,734
Total current liabilities		**13,666,307**	11,303,425
Non-current liabilities			
Provisions	16	**50,769**	51,646
Total non-current liabilities		**50,769**	51,646
Total liabilities		**13,717,076**	11,355,071
Net assets		**(6,102,165)**	10,324,154
Equity			
Share capital	18	**104,497,890**	97,998,010
Accumulated losses	19	**(110,600,055)**	(87,673,856)
Total equity		**(6,102,165)**	10,324,154

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Contributed equity $	Accumulated losses $	Total equity $
Balance as at 1 April 2018	87,500,010	(67,635,809)	19,864,201
Loss for the year	–	(20,038,047)	(20,038,047)
Total comprehensive income for the year	–	(20,038,047)	(20,038,047)
Transactions with owners in their capacity as owners:			
Contributions	10,498,000	–	10,498,000
Total transactions with owners in their capacity as owners	10,498,000	–	10,498,000
Balance as at 31 March 2019	97,998,010	(87,673,856)	10,324,154
Balance as at 1 April 2019	97,998,010	(87,673,856)	10,324,154
Loss for the year	–	(22,926,199)	(22,926,199)
Total comprehensive income for the year	–	(22,926,199)	(22,926,199)
Transactions with owners in their capacity as owners:			
Contributions	**6,499,880**	**–**	**6,499,880**
Total transactions with owners in their capacity as owners	**6,499,880**	**–**	**6,499,880**
Balance as at 31 March 2020	**104,497,890**	**(110,600,055)**	**(6,102,165)**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Note	**2020** **$**	2020 $
Cash flow from operating activities			
Receipts from customers		**8,842,186**	16,281,201
Payments to suppliers and employees		**(15,608,650)**	(18,481,430)
Finance costs		**(164,382)**	(260,435)
Net cash used in operating activities		**(6,930,846)**	(2,460,664)
Cash flow from investing activities			
Payment for property, plant and equipment		**(221,003)**	(292,655)
Payment for capitalised project and development costs		**(2,670,540)**	(1,962,815)
Proceeds from insurance payout in relation to capitalised project and development costs		**–**	1,307,430
Net cash used in investing activities		**(2,891,543)**	(948,040)
Cash flow from financing activities			
Proceeds from share issue		**6,499,880**	10,498,000
Proceeds/(repayments) from borrowings		**5,500,000**	(7,300,000)
Principal portion of lease payments		**(268,990)**	–
Repayment of associated entities		**(284,854)**	(12,007)
Net cash provided by financing activities		**11,446,036**	3,185,993
Reconciliation of cash			
Cash at beginning of the financial year		**196,128**	418,839
Net increase/(decrease) in cash held		**1,623,647**	(222,711)
Cash at end of financial year		**1,819,775**	196,128

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The directors have determined that the company is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared to satisfy the financial reporting requirements of the *Corporations Act 2001*.

The financial report covers GippsAero Pty Ltd as an individual entity. GippsAero Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. GippsAero Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the Corporations Act 2001, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of:

AASB 101: Presentation of Financial Statements

AASB 107: Statement of Cash Flows

AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors

AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the company's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The company incurred a loss from ordinary activities of $22,926,199 (2019: $20,038,047) during the year ended 31 March 2020, and as at that date the company's current liabilities exceeded current assets by $6,574,110 (2019: $1,463,431 net current assets).

The company is dependent on ongoing financial support at 31 March 2020. As at the date of signing the company has recieved confirmation of ongoing support from its immediate parent company in India.

The going concern basis above assumes the continued support of its immediate parent company in India, the ability to source alternative finance if required. If the going concern basis is found to no longer be appropriate the recoverable amounts of the assets shown in the Statement of Financial Position are likely to be significantly less than the amounts disclosed and the extent of the liabilities may differ significantly from those reflected.

At this time, directors believe that the ongoing financial support of the immediate parent company in India will be continued.

(c) Foreign currency transactions and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

Transactions and Balances

Transactions undertaken in foreign currencies are recognised in the company's functional currency, using the spot rate at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are restated to the spot rate at the reporting date.

Except for certain foreign currency hedges, all exchange gains or losses are recognised in profit or loss for the period in which they arise.

(d) Revenue from contracts with customers

Revenue from contracts with customers

The company derives revenue from the sale of aircraft and spare parts and the provision of aircraft hire services. Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services.

Revenue from the sale of aircraft and spare parts

Revenue from the sale of aircraft and spare parts is recognised at the point in time when control of the goods is transferred to the customer, which generally occurs when the beneficial ownership passes to the customer. Customers have no right to return purchased goods. Revenue is measured net of any discounts, rebates and other price concessions. Customers are required to pay for all goods purchased in line with the terms of contract of sale.

Revenue from the provision of aircraft hire services

The company provides aircraft hire services to customers. Revenue from the provision of aircraft hire is recognised on the basis of flight hours. Recognising revenue on the basis of flight hours is considered an appropriate method as it is consistent with the manner in which the services are provided to the customer. Estimates of revenues, costs or extent of progress toward achievement of performance obligations are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known. Customers are generally invoiced on a monthly basis, and outstanding invoices are due for payment within 30 days of the invoice date.

Consideration included in the measurement of revenue

The consideration to be received from customers includes fixed amounts. Where the contract includes a right to variable consideration, the company estimates the amount of variable consideration using the most likely amount approach on a contract-by-contract basis. Variable consideration is included in the measurement of revenue only to the extent that it is highly probable, based on flight hours, that a significant reversal of the cumulative amount recognised will not occur when the uncertainty associated with the variability is subsequently resolved.

Interest

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is measured net of the amount of goods and services tax (GST).

Warranty obligations

The company provides a general warranty for all goods sold, as required by law. The company does not provide customers with the option to purchase an additional or extended warranty. Warranty obligations are recognised as a provision, and are measured at the company's estimate of the expenditure required to fulfil its warranty obligations at the reporting date. The company updates the measurement of the warranty provision at the end of each reporting period for changes in expectations.

(e) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct material, direct labour and a proportion of manufacturing overheads based on normal operating capacity. Inventories include raw materials, work in progress and finished goods.

Raw materials are valued at a moving average cost price.

Work in progress ("WIP") is valued at cost, which includes both variable and fixed costs relating to specific items, and those costs that are attributable to the WIP activity in general that can be allocated on a reasonable basis.

(h) Financial instruments

Classification of financial assets

Financial assets recognised by the company are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the company irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

(a) the company's business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter company balances and loans from or other amounts due to director-related entities. Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Trade and other receivables

Receivables from contracts with customers

A receivable from a contract with a customer represents the company's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

Trade and other receivables arise from the company's transactions with its customers and are normally settled within 30-90 days.

Consistent with both the company's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost, except when the effect of discounting is not material, in which case the financial asset is carried at its nominal amount. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

The company has chosen to apply the simplified approach under AASB 9 to measuring impairment provisions for receivables, including lease receivables. Under the AASB 9 Financial Instruments simplified approach, the company determines the impairment provision for receivables on the basis of the lifetime expected credit losses of the receivable. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the receivable.

(i) Property, plant and equipment

Each class of plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on a cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Depreciation rates	Depreciation basis
Hanger at cost	5 - 20%	Straight line
Leasehold improvements at cost	9 - 11%	Straight line
Plant and equipment at cost	6 - 21%	Straight line
Aircrafts at cost	10%	Straight line
Motor vehicles at cost	5 - 13%	Straight line
Computer equipment at cost	22 - 100%	Straight line

(j) Intangible assets

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less any accumulated impairment losses.

Intangible assets

Except for indefinite useful life intangible assets, which are not amortised but are tested annually for impairment, intangible assets are amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset.

Patents

Patents are recognised at cost and are not amortised, but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less any accumulated impairment losses.

(k) Research and development expenditure

Expenditure on research activities is recognised as an expense when incurred.

Development costs are capitalised when the company can demonstrate all of the following: the technical feasibility of completing the asset so that it will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; how the asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and the ability to measure reliably the expenditure attributable to the asset during its development. Capitalised development costs are amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to capitalised development costs is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, capitalised development costs are measured at cost, less accumulated amortisation and any accumulated impairment losses.

Other development expenditure is recognised as an expense when incurred.

Project expenses are capitalised as incurred once identified as relating to a project that will deliver future economic benefits that can be measured reliably.

(l) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use (where 'value in use' is determined as the present value of the future cash flows expected to be derived from an asset or cash generating unit).

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income to the extent that it does not exceed the amount in the revaluation surplus for the same asset. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

A reversal of an impairment loss for an asset measured at cost is recognised in profit or loss. A reversal of an impairment loss for an asset measured at a revalued amount is treated as a revaluation increase and is recognised in other comprehensive income, except to the extent that an impairment loss on the same asset was previously recognised in profit or loss, in which case a reversal of that impairment loss is also recognised in profit or loss.

(m) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Warranty obligations

The company provides a two-year warranty or 2,000 flight hours for all aircraft. Warranty obligations are recognised as a provision, and are measured at the company's estimate of the expenditure required to fulfil its warranty obligations at the reporting date. The company updates the measurement of the warranty provision at the end of each reporting period for changes in expectations.

(n) Leases

Accounting policy applied to the information presented for the current period under AASB 16 Leases:

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the group, and an estimate of costs to be incurred by the group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight line basis over the lease term.

Accounting policy applied to the information presented for the prior period under AASB 117 Leases:

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to the group are classified as finance leases. Finance leases are capitalised, recording an asset and liability equal to the fair value or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease, if this is practicable to determine; if not, the group's incremental borrowing rate is used. Interest expense on finance leases is included in finance costs in the statement of profit or loss and other comprehensive income. Lease assets are depreciated on a straight line basis over their estimated useful lives where it is likely the group will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period in accordance with the effective interest method.

(o) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the statement of financial position if the company does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(p) Borrowing costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of lease arrangements, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset, in which case the costs are capitalised until the asset is ready for its intended use or sale.

(q) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(r) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(s) New and revised accounting standards effective at 31 March 2020

The company has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019, including AASB 16 Leases (AASB 16).

AASB 16: Leases

AASB 16 replaces AASB 117 Leases and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

(a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:

  i. investment property, the lessee applies the fair value model in AASB 140 Investment Property to the right-of-use asset; or

  ii. property, plant or equipment, the applies the revaluation model in AASB 116 *Property, Plant and Equipment* to all of the right-of-use assets that relate to that class of property, plant and equipment; and

(b) lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements of the predecessor standard, AASB 117. Accordingly, under AASB 16 a lessor continues to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and accounts for each type of lease in a manner consistent with the current approach under AASB 117.

In accordance with the transition requirements of AASB 16, the company has elected to apply AASB 16 retrospectively to those contracts that were previously identified as leases under the predecessor standard, with the cumulative effect, if any, of initially applying the new standard recognised as an adjustment to opening retained earnings at the date of initial application (i.e., at 1 July 2019). Accordingly, comparative information has not been restated.

The company has also elected to apply the following practical expedients to the measurement of right-of-use assets and lease liabilities in relation to those leases previously classified as operating leases under the predecessor standard:

- to recognise right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application;
- to not recognise a right-of-use asset and a lease liability for leases for which the underlying asset is of low value;
- to not recognise a right-of-use asset and a lease liability for leases for which the lease term ends within 12 months of the date of initial application;
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- to adjust each right-of-use asset at the date of initial application by the amount of any provision for onerous leases recognised in the statement of financial position immediately before the date of initial application;
- to exclude initial direct costs from the measurement of each right-of-use asset at the date of initial application; and
- to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

The application of AASB 16 resulted in the recognition of right-of-use assets with an aggregate carrying amount of $67,413 (referred to in these financial statements as "lease assets") and corresponding lease liabilities with an aggregate carrying amount of $68,073. The weighted average incremental borrowing rate applied in the calculation of the initial carrying amount of lease liabilities was 3.94%.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Intangible assets

All intangible assets are assessed for impairment by evaluating whether indicators of impairment exist in relation to their carrying values.

For the purposes of impairment assessment, intangible assets are regarded as a single cash generating unit (CGU), relating primarily to the manufacturing and sale of aircraft.

The recoverable amount of the carrying value of investment in subsidiaries has been assessed on the basis of projected cash flows approved by management covering a period of 3 years (2019: 10 years). The present value of the future cash flows has been calculated using the following key assumptions:

- average growth rate of 40% for the sale price of aircraft (2019: 0% to 2% growth);
- average cost of sales growth rate of 41% (2019: 0% to 2% growth);

- terminal value growth rate of 2.5% (2019: 2.5%);
- the USD/AUD exchange rate to be at 0.75 throughout the projection period (2019: 0.75);
- discount rate to be 16.6%, (2019: 16.6%).

NOTE 3: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of these new and amended pronouncements. Management has assessed that none of these standards will have a material impact on the company's financial statements in the period of initial application.

NOTE 4: REVENUE FROM CONTRACTS WITH CUSTOMERS

	2020 $	2019 $
Revenue from contracts with customers		
Sale of goods	**9,436,182**	11,051,750
Spare parts and maintenance	**1,542,348**	1,249,323
	10,978,530	12,301,073

NOTE 5: OTHER REVENUE AND OTHER INCOME

Other revenue	**81,661**	89,913
Other income	**222,909**	218,136
	304,570	308,049

NOTE 6: OPERATING PROFIT

Losses before income tax has been determined after:		
Expenses:		
Cost of sales	**6,080,812**	6,482,134
Finance costs	**164,382**	271,753
Depreciation	**335,766**	336,451
Amortisation of non-current assets		
– leased assets	**269,650**	–
– research and development	**578,085**	529,481
	847,735	**529,481**
Impairment		
– Intangible assets	**9,742,562**	13,998,000
– Property, plant and equipment	**692,198**	–
– Inventory	**5,400,000**	–
– Receivables and other assets	**1,007,775**	–
	16,842,535	13,998,000
Foreign currency translation (gains)/losses	**(110,181)**	14,741
Employee benefits	**7,495,742**	8,042,730
Remuneration of auditors for:		
Pitcher Partners (Melbourne)		
Audit and assurance services		
– Audit or review of the financial report	**79,400**	77,500
Other non-audit services		
– General business advisory & taxation services	**49,510**	45,756
	128,910	123,256

NOTE 7: CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash at bank	**1,818,624**	194,569
Other cash	**1,151**	1,559
	1,819,775	196,128

NOTE 8: RECEIVABLES

CURRENT		
Receivables from contracts with customers	**1,309,280**	950,164
Allowance for credit losses	**(493,878)**	(71,121)
	815,402	879,043
Finance lease receivable	**–**	180,054
Other receivables	**–**	155,880
Amounts receivable from:		
– Mahindra Aerostructures	**1,424**	9,739
	816,826	1,224,716

NOTE 9: INVENTORIES

CURRENT		
At cost		
Raw materials	**8,449,348**	6,328,638
Work in progress	**703,899**	2,019,461
Provision for impairment	**(5,400,000)**	(20,000)
Stock in transit	**–**	1,224,895
	3,753,247	9,552,994

NOTE 10: OTHER ASSETS

CURRENT		
Prepayments	**679,063**	1,697,183
Deposits	**23,286**	95,835
	702,349	1,793,018

NOTE 11: INTANGIBLE ASSETS

Goodwill at cost	**788,669**	788,669
Provision for impairment loss	**(788,669)**	–
	–	788,669
Patents at cost	**46,043**	46,043
Accumulated amortisation and impairment	**(46,043)**	–
	–	46,043
Capitalised costs	**5,855,237**	5,662,471
Accumulated amortisation and impairment	**(5,855,237)**	(2,632,894)
	–	3,029,577
Projects currently in development at cost	**35,287,593**	32,809,818
Provision for impairment loss	**(35,287,593)**	(29,024,000)
	–	3,785,818
Total intangible assets	**–**	7,650,107

(a) Impairment loss

Impairment losses in relation to intangible assets have been recognised in Impairment expenses within profit or loss.

NOTE 12: LEASE ASSETS AND LEASE LIABILITIES

Lease arrangements (31 March 2020)

The following information relates to the current reporting period only, and is presented in accordance with AASB 16 Leases(which was applied by the company for the first time in the current reporting period).

	2020 $
(a) Lease assets	
Right of use asset	**337,063**
Accumulated depreciation	**(269,650)**
	67,413
(b) Lease liabilities	
CURRENT	
Lease liability	**68,073**
(c) Lease expenses and cashflows	
Interest expense on lease liabilities	**4,192**
Amortisation expense on lease assets	**269,650**

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	2020 $	2019 $
Hangar at cost	**2,068**	2,068
Accumulated depreciation and impairment	**(2,068)**	(1,965)
	–	103
Leasehold improvements at cost	**149,510**	148,079
Accumulated depreciation and impairment	**(149,510)**	(65,959)
	–	82,120
Plant and equipment at cost	**1,672,643**	1,659,880
Accumulated depreciation and impairment	**(1,672,643)**	(1,133,424)
	–	526,456
Aircraft	**1,320,986**	1,105,275
Accumulated depreciation and impairment	**(865,685)**	(725,372)
	455,301	379,903
Motor vehicles at cost	**42,395**	42,395
Accumulated depreciation and impairment	**(42,395)**	(42,392)
	–	3
Computer equipment at cost	**1,222,640**	1,062,124
Accumulated depreciation and impairment	**(1,222,640)**	(957,865)
	–	104,259
Capital work in progress	**–**	169,418
Total property, plant and equipment	**455,301**	1,262,262

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

	2020 $	2019 $
Hangar		
Opening carrying amount	**103**	103
Impairment losses recognised	**(103)**	–
Closing carrying amount	**–**	103
Leasehold improvements		
Opening carrying amount	**82,120**	96,701
Additions	**1,431**	–
Depreciation expense	**(14,672)**	(14,581)
Impairment losses recognised	**(68,879)**	–
Closing carrying amount	**–**	82,120
Plant and equipment		
Opening carrying amount	**526,456**	556,921
Additions	**12,763**	95,224
Depreciation expense	**(129,582)**	(125,689)
Impairment losses recognised	**(409,637)**	–
Closing carrying amount	**–**	526,456
Aircraft		
Opening carrying amount	**379,903**	37,643
Additions	**46,293**	–
Depreciation expense	**(136,142)**	(136,141)
Impairment losses recognised	**(4,171)**	–
Transfers	**169,418**	478,401
Closing carrying amount	**455,301**	379,903
Motor vehicles		
Opening carrying amount	**3**	3
Impairment losses recognised	**(3)**	–
Closing carrying amount	**–**	3
Computer equipment		
Opening carrying amount	**104,259**	136,286
Additions	**160,516**	28,013
Depreciation expense	**(55,370)**	(60,040)
Impairment losses recognised/reversed	**(209,405)**	–
Closing carrying amount	**–**	104,259
Capital work in progress		
Opening carrying amount	**169,418**	–
Additions	**–**	169,418
Transfers	**(169,418)**	–
Closing carrying amount	**–**	169,418

(b) Impairment loss

Impairment losses in relation to property plant and equipment have been recognised in Impairment loss expense within profit or loss. The recoverable amount of these assets was determined by value in use.

NOTE 14: PAYABLES

		2020 $	2019 $
CURRENT			
Unsecured liabilities			
Trade creditors		**459,322**	595,973
Amounts payable to:			
– Mahindra Aerostructures Pvt Ltd		**–**	132,380
– Tech Talenta Inc		**86,672**	74,181
– Mahindra Aerospace Australia Pty Ltd		**–**	284,854
– Mahindra Aerospace Pvt Ltd		**–**	100,500
– Mahindra Business Solutions		**2,574**	2,041
– Mahindra & Mahindra Ltd		**202,701**	21,889
Sundry creditors and accruals		**1,324,755**	1,488,529
		2,076,024	2,700,347

NOTE 15: BORROWINGS

		2020 $	2019 $
CURRENT			
Unsecured liabilities			
Bank loans		**9,500,000**	4,000,000

NOTE 16: PROVISIONS

		2020 $	2019 $
CURRENT			
Employee benefits		**1,286,212**	1,338,684
Warranties	(a)	**306,714**	374,660
		1,592,926	1,713,344
NON CURRENT			
Employee benefits		**50,769**	51,646

(a) Warranty provision

The company provides a two-year warranty or 2,000 flight hours for all aircraft. Warranty obligations are recognised as a provision, and are measured at the company's estimate of the expenditure required to fulfil its warranty obligations at the reporting date. The company updates the measurement of the warranty provision at the end of each reporting period for changes in expectations.

NOTE 17: OTHER LIABILITIES

	2020 $	2019 $
CURRENT		
Other liabilities	**147,118**	–
Advances received from customers	**282,166**	2,889,734
	429,284	2,889,734

NOTE 18: SHARE CAPITAL

Issued and paid-up capital		
210,740,510 (2019: 129,492,010) Ordinary shares	**104,497,890**	97,998,010

Capital management

When managing capital, management's objective is to ensure the company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. While there is a net asset deficiency of $6,102,165, the company has confirmation of ongoing support from its immediate parent company in India, as at the date of signing this report. Further details regarding the company's going concern are detailed within Note 1 (b).

During 2020, management did not pay a dividend (2019: Nil).

NOTE 19: ACCUMULATED LOSSES

Retained earnings at beginning of year	**(87,673,856)**	(67,635,809)
Net profit/(loss)	**(22,926,199)**	(20,038,047)
	(110,600,055)	(87,673,856)

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2020 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2020, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2020, of the company.

NOTE 21: COMPANY DETAILS

The registered office of the company is:

GippsAero Pty Ltd
Latrobe Valley Airfield Pty Ltd
75 Airfield Road
TRARALGON VIC 3844

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 $	2019 $
Revenue		**–**	–
Less: expenses			
Professional fees		**(350)**	(350)
		(350)	(350)
Loss before income tax expense		**(350)**	(350)
Income tax expense		**–**	–
Loss for the year		**(350)**	(350)
Total comprehensive loss		**(350)**	(350)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	2020 $	2019 $
Current assets			
Cash and cash equivalents	2	**352**	2
Total current assets		**352**	2
Total assets		**352**	2
Current liabilities			
Payables	3	**350**	8,400
Total current liabilities		**350**	8,400
Total liabilities		**350**	8,400
Net assets		**2**	(8,398)
Equity			
Share capital	4	**8,752**	2
Accumulated losses	5	**(8,750)**	(8,400)
Total equity		**2**	(8,398)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Contributed equity $	Accumulated losses $	Total equity $
Australian dollars			
Balance as at 1 April 2018	2	(8,050)	(8,048)
Loss for the year		(350)	(350)
Total comprehensive income for the period	–	(350)	(350)
Balance as at 31 March 2019	2	(8,400)	(8,398)
Balance as at 1 April 2019	2	(8,400)	(8,398)
Loss for the year	–	(350)	(350)
Total comprehensive loss for the year	–	(350)	(350)
Transactions with owners in their capacity as owners:			
Contributions	8,750	–	8,750
Balance as at 31 March 2020	**8,752**	**(8,750)**	**2**

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity. Airvan Flight Services Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101: Presentation of Financial Statements

AASB 112: Income Taxes

AASB 124: Related Party Disclosures

AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

The company incurred a loss from ordinary activities of $350 during the year ended 31 March 2020 (2019: $350, and as at that date the company's total liabilities exceeded total assets by Nil (2019: $8,398).

The company is dependent on the ongoing financial support of its parent entity to meet its financial obligations at 31 March 2020. At this time, there is no reason for the directors to believe that the ongoing financial support of the parent entity will not be continued.

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: CASH AND CASH EQUIVALENTS

	2020 **$**	2019 $
Cash at bank	**350**	–
Cash on hand	**2**	2
	352	2

NOTE 3: PAYABLES

CURRENT		
Unsecured liabilities		
Sundry creditors and accruals	**350**	8,400

NOTE 4: SHARE CAPITAL

Issued and paid-up capital		
8752 (2019: 2) Ordinary shares	**8,752**	2

NOTE 5: ACCUMULATED LOSSES

Accumulated losses at beginning of Year	**(8,400)**	(8,050)
Net Loss	**(350)**	(350)
Accumulated losses at end of period	**(8,750)**	(8,400)

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2020 that has significantly affected or may significantly affect:

(a) The operations, in financial year subsequent to 31 March 2020, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial year subsequent to 31 March 2020, of the company.

NOTE 7: COMPANY DETAILS

The registered office of the company is:

Airvan Flight Services Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

Keith Douglas
Director

Ajay Mantry
Director

Dated this 24th day of April 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Waste to Energy Solutions Limited
Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **Mahindra Waste to Energy Solutions Limited** ("the Company"), which comprise the Balance sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The company does not have any pending litigations which will impact its financial position;
      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration Number 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 20111212AAAAHM7501

Place: Mumbai
Date: April 30, 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph under "Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Waste to Energy Solutions Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 20111212AAAAHM7501

Place: Mumbai
Date: April 30, 2020

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals, According to the information and explanation given to us, no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. the inventory has been physically verified by the management during the year. in our opinion, the frequency of verification is reasonable. no material discrepancies were noted on such physical verification.

iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other related parties covered in the register maintained under section 189 of the Act.

iv. According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

vii. i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2020 for a period of more than 6 months from the date they become payable.

ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.

viii. The Company does not have any loans/dues towards any financial institution, bank or Government. The Company has not raised any money through debentures during the year.

ix. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under this clause is not applicable.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. According to the information and explanations given to us, the company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

xii. The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made a private placement of equity shares during the year in compliance with the requirements of Section 42 of the Act. The funds have been utilised for the purpose for which they were raised.

xv. According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration Number 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 20111212AAAAHM7501

Place: Mumbai
Date: April 30, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

In Indian Rupees

	Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
A	**ASSET**			
	Non-current assets			
	(a) Property, Plant and Equipment	3	**15,04,28,457**	5,63,922
	(b) Right to use land	4	**7,44,334**	–
	(c) Capital work in progress		**2,84,96,578**	5,90,15,926
	(d) Other financial assets	5	**1,95,000**	2,95,000
	(e) Other assets	6	**1,78,23,637**	6,16,72,714
	Total non-current Assets		**19,76,88,006**	12,15,47,562
	Current assets			
	(a) Inventories	7	**42,79,258**	78,123
	(b) Financial assets			
	(i) Cash and cash equivalents	8	**1,60,98,903**	4,11,02,658
	(ii) Other bank balances	8	**23,07,113**	–
	(iii) Trade receivables	9	**52,73,974**	13,55,715
	(iv) Other financial assets	10	**19,69,026**	19,55,183
	(c) Other assets	11	**1,70,20,712**	78,79,526
	Total current assets		**4,69,48,986**	5,23,71,205
	Total assets		**24,46,36,992**	17,39,18,767
B	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity share capital	12	**21,88,75,000**	18,51,00,000
	(b) Other equity	13	**(5,14,48,732)**	(2,41,10,073)
	Equity attributable to owners of the Company		**16,74,26,268**	16,09,89,927
	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14	**6,27,128**	–
	(b) Provisions	15	**37,10,313**	32,55,526
	(c) Other Liabilities	16	**70,26,114**	–
	Total non-current liabilities		**1,13,63,555**	32,55,526
	Current liabilities			
	(a) Financial Liabilities			
	(i) Trade payables	17		
	- dues of micro enterprises and small enterprises		**6,43,474**	5,32,964
	- dues of creditors other than micro enterprises and small enterprises		**59,00,545**	15,60,447
	(ii) Other financial liabilities	18	**73,53,720**	68,57,032
	(b) Other current liabilities	19	**5,13,29,255**	3,19,705
	(c) Provisions	20	**6,20,175**	4,03,166
	Total current liabilities		**6,58,47,169**	**96,73,314**
	Total equity and liabilities		**24,46,36,992**	**17,39,18,767**

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B.K Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 30 April, 2020

For and on behalf of the Board of Directors
Mahindra Waste To Energy Solutions Limited

Hemant Sikka	Director	DIN: 00922281
Bharat Moossaddee	Director	DIN: 2166403
P Palaniappan	Chief Executive Officer	
Deeparani Narvekar	Chief Financial Officer	
Binal Shah	Company Secretary	

Place: Mumbai
Date: 30 April, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

In Indian Rupees

Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Continuining Operations			
Revenue from operations	21	**3,11,71,402**	48,05,584
Other income	22	**8,18,055**	9,37,768
Total income		**3,19,89,457**	57,43,352
EXPENSES			
(a) Cost of materials consumed	23	**77,31,822**	29,42,556
(b) Changes in stock of finished goods and work in progress	24	**(42,01,135)**	(78,123)
(c) Employee benefit expense	25	**1,96,45,228**	1,45,38,632
(d) Finance cost	26	**1,36,630**	5,195
(e) Depreciation & amortisation expense	3 & 4	**24,14,347**	13,578
(f) Other expenses	27	**3,36,91,732**	1,05,79,464
Total Expenses		**5,94,18,624**	2,80,01,302
Profit/(loss) before tax		**(2,74,29,167)**	(2,22,57,950)
Tax Expense			
(1) Current tax		–	–
(2) Deferred tax		–	–
(3) Income Tax adjustments for earlier years		–	–
Total tax expense		–	–
Profit/(loss) for the year		**(2,74,29,167)**	(2,22,57,950)
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurements of the defined benefit liabilities/(asset)		**(1,28,163)**	3,15,356
Total comprehensive income for the year (VII + VIII)		**(2,73,01,004)**	**(2,25,73,306)**
Earnings per equity share (for continuing operations):			
(1) Basic & Diluted EPS (in Rs.)	28	**(1.29)**	(2.87)

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B.K Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 30 April, 2020

For and on behalf of the Board of Directors
Mahindra Waste To Energy Solutions Limited

Hemant Sikka	Director	DIN: 00922281
Bharat Moossaddee	Director	DIN: 2166403
P Palaniappan	Chief Executive Officer	
Deeparani Narvekar	Chief Financial Officer	
Binal Shah	Company Secretary	

Place: Mumbai
Date: 30 April, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020
CASH FLOW STATEMENT - INDIRECT METHOD

In Indian Rupees

	Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A	**Cash flows from operating activities**			
	Loss before tax for the year	PL	**(2,74,29,167)**	(2,22,57,950)
	Adjustments for:			
	Depreciation		**24,14,347**	13,578
	Interest on Fixed Deposits with Banks		**(8,18,055)**	(9,37,768)
			(2,58,32,875)	(2,31,82,140)
	Movements in working capital:			
	(Increase) in Inventories		**(42,01,135)**	(78,123)
	(Increase) in trade receivables		**(39,18,259)**	(13,55,715)
	(Increase) in other financial assets		**(1,41,153)**	(19,78,233)
	(Increase) in other assets		**(91,41,185)**	(78,57,666)
	Increase in trade and other payables		**44,50,609**	19,22,303
	Increase in provisions		**7,99,959**	33,43,336
	Increase in other financial liabilities		**9,19,505**	21,09,844
	Increase in other current liabilities		**5,80,35,664**	3,19,705
	Cash used from operations		**2,09,71,130**	(2,67,56,689)
	Income taxes paid		**(4,87,953)**	(93,777)
	Net cash (used)/generated by operating activities		**2,04,83,177**	(2,68,50,465)
B	**Cash flows from investing activities**			
	Payments to acquire Capital assets		**(7,79,62,528)**	(11,64,25,175)
	Bank deposit placed		**(20,57,113)**	(2,50,000)
	Interest received		**7,95,364**	9,24,948
	Net cash (used)/generated by investing activities		**(7,92,24,277)**	(11,57,50,227)
C	**Cash flows from financing activities**			
	Proceeds from issue of equity instruments of the Company		**3,37,75,000**	16,00,00,000
	Share issue expenses		**(37,655)**	(1,90,230)
	Net cash (used)/generated in financing activities		**3,37,37,345**	15,98,09,770
D	**Net increase in cash and cash equivalents**		**(2,50,03,755)**	1,72,09,078
	Cash and cash equivalents at the beginning of the year		**4,11,02,658**	2,38,93,580
	Cash and cash equivalents at the end of the year		**1,60,98,903**	4,11,02,658

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B.K Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 30 April, 2020

For and on behalf of the Board of Directors
Mahindra Waste To Energy Solutions Limited

Hemant Sikka	Director	DIN: 00922281
Bharat Moossaddee	Director	DIN: 2166403
P Palaniappan	Chief Executive Officer	
Deeparani Narvekar	Chief Financial Officer	
Binal Shah	Company Secretary	

Place: Mumbai
Date: 30 April, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A - Equity Share Capital

In Indian Rupees

Issued and subscribed :	As at 31st March, 2020	As at 31st March, 2019
Balance as at the beginning of the year	**18,51,00,000**	2,51,00,000
Add:		
Shares issued	**3,37,75,000**	16,00,00,000
Balance as at the end of the year	**21,88,75,000**	18,51,00,000

Notes :

Company has only one class of Equity Shares having par value of Rs. 10 each.

B - Other Equity

In Indian Rupees

Particulars	Retained Earnings	Other comprehensive income (Remeasurements of the defined benefit plans)	Total
Balance as at 31st March, 2018	(13,46,537)	–	(13,46,537)
Net(Loss) for the year	(2,22,57,950)	–	(2,22,57,950)
Share issue expenses	(1,90,230)	–	(1,90,230)
Other Comprehensive Income/(Loss)	–	(3,15,356)	(3,15,356)
Balance as at 31st March, 2019	(2,37,94,717)	(3,15,356)	(2,41,10,073)
Net (Loss) for the year	(2,74,29,167)	–	(2,74,29,167)
Share issue expenses	(37,655)	–	(37,655)
Other Comprehensive Income/(Loss)	–	1,28,163	1,28,163
Balance as at 31st March, 2020	**(5,12,61,539)**	**(1,87,193)**	**(5,14,48,732)**

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B.K Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 30 April, 2020

For and on behalf of the Board of Directors
Mahindra Waste To Energy Solutions Limited

Hemant Sikka	Director	DIN: 00922281
Bharat Moossaddee	Director	DIN: 2166403
P Palaniappan	Chief Executive Officer	
Deeparani Narvekar	Chief Financial Officer	
Binal Shah	Company Secretary	

Place: Mumbai
Date: 30 April, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

1 Corporate information:

Mumbai Waste to Energy Solutions Limited is a public limited company incorporated in Mumbai, India under the Companies Act 2013. The company is a subsidiary of Mahindra & Mahindra Limited as on 31st March, 2020. The company is engaged, inter alia in the business of construction, operation and maintenance of the biogas plants and sale of biogas and manure generated from the biogas plants

2 Significant Accounting Policies followed by the Company:

2.1 Statement of compliance and basis of preparation and presentation of financial statements:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Rules 2016.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

2.2 Financial Assets and Financial Liabilities:

Financial Instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial Assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial Liabilities and Equity Instruments:

Equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual agreements and the definitions of an equity instrument.

Equity Instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial Liabilities:

All the financial liabilities are subsequently measured at either amortised cost using the effective interest method or at fair value through profit and loss, depending on the classification of the financial liabilities.

2.3 Property, plant and equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use.

Depreciation is provided on straight-line basis for property, plant and equipment so as to expense the depreciable amount, i.e. the cost less estimated residual value, over its estimated useful lives. The estimated useful lives and residual values are reviewed annually and the effect of any changes in estimate is accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

The management's estimate of useful lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes, based on the Company's expected usage pattern supported by technical assessment:

Certain items of Plant and machinery individually costing more than Rs. 5,000 – over useful lives (2 years, 3 years, 5 years, 8 years, 10 years, 15 years, 20 years or 25 years as the case may be), Vehicles 5 years, Assets below Rs. 5,000/- 1 year as determined by the company.

2.4 Inventories:

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and bought out components are valued at the lower of cost or net realizable value. Cost is determined on the basis of the weighted average method.

Finished goods produced, manufactured components are carried at cost or net realizable value whichever is lower.

Stores, spares and tools other than obsolete and slow-moving items are carried at cost. Obsolete and slow-moving items are valued at cost or estimated net realizable value, whichever is lower.

2.5 Employee benefits:

(i) Defined Contribution Plan:

The Company's contributions paid/payable during the year to Provident Fund and Superannuation Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees.

(ii) Defined Benefit Plan/Leave encashment:

The Company's liability towards gratuity and leave encashment is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognised on straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of other comprehensive income as income or expense. Obligation is measured at the present value of estimated future cash flow using discounted rate i.e. determined by reference to the market yield at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(iii) Other Benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

2.6 Leases:

Ind AS 116 is replaced the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees.

Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The amendment is effective for annual periods beginning on or after 01st April 19.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

2.7 Revenue Recognition:

In view of INDAS 115, Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, companies apply the following five step approach:

(1) identify the contract with a customer

(2) identify the performance obligations in the contract

(3) determine the transaction price

(4) allocate the transaction price to the performance obligations in the contract

(5) recognize revenues when a performance obligation is satisfied.

The Company applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligation based on their selling price.

2.8 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.9 Taxes on Income:

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from ‘profit before tax’ as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax:

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted

2.10 Measurement of fair values:

The company’s accounting policies and disclosures require the measurement of fair values. In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.11 Use of estimates and judgements:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

2.12 Cash and cash equivalents:

Cash comprises demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.13 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.14 Earnings per share:

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the period.

2.15 Interest Income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 3 - Tangible Assets

In Indian Rupees

Description of Assets	Buildings	Plant and Equipment	Plant & Equipment -Electrical Installations	Plant and Equipment - Computers	Furniture & Fixtures	Vehicles	Total
I. Gross Block							
Balance as at 31st March, 2018	–	–	–	–	–	–	–
Additions	–	–	–	5,77,500	–	–	5,77,500
Disposals	–	–	–	–	–	–	–
Balance as at 31st March, 2019	–	–	–	5,77,500	–	–	5,77,500
Additions	92,26,491	14,09,33,073	13,68,939	–	1,03,396	6,05,760	15,22,37,659
Disposals	–	–	–	–	–	–	–
Balance as at 31st March, 2020	**92,26,491**	**14,09,33,073**	**13,68,939**	**5,77,500**	**1,03,396**	**6,05,760**	**15,28,15,159**
II. Accumulated depreciation							
Balance as at 31st March, 2018	–	–	–	–	–	–	–
Depreciation for the year	–	–	–	13,578	–	–	13,578
Eliminated on disposal of assets	–	–	–	–	–	–	–
Balance as at 31st March, 2019	–	–	–	13,578	–	–	13,578
Depreciation for the year	5,49,756	16,16,610	10,910	1,82,878	3,221	9,749	23,73,124
Eliminated on disposal of assets	–	–	–	–	–	–	–
Balance as at 31st March, 2020	**5,49,756**	**16,16,610**	**10,910**	**1,96,456**	**3,221**	**9,749**	**23,86,702**
Net Block (I-II) as on 31st March, 2020	**86,76,735**	**13,93,16,463**	**13,58,029**	**3,81,044**	**1,00,175**	**5,96,011**	**15,04,28,457**
Net Block (I-II) as on 31st March, 2019	**–**	**–**	**–**	**5,63,922**	**–**	**–**	**5,63,922**

Note No. 4 - Right to use land

In Indian Rupees

Description of Assets	Land
I. Gross Block	
Balance as at 31st March, 2018	–
Additions	–
Disposals	–
Balance as at 31st March, 2019	–
Additions	7,85,557
Disposals	–
Balance as at 31st March, 2020	**7,85,557**
II. Accumulated Amortisation	
Balance as at 31st March, 2018	–
Amortisation for the year	–
Eliminated on disposal of assets	–
Balance as at 31st March, 2019	–
Amortisation for the year	41,223
Eliminated on disposal of assets	–
Balance as at 31st March, 2020	**41,223**
Net Block (I-II) as on 31st March, 2019	**7,44,334**
Net Block (I-II) as on 31st March, 2018	–

Note No. 5 - Non current other financial assets

In Indian Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
Financial Assets measured at amortised cost		
Security Deposits		
Unsecured, considered good	**1,95,000**	45,000
Bank deposit (lien on fixed deposit for performance bank guarantee)	**–**	2,50,000
Total	**1,95,000**	2,95,000

Note No. 6 - Non current other assets

In Indian Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Capital advances	**1,72,41,908**	6,15,78,937
(b) Advance income tax (TDS receivable)	**5,81,729**	93,777
Total	**1,78,23,637**	6,16,72,714

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 7 - Inventories

In Indian Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
At Cost		
(a) Raw Materials	–	–
(b) Work in progress	41,69,761	–
(c) Finished goods	1,09,497	78,123
Total	42,79,258	78,123

Note No. 8 - Cash and Bank Balances

In Indian Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
(A) Cash and cash equivalents		
(i) Cash on hand	–	–
(ii) Balances with banks		
– In Current Account	1,60,98,903	11,02,658
– Fixed Deposits with original maturity less than 3 months	–	4,00,00,000
	1,60,98,903	4,11,02,658
(B) Other Bank Balances		
(i) Balances with banks		
– Fixed Deposits maturing within 12 months from the reporting date	23,07,113	–
(lien on fixed deposit for performance bank guarantee Rs. 2,50,000/- and earnest money deposit Rs. 20,00,000/-)	23,07,113	–
Total	1,84,06,016	4,11,02,658

Note No. 9 - Trade receivables

In Indian Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade Receivables		
Unsecured, considered good more than 6 months	75,343	–
Unsecured, considered good	51,98,631	13,55,715
Total	52,73,974	13,55,715

Note No. 10 - Current other financial assets

In Indian Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
Financial assets measured at amortised cost		
a) Interest receivable		
Interest accrued on fixed deposits	44,640	21,950
b) Recoverable expenses	17,80,386	19,33,233
c) Security deposits	1,44,000	–
Total	19,69,026	19,55,183

Note No. 11 - Current other assets

In Indian Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Advances other than capital advances		
(i) Advance to Suppliers	24,02,911	–
(ii) Advances to employees	1,07,000	–
(iii) Balances with government authorities	–	–
(Unsecured, considered good)		
GST credit receivable	1,45,10,801	78,79,526
Total	1,70,20,712	78,79,526

Note No. 12 - Equity share capital

In Indian Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
Authorised:		
3,00,00,000 (31st March, 2019 : 3,00,00,000) equity shares of Rs. 10 each with voting rights	30,00,00,000	30,00,00,000
Issued, Subscribed and Fully Paid:		
2,18,87,500 (31st March, 2019 : 1.85,10,000) Equity shares of Rs. 10 each with voting rights	21,88,75,000	18,51,00,000
Total	21,88,75,000	18,51,00,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

In Indian Rupees

Particulars	Opening Balance	Fresh Issue	Closing Balance
(a) Equity shares with voting rights year ended 31st March, 2020			
No. of Shares	1,85,10,000	33,77,500	2,18,87,500
Amount	18,51,00,000	3,37,75,000	21,88,75,000
(b) Equity shares with voting rights period ended 31st March, 2019			
No. of Shares	25,10,000	1,60,00,000	1,85,10,000
Amount	2,51,00,000	16,00,00,000	18,51,00,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(ii) Terms/Rights attached to equity shares

The company has only one class of shares referred to as equity shares having par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of the shareholders in the ensuring Annual General Meeting. In the event of liquidation of company the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amount. However no such preferential amounts exist currently. The distribution will be in proportion to number of equity shares held by shareholders.

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra and Mahindra Limited	**1,85,10,000**	**84.6%**	1,85,10,000	100.0%

(iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	**Number of Shares As at 31st March, 2020**	Number of Shares As at 31st March, 2019
Mahindra and Mahindra Limited, the holding company	**1,85,10,000**	1,85,10,000

(v) Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back:

The Company has neither allotted equity shares without receipt of cash or as bonus shares nor bought back any equity shares during the financial year.

Note No. 13 - Other equity

In Indian Rupees

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
Retained earnings		
Balance at the beginning of the reporting year	**(2,37,94,717)**	(13,46,537)
Net (Loss) for the current year	**(2,74,29,167)**	(2,22,57,950)
Share issue expenses	**(37,655)**	(1,90,230)
Balance at the end of the year (A)	**(5,12,61,539)**	(2,37,94,717)
Other comprehensive income		
Balance at the beginning of the reporting year	**(3,15,356)**	–
(Addition)/Deletion during the year	**1,28,163**	(3,15,356)
Balance at the end of the year (B)	**(1,87,193)**	(3,15,356)
Balance at the end of the year (A+B)	**(5,14,48,732)**	(2,41,10,073)

Note No. 14 - Borrowings

In Indian Rupees

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
Lease Liability	**6,27,128**	–
Total	**6,27,128**	–

Note No. 15 - Non current provisions

In Indian Rupees

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
Provision for employee benefits	**37,10,313**	32,55,526
Total	**37,10,313**	32,55,526

Note No. 16 - Non current liabilities

In Indian Rupees

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
Deferred Revenue	**70,26,114**	–
Total	**70,26,114**	–

Note No. 17 - Trade payables

In Indian Rupees

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
Trade payables		
Due to micro and small enterprises	**6,43,474**	5,32,964
Other than micro and small enterprises	**59,00,545**	15,60,447
Total	**65,44,019**	20,93,411

Note No. 18 - Current other financial liabilities

In Indian Rupees

Particulars	**As at 31st March, 2020**	As at 31st March, 2019
Financial liabilities measured at amortized cost		
Creditors for capital supplies/services		
Due to micro and small enterprises	**15,48,509**	–
Other than micro and small enterprises	**25,42,945**	47,47,188
Lease Liability	**2,32,917**	–
Others	**30,29,349**	21,09,844
Total	**73,53,720**	68,57,032

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 19 - Other current liabilities

In Indian Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
Others		
a) Employee recoveries and employer contributions	**1,47,409**	1,09,870
b) Statutory dues (TDS payable)	**7,86,846**	2,09,835
c) Advance from customers	**4,25,20,000**	–
d) Deferred revenue	**78,75,000**	–
Total	**5,13,29,255**	3,19,705

Note No. 20 - Current provisions

In Indian Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for employee benefits	**6,20,175**	4,03,166
Total	**6,20,175**	4,03,166

Note No. 21 - Revenue from operations

In Indian Rupees

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
a) Revenue from sale of goods	**1,27,79,987**	47,08,887
b) Revenue from sale of services	**1,77,49,582**	–
c) Other operating income	**6,41,833**	96,697
Total	**3,11,71,402**	48,05,584

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(i) Sale of products comprises:		
Manufactured goods		
Sales of product - Biogas	**1,04,09,698**	40,93,512
Sales of product - Manure	**15,39,700**	7,84,019
Less : Commission on sales	**(15,51,161)**	(1,68,644)
Total	**1,03,98,237**	47,08,887
Traded goods		
Sales of equipments	**23,81,750**	–
	1,27,79,987	47,08,887
(ii) Sale of Services	**1,77,49,582**	–
(iii) Other operating revenues comprise:		
Tipping fee	**6,41,833**	96,697
Total	**3,11,71,402**	48,05,584

Note No. 22 - Other income

In Indian Rupees

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(i) **Interest Income**		
On bank deposits	**8,14,244**	9,37,768
On Income Tax	**3,811**	–
Total	**8,18,055**	9,37,768

Note No. 23 - Cost of materials consumed

In Indian Rupees

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Opening stock	**–**	–
Add: Purchases/Processing charges	**77,31,822**	29,42,556
	77,31,822	29,42,556
Less: Closing stock	**–**	–
Cost of materials consumed	**77,31,822**	29,42,556

Note No. 24 - Changes in inventories of finished goods

In Indian Rupees

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Inventories at the end of the year :		
Work in progress	**41,69,761**	–
Finished goods	**1,09,497**	78,123
Inventories at the beginning of the year :		
Work in progress	**–**	–
Finished goods	**78,123**	–
Net (increase)/decrease	**(42,01,135)**	(78,123)

Note No. 25 - Employee Benefits Expense

In Indian Rupees

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Salaries and wages, including bonus	**1,86,85,724**	1,36,85,537
(b) Contribution to provident and other funds	**6,92,206**	5,37,226
(c) Staff welfare expenses	**2,67,298**	3,15,868
Total	**1,96,45,228**	1,45,38,632

Note No. 26 - Finance Cost

In Indian Rupees

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest unwinding - Lease Liability	**74,488**	–
Interest-others	**62,142**	5,195
Total	**1,36,630**	5,195

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 27 - Other expenses

In Indian Rupees

	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a)	Stores consumed	**6,49,867**	4,471
(b)	Power & Fuel	**42,34,384**	22,40,745
(c)	Repairs and maintenance - Buildings	**–**	–
(d)	Repairs and maintenance - Machinery	**69,225**	1,83,394
(e)	Repairs and maintenance - Others	**43,77,461**	16,13,098
(f)	Hire & service charges	**1,34,88,920**	7,47,850
(g)	Travelling and Conveyance Expenses	**26,96,625**	12,95,359
(h)	Filing fees	**19,750**	15,04,200
(i)	Professional fees	**40,73,501**	8,15,436
(j)	Rent including lease rentals	**3,80,430**	3,13,329
(k)	Stamp Duty	**5,04,260**	4,00,400
(l)	Rates and taxes	**7,52,340**	1,73,913
(m)	Business Promotion	**1,97,745**	3,34,628
(n)	Royalty	**1,00,000**	1,00,000
(o)	Bank charges	**13,06,510**	1,65,676
(p)	Auditors remuneration and out-of-pocket expenses		
	(i) As Auditors	**50,000**	50,000
	(ii) For Taxation matters	**–**	–
	(iii) For Other services	**–**	–
(q)	Insurance	**1,36,928**	81,071
(r)	Postage and telephone	**1,16,557**	58,635
(s)	Printing and stationery	**39,368**	47,579
(t)	Freight outward	**–**	42,073
(u)	Sales promotion	**–**	11,850
(v)	Miscellaneous Expenses	**4,97,861**	3,95,757
Total		**3,36,91,732**	1,05,79,464

Note No. 28 - Disclosures under Ind AS 33

In Indian Rupees

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Basic & Diluted Earnings per share - continuing operations	**(1.29)**	(2.87)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

In Indian Rupees

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(Loss) for the period attributable to owners of the Company	**(2,74,29,167)**	(2,22,57,950)
Weighted average number of equity shares	**2,13,27,486**	77,62,055
Earnings per share from continuing operations - Basic & Diluted	**(1.29)**	(2.87)

Note No. 29 - Financial Instruments

29.1 Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	31st March, 2020	31st March, 2019
Equity	**16,74,26,268**	16,09,89,927
Total	**16,74,26,268**	16,09,89,927

29.2 Categories of financial assets and financial liabilities

In Indian Rupees

As at 31st March, 2020

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets				
– Non Derivative Financial Assets	**1,95,000**	–	–	**1,95,000**
Current Assets				
Cash and Cash Equivalents	**1,60,98,903**	–	–	**1,60,98,903**
Other Bank Balances	**23,07,113**	–	–	**23,07,113**
Trade Receivables	**52,73,974**	–	–	**52,73,974**
Other Financial Assets				–
– Non Derivative Financial Assets	**19,69,026**	–	–	**19,69,026**
Non-current Liability				
– Borrowings	**6,27,128**			
Current Liabilities				
Trade Payables	**65,44,019**	–	–	**65,44,019**
Other Financial Liabilities				–
– Non Derivative Financial Liabilities	**73,53,720**	–	–	**73,53,720**

29.3 Categories of financial assets and financial liabilities

In Indian Rupees

As at 31st March, 2019

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets				
– Non Derivative Financial Assets	2,95,000	–	–	2,95,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

In Indian Rupees

	As at 31st March, 2019			
	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Cash and Cash Equivalents	4,11,02,658	–	–	4,11,02,658
Other Bank Balances	–	–	–	–
Trade Receivables	13,55,715	–	–	13,55,715
Other Financial Assets				–
– Non Derivative Financial Assets	19,55,183	–	–	19,55,183
Non-current Liability				
Borrowings	–	–	–	–
Current Liabilities				
Trade Payables	20,93,411	–	–	20,93,411
Other Financial Liabilities				–
– Non Derivative Financial Liabilities	68,57,032	–	–	68,57,032

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a program that performs monitoring of and responding to risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. Financial instruments that are subject to credit risk, principally consists of trade receivables and investment in fixed deposits etc. The Company has adopted a policy of only dealing with creditworthy counterparties. Credit risk does not arise on investment in fixed deposits, as they are currently placed with corporate banks having high net worth and good credit ratings and hence management does not anticipate any credit risk.

LIQUIDITY RISK

(i) Liquidity risk management

The company has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

In Indian Rupees

Particulars	Less than 1 Year	1-3 Years	4 Years to 5 Years	5 years and above
Non-derivative financial assets				
31st March, 2020				
Non-interest bearing	**2,34,92,263**	–	–	–
Variable interest rate instruments		–	–	–
Fixed interest rate instruments	**23,51,754**	–	–	–
Total	**2,58,44,017**	–	–	–
31st March, 2019				
Non-interest bearing	44,36,605	–	–	–
Variable interest rate instruments	–	–	–	–
Fixed interest rate instruments	4,02,71,950	–	–	–
Total	4,47,08,555	–	–	–

(iii) Maturities of financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

In Indian Rupees

Particulars	Less than 1 Year	1-3 Years	4 Years to 5 Years	5 years and above
Non-derivative financial Liabilities				
31st March, 2020				
Non-interest bearing	**1,36,64,822**	–	–	–
Variable interest rate instruments	–	–	–	–
Fixed interest rate instruments	**2,32,917**	**1,89,807**	**1,00,721**	**3,36,600**
Total	**1,38,97,739**	**1,89,807**	**1,00,721**	**3,36,600**
31st March, 2019				
Non-interest bearing	89,50,443	–	–	–
Variable interest rate instruments	–	–	–	–
Fixed interest rate instruments	–	–	–	–
Total	89,50,443	–	–	–

MARKET RISK

Market risk is the risk value that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk : currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to mange and control market risk exposure within acceptable parameters, while optimising the return. Future specific market movements cannot be normally predicted with reasonable accuracy.

(i) Currency risk

The Company has not undertaken transactions denominated in foreign currencies; consequently, no exposures to exchange rate fluctuations arise.

The carrying amounts of the company's foreign currency denominated monetary assets and monetary liabilities at the end of the year is Rs. Nil (31st March, 2019 :Rs. Nil)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is not exposed to the risk of changes in market interest rates as the company does not have any long term debt obligations with floating interest rate.

(iii) Other price risk

The company is not exposed to equity price risks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 30 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

In Indian Rupees

Particulars	Level	As at 31st March, 2020 Carrying amount	As at 31st March, 2020 Fair value	As at 31st March, 2019 Carrying amount	As at 31st March, 2019 Fair value
Financial assets					
Financial assets carried at amortised cost					
– Non-current other financial assets	Level - 2	**1,95,000**	**1,95,000**	2,95,000	2,95,000
– Cash and Cash Equivalents	Level - 2	**1,60,98,903**	**1,60,98,903**	4,11,02,658	4,11,02,658
– Other Bank Balances	Level - 2	**23,07,113**	**23,07,113**	–	–
– Trade and other receivables	Level - 3	**52,73,974**	**52,73,974**	13,55,715	13,55,715
– Current other Financial Assets	Level - 3	**19,69,026**	**19,69,026**	19,55,183	19,55,183
Total		**2,58,44,016**	**2,58,44,016**	4,47,08,556	4,47,08,556
Financial liabilities					
Financial liabilities held at amortised cost					
– Lease Liability	Level - 3	**6,27,128**	**6,27,128**	–	–
– Trade and other payables	Level - 3	**65,44,019**	**65,44,019**	20,93,411	20,93,411
– Current other financial liabilities	Level - 3	**73,53,720**	**73,53,720**	68,57,032	68,57,032
Total		**1,45,24,867**	**1,45,24,867**	89,50,443	89,50,443

Note 31 - Employee Benefits

(A) Defined Contribution Plan

Amount recognised as an expense in the Statement of Profit and Loss is Rs. 6,05,644 (31st March,2019 Rs. 5,37,226).

(B) Defined benefit plan:

The defined benefit plan comprise of gratuity

The company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act or the company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. The current service cost and the net interest expense for the year are included in the employee benefits and expenses during the year provided is Rs. 4,80,131 (31st March,2019 Rs. 3,83,362).

Through its defined benefit plans the company is exposed to a number of risks, the most significant of which are detailed below:

Discount Rate Risk:

A decrease in government bond yields will increase plan liabilities.

Longevity Risk:

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk:

The present value of defined benefit plan liability is calculated by reference to the future salaries plan participants. As such, an increase in the salary of the plan participants will increase the plans's liability.

In Indian Rupees

(C) Particulars	Gratuity (Unfunded)	
Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:	**For the year ended 31st March, 2020**	For the year ended 31st March, 2019
1. Present value of defined benefit obligation as on 1st April	**17,31,845**	–
2. Current service cost	**3,53,480**	3,05,877
3. Past service cost	**–**	–
4. Interest cost	**1,26,651**	77,485
5. Remeasurements (gains)/losses [Acturial (gains)/losses]		
(i) Acturial (gains)/losses arising from changes in demographic assumption	**(1,24,400)**	820
(ii) Acturial (gains)/losses arising from changes in financial assumption	**(59,855)**	–
(iii) Acturial (gains)/losses arising from changes in experience adjustment	**56,092**	3,14,536
6. Benefits paid	**–**	–
7. Liabilities assumed/(settled)*	**–**	10,33,127
8. Present value of defined benefit obligation as on balance sheet date	**20,83,813**	17,31,845

* On account of inter group transfer

In Indian Rupees

(D) Analysis of defined benefit obligation:	As at 31st March, 2020	As at 31st March, 2019
1. Defined benefit obligation	**20,83,813**	17,31,845
2. Fair value of plan assets at the end of the year	**–**	–
3. **Net (asset)/liability recognised in the Balance Sheet**	**20,83,813**	17,31,845

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

In Indian Rupees

		As at 31st March, 2020	As at 31st March, 2019
(E)	**Reconciliation of present value of defined benefit obligation and fair value of plan assets showing amount recognised in the balance sheet:**		
1.	Present value of defined benefit obligation	**20,83,813**	17,31,845
2.	Fair value of plan assets	**–**	–
3.	Funded status [surplus/(deficit)]	**(20,83,813)**	(17,31,845)
4.	**Net asset/(liability) recognised in balance sheet**	**(20,83,813)**	(17,31,845)
5.	Current portion of the above	**(1,63,502)**	(86,322)
6.	Non-current portion of the above	**(19,20,311)**	(16,45,523)

In Indian Rupees

		For the year ended 31st March, 2020	For the year ended 31st March, 2019
(F)	**Components of employer expenses recognised in the statement of profit and loss for the year ended**		
1.	Current service cost	**3,53,480**	3,05,877
2.	Past service cost	**–**	–
3.	Interest cost	**1,26,651**	77,485
4.	**Total expenses recognised in the Statement of Profit and Loss**	**4,80,131**	3,83,362

In Indian Rupees

		For the year ended 31st March, 2020	For the year ended 31st March, 2019
(G)	**Components of employer expenses recognised in the comprehensive income for the year ended**		
1.	Actuarial Losses/(Gains)		
	(i) arising from changes in demographic assumption	**(1,24,400)**	820
	(ii) arising from changes in financial assumption	**(59,855)**	–
	(iii) arising from changes in experience adjustment	**56,092**	3,14,536
2.	**Components of defined benefit costs recognised in other comprehensive income**	**(1,28,163)**	3,15,356

In Indian Rupees

		As at 31st March, 2020	As at 31st March, 2019
(H)	**Reconciliation of present value of defined benefit obligation and fair value of plan assets showing amount recognised in the balance sheet:**		
1.	Discount rate (%)	**6.85%**	7.50%
2.	Expected return on plan assets (%)	**NA**	NA
3.	Salary escalation (%)	**9%**	10%
4.	Withdrawal rate (%) (others)	**10%**	7%

a) The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated terms of the obligations.

b) Salary escalation rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors

In Indian Rupees

		For the year ended 31st March, 2020	For the year ended 31st March, 2019
(I)	**Experience adjustments**		
1.	Defined benefit obligation at the end of the year	**20,83,813**	17,31,845
2.	Plan assets at the end of the year	**–**	–
3.	Surplus/(deficit)	**(20,83,813)**	(17,31,845)
4.	Experience adjustments on plan liabilities (gains)/losses	**56,092**	3,14,536
5.	Experience adjustments on plan assets	**–**	–

In Indian Rupees

	(J) Sensitivity of the defined benefit obligation to changes:		**Changes in assumption**	**Impact on defined benefit obligation increase/(decrease)**	
				Increase in assumption	**Decrease in assumption**
1.	Discount rate (%)	**2020**	**1%**	**(167,298)**	**191,767**
		2019	1%	(176,148)	206,991
2.	Salary escalation (%)	**2020**	**1%**	**185,894**	**(165,631)**
		2019	1%	199,929	(173,908)

Note :

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practise this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change.

In Indian Rupees

(K) Maturity profile of defined benefit obligation:	**2020**	2019
Within 1 year	**1,63,502**	86,322
2 - 5 years	**7,28,908**	4,31,634
6 - 9 years	**7,09,718**	5,07,936
10 years & above	**26,23,194**	37,01,851

(L) The weighted average duration of the defined benefit obligation as at 31st March, 2020 is 8.58 years (31st March, 2019 : 11 years)

Note No. 32 - Related Party Transactions

Party with whom transactions have taken place during the year

Relationship	**Name of the Company**
Parent company	Mahindra & Mahindra Limited
Fellow subsidiary	Mahindra Integrated Business Solutions Limited
Key managerial personnel	P. Palaniappan - Chief Executive Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Details of transaction between the Company and its related party is disclosed below:

Particulars	For the period ended	Parent Company	Fellow Subsidiary	Key managerial personnel
				In Indian Rupees
Nature of transactions with Related Party				
Contribution of equity to the company	**March 31, 2020**	**–**	**–**	**–**
	March 31, 2019	*16,00,00,000*	–	–
Purchase of assets	**March 31, 2020**	**–**	**–**	**–**
	March 31, 2019	*1,25,39,572*	–	–
Services rendered	**March 31, 2020**	**79,42,582**	**–**	**–**
	March 31, 2019	–	–	–
Professional Fees	**March 31, 2020**	**–**	**3,42,530**	**–**
	March 31, 2019	–	*4,87,645*	–
Royalty	**March 31, 2020**	**1,00,000**	**–**	**–**
	March 31, 2019	*1,00,000*	–	–
Advances received	**March 31, 2020**	**1,92,79,864**	**–**	**–**
	March 31, 2019	–	–	–
Reimbursement of expenses-paid	***March 31, 2020***	**20,25,441**	**–**	**5,03,688**
	March 31, 2019	*62,16,053*	–	*NA*
Reimbursement of expenses-received	***March 31, 2020***	**13,10,058**	**–**	**–**
	March 31, 2019	*62,31,632*	–	–
Remuneration Paid	***March 31, 2020***	**–**	**–**	**50,17,821**
	March 31, 2019	–	–	*NA*

Particulars	Balance as on	Parent Company	Fellow Subsidiary	Key managerial personnel
				In Indian Rupees
Nature of Balances with Related Parties				
Trade Payables	**March 31, 2020**	**2,05,933**	**28,278**	**–**
	March 31, 2019	*1,11,257*	*1,19,478*	–
Payable on Capital Expenditure	**March 31, 2020**		**–**	**–**
	March 31, 2019	*34,45,398*	–	–
Trade Receivables	**March 31, 2020**	**63,749**	**–**	**–**
	March 31, 2019	*5,14,764*	–	–

Note No. 33 - Disclosures under Ind AS 115

A Country-wise break up of Revenue

In Indian Rupees

Country	Revenue from contracts with customers (Ind AS 115)	Revenue from operations from other than customers	Total Revenue from Operations	Other Income	Total Income
India - 31st March, 2020	**3,05,29,569**	**6,41,833**	**3,11,71,402**	**8,18,055**	**3,19,89,456**
India - 31st March, 2019	47,08,887	96,697	48,05,584	9,37,768	57,43,352

B Breakup of Revenue into contracts entered in previous year and in current year

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Revenue from PO/ contract/agreement entered into previous year	**–**	–
Revenue from New PO/ contract/agreement entered into current year	**3,05,29,569**	47,08,887
Total revenue recognised during the year	**3,05,29,569**	47,08,887

C Reconciliation of revenue from contract with customer

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Revenue from contract with customer as per the contract price	**3,20,80,730**	48,77,531
Adjustments made to contract price on account of :-		
Commission on Sales	**(15,51,161)**	(1,68,644)
Total revenue recognised during the year	**3,05,29,569**	47,08,887

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

D Revenue to be recognised for performance obligation(s) not satisfied or partially satisfied at the end of the current year in respect of contracts with customer that are in place at the end of reporting year.

The company has entered into contract with customers, however the price is dependant on market conditions, no value is assigned

Note No. 34 - Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

In Indian Rupees

	Particulars	As at 31st March, 2020	As at 31st March, 2019
(i)	the principal amount and the interest due theron remaining unpaid to any supplier as at the end of each accounting year		
	Principal	**21,91,983**	5,32,964
	Interest	**–**	66
(ii)	the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act,2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	**5,195**	–
(iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**62,181**	5,129
(iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year	**62,181**	5,195
(v)	the amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise , for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**–**	51

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

Note No. 35 - Operating Lease

Future minimum lease payment under non-cancellable operating leases is as follows:

In Indian Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
Not later than one year	**1,68,652**	4,51,063
Later than one year and not later than five years	**3,62,608**	13,78,185
Later than five years	**11,83,063**	1,83,20,901

Note No. 36 - Contingent Liabilities & Commitments:

In Indian Rupees

Particulars	As at 31st March, 2020	As at 31st March, 2019
Claims against the Company not acknowledged as debts		
Guarantees:		
Performance Bank Guarantee issued by the banks	**5,32,50,000**	2,70,50,000
Commitments		
Estimated amount of contracts remaining to be executed on capital account (net of advances already made) and not provided for is	**79,27,520**	9,77,53,993

Note No. 37 - Segment Reporting

The company business activity falls within a single business segment viz. sale of biogas and manure. All other activities of the company revolve around its main business. Hence, there are no separate reportable primary segments.

Note No. 38 - In the opinion of the Board, all of the assets other than fixed assets and non-current investments, have a value on realization in the ordinary course of business at least eq6al to the amount at which they are stated.

Note No. 39 - Deferred Tax Asset/ Liabilities

The company is in the second year of operation of the company, there is no certainty of future tax profits to absorb the deferred tax asset/liability, hence deferred tax asset/liability has not been recognized during the current year.

Note No. 40

The Company, based on internal & external sources of information including market research, economic forecast and other information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2020 as at the date of approval of these financial statements.

Note No. 41 - Previous period's figures are regrouped/reclassified wherever necessary to conform with those of the current year.

In terms of our report attached
For B.K Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 30 April, 2020

For and on behalf of the Board of Directors
Mahindra Waste To Energy Solutions Limited

Hemant Sikka	Director	DIN: 00922281
Bharat Moossaddee	Director	DIN: 2166403
P Palaniappan	Chief Executive Officer	
Deeparani Narvekar	Chief Financial Officer	
Binal Shah	Company Secretary	

Place: Mumbai
Date: 30 April, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of,
Mahindra Telecom Energy Management Services Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **Mahindra Telecom Energy Management Services Limited** ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and, Loss changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director report, but does not include the financial statements and our auditor's report thereon.

Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The company does not have any pending litigations which will impact its financial positions.

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B.K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 20111212AAAAHL6417

Mumbai, April 30, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Telecom Energy Management services Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B.K. Khare& Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212

UDIN: 20111212AAAAHL6417

Mumbai, April 30, 2020

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Telecom Energy Management Services Limited** for the year ended March 31, 2020

<u>Annexure to the Auditor's Report referred to in our report of even date:</u>

i. a) The Company does not hold any fixed assets during the year. Accordingly, clause 3(i)(a), 3(i)(b), 3(i)(c) is not applicable.

ii. In our opinion and according to the information and explanations given to us, the Company has not dealt in any inventory during the year & does not hold any inventory at the end of the year.

iii. The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other related parties covered in the register maintained under section 189 of the Act.

iv. The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

vii. i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2020 for a period of more than 6 months from the date they become payable.

ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.

viii. The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

ix. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the money raised by the Company by the way of Buyer's credit term loans were applied for the purpose for which those are raised.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

xi. According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

xii. The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B.K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 20111212AAAAHL6417

Mumbai, April 30, 2020

BALANCE SHEET AS AT MARCH 31, 2020

In Indian Rupees

Particulars	**Note No.**	**As at March 31, 2020**	**As at March 31, 2019**
A ASSETS			
1 Non Current assets			
Other Financial Assets	3	**10,000**	10,000
2 Current assets			
Financial Assets			
Cash and cash equivalents	4	**356,548**	394,418
Total Current Assets		**366,548**	404,418
Total Assets		**366,548**	404,418
B EQUITY AND LIABILITIES			
1 Equity			
(i) Equity Share capital	5	**500,000**	500,000
(ii) Other Equity	6	**(192,452)**	(125,082)
Equity attributable to owners of the Company		**307,548**	374,918
2 Current liabilities			
Financial Liabilities			
Trade payables	7	**–**	–
(a) total outstanding dues of micro enterprises and small enterprises; and		**–**	–
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		**59,000**	29,500
Total Current Liabilities		**59,000**	29,500
Total Equity and Liabilities (1+2)		**366,548**	404,418

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : April 30, 2020

For and on behalf of the Board of Directors
Mahindra Telecom Energy Management Services Limited

Hemant Sikka
Director
DIN: 00922281

Bharat Moossaddee
Director
DIN: 02166403

Place: Mumbai
Date : April 30, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

In Indian Rupees

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
Continuining Operations			
I Total Revenue		**–**	–
II EXPENSES			
(a) Other expenses	8	**67,370**	73,840
Total Expenses		**67,370**	73,840
III Profit/(loss) before tax (I - II)		**(67,370)**	(73,840)
IV Tax Expense			
(1) Current tax		**–**	–
(2) Deferred tax		**–**	–
(3) Income Tax adjustments for earlier years		**–**	–
Total tax expense		**–**	–
V Profit/(loss) for the period (III + IV)		**(67,370)**	(73,840)
VI Other comprehensive income		**–**	–
VII Total comprehensive income for the period (VI + VII)		**(67,370)**	(73,840)
VIII Earnings per equity share- Continuing operations			
(1) Basic & Diluted EPS	9	**(1.34)**	(5.17)

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212
Place : Mumbai
Date : April 30, 2020

For and on behalf of the Board of Directors
Mahindra Telecom Energy Management Services Limited

Hemant Sikka
Director
DIN: 00922281

Bharat Moossaddee
Director
DIN: 02166403

Place: Mumbai
Date : April 30, 2020

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

STATEMENT OF CASH FLOW STATEMENT - INDIRECT METHOD

In Indian Rupees

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flows from operating activities			
Loss before tax for the year/period	PL	**(67,370)**	(73,840)
Movements in working capital:			
(Increase) in non current financial asset		**–**	(10,000)
(Decrease)/Increase in trade and other payables		**–**	(20,162)
Cash used from operations		**(67,370)**	(104,002)
Income taxes paid		**–**	–
Net cash (used)/generated by operating activities		**(67,370)**	(104,002)
Cash flows from investing activities			
Net cash (used)/generated by investing activities		**–**	–
Cash flows from financing activities			
Proceeds from issue of equity instruments of the company		**–**	400,000
Share issue expenses		**–**	(1,580)
Net cash (used)/generated in financing activities		**–**	398,420
Net increase in cash and cash equivalents		**(67,370)**	294,418
Cash and cash equivalents at the beginning of the year		**394,418**	100,000
Cash and cash equivalents at the end of the year		**356,548**	394,418

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : April 30, 2020

For and on behalf of the Board of Directors
Mahindra Telecom Energy Management Services Limited

Hemant Sikka
Director
DIN: 00922281

Bharat Moossaddee
Director
DIN: 02166403

Place: Mumbai
Date : April 30, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A - Equity Share Capital

In Indian Rupees

Particulars	As at March 31, 2020	As at March 31, 2019
Issued and subscribed		
Balance as at the beginning of the year	**500,000**	100,000
Add:		
Share issued during the year	**–**	400,000
Balance as at the end of the year	**500,000**	500,000

Notes :

Company has only one class of Equity Shares having par value of Rs. 10 each.

B - Other Equity

In Indian Rupees

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Retained earnings		
Balance at the beginning of the year	**(125,082)**	(49,662)
Net Profit/(Loss) for the current year	**(67,370)**	(73,840)
Other Comprehensive Income /(Loss)	**–**	–
Share issue expenses	**–**	(1,580)
Balance at the end of the year	**(192,452)**	(125,082)

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : April 30, 2020

For and on behalf of the Board of Directors
Mahindra Telecom Energy Management Services Limited

Hemant Sikka
Director
DIN: 00922281

Bharat Moossaddee
Director
DIN: 02166403

Place: Mumbai
Date : April 30, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1 Corporate information:

Mumbai Telecom Energy Management Services Limited is a public limited company incorporated in Mumbai, India on 25 June, 2017 under the Companies Act 2013. The company is wholly owned subsidiary of Mahindra & Mahindra Limited as on 31st March, 2020. The company is engaged, inter alia in the business of energy management services of telecom towers.

2 Significant Accounting Policies followed by the Company:

2.1 Statement of compliance and basis of preparation and presentation of financial statements:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Rules 2016.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

2.2 Financial Assets and Financial Liabilities:

Financial Instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial Assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial Liabilities and Equity Instruments:

Equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual agreements and the definitions of an equity instrument.

Equity Instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial Liabilities:

All the financial liabilities are subsequently measured at either amortised cost using the effective interest method or at fair value through profit and loss, depending on the classification of the financial liabilities.

2.3 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.4 Taxes on Income:

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax:

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.5 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.6 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.7 Earnings Per Share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the period.

2.8 Use of estimates and judgements:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Note No. 3 - Non Current Financial Asset

In Indian Rupees

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Financial Assets measured at amortised cost		
(a) Security Deposits		
– Unsecured, considered good ...	10,000	10,000
Total	**10,000**	10,000

Note No. 4 - Cash and Bank Balances

In Indian Rupees

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Cash and cash equivalents		
(a) Balances with banks		
– On Current Account	**356,548**	394,418
(b) Cash on hand................................	–	–
(c) Cheques in hand	–	–
Total	**356,548**	394,418

Note No. 5 - Equity Share Capital

In Indian Rupees

Particulars	**As at March 31, 2020**		**As at March 31, 2019**	
	No. of shares	**Amount**	**No. of shares**	**Amount**
Authorised:				
Equity shares of Rs. 10 each with voting rights	**50,000**	**500,000**	50,000	500,000
Issued, subscribed and fully paid:				
Equity shares of Rs. 10 each with voting rights	**50,000**	**500,000**	50,000	500,000
Total	**50,000**	**500,000**	50,000	500,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

In Indian Rupees

Particulars	**Opening Balance**	**Fresh Issue**	**Closing Balance**
Equity Shares with Voting rights			
Year ended March 31, 2020			
No. of Shares......................................	**50,000**	**–**	**50,000**
Amount	**500,000**	**–**	**500,000**
Equity Shares with Voting rights			
Period ended March 31, 2019			
No. of Shares......................................	10,000	40,000	50,000
Amount	100,000	400,000	500,000

(ii) Terms/Rights attached to equity shares

The company has only one class of shares referred to as equity shares having par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of the shareholders in the ensuring Annual General Meeting.In the event of liquidation of company the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amount. However no such preferential amounts exist currently. The distribution will be in proportion to number of equity shares held by shareholders.

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	**As at March 31, 2020**		**As at March 31, 2019**	
	Number of shares held	**% holding in that class of shares**	**Number of shares held**	**% holding in that class of shares**
Equity shares with voting rights...........				
Mahindra and Mahindra Limited..........	**50,000**	**100%**	50,000	100%

(iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	**Number of Shares As at March 31, 2020**	**Number of Shares As at March 31, 2019**
Mahindra and Mahindra Limited , the holding company.....................................	**50,000**	50,000

(v) Information on equity shares alloted without receipt of cash or alloted as bonus shares or shares bought back:

The Company has neither alloted equity shares wthout receipt of cash or as bonus shares nor bought back any equity shares during the financial year.

Note No. 6 - Other Equity

In Indian Rupees

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
<u>**Retained Earnings**</u>		
Balance at the beginning of the year	**(125,082)**	(49,662)
Net Profit/(Loss) for the current year	**(67,370)**	(73,840)
Share issue expenses.............................	**–**	(1,580)
Balance at the end of the reporting year (A)...	**(192,452)**	(125,082)
<u>**Other Comprehensive Income**</u>		
Addition during the year	**–**	–
Balance at the end of the reporting year (B)...	**–**	–
Balance at the end of the reporting year (A+B)	**(192,452)**	(125,082)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Note No. 7 - Trade Payables

In Indian Rupees

Particulars	As at March 31, 2020 Current	As at March 31, 2019 Current
Trade payables		
Due to Micro and Small Enterprises..........	–	–
Other than Micro and Small Enterprises ...	59,000	29,500
Total	**59,000**	29,500

Note No. 8 - Other Expenses

In Indian Rupees

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Filing Fees	8,300	22,250
(b) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors..............................	29,500	29,500
(ii) For Taxation matters	–	–
(iii) For Other services...................	–	–
(c) Professional charges.......................	28,980	17,000
(d) Bank Charges..................................	590	590
(e) Miscellaneous Expenses.................	–	4,500
Total	**67,370**	73,840

Note No. 9 - Disclosures under Ind AS 33

In Indian Rupees

Particulars	For the year ended March 31, 2020
	Rs.
Basic & Diluted Earnings per share - continuing operations	(1.34)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

In Indian Rupees

Particulars	For the year ended March 31, 2020
Profit/(loss) for the year attributable to owners of the Company..	(67,370)
Weighted average number of equity shares	50,137
Earnings per share from continuing operations - Basic & Diluted	(1.34)

Note No. 10 - Related Party Transactions

Party with whom transactions have taken place during the period

Relationship	Name of the Company
Parent Company	Mahindra & Mahindra Limited

Details of transactions between the Company and its related party is disclosed below:

In Indian Rupees

Particulars	For the year/ period ended	Parent Company
Nature of transactions with Related Party		
Contribution of equity to the company.....	March 31, 2020	–
Contribution of equity to the company.....	March 31, 2019	400,000
Reimbursement of expenses....................	March 31, 2020	–
Reimbursement of expenses....................	March 31, 2019	–

In Indian Rupees

Nature of Balances with Related Party	Balance as on	Parent Company
Trade payables	March 31, 2020	–
Trade payables	March 31, 2019	–

Note No. 11 - Fair Value Measurement

Fair Value of Financial assets and financial laibilities that are not measured at fair value

In Indian Rupees

Particulars	March 31, 2020 Carrying amount	Fair value Level 2
Financial assets		
Financial assets carried at Amortised Cost		
– Cash and Cash Equivalents ...	356,548	356,548
Total.......................................	356,548	356,548
Financial liabilities		
Financial liabilities held at amortised cost		
Current		
– Trade and other payables ...	–	–
Total.......................................	–	–

Note No. 12 - Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

	March 31, 2020	March 31, 2019
Equity	307,548	374,918
Equity presented on the face of the financial statement	307,548	374,918

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Categories of financial assets and financial liabilities

In Indian Rupees

As at March 31, 2020

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
– Cash and Cash Equivalents	356,548	–	–	356,548
Current Liabilities				
Other Financial Liabilities				
– Non Derivative Financial Liabilities	–	–	–	–

Categories of financial assets and financial liabilities

In Indian Rupees

As at March 31, 2019

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
– Cash and Cash Equivalents	394,418	–	–	394,418
Current Liabilities				
Other Financial Liabilities				
– Non Derivative Financial Liabilities	–	–	–	–

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a program that performs monitoring of and responding to risk factors.

Credit Risk

(i) Credit risk management

Credit risk arises when a counter party defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties.

Liquidity Risk

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

In Indian Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
March 31, 2020				
Non-interest bearing				
Trade Payables	–	–	–	–
Total	–	–	–	–
Non-derivative financial liabilities				
March 31, 2019				
Non-interest bearing				
Trade Payables	–	–	–	–
Total	–	–	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management on net assets basis.

In Indian Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Financial asset				
March 31, 2020				
Non-interest bearing				
Cash and cash equivalents	356,548	–	–	–
Total	**356,548**	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

In Indian Rupees

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Financial asset				
March 31, 2019				
Non-interest bearing				
Cash and cash equivalents ...	394,418	–	–	–
Total	**394,418**	–	–	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

CURRENCY RISK

The Company has not undertaken transactions denominated in foreign currencies; consequently, no exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year is Nil

Note No. 12 - Deferred Tax Asset/ Liabilites

Deferred tax asset/liability has not been recognized during the current period.

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : April 30, 2020

For and on behalf of the Board of Directors
Mahindra Telecom Energy Management Services Limited

Hemant Sikka
Director
DIN: 00922281

Bharat Moossaddee
Director
DIN: 02166403

Place: Mumbai
Date : April 30, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF,

MAHINDRA CONSTRUCTION COMPANY LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **Mahindra Construction Company Limited** ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality Uncertainty Related to Going Concern

We draw attention to Note 25 in the financial statements, as on 31st March 2020 date, the Company's current liabilities exceeded its total assets by Rs. 2243.61 lakhs. As stated in Note 25, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Ind AS financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The company has disclosed impact of pending litigation on its financial position in Note No. 21

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B.K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212

Mumbai, April 24, 2020
UDIN:_______________

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Construction Company Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B.K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN:_______________

Mumbai, April 24, 2020

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Construction Company Limited** for the year ended March 31, 2020

Annexure to the Auditor's Report referred to in our report of even date:

i. a) The Company does not hold any fixed assets during the year. Accordingly, clause 3(i)(a), 3(i)(b), 3(i)(c) is not applicable.

ii. In our opinion and according to the information and explanations given to us, the Company has not dealt in any inventory during the year & does not hold any inventory at the end of the year.

iii. The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other related parties covered in the register maintained under section 189 of the Act.

iv. The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

vii. i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2020 for a period of more than 6 months from the date they become payable.

ii) There are no dues of income tax, GST and other relevant taxes which have not been deposited with the relevant authority except as stated below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which amount relates	Amount Involved (Rs. In Lakhs)	Amount unpaid (Rs. In Lakhs)
Income Tax Act, 1961	penalty u/s 271(1)(C) relating to assessment year 2005-06	Income Tax Apellate Tribunal	2005-06	31.88	31.88
Income Tax Act, 1961	Income Tax Demand related to assessment year 2014-2015	Income Tax Apellate Tribunal	2014-15	4.13	4.13

viii. The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

ix. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the money raised by the Company by the way of Buyer's credit term loans were applied for the purpose for which those are raised.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

xi. According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

xii. The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B.K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212

Mumbai, April 24, 2020

UDIN:_______________

BALANCE SHEET AS AT 31ST MARCH, 2020

Amount in Rs. Lakhs

	Note No.	As at 31st March, 2020	As at 31st March, 2019
I ASSETS			
1 NON-CURRENT ASSETS			
(a) Loans	1	**1.05**	1.05
(b) Non current investment	2	**–**	–
(c) Other Non-current Tax Assets	3	**42.41**	41.57
SUB-TOTAL		**43.46**	42.62
2 CURRENT ASSETS			
(a) Financial Assets			
(i) Cash and Cash Equivalents	4	**2.23**	0.99
(iii) Bank balances other than (ii) above	4	**14.10**	13.24
(iv) Other financial Assets	5	**0.25**	0.23
SUB-TOTAL		**16.58**	14.46
TOTAL ASSETS		**60.04**	57.08
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	6	**240.05**	240.05
(b) Other Equity	7	**(2,486.56)**	(2,488.45)
SUB-TOTAL		**(2,246.51)**	(2,248.40)
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(a) Provisions	8	**2.90**	2.90
SUB-TOTAL		**2.90**	2.90
3 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	9	**1,683.88**	1,673.26
(ii) Trade Payables	10	**585.96**	588.07
(iii) Other Financial Liabilities	11	**9.26**	9.26
(b) Provisions	12	**24.40**	31.76
(c) Other Current Liabilities	13	**0.15**	0.23
SUB-TOTAL		**2,303.65**	2,302.58
TOTAL		**60.04**	57.08

For M/s. B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Mumbai, 24th April, 2020

For and on behalf of the Board of Directors

} Directors

Mumbai, 24th April, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

Amount in Rs. Lakhs

	Particulars	Note No.	For the year ended 31st March 2020	For the year ended 31st March 2019
I	Revenue from operations		–	–
II	Other Income	14	4.45	1.41
III	**Total Revenue (I + II)**		**4.45**	1.41
IV	**EXPENSES**			
	(i) Personnel Expenses	15	0.09	0.08
	(ii) Finance Costs	16	0.68	–
	(iii) Other expenses	17	1.18	7.26
	Total Expenses (IV)		**1.95**	7.34
V	**Profit before tax (III – IV)**		**2.50**	(5.93)
VI	**Tax Expense**			
	(1) Current tax		0.61	–
	(2) Deferred tax		–	–
	Total tax expense		**0.61**	–
VII	**Profit for the period (V – VI)**		**1.89**	(5.93)
VIII	**Profit for the period attributable to:**			
	Owners of the Company		1.89	(5.93)
	Non controlling interests		–	–
IX	**Total comprehensive income for the period attributable to:**			
	Owners of the Company		**1.89**	(5.93)
	Non controlling interests		–	–
X	**Earnings per equity share**			
	(1) Basic	18	0.08	(0.25)
	(2) Diluted	18	0.08	(0.25)

For M/s. B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Mumbai, 24th April, 2020

For and on behalf of the Board of Directors

} Directors

Mumbai, 24th April, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

		(Indirect Method)	
		For the year ended 31st March 2020	For the year ended 31st March 2019
		Rupees	Rupees
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit before taxation	**2.50**	(5.94)
	Adjustments for:		
	Depreciation	**–**	–
	Interest on bank deposits	**(0.94)**	(0.82)
		(0.94)	(0.82)
	Operating Profit/(Loss) before Working capital changes	**1.56**	(6.76)
	Changes in:		
	Trade and other receivables	**(0.02)**	1.04
	Trade and other payables	**0.51**	3.29
		0.50	4.33
	Cash generated from operations	**2.06**	(2.43)
	Income taxes paid	**(1.45)**	(2.06)
	NET CASH USED IN OPERATING ACTIVITIES	**0.61**	(4.50)
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Investment in Bank deposits (Net)	**(0.86)**	(0.92)
	Proceeds from sale of long-term investment		
	Interest received	**0.92**	0.78
	NET CASH FROM INVESTING ACTIVITIES	**0.06**	(0.13)
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from the issue of share capital (including share premium)		
	NET CASH FROM FINANCING ACTIVITIES	**–**	–
	NET INCREASE IN CASH AND CASH EQUIVALENTS	**0.67**	(4.63)
	CASH AND CASH EQUIVALENTS (see Note below)		
	Opening balance	**0.99**	5.58
	Closing balance	**2.23**	0.99

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020 (Contd.)

	For the year ended 31st March 2020 Rupees	For the year ended 31st March 2019 Rupees
Note:		
Cash and cash equivalents includes:		
Cash on hand	–	–
Balances with Scheduled Banks:		
(I) on Current Accounts	**2.23**	0.99
	2.23	0.99

Note:

Cash and cash equivalents as per Balance Sheet include fixed deposits having maturity of more than three months but less than 12 months amounting to Rs. 13.24 Lakhs (2018: 12.32 Lakhs)

For M/s. B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

For and on behalf of the Board of Directors

} Directors

Shirish Rahalkar
Partner
Member Registration No. 111212

Mumbai, 24th April, 2020

Mumbai, 24th April, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

Amount in Rs. Lakhs

A. Equity share capital

As at 31st March, 2018	240.05
Changes in equity share capital during the year	–
As at 31st March, 2019	240.05
Changes in equity share capital during the year	–
As at 31st March, 2020	240.05

B. Other Equity

	Reserves & Surplus	
	General Reserve	**Total**
As at 31st March, 2018	(2,482.52)	(2,482.52)
Profit/(Loss) for the period	(5.93)	(5.93)
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(2,488.45)	(2,488.45)
Transfers to Reserves	–	–
As at 31st March, 2019	(2,488.45)	(2,488.45)
Profit/(Loss) for the period	1.89	1.89
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(2,486.56)	(2,486.56)
Transfers to Reserves	–	–
As at 31st March, 2020	**(2,486.56)**	**(2,486.56)**

For M/s. B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Mumbai, 24th April, 2020

For and on behalf of the Board of Directors

} Directors

Mumbai, 24th April, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

1 Company overview

Mahindra Construction Company Limited is a Limited Company incorporated and domiciled in India. The Company's registered office is at Mumbai, Maharashra, India. These financial statements correspond to the stand alone financial statments of the Company.

2 Basis of preparation

a. Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The Company's financial statements upto and for the year ended 31 March 2016 were prepared in accordance with the Standards as per Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act which was the previous GAAP (IGAAP).

The financial statements were approved by the Company's Board of Directors and authorised for issue on 19 April 2019.

b. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

d. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

- useful life of property, plant and equipment and intangible assets
- estimation of define benefit obligation
- provision for warranty claims
- income taxes - current and deferred taxes
- fair value of unlisted securities
- impairment of trade receivables

Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment within the next financial year is included in relevant notes for the above items.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

e. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The Chief Financial Officer and persons entrusted have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and assessments that these valuations meet the requirements of Ind AS. The methods used to determine fair value include discounted cashflow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilties.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset ot liability that are not based on observable market data (unobservable inputs).

4 Significant accounting policies

a. Revenue Recognition

- Dividend and interest income

  Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

  Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

b. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of ‘Reserve for debt instruments through other comprehensive income’. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

For the impairment policy on debt instruments at FVTOCI

All other financial assets are subsequently measured at fair value

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 1 - Loans

Amount in Rs. Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
	Amounts	Amounts
	Non-Current	Non-Current
Security deposits		
Unsecured, considered good	1.05	1.05
	1.05	1.05

Note No. 2 - Non current investment

Amount in Rs. Lakhs

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Rupees	Number of shares	Rupees
Investments (At cost, unless otherwise specified):				
Unquoted shares (Non-trade and fully paid-up unless otherwise specified)				
Investment in others				
In New Tirupur Area Development Corporation Ltd Rs.10 per share	70,00,000	700	70,00,000	700
Less: Provision for diminution in value of investment		(700)		(700)
Total		–		–

Note No. 3 - Other Non-current Tax Assets

Amount in Rs. Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
	Amounts	Amounts
	Non-Current	Non-Current
Advance income tax (net of provision)	42.34	41.50
Fringe Benefit Tax [Net of provisions]	0.07	0.07
	42.41	41.57

Note No. 4 - Cash and Bank Balances

Amount in Rs. Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents		
(a) Balances with banks	2.23	0.99
(b) Cash on hand	–	–
Total Cash and cash equivalent	2.23	0.99

Amount in Rs. Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Other Bank Balances		
(a) Balances with Banks:		
(i) Fixed Deposits with maturity greater than 3 months	14.10	13.24
Total Other Bank balances	14.10	13.24

Note No. 5 - Other Financial Assets

Amount in Rs. Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
	Current	Current
a) Other Current Assets		
– Interest accrued but not due on term deposits	0.25	0.23
Total Other Financial Assets	0.25	0.23

Note No. 6 - Equity Share Capital

Amount in Rs. Lakhs

	As at 31 March 2020		As at 31 March 2019	
	Nos	Rupees	Nos	Rupees
Authorised shares:				
Equity Shares of Rs. 10 each	45,00,000	450.00	45,00,000	450.00
	45,00,000	450.00	45,00,000	450.00
Issued, subscribed and fully paid-up shares:				
Equity Shares of Rs. 10 each	24,00,520	240.05	24,00,520	240.05
	24,00,520	240.05	24,00,520	240.05
Reconciliation of the shares outstanding at the beginning and at the end of the reporting period Equity:				
Opening Balance	24,00,520	240.05	24,00,520	240.05
Add: Issued during the year	–	–	–	–
Closing Balance	24,00,520	240.05	24,00,520	240.05

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(iii) Details of shares held by the parent company, the ultimate parent company, their subsidiaries and associates

Particulars	Amount in Rs. Lakhs No. of Shares Equity Shares with Voting rights
As at 31 March 2020	
Mahindra & Mahindra Limited	**9,00,000**
Mahindra World City (Maharashtra) Limited	**10,00,380**
Deep Mangal Developers Pvt. Ltd	**3,00,000**
As at 31 March 2019	
Mahindra & Mahindra Limited	9,00,000
Mahindra World City (Maharashtra) Limited	10,00,380
Deep Mangal Developers Pvt. Ltd	3,00,000

(iv) Details of shares held by each shareholder holding more than 5% shares:

Amount in Rs. Lakhs

Class of shares/Name of shareholder	As at 31 March 2020		As at 31 March 2019	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra & Mahindra Limited	**9,00,000**	**37.49%**	9,00,000	37.49%
Mahindra World City (Maharashtra) Limited *	**10,00,380**	**41.67%**	10,00,380	41.67%
Deep Mangal Developers Pvt. Ltd	**3,00,000**	**12.50%**	3,00,000	12.50%
Zeus International Trade Agency Ltd.	**2,00,000**	**8.33%**	2,00,000	8.33%

Terms/rights attached to equity shares

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after the distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

* These are shares transfer to Mahindra World City (Maharashtra) Limited in repect of scheme of merger between Mahindra World City (Maharashtra) Limited, Topical Builders Pvt. Ltd., Raigad Industrial and Business Park Limited and Kismat Developers Pvt. Ltd.

Note No. 7 - Other Equity

Amount in Rs. Lakhs

	Reserves & Surplus General Reserve	Total
As at 31st March, 2018	**(2,482.52)**	**(2,482.52)**
Profit/(Loss) for the period	(5.93)	(5.93)
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(2,488.45)	(2,488.45)
Transfers to Reserves	–	–
As at 31st March, 2019	**(2,488.45)**	**(2,488.45)**
Profit/(Loss) for the period	1.89	1.89
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(2,486.56)	(2,486.56)
Transfers to Reserves	–	–
As at 31st March, 2020	**(2,486.56)**	**(2,486.56)**

Note No. 8 - Provisions

Amount in Rs. Lakhs

Particulars	As at 31 March 2020 Current	As at 31 March 2019 Current
Provision for compensated absences	**2.90**	2.90
	2.90	2.90

Note No. 9 - Borrowings

Amount in Rs. Lakhs

Particulars	As at 31 March 2020 Current	As at 31 March 2019 Current
Inter corporate Deposits	**1,143.88**	1,133.26
Loan-Others: 10% Non-Cumulative Redeemable Participating Preference Shares	**540.00**	540.00
	1,683.88	1,673.26

Note No. 10 - Trade Payables

Amount in Rs. Lakhs

Particulars	As at 31 March 2020 Current	As at 31 March 2019 Current
Trade payable - Micro and small enterprises	**–**	–
Trade payable - Other than micro ans small enterprises	**585.96**	588.07
	585.96	588.07

Note No. 11 - Other Financial Liabilities

Amount in Rs. Lakhs

Particulars	As at 31 March 2020 Current	As at 31 March 2019 Current
Other Financial Liabilities	**9.26**	9.26
	9.26	9.26

Note No. 12 - Provisions

Amount in Rs. Lakhs

Particulars	As at 31 March 2020 Current	As at 31 March 2019 Current
Provisions	**24.40**	31.76
	24.40	31.76

Note No. 13 - Other Current Liabilities

Amount in Rs. Lakhs

Particulars	As at 31 March 2020 Current	As at 31 March 2019 Current
TDS payable	**0.15**	0.23
	0.15	0.23

Note No. 14 - Other Income

Amount in Rs. Lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Interest Income		
(1) Interest on Bank Deposits (at amortised cost)	**0.94**	0.81
(b) Other non-operating income (net)	**3.51**	0.60
	4.45	1.41

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 15 - Personnel Expenses

Amount in Rs. Lakhs

Particulars		**For the year ended 31 March 2020**	For the year ended 31 March 2019
(a)	Salaries, Wages and Bonus	**(0.00)**	–
(b)	Contribution to provident and other funds	**0.08**	0.08
(c)	Staff welfare	**0.01**	–
		0.09	0.08

Note No. 16 - Finance Cost

Amount in Rs. Lakhs

Particulars		**For the year ended 31 March 2020**	For the year ended 31 March 2019
(a)	Interest on Inter Corporate Deposits	**0.68**	–
		0.68	–

Note No. 17 - Other Expenses

Amount in Rs. Lakhs

Particulars			**For the year ended 31 March 2020**	For the year ended 31 March 2019
(a)	Auditors remuneration and out-of-pocket expenses			
	(i)	As Auditors (including GST)	**0.89**	1.77
	(ii)	For Taxation matters	**–**	–
(b)	Other expenses			
	(1)	Rent	**–**	0.82
	(2)	Legal & Professional Fees	**0.18**	4.31
	(3)	Others	**0.11**	0.36
			1.18	7.26

Note No. 18 - Earnings per Share

Amount in Rs. Lakhs

Particulars	**For the year ended 31 March 2020**	For the year ended 31 March 2019
	Per Share	Per Share
Basic Earnings per share	**0.08**	**(0.25)**
Diluted Earnings per share	**0.08**	**(0.25)**

Basic & Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Amount in Rs. Lakhs

Particulars		**For the year ended 31 March 2020**	For the year ended 31 March 2019
A.	Net Profit after tax available for equity shareholders (Rs. in Lakhs)	**1.89**	(5.93)
B.	Nominal value per Share (Rs.)	**10.00**	10.00
C.	Weighted Average number of Equity Shares (No.)	**24,00,520.00**	24,00,520.00
D.	Basic & Diluted Earnings per share (Re.)	**0.08**	(0.25)

Note No. 19 - Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

Amount in Rs. Lakhs

Particulars	**As at 31 March 2020**	As at 31 March 2019
Equity	**(2,246.51)**	(2,248.40)

The Company is not subject to externally enforced capital regulation.

Categories of financial assets and financial liabilities

Amount in Rs. Lakhs

As at 31 March 2020

	Amortised Costs	**FVTPL**	FVOCI	Total
Current Assets				
Other Bank Balances	**14.10**	**–**	**–**	**14.10**
Other Current Asssts	**0.25**	**–**	**–**	**0.25**
Current Liabilities				
Trade Payables	**585.96**	**–**	**–**	**585.96**

As at 31 March 2019

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Other Bank Balances	13.24	–	–	13.24
Other Current Asssts	0.23	–	–	0.23
Current Liabilities				
Trade Payables	588.07	–	–	588.07

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) *Credit risk management*

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned.

LIQUIDITY RISK

(i) *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(ii) *Maturities of financial liabilities*

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial liabilities				
31-Mar-19				
Non-interest bearing	**585.96**	**–**	**–**	**–**
Total	**585.96**	**–**	**–**	**–**
31-Mar-18				
Non-interest bearing	588.07	–	–	–
Total	588.07	–	–	–

(iii) *Financing arrangements*

The company does not have any undrawn borrowing facility as at year end

(iv) *Maturities of financial assets*

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial assets				
31-Mar-19				
Non-interest bearing	**2.23**	**–**	**–**	**–**
Fixed interest rate instruments	**14.10**	**–**	**–**	**–**
Total	**16.33**	**–**	**–**	**–**
31-Mar-18				
Non-interest bearing	0.99	–	–	–
Fixed interest rate instruments	13.24	–	–	–
Total	14.22	–	–	–

Note No. 20 - Fair Value Measurement
Fair Valuation Techiques and Inputs used - recurring Items

Amount in Rs. Lakhs

Financial assets/ financial liabilities measured at Fair value	Fair value as at 31-Mar-20	31-Mar-19	31-Mar-18	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets					
Investments					
1) Equity investments	–	–	–	–	–
Total financial liabilities	–	–	–	–	–

Fair value of financial assets and financial liabilities that are not measured at fair value

Amount in Rs. Lakhs

Particulars	31-03-2020 Carrying amount	31-03-2020 Fair value	31-03-2019 Carrying amount	31-03-2019 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– Other Current Assets	**0.25**	**0.25**	0.23	0.23
– fixed deposits	**14.10**	**14.10**	13.24	13.24
Total	**14.35**	**14.35**	13.47	13.47
Financial liabilities				
Financial liabilities held at amortised cost				
– trade and other payables	**585.96**	**585.96**	588.07	588.07
Total	**585.96**	**585.96**	588.07	588.07

Amount in Rs. Lakhs

	Fair value hierarchy as at 31 March 2020 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Loans & Advances	**–**	**0.25**	**–**	**0.25**
– fixed deposits	**–**	**14.10**	**–**	**14.10**
Total	**–**	**14.35**	**–**	**13.47**
Financial liabilities held at amortised cost				
– trade and other payables	**–**	**585.96**	**–**	**585.96**
Total	**–**	**585.96**	**–**	**585.96**

Note No. 21- Contingent Liability

Amount in Rs. Lakhs

	For the year ended 31 March 2020	For the year ended 31 March 2019
Penalty u/s 271(1)(C) of the Income Tax Act relating to Assessment Year 2005-06	**31.88**	31.88
Income tax demands disputed from A. Y. 2012-13 & A. Y. 2015-16 for which the Company has preferred appeal before the Appellate Authorities	**4.13**	0.88
Total	**36.01**	32.76

Note No. 22 - Events after the reporting period

There are no material events occurred after the balance sheet date but before the approval of financial statements by board of directors.

Note No. 23 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Amount in Rs. Lakhs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current Tax:		
In respect of current year	**0.61**	–
Deferred Tax:		
In respect of current year	**–**	–
Total income tax expense on continuing operations	**0.61**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(d) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Amount in Rs. Lakhs

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
Profit before tax from continuing operations	**2.50**	(5.93)
Income tax expense calculated at 30.90% (2016: 30.90%)	–	–
Effect of income that is exempt from taxation	–	–
Interest under section 234(B) and 234(C)	–	–
Income tax expense recognised In profit or loss from continuing operations	–	–

The tax rate used for the 31 March 2020 and 31 March 2019 reconciliations above is the corporate tax rate of 30.90% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

Note 24: Investment in New Tirupur Development Corporation Limited

The Capital of New Tirupur Area Development Corporation Limited (NTADCL) as on 31st March 2018 has been almost fully eroded by past losses. It was exploring the option of supplying substantial volume of industrial water to a textile park proposed to be set up by the State Government which would have contributed substantially to its topline. Information forthcoming in the last few months suggest that there are likely to be delays and the possibility of NTADCL recovering its past losses does not seem very promising. In view of this, the Company has provided for its entire investment of Rs.7,00,00,000 in the equity shares of NTADCL during the year.

Note 25:

Accumulated losses of the company as on 31st March 2020 exceeds the paid up share capital of the company. Though the Company has made a provision in respect of its investment in NTADCL, there is no intention of disposing off these investments. Presently, the company is actively pursuing claims and litigations in respect of projects completed and is hopeful of recovering the claims made by it against the parties, which will be recognised as revenue in the year of receipt. The Company is exploring various business opportunities including restructuring. Supported by its Parent Company, in the opinion of the management, the company will be able to continue as going conern for the foreseeable future.

Having regard to the above factors, the accounts are prepared on going concern basis.

Note 26:

The 10% Non-Cumulative Redeemable Participating Preference Shares ("The Shares") were redeemable at par on 13th March 2015. The Company has continued to incur losses during the year and, as on 31st March 2020, its accumulated losses exceeded the paid up share capital and free reserves of the Company. The Company is not in a position to redeem The Shares.

Note 27:

The Company had taken unsecured loans of Rs.994.42 lakhs in earlier years. Based on the Letters for waiver of interest issued by the lenders from year to year, since 2005 the Company was not for interest payable on these loans. On 1st April 2014 the lenders of the aforesaid unsecured loans opted to call for repayment of the principal amount. Further, the lenders are not agreeable to renew the unsecured loans, despite the Company expressing its inability to repay the same because of its financial situation. Since the unsecured loans have not been renewed, no provision has been made in the accounts for interest of Rs.84.14 lakhs for the year payable on these loans.

For M/s. B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Mumbai, 24th April, 2020

For and on behalf of the Board of Directors

} Directors

Mumbai, 24th April, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Finance CSR Foundation.
Report on the Audit of the Financial Statements

Opinion

We have audited the Ind AS financial statements of **Mahindra Finance CSR Foundation.** ("the Company"), which comprise the balance sheet as at 31st March, 2020, and the statement of Income & Expenditure, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its financial performance, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the preparation of the other information. The other information comprises the Board report.

Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management

The Company's Board of Directors is responsible for the matters stated in section 134(5) the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Section 143(3)(i) mandates the auditor to comment on whether the company has an adequate internal financial controls over financial reporting of the company and the operating effectiveness of such controls. In terms of paragraph 5 of Ministry of Corporate Affairs notification number G.S.R. 583 (E) dated June 13, 2017, and as amended from time to time, exemption has been provided to private limited companies fulfilling certain criteria mentioned in the notification, from the applicability of the requirement of reporting in terms of Section 143(3)(i). As the Company meets the relevant criteria specified in the said notification for the Financial Year 2019-20, the requirement of Section 143(3)(i) is not applicable to the Company and accordingly no report has been made under the said clause.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As requirements by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), is not applicable to the Company, no comment on report specified in paragraphs 3 and 4 of the Order has been made.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Income and Expenditure, Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations;

      ii. The Company did not have any long-term contracts including derivative contracts for which there are any material foreseeable losses that needs provision;

      iii. The Company is not required to transfer any amount to the Investor Education and Protection Fund.

For **B.K KHARE & CO.**
Chartered Accountants
FRN: 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 20111212AAAAIJ9500

Place: Mumbai
Dated: 09th May, 2020.

BALANCE SHEET AS AT 31ST MARCH, 2020

INR Rupees

Particulars	Note	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
Financial Assets			
a) Cash and cash equivalents	1	**9,870.20**	–
		9,870.20	–
Non-financial Assets			
		–	–
		–	–
Total Assets		**9,870.20**	–
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
a) Other financial liabilities	2	**25,000.00**	–
		25,000.00	–
Non-Financial Liabilities			
		–	–
		–	–
EQUITY	3		
(a) Equity share capital		**10,000.00**	–
(b) Other equity		**(25,129.80)**	–
		(15,129.80)	–
Total Liabilities and Equity		**9,870.20**	**–**

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No: 105102W

For and on behalf of the Board of Directors
Mahindra Finance CSR Foundation

Shirish Rahalkar
Partner
Membership No: 111212

Rajesh Vasudevan
Director
[DIN: 02711990]

Vinay Deshpande
Chairman
[DIN: 01904423]

Place: Mumbai
Date: 9 May, 2020

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31ST MARCH, 2020

INR Rupees

	Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
I	**Revenue receipts (Donations)**	4	**11,50,000.00**	–
II	**Other Income**		**–**	–
III	**Total income (I+II)**		**11,50,000.00**	–
	Expenses			
	(i) Finance costs	5	**129.80**	–
	(ii) Corporate Social Responsibility expenses	6	**11,50,000.00**	–
	(iii) Other Expenses	7	**25,000.00**	–
IV	**Total expenses (IV)**		**11,75,129.80**	–
V	**Excess of expenditure over income (III-IV)**		**(25,129.80)**	–
VI	**Earnings per equity share (face value Rs. 10/- per equity share)**	8		
	Basic (Rupees)		**(25.13)**	
	Diluted (Rupees)		**(25.13)**	

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No: 105102W

For and on behalf of Board of Directors
Mahindra Finance CSR Foundation

Shirish Rahalkar
Partner
Membership No: 111212

Rajesh Vasudevan
Director
[DIN: 02711990]

Vinay Deshpande
Chairman
[DIN: 01904423]

Place: Mumbai
Date: 9 May, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity share capital

Particulars	INR Rupees Amount
Issued, Subscribed and fully paid up:	
Balance as at 1 April 2019	
Changes during the year:	
i) Fresh allotment of shares	**10,000.00**
ii) Allotment of shares by ESOS Trust to employees	**–**
Balance as at 31 March 2020	**10,000.00**

B. Other Equity

Particulars	Reserves and Surplus									
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	Capital redemption reserves	Securities premium reserve	General reserves	Debenture Redemption Reserves (DRR)	Employee stock options outstanding	Retained earnings	Debt instruments through OCI	Equity instruments through OCI	Total
Balance as at 1 April 2019	–	–	–	–	–	–	–	–	–	–
Profit/(loss) for the year							–			–
Other Comprehensive Income / (loss)							–	–	–	–
Total Comprehensive Income for the year	–	–	–	–	–	–	–	–	–	–
Excess of expenditure over income			–				(25,129.80)			(25,129.80)
Balance as at 31 March 2020	–	–	–	–	–	–	(25,129.80)	–	–	(25,129.80)

As per our report of even date attached.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No: 105102W

For and on behalf of Board of Directors
Mahindra Finance CSR Foundation

Shirish Rahalkar
Partner
Membership No: 111212

Rajesh Vasudevan
Director
[DIN: 02711990]

Vinay Deshpande
Chairman
[DIN: 01904423]

Place: Mumbai
Date: 9 May, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2020

			INR Rupees
	Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Excess of expenditure over income	**(25,129.80)**	–
	Adjustments to reconcile profit before tax to net cash flows:		
	Add: Non-cash expenses	**–**	–
		–	–
	Less: Income considered separately	**–**	–
	Operating profit before working capital changes	**(25,129.80)**	–
	Changes in -		
	Other financial liabilities	**25,000.00**	–
	Cash used in operations	**25,000.00**	–
	NET CASH USED IN OPERATING ACTIVITIES (A)	**(129.80)**	–
B)	**CASH FLOW FROM INVESTING ACTIVITIES**	**–**	–
	NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)	**–**	–
C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Issue of equity shares	**10,000.00**	–
	NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	**10,000.00**	–
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**9,870.20**	–
	Cash and Cash Equivalents at the beginning of the year		
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (refer note 3)	**9,870.20**	–
	Components of Cash and Cash Equivalents		
	Cash and cash equivalents at the end of the year		
	– Balances with banks in current accounts	**9,870.20**	–
	Total	**9,870.20**	–

Notes :

The above Statement of Cash Flow has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows'.

As per our report of even date attached.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No: 105102W

For and on behalf of the Board of Directors
Mahindra Finance CSR Foundation

Shirish Rahalkar
Partner
Membership No: 111212

Rajesh Vasudevan
Director
[DIN: 02711990]

Vinay Deshpande
Chairman
[DIN: 01904423]

Place: Mumbai
Date: 9 May, 2020

Notes Forming part of the financial statements for the year ended 31st March, 2020

1 COMPANY INFORMATION

Mahindra Finance CSR Foundation ('the Company'), incorporated in India, is a public limited company, headquartered in Mumbai dated April 2, 2019. The Company has received license under Section 8 (1) of the Companies Act, 2013. The Company is established to undertake, by itself or joining, collaborating with, or participating in, projects that, support, promote and enhance: education, including special education, especially among children, women, elderly and the differently abled; employment, vocational skills, and sustainable livelihood; curative and preventive healthcare measures; sanitation and availability of safe drinking water; measures eradicating hunger, poverty and malnutrition; sustainability environmental and ecological balance; protection of flora and fauna, animal welfare, agro forestry; conservation of natural resources; maintenance of quality of soil, air and water; including but not limited to, rehabilitation efforts prior, during and or after natural disasters. The objective of the Company is to work, contribute towards all activities outlined by, but not restricted to, Section 135, Schedule VII of the Companies Act, 2013, the related rules and the amendments thereto from time to time.

Further, the company received its registration under section 12AA of the Income Tax Act 1961 on 29 November, 2019 and certificate under section 80G of the Income Tax Act,1961 on 24 December, 2019 valid from 3 June, 2019.

None of the objects of the Company will be carried out on commercial basis. The Company is a subsidiary of Mahindra & Mahindra Financial Services Limited.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

These financial statements are the company's first Ind–AS financial statement. The financial statements have been prepared on a historical cost convention and on an accrual basis.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest rupee, unless otherwise indicated.

2.3 Revenue recognition

The revenue is measured on actual receipt basis of donations received.

2.4 Provisions

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Notes forming part of the Financial Statements as at 31 March 2020

INR Rupees

1 Cash and cash equivalents

This being the first financial year of the company after incorporation, the previous year figures are not available.

	31 March 2020	31 March 2019
Cash on hand	–	–
Balances with banks in current accounts	9,870.20	–
	9,870.20	–

2 Other financial liabilities

	31 March 2020	31 March 2019
Provision for expenses	25,000.00	–
	25,000.00	–

3 Equity Share capital

	31 March 2020	31 March 2019
Authorised:		
1,000 (31 March 2019: Nil) Equity shares of Rs.10/- each	10,000.00	–
Issued, Subscribed and paid-up:		
1000 (31 March 2019: Nil) Equity shares of Rs.10/- each fully paid up	10,000.00	–
Issued, Subscribed and paid-up Share capital	10,000.00	–

		As at 31 March 2020		As at 31 March 2019	
		No. of shares	INR Rupees	No. of shares	INR Rupees
a)	**Reconciliation of number of equity shares and amount outstanding:**				
	Issued, Subscribed and paid-up:				
	Balance at the beginning of the year	–	–	–	–
	Add : Fresh allotment of shares:	1,000	10,000.00	–	–
	Balance at the end of the year	1,000	10,000.00	–	–
b)	Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates:				
	Holding company : Mahindra & Mahindra Financial Services Limited	1,000	10,000.00	–	–
	(Equity shares of Rs. 10/- each)				
	Percentage of holding (%)	100%	100%	–	–

Other Equity	31 March 2020	31 March 2019
Surplus in Statement of Profit and Loss:		
Balance as at the beginning of the year	–	–
Add : Excess of expenditure over income for the current period transferred from Statement of Income and Expenditure	(25,129.80)	
Balance Loss carried to Balance Sheet	(25,129.80)	
Less : Allocations & Appropriations :	–	–
Balance as at the end of the period	(25,129.80)	
Total	(25,129.80)	–

4 Revenue receipts

	31 March 2020	31 March 2019
Donations received	11,50,000.00	–
	11,50,000.00	–

5 Finance costs

	31 March 2020	31 March 2019
Bank charges	129.80	–
	129.80	–

6 Corporate Social Responsibility expenses

	31 March 2020	31 March 2019
Corporate Social Responsibility expenses		
– Promotion of education	6,50,000.00	–
– Promotion of sports	5,00,000.00	–
	11,50,000.00	–

7 Other Expenses

	31 March 2020	31 March 2019
Auditor's fees and expenses -		
– Audit fees	25,000.00	–
	25,000.00	–

8 Earning Per Share (EPS)

	31 March 2020	31 March 2019
Profit / (Loss) for the year	(25,129.80)	–
Weighted average number of Equity Shares	1,000.00	–
Basic Earnings per share (Rs.) (Face value of Rs. 10/- per share)	(25.13)	–
Diluted Earnings per share (Rs.)	(25.13)	–

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF

MAHINDRA BANGLADESH PVT. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahindra Bangladesh Pvt. Ltd.** ("the Company"), which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

(a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and

(c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Rahman Rahman Huq
Dhaka, 29th April, 2020

STATEMENT OF FINANCIAL POSITION

In Taka	Note	31 March 2020
ASSETS		
Advances, deposits and prepayments	9	**170,000**
Non-current assets		**170,000**
Inventories	10	**4,910,435**
Other receivables	11	**290,244**
Cash and cash equivalents	12	**35,485,153**
Current assets		**40,685,831**
Total assets		**40,855,831**
Equity		
Share capital	13	**42,000,100**
Accumulated loss	14	**(2,745,737)**
Total equity		**39,254,363**
Liabilities		
Current tax liabilities	16	**–**
Trade and other payables	15	**312,556**
Provisions	17	**1,288,913**
Current liabilities		**1,601,468**
Total liabilities		**1,601,468**
Total equity and liabilities		**40,855,831**

See accompanying notes to the financial statements.

Rehman Rahman Huq
Auditor
Chartered Accountants

As per our report of same date.

Director

Director

Dhaka, 29 April 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In Taka	**Note**	**For the period from 12 September 2019 to 31 March 2020**
Revenue	5	**2,808,778**
Cost of sales	6	**(2,463,426)**
Gross profit		**345,352**
Administrative expenses	7	**(2,752,193)**
Profit/(loss) before tax		**(2,406,841)**
Income tax expense	8	**(338,896)**
Profit/(loss) for the period		**(2,745,737)**
Other comprehensive income		**–**
Other comprehensive income for the period		**–**
Total comprehensive income (loss) for the period		**(2,745,737)**
Earnings per share		
Basic earnings per share (Taka)	18(A)	**(6.54)**
Diluted earnings per share (Taka)	18(B)	**(6.54)**

See accompanying notes to the financial statements.

Rehman Rahman Huq
Auditor
Chartered Accountants

As per our report of same date.

Director

Director

Dhaka, 29 April 2020

STATEMENT OF CHANGES IN EQUITY

For the period from 12 September 2019 to 31 March 2020

In Taka	**Share capital**	**Retained earnings**	**Total equity**
Balance at 12 September 2019	**2,000,100**	**–**	2,000,100
Total comprehensive income for the period			
Profit for the period	**–**	**(2,745,737)**	**(2,745,737)**
Other comprehensive income for the period	**–**	**–**	**–**
Total comprehensive income for the period	**–**	**(2,745,737)**	**(2,745,737)**
Transaction with owners of the Company			
Contributions and distributions			
Issue of ordinary shares	**40,000,000**	**–**	**40,000,000**
Total contribution and distributions	**40,000,000**	**–**	**40,000,000**
Total transactions with owners of the Company	**40,000,000**	**–**	**40,000,000**
Balance at 31 March 2020	**42,000,100**	**(2,745,737)**	**39,254,363**

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

In Taka	**Note**	**For the period from 12 September 2019 to 31 March 2020**
Cash flows from operating activities		
Profit/(loss) for the period		**(2,745,737)**
Changes in:		
– Trade and other receivables		**(290,244)**
– Advances, deposits and prepayments		**(170,000)**
– Inventories		**(4,910,435)**
– Provisions		**1,627,808**
– Trade and other payables		**312,556**
Cash generated from operating activities		**(6,176,052)**
Income tax paid	16	**(338,896)**
Net cash from operating activities		**(6,514,947)**
Cash flows from investing activities		
Acquisition of property, plant and equipment		**–**
Net cash used in investing activities		**–**
Cash flows from financing activities		**42,000,100**
Net cash from financing activities		**42,000,100**
Net increase in cash and cash equivalents		**35,485,153**
Cash and cash equivalents at the beginning of period		**–**
Cash and cash equivalents at the ending of period	12	**35,485,153**

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

Mahindra Bangladesh Pvt. Ltd. ("the Company") was incorporated as a private limited Company on 12 September 2019 under the Companies Act, 1994. It is a subsidiary of Mahindra & Mahindra Ltd, a Company registered in India. The registered office of the company is at 4th Floor, Taj Casilina, SW (1) 4, 25 Gulshan Avenue Dhaka - 1212 Bangladesh.

The principal activities of the Company are to carry on the businesses of trading, distributing, supplying, storing, exporting, importing, servicing, repairing, manufacturing, developing, assembling, leasing, selling on hire-purchase or instalment systems, research & development, of all kinds of passenger, transportation and utility vehicles including but not limited to tankers, tractors, agricultural machinery, multi-utility vehicles, trailers, lorries, trucks, buses, motor cars, motor cycles, three-wheelers or other motor vehicles of all kinds and descriptions.

2. Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

They were authorised for issue by the Company's board of directors on 29 April 2020.

Details of the company's accounting policies are included in Notes 25 and 26.

3. Functional and presentation currency

These financial statements are presented in Bangladesh Taka (Taka/Tk), which is the company's functional currency. All amounts have been rounded to the nearest taka, unless otherwise indicated.

4. Use of estimates and judgments

In preparing financial statements, management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. However, no such revisions to accounting estimates took place during the reporting period.

A. Judgements

Management has made no such judgement in applying accounting policies that have significant effects on the amounts recognised in the financial statements of this period.

B. Assumptions and estimation uncertainties

No significant assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2020 made by management of the Company.

5. Revenue

See accounting policies in Note 26(A).

In Taka	**2020**
Revenue including VAT	**3,230,095**
VAT	**(421,317)**
	2,808,778

6. Cost of sales

In Taka	**2020**
Opening stock in trade	–
Purchase of stock in trade	**7,373,860**
Closing stock in trade	**(4,910,435)**
	2,463,426

7. Administrative expenses

In Taka		**2020**
Bank charges		**17,130**
Salary and allowance of expatriate employees		**879,653**
Salary and allowance of local employees		**322,580**
Rent expenses		**505,621**
Professional fees	7(A)	**1,015,738**
Membership fee		**11,472**
		2,752,193

A. Professional fees

In Taka	**2020**
Audit fee	**171,063**
Tax services	**810,175**
Other consulting fees	**34,500**
	1,015,738

8. Income tax expenses

See accounting policies in Note 26(D).

In Taka	**2020**
Current tax expense	**338,896**
	338,896

9. Advances, deposits and prepayments

In Taka	**2020**
Deposits	
Deposit for house rent for expatriate employees	**170,000**
	170,000

10. Inventories

See accounting policies in Note 26(E)

In Taka	**2020**
Stock in trade	**4,910,435**
	4,910,435

11. Other receivables

See accounting policies in Note 26(F)(a.ii).

In Taka	**2020**
VAT receivables	**312,212**
VAT payables	**(21,968)**
	290,244

NOTES TO THE FINANCIAL STATEMENTS

12. Cash and cash equivalents

See accounting policies in Note 26(F)(a.i).

In Taka		2020
Cash at bank	12(A)	35,485,153
		35,485,153

A. Cash at bank

In Taka	2020
Citibank, N.A.	35,485,153
	35,485,153

13. Share capital

See accounting policies in Note 26(F)(b.i).

In Taka	2020
Authorised:	
5,000,000 ordinary shares of Tk 100 each	500,000,000
Issued, subscribed and paid up:	
420,001 ordinary shares of Tk 100 each	42,000,100

Percentage and number of shareholdings:		2020
	%	Number of shares
Mahindra & Mahindra Ltd.	99.9998%	420,000
Sanjay Jadhav	0.00024%	1
		420,001

14. Accumulated loss

In Taka	2020
Profit/(loss) for the period	(2,745,737)
	(2,745,737)

15. Trade and other payables

See accounting policies in Note 26(F)(b.ii).

In Taka	Note	2020
Trade payables	15(A)	85,915
Other payables	15(B)	226,641
		312,556

A. Trade payables

In Taka	2020
Payable to C&F Agent	85,915
	85,915

B. Other payables

In Taka	2020
Withholding tax	226,641
	226,641

16. Current tax liabilities

See accounting policies in Note 26(D).

In Taka	2020
Balance at 12 September	–
Provision made during the period	338,896
Payment made during the period	(338,896)
Balance at 31 March	–

17. Provisions

See accounting policies in Note 26(G)

In Taka	2020
Provision for expatriate salary	393,000
Provision for professional fees	895,913
	1,288,913

18. Earnings per share

A. Basic earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

i. Profit attributable to ordinary shareholders (basic)

In Taka	Note	2020
Net profit after tax for the year		(2,745,737)
Profit/(loss) attributable to ordinary shareholders		(2,745,737)

ii. Weighted-average number of ordinary shares (basic)

Issued ordinary shares at 31 March	13	420,001
Weighted-average number of ordinary shares at 31 March		420,001
Basic earnings per share (BEPS)		(6.54)

B. Diluted earnings per share

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

i. Profit attributable to ordinary shareholders (diluted)

In Taka	Note	2020
Net profit after tax for the year		(2,745,737)
Profit/(loss) attributable to ordinary shareholders		(2,745,737)

ii. Weighted-average number of ordinary shares (diluted)

Issued ordinary shares at 31 March	13	420,001
Weighted-average number of ordinary shares at 31 March		420,001
Diluted earnings per share (DEPS)		(6.54)

NOTES TO THE FINANCIAL STATEMENTS

19. Financial instruments - Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2020 In Taka	Note	Carrying amount Fair value - hedging instruments	Mandatorily at FVTPL - Others	FVOCI - debt instruments	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	Total
Financial assets measured at fair value		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
Financial assets not measured at fair value								
Cash and cash equivalents	12	–	–	–	–	35,485,153	–	35,485,153
		–	–	–	–	35,485,153	–	35,485,153
Financial liabilities measured at fair value		–	–	–	–	–	–	–
		–	–	–	–	–	–	–
Financial liabilities not measured at fair value								
Trade payables	15(A)						85,915	85,915
		–	–	–	–	–	85,915	85,915

B. Financial risk management

The Company has exposure to the following risks arising from financial instrument:

- Credit risks (See (B)(ii))
- Liquidity risks (See (B)(iii))
- Market risks (See (B)(iv))

i. Risk management framework

A risk management framework is the structured process used to identify potential threats to the company and to define the strategy for eliminating or minimising the impact of these risks, as well as the mechanisms to effectively monitor and evaluate this strategy.The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

ii. Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables from its customers and investments in debt securities.

The maximum exposure to credit risk (note (a)) is represented by the carrying amount of each financial asset in the statement of financial position.

(a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The company has no exposure to credit risk at the end of this reporting period.

(c) Impairment losses

There is no impairment loss to be recognised on the any financial assets during the year.

iii. Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of the financial obligation and accordingly arranging for sufficient liquidity/fund to make the expected payment within due date.

The followings are the contractual maturities of non-derivative financial liabilities:

In Taka	Note	Carrying amount	Contractual cash flows Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
At 31 March 2020								
Trade payables	15(A)	85,915	85,915	85,915	–	–	–	–
Other payables	15(B)	226,641	226,641	226,641	–	–	–	–
		312,556	312,556	312,556	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

iv. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

iv(a). Currency risk

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated. The company's foreign currency transactions are denominated in USD.

20. Commitments

There is no outstanding commitments as at 31 March 2020 for the Company.

21. Contingencies

There is no contingent liabilities as at 31 March 2020 for the Company.

22. Related party disclosures

During the year, the Company carried out transactions with related parties in the normal course of business. The name of the related party and nature of the transactions have been set out below in accordance with the provisions of IAS 24 Related party disclosures.

In Taka	Transaction values for the year ended 31 March 31 March 2020	Balance outstanding as at 31 January 31 March 2020
Purchase of goods		
Mahindra & Mahindra Ltd.	**7,712,756**	–
	7,712,756	–

23. Events after the reporting period

On 11 March 2020, COVID-19 has been declared a pandemic by the World Health Organization. Subsequent to the balance sheet date, the global economy is still going through the outbreak of coronavirus disease (COVID-19). Likewise many countries of the world, in recent weeks, Bangladesh Government has enacted protection measures against the outbreak of COVID-19, with a significant impact on the daily life, production and supply chain of goods. The evolution of COVID-19 as well as its impact on the global economy, and more specifically, on the Company's activities, is hard to estimate at this stage. The Company is monitoring the situation to ensure the safety of its staff as well as to adapt its services and operations."

There is no any other significant events after balance sheet date that may affect financial statements of the Company for the period ended 31 March 2020.

24. Number of employees

The number of employees engaged for the whole period or part thereof who received a total remuneration of Taka 36,000 and above per year was 6.

25. Basis of measurement

These financial statements have been prepared on accrual basis following going concern concept under historical cost convention.

26. Significant accounting policies

The Company has applied the following accounting policies to be presented in these financial statements.

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

A. Revenue from contract with customer

General information

The Company recognises as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer. To achieve that core principle, the Company follows the five-step model as below :

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Considering the five steps model, the Company recognises revenue when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. Goods is considered as transfer when (or as) the customer obtains control of that goods. Then the Company recognises the net revenue from sale of goods in its financial statment.

Net Revenue is defined as the amount invoiced to external customers during the year and comprises, as required by IFRS 15, gross sales net of trade spend, customer allowances for credit notes, returns and consumer coupons. The methodology and assumptions used to estimate credit notes, returns and consumer coupons are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Value-added tax and other sales taxes are also excluded from revenue.

Methods of revenue recognition

Sale of goods

The Company recognizes revenue from sale of goods upon satisfaction of performance obligation which is at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Depending on the terms of the contract, which differs from contract to contract, the goods are sold on a reasonable credit term. As per the terms of the contract, consideration that is variable, according to IFRS 15, is estimated at contract inception and updated thereafter at each reporting date or until crystallisation of the amount.

Sale of services

Sale of services are recognised on satisfaction of performance obligation towards rendering of such services.

B. Foreign currency

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign currency differences are generally recognised in profit or loss and presented other expense.

NOTES TO THE FINANCIAL STATEMENTS

C. Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

D. Income tax

Income tax expenses comprises current and deferred tax. It is recognised in profit or loss except to the extent that its relates to an item recognised directly in equity or in other comprehensive income (OCI).

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

a) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss.

b) Temporary differences related to investment in subsidiaries and joint arrangements to the extent that it is probable that they will not reverse in the foreseeable future, and

c) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it becomes probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the consequences that would follow from the manner in which the Company expects, at reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

E. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the above and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost to completion and selling expenses.

F. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

Financial assets comprise trade and other receivables, cash and cash equivalents.

a (i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and all cash deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

a (ii) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Bad debts are written off on consideration of the status of individual debtors.

b. Financial liabilities

Financial liability includes long term inter-Company payable/ trade and other payables.

b (i) Share capital

Only ordinary shares are classified as equity. Incremental cost directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Holders of ordinary shares are entitled to receive dividends as declared by the Company.

b (ii) Trade and other payables

The Company recognises financial liabilities when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

G. Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS

H. Reporting period

These financial statements cover from 12 September 2019 to 31 March 2020

I. Going concern

The financial statements of the Company are prepared on a going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon Company's ability to continue as a going concern.

J. Contingencies

i. Contingent liability

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability should not be recognised in the financial statements, but may require disclosure. A provision should be recognised in the period in which the recognition criteria of provision have been met.

ii. Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset must not be recognised. Only when the realisation of the related economic benefits is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

K. Statement of cash flows

Cash flows from operating activities are presented under indirect method as per IAS 7: Statement of Cash Flows.

L. Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

27. Comparative information

The Company has been incorporated at 12 September 2019. Therefore, this is the first year of financial statements. For this reason there is no comparative information to be presented in these financial statements.

28. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- *Amendments To References To Conceptual Framework in IFRS Standards.*
- *IFRS 17 Insurance Contracts.*
- *Definition of Material (Amendments to IAS 1 and IAS 8)*
- *Definition of a Business (Amendments to IFRS 3)*

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF MSPL INTERNATIONAL DMCC

Opinion

We have audited the financial statements of **MSPL International DMCC** (the "Company'') which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period for the period from 8 October 2019 to 31 March 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company for the period ended 31 March 2020 are prepared in all material respects, in accordance with the basis of preparation set out in Note 2(a) to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standard on Auditing 805 (Revised), Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement. This standard requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements present fairly. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphases of Matter

We draw attention to Note 2 (a) to the financial statements, which states that Under a resolution of Board of Directors dated ____, the Parent Company has absorbed the Branch's accumulated losses as at 7 October 2019 and accordingly, these financial statements only include assets, liabilities, revenue, expenses and cashflows of the Company for the period from 8 October 2019 to 31 March 2020 and no comparative information is presented. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Company and the ultimate parent company and should not be distributed to or used by parties other than the Company or ultimate parent company.

Our opinion is not qualified with respect to the above matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for preparation and fair presentation of the Financial Statements in accordance with the basis of preparation described in Note 2; this includes determining that the basis of preparation is an acceptable basis for the preparation of the Financial Statements in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the Financial Statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related notes made by management.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the notes thereto, and whether the Financial Statements represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PKF
Abu Dhabi
United Arab Emirates

30/04/2020

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	31.3.2020
ASSETS		**AED**
Non-current assets		
Property plant and equipment	6	**208,405**
Intangible assets		**4,752**
		213,157
Current assets		
Deposits		**32,266**
Other current assets	z7	**37,667**
Amount due from related parties	8	**34,187**
Other financial assets	9	**76,322**
Cash and cash equivalents	10	**159,349**
		339,791
Total assets		**552,948**
EQUITY AND LIABILITIES		
Share capital	11	**50,000**
Accumulated losses		**(5,670,415)**
Deficit		**(5,620,415)**
Shareholder's current account	12	**751,366**
Loan from shareholder	13	**3,160,000**
Net deficit		**(1,709,049)**
Non-current liabilities		
Provision staff end-of-service gratuity	14	**54,657**
Current liabilities		
Sundry payables	15	**1,615,215**
Amount due to related parties	8	**592,125**
		2,207,340
Total liabilities		**2,261,997**
Total liabilities net of deficit		**552,948**

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages herein.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Approved and authorised by the directors and signed on their behalf by Authorised Signatory on 30/04/2020

For **MSPL INTERNATIONAL DMCC**

CONSTITUTED ATTORNEY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2020

	Notes	8.10.2019 to 31.3.2020 (6 months)
		AED
Staff salaries and benefits	16	**(4,377,942)**
Depreciation and amortisation		**(72,334)**
Other operating expenses	17	**(1,182,794)**
Finance cost		**(37,345)**
LOSS FOR THE PERIOD		**(5,670,415)**
Other comprehensive income for the period		**–**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(5,670,415)**

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages herein.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2020

	Note	Share Capital	Accumulated losses	Total
		AED	**AED**	**AED**
Balance at 8 October 2019		–	–	–
Comprehensive income				
– Loss	(c)	–	**(5,670,415)**	**(5,670,415)**
– Other comprehensive income	(d)	–	–	–
Total comprehensive income for the year	(c+d)	–	**(5,670,415)**	**(5,670,415)**
Issue of share capital		**50,000**	–	**50,000**
Balance at 31 March 2020		**50,000**	**(5,670,415)**	**(5,620,415)**

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages herein.

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2020

	8.10.2019 to 31.3.2020 (6 months)
	AED
Cash flows from operating activities	
Loss for the period	(5,670,415)
Adjustments for:	
Depreciation of property, plant and equipment	71,348
Amortisation of intangible assets	986
Finance costs	37,345
Provision for end of service benefits	39,684
	(5,521,052)
Changes in:	
– Deposits	7,600
– Other current assets	155,421
– Trade and other payables	873,139
End of service benefits paid	(5,197)
Finance cost paid	(37,345)
Net cash used in operating activities	(4,527,434)
Cash flows from investing activities	
Decrease in other financial assets (net)	1,879
Receipts from related parties	295,985
Net cash generated from investing activities	297,864
Cash flows from financing activities	
Issue of share capital	50,000
Loan from shareholder	3,160,000
Receipts from related parties	408,401
Funds withdrawn by the shareholder	(227,088)
Net cash generated from financing activities	3,391,313
Net decrease in cash and cash equivalents	(838,257)
Cash and cash equivalents at beginning of period	997,606
Cash and cash equivalents at end of period (Refer Note 10)	159,349

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages herein.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

1. LEGAL STATUS AND BUSINESS ACTIVITY

a) **MSPL International DMCC** (the "Company"), a company registered with DMCC Authority, Dubai, was incorporated on 8 October 2019. The Parent Company was operating in Dubai, UAE through a branch (the "Branch") which was registered with DMCC Authority on 9th April 2018. Effective 8 October 2019, the Branch was deregistered and the Company was incorporated, however, recognising the fact that the parent company is common, DMCC Authority considered this as a conversion of Branch to subsidiary company.

b) The principal activity of the Company is renewable energy consultancy and trading of solar energy system and components.

c) The immediate parent company of the Company is Mahindra Susten Private Limited, India, intermediate parent company is Mahindra Holdings Limited and the ultimate parent company is Mahindra & Mahindra Limited, India.

2. BASIS OF PREPARATION

a) Under a resolution of Board of Directors dated ____, the Parent Company has absorbed the Branch's accumulated losses as at 7 October 2019 and accordingly, these financial statements only include assets, liabilities, revenue, expenses and cashflows of the Company for the period from 8 October 2019 to 31 March 2020 and no comparative information is presented. As a result, the financial statements may not be suitable for another purpose.

b) **Basis of measurement**

The financial statements are prepared using historical cost.

Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) **Going concern**

The financial statements are prepared on a going concern basis.

When preparing the financial statements, management makes an assessment of the Company's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company incurred a loss of AED 5,670,415 for the period ended 31 March 2020 and at that date, it had a it had a deficit of AED 5,620,415 in shareholder's equity and a net deficit of AED 1,709,049 in shareholder's funds. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the shareholder has agreed to continue with the operations of the Company and has agreed to provide continuing financial support to enable the Company to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. Given the uncertainty of the situation, the duration of business disruption and related financial impact, if any cannot be reasonably estimated as of the date of the financial statements.

Accordingly, these financial statements have been prepared on a going concern basis.

d) **Adoption of new International Financial Reporting Standards**

Standards and interpretations effective for the current period

The International Financial Reporting Standards, amendments thereto and interpretations that became effective for the current reporting period are as follows:

- IFRS 16: Leases
- Amendments to IFRS 9: Prepayment Features with Negative Compensation and Modification of financial liabilities
- Annual Improvements 2015-2017 Cycle:
- IAS 23 Borrowing Costs
- Amendments to IAS 19: Employee Benefits Plan Amendment, Curtailment or

The above standard, amendments, improvements and interpretation did not have any significant impact on the Company's financial statements

New and revised IFRSs in issue but not yet effective

The following International Financial Reporting Standards, amendments thereto and interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Amendments to IAS 1 and IAS 8: Definition of Material (1 January 2020)
- The Conceptual Framework for Financial Reporting (1 January 2020)

e) **Functional and presentation currency**

The financial statements are presented in UAE Dirhams ("AED") which is also the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of three year

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the Company and such cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognise such parts as individual assets with specific useful lives and depreciate them accordingly. The carrying amount of replaced parts is derecognised.

All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

b) **Impairment of tangible assets**

At the reporting date, the management reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where it is not possible to estimate the recoverable amount of an individual asset, the acquirer estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Staff end-of-service benefits

Provision is made for end-of-service benefits payable to the employees at the reporting date in accordance with the local labour laws.

c) **Leases**

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

d) **Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank current accounts, which are subject to an insignificant risk of changes in value.

e) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

f) **Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

g) **Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period. or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period. or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

i) **Financial instruments**

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") – debt investment; FVTOCI – equity investment; or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends the financial assets' contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrumental level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cashflows, selling the financial assets, or both.

Financial liabilities are classified as financial liabilities at FVTPL or at amortised cost. The Company determines the classification of its financial liabilities at initial recognition.

Recognition

Financial assets and financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Derecognition

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
    - (a) the Company has transferred substantially all the risks and rewards of the asset,
      or

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities are de-recognised when, and only when, they are extinguished i.e. when obligation specified in the contract is discharged, cancelled or expired.

Measurement

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any using the effective interest method. All other financial assets are subsequently measured at fair value.

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

Foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The financial assets at amortised cost comprise of deposits, due from related parties, other financial assets, and cash and cash equivalents.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost comprise of sundry payables, due to related parties, shareholder’s loan and current accounts.

Impairment of financial assets

Expected credit losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company measures loss allowances on 12-month ECLs: ECLs that result from possible default events within 12 months after the reporting date.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 45 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 45 days past due.

At the reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Equity

Share capital is recorded at the value of proceeds received towards interest in share capital of the Company.

i) Fair value measurement

The Company discloses the fair value of financial instruments measured at amortised cost.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

4. SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Classification of financial assets

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them.

Impairment

At each reporting date, management conducts an assessment of property, plant, equipment, to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

The Company applies expected credit loss (ECL) model to measure loss allowance in case of financial assets on the basis of 12-month ECLs depending on credit risk characteristics and how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Carrying values of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets’ estimated useful lives.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

Impairment

Assessments of net recoverable amounts of property, plant, equipment are based on assumptions regarding future cash flows expected to be received from the related assets.

Impairment of financial assets

The loss allowance for financial assets are based on assumptions about the risk of default and expected loss rates. The management have not used judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

Staff end-of-service benefits

The Company compute the provision for the liability to staff end-of-service benefits stated at AED 54,657, assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures, and office equipment	Total
	AED	AED	AED
Cost			
At 8 October 2019	–	–	–
Transfer by the shareholder	230,266	213,679	443,945
At 31 March 2020	230,266	213,679	443,945
Accumulated depreciation			
At 8 October 2019	–	–	–
Transfer by the shareholder	93,623	70,569	164,192
Depreciation for the period	37,007	34,341	71,348
At 31 March 2020	130,630	104,910	235,540
Carrying amount			
At 8 October 2019	–	–	–
At 31 March 2020	99,636	108,769	208,405

7. OTHER CURRENT ASSETS

	31.3.2020
	AED
Advances	8,540
Prepayments	29,127
	37,667

8. RELATED PARTIES

The Company enter into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at prices determined by the management.

Related parties comprise the Parent Company and its other branches, the intermediate parent company, the ultimate parent company, companies under common ownership and/or common management control, key management personnel and directors.

At the reporting date significant balances with related parties were as follows:

	Shareholder	Key management personnel	Other related parties	31.3.2020
	AED		AED	AED
Amount due from related parties	–	–	34,187	34,187
Shareholder current account	751,366	–	–	751,366
Loan from the shareholder	3,160,000	–	–	3,160,000
Provision for end-of-service gratuity	–	7,606	–	7,606
Accruals and other payables	–	204,347	–	204,347
Amount due to related parties	–	–	592,125	592,125

Significant transactions with related parties conducted at agreed rates comprise remuneration of key management personnel of AED 440,961 and net assets of AED 978,454 transferred by the shareholder.

The Company also provides funds to/receive funds from the Parent Company as working capital facilities.

9. OTHER FINANCIAL ASSETS

Other financial assets comprise deposits are held as security against letters of guarantee issued (refer note 19).

10. CASH AND CASH EQUIVALENTS

	31.3.2020
	AED
Cash on hand	19,727
Bank balances in current accounts	139,622
	159,349

11. SHARE CAPITAL

Issued and paid-up	
5,000 shares of AED 10 each	50,000

12. SHAREHOLDER CURRENT ACCOUNT

At 8 October 2019	–
Net assets transferred by the shareholder	978,454
Movements during the period	(227,088)
At 31 March 2020	751,366

13. SHAREHOLDER’S LOAN

Comprises a loan from the shareholder which bears interest of 4.5% per annum and is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

14. PROVISION FOR STAFF END-OF-SERVICE BENEFITS

	31.3.2020
	AED
Opening balance	–
Transfer by the shareholder	**20,170**
Provision for the period	**39,684**
Paid during the period	**(5,197)**
Closing balance	**54,657**

15. SUNDRY PAYABLES

Sundry creditors	**216,915**
Staff payable	**57,075**
Accruals	**1,341,225**
	1,615,215

16. STAFF SALARIES AND BENEFITS

	8.10.2019 to 31.3.2020 6 months
	AED
Staff salaries and benefits	**3,732,124**
Performance pay	**606,134**
Other staff benefits	**39,684**
	4,377,942

17. OTHER OPERATING EXPENSES

	31.3.2020
	AED
Travelling expenses	**254,638**
Legal and statutory expenses	**368,820**
Rent	**152,179**
Other expenses	**407,157**
	1,182,794

18. FINANCIAL INSTRUMENTS

As at the reporting date of financial assets and financial liabilities are carried amortised cost at as follows:

	31.3.2020
Financial Assets	**AED**
Deposits	**32,266**
Amount due from related parties	**34,187**
Other financial assets	**76,322**
Cash and cash equivalents	**159,349**
	302,124

	31.3.2020
Financial liabilities	**AED**
Shareholder's current account	**751,366**
Loan from shareholder	**3,160,000**
Sundry payables	**1,313,188**
Amount due to related parties	**592,125**
	5,816,679

Management of risk

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed comprise credit risk liquidity risk and fair value risk.

Credit risk is managed by assessing the creditworthiness of counter parties and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally cash and cash equivalents, deposits with banks and outstanding receivables.

The bank account is placed with a high credit quality financial institution.

Liquidity risk

The Company is provided funds on an on-going basis by the Parent Company to manage its liquidity risk.

Fair values

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the Company's financial assets and financial liabilities which are required to be stated at cost or at amortised cost approximate to their carrying values.

19. CONTINGENTLIABILITIES

	31.3.2020
	AED
Bankers' letters of guarantee (refer note 9)	**76,322**

20. COMPARATIVE INFORMATION

As stated in note 2 (a) these financial statements only include assets, liabilities, revenue, expenses and cashflows of the Company for the period from 8 October 2019 to 31 March 2020 and no comparative information is presented.

20. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year end, there was an outbreak of Covid-19 (Coronavirus) across the globe, causing disruptions to economic activity and business operations. As at the date of approval of the financial statements, management is in the process of assessing the impact of this event. Since the Company considers this to be a non-adjusting event, management has not adjusted the impact, if any of this event on the financial statements for the year ended 31 March 2020. [refer Note 2(c)].

For **MSPL INTERNATIONAL DMCC**

MANAGER

INDEPENDENT AUDITOR'S REPORT

To The Members of Meru Travel Solutions Private Limited
Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Meru Travel Solutions Private Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

Emphasis of matter

We draw your attention to Note 17 to the standalone financial statements for year ended 31 March 2020 which describes the outbreak of Coronavirus (COVID19) on the business operations of the Company. The management believes that no adjustments are required in the financial statements as it does not impact the current financial year. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The standalone balance sheet, the standalone statement of profit and loss, and standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2020.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

   In our opinion and according to the information and explanation given to us, the Company has not paid any remuneration to its directors and thus the provisions of Section 197 of the Act are not applicable to the Company. Accordingly, reporting under section 197 (16) of the Act is not applicable in case of the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rekha Shenoy
Partner
Membership No. 124219
UDIN: 20124219AAAAAL1395

Place: Mumbai
Date: 14 May 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT - MARCH 31, 2020

(Referred to in our report of even date)

(i) The Company did not have any fixed assets. Accordingly, paragraph 3 (i) of the Order is not applicable to the Company.

(ii) The Company operates through its subsidiaries, to undertake business of owning, operating and maintaining vehicle fleets vehicles for transportation of passengers in form of tourist vehicle, radio taxis and to acquire and operate the similar existing business. Accordingly, paragraph 3(ii) of the order is not applicable to the Company.

(iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantees or security to the parties covered under section 185 and Companies Act 2013. The Company has complied with the provisions of Section 186 of the Act in respect of investments made in the entities covered under Section 186. The Company has not granted any loans or provided any security to the parties covered under Section 186 of the Act.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act, and the rules framed thereunder apply. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services rendered by the Company. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of Income-tax and Goods and Service tax with the appropriate authorities. The provisions relating to Provident fund, Employees' State Insurance, Value Added tax, Sales Tax, Duty of customs, Duty of excise are not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax and Goods and service tax were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax and goods and service tax which have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of paragraph 3(ix) of the Order are not applicable to the Company.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given by the management, the Company has not paid any remuneration to directors and provisions of Section 197 of the Act are not applicable to the Company. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, transactions with the related parties are in compliance with Section 177 and section 188 of the Act where applicable. The details of such related party transactions have been disclosed in financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the private placement of equity shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.

(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rekha Shenoy
Partner
Membership No. 124219
UDIN: 20124219AAAAAL1395

Place: Mumbai
Date: 14 May 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (2) (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Meru Travel Solutions Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rekha Shenoy
Partner
Membership No. 124219
UDIN: 20124219AAAAAL1395

Place: Mumbai
Date: 14 May 2020

STANDALONE BALANCE SHEET AS AT MARCH 31, 2020

(Currency: Indian Rupees)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
Assets			
Non-current assets			
Investment in subsidiaries	3	**1,113,099,438**	774,500,000
Total Non-Current Assets		**1,113,099,438**	774,500,000
Current assets			
Financial assets:			
Cash and Cash Equivalents	4	**188,887**	291,930
Total Current Assets		**188,887**	291,930
Total Assets		**1,113,288,325**	774,791,930
Equity and liabilities			
Equity			
Equity Share Capital	5	**870,576,960**	545,626,780
Other Equity		**238,294,885**	(613,221,177)
Total Equity		**1,108,871,845**	(67,594,397)
Non-current liabilities:			
Financial Liabilities:			
Borrowings	6	**300,000**	839,777,481
Current liabilities:			
Financial Liabilities:			
i) Trade Payables			
a) total outstanding dues to small enterprises and micro enterprises		**–**	–
b) otal outstanding dues of creditors other than small enterprises and micro enterprises	7	**4,085,836**	2,607,823
ii) Other current liabilities	8	**30,644**	1,023
Total Current liabilities		**4,416,480**	842,386,327
Total Equity and Liabilities		**1,113,288,325**	774,791,930
Significant accounting polices	2.1		
Notes to the standalone financial statements	3 to 19		

The notes referred to above are an integral part of the standalone financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of
Meru Travel Solutions Private Limited
CIN: U63040MH2006PTC165956

Rekha Shenoy
Partner
Membership No. 124129

Neeraj Gupta
CEO and WTD
DIN: 01783151

Manaswini Goel
Director
DIN: 08142619

Bharat Trivedi
Chief financial officer

Manjinder Singh
Company secretary

Place : Mumbai
Date : May 14, 2020

Place : Mumbai
Date : May 14, 2020

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Currency: Indian Rupees)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
EXPENSES			
Audit fees and other expenses	9	**8,715,628**	497,964
Impairment of Investment in subsidiary	3	**41,187,924**	2,162,612,156
Interest expense on preference shares		**52,970,339**	76,304,030
Loss before tax		**(102,873,891)**	(2,239,414,150)
Tax expenses			
Current and Deferred Tax		**–**	–
Loss for the year		**(102,873,891)**	(2,239,414,150)
Other Comprehensive Income			
Items that will not be reclassified to statement of profit and loss			
Remeasurements of defined benefit plans		**–**	–
Income tax related to above		**–**	–
Net other comprehensive (income) / loss not to be reclassified to statement of profit and loss in subsequent years		**–**	–
Other comprehensive income / (loss) for the year, net of tax		**–**	–
Total Comprehensive loss for the year, net of tax		**(102,873,891)**	(2,239,414,150)
Earnings per share			
Basic and diluted	13	**(1.58)**	(41.04)
[Nominal Value INR 10 per share]			
Significant accounting polices	2.1		
Notes to the standalone financial statements	3 to 19		

The notes referred to above are an integral part of the standalone financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Rekha Shenoy
Partner
Membership No. 124129

Place : Mumbai
Date : May 14, 2020

For and on behalf of the Board of Directors of
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Bharat Trivedi
Chief financial officer

Manjinder Singh
Company secretary

Place : Mumbai
Date : May 14, 2020

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(Currency: Indian Rupees)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(102,873,891)**	(2,239,414,150)
Adjustments for:		
Impairment of investments in subsidiary	**41,187,924**	2,162,612,156
Interest expense on preference shares	**52,970,339**	76,304,030
Operating Cash flow before working capital changes	**(8,715,628)**	(497,964)
Working Capital Adjustments		
Trade Payables	**1,482,964**	495,032
Other liabilities	**29,621**	100
Net cash flows (used) in operating activities (A)	**(7,207,992)**	(2,832)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Investment in subsidiary	**(439,995,051)**	–
Net cash flow used in investing activities (B)	**(439,995,051)**	–
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity share capital	**447,100,000**	–
Net cash flows from financing activities (C)	**447,100,000**	–
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(103,043)**	(2,832)
Cash and cash equivalents at the beginning of the year	**291,930**	294,762
Cash and cash equivalents at the end of the year (refer note 4)	**188,887**	291,930

Reconciliation of the movement of liabilities to cash flows arising from financing activities

Change in Liability arising from financial activities:	**Long-term borrowings**
Opening Balance as on 1 April 2018	**763,473,451**
Other Adjustments:-	
Interest Accrued	**76,304,030**
Closing Balance as on 1 April 2019	**839,777,481**
Other Adjustments:-	
Interest Accrued	**52,970,339**
Extinguishment of liability consequent to change in terms of the instrument (refer footnote (i) and v(ii) to Statement of Changes in Equity for details)	**(892,447,820)**
Closing Balance as on March 31, 2020	**300,000**
Significant accounting polices	2.1
Notes to the standalone financial statements	3 to 19

The notes referred to above are an integral part of the Standalone Financial Statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of
Meru Travel Solutions Private Limited
CIN: U63040MH2006PTC165956

Rekha Shenoy
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Chief financial officer

Manjinder Singh
Company secretary

Place : Mumbai
Date : May 14, 2020

Place : Mumbai
Date : May 14, 2020

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(Currency: Indian Rupees)

a) Equity Share Capital

	Note	
As at 1 April 2018	5	**545,626,780**
Changes in Equity share capital during the year		**–**
As at 31 March 2019	5	**545,626,780**
Add: Share issued during the year		318,901,570
Add : Issued during the year - conversion of preference share capital (refer note [(i) and v(ii)] below)		14,890
Add/(Less): Adjustment of Liability and issue of shares for consideration other than cash (refer note [iv and v(i)] below)		6,033,720
As at 31 March 2020		870,576,960

b) Other Equity

For the year ended March 31, 2020

	Equity component of preference shares	Reserves & Surplus				
Particulars	**shares**	**Share warrants**	**Securities premium**	**Capital Reserve**	**Retained earnings**	**Total Other equity**
As at April 1, 2019	1,188,528,133	135,207,690	2,840,528,290	–	(4,777,485,290)	(613,221,177)
Net loss for the year	–	–	–	–	(102,873,891)	(102,873,891)
Add: Share issued during the year	–	–	128,198,430	–	–	128,198,430
Add/(Less): Adjustment of Liability and issue of shares for consideration other than cash (refer note [iv and v(i)] below)	–	(135,207,690)	2,425,555	66,540,728	–	(66,241,407)
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income	–	**(135,207,690)**	**130,623,985**	**66,540,728**	**(102,873,891)**	**(40,916,868)**
Transactions with owners, recorded directly in equity						
Contributions by owners						
Equity component of preference shares issued/converted (refer note [(i) and v(ii)] below)			5,986	892,426,944	–	892,432,930
Total Contributions by owners	–	–	5,986	892,426,944	–	892,432,930
As at March 31, 2020	**1,188,528,133**	–	**2,971,158,261**	**958,967,672**	**(4,880,359,181)**	**238,294,885**

For the year ended March 31, 2019

	Equity component of preference shares	Reserves & Surplus				
Particulars	**shares**	**Share warrants**	**Securities premium**	**Capital Reserve**	**Retained earnings**	**Total Other equity**
As at April 1, 2018	1,188,528,133	120,717,014	2,840,528,290	–	(2,538,071,140)	1,611,702,297
Net loss for the year	–	–	–	–	(2,239,414,150)	(2,239,414,150)
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income	–	**–**	**–**	**–**	**(2,239,414,150)**	**(2,239,414,150)**

Particulars	Equity component of preference shares	Share warrants	Reserves & Surplus Securities premium	Capital Reserve	Retained earnings	Total Other equity
Transactions with owners, recorded directly in equity						
Contributions by owners						
Non cash advertisement expense incurred by subsidiary (refer note iv below)	–	14,490,676	–	–	–	14,490,676
Total Contributions by owners	–	14,490,676	–	–	–	14,490,676
As at March 31, 2019	**1,188,528,133**	135,207,690	**2,840,528,290**	**–**	**(4,777,485,290)**	**(613,221,177)**

Note

(i) Equity component of preference shares

During the year ended March 31, 2013, the Company issued 31,489 cumulative redeemable preference shares (CRPS) of INR 10 each fully paid-up at a premium of INR 25,000 per share to True North Trusteeship Company Private Limited formerly known as 'IVF Trustee Company Private Limited') as nominee shareholder of True North Fund IIIA (formerly known as 'India Value Fund IIIA'). The preference shares carry cumulative dividend @ 0.01% p.a. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Holders of the cumulative redeemable preference shares have no voting rights with respect to any matters which may be brought for shareholders action in connection with the business and affairs of the Company, except in respect of matters which directly affect the rights of redeemable preference shareholders subject to the provisions of the Act.

The cumulative redeemable preference shares were redeemable at a premium of INR 53,414 per share on December 31, 2016, During the previous year ended March 31, 2017, the redemption period of these preference shares was extended by 1 year to December 31, 2017 at a premium of INR 61,427 per share or at such earlier date and at such value (representing fair market value prevailing at that relevant point in time) as may be decided by the Board of Directors.

During the previous year ended March 31, 2018, the 0.01% Cumulative redeemable preference shares were converted into 0.01% Optionally convertible optionally redeemable preference shares (the option being with the Board of Directors of the Company) and extended the redemption period of these preference shares by 10 years to December 31, 2027 at the same redemption price i.e. INR 61,427 per share or at such earlier date and at such value as may be decided by the Board of Directors. In case Board of Directors decides to convert the preference shares to equity, such conversion shall be based on fair market value prevailing at that relevant point in time. The 0.01% Optionally convertible optionally redeemable preference shares is classified as a financial liability subsequently measured at amortised cost. It has been recorded at fair value on initial recognition and the difference between fair value and the book value is recorded under Other equity as 'Equity component on preference shares'.

During the year ended March 31, 2020, 31,489 0.01% Optionally convertible optionally redeemable preference shares (the option being with the Board of Directors of the Company) was converted into 1,489 (one thousand four hundred eighty nine), Equity Shares of the Company of face value INR 10 (Rupees Ten only), ranking pari passu with all the then existing Equity Shares of the Company and 30,000 Redeemable Optionally Convertible Non-Cumulative Redeemable Preference Shares ("OCRPS") of the Company for a period of 6 years from Dec 5, 2019.

The redemption amount of these OCRPS will be decided based on the outcome of the ongoing proceedings during its term. If as per the decision of ongoing proceedings no amount is payable to the Company, these preference shares will be redeemed at face value subject to applicable laws or they will be converted into 1 equity share of the Company. If as per the decision of ongoing proceedings, any amount is received by the Company, the Company shall redeem these OCRPS at face value + Premium, where premium will the amount received minus any cost and taxes payable on the amount received.

(ii) Securities premium: Securities premium is credited when shares are issued at a premium. The securities premium can be utilized as per the provisions of the Companies Act, 2013 for specified purposes such as to issue bonus shares, to provide for premium on redemption of shares or debentures etc.

(iii) Retained earnings: Retained earnings represents the amount of accumulated earnings at each Balance Sheet date of the Company.

(iv) Share warrants: During the year ended March 31, 2017, the Company has entered into a Share cum Warrant Subscription Agreement ('Warrant Agreement') and Advertisement Agreement with Bennett, Coleman & Co. Ltd. ('BCCL').

Through the Advertisement Agreement, BCCL has extended a Line of Credit ('LOC') to Company and its subsidiaries/affiliates (collectively referred to as 'the Group'). As part of the said Advertisement Agreement, the Group gains access to various advertising properties owned by BCCL. The Group needs to make only part payment for advertisement expenses incurred as and when it places advertisements in BCCL owned media. The remaining unpaid amount owed to BCCL (i.e. the LOC to the extent utilised), will be settled out of the money to be received as warrant exercise price on exercise of warrants to subscribe to equity shares of Company by BCCL, only if BCCL decides to exercise the said warrants of Company. Hence, the amount of LOC to the extent utilised by the Company is added to the amount of share warrants recorded under other equity; further, since the amount of LOC as at March 31, 2019 relates to expenses incurred/LOC utilised by its subsidiary, the corresponding debit impact has been added to the investment in subsidiaries as a deemed investment.

	March 31, 2020	March 31, 2019
Partly paid-up share warrant:		
Nil share warrants (March 31,2019 - 5) of Rs. 150,000,000 each, Rs 15,000,000 paid up	–	75,000,000
Add: Line of credit ('LOC') availed by subsidiary	–	60,207,690
	–	135,207,690

During the year ended March 31, 2017, the Company has entered into Share cum Warrant Subscription Agreement ('Warrant Agreement') and Advertisement Agreement with Bennett, Coleman & Co. Ltd. ('BCCL') as more fully described above. In accordance with these agreements, the Company has issued 5 share warrants, the terms of which are as follows:

Particulars	**Warrant agreement**
Date of Grant	August 6, 2016
No of options granted	Based on the ad utilisation over 3 to 5 years
Vesting period	Based on the ad utilisation over 5 years
Exercise period	Sep 1, 2017 onwards based on usage of Line of credit
Exercise price	Multiple of FY 2017 consumer revenue or base valuation whichever is higher

During the year ended March 31, 2020, the BCCL and the Company, executed share subscription and shareholders' agreement ("BCCL SSHA") and the Company agreed to issue and allot to BCCL, on a preferential basis, the 6,03,372 (Six Lakh Three Thousand Three Hundred and Seventy Two)], face value of Rs 10 each, fully paid-up equity at value of Rs 14.02 per share, in lieu of cancellation of share warrants of the Company issued to BCCL.

As a result of this transaction, the share warrant and Line of credit ('LOC') availed by subsidiary, has been extinguished against the equity shares issued. The balance amount of Rs 60,207,690 has been adjusted against the deemed investment recognised previously and Rs 66,540,728 has been transferred to capital reserve

(v) Capital reserve:

(i) Capital reserve is created out of transaction between the Company and BCCL on account of issue of shares and cancellation of share warrants and Line of credit ('LOC') availed by subsidiary Rs. 66,540,728.

(ii) Capital reserve is created on the conversion of financial liability component of 0.01% Optionally convertible optionally redeemable preference shares to 0.01% Redeemable Optionally Convertible Non-Cumulative Preference Shares ("OCRPS") of Rs 892,426,944/-

Significant accounting polices - notes 2.1

Notes to the standalone financial statements notes 3 to 19

The Statement of changes in Equity should be read in conjunction with the notes referred to above which are an integral part of the standalone financial statements

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of
Meru Travel Solutions Private Limited
CIN: U63040MH2006PTC165956

Rekha Shenoy
Partner
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Neeraj Gupta
CEO and WTD
DIN: 01783151

Manaswini Goel
Director
DIN: 08142619

Bharat Trivedi
Chief financial officer

Manjinder Singh
Company secretary

Place : Mumbai
Date : May 14, 2020

Place : Mumbai
Date : May 14, 2020

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. Company information

Meru Travel Solutions Private Limited ('the Company') is incorporated in India as a private limited company under the Companies Act, 1956 on December 4, 2006, having registered office at F-17, 4th Floor, Pinnacle Business Park, Shanti Nagar, Mahakali Caves Road, Andheri (East), Mumbai 400 093, India. These financial statements were authorized for issue in accordance with a Board resolution of May 14, 2020.

On November 19, 2014, the name of the Company was changed to Meru Travel Solutions Private Limited and on January 13, 2015 the Company was converted to a Public Limited Company and the name of the Company was changed to Meru Travel Solutions Limited. Subsequently on July 23, 2015, the Company was converted back to Private Limited Company and the name changed to Meru Travel Solutions Private Limited. The Company is a deemed public company as per definition of the Companies Act with effect from 5 December 2019

The Company operates through its three subsidiaries, to undertake business of owning, operating and maintaining vehicle fleets for transportation of passengers in form of tourist vehicles, radio taxis and to acquire and operate similar existing business.

2. Significant accounting policies

(a) Basis of preparation:

These financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

(b) Functional and presentation currency:

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency.

(c) Basis of measurement:

The financial statements have been prepared on the historical cost basis

2.1 Summary of significant accounting policies

a) Borrowing costs

Borrowing costs include interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

b) Income taxes

Tax expense comprises of current and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

d) Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

e) Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

f) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short-term deposits, if any, with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

g) Investment in subsidiaries

Investment in subsidiaries are recorded at cost as defined in Ind AS 27.

h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 8.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

i. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

The Company has accounted for its investments in subsidiaries at cost as per Ind AS 27 and accordingly, the Ind AS 109 is not applied to the investments in subsidiaries.

All other equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets:

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

b) Other financial assets such as deposits, other receivables etc.

The company follows 'simplified approach' for recognition of impairment loss allowance for Trade receivables.

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

– All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

– Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

On that basis, Company creates 100% provision for debtors outstanding for more than 360 days as at the reporting date.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

– Financial assets measured as at amortised cost - ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis and considers historical experience, credit assessments and forward looking information.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

De-recognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

i) Current versus non-current classification:

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

j) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability

Or

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

k) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit / (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, interest income, finance costs and tax expense. Any amount described as unusual or exceptional is classified by nature, in the same way as non-exceptional amounts. Their inclusion or exclusion in EBIDTA will depend on the nature of income/ expense described as exceptional. Impairment loss / reversal on property plant and equipment is disclosed under Depreciation, amortisation and impairment expenses, and not considered for calculation of EBIDTA.

l) Recent Indian Accounting standard (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

2.2 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Following are the significant accounting judgements, estimates and assumptions:

i) Impairment of investment in subsidiary

The Company performs impairment testing for investment in subsidiaries where there are indicators of impairment. If such an indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of value in use and fair value less costs of disposal. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Company's

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency: Indian Rupees)

Statement of profit and loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as a credit to the Company's Statement of profit and loss.

During the year, the Company has recorded impairment of investments in V-Link Fleet Solutions Private Limited ('VFSPL'). Refer notes 3 and 14 for further details.

Note 3: Investment in subsidiaries

	As at March 31, 2020	As at March 31, 2019
Investments in unquoted equity instruments of subsidiaries:		
Meru Mobility Tech Private Limited *[formerly known as Meru Cab Company Private Limited]* ('MMTPL')		
148,195 equity shares of INR. 10 each fully paid (March 31, 2019: 84,786)	3,005,711,594	2,565,716,543
Add: Deemed investment in subsidiary (Refer footnote (iv) "Share warrants" to the statement of changes in equity for details.)	–	60,207,689
Less: Impairment in value of Investments (Refer Note 14)	(2,162,612,156)	(2,162,612,156)
	843,099,438	463,312,076
V-Link Fleet Solutions Private Limited ('VFSPL')		
12,050 equity shares of INR. 10 each fully paid (March 31, 2019: 12,050)	41,187,924	41,187,924
Less: Impairment in value of Investments (Refer Note 14)	(41,187,924)	–
	–	41,187,924
V-Link Automotive Services Private Limited ('VASPL')		
13,294 equity shares of INR. 10 each fully paid (March 31, 2019: 13,294)	1,628,828,967	1,628,828,967
Less: Impairment in value of Investments	(1,358,828,967)	(1,358,828,967)
	270,000,000	270,000,000
Total	1,113,099,438	774,500,000
(a) Aggregate amount of unquoted investments; and	4,675,728,485	4,295,941,123
(b) Aggregate amount of impairment in value of investments.	(3,562,629,047)	(3,521,441,124)

Note 4: Cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
Cash on hand	3,154	3,154
Balances with bank in current accounts	185,733	288,776
Total	188,887	291,930

Note 5 : Equity share capital

	As at March 31, 2020	As at March 31, 2019
Authorised shares:		
90,000,000 equity shares of INR 10 each (March 31, 2019: 67,830,636)	900,000,000	678,306,360
Issued, subscribed and fully paid-up shares:		
87,057,696 equity shares of INR. 10/- each (March 31, 2019 :54,562,678)	870,576,960	545,626,780
	870,576,960	545,626,780

(i) Reconciliation of the shares outstanding at the beginning and at the end of the year

	As at March 31, 2020		As at March 31, 2019	
Equity shares	**No.**	**Amount**	No.	Amount
At the beginning of the year	**54,562,678**	**545,626,780**	54,562,678	545,626,780
Issued during the year - in lieu of share warrant	**603,372**	**6,033,720**	–	–
Issued during the year - conversion of preference share capital	**1,489**	**14,890**	–	–
Issued during the year	**31,890,157**	**318,901,570**	–	–
Outstanding at the end of the year	**87,057,696**	**870,576,960**	54,562,678	545,626,780

(ii) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of INR.10 per share. Each holder of equity shares is entitled to one vote per share. No dividend has been declared during the year ended March 31, 2020 (March 31,2019 - Nil).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Shares held by holding company

	As at March 31, 2020		As at March 31, 2019	
	No.	**Amount**	No.	Amount
Mahindra and Mahindra Limited	**31,890,157**	**318,901,570**	–	–
True North Trusteeship Company Private Limited formerly known as 'IVF Trustee Company Private Limited')	–	–	–	–
– as nominee shareholder of True North Fund IIIA (formerly known as 'India Value Fund IIIA')	–	–	41,177,441	411,774,410
– as nominee shareholder of India Value Fund IV (formerly known as 'India Value Fund IV')	–	–	6,438,317	64,383,170

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency: Indian Rupees)

(iv) Details of shares held by shareholders holding more than 5% of the aggregate shares

	As at March 31, 2020		As at March 31, 2019	
	No	**%**	No	%
Equity shares				
True North Trusteeship Company Private Limited				
– as nominee shareholder of True North Fund IIIA	**33,498,603**	**38.47%**	41,177,441	75.47%
– as nominee shareholder of True North Fund IV	**5,232,809**	**6.01%**	6,438,317	11.80%
Mahindra and Mahindra Limited	**31,890,157**	**36.62%**	–	–
Mr. Neeraj Gupta	**8,822,956**	**10.13%**	3,473,455	6.37%
Mrs. Farhat Gupta	**3,473,455**	**3.99%**	3,473,455	6.37%

0.01% Redeemable Optionally Convertible Non-Cumulative Preference Shares ('Cumulative redeemable preference share')

	As at March 31, 2020		As at March 31, 2019	
	No	**%**	No	%
True North Trusteeship Company Private Limited				
- as nominee shareholder of True North Fund IIIA	**30,000**	**100%**	31,489	100%

(v) Aggregates number of bonus shares issued, share issued for consideration other than cash during the period of five years immediately preceding the reporting date:

During the 5 year periods ended March 31, 2020 and March 31, 2019

4,805,570 Equity shares of Rs. 10 each allotted as fully paid bonus shares by capitalisation of securities premium on November 7, 2014.

603,372 Equity shares of Rs. 10 each allotted as fully paid shares on account of share warrant liability during the financial year 31 March 2020 (Refer footnote (iv) "Share warrants" to the statement of changes in equity for details.)

1,489 Equity shares of Rs. 10 each allotted as fully paid shares by on account of share warrant agreement during the financial year 31 March 2020 (Refer footnote (i) "Equity component of preference shares" to the statement of changes in equity for details.)

Note 6: Financial liabilities - Borrowings

	As at March 31, 2020	As at March 31, 2019
Liability component of preference shares*	**300,000**	839,777,481
Total	**300,000**	839,777,481
Non-current	**300,000**	839,777,481
Current	**–**	–

* Refer footnote (i) "Equity component of Preference shares" to the Statement of Changes in Equity for terms of the preference shares.

Note 7: Trade Payables

	As at March 31, 2020	As at March 31, 2019
Trade payables		
a) total outstanding dues to small enterprises and micro enterprises	**–**	–
b) total outstanding dues of creditors other than small enterprises and micro enterprises		
Trade payables to related parties (Refer note 11)	**3,770,836**	2,309,600
Other trade payables	**315,000**	298,223
Total	**4,085,836**	2,607,823

Trade payables are non-interest bearing and the credit terms generally range from 30 to 60 days.

For terms and conditions with related parties, refer to note 11.

The Company's exposure to liquidity risk is disclosed in note 12[C].

Details of dues to micro and small enterprises as per Micro, Small and Medium Enterprises Development Act, 2016

As at March 31, 2020 and March 31, 2019, there are no outstanding dues on account of principal or interest to micro and small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, no additional disclosures have been made.

The above information regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Note 8: Other current liabilities

	As at March 31, 2020	As at March 31, 2019
Statutory dues	**30,644**	1,023
Total	**30,644**	1,023

Note 9: Audit fees and other expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Auditor's remuneration (refer note below)	**315,000**	243,080
Legal & professional fees	**6,213,971**	197,964
Directors sitting fees	**80,000**	–
Share issue expenses	**2,103,275**	–
Miscellaneous expenses	**3,382**	56,920
Total	**8,715,628**	497,964
Auditor's Remuneration (including goods and services tax)		
Statutory audit fees (including out of pocket expenses)	**315,000**	243,080
	315,000	243,080

Note 10: Income Taxes

The major components of income tax expense for the years ended

	March 31, 2020	March 31, 2019
Current income tax:		
Current income tax charge	**–**	–
Adjustments in respect of current income tax of previous year	**–**	–

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency: Indian Rupees)

	March 31, 2020	March 31, 2019
Deferred tax:		
Relating to origination and reversal of temporary differences	**–**	–
Income tax expense reported in the statement of profit or loss	**–**	–

	March 31, 2020	March 31, 2019
Net loss/(gain) on remeasurements of defined benefit plans	**–**	–
Income tax expense charged to OCI	**–**	–

Reconciliation of tax expense and the accounting profit / (loss) multiplied by India's domestic tax rate for the year ended

	March 31, 2020	March 31, 2019
Accounting loss before income tax	**(102,873,891)**	(2,239,414,150)
At India's statutory income tax rate of 26.00% (March 31, 2019: 26%)	**(26,747,212)**	(582,247,679)
Adjustments in respect of current income tax of previous years	**–**	–
Effect of current year losses for which no deferred tax asset is recognised	**26,747,212**	582,247,679
At the effective income tax rate	**–**	–
Income tax expense reported in the statement of profit and loss	**–**	–

Deferred tax working for the year ended:

	Balance Sheet	
	March 31, 2020	March 31, 2019
Tax effect of items constituting deferred tax liabilities		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**–**	–
Tax effect of items constituting deferred tax assets		
Carry forward Unabsorbed business losses	**3,297,938**	1,074,128
Deferred tax expense	**3,297,938**	1,074,128
Net deferred tax assets	**3,297,938**	1,074,128
Net deferred tax assets\(liabilities) recognised	**–**	–

	Statement of Profit & Loss	
	March 31, 2020	March 31, 2019
Tax effect of items constituting deferred tax liabilities		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**–**	–
Tax effect of items constituting deferred tax assets		
Carry forward Unabsorbed business losses	**(2,223,810)**	(126,319)
Deferred tax expense/(income)	**(2,223,810)**	(126,319)
Net deferred tax assets\(liabilities) recognised in profit and loss	**–**	–

The Company has a net deferred tax asset position as at March 31, 2020 and March 31, 2019. However, in terms of Ind AS 12, the Company has not recognised the net deferred tax assets as there is no reasonable certainty supported by convincing evidence that the Company will have adequate taxable profits in the future against which the carried forward tax losses may be offset.

The Company has following tax losses which arose in India that are available for offsetting against future taxable profits.

	As at March 31, 2020	As at March 31, 2019
Losses that expire - Carry forward business losses	**3,297,938**	1,074,128

* The carry forward tax losses would expire beginning from the financial year 2020 up to 2027.

Note 11: Related party transactions

Names of related parties and related party relationship:

Related parties ('RP') where control exists

Holding Company	True North Trusteeship Private Limited (as a nominee shareholder of True North Fund IIIA & True North Fund IV) (formerly known as 'IVF Trustee Company Private Limited', 'India Value Fund IIIA' & 'India value Fund IV' Respectively) till December 4, 2019 Mahindra & Mahindra Limited with effect from December 5, 2019

Related parties with whom transactions have taken place during the year

Subsidiaries including sub-subsidiaries	Meru Mobility Tech Private Limited (Formerly known as "Meru Cab Company Private Limited")
	V-Link Fleet Solutions Private Limited
	V-Link Automotive Services Private Limited
Key Management Personnel (KMP)	Nilesh Sangoi (CEO) till November 29, 2019
	Neeraj Gupta (CEO) with effect from December 5, 2019
	Bharat Trivedi (CFO) with effect from December 5, 2019
	Nikhilesh Panchal : Independent Director with effect from December 5, 2019
	Mohin Lodha: Independent Director with effect from December 5, 2019

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency: Indian Rupees)

Transactions with related parties

Particulars	Holding Company		Key Management Personnel		Subsidiaries	
	March 31, 2020	March 31, 2019	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019
Issue of shares						
Mahindra & Mahindra Limited	**447,100,000**	–	**–**	–	**–**	–
Investments in subsidiary companies						
Meru Mobility Tech Private Limited	**–**	–	**–**	–	**439,995,051**	–
Conversion of OCORPS to Equity shares						
True North Trusteeship Company Private Limited	**20,876**	–	**–**	–	**–**	–
Conversion of OCORPS to Equity shares						
True North Trusteeship Company Private Limited	**300,000**	–	**–**	–	**–**	–
Line of credit availed/(squred off) by subsidiary						
Meru Mobility Tech Private Limited	**–**	–	**–**	–	**(66,540,728)**	14,490,676
Directors sitting fees						
Nikhilesh Panchal	**–**	–	**40,000**	–	**–**	–
Mohin Lodha	**–**	–	**40,000**	–	**–**	–
Impairment in value of Investments in subsidiary						
Meru Mobility Tech Private Limited	**–**	–	**–**	–	**–**	2,162,612,156
V-Link Fleet Solutions Private Limited	**–**	–	**–**	–	**41,187,924**	–
Interest on preference shares						
True North Trusteeship Company Private Limited	**52,970,339**	76,304,030	**–**	–	**–**	–
Expenses incurred on behalf of the Company						
Meru Mobility Tech Private Limited	**–**	–	**–**	–	**8,666,186**	459,588

Details of balances receivable / (payable) to related parties

Particulars	Holding Company		Key Management Personnel		Subsidiaries	
	March 31, 2020	March 31, 2019	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019
Balance payable at the year end						
Meru Mobility Tech Private Limited	**-**	-	**-**	-	**(3,770,836)**	(2,309,600)
Closing balance of preference shares						
True North Trusteeship Company Private Limited	**300,000**	839,777,481	**-**	-	**-**	-

Terms and conditions of transactions with related parties

All the related party transaction during the year were in ordinary course of business. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. The loans receivable and payable are all repayable on demand.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency: Indian Rupees)

Note 12: Financial instruments

A] Accounting classification of financial instruments

The following table summarises the accounting classification and carrying amounts of financial instruments.

Particulars	Notes	Carrying value\Fair Value	
		March 31, 2020	March 31, 2019
Financial assets carried at amortised cost			
Cash and cash equivalents	4	**188,887**	291,930
Total		**188,887**	291,930
Financial liabilities carried at amortised Cost			
Liability portion of Preference shares			
Non-current portion	6	**300,000**	839,777,481
Trade and other Payables	7	**4,085,836**	2,607,823
Total		**4,385,836**	842,385,304

B] Fair Value Measurement

The management assessed that cash and cash equivalents, current liability portion of preference shares and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the Company's preference shares is determined by using DCF method using the Company's incremental borrowing rate and the fair value determined on initial recognition is categorised as Level 2 in the fair value hierarchy.

There were no transfers between level 1, 2 and 3 for recurring fair value measurements during each of the reporting period. The Company's policy is to recognise transfers into and transfer out of fair value hierarchy levels at the end of the reporting period.

C] Financial risk management objectives and policies

The Company has exposure to the following risks arising from its financial instruments:

– Liquidity risk

The Company's senior management is responsible for the management of these risks with oversight of the Company's Board of Directors.

(i) Liquidity risk

The Company's liquidity risk mainly arises from preference shares issued to the parent company and insignificant routine expenses which are paid by Company's subsidiaries on its behalf as and when required. Subsequently, on receipt of funds by Company from its Parent on issue of equity shares for onward investment in its subsidiaries, Company generally settles the inter-company payables first and invests balance amounts in its Subsidiaries when needed. With regard to its preference shares, Company re-negotiates the terms of preference shares with its Parent company depending upon its financial condition on each redemption date.

The Company did not have drawn or undrawn borrowing facilities as at each reporting date.

The table below summarises the maturity profile of the Companys' financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended - March 31, 2020						
0.01% Redeemable Optionally Convertible Non-Cumulative Preference Shares	–	–	–	–	300,000	**300,000**
Trade payables to related parties	3,770,836	–	–	–	–	**3,770,836**
Other trade payables	315,000	–	–	–	–	**315,000**
	4,085,836	**–**	**–**	**–**	**300,000**	**4,385,836**

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended - March 31, 2019						
0.01% optionally convertible optionally redeemable preference shares	–	–	–	–	1,934,274,803	**1,934,274,803**
Trade payables to related parties	2,309,600	–	–	–	–	**2,309,600**
Other trade payables	298,223	–	–	–	–	**298,223**
	2,607,823	**–**	**–**	**–**	**1,934,274,803**	**1,936,882,626**

D] Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, preference shares, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder's value. Since Company is non-revenue generating entity, Company monitors its capital considering requirements at Group level after including all subsidiaries' capital requirements as mentioned below.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may issue new shares. The Company manages its capital, considering the net debt position and rolling cash flows as at each period end and identify need for additional funding from the existing / new share holders to meet the outstanding commitments and future cash flow requirements to meet the business plan for 1 year to 3 years. The Company includes within net debt, interest bearing loans and borrowings (excluding redeemable preference share), less cash and cash equivalents (Including intercorporate deposits & liquid mutual fund units).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency: Indian Rupees)

As at March 31, 2018, the Company had co-applied for vehicle loans taken by its subsidiaries and there are no covenants attached to such vehicle loans co-applied which needs to be complied with. These are secured by tangible assets and corporate guarantee/comfort letter from the ultimate parent. As at March 31, 2019, these loans have been fully repaid.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019

Note 13: Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

	March 31, 2020	March 31, 2019
(Loss) attributable to equity holders	**(102,873,891)**	(2,239,414,150)
Number of Shares outstanding at the beginning of the year	**54,562,678**	54,562,678
Add: Shares issued during the year	**32,495,018**	–
Number of Shares outstanding at the end of the year	**87,057,696**	54,562,678
Weighted average number of Equity shares for basic EPS	**65,064,003**	54,562,678
Basic and diluted EPS	**(1.58)**	(41.04)

Note 14: Impairment in value of Investment in subsidiary

During the year ended March 31, 2020, the Company has recorded an impairment charge in respect of the investment in one of its subsidiaries, V-Link Fleet Solutions Private Limited ('VFSPL') basis the significant reduction in revenues and profits and considering significant curtailment in the future business plans of VFSPL. The same has been fully impaired.

During the year ended March 31, 2019, the Company has recorded an impairment charge in respect of the investment in one of its subsidiaries, Meru Mobility Tech Private Limited ('MMTPL'). The impairment charge was determined based on a valuation agreed as per a Share Subscription and Shareholder Agreement ('the Agreement') entered into with Mahindra & Mahindra Limited ('M&M') for subscribing upto 55% of Equity share capital in the Company post the balance sheet date. The recoverable amount of the investment has been determined based on value in use considering a discount rate of 18.48% p.a.

Note 15: Segment reporting

The Company operates through its subsidiaries and does not have any operational business activity. Hence the requirements of the Indian Accounting Standard 108 – "Operating Segments", are not applicable to the Company.

Note 16: Going Concern

As at March 31, 2020, the Company has accumulated losses of INR 4,880.36 million (March 31, 2019: INR 4,777.49 million) and a positive net worth of INR 1,108.87 million (March 31, 2019: negative net worth of INR 67.59 million). During the year, the shareholder of the Company entered into a Share subscription and Shareholder Agreement ('the Agreement') with Mahindra and Mahindra Limited ('M&M'). M&M has acquired 36.63% stake in the Company in first tranche investment. As per the terms of the Agreement, M&M would acquire a 55% stake in the Company by investing second tranche of ~ INR 530 million. The Ultimate Holding Company Mahindra & Mahindra Limited has committed to provide continuing financial and/or operational support to the Group for its continued operations for the foreseeable future.

In view of the foregoing, the going concern assumption has been considered appropriate in preparing these financial statements.

Note 17: Other Matters

The outbreak of coronavirus (COVID 19) pandemic globally is causing a slowdown of economic activity. Measures are being taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered disruptions to business worldwide, resulting in an economic slowdown and uncertainties pertaining to future operations.

The Company has made a detailed assessment of its liquidity position for next one year and the recoverability and carrying value of its assets which is majorly Investment in subsidiaries as at the Balance sheet date and has concluded that no material adjustments are required in the financial statements. Management believes that it has taken into account all possible impacts of known events arising from COVID 19 pandemic in preparation of these financial statements.

The impact of coronavirus on the business will depend on future developments that cannot be reliably predicted. The impact of global health pandemic, might be different from that estimated as at the date of approval of these financial statements depending on how long the pandemic lasts and time period taken for the economic activities to return to normalcy.

Note 18: Subsequent Events

There are no significant subsequent events that would require adjustments or disclosures in the financial statements as on the balance sheet date.

Note 19: Information with the regard to other matters specified in Schedule III to the Act is either Nil or not applicable to the Company for the year ended 31 March 2020.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of
Meru Travel Solutions Private Limited
CIN: U63040MH2006PTC165956

Rekha Shenoy
Partner
Membership No. 124129

Neeraj Gupta
CEO and WTD
DIN: 01783151

Manaswini Goel
Director
DIN: 08142619

Bharat Trivedi
Chief financial officer

Manjinder Singh
Company secretary

Place : Mumbai
Date : May 14, 2020

Place : Mumbai
Date : May 14, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of
Meru Mobility Tech Private Limited
(formerly known as Meru Cab Company Private Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Meru Mobility Tech Private Limited** *(formerly known as Meru Cab Company Private Limited)* ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Emphasis of matter

We draw your attention to Note 32 to the financial statements for year ended 31 March 2020 which describes the outbreak of Coronavirus (COVID19) on the business operations of the Company. The management believes that no adjustments are required in the financial statements as it does not impact the current financial year. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

Our opinion is not modified in this matter.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting

a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 29 to the financial statements;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rekha Shenoy
Partner
Membership No. 124219
UDIN:20124219AAAAAK7681

Mumbai
14 May 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT - 31 MARCH 2020

(Referred to in our report of even date)

(i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property plant and equipment.

b) The Company has a regular programme of physical verification of fixed asset by which all the property, plant and equipment are verified in a phased manner over a period of 3 years. In our opinion, this periodicity of physical verification is reasonable having regards to the size of the company and nature of its assets. In our opinion and according to the information and explanation given to us, no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and on the basis of our examination of books of accounts and records of the Company, the Company did not have any immovable properties. Accordingly, paragraph 3 (i) (c) of the order is not applicable to the Company.

(ii) The Company is primarily engaged in the business of owning, operating and maintaining vehicle fleet for transportation of passengers in form of Taxis, providing taxi aggregator services and to acquire and operate similar existing business. Accordingly, it does not hold any physical inventories hence, paragraph 3 (ii) is not applicable.

(iii) In our opinion and according to the information and explanations given to us, the Company has granted loan to the Managing Director and fellow subsidiary company covered in the register maintained under Section 189 of the Act. There are no loans granted to firms, Limited Liability Partnerships or other parties listed in the register maintained under section 189 of the Companies Act, 2013.

a) In our opinion and according to the information and explanations given to us, the terms and conditions of the loan granted to Managing Director and a fellow subsidiary company are not prejudicial to the company's interest.

b) The schedule of repayment of principal and payment of interest has been stipulated for the loans granted to the Managing Director. The loan granted to fellow subsidiary company is interest free and repayable on demand.

c) There are no overdue amounts in respect of the loan given to Managing Director and fellow subsidiary company.

(iv) In our opinion and according to the information and explanations given to us, in respect of loans, investments, guarantee and security given the provisions of section 185 and 186 of the Companies Act 2013 have been complied with by the Company.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act, and the rules framed thereunder apply. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of, Provident fund, Employees' State Insurance, Income-tax with the appropriate authorities. The provisions relating to Value Added tax, Sales Tax Duty of customs, Duty of excise is not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Provident fund, Employee State's Insurance, and any other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, and which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank. The Company did not have any outstanding loans or borrowings from debentures holders or government.

(ix) According to the information and explanation given to us, the Company has utilized the money raised by way of term loans for the purpose for which they were raised. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, transactions with the related parties are in compliance with Section 188 of the Act. The details of such related party transactions have been disclosed in financial statements as required by the applicable accounting standards. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provision of clause 3 (xiii) of the Order is not applicable to the Company.

(xiv) According to the information and explanations given by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rekha Shenoy
Partner
Membership No. 124219
UDIN:20124219AAAAAK7681

Mumbai
14 May 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (2) (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of **Meru Mobility Tech Private Limited** *(formerly known as Meru Cab Company Private Limited)* ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Rekha Shenoy
Partner
Membership No. 124219
UDIN:20124219AAAAAK7681

Mumbai
14 May 2020

BALANCE SHEET AS AT MARCH 31, 2020

(Currency in INR millions)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
(I) ASSETS			
(1) NON-CURRENT ASSETS			
a) Property, plant and equipment	3	**274.01**	156.73
b) Capital work-in-progress		**8.14**	–
c) Intangible assets	4	**0.29**	0.96
d) Financial assets			
(i) Loans	5	**30.82**	96.54
(ii) Other financial assets	6	**18.78**	3.79
(f) Non-current tax assets	7	**16.22**	11.68
(g) Other non-current assets	8	**64.91**	41.95
Total non-current assets		**413.17**	311.65
(2) CURRENT ASSETS			
(a) Financial assets			
(i) Investments	9	**357.48**	–
(ii) Trade receivables	10	**133.51**	80.19
(iii) Cash and cash equivalents	11	**10.80**	14.86
(iv) Other bank balance	12	**4.22**	16.30
(v) Loans	5	**196.68**	85.44
(vi) Other financial assets	6	**12.98**	5.29
(b) Other current assets	13	**35.41**	30.49
Total current assets		**751.08**	232.57
Total Assets		**1,164.25**	544.22
II **EQUITY AND LIABILITIES**			
1) Equity			
(a) Equity share capital	14	**1.48**	0.85
(b) Other equity		**247.05**	(9.59)
Total Equity		**248.53**	(8.74)
2) Liabilities:			
Non Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	15	**179.34**	64.95
(a) Provisions	16	**125.49**	84.24
Total non-current liabilities		**304.83**	149.19
Current liabilities:			
(a) Financial liabilities			
(i) Borrowings	15	**302.12**	180.88
(i) Trade Payables	17		
(a) total outstanding dues to small enterises and micro enterprises		**–**	–
(b) total outstanding dues of creditors other than small enterises and micro enterprises		**72.67**	57.77
(ii) Other financial liabilities	18	**215.46**	140.08
(b) Other current liabilities	19	**10.08**	16.59
(c) Provisions	16	**10.56**	8.45
Total current liabilities		**610.89**	403.77
Total Liabilities		**915.72**	552.96
Total Equity and Liabilities		**1,164.25**	544.22
Significant accounting policies	2.1		
Notes to the financial statements	3 to 39		

The notes referred to above are an integral part of the financial statements.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of
Meru Mobility Tech Private Limited
(formerly known as Meru Cab Company Private Limited)
CIN: U63040MH2006PTC165959

Rekha Shenoy
Partner
Membership No. 124129

Place : Mumbai
Date : May 14, 2020

Neeraj Gupta
CEO and WTD
DIN No. : 01783151

Place : Mumbai
Date : May 14, 2020

Manaswini Goel
Director
DIN No. : 08142619

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR millions)

Particulars	**Notes**	**Year ended March 31, 2020**	Year ended March 31, 2019
Revenue			
Revenue from operations	20	**1,123.52**	1,142.53
Other income	21	**10.21**	14.31
TOTAL INCOME (I)		**1,133.73**	1,156.84
EXPENSES			
Fleet operating expenditure	22	**838.68**	768.90
Employee benefits expense	23	**185.29**	135.27
Operating and other administrative expenses	24	**156.03**	128.04
TOTAL EXPENSES (II)		**1,180.00**	1,032.21
Earnings before interest, tax, depreciation and amortisation (EBITDA) [(I) – (II)]		**(46.27)**	124.63
Depreciation and amortisation expenses	3,4	**63.71**	77.50
Finance costs	25	**22.36**	11.30
Finance income	26	**25.90**	18.49
Profit/(Loss) before tax		**(106.44)**	54.32
Tax expenses		**–**	–
Profit/(Loss) after tax		**(106.44)**	54.32
Other Comprehensive Income			
Items that will not be reclassified to statement of profit and loss			
Remeasurements of defined benefit plans		**0.35**	0.03
Income tax related Items that will not be reclassified to statement of profit and loss		**–**	–
Total Other Comprehensive loss for the year		**0.35**	0.03
Total Comprehensive (loss)/ Income for the year, net of tax		**(106.79)**	54.29
Earnings per equity share			
Basic and diluted earnings per share	34	**(1,011.51)**	640.69
[Nominal value per share: INR 10]			
Significant accounting policies	2.1		
Notes to the financial statements	3 to 39		

The notes referred to above are an integral part of the financial statements.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Rekha Shenoy
Partner
Membership No. 124129

Place : Mumbai
Date : May 14, 2020

For and on behalf of the Board of Directors of
Meru Mobility Tech Private Limited
(formerly known as Meru Cab Company Private Limited)
CIN: U63040MH2006PTC165959

Neeraj Gupta
CEO and WTD
DIN No. : 01783151

Place : Mumbai
Date : May 14, 2020

Manaswini Goel
Director
DIN No. : 08142619

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR millions)

Particulars	**Year ended March 31, 2020**	Year ended March 31, 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	**(106.44)**	54.32
Adjustments to reconcile loss before tax to net cash flows		
Depreciation, amortisation and impairment expenses	**63.71**	77.50
Interest expenses	**22.36**	11.30
Provision for compensated absences, gratuity and other contingencies	**44.16**	2.73
Finance income	**(25.89)**	(18.49)
Gain on mutual fund	**(7.58)**	(0.38)
Non-cash advertisement expenses	**–**	14.49
Bad Debts written off and provision for doubtful debts and advances	**7.01**	2.67
Sundry balance and provision no longer required written back	**–**	(7.11)
Loss/ (Profit) on sale of fixed asset & asset held for sale	**1.24**	(3.91)
Operating (loss)/profit before working capital changes	**(1.43)**	133.12
Movement in working capital		
Changes in Trade Receivables	**(60.32)**	(10.02)
Changes in loans , Other financial assets and other assets	**(117.50)**	40.72
Changes in trade payable , other payables and other liabilities	**(68.08)**	7.78
Cash (used in)/generated from operating activities	**(247.33)**	171.60
Direct taxes paid (net of refunds)	**(4.54)**	(2.49)
Net cash flows (used in)/generated from operating activities	**(251.87)**	169.11
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment (including Capital work-in-progress)	**(192.72)**	(45.90)
Proceeds from disposal of property, plant & equipment	**10.66**	16.53
Purchase of current investments	**(777.91)**	(95.00)
Proceeds from sale of current investments	**412.85**	103.04
Interest income on fixed deposits & intercorporate deposits	**1.80**	2.08
Loans given to fellow subsidiaries	**177.09**	246.39
Loans repaid by fellow subsidiaries	**(93.55)**	(313.28)
Deposits with bank as margin money	**0.09**	3.84
Proceeds from maturity of deposits with bank as margin money/other fixed deposits	**12.09**	9.28
Net cash flows (used in) investing activities	**(449.60)**	(73.01)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(22.76)**	(11.03)
Proceeds from shares issued	**439.99**	–
Loans received from fellow subsidiaries	**199.95**	156.49
Loans repaid to fellow subsidiaries	**(78.71)**	(146.38)
Proceeds from long term borrowings	**193.55**	41.42
Repayment of long term borrowings	**(32.20)**	(128.37)
Repayment of lease liabilities	**(2.41)**	–
Net cash flows generated/(used in) from financing activities	**697.41**	(87.87)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(4.06)**	8.23
Cash and cash equivalents at the beginning of the year	**14.86**	6.63
Cash and cash equivalents at the end of the year (refer note 11)	**10.80**	14.86

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020 (CONTD...)

Reconciliation of the movements of liabilities to cash flows arising from financing activities

Particulars	Long-term borrowings*	Short-term borrowings	Total
Opening Balance as on April 1, 2018	177.51	160.35	337.86
Changes from financing cash flows:			
Loans taken during the current year	41.42	156.49	197.91
Repayment of loans during the current year	(128.37)	(146.38)	(274.75)
Other Adjustments:			
Deferred loan charges paid	(0.22)	–	(0.22)
Amortisation of deferred loan charges as part of effective interest method	1.17	–	1.17
Other creditor converted in to short-term loan	–	10.42	10.42
Opening Balance as on 1, April 2019	**91.51**	**180.88**	**272.39**
Changes from financing cash flows:			
Loans taken during the current year	**193.55**	**199.95**	**393.50**
Repayment of loans during the current year	**(32.20)**	**(78.71)**	**(110.91)**
Other Adjustments:			
Deferred loan charges paid	**(1.26)**	**–**	**(1.26)**
Amortisation of deferred loan charges as part of effective interest method	**0.45**	**–**	**0.45**
Closing Balance as on March 31, 2020	**252.05**	**302.12**	**554.17**

* includes current maturities of long-term borrowings

Significant accounting policies 2.1

Notes to the financial statements 3 to 39

The Cash Flow Statement should be read in conjunction with the notes referred to above which are an integral part of the financial statements.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Rekha Shenoy
Partner
Membership No. 124129

Place : Mumbai
Date : May 14, 2020

For and on behalf of the Board of Directors of
Meru Mobility Tech Private Limited
(formerly known as Meru Cab Company Private Limited)
CIN: U63040MH2006PTC165959

Neeraj Gupta
CEO and WTD
DIN No. : 01783151

Place : Mumbai
Date : May 14, 2020

Manaswini Goel
Director
DIN No. : 08142619

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR millions)

Particulars	Equity share capital	Other Equity					Total
		Securities premium	General reserve	Retained earnings	Capital Reserve	Total Other Equity	
As at April 1, 2018 (I)	0.85	2,564.87	4.84	(2,693.80)	45.72	(78.36)	(77.52)
Net profit for the year (II)	–	–		54.32	–	54.32	54.32
Other comprehensive income for the year (III)	–	–	–	(0.03)	–	(0.03)	(0.03)
Total comprehensive income IV= (II)+(III)	**–**	**–**	**–**	**54.29**	**–**	**54.29**	**54.29**
Non-cash advertisement expense (refer note d. below) (V)	–	–	–	–	14.49	14.49	14.49
As at March 31, 2019 (I+IV+V)	**0.85**	**2,564.87**	**4.84**	**(2,639.51)**	**60.21**	**(9.59)**	**(8.74)**

Particulars	Equity share capital	Other Equity					Total
		Securities premium	General reserve	Retained earnings	Capital Reserve	Total Other Equity	
As at April 1, 2019 (I)	0.85	2,564.87	4.84	(2,639.51)	60.21	(9.59)	(8.74)
Net (loss) for the year (II)	–	–	–	(106.44)	–	(106.44)	(106.44)
Other comprehensive income for the year (iii)	–	–	–	(0.35)	–	(0.35)	(0.35)
Total comprehensive income IV= (II) + (III)	–	–	–	(106.79)	–	(106.79)	(106.78)
Add: shares issued during The Year (V)	0.63	439.36	–	–	–	439.36	439.99
Non-cash advertisement expense (refer note d. below) (VI)	–	–	–	(15.72)	(60.21)	(75.93)	(75.93)
As at March 31, 2020 (I+IV+V+VI)	1.48	3,004.23	4.84	(2,762.02)	–	247.05	248.53

a. **Securities premium:** The amount received in excess of face value of the equity shares is recognised in Securities premium. The securities premium can be utilized as per the provisions of the Companies Act, 2013.

b. **Retained earnings:** Retained earnings represents the amount of accumulated earnings at each Balance Sheet date of the Company.

c. **General reserve:** General reserve is in the nature of a free reserve and can be utilised inter-alia for distribution of dividends subject to compliance of the provisions of the Companies Act, 2013.

d. **Capital reserve:** During the year ended March 31, 2017, the parent entity of the Company i.e. Meru Travel Solutions Private Limited ('MTSPL') has entered into a Share cum Warrant Subscription Agreement ('Warrant Agreement') and Advertisement Agreement with Bennett, Coleman & Co. Ltd. ('BCCL').

Through the Advertisement Agreement, BCCL has extended a Line of Credit ('LOC') to MTSPL and its subsidiaries/affiliates (collectively referred to as 'the Group'). As part of the said Advertisement Agreement, the Group gains access to various advertising properties owned by BCCL. The Group needs to make only part payment for advertisement expenses incurred as and when it places advertisements in BCCL owned media. The remaining unpaid amount owed to BCCL (i.e. the LOC to the extent utilised), will be settled out of the money to be received as warrant exercise price on exercise of warrants to subscribe to equity shares of MTSPL by BCCL, only if BCCL decides to exercise the said warrants of MTSPL. Hence, the amount of LOC to the extent utilised by the Company is disclosed as capital reserve.

During the current year, the Company has cancelled the Advertisement agreement with BCCL and basis the same as per the terms of the cancellation agreement the Deposit paid to BCCL along with taxes payable is debited to Capital reserve and retained earnings.

Significant accounting policies 2.1

Notes to the financial statements 3 to 39

The Statement of Changes in Equity should be read in conjunction with the notes referred to above which are an integral part of the financial statements.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of
Meru Mobility Tech Private Limited
(formerly known as Meru Cab Company Private Limited)
CIN: U63040MH2006PTC165959

Rekha Shenoy
Partner
Membership No. 124129

Place : Mumbai
Date : May 14, 2020

Neeraj Gupta
CEO and WTD
DIN No. : 01783151

Place : Mumbai
Date : May 14, 2020

Manaswini Goel
Director
DIN No. : 08142619

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. Company information

Meru Mobility Tech Private Limited ('the Company') is registered as a private limited company domiciled in India having its registered office at F-17, 4th Floor, Pinnacle Business Park, Shanti Nagar, Mahakali Caves Road, Andheri (East), Mumbai 400 093, India. The Company is a deemed public company as per definition of the Companies Act with effect from 5 December 2019. The Company is mainly engaged in the business of owning, operating and maintaining vehicle fleet for transportation of passengers in form of taxis, providing taxi aggregator services and to acquire and operate similar existing businesses.

On May 29, 2018, the name of the Company was changed from Meru Cab Company Private Limited to Meru Mobility Tech Private Limited.

These financial statements were authorized for issue in accordance with a Board resolution of May 14, 2020.

2. Significant accounting policies

(a) Basis of preparation:

These financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

(b) Functional and presentation currency:

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded off to nearest 1,000,000 (million) (Abbreviated as "mn") for the purpose of reporting in these financial statements, unless otherwise stated.

(c) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for following assets and liabilities and measured at fair value:

- certain financial instruments which are measured at fair value (refer accounting policy 2(n))
- Defined benefit plans. (Note 28)

2.1 Summary of significant accounting policies

a) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses arising from de-recognition of assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is de-recognised.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part have a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. Such cost includes the cost of replacing parts of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Subsequent expenditure is capitalized if an only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Depreciation on Property, plant and equipment

Depreciation is calculated on a Straight-Line basis using the rates arrived at based on the useful life of the assets estimated by the management. The estimated useful life considered for depreciation of property, plant and equipment is as follows:

Asset description	Useful lives estimated by management (in years)
Computers and peripherals	3
Motor vehicles - fleet	3 – 5
Motor vehicle – mobile data terminal	6
Electric Chargers	7
Office car	4 – 5
Furniture and fittings	3 – 5
Office equipment	3
Leasehold Improvements	Over the period of lease or useful life of the asset, whichever is lower

Except Computers and peripherals, useful lives of above property, plant and equipment are different from those prescribed under schedule II. These lives are based on estimates supported by internal technical evaluation.

b) Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Taxi permits (Leased):

Taxi permits are amortised using the straight-line method over a period of 8 years or contractual life whichever is lower.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Software:

ERP software is amortised using the straight-line method over a period of 5 years and other software are amortised using the straight-line method over a period of 3 years or contractual life, whichever is lower.

The residual values, useful lives and methods of amortisation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

c) Impairment of Property, plant and equipment and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available.

If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

d) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the Company is lessee:

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

Where the Company is Lessor:

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognizes lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

The Company has applied Ind AS 116 initially on April 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 is being recognized as an adjustment to the opening balance of retained earnings at April 1, 2019, with no restatement of comparative information. The Company has applied Ind AS 116 to all contracts entered into before April 1, 2019 and identified as leases in accordance with Ind AS 17.

e) Borrowing costs

Borrowing costs include interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes as substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

f) Revenue recognition

Effective April 1, 2018, the Company adopted Ind AS 115 “Revenue from Contracts with Customers” using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. The effect on adoption of Ind AS 115 was insignificant.

The Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time requires judgement.

Revenue includes only the gross inflows of economic benefits. It is measured based on the consideration specified in the contracts with customers. Amounts collected on behalf of third parties such as goods and services taxes and value added taxes are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from revenue.

The Company assesses its revenue arrangements to determine if it is acting as principal or agent. The Company has concluded that it is acting as an agent in case of its revenue from taxi aggregator services arrangements.

The following specific recognition criteria must also be met before revenue is recognized.

<u>**Income from services:**</u>

i. Revenue from taxi services, convenience fees, airport charges, services

Revenue from taxi services represents revenue earned from transportation of passengers as part of metered tax operations. Revenue from taxi services is measured as per the contractual terms and is recognised on completion of each trip. Convenience fees are charged to customer for facilitating booking of taxi services through the Company. Convenience fees are recognised as revenue at completion of trip. Airport charges are recovered from customers towards the airport charges incurred at airports as per the contractual terms. Airport charges are recognised as revenue at completion of trip.

ii. Revenue from taxi aggregator services

Revenue from taxi aggregator services is recognised net off the share of revenue paid to drivers, as and when the services are rendered as per the terms of the contract. Taxi aggregator services involve the Company providing a platform to facilitate booking of taxi services by passengers with third party independent taxi service providers.

iii. Revenue from employee transportation

Revenue from employee transportation represents revenue earned from providing taxi services to corporates for employee transportation. Revenue is measured as per the contractual terms and recognised as and when the service is renderedas per contract terms.

iv. Revenue from car rental services

Revenue from car rental services represents revenue earned from letting cars on hire to customers for specific period of time (generally short periods of time ranging from a few hours to a day). Revenue is measured as per the contractual terms and is recognized on completion of each trip.

v. Advertisement revenue

Revenue from advertisement contracts are recognised pro-rata over the period of contract as and when services are rendered. Revenue is measured as per the contractual terms

The Company generally does not offer a credit period in respect of its billing to drivers. In respect of corporate customers, the Company credit period offered generally ranged from 30 days to 90 days.

Interest income:

For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit and loss.

g) Foreign currencies

i. Transactions - Initial recognition

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate at the date the transaction first qualifies for recognition.

ii. Balances

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

Non-monetary items which are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of initial transaction. Non-monetary items, which are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

h) Retirement and other employee benefits

i. Provident fund and ESIC

Retirement benefit in the form of provident fund and ESIC are defined contribution schemes. The Company has no obligation, other than the contribution payable to these schemes. The Company recognises contribution paid/payable during the year to these schemes in the statement of profit and loss.

ii. Gratuity

The Company operates a defined benefit gratuity plan for its employees. This benefit is unfunded. The cost of providing benefits under the defined benefit plans is determined by independent actuaries using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur and are not reclassified to profit or loss in subsequent periods.

iii. Compensated Absences

The liability towards Long term compensated absences is determined by independent actuaries using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to Statement of profit and loss in the period in which they occur.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond 12 months, as long term employee benefit for measurement purposes. Such long term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end.

i) Income taxes

Tax expense comprises of current and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

j) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

k) Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

l) Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non- occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

m) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

n) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as measured at:

- Amortised cost
- Fair value through other comprehensive income (FVTOCI) – debt investment
- Fair value through other comprehensive income (FVTOCI) – equity investment
- Fair value through profit or loss (FVTPL)

Financial assets at amortised cost

A financial asset is measured at amortised cost if both the following conditions are met:

i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A debt instrument is classified as at the FVTOCI if both of the following criteria are met:

i. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii. The asset’s contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in profit or loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Equity investments at FVTOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment by investment basis.

Fair value through profit or loss (FVTPL)

FVTPL is a residual category for financial assets. All financial assets not classified as measured at amortised cost of FVTOCI, as described above are classifed as at FVTPL. This includes all derivative financial assets. In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as ‘accounting mismatch’). The Company has not designated any debt instrument as at FVTPL.

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in profit or loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company’s balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company’s continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets:

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

b) Other financial assets such as deposits, other receivables etc.

The company follows ‘simplified approach’ for recognition of impairment loss allowance for Trade receivables. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head ‘other expenses’ in the P&L.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis and considers historical experience, credit assessments and forward looking information.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or FVTPL.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not at FVTPL, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on financial liabilities at FVTLP including interest expense are recognised in the profit or loss.

Other financial liabilities

Financial liabilities other that FVTPL instruments are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchanges gains or losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

De-recognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

o) Current versus non-current classification:

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

p) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability

Or

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

q) Segment reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance. Operating EBITDA is the Management's measure of the segment results.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

r) Recent Indian Accounting standard (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

s) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, interest income, finance costs and tax expense. Any amount described as unusual or exceptional is classified by nature, in the same way as non-exceptional amounts. Their inclusion or exclusion in EBIDTA will depend on the nature of income/ expense described as exceptional. Impairment loss/reversal on property plant and equipment is disclosed under Depreciation, amortisation and impairment expenses, and not considered for calculation of EBIDTA.

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Following are the significant accounting judgements, estimates and assumptions:

2.2 Significant accounting judgements, estimates and assumptions

I. Revenue:

The Company assesses in accordance with Ind AS 115 as to whether it is acting as principal or agent in respect of the revenue arrangements entered. The Company has assessed that it is acting as an agent in case of revenue from taxi aggregator services arrangements and dealing on principal to principal basis for revenue from other services in terms of the principles of Ind AS 115.

II. Contracts with Driver - Whether the arrangement with drivers contains a lease:

Significant judgement is required to apply lease accounting rules under Appendix C of Ind AS 17 - Determining whether an arrangement contains a lease. In assessing the applicability to arrangements entered into by the Company, management has exercised judgement to evaluate the right to use the underlying assets, substance of the transaction including legally enforceable arrangements and other significant terms and conditions of the arrangements to conclude whether the arrangements meet the criteria under Appendix C.

III. Useful lives of intangibles and property, plant and equipment:

The Company reviews the useful life and residual value of property, plant and equipment and intangible assets at the end of each reporting period. This re-assessment may result in change in depreciation and amortisation in future periods.

IV. Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

V. Impairment of non-financial assets

The Company performs impairment testing for intangible assets and property, plant and equipment where there are indicators of impairment. If such an indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of value in use and fair value less costs of disposal. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Company's Statement of profit and loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as a credit to the Company's Statement of profit and loss.

Note 3: Property, plant and equipment (PPE)

(Currency in INR millions)

	Office Equipments	Computers and Peripherals	Furniture and Fittings	* Motor Vehicles - Fleet	Electric Chargers	** ROU-Building	Total
Gross Block							
Balance at 1 April, 2018	2.94	17.69	0.69	432.65	–	–	453.97
Additions	1.10	0.92	0.39	43.48	–	–	45.89
Disposals	–	–	–	(64.43)	–	–	(64.43)
Balance at March 31, 2019	**4.04**	**18.61**	**1.08**	**411.70**	**–**	**–**	**435.43**
Additions	1.30	3.20	0.40	204.33	1.40	4.08	214.71
Disposals	–	–	–	(111.74)	–	–	(111.74)
Balance at March 31, 2020	**5.34**	**21.81**	**1.48**	**504.29**	**1.40**	**4.08**	**538.40**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR millions)

	Office Equipments	Computers and Peripherals	Furniture and Fittings	* Motor Vehicles - Fleet	Electric Chargers	** ROU-Building	Total
Accumulated depreciation and impairment							
Balance at 1 April, 2018	2.30	17.59	0.23	234.15	–	–	254.29
Depreciation charge for the year	1.18	0.34	0.32	74.08	–	–	75.92
Disposals				(51.51)	–	–	(51.51)
Balance at March 31, 2019	**3.48**	**17.93**	**0.55**	**256.72**	**–**	**–**	**278.70**
Depreciation charge for the year	1.43	0.65	0.28	58.46	0.01	2.21	63.04
Disposals	–	–	–	(77.35)	–	–	(77.35)
Balance at March 31, 2020	**4.91**	**18.58**	**0.83**	**237.83**	**0.01**	**2.21**	**264.39**
Net block							
Balance at March 31, 2020	**0.43**	**3.23**	**0.65**	**266.46**	**1.39**	**1.87**	**274.01**
Balance at March 31, 2019	**0.56**	**0.66**	**0.53**	**154.98**	**–**	**–**	**156.73**

Notes:

* Motor Vehicles - Fleet having net carrying value of INR 246.40 million as at March 31, 2020 are given as security against secured loans from banks and NBFCs (March 31, 2019 : INR 96.72 million).

** (Refer note 29 (A) for details)

Note 4: Intangible assets

	Taxi Permits (Leased)	Computer software	Total
Gross Block			
Balance at 1 April, 2018	38.65	7.62	46.27
Additions	–	–	–
Disposals	(0.32)	–	(0.32)
Balance at March 31, 2019	**38.33**	**7.62**	**45.95**
Additions	–	–	–
Disposals	–	–	–
Balance at March 31, 2020	**38.33**	**7.62**	**45.95**
Accumulated Amortization and impairment			
Balance at 1 April, 2018	**38.65**	**5.08**	**43.73**
Amortisation	–	1.58	1.58
Disposals	(0.32)	–	(0.32)
Balance at March 31, 2019	**38.33**	**6.66**	**44.99**
Amortisation	–	0.67	0.67
Disposals	–	–	–
Balance at March 31, 2020	**38.33**	**7.33**	**45.66**
Net Block			
Balance at March 31, 2020	**–**	**0.29**	**0.29**
Balance at March 31, 2019	**–**	**0.96**	**0.96**

Note 5 : Loans

(Measured at amortised cost)

	As at March 31, 2020	As at March 31, 2019
Non Current		
Security Deposits		
Unsecured, considered good	**24.82**	96.54
Unsecured Security Deposits which have significant increase in credit risk	**–**	–
Unsecured, considered credit impaired	**3.63**	3.63
Less: Impairment allowance for doubtful security deposits	**(3.63)**	(3.63)
	24.82	96.54
Unsecured, considered good;		
Loans to related parties *(Refer note 31)*:		
Loans to Key managerial personnel**	**6.00**	–
Total Non current	**30.82**	96.54
Current		
Unsecured, considered good;		
Loans to related parties *(Refer note 31)* :		
Inter-corporate deposit to fellow subsidiaries*	**168.86**	84.89
Loans to Key managerial personnel**	**3.00**	–
Other loans:		
Security deposits		
Unsecured, considered good	**23.97**	0.43
Loans to employees		
Unsecured, considered good	**0.85**	0.12
Loan to employees which have significant increase in credit risk	**–**	–
Loans to Employee- credit impaired	**–**	–
Less: Impairment allowance for doubtful loans	**–**	–
Total Current	**196.68**	85.44

* Loan (Intercorporate deposit) to fellow subsidiary is interest free repayable on demand.

** The loan shall be on repayable quarterly reducing installment. The rate of interest is 12% p.a. or equivalent to the prevailing yield of 1 year/3 year/5 year/10 year government securities closest to the tenor of the loan as prevailing on the date of disbursement of the loan, which ever is higher and the same has been approved by shareholders.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR millions)

Note 6 : Other financial assets

(Measured at amortised cost)

	As at March 31, 2020	As at March 31, 2019
Non Current		
Balances with banks held as margin money*	**3.70**	3.79
Receivables towards assets given on finance lease	**15.08**	–
Total Non current	**18.78**	3.79
Current		
Advance recoverable in cash		
Unsecured, considered good	**6.35**	5.19
Unsecured, considered credit impaired	**1.54**	1.54
Less: Impairment allowance for doubtful advance recoverable in cash	**(1.54)**	(1.54)
	6.35	5.19
Unsecured, considered good		
Interest accrued on bank fixed deposits	**0.15**	0.10
Receivables towards assets given on finance lease	**6.48**	–
Total current	**12.98**	5.29

* These balances are given as margin money against the bank guarantees issued by the banks for Airport contracts/to Transport authorities for issuance of licenses in respective cities. The remaining maturity of more than 12 months from the Balance Sheet date).

Note 7 : Non-current tax assets

	As at March 31, 2020	As at March 31, 2019
Income-tax assets	**16.22**	11.68
	16.22	11.68

Note 8 : Other non-current assets

	As at March 31, 2020	As at March 31, 2019
Balance with government and statutory authorities		
Unsecured, considered good	**64.91**	30.46
Unsecured, considered credit impaired	**12.23**	12.23
Less: Impairment allowance for doubtful balance	**(12.23)**	(12.23)
	64.91	30.46
Prepaid Expenses	**–**	11.49
	64.91	41.95

Note 9 : Investment

	As at March 31, 2020	As at March 31, 2019
Current		
Quoted mutual funds (Classified at Fair value through Profit or Loss)		
46.74 (March 31, 2019 - Nil) units HDFC liquid fund	**0.18**	–
292,375.27 (March 31, 2019 - Nil) units Aditya Birla Sunlife Liquid fund	**93.43**	–
222,525.60 (March 31, 2019 - Nil) units Aditya Birla Sunlife money manager fund	**60.29**	–
7,920,304.14 (March 31, 2019 - Nil) units IDFC Ultra Short term fund	**90.34**	–
38,941.54 (March 31, 2019 - Nil) units Mahindra Liquid fund	**50.18**	–
16,142.41 (March 31, 2019 - Nil) units SBI Liquid fund	**50.19**	–
43,806.72 (March 31, 2019 - Nil) units ICICI Prudential Liquid Fund	**12.87**	–
	357.48	–

Refer Note 27 for information about fair value measurement

Note 10 :Trade receivables

(Measured at amortised cost)

	As at March 31, 2020	As at March 31, 2019
Secured, considered good	**36.00**	38.09
Unsecured, considered good	**97.51**	42.10
Unsecured, considered credit impairment	**52.10**	49.80
Less: Impairment allowance doubtful trade receivables	**(52.10)**	(49.80)
	133.51	80.19

Trade receivables from drivers are due immediately. The Company also holds security deposit from a number of the drivers as collateral. Trade receivables from corporate customers are generally on credit terms of 30 to 60 days.

Refer Note 27 for information about credit risk. Refer note 31 for details of trade receivables from related parties.

Note 11 : Cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
Cash on hand	**2.50**	1.62
Balances with bank in current accounts	**8.30**	13.24
	10.80	14.86

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR millions)

Note 12 :Other bank balance

	As at March 31, 2020	As at March 31, 2019
Balances with banks held as margin money*	**4.22**	5.19
Short term bank deposits #	**–**	11.11
	4.22	16.30

* These balances are given as margin money against the bank guarantees issued by the banks for Airport contracts/to Transport authorities for issuance of licenses in respective cities. The balances have original maturity of more than 3 months and remaining maturity of less than 12 months from the balance sheet date).

\# Balance with bank for securing bank overdraft facility.

Note 13 : Other current assets

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Advance to suppliers	**19.13**	4.73
Prepaid Expenses	**16.28**	25.76
	35.41	30.49

Note 14 : Equity share capital

	As at March 31, 2020	As at March 31, 2019
Authorised share capital:		
250,000 equity shares of INR. 10 each (March 31, 2019: 100,000)	**2.50**	1.00
Issued, subscribed and fully paid-up shares:		
1,48,195 equity shares of INR. 10 each fully paid up (March 31, 2019: 84,786)	**1.48**	0.85

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the year

	As at March 31, 2020	As at March 31, 2019
Outstanding at the beginning of the year		
No. of shares	**84,786**	84,786
Amount	**0.85**	0.85
Issued during the year for cash consideration		
No. of shares	**63,409**	–
Amount	**0.63**	–
Outstanding at the end of the year		
No. of shares	**148,195**	84,786
Amount	**1.48**	0.85

(b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. All equity shares rank equally with regard to dividends and share in the residual assets of the Company. Each holder of equity shares is entitled to one vote per share. No dividend has been declared during the year ended March 31, 2020 (March 31, 2019: Nil). No dividend has been proposed for the year ended 31 March 2020.

(c) Shares held by holding company

	As at March 31, 2020	As at March 31, 2019
Meru Travel Solutions Private Limited, the holding company (including nominees)		
No. of shares	**148,195**	84,786
Amount	**1.48**	0.85

(d) Details of shares held by shareholders holding more than 5% of the aggregate shares

	As at March 31, 2020	As at March 31, 2019
Meru Travel Solutions Private Limited, the holding company (including nominees)		
No. of shares	**148,195**	84,786
Percentage(%)	**100%**	100%

Note 15 : Borrowings

	As at March 31, 2020	As at March 31, 2019
Non-current		
Term Loans- Secured		
(i) Vehicle loan from Banks	**143.11**	58.84
(ii) Vehicle loan from NBFC	**36.23**	6.11
Total Non-current Borrowings	**179.34**	64.95
Current		
Term Loan- Secured:		
(i) Vehicle loan from Banks*	**58.93**	24.92
(ii) Vehicle loan from NBFC*	**13.78**	1.64
(b) Unsecured:		
Interest free loan from fellow subsidiary repayable on demand**	**302.12**	180.88
Total Current Borrowings	**374.83**	207.44
* Current maturities of long term borrowings disclosed under the head Other financial liabilities - *Refer note 18.*	**72.71**	26.56
** Short-term borrowings	**302.12**	180.88

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR millions)

(i) Vehicle loan from Banks

The loans are secured against hypothecation of vehicles as a first charge and corporate guarantee given by the fellow subsidiary. The rate of interest on these loans ranges from 8.20% p.a. to 9.45% p.a. The loans are repayable in 48 equal monthly instalments. Refer note 27[C](iii) 'Liquidity risk' for maturity profile of future instalments. These loans will be fully repaid by March 15, 2024. As at 31 March 2020, vehicle loan from banks includes outstanding loan from ICICI Bank of Rs. 203.97 million (31 March 2019: Rs. 84.84 million). While the Company has hypothecated relevant vehicles as a security against the said loan taken from ICICI Bank based on the contractual terms agreed with the Bank, the Company is in the process of registering the charge on the assets (vehicles) with the Registrar as required under the Companies Act, 2013.

(ii) Vehicle loan from NBFCs

The loans are secured against hypothecation of vehicles as a first charge and corporate guarantee given by the fellow subsidiary. The rate of interest on these loans ranges from 9.30% p.a. to 11.50 % p.a. The loans are repayable in 36 to 48 equal monthly installments. Refer note 27[C](iii) 'Liquidity risk' for maturity profile of future instalments. These loans will be fully repaid by December 15, 2023.

Note 16 : Provisions

	As at March 31, 2020	As at March 31, 2019
Non Current		
Provision for employee benefits		
Provision for gratuity *(Refer note 28)*	**9.26**	7.74
Other provisions		
Provision for contingencies*	**116.23**	76.50
Total Non current	**125.49**	84.24
Current		
Provision for employee benefits		
Provision for gratuity *(Refer note 28)*	**3.75**	3.26
Provision for leave encashment	**6.81**	5.19
Total current	**10.56**	8.45

* The Company has created provision towards various disputed legal matters that arise in the ordinary course of business on a best estimate basis. These provisions have not been discounted as it is not practicable for the Company to estimate the timing of the provision utilization and cash out flows, if any, pending resolution.

Particulars	**As at March 31, 2020**	As at March 31, 2019
At the beginning of the year	**76.50**	77.61
Arising during the year	**39.98**	–
Reversed during the year	**(0.25)**	(1.11)
At the end of the year	**116.23**	76.50
Current portion	**–**	–
Non-current portion	**116.23**	76.50

Note 17 : Trade Payables

	As at March 31, 2020	As at March 31, 2019
Trade payables		
a) total outstanding dues to small enterprise and micro enterprises	**–**	–
b) total outstanding dues of creditors other than small enterprise and micro enterprises	**72.67**	57.77
	72.67	57.77

Trade payables are non-interest bearing and the credit terms generally range from 30 to 90 days.
For terms and conditions with related parties, Refer to note 31.
The Company's exposure to liquidity risk is disclosed in note 27[C](iii).

Details of dues to micro and small enterprises as per Micro, Small and Medium Enterprises Development Act, 2016

As at March 31, 2020 and March 31, 2019, there are no outstanding dues on account of principal or interest to micro and small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, no additional disclosures have been made. The above information regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Note 18 : Other financials liabilities

	As at March 31, 2020	As at March 31, 2019
Current maturities of long term borrowings *(Refer note 15)*	**72.71**	26.56
Deposits from subscribers and customers	**99.42**	102.57
Creditor for capital expenditure	**26.05**	–
Employee benefits payable	**14.05**	10.62
Interest accrued but not due on borrowings	**1.28**	0.33
Lease liabilities	**1.95**	–
	215.46	140.08

Note 19 : Other current liabilities

	As at March 31, 2020	As at March 31, 2019
Contract liabilities	**3.74**	3.82
Statutory dues	**6.34**	12.77
	10.08	16.59

Note 20: Revenue from operations

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operation:		
Revenue from Metered taxi operations	**549.55**	750.10
Revenue from taxi aggregator services	**174.70**	176.34

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR millions)

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from employee transportation services	**261.18**	85.72
Revenue from Car rentals	**22.24**	8.60
Advertisement revenue	**9.68**	3.65
Convenience fee	**6.49**	6.99
Airport charges	**95.68**	105.24
	1,119.52	1,136.64
Other operating revenue:		
Enrolment fees	**0.43**	1.26
Infrastructure Support Services	**3.57**	4.63
	4.00	5.89
	1,123.52	1,142.53

Note 21: Other income

	Year ended March 31, 2020	Year ended March 31, 2019
Liabilities no longer required written back	**–**	7.11
Profit on sale of property, plant and equipment/ assets held for sale	**–**	3.91
Gain on mutual funds	**7.58**	0.38
Other miscellaneous income	**2.63**	2.91
	10.21	14.31

Note 22: Fleet operating expenditure

	Year ended March 31, 2020	Year ended March 31, 2019
Service provider service charges	**318.80**	427.38
Car Hire Charges	**279.03**	93.43
Accreditation fee	**206.73**	218.98
Insurance	**11.49**	10.68
Vehicle repairs and maintenance	**15.19**	11.91
Registration charges and taxes	**6.03**	5.42
Drivers recruitment, uniform and training expenses	**1.41**	1.10
	838.68	768.90

Note 23: Employee benefits expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	**167.60**	119.33
Outsourced staff cost	**0.42**	1.33
Contribution to provident and other funds	**7.80**	6.25
Gratuity expenses (Refer note 28)	**2.57**	2.17
Compensated absence expenses	**1.52**	1.63
Staff welfare expenses	**5.38**	4.56
	185.29	135.27

Note 24: Operating and other administrative expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Legal and professional fees	**20.96**	12.13
Advertisement and sales promotion	**21.49**	35.73
Rent	**28.23**	30.01
Repairs and maintenance - other than vehicles	**14.73**	14.43
Communication expenses	**3.76**	3.98
Impairment allowance doubtful trade receivables	**2.29**	(5.26)
Bad debts written off	**4.72**	7.34
Security charges	**6.22**	7.67
Travelling and conveyance	**6.01**	5.84
Rates and taxes	**30.62**	–
Loss on sale of property, plant and equipment	**1.24**	–
Electricity charges	**3.56**	3.82
Printing and stationery	**1.80**	1.34
Auditor’s remuneration (refer note below)	**1.37**	1.14
Bank charges	**6.49**	6.85
Provision for doubtful advances	**–**	0.59
Miscellaneous expenses	**2.54**	2.43
	156.03	128.04
Auditor's Remuneration (including GST)		
Statutory audit fees	1.33	1.06
Out of pocket expenses	0.04	0.08
	1.37	1.14

Note 25: Finance costs

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on borrowings	**9.29**	10.91
Interest on delayed payment of statutory dues	**12.78**	0.31
Interest expense on Lease Liability (refer note 29(A))	**0.29**	–
Interest others	**–**	0.08
	22.36	11.30

Note 26: Finance income

	Year ended March 31, 2020	Year ended March 31, 2019
Interest income on:		
– Fixed deposits/bank balances	**0.89**	1.60
– Income tax refund	**0.32**	–
– Security Deposit	**24.04**	16.89
– Finance Lease	**0.65**	–
	25.90	18.49

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR millions)

Note 27: Financial instruments

A] Accounting classification of financial instruments

The following table summarises the accounting classification and carrying amounts (net off any provision for impairment) of financial instruments.

Particulars	Notes	Carrying value/ Fair Value	
		March 31, 2020	March 31, 2019
Financial assets carried at amortised cost			
Security deposits	5	**54.79**	96.97
Loans to related parties - Inter-corporate deposits	5	**168.86**	84.89
Loans to Key managerial personnel	5	**3.00**	–
Loans to employees	5	**0.85**	0.12
Balances with banks held as margin money (non-current)	6	**3.70**	3.79
Advances recoverable in cash	6	**6.35**	5.19
Accrued interest	6	**0.15**	0.10
Receivables towards assets given on finance lease	6	**21.56**	–
Trade Receivables	10	**133.51**	80.19
Cash and cash equivalents and other bank balances	11, 12	**15.02**	31.16
Financial assets classified at FVTPL			
Investments	9	**357.48**	–
Total		**765.27**	302.41
Financial liabilities carried at amortised cost			
Borrowings	15	**481.46**	245.83
Current Maturities of long term Borrowings	18	**72.71**	26.56
Other financial liabilities	18	**142.75**	113.52
Trade payables	17	**72.67**	57.77
Total		**769.59**	443.69

B] Fair Value Measurement

The management assessed that cash and cash equivalents, trade receivables, loans, other financial assets trade payables, borrowings and other financial liability approximate their carrying amounts largely due to the short-term maturities of these instruments.

Investments in mutual funds are recorded at fair value. The fair value is determined at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value of investments in mutual fund units is based on Net Asset Value (NAV) on the balance sheet date as published by the mutual fund. The fair value is categorised as Level 2 in the fair value measurement hierarchy.

There were no transfers between level 1, 2 and 3 for recurring fair value measurements during each of the reporting period. The Company's policy is to recognise transfers into and transfer out of fair value hierarchy levels at the end of the reporting period.

C] Financial risk management objectives and policies

The Company has exposure to the following risks arising from its financial instruments: - Market risk - interest rate risk - Credit risk - Liquidity risk

The Company's senior management is responsible for the management of these risks with oversight of the Company's Board of Directors.

i] Market risk - interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any exposure to interest rate risks since its borrowings are all in fixed rate instruments and there is no investments that is exposed to interest rates.

ii] Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), liquid mutual fund units, inter corporate deposits, cash deposits and other financial instruments.

Trade receivables

The Company's Management divides its customers primarily into following two categories for purposes of monitoring credit risk:

Trade receivables from subscribers

Credit risk relating to subscribers is managed in accordance with the Company's established policy, procedures and controls relating to driver credit risk management. Trade receivables are non-interest bearing. Outstanding receivables are regularly monitored. The Company recognises impairment of trade receivables from drivers based on outstanding receivable, its historical experience and its expectation of credit losses in the future except to the extent the trade receivables are secured by way of deposits received from customers.

	March 31, 2020	March 31, 2019
Gross Trade receivables from subscribers	**70.98**	65.91
Less: Impairment allowance doubtful trade receivables	**(30.34)**	(27.82)
Net Trade receivables from subscribers	**40.64**	38.09
Security deposits received from above subscribers held as at the respective reporting dates	**36.00**	38.09

Trade receivables from other customers

Credit risk relating to other customers is managed in accordance with the Company's established policy, procedures and controls relating to other customer credit risk management. Trade receivables are non-interest bearing. Outstanding customer receivables are regularly monitored. For the purpose of measuring impairment allowance for trade receivables from other customers, the Company estimates irrecoverable amounts based on the ageing of the outstanding receivables, its historical experience and its expectation of credit losses in the future.

	March 31, 2020	March 31, 2019
Gross Trade receivables from other customers	**114.63**	64.09
Less: Impairment allowance doubtful trade receivables	**(21.76)**	(21.98)
Net Trade receivables from other customers	**92.87**	42.11
Ageing of gross trade receivables relating to other customers:		
Less than 6 months	**92.87**	42.11
More than 6 months	**21.76**	21.98
	114.63	64.09

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR millions)

Other financial assets

Financial assets other than trade receivables are neither past due nor impaired. Management believes that the amounts are collectible in full, based on its assessment including considering the historical payment behavior. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 27A. The Company has assessed the concentration risk with respect to trade receivables as low for its business.

iii] Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal sources of liquidity are cash flows generated from its operations including deposits received from drivers.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

		Undiscounted amount				
Year ended - March 31, 2020	**Carrying Value**	**Payable within 1 year**	**Payable within 1 to 2 years**	**Payable within 2 to 3 years**	**Payable within 3 to 4 years**	**Total**
Borrowings*						
(i) Vehicle loan from Banks	**202.04**	**75.28**	**69.79**	**53.12**	**40.60**	**238.80**
(ii) Vehicle loan from NBFC	**50.01**	**18.14**	**18.14**	**15.25**	**6.88**	**58.41**
Interest free loan from fellow subsidiary repayable on demand	**302.12**	**302.12**	**–**	**–**	**–**	**302.12**
Deposits from Subscribers and customers	**99.42**	**99.42**	**–**	**–**	**–**	**99.42**
Interest accrued but not due on borrowings	**1.28**	**1.28**	**–**	**–**	**–**	**1.28**
Employee benefits payable	**14.05**	**14.05**	**–**	**–**	**–**	**14.05**
Lease liabilities	**1.95**	**1.95**	**–**	**–**	**–**	**1.95**
Payable for capital expenditure	**26.05**	**26.05**	**–**	**–**	**–**	**26.05**
Trade Payable	**72.67**	**72.67**	**–**	**–**	**–**	**72.67**
	769.59	**610.96**	**87.93**	**68.37**	**47.48**	**814.75**

		Undiscounted amount				
Year ended - March 31, 2019	Carrying Value	Payable within 1 year	Payable within 1 to 2 years	Payable within 2 to 3 years	Payable within 3 to 4 years	Total
Borrowings*						
(i) Vehicle loan from Banks	83.77	31.29	31.31	25.82	9.14	97.56
(ii) Vehicle loan from NBFCs	7.74	2.21	2.07	2.07	2.06	8.42
Interest free loan from fellow subsidiary repayable on demand	180.88	180.88	–	–	–	180.88
Deposits from Subscribers and customers	102.57	102.57	–	–	–	102.57
Employee benefits payable	10.62	10.62	–	–	–	10.62
Interest accrued but not due on borrowings	0.33	0.33	–	–	–	0.33
Trade Payables	57.77	57.77	–	–	–	57.77
	443.69	385.68	33.38	27.89	11.20	458.15

* The carrying amount of borrowings is net of transaction costs including bank fees.

D] Capital management

For the purpose of capital management, the Company considers capital to include issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the shareholder's value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the loan covenants. To maintain or adjust the capital structure, the Company may issue new shares. The Company manages its capital, considering the net debt position and rolling cash flows as forecasts at each period end and identifies need for additional funding from the share holders to meet the outstanding commitments and future cash flow requirements to meet the business plans. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents and liquid mutual fund units.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR millions)

Particulars	March 31, 2020	March 31, 2019
Borrowings	**297.21**	105.98
Less: Cash and Cash Equivalent and liquid mutual fund units	**372.50**	31.16
Net Debt	**(75.29)**	74.82

Note 28: Employee benefits

a. Defined contribution plans

The Company makes contributions determined as a specified percentage of employees' salary in respect of qualifying employees towards Provident Fund and Employees' State Insurance (ESI) which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to statement of profit and loss as they accrue. The Company has recognised the following amount as an expense and included in the Note 23 under "Contribution to provident and other funds":

Particulars	March 31, 2020	March 31, 2019
Contribution to employees provident fund	**7.11**	5.42
Contribution to ESI	**0.69**	0.83
Total	**7.80**	6.25

b. Defined benefit plans

The Company operates one post-employment defined benefit plan (unfunded plan) that provides gratuity. The gratuity plan is governed by the Payment of Gratuity Act, 1972. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement.

Liability recognised in the Balance Sheet in respect of Gratuity

	March 31, 2020	March 31, 2019
Present value of the defined benefit obligation at the end of the year	**13.01**	11.00
	13.01	11.00

Changes in the present value of the defined benefit obligation are as follows :

	March 31, 2020	March 31, 2019
Defined benefit obligation at beginning of the year	**11.00**	9.61
Current service cost	**1.81**	1.50
Interest cost	**0.76**	0.67
Past Service cost	**–**	–
Sub-total included in statement of profit and loss	**2.57**	2.17
Remeasurement (gains)/losses recorded in OCI		
Actuarial changes arising from changes in demographic assumptions	**(0.32)**	**(0.11)**
Actuarial changes arising from changes in financial assumptions	**0.67**	**0.14**
Sub-total included in OCI	**0.35**	**0.03**
Acquisition Adjustment	**1.75**	**–**
Benefits paid	**(2.66)**	**(0.81)**
Defined benefit obligation at the end of the year	**13.01**	**11.00**

Following table summarises the principal assumptions used for actuarial valuation of gratuity obligation for each reporting period:

	March 31, 2020	March 31, 2019
Discount rate	**5.15%**	6.60%
Future salary increases	**8.00%**	8.00%
Attrition rate (% p.a.)	**refer note below**	refer note below

Note : Call center – 60%, Non Call center – 35%, Management committee –10%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Demographic Assumptions : Mortality in Service: Indian Assured Lives Mortality 2012-18 (March 31, 2019: Mortality in Service: Indian Assured Lives Mortality 2006-08) Mortality in Retirement : 58 Years

A quantitative sensitivity analysis for significant assumptions as at each reporting date is as shown below:

	Discount rate assumption	
	March 31, 2020	March 31, 2019
Gratuity plan:		
Impact of increase of 1% p.a. on defined benefit obligation	**(0.48)**	(0.39)
Impact of decrease of 1 % p.a. on defined benefit obligation	**0.51**	0.42

	Future salary increase assumption	
	March 31, 2020	March 31, 2019
Gratuity plan:		
Impact of increase of 1% p.a. on defined benefit obligation	**0.39**	0.33
Impact of decrease of 1 % p.a. on defined benefit obligation	**(0.40)**	(0.32)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The average duration of the defined benefit plan obligation at the end of the reporting period is 3 years (March 31, 2019: 3 years).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR millions)

The following are expected contributions over the future years (valued on undiscounted basis):

	March 31, 2020	March 31, 2019
Within the next 1 year (next annual reporting period)	**3.75**	3.26
Between 2 to 5 years	**7.49**	6.72
Between 6 to 10 years	**2.81**	3.13
Beyond 10 years	**2.11**	1.40
Total expected payments	**16.16**	14.51

C. Other employee benefits

Compensated absences are payable to employees at the rate of basic salary for each day of accumulated leave on death or resignation or upon retirement. The charge towards compensated absences for the year ended 31 March 2020 INR 1.52 Millions (March 31, 2019: INR 1.63 Millions).

Note 29: Commitments and contingencies

A. Leases

a. Lease commitments

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our financial statement for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset and lease liability of INR 2.93 million. The effect of this adoption is insignificant on the loss before tax and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is in the range of 12.45% -11.65% p.a.%

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020

Particulars	ROU Assets Building	Total
Balance as at April 1, 2019	**2.93**	2.93
Additions	**1.15**	1.15
Deletions	**–**	–
Balance as at March 31, 2020	**4.08**	4.08

The following is the movement in lease liabilities for the year ended March 31, 2020

Particulars	March 31, 2020
Balance at the beginning	**2.93**
Additions	**1.15**
Finance cost accrued during the period	**0.29**
Deletions	**–**
Payment of lease liabilities	**(2.41)**
Balance at the end	**1.96**

Depreciation on right-of-use assets is as follow	**Year ended March 31, 2020**
Depreciation	
Building	**2.21**
Total	**2.21**

During the year ended March 31, 2020, the Company has paid INR 27.60 million (March 31, 2019: INR 26.05 million) towards short-term lease payments. This has been recorded under Rent expense in the statement of profit and loss.

b. Finance lease - where the Company is lessor

The Company has taken taxi permits on finance lease by paying the consideration upfront as a onetime payment.

The Company has leased out 51 vehicles (March 31, 2019 : Nil) on finance lease. The lease term is for 3 - 4 years and is non-renewable, after which the legal title is passed to the lessee. There is no escalation clause in the lease agreement.

Gross investments	March 31, 2020	March 31, 2019
Within one year	**8.29**	
After one year but not more than five years	**16.79**	–
More than five years	**–**	–
	25.08	–
Less: Unearned finance income	**(3.52)**	–
Present value of minimum lease payments	**21.56**	–
Present value of future rentals		
Within one year	**6.47**	
After one year but not more than five years	**15.09**	–
More than five years	**–**	–
Present value of minimum lease payments	**21.56**	–

During the year ended March 31, 2020, the Company has earned INR 0.65 Million (March 31, 2019: INR Nil Million) as interest income. This has been recorded under finance income in the statement of profit and loss.

Movement for the receivables towards assets given on finance lease	**Amount**
Opening balance as at 1 April 2019	**–**
Add: Additions made during the tear	**23.46**
Less: amount recovered during the year	**(1.90)**
Closing balance as at March 31, 2020	**21.56**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR millions)

B. Commitments

[I] Capital commitments

	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for, (net of advances)		
– towards leasehold improvement	**6.80**	–
– towards purchase of vehicles	**29.75**	–
	36.55	–

[II] Other commitments

The Company has entered into License Agreements/Contracts with Airport authorities at some locations. These agreements are for periods of 3 to 4 years and include non-cancellable period of 1 to 2 years. Under the contracts, the Company guarantees a certain minimum payment to the airports each month. Management believes that it would perform its obligations for the entire period of these contracts taking into account the past experience and management's intent and future business plans. Management has disclosed contractual commitments under these contracts below based on the total contractual period.

Particulars	**As at March 31, 2020**	As at March 31, 2019
Minimum commitment to Airports		
Delhi Airport Terminal 1	**3.45**	10.73
Delhi Airport Terminal 2	**1.12**	3.47
Delhi Airport Terminal 3	**24.98**	57.46
Bangalore Airport	**51.92**	94.45
Hyderabad Airport	**200.28**	30.60
	281.74	196.69

C] Contingent liabilities

Particulars	**As at March 31, 2020**	As at March 31, 2019
Claims against the Company not acknowledged as debts (Refer note a below)	**18.78**	35.45
Advertisement tax	**5.54**	5.54
Guarantees and counter guarantees given by the Company (disclosed to the extent of outstanding loan balance) (Refer note b below)	**0.29**	1.50
	24.61	42.48

Note:

a) Claims against the Company pertain to various legal claims filed against the Company by customers/ third parties. The Company has contested these claims and the same are pending adjudication at various judicial forums. The timing of any possible cash outflows with regard to the aforesaid matters depends upon the final outcome of the respective litigations and exhaustion of remedies available to the Company under the law and hence the Company is not able to reasonably ascertain the timing of the possible outflow, if any.

b) The guarantees given have been used for acquisition of property, plant and equipment by a fellow subsidiary. Total loan amount drawn for which guarantee is given was INR 2.45 million (March 31, 2019: INR 2.45 million), of which outstanding loan balance is disclosed above.

Note 30: Income Taxes

The major components of income tax expense for the years ended

	March 31, 2020	March 31, 2019
Current income tax:		
Current income tax charge	**–**	–
Deferred tax:		
Relating to origination and reversal of temporary differences	**–**	–
Income tax expense reported in the statement of profit or loss	**–**	–

Statement of OCI

	March 31, 2020	March 31, 2019
Net loss/(gain) on remeasurements of defined benefit plans	**–**	–
Income tax expense charged to OCI	**–**	–

Reconciliation of tax expense and the accounting profit/(loss) multiplied by India's domestic tax rate for the years ended

	March 31, 2020	March 31, 2019
Accounting profit/(loss) before income tax	**(106.44)**	54.32
At India's statutory income tax rate of 26% [March 31, 2019: 26%]	**(27.67)**	14.12
Effect of set off of carried forward tax losses for which no deferred tax asset was recognised previously	**27.67**	(14.12)
Effect of current year losses for which no deferred tax asset is recognised	**–**	–
At the effective income tax rate for the Company	**–**	–
Income tax expense reported in the statement of profit and loss		

Deferred tax working for the year ended:

	March 31, 2020	March 31, 2019
Tax effect of items constituting deferred tax liabilities		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**–**	–
	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR millions)

	March 31, 2020	March 31, 2019
Tax effect of items constituting deferred tax assets		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**34.13**	44.33
Provisions (Doubtful debts/Impairment/Advances)	**18.07**	17.47
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	**5.15**	4.21
Carry forward Tax Loss (Unabsorbed depreciation)	**582.37**	552.15
Provision for contingencies	**30.22**	19.89
	669.95	638.05
Net deferred tax assets/(liabilities)	**669.95**	638.05
Net deferred tax assets/(liabilities) recognised	**–**	–

	Statement of Profit and Loss	
Tax effect of items constituting deferred tax liabilities	**March 31, 2020**	March 31, 2019
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**–**	–
Tax effect of items constituting deferred tax assets		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**(10.20)**	(8.25)
Provisions (Doubtful debts/Impairment/Advances)	**0.60**	(1.75)
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	**0.95**	0.49
Carry forward Tax Loss	**30.22**	0.58
Provision for contingencies	**10.33**	(0.29)
Deferred tax expense/(income)	**31.90**	(9.22)
Deferred tax expense/(income) recognised in profit and loss	**–**	–

The Company has a net deferred tax asset position as at March 31, 2020, However, in terms of Ind AS 12, the Company has not recognised the net deferred tax assets as there is no reasonable certainty supported by convincing evidence that the Company will have adequate taxable profits in the future against which the carried forward tax losses/unabsorbed depreciation may be offset.

The Company has following tax losses/unabsorbed depreciation which arose in India that are available for offsetting against future taxable profits.

	March 31, 2020	March 31, 2019
Losses that never expire - Unabsorbed depreciation	**2,239.90**	2,123.66

Note 31: Related party transactions

Names of related parties and related party relationship:

Related parties ('RP') where control exists

Ultimate holding Company	Mahindra & Mahindra Ltd. (w.e.f. Dec 5, 2019)
	True North Trusteeship Private Limited (as a nominee shareholder of True North Fund IIIA & True North Fund IV) (upto Dec 4, 2019)
Holding Company	Meru Travel Solutions Private Limited

Related parties with whom transactions have taken place during the year

Fellow Subsidiaries	V-Link Fleet Solutions Private Limited
	V-Link Automotive Services Private Limited
	Mahindra Electric Mobility Limited (w.e.f. Dec 5, 2019)
	NBS International Limited (w.e.f. Dec 5, 2019)
Companies under same management	True North Fund V LLP (upto Dec 4, 2019)
	True North Corporate Private Limited (upto Dec 4, 2019)
	True North Fund IV (upto Dec 4, 2019)
	True North Managers LLP (upto Dec 4, 2019)
Key Management Personnel (KMP)	Neeraj Gupta (w.e.f. December 5, 2019)
	Nilesh Sangoi (upto November 29, 2019)
	Bharat Trivedi (w.e.f. December 5, 2019)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR millions)

Details of transactions during the year with related parties

Particulars	Holding companies		Fellow subsidiaries		Key management personnel		Companies under the same management	
	March, 31 2020	March, 31 2019	**March, 31 2020**	March, 31 2019	**March, 31 2020**	March, 31 2019	**March, 31 2020**	March, 31 2019
Line of credit availed/(Squared off) #								
Meru Travel Solutions Private Limited	**(60.21)**	14.49	**–**	–	**–**	–	**–**	–
Sale of services (includes unbilled portion and excluding GST):								
V-Link Automotive Services Private Limited	**–**	–	**7.29**	4.63	**–**	–	**–**	–
V-Link Fleet Solutions Private Limited	**–**	–	**0.36**	3.63	**–**	–	**–**	–
Mahindra & Mahindra Ltd.	**10.72**	–						
True North Fund IV	**–**	–	**–**	–	**–**	–	**–**	* 0.00
True North Fund V LLP	**–**	–	**–**	–	**–**	–	**–**	0.02
True North Managers LLP	**–**	–	**–**	–	**–**	–	**–**	0.02
Purchase of vehicle:								
NBS International Limited	**–**	–	**73.16**	–	**–**	–	**–**	–
Services received (includes accrual and excludes GST):								
V-Link Automotive Services Private Limited	**–**	–	**22.16**	15.13	**–**	–	**–**	–
V-Link Fleet Solutions Private Limited	**–**	–	**14.66**	76.22	**–**	–	**–**	–
Mahindra Electric Mobility Limited	**–**	–	**0.17**	–	**–**	–	**–**	–
NBS International Limited	**–**	–	**0.02**	–	**–**	–	**–**	–
Expense incurred on behalf of :								
Meru Travel Solutions Private Limited	**8.67**	0.46	**–**	–	**–**	–	**–**	–
Loans given:								
V-Link Fleet Solutions Private Limited	**–**	–	**193.72**	306.21	**–**	–	**–**	–
Neeraj Gupta	**–**	–	**–**	–	**9.00**	–	**–**	–
Loans repayment received :								
Meru Travel Solutions Private Limited	**7.20**	–	**–**	–	**–**	–	**–**	–
V-Link Fleet Solutions Private Limited	**–**	–	**93.55**	180.13	**–**	–	**–**	–
Loans taken:								
V-Link Automotive Services Private Limited	**–**	–	**183.32**	156.49	**–**	–	**–**	–
Loans repayment made:								
V-Link Automotive Services Private Limited	**–**	–	**78.71**	146.38	**–**	–	**–**	–
Equity Share issued:								
Meru Travel Solutions Private Limited	**440.00**	–	**–**	–	**–**	–	**–**	–
Remuneration to key management personnel @								
Neeraj Gupta	**–**	–	**–**	–	**4.03**	–	**–**	–
Nilesh Sangoi**	**–**	–	**–**	–	**15.69**	6.04	**–**	–
Bharat Trivedi	**–**	–	**–**	–	**0.60**	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR millions)

Details of Balances receivable from/payable to related parties

Particulars	Holding companies		Fellow subsidiaries		Key management personnel		Companies under the same management	
	March, 31 2020	March, 31 2019	**March, 31 2020**	March, 31 2019	**March, 31 2020**	March, 31 2019	**March, 31 2020**	March, 31 2019
Guarantees obtained (Disclosed to the extent of closing balance of borrowings drawn by the Company):								
V-Link Automotive Services Private Limited	**–**	–	**123.16**	91.88	**–**	–	**–**	–
Guarantees given (Disclosed to the extent of closing balance of borrowings drawn by the fellow subsidiary):								
V-Link Fleet Solutions Private Limited			**0.29**	1.50				
Balance receivable/(payable) as at year end :								
Mahindra & Mahindra Ltd.	**2.77**	–						
Meru Travel Solutions Private Limited	**3.77**	2.31	**–**	–	**–**	–	**–**	–
V-Link Fleet Solutions Private Limited	**–**	–	**168.86**	84.89	**–**	–	**–**	–
V-Link Automotive Services Private Limited	**–**	–	**(302.12)**	(180.88)	**–**	–	**–**	–
Mahindra Electric Mobility Limited	**–**	–	**0.01**	–	**–**	–	**–**	–
NBS International Limited	**–**	–	**(0.22)**	–	**–**	–	**–**	–
True North Fund IV	**–**	–	**–**	–	**–**	–	**–**	0.00
True North Managers LLP	**–**	–	**–**	–	**–**	–	**–**	0.02
True North Managers LLP	**–**	–	**–**	–	**–**	–	**–**	0.02
Neeraj Gupta	**–**	–	**–**	–	**9.00**	–	**–**	–

@ The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

** The current year remuneration includes leave encashment & gratuity paid at the time of resignation.

Refer footnote d. to the Statement of Changes in Equity for details.

* less than Rs. 5,000

Terms and conditions of transactions with related parties

All the related party transaction during the year were in ordinary course of business. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. The loans receivable and payable are all repayable on demand.

Note 32:

The outbreak of coronavirus (COVID 19) pandemic globally is causing a slowdown of economic activity. Measures are being taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered disruptions to business worldwide, resulting in an economic slowdown and uncertainties pertaining to future operations.

The Company has made a detailed assessment of its liquidity position for next one year and the recoverability and carrying value of its assets including Property, Plant and Equipment, Trade receivables and Investment as at the Balance sheet date and has concluded that no material adjustments are required in the financial statements. Management believes that it has taken into account all possible impacts of known events arising from COVID 19 pandemic in preparation of these financial statements.

The impact of coronavirus on the business will depend on future developments that cannot be reliably predicted. The impact of global health pandemic, might be different from that estimated as at the date of approval of these financial statements depending on how long the pandemic lasts and time period taken for the economic activities to return to normalcy.

Note 33: Operating Segments Reporting

A. Basis for segmentation

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance. Operating EBITDA is the Management's measure of the segment results.

The Group has two reportable segments, as described below, which are the Group's strategic business units. These business units offer different services and are managed separately because they require different technologies and marketing strategies. For each of the business units the CODM reviews internal management reports on monthly basis.

The following summary describes the operations in each of the company reportable segments:

a. **Taxi services (includes taxi aggregator services):** Provide taxi services to retail passengers (which includes taxi aggregator services).

b. **Employee transport service:** Provides employee transportation and rent a cab services to corporate customers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR millions)

B. Information about reportable segments

Information regarding the results of each reportable segments is included below.

Particulars	Taxi Services		Employee Transport		Unallocated Transaction		Total	
	March 31, 2020	March 31, 2019	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019
Revenue from Operations								
Total Revenue	**840.10**	1,048.21	**283.42**	94.32	**–**	–	**1,123.52**	1,142.53
External Revenue	**840.10**	1,048.21	**283.42**	94.32	**–**	–	**1,123.52**	1,142.53
Segment Results (Operating EBITDA)	**283.11**	382.62	**11.95**	5.33	**(341.32)**	(263.32)	**(46.27)**	124.63
Depreciation and amortisation expense	**63.71**	77.50	**–**	–	**–**	–	**63.71**	77.50
Finance costs	**–**	–	**–**	–	**22.36**	11.30	**22.36**	11.30
Finance income	**–**	–	**–**	–	**25.90**	18.49	**25.90**	18.49
Profit/(Loss) before taxes	**219.40**	305.11	**11.95**	5.33	**(337.78)**	(256.13)	**(106.44)**	54.32
Tax Expense	**–**	–	**–**		**–**	–	**–**	–
Profit/(Loss) after taxes	**219.40**	305.11	**11.95**	5.33	**(337.78)**	(256.13)	**(106.44)**	54.32
Additions to property, plant and equipment	**214.71**	45.89	**–**	–	**–**	–	**214.71**	45.89
Deletion to property, plant and equipment (Gross block - deemed cost)	**(111.74)**	(64.43)	**–**	–	**–**	–	**(111.74)**	(64.43)
<u>**Material Non- Cash Expenses:**</u>								
Bad debts written off net of provision	**4.72**	7.34	**–**	–	**–**	–	**4.72**	7.34
Loss on sale property, plant and equipment	**1.24**	–	**–**	–	**–**	–	**1.24**	–

Note 34: Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

	March 31, 2020	March 31, 2019
Profit/(Loss) attributable to equity holders	**(106.44)**	54.32
Number of Shares outstanding at the beginning of the year	**84,786**	84,786
Add: Shares issued during the year	**63,409**	–
Number of Shares outstanding at the end of the year	**148,195**	84,786
Weighted average number of Equity shares for basic EPS and diluted	**105,229**	84,786
Basic and diluted EPS calculations	**(1,011.51)**	640.69

Note 35: As at March 31, 2020, the Company has accumulated losses of INR 2,762.02 million (March 31, 2019: INR 2,639.51 million) and a positive net worth of INR 248.53 million (March 31, 2019 a negative net worth of INR 8.74 million). The ultimate holding Company Mahindra & Mahindra Limited has committed to provide continuing financial and/or operational support to the Company for its continued operations for the foreseeable future.

In view of the foregoing, the going concern assumption has been considered appropriate in preparing these financial statements.

Note 36: Based on the contracts with taxi operators under the taxi aggregator services, the Company's revenue is determined as a share of the total passenger revenue of INR 600.64 million (March 31, 2019: INR 595.56 million) generated by these taxi operators.

Note 37: There are no significant subsequent events that would require adjustments or disclosures in the financial statements as on the balance sheet date.

Note 38: Information with the regard to other matters specified in Schedule III to the Act is either Nil or not applicable to the Company for the year ended 31 March 2020.

Note 39: All amounts disclosed in the financial statements and notes has been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of
Meru Mobility Tech Private Limited
(formerly known as Meru Cab Company Private Limited)
CIN: U63040MH2006PTC165959

Rekha Shenoy
Partner
Membership No. 124129

Place : Mumbai
Date : May 14, 2020

Neeraj Gupta
Chief executive officer and Director
DIN No. : 01783151

Place : Mumbai
Date : May 14, 2020

Manaswini Goel
Director
DIN No. : 08142619

INDEPENDENT AUDITOR'S REPORT

To the Members of
V-Link Automotive Services Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the financial statements of V-Link Automotive Services Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Emphasis of matter

We draw your attention to Note 31 to the standalone financial statements for year ended 31 March 2020 which describes the outbreak of Coronavirus (COVID19) on the business operations of the Company. The management believes that no adjustments are required in the financial statements as it does not impact the current financial year. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 24 B to the financial statements;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the current year and hence the provisions of Section 197 of the Act are not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Rekha Shenoy
Partner
Membership No. 124219
UDIN:20124219AAAAAN3536

Place: Mumbai
Date: 14th May, 2020

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT - 31 MARCH 2020

(Referred to in our report of even date)

(i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property plant and equipment.

b) The Company has a regular programme of physical verification of property plant and equipment by which all the property plant and equipment are verified in a phased manner over a period of 3 years. In our opinion, this periodicity of physical verification is reasonable having regards to the size of the company and nature of its assets. In our opinion and according to the information and explanation given to us, no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and on the basis of our examination of books of accounts and records of the Company, the Company did not have any immovable properties. Accordingly, paragraph 3 (i) (c) of the order is not applicable to the company.

(ii) The Company is primarily engaged in the business of providing taxi and taxi aggregator services. Accordingly, it does not hold any physical inventories. Accordingly, paragraph 3 (ii) is not applicable.

(iii) In our opinion and according to the information and explanations given to us, the Company has granted a loan to a fellow subsidiary covered in the register maintained under Section 189 of the Act.

a) In our opinion and according to the information and explanations given to us, the terms and conditions of the grant on which loans are granted is not prejudicial to the company's interest.

b) The loan granted to fellow subsidiary is interest free and repayable on demand.

c) There are no overdue amounts in respect of the loan granted to fellow subsidiary.

iv) In our opinion and according to the information and explanations given to us, in respect of loans, investments, guarantee and security given the provisions of section 185 and 186 of the Companies Act 2013 have been complied with by the Company.

v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act, and the rules framed thereunder apply. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services rendered by the Company. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vii) (a) According to the information and explanations given to us and records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of Income-tax, Provident fund, Employees' State Insurance and Professional tax with the appropriate authorities. The provisions relating to Value Added tax, Sales Tax, Duty of Customs duty and Duty of excise is not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Provident fund, Employees' State Insurance and Professional tax were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income-tax, sales tax, service tax, Duty of customs, Duty of excise, value added tax and goods and service tax which have not been deposited with the appropriate authorities on account of any dispute.

viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of paragraph 3(ix) of the Order are not applicable to the Company.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given by the management, the Company was not a deemed public company till 4 December 2019 and no managerial remuneration has been paid w.e.f. 5 December 2019, and accordingly, the provision of clause 3 (xi) of the Order is not applicable to the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, transactions with the related parties are in compliance with Section 188 of the Act. The details of such related party transactions have been disclosed in financial statements as required by the applicable accounting standards. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provision of clause 3 (xiii) of the Order is not applicable to the Company

(xiv) According to the information and explanations given by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Rekha Shenoy
Partner
Membership No. 124219
UDIN:20124219AAAAAN3536

Place: Mumbai
Date: 14th May, 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (1) (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of V-Link Automotive Services Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Rekha Shenoy
Partner
Membership No. 124219
UDIN:20124219AAAAAN3536

Place: Mumbai
Date: 14th May, 2020

BALANCE SHEET AS AT MARCH 31, 2020

(Currency in INR)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
(I) Assets			
(1) Non-current assets			
a) Property, plant and equipment	3	**803,664**	–
b) Intangible assets	3	**–**	–
c) Financial assets			
i) Loans	4	**1,132,662**	1,152,662
ii) Other financial assets	5	**210,000**	210,000
d) Non current tax assets	6	**3,305,087**	3,535,275
e) Other non-current assets	9	**3,830,815**	2,260,466
Total Non-Current assets		**9,282,228**	7,158,403
(2) Current assets			
a) Financial assets			
i) Trade receivables	7	**6,183,930**	7,203,388
ii) Cash and cash equivalents	8	**806,367**	4,686,623
iii) Loans	4	**302,136,514**	290,883,975
iv) Others financial assets	5	**64,336**	49,375
b) Other current assets	9	**496,536**	238,796
Total Current Assets		**309,687,683**	303,062,157
Total Assets		**318,969,911**	310,220,560
(II) Equity and Liabilities			
1) Equity			
a) Equity share capital	10	**132,940**	132,940
b) Other equity		**290,162,926**	281,709,386
Total Equity		**290,295,866**	281,842,326
2) Liabilities			
Non-current liabilities			
Provisions	11	**2,143,537**	2,072,103
Total non-current liabilities		**2,143,537**	2,072,103
Current liabilities			
a) Financial liabilities			
i) Trade Payables	12		
a) total outstanding dues to small enterises and micro enterprises		**–**	–
b) total outstanding dues of creditors other than small enterises and micro enterprises		**3,354,275**	3,105,810
ii) Other financials liabilities	13	**10,796,081**	11,042,432

BALANCE SHEET AS AT MARCH 31, 2020 (continued)

(Currency in INR)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
b) Provisions	11	**253,941**	220,205
c) Other current liabilities	14	**12,126,211**	11,937,684
Total current liabilities		**26,530,508**	26,306,131
Total liabilities		**28,674,045**	28,378,234
Total equity and liabilities		**3,18,969,911**	310,220,560
Significant accounting polices	2		
Notes to the financial statements	3 to 32		

The notes referred to above are an integral part of the financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of

V-link Automotive Services Private Limited
CIN:U50500MH2010PTC198987

Rekha Shenoy
Partner
Membership No. 124129

Place: Mumbai
Date: 14th May, 2020

Neeraj Gupta
Director
DIN No. : 01783151

Place: Mumbai
Date: 14th May, 2020

Manaswini Goel
Director
DIN No. : 08142619

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR)

Particulars	Notes	Year Ended March 31, 2020	Year Ended March 31, 2019
Revenue from operations	15	**39,294,055**	32,660,634
Other income	16	**21,341,164**	442,920
TOTAL INCOME (I)		**60,635,219**	33,103,554
EXPENSES			
Fleet operating expenditure	17	**15,915,052**	10,410,671
Employee benefits expense	18	**4,678,685**	6,335,339
Operating and other administrative expenses	19	**34,528,573**	10,438,136
TOTAL EXPENSES (II)		**55,122,310**	27,184,146
Earnings before interest, tax, depreciation, amortization and Impairment (EBITDA) [(I) – (II)]		5,512,909	5,919,408
Finance costs	20	**761,300**	21,459
Finance income	21	**6,173,611**	12,650,077
Depreciation and amortisation expense	3	**1,917,242**	5,9946
Profit before tax		**9,007,978**	18,488,080
Tax expenses		**–**	–
Adjustment of tax relating to earlier years		**538,745**	–
Profit after tax		**8,469,233**	18,488,080
Other Comprehensive Income			
Items that will not be reclassified to statement of profit and loss			
Remeasurements of defined benefit plan		**15,693**	55,231
Income tax related to above mentioned items		**–**	–
Other comprehensive loss \ (income) for the year, net of tax		**15,693**	55,231
Total Comprehensive income for the period, net of tax		**8,453,540**	**18,432,849**
Earnings per equity share			
Basic and diluted [Nominal value per share INR 10]	28	**637.07**	1,390.71
Significant accounting polices	2		
Notes to the financial statements	3 to 32		

The notes referred to above are an integral part of the financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of

V-link Automotive Services Private Limited
CIN:U50500MH2010PTC198987

Rekha Shenoy
Partner
Membership No. 124129

Neeraj Gupta
Director
DIN No. : 01783151

Manaswini Goel
Director
DIN No. : 08142619

Place: Mumbai
Date: 14th May, 2020

Place: Mumbai
Date: 14th May, 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	9,007,978	18,488,080
Adjustments to reconcile profit before tax to net cash flows		
Depreciation, amortisation and impairment expenses	1,917,242	59,946
Finance costs	761,300	21,459
Provision for legal cases, compensated absences and gratuity	165,023	179,972
Gain on mutual fund	(224,511)	(95,493)
Finance income	(6,173,611)	12,650,077)
Bad Debts written off and provision thereof	21,461,316	1,222,254
Provision no longer required written back	(20,829,200)	(108,250)
Loss/ (Profit) on sale of property, plant and equipment	492,491	(65,000)
Operating profit before working capital changes	6,578,028	7,052,891
Movement in working capital		
Changes in Trade Receivables	(105,148)	(125,787)
Changes in loans, Other financial assets, other assets	(1,808,088)	3,758,518
Changes in trade payables, other payables and other liabilities	(763,194)	(4,652,437)
Cash generated from operating activities	3,901,598	6,033,185
Direct taxes paid (net of refunds)	(278,697)	(1,517,789)
Net cash flows generated from operating activities	3,622,901	4,515,396
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	–	157,000
Purchase of current investments	(50,000,000)	–
Proceeds from sale of current investments	50,224,511	3,200,609
Interest income on fixed deposits & intercorporate deposits	6,128,790	15,648,363
Intercorporate deposit given	–	(115,000,000)
Intercorporate deposit refund received	110,000,000	105,000,000
Loans given to fellow subsidiaries	(199,958,777)	(156,491,603)
Loans repaid by fellow subsidiaries	78,706,237	146,378,124
Net cash flows (used in) investing activities	(4,899,239)	(1,107,507)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020 (continued)

(Currency in INR)

Particulars	**Year ended March 31, 2020**	Year ended March 31, 2019
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(524,859)**	(21,459)
Repayment of lease liabilities	**(2,079,059)**	–
Net cash flows (used in) financing activities	**(2,603,918)**	(21,459)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**(3,880,256)**	3,386,430
Cash and cash equivalents at the beginning of the year	**4,686,623**	1,300,193
Cash and cash equivalents at the end of the year (refer note 8)	**806,367**	4,686,623

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of

V-link Automotive Services Private Limited
CIN:U50500MH2010PTC198987

Rekha Shenoy
Partner
Membership No. 124129

Place: Mumbai
Date: 14th May, 2020

Neeraj Gupta
Director
DIN No. : 01783151

Place: Mumbai
Date: 14th May, 2020

Manaswini Goel
Director
DIN No. : 08142619

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR)

For the year ended March 31, 2020

Particulars	Equity Share Capital	Other Equity: Securities Premium	Retained Earning	Capital Reserve	Total Other Equity	Total
As at April 1, 2019	132,940	1,628,696,032	(1,350,736,646)	3,750,000	281,709,386	281,842,326
Net profit for the year	–	–	8,469,233	–	8,469,233	8,469,233
Other comprehensive income for the year	–	–	(15,693)	–	(15,693)	(15,693)
Total comprehensive income	**–**	**–**	**8,453,540**	**–**	**8,453,540**	**8,453,540**
As at March 31, 2020	**132,940**	**1,628,696,032**	**(1,342,283,106)**	**3,750,000**	**290,162,926**	**290,295,866**

For the year ended March 31, 2019

Particulars	Equity Share Capital	Other Equity: Securities Premium	Retained Earning	Capital Reserve	Total Other Equity	Total
As at April 1, 2018	132,940	1,628,696,032	(1,369,169,495)	3,750,000	263,276,537	263,409,477
Net profit for the year	–	–	18,488,080	–	18,488,080	18,488,080
Other comprehensive income for the year	–	–	(55,231)	–	(55,231)	(55,231)
Total comprehensive income	**–**	**–**	**18,432,849**	**–**	**18,432,849**	**18,432,849**
As at March 31, 2019	**132,940**	**1,628,696,032**	**(1,350,736,646)**	**3,750,000**	**281,709,386**	**281,842,326**

Notes:

Securities premium: Securities premium is credited when shares are issued at a premium. The securities premium can be utilized as per the provisions of the Companies Act, 2013 for specified purposes such as to issue bonus shares, to provide for premium on redemption of shares or debentures etc.

Retained earnings: Retained earnings represents the amount of accumulated earnings at each Balance Sheet date of the Company.

Capital Reserve: Capital Reserve represents the fair value in respect of financial guarantee provided by the holding company in favour of the Company recognised on transition to Ind AS as at April 1, 2016 amounting to INR 3,750,000 with a corresponding debit to financial guarantee assets recorded under Other Assets. These financial guarantee assets have been amortised as expenses in the Statement of Profit and Loss over the period of the guarantee and the unamortised portion as at March 31, 2020 amounts to INR Nil.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of
V-link Automotive Services Private Limited
CIN:U50500MH2010PTC198987

Rekha Shenoy
Partner
Membership No. 124129

Place: Mumbai
Date: 14th May, 2020

Neeraj Gupta
Director
DIN No. : 01783151

Place: Mumbai
Date: 14th May, 2020

Manaswini Goel
Director
DIN No. : 08142619

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. **Company information**

V-link Automotive Services Private Limited ('the Company') is registered as a private limited company domiciled in India having its registered office at F-17, 4th Floor, Pinnacle Business Park, Shanti Nagar, Mahakali Caves Road, Andheri (East), Mumbai 400 093, India. The Company is a deemed public company as per definition of the Companies Act with effect from 5 December 2019. The Company is mainly engaged in the business of owning, operating and maintaining vehicle fleet for transportation of passengers in form of taxis, providing taxi aggregator services and to acquire and operate similar existing businesses.

These financial statements were authorized for issue in accordance with a Board resolution of May 14, 2020.

2. **Significant accounting policies**

(a) Basis of preparation:

These financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

(b) Functional and presentation currency:

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency.

(c) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for following assets and liabilities and measured at fair value:

- certain financial instruments which are measured at fair value (refer accounting policy 2(n))
- Defined benefit plans. (Note 23)

2.1 Summary of significant accounting policies

a) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses arising from de-recognition of assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is de-recognised.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part have a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. Such cost includes the cost of replacing parts of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Subsequent expenditure is capitalized if an only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress"

Depreciation on Property, plant and equipment

Depreciation is calculated on a Straight-Line basis using the rates arrived at based on the useful life of the assets estimated by the management. The estimated useful life considered for depreciation of property, plant and equipment is as follows:

Asset description	Useful lives estimated by management (in years)
Computers and peripherals	3
Motor vehicles - fleet	3 – 6
Furniture and fittings	3 – 6
Office equipment	3

Except Computers and peripherals, useful lives of above property, plant and equipment are different from those prescribed under schedule II. These lives are based on estimates supported by internal technical evaluation.

b) Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Software:

ERP software is amortised using the straight-line method over a period of 5 years and other software are amortised using the straight-line method over a period of 3 years or contractual life, whichever is lower.

The residual values, useful lives and methods of amortisation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

c) Impairment of Property, plant and equipment and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available.

If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

d) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the Company is lessee:

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-ofuse assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised

Where the Company is Lessor:

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognizes lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Transition to Ind AS 116

Ministry of Corporate Affairs (“MCA”) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has applied Ind AS 116 initially on April 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 is being recognized as an adjustment to the opening balance of retained earnings at April 1, 2019, with no restatement of comparative information. The Company has applied Ind AS 116 to all contracts entered into before April 1, 2019 and identified as leases in accordance with Ind AS 17.

e) Borrowing costs

Borrowing costs include interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes as substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

f) Revenue recognition

Effective April 1, 2018, the Company adopted Ind AS 115 “Revenue from Contracts with Customers” using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. The effect on adoption of Ind AS 115 was insignificant.

The Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time requires judgement.

Revenue includes only the gross inflows of economic benefits. It is measured based on the consideration specified in the contracts with customers. Amounts collected on behalf of third parties such as goods and services taxes and value added taxes are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from revenue.

The Company assesses its revenue arrangements to determine if it is acting as principal or agent. The Company has concluded that it is acting as an agent in case of its revenue from taxi aggregator services arrangements.

The following specific recognition criteria must also be met before revenue is recognized.

Income from services:

i. Revenue from taxi aggregator services, convenience fees and airport charges

Revenue from taxi aggregator services is recognised net off the share of revenue paid to drivers, as and when the services are rendered as per the terms of the contract. Taxi aggregator services involve the Company providing a platform to facilitate booking of taxi services by passengers with third party independent taxi service providers. Convenience fees are charged to customer for facilitating booking of taxi services through the Company. Convenience fees are recognised as revenue at completion of trip. Airport charges are recovered from customers towards the facilitating booking of taxi services at airport counter. Airport charges are recognised as revenue at completion of trip

ii. Revenue from car rental services

Revenue from car rental services represents revenue earned from letting cars on hire to customers for specific period of time (generally short periods of time ranging from a few hours to a day). Revenue is measured as per the contractual terms and is recognized on completion of each trip.

iii. Advertisement revenue

Revenue from advertisement contracts are recognised pro-rata over the period of contract as and when services are rendered. Revenue is measured as per the contractual terms

The Company generally does not offer a credit period in respect of its billing to drivers. In respect of corporate customers, the Company credit period offered generally ranged from 30 days to 90 days.

Interest income:

For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit and loss.

g) Foreign currencies

i. Transactions - Initial recognition

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate at the date the transaction first qualifies for recognition.

ii. Balances

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

Non-monetary items which are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of initial transaction. Non-monetary items, which are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

h) Retirement and other employee benefits

i. Provident fund and ESIC

Retirement benefit in the form of provident fund and ESIC are defined contribution schemes. The Company has no obligation, other than the contribution payable to these schemes. The Company recognises contribution paid / payable during the year to these schemes in the statement of profit and loss.

ii. Gratuity

The Company operates a defined benefit gratuity plan for its employees. This benefit is unfunded. The cost of providing benefits under the defined benefit plans is determined by independent actuaries using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

debit or credit to retained earnings through OCI in the period in which they occur and are not reclassified to profit or loss in subsequent periods.

iii. Compensated Absences

The liability towards Long term compensated absences is determined by independent actuaries using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to Statement of profit and loss in the period in which they occur.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond 12 months, as long term employee benefit for measurement purposes. Such long term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end.

i) Income taxes

Tax expense comprises of current and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

j) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

k) Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

l) Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non- occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

m) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

n) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as measured at:

- Amortised cost
- Fair value through other comprehensive income (FVTOCI) – debt investment
- Fair value through other comprehensive income (FVTOCI) – equity investment
- Fair value through profit or loss (FVTPL)

Financial assets at amortised cost

A financial asset is measured at amortised cost if both the following conditions are met:

i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A debt instrument is classified as at the FVTOCI if both of the following criteria are met:

i. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in profit or loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Equity investments at FVTOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment by investment basis.

Fair value through profit or loss (FVTPL)

FVTPL is a residual category for financial assets. All financial assets not classified as measured at amortised cost of FVTOCI, as described above are classifed as at FVTPL. This includes all derivative financial assets. In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in profit or loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets:

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

b) Other financial assets such as deposits, other receivables etc.

The company follows 'simplified approach' for recognition of impairment loss allowance for Trade receivables. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis and considers historical experience, credit assessments and forward looking information.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or FVTPL.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not at FVTPL, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on financial liabilities at FVTLP including interest expense are recognised in the profit or loss.

Other financial liabilities

Financial liabilities other that FVTPL instruments are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchanges gains or losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

De-recognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

o) Current versus non-current classification:

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

p) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability

Or

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

q) Segment reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance. Operating EBITDA is the Management's measure of the segment results.

r) Recent Indian Accounting standard (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

s) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit / (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, interest income, finance costs and tax expense. Any amount described as unusual or exceptional is classified by nature, in the same way as non-exceptional amounts. Their inclusion or exclusion in EBIDTA will depend on the nature of income/ expense described as exceptional. Impairment loss / reversal on property plant and equipment is disclosed under Depreciation, amortisation and impairment expenses, and not considered for calculation of EBIDTA.

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Following are the significant accounting judgements, estimates and assumptions:

2.2 Significant accounting judgements, estimates and assumptions

I. Revenue:

The Company assesses in accordance with Ind AS 115 as to whether it is acting as principal or agent in respect of the revenue arrangements entered. The Company has assessed that it is acting as an agent in case of revenue from taxi aggregator services arrangements and dealing on principal to principal basis for revenue from other services in terms of the principles of Ind AS 115.

II. Contracts with Driver - Whether the arrangement with drivers contains a lease:

Significant judgement is required to apply lease accounting rules under Appendix C of Ind AS 17 - Determining whether an arrangement contains a lease. In assessing the applicability to arrangements entered into by the Company, management has exercised judgement to evaluate the right to use the underlying assets, substance of the transaction including legally enforceable arrangements and other significant terms and conditions of the arrangements to conclude whether the arrangements meet the criteria under Appendix C.

III. Useful lives of intangibles and property, plant and equipment:

The Company reviews the useful life and residual value of property, plant and equipment and intangible assets at the end of each reporting period. This re-assessment may result in change in depreciation and amortisation in future periods.

IV. Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

V. Impairment of non-financial assets

The Company performs impairment testing for intangible assets and property, plant and equipment where there are indicators of impairment. If such an indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of value in use and fair value less costs of disposal. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Company's Statement of profit and loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as a credit to the Company's Statement of profit and loss.

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2020

(Currency in INR)

Note 3: Property, plant and equipment and intangible assets

Property, plant and equipment

	Office Equipments	Computers and Peripherals	Furniture and Fittings	* ROU-Building	Total
Gross Block					
Balance at April 1, 2018	–	3,741,933	–	–	3,741,933
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
Balance at March 31, 2019	–	3,741,933	–	–	3,741,933
Additions	–	–	–	2,720,907	2,720,907
Disposals	–	–	–	–	–
Balance at March 31, 2020	**–**	**3,741,933**	**–**	**2,720,907**	**6,462,840**
Accumulated depreciation					
Balance at April 1, 2018	–	3,681,987	–	–	3,681,987
Depreciation charge for the year	–	59,946	–	–	59,946
Disposals	–	–	–	–	–
Balance at March 31, 2019	–	3,741,933	–	–	3,741,933
Depreciation charge for the year	–	–	–	1,917,243	1,917,243
Disposals	–	–	–	–	–
Balance at March 31, 2020	**–**	**3,741,933**	**–**	**1,917,243**	**5,659,176**
Net Book Value					
Balance at March 31, 2020	**–**	**–**	**–**	**803,664**	**803,664**
Balance at March 31, 2019	–	–	–	–	–

* (Refer note 24 (A) for details)

Intangible assets

	Computer software
Gross Block	
Balance at April 1, 2018	315,196
Additions	–
Disposals	–
Balance at March 31, 2019	315,196
Additions	–
Disposals	–
Balance at March 31, 2020	**315,196**

	Computer Software
Accumulated Amortization	
Balance at April 1, 2018	315,196
Amortisation	–
Disposals	–
Balance at March 31, 2019	315,196
Amortisation	–
Disposals	–
Balance at March 31, 2020	**315,196**
Net Book Value	
Balance at March 31, 2020	**–**
Balance at March 31, 2019	–

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2020

(Currency in INR)

Note 4: Loans

(Measured at amortised cost)	**As at March 31, 2020**	As at March 31, 2019
Non Current		
Security Deposits		
Unsecured, considered good	**1,132,662**	1,152,662
Unsecured Security Deposits which have significant increase in credit risk	**–**	–
Unsecured, considered credit impaired	**–**	–
Non current Total	**1,132,662**	1,152,662
Current		
Unsecured, considered good		
Loans to related parties:		
Inter-corporate deposit to fellow subsidiary*	**302,136,514**	180,883,975
Other Loans:		
Inter-corporate deposit ('ICD') #	**–**	110,000,000
Current Total	**302,136,514**	290,883,975
Total	**303,269,176**	292,036,637

* Loan (Intercorporate deposit) to fellow subsidiary is interest free and repayable on demand.

The Inter Corporate deposits were given for periods ranging from 1 to 18 months and carried an interest rate ranging from 12% to 14%.

Refer Note 22 for information about Financial instruments.

Note 5: Other financial assets

(Measured at amortised cost)	**As at March 31, 2020**	As at March 31, 2019
Non Current		
Term deposit with bank	**210,000**	210,000
Total non current	**210,000**	210,000
Current		
Unsecured considered good		
Advance recoverable in cash	**5,078**	5,078
Interest accrued on bank fixed deposits	**59,258**	44,297
Total current	**64,336**	49,375
Total	**274,336**	259,375

Note 6: Non current tax assets

Particulars	**As at March 31, 2020**	As at March 31, 2019
Advance income-tax	**3,305,087**	3,535,275
	3,305,087	3,535,275

Note 7: Trade Receivables

(Measured at amortised cost)	**As at March 31, 2020**	As at March 31, 2019
Secured, considered good	**3,461,121**	4,839,947
Unsecured, considered good (Refer note 26)	**2,722,809**	2,363,441
Unsecured, considered credit impaired	**6,626,506**	27,455,706
Less: Impairment allowance for doubtful trade receivables	**(6,626,506)**	(27,455,706)
Total	**6,183,930**	7,203,388

Trade receivables from drivers are due immediately. The Company also holds security deposit from a number of the drivers as collateral. Trade receivables from corporate customers are generally on credit terms of 30 to 60 days.

Refer Note 22 for information about credit risk. Refer note 26 for details of trade receivables from related parties.

Trade receivables includes debts due amounting to Rs. 620,506 (March 31, 2019: 620,506) from a private company having a Director in common with the Company.

Note 8: Cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
Cash on hand	**–**	69,603
Balances with bank in current accounts	**806,367**	4,617,020
Total	**806,367**	4,686,623

Note 9: Other assets

	As at March 31, 2020	As at March 31, 2019
Non current		
Balance with statutory and government authorities	**3,830,815**	2,260,466
Total Non Current	**3,830,815**	2,260,466
Current		
Advance to suppliers	**4,044**	238,796
Others	**492,492**	–
Total Current	**496,536**	238,796
Total	**4,327,351**	2,499,262

Note 10: Equity Share Capital

	As at March 31, 2020	As at March 31, 2019
Authorised shares:		
100,000 equity shares of Rs.10 each (March 31, 2019: 100,000)	**1,000,000**	1,000,000
Issued, subscribed and fully paid-up shares:		
13,294 equity shares of Rs. 10 each fully paid up (March 31,2019: 13,044)	**132,940**	**132,940**

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2020

(Currency in INR)

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the year

	As at March 31, 2020	As at March 31, 2019
Outstanding at the beginning of the year		
No. of shares	**13,294**	13,294
Amount	**132,940**	132,940
Issued during the year for cash consideration		
No. of shares	**–**	–
Amount	**–**	–
Outstanding at the end of the year		
No. of shares	**13,294**	13,294
Amount	**132,940**	132,940

(b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. No dividend has been declared during the year ended March 31, 2020 (March 31, 2019: Nil). No dividend has been proposed for the year ended 31 March 2020.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding company

	As at March 31, 2020	As at March 31, 2019
Meru Travel Solutions Private Limited, the holding company (including nominees)		
No of shares	**13,294**	13,294
Amount	**132,940**	132,940

(d) Details of shares held by shareholders holding more than 5% of the aggregate shares

	As at March 31, 2020	As at March 31, 2019
Meru Travel Solutions Private Limited, the holding company (including nominees)		
No of shares	**13,294**	13,294
Percentage of holding	**100%**	100%

Note 11: Provisions

	As at March 31, 2020	As at March 31, 2019
Non current		
Provision for employee benefit		
Provision for gratuity (Refer Note 23)	**228,537**	157,103
Other provision		
Provision for contingencies*	**1,915,000**	1,915,000
Total Non current	**2,143,537**	2,072,103
Current		
Provision for employee benefit		
Provision for gratuity (Refer Note 23)	**109,791**	**89,067**
Provision for leave encashment	**144,150**	**131,138**
Total current	**253,941**	**220,205**
Total Provisions	**2,397,478**	**2,292,308**

*The Company has created provision towards various disputed legal matters that arise in the ordinary course of business on a best estimate basis. These provisions have not been discounted as it is not practicable for the Company to estimate the timing of the provision utilization and cash out flows, if any, pending resolution.

Particulars	As at March 31, 2020	As at March 31, 2019
At the beginning of the year	**1,915,000**	1,915,000
Arising during the year	**–**	–
Reversed during the year	**–**	–
At the end of the year	**1,915,000**	1,915,000

Note 12: Trade Payables

	As at March 31, 2020	As at March 31, 2019
Trade Payables		
a) total outstanding dues to small enteprises and micro enterprises	**–**	–
b) total outstanding dues of creditors other than small enteprises and micro enterprises	**3,354,275**	3,105,810
Total	**3,354,275**	3,105,810

Trade payables are non-interest bearing and the credit terms generally range from 30 to 90 days.

For terms and conditions with related parties, refer to note 26.

The Company's exposure to liquidity risk is disclosed in note 22[C].

Details of dues to micro and small enterprises as per Micro, Small and Medium Enterprises Development Act, 2016

As at March 31, 2020 and March 31, 2019, there are no outstanding dues on account of principal or interest to micro and small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, no additional disclosures have been made.

The above information regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Note 13: Other financial liabilities

	As at March 31, 2020	As at March 31, 2019
Deposits from Subscriber & Customer*	**9,431,485**	10,597,430
Employee benefits payable	**486,307**	445,002
Lease liabilities**	**878,289**	–
Total	**10,796,081**	11,042,432

* Subscriber deposit are repayable on demand

** (Refer note 24 (A) for details)

Note 14: Other current liabilities

	As at March 31, 2020	As at March 31, 2019
Advances from drivers and customers	**12,097,163**	11,722,035
Statutory dues	**29,048**	215,649
Total	**12,126,211**	11,937,684

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR)

Note 15: Revenue from operations

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operation:		
Revenue from taxi aggregator services	**19,747,909**	19,592,035
Revenue from car rentals	**12,375,093**	9,049,530
	32,123,002	28,641,565
Other operating revenue		
Advertisement revenue	**4,592,000**	1,540,000
Convenience fee	**568,460**	917,270
Airport charges	**2,010,593**	1,560,104
Enrolment fees	**–**	1,695
	7,171,053	4,019,069
Total	**39,294,055**	32,660,634

Note 16: Other income

	Year ended March 31, 2020	Year ended March 31, 2019
Provision / Liabilities no longer required written back	**20,829,200**	108,250
Profit on sale of property, plant and equipment/assets held for sale	**–**	65,000
Gain on mutual fund	**224,511**	95,493
Other miscellaneous income	**287,453**	174,177
Total	**21,341,164**	442,920

Note 17: Fleet operating expenditure

	Year ended March 31, 2020	Year ended March 31, 2019
Service provider service charges and incentives	**15,445,661**	10,207,162
Accreditation fee	**126,587**	–
Drivers recruitment, uniform and training expenses	**–**	167,680
Vehicle repairs and maintenance	**342,804**	32,315
Registration charges and taxes	**–**	3,514
Total	**15,915,052**	10,410,671

Note 18: Employee benefits expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	**4,236,346**	5,720,721
Outsourced staff cost	**11,200**	82,200
Contribution to provident and other funds	**258,299**	287,593
Gratuity expenses (Refer note 23)	**76,465**	74,583
Compensated absence expenses	**72,865**	50,158
Workmen and staff welfare expenses	**23,510**	120,084
Total	**4,678,685**	6,335,339

Note 19: Operating and other administrative expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Advertisement and sales promotion	**–**	848,809
Infrastructure Support Services Expenses	**3,566,310**	4,631,192
Legal and professional fees	**4,814,000**	994,633
Bad debts written off	**21,461,316**	669,097
Impairment allowance doubtful trade receivables	**–**	553,157
Auditor’s remuneration (refer note below)	**643,750**	607,700
Rent	**96,873**	483,421
Communication expenses	**199,547**	366,698
Travelling and conveyance	**115,800**	261,408
Repairs and maintenance - other than vehicles	**605,382**	251,806
Bank charges	**–**	15,508
Electricity charges	**423,114**	–
Security charges	**1,474,398**	104,375
Rate and Taxes	**207,969**	–
Loss on assets held for sale	**492,491**	–
Printing and stationery	**45,738**	121,163
Miscellaneous expenses	**381,885**	529,169
Total	**34,528,573**	10,438,136

Auditor's Remuneration (including GST)

Statutory audit fees	**625,000**	590,000
Out of pocket expenses	**18,750**	17,700
	643,750	607,700

Note 20: Finance costs

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on delayed payment of statutory dues	**524,859**	21,459
Interest expense on Lease Liability (refer note 25(A))	**236,441**	–
Total	**761,300**	21,459

Note 21: Finance income

	Year ended March 31, 2020	Year ended March 31, 2019
Interest income on:		
Intercorporate deposits	**6,128,790**	12,634,823
Fixed deposits / bank balances	**14,961**	15,254
Income tax refund	**29,860**	–
Total	**6,173,611**	12,650,077

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR)

Note 22: Financial Instruments

A] Accounting classification of financial instruments

The following table summarises the accounting classification and carrying amounts (net off any impairment provisions) of financial instruments

Particulars	Notes	Carrying value March 31, 2020	Carrying value March 31, 2019
Financial assets carried at amortized cost			
Security Deposits	4	**1,132,662**	1,152,662
Loans to related parties - Inter-corporate deposit	4	**302,136,514**	180,883,975
Other loans - Inter-corporate deposit	4	**–**	110,000,000
Trade receivables	7	**6,183,930**	7,203,388
Term deposit with bank	5	**210,000**	210,000
Cash and cash equivalents	9	**806,367**	4,686,623
Advance recoverable in cash	5	**5,078**	5,078
Accrued Interest	5	**59,258**	44,297
Total		**310,533,809**	304,186,023
Financial liabilities carried at amortized cost			
Other financial liabilities	14	**10,796,081**	11,042,432
Trade payables	13	**3,354,275**	3,105,810
Total		**14,150,356**	14,148,242

B] Fair Value Measurement

The management assessed that cash and cash equivalents, trade receivables, trade payables, security deposits and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

There were no transfers between level 1, 2 and 3 for recurring fair value measurements during each of the reporting period. The Company's policy is to recognise transfers into and transfer out of fair value hierarchy levels at the end of the reporting period.

C] Financial risk management objectives and policies

The Company has exposure to the following risks arising from its financial instruments:

- Market risk - interest rate risk
- Credit risk
- Liquidity risk

The Company's senior management is responsible for the management of these risks with oversight of the Company's Board of Directors.

i] Market risk - interest risk

Market risk in the case of the Company relates to interest rate risk i.e. the risk that a change in market interest rates could affect the futures cash flows of the Company. The Company does not have any exposure to floating interest rates. The Company has given intercorporate deposits to the external parties at fixed interest rate. The Company has given interest free inter corporate deposits to fellow subsidiaries which has not been considered in the below table. Further The Company does not have any exposure to interest rate risks since there is no borrowings and investments are fixed rate instruments.

ii] Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables), liquid mutual fund units, inter corporate deposits, cash deposits and other financial instruments.

Trade receivables

The Company's Management divides its customers primarily into following two categories for purposes of monitoring credit risk:

Trade receivables from Subscribers

Trade receivables from subscriber credit risk is managed in accordance with the company established policy, procedures and controls relating to driver credit risk management. Trade receivables are non-interest bearing. Outstanding customer receivables are regularly monitored. The Company recognises impairment of trade receivable from drivers based on outstanding receivable net of corresponding deposit.

	March 31, 2020	March 31, 2019
Gross trade receivables from subscribers	**9,799,398**	32,201,012
Less: Impairment allowance for doubtful trade receivables	**(6,346,322)**	(27,361,065)
Net trade receivables from subscribers	**3,453,076**	4,839,947
Security deposits received from above subscribers held as at the respective reporting dates	**3,461,121**	4,839,947

Trade receivables from other customers

Credit risk relating to other customers is managed in accordance with the Company's established policy, procedures and controls relating to corporate customer credit risk management. Trade receivables are non-interest bearing. Outstanding customer receivables are regularly monitored. For the purpose of measuring impairment allowance for trade receivables from other customers, the Company estimates irrecoverable amounts based on the ageing of the outstanding receivables, its historical experience and its expectation of credit losses in the future.

	March 31, 2020	March 31, 2019
Gross Trade receivables from other customers	**3,011,038**	2,458,082
Less: Impairment allowance for doubtful trade receivables	**(280,184)**	(94,641)
Net Trade receivables from other customers	**2,730,854**	2,363,441
Ageing of gross trade receivables relating to other customers:		
Within 6 months	**2,730,854**	2,363,441
More than 6 months	**280,184**	94,641
	3,011,038	2,458,082

Other financial assets

Financial assets other than trade receivables are neither past due nor impaired. Management believes that the amounts are collectible in full, based on its assessment including considering the historical payment behaviour.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR)

iii] Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal sources of liquidity are cash flows generated from its operations including deposits received from drivers.

The table below summarises the maturity profile of the company financial liabilities based on contractual undiscounted payments.

		Undiscounted amount				
Year ended - March 31, 2020	**Carrying Value**	**Payable within 1 year**	**Payable within 1 to 2 years**	**Payable within 2 to 3 years**	**Payable within 3 to 4 years**	**Total**
Deposits from Subscriber	**9,431,485**	**9,431,485**	**–**	**–**	**–**	**9,431,485**
Employee benefits payable	**486,307**	**486,307**	**–**	**–**	**–**	**486,307**
Lease liabilities	**878,289**	**878,289**	**–**	**–**	**–**	**878,289**
Trade Payables	**3,354,275**	**3,354,275**	**–**	**–**	**–**	**3,354,275**
	14,150,356	**14,150,356**	**–**	**–**	**–**	**14,150,356**

		Undiscounted amount				
Year ended - March 31, 2019	Carrying Value	Payable within 1 year	Payable within 1 to 2 years	Payable within 2 to 3 years	Payable within 3 to 4 years	Total
Deposits from Subscriber	10,597,430	10,597,430	-	–	–	10,597,430
Employee benefits payable	445,002	445,002	-	–	–	445,002
Trade Payables	3,105,810	3,105,810	-	–	–	3,105,810
	14,148,242	14,148,242	-	–	–	14,148,242

D] Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company capital management is to maximize the shareholder's value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may issue new shares. The company manages its capital, considering the net debt position and rolling cash flows as at each period end and identify need for additional funding from the shareholders to meet the outstanding commitments and future cash flow requirements to meet the future business plans. The company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents (Including intercorporate deposits), excluding discontinued operations.

Particulars	**March 31, 2020**	March 31, 2019
Borrowings	**–**	–
Less: Cash and Cash Equivalent (Including intercorporate deposits)	**303,152,881**	295,780,597
Net Debt/(Surplus funds)	**(303,152,881)**	(295,780,597)

Note 23: Employee benefits

a. Defined contribution plans

The Company makes contributions determined as a specified percentage of employees' salary in respect of qualifying employees towards Provident Fund and Employees' State Insurance (ESI) which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to statement of profit and loss as they accrue. The Company has recognised the following amount as an expense and included in the Note 18 under "Contribution to provident and other funds":

Particulars	**March 31, 2020**	March 31, 2019
Contribution to employees provident fund	**216,628**	238,591
Contribution to ESI	**41,671**	49,002
Total	**258,299**	287,593

b. Defined benefit plans

The Company operates one post-employment defined benefit plan (unfunded plan) that provides gratuity. The gratuity plan is governed by the Payment of Gratuity Act, 1972. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement.

Liability recognised in the Balance Sheet in respect of Gratuity

Particulars	**March 31, 2020**	March 31, 2019
Present value of the defined benefit obligation at the end of the year	**338,328**	246,170
Total	**338,328**	246,170

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR)

Changes in the present value of the defined benefit obligation are, as follows:

	March 31, 2020	March 31, 2019
Defined benefit obligation at beginning of the year	**246,170**	279,308
Current service cost	**60,184**	55,186
Interest cost	**16,281**	19,397
Sub-total included in statement of profit and loss	**76,465**	74,583
Remeasurement losses recorded in OCI		
Actuarial (gains)/losses arising from changes in demographic assumptions	**1**	–
Actuarial (gains)/losses arising from changes in financial assumptions	**13,593**	2,422
Experience adjustments	**2,099**	52,809
Sub-total included in OCI	**15,693**	55,231
Benefits paid	**–**	(162,952)
Defined benefit obligation at the end of the year	**338,328**	246,170

Following table summarises the key assumptions used for actuarial valuation of gratuity obligations for each reporting period:

Actuarial assumptions	March 31, 2020	March 31, 2019
Discount rate	**5.15%**	6.60%
Future salary increases	**8.00%**	8.00%
Attrition	**35%**	35%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Demographic Assumptions:

Mortality in Service: Indian Assured Lives Mortality 2012-18 (March 31, 2019: Mortality in Service: Indian Assured Lives Mortality 2006-08)

Mortality in Retirement : 58 Years

A quantitative sensitivity analysis for significant assumption as at each reporting date is as shown below:

	Discount rate assumption	
Gratuity plan:	**March 31, 2020**	March 31, 2019
Impact of increase of 1% p.a. on defined benefit obligation	**10,044**	(6,796)
Impact of decrease of 1 % p.a. on defined benefit obligation	**(9,492)**	7,185

	Future salary increase assumption	
Gratuity plan:	**March 31, 2020**	March 31, 2019
Impact of increase of 1% p.a. on defined benefit obligation	**9,680**	7,023
Impact of decrease of 1 % p.a. on defined benefit obligation	**(9,332)**	(6,772)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The average duration of the defined benefit plan obligation at the end of the reporting period is 3 years (March 31, 2019: 3 years).

The following are expected payments over the future years (valued on undiscounted basis):

Gratuity plan:	March 31, 2020	March 31, 2019
Within the next 1 year (next annual reporting period)	**109,791**	**89,067**
Between 2 to 5 years	**221,538**	**159,346**
Between 6 to 10 years	**54,942**	45,263
Beyond 10 years	**10,864**	8,947
Total expected payments	**397,135**	302,623

C. Other employee benefits

Compensated absences are payable to employees at the rate of basic salary for each day of accumulated leave on death or resignation or upon retirement. The charge towards compensated absences for the year ended 31 March 2020 INR 72,865 (March 31, 2019: INR 50,158)

Note 24: Commitments and contingencies

A] Lease commitments

During the year, the adoption of the new standard resulted in recognition of 'Right of Use' asset of and lease liability of Rs 2,720,907. The effect of this adoption is insignificant on profit for the period and earnings per share. IndAS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments. The weighted average incremental borrowing rate applied to lease liabilities as at 12.45% p.a.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020

Particulars	ROU Assets Building	Total
Balance as at April 1, 2019	**–**	**–**
Additions	**2,720,907**	**2,720,907**
Deletions	**–**	–
Balance as at March 31, 2020	**2,720,907**	2,720,907

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR)

The following is the movement in lease liabilities for the year ended March 31, 2020

	March 31, 2020
Balance at the beginning	**–**
Additions	**2,720,907**
Finance cost accrued during the period	**236,441**
Deletions	**–**
Payment of lease liabilities	**(2,079,059)**
Balance at the end	**878,289**

Depreciation on right-of-use assets is as follow

	Year ended March 31, 2020
Depreciation	
Building	**1,917,243**
Total	**1,917,243**

During the year ended March 31, 2020, the Company has paid INR 96,876 (March 31, 2019: INR 483,421) towards short term lease payments. This has been recorded under Rent expense in the statement of profit and loss.

B] Contingent liabilities

	March 31, 2020	March 31, 2019
Claims against the Company not acknowledged as debts	**1,915,000**	1,915,000
Guarantees and counter guarantees given by the Company (disclosed to the extent of outstanding loan balance)	**123,159,793**	91,876,061
	125,074,793	93,791,061

Note:

Claims against the Company pertain to various legal claims filed against the Company by customers/third parties. The Company has contested these claims and the same are pending adjudication at various judicial forums. The timing of any possible cash outflows with regard to the aforesaid matters depends upon the final outcome of the respective litigations and exhaustion of remedies available to the Company under the law and hence the Company is not able to reasonably ascertain the timing of the possible outflow, if any.

Note 25: Income Taxes

The major components of income tax expense for the years ended

	March 31, 2020	March 31, 2019
Current income tax:		
Current income tax charge	**–**	–
Adjustments in respect of current income tax of previous year	**538,745**	–
Deferred tax:		
Relating to origination and reversal of temporary differences	**–**	**–**
Income tax expense reported in the statement of profit or loss	**538,745**	**–**

	March 31, 2020	March 31, 2019
Net loss/(gain) on remeasurements of defined benefit plans	**–**	**–**
Income tax expense charged to OCI	**–**	**–**

Reconciliation of tax expense and the accounting profit / (loss) multiplied by India's domestic tax rate for the year ended

	March 31, 2020	March 31, 2019
Accounting profit / (loss) before income tax	**9,007,978**	**18,488,080**
At India's statutory income tax rate of 26% (March 31, 2019: 26%)	**2,342,074**	**4,806,901**
Effect of set off of carried forward tax losses for which no deferred tax asset was recognised previously	**(2,342,074)**	**(4,806,901)**
At the effective income tax rate for the Company	**–**	**–**
Income tax expense reported in the statement of profit and loss	**–**	**–**

Deferred tax working for the year ended:

	March 31, 2020	March 31, 2019
Tax effect of items constituting deferred tax liabilities		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**–**	–
	–	–
Tax effect of items constituting deferred tax assets		
Provisions (Doubtful debts/Impairment/ Advances)	**1,722,892**	7,138,484
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	**125,444**	98,100
Carry forward Tax Loss		
Unabsorbed depreciation	**632,133**	36,390,033
Unabsorbed business losses	**281,613,367**	304,524,905
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**1,241,779**	2,082,864
Provision for contingencies	**497,900**	497,900
	285,833,515	350,732,286
Net deferred tax assets/(liabilities)	**285,833,515**	350,732,286
Net deferred tax assets/(liabilities) recognised	**–**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR)

	Statement of Profit and Loss	
	March 31, 2020	March 31, 2019
Tax effect of items constituting deferred tax liabilities		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**–**	–
Tax effect of items constituting deferred tax assets		
Provisions (Doubtful debts/Impairment/Advances)	**5,415,592**	(143,821)
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	**(27,344)**	11,386
Carry forward Tax Loss		
Unabsorbed depreciation	**35,757,900**	(1,717,191)
Unabsorbed business losses	**22,911,538**	307,718
Difference in WDV of Fixed assets	**841,086**	894,799
Provision for contingencies	**–**	–
Deferred tax (income) / expense	**64,898,772**	(647,109)

The Company has a net deferred tax asset position as at March 31, 2020 and March 31, 2019. However, in terms of Ind AS 12, the Company has not recognised the net deferred tax assets as there is no reasonable certainty supported by convincing evidence that the Company will have adequate taxable profits in the future against which the carried forward tax losses/ unabsorbed depreciation may be offset.

The Company has following carried forward tax losses/unabsorbed depreciation which arose in India that are available for offsetting against future taxable profits.

	March 31, 2020	March 31, 2019
Losses that expire - Carry forward short-term capital losses*	**27,184,158**	27,184,158
Losses that expire - Carry forward business losses*	**1,083,128,336**	1,171,249,636
Losses that never expire - Unabsorbed depreciation	**2,431,281**	139,961,664

*These carry forward losses would expire beginning from the financial year FY 2020-2021 upto FY 2026-2027.

Note 26: Related party transactions

Names of related parties and related party relationship:

Related parties ('RP') where control exists

Ultimate holding Company	Mahindra & Mahindra Ltd. (w.e.f. Dec 5, 2019) True North Trusteeship Private Limited (as a nominee shareholder of True North Fund IIIA & True North Fund IV) (upto Dec 4, 2019)
Holding Company	Meru Travel Solution Private Limited

Related parties with whom transactions have taken place during the year

Fellow Subsidiaries	V-Link Fleet Solutions Private Limited Meru Mobility Tech Private Limited

Details of transactions during the year with related parties

	Holding companies		Fellow subsidiaries	
Particulars	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019
Services rendered (includes unbilled):				
Meru Mobility Tech Private Limited	**–**	–	**22,155,766**	15,131,373
V-Link Fleet Solutions Pvt. Ltd.	**–**	–	**–**	43,631
Services received (includes accrual):				
Meru Mobility Tech Private Limited	**–**	–	**7,290,144**	4,631,192
V-Link Fleet Solutions Pvt. Ltd.	**–**	–	**–**	330,000
Loans given:				
Meru Mobility Tech Private Limited	**–**	–	**183,319,026**	156,491,603
Loans repayment received :				
Meru Mobility Tech Private Limited	**–**	–	**78,706,237**	146,378,124

Details of Balances receivable from/payable to related parties

	Holding companies		Fellow subsidiaries	
Particulars	**March 31, 2020**	March 31, 2019	**March 31, 2020**	March 31, 2019
Guarantees given (Disclosed to the extent of closing balance of borrowings drawn by the fellow subsidiary):				
Meru Mobility Tech Private Limited	**–**	–	**123,159,793**	91,876,061
Balance receivable / (payable) as at year end:				
Meru Mobility Tech Private Limited	**–**	–	**302,124,310**	180,883,975
V-Link Fleet Solutions Pvt. Ltd.	**–**	–	**620,506**	620,506

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR)

Terms and conditions of transactions with related parties:

All the related party transaction during the year were in ordinary course of business. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. The loans receivable and payable are all repayable on demand.

Note 27: Operating Segments Reporting

A. Basis for segmentation

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance. Operating EBITDA is the Management's measure of the segment results.

The Company has two reportable segments, as described below, which are the Company's strategic business units. These business units offer different services and are managed seperately because they require different technologies and marketing strategies. For each of the business units the CODM reviews internal management reports on monthly basis.

The following summary describes the operations in each of the company reportable segments:

a. **Taxi services (includes taxi aggregator services): Provide taxi services to retail passengers (which includes taxi aggregator services).**

b. **Rent a cab services: Provides employee transportation and rent a cab services to corporate customers.**

B. Information about reportable segments

Information regarding the results of each reportable segments is included below.

	Taxi Services		**Rent a cab services**		**Unallocated Transaction**		**Total**	
Particulars	**Mar 2020**	Mar 2019	**Mar 2020**	Mar 2019	**Mar 2020**	Mar 2019	**Mar 2020**	Mar 2019
Revenue from Operations								
Total Revenue	**26,918,962**	23,611,104	**12,375,093**	9,049,530	**–**	–	**39,294,055**	32,660,634
External Revenue	**26,918,962**	23,611,104	**12,375,093**	9,049,530	**–**	–	**39,294,055**	32,660,634
Segment Results (Operating EBITDA)	**42,704,364**	21,181,406	**2,015,803**	1,511,476	**(39,207,258)**	(16,773,475)	**5,512,909**	5,919,408
Depreciation and amortisation expense	**1,917,242**	59,946	**–**	–	**–**	–	**1,917,242**	59,946
Finance costs	**–**	–	**–**	–	**761,300**	21,459	**761,300**	21,459
Finance income	**–**	–	**–**	–	**6,173,611**	12,650,077	**6,173,611**	12,650,077
Profit/(Loss) before taxes	**40,787,122**	21,121,460	**2,015,803**	1,511,476	**(33,794,947)**	(4,144,857)	**9,007,978**	18,488,080
Tax Expense	**–**	–	**–**		**538,745**	–	**538,745**	–
Profit/(Loss) after taxes	**40,787,122**	21,121,460	**2,015,803**	1,511,476	**(34,333,692)**	(4,144,857)	**8,469,233**	18,488,080
Net Capital Employed								
Depreciation and Amortisation Expense	**1,917,242**	59,946	**–**	–	**–**	–	**1,917,242**	59,946
Additions to property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	–
Deletion to property, plant and equipment (gross block - deemed cost)	**–**	–	**–**	–	**–**	–	**–**	–
Material Non-Cash Expenses:								
Bad debts written off net of provision	**–**	**848,809**	**–**	**–**	**–**	**–**	**–**	**848,809**

Note 28: Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

	March 31, 2020	March 31, 2019
Profit attributable to equity holders	**8,469,233**	18,488,080
Number of Shares outstanding at the beginning of the year	**13,294**	13,294
Add: Shares issued during the year	**–**	–
Number of Shares outstanding at the end of the year	**13,294**	**13,294**
Weighted average number of Equity shares for basic and diluted EPS	**13,294**	**13,294**
Basic and diluted EPS	**637.07**	**1,390.71**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(Currency in INR)

Note 29: Based on the contracts with taxi operators under the taxi aggregator services, the Company's revenue is determined as a share of the total passenger revenue of INR 95,302,244 (Previous Year INR 140,668,969) generated by these taxi operators.

Note 30: Subsequent Events

There are no significant subsequent events that would require adjustments or disclosures in the financial statements as on the balance sheet date.

Note 31: Other Matters

The outbreak of coronavirus (COVID 19) pandemic globally is causing a slowdown of economic activity. Measures are being taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered disruptions to business worldwide, resulting in an economic slowdown and uncertainties pertaining to future operations.

The Company has made a detailed assessment of its liquidity position for next one year and the recoverability and carrying value of its assets including Property, Plant and Equipment, Trade receivables as at the Balance sheet date and has concluded that no material adjustments are required in the financial statements. Management believes that it has taken into account all possible impacts of known events arising from COVID 19 pandemic in preparation of these financial statements.

The impact of coronavirus on the business will depend on future developments that cannot be reliably predicted. The impact of global health pandemic, might be different from that estimated as at the date of approval of these financial statements depending on how long the pandemic lasts and time period taken for the economic activities to return to normalcy.

Note 32: Information with the regard to other matters specified in Schedule III to the Act is either Nil or not applicable to the Company for the year ended 31 March 2020.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of

V-link Automotive Services Private Limited
CIN:U50500MH2010PTC198987

Rekha Shenoy
Partner
Membership No. 124129

Place: Mumbai
Date: May 14, 2020

Neeraj Gupta
Director
DIN No. : 01783151

Place: Mumbai
Date: May 14, 2020

Manaswini Goel
Director
DIN No. : 08142619

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
V-LINK FLEET SOLUTIONS PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of V-Link Fleet Solutions Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Emphasis of matter

We draw your attention to Note 30 to the financial statements for year ended 31 March 2020 which describes the outbreak of Coronavirus (COVID19) on the business operations of the Company. The management believes that no adjustments are required in the financial statements as it does not impact the current financial year. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

Our opinion is not modified in this matter.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design

and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

   In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the current year and hence the provisions of Section 197 of the Act are not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.101248W/W-100022

Rekha Shenoy
Partner
Membership No. 124219
UDIN:20124219AAAAAM5027

Place: Mumbai
Date: 14 May 2020

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH, 2020

(Referred to in our report of even date)

i (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, plant and equipment.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the books of account and records of the Company, the Company does not have any immovable properties. Accordingly, paragraph 3 (i) (c) of the Order is not applicable to the Company.

ii The Company is engaged in the business of employee transportation and operates a fleet of vehicles which are aggregated from third parties and it does not hold any physical inventories. Accordingly, paragraph 3 (ii) of the Order is not applicable to the Company.

iii According to the information and explanations given to us, there was an outstanding balance of Rs 84.41 lakhs on 31 March 2019 given to an erstwhile key management person covered in the register maintained under Section 189 of the Act that was due for repayment on 7 November 2018. During the year this loan has been repaid by the erstwhile key management person along with the interest due till the date of repayment. The Company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act.

iv In our opinion and according to the information and explanations given to us, the Company has not granted any loan, given any guarantee, provided any security or made an investment under Section 185 and 186 of the Act. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.

v In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits covered under the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

vi As informed to us, the Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

vii (a) According to the information and explanations given to us and records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of Income-tax, Provident fund, Employees' State Insurance, Goods and Services tax and professional tax with the appropriate authorities. The provisions relating to Value Added tax, Sales Tax, Duty of Customs duty and Duty of excise is not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income tax, Goods and Services tax, and Professional tax were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Value added tax, Service tax, Goods and Services tax, Duty of Customs, Duty of Excise and Cess which have not been deposited with the appropriate authorities on account of any disputes.

viii In our opinion and according to the information and explanations given to us, there is no default in repayment of loan or borrowings to any financial institutions and banks by the Company during the year ended 31 March 2020. The Company did not have any loans or borrowings from debenture holders or government.

ix The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.

x According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi According to the information and explanations given by the management, the Company was not a deemed public company till 4 December 2019 and no managerial remuneration has been paid with effect from 5 December 2019, and accordingly, the provision of clause 3 (xi) of the Order is not applicable to the Company.

xii In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

xiii In our opinion and according to the information and explanations given to us, transactions with the related parties are in compliance with Section 188 of the Act. The details of such related party transactions have been disclosed in financial statements as required by the applicable accounting standards. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provision of clause 3 (xiii) of the Order is not applicable to the Company.

xiv According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.

xv According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.101248W/W-100022

Rekha Shenoy
Partner
Membership No. 124219
UDIN:20124219AAAAAM5027

Place: Mumbai
Date: 14 May 2020

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (2) (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of V-Link Fleet Solutions Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.101248W/W-100022

Rekha Shenoy
Partner
Membership No. 124219
UDIN:20124219AAAAAM5027

Place: Mumbai
Date: 14 May 2020

BALANCE SHEET AS AT 31 MARCH, 2020

(Currency in INR)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
(I) Assets			
(1) Non-current assets			
(a) Property, plant and equipment	3	**394,862**	2,739,383
(b) Intangible assets	4	**201,768**	535,810
(c) Financial assets			
i) Other financial assets	6	**868,221**	1,680,703
(d) Non-current tax assets	7	**10,477,869**	25,269,678
(e) Other non-current assets	8	**3,093,400**	–
Total non-current assets		**15,036,120**	30,225,574
2 Current assets			
(a) Financial Assets			
i) Trade receivables	9	**35,763,438**	77,115,304
ii) Cash and cash equivalents	10	**12,835,091**	83,721
iii) Loans	5	**548,740**	6,220,384
iv) Other financial assets	6	**903,104**	8,211,356
(b) Other current assets	11	**14,048,286**	9,928,858
Total current assets		**64,098,659**	101,559,623
Total Assets		**79,134,779**	131,785,197
(II) EQUITY AND LIABILITIES			
1) Equity			
(a) Equity share capital	12	**120,500**	120,500
(b) Other equity		**(120,932,436)**	(93,374,357)
Total Equity		**(120,811,936)**	(93,253,857)
2) Liability			
Non-current liabilities:			
(a) Financial liabilities			
(i) Borrowings	13	**305,921**	2,543,372
(b) Provisions	14	**5,110,601**	1,739,177
Total Non-Current Liabilities		**5,416,522**	4,282,549
Current liabilities			
(a) Financial liabilities			
i) Short term borrowings	15	**168,859,871**	153,223,881
ii) Trade payables			
a) total outstanding dues to small enterprises and micro enterprises	16	–	–
b) b) total outstanding dues of creditors other than small enterprises and micro enterprises	16	**22,600,271**	60,834,168
iii) Other financial liabilities	17	**1,857,905**	3,513,793
(b) Provisions	14	**945,989**	2,749,091
(d) Other current liabilities	18	**266,157**	435,572
Total Current Liabilities		**194,530,193**	220,756,505
Total Liabilities		**199,946,715**	225,039,054
Total Equity and Liabilities		**79,134,779**	131,785,197
Significant accounting policies	2.1		
Notes to the financial statements	3 to 35		

The notes referred to above are an integral part of the financial statements.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration
No. 101248W/W-100022

For and on behalf of the Board of Directors
of V-Link Fleet Solutions Private Limited
CIN:U63040MH2006PTC165955

Rekha Shenoy
Partner
Membership No. 124129

Neeraj Gupta
Director
DIN No. : 01783151

Manaswini Goel
Director
DIN No. : 08142619

Place: Mumbai
Date: May 14, 2020

Place: Mumbai
Date: May 14, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency in INR)

Particulars	Notes	Year ended 31 March, 2020	Year ended 31 March, 2019
Revenue			
Revenue from operations	19	**213,371,523**	466,692,604
Other income	20	**3,321,454**	5,183,155
Total Income (I)		**216,692,977**	471,875,759
Expenses			
Fleet operating expenses		**187,821,009**	425,552,876
Employee benefits expense	21	**31,670,936**	42,682,706
Other expenses	22	**23,768,014**	20,393,922
Total Expenses [II]		**243,259,959**	488,629,504
Earnings before interest, tax, depreciation and amortization and impairment (EBITDA) [(I) – (II)]		**(26,566,982)**	(16,753,745)
Depreciation and amortization expense	3,4	**1,411,524**	1,731,230
Finance costs	23	**3,688,787**	9,899,336
Finance Income	24	**3,571,410**	2,293,690
(Loss) before tax		**(28,095,883)**	(26,090,621)
Tax expense		**–**	–
Loss for the year		**(28,095,883)**	(26,090,621)
Other comprehensive income			
Items that will not be reclassified to statement of profit and loss			
Remeasurements of defined benefit plan		**537,804**	(1,465,976)
Income tax related Items that will not be reclassified to statement of profit and loss		**–**	–
Total Other comprehensive income/(loss) for the year		**537,804**	(1,465,976)
Total comprehensive loss for the year, net of tax		**(27,558,079)**	(27,556,597)
Earnings per Equity share			
Basic/Diluted	32	**(2,331.61)**	(2,165.20)
[Nominal value per share INR 10]			
Significant accounting policies	2.1		
Notes to the financial statements	3 to 35		

The notes referred to above are an integral part of the financial statements.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration
No. 101248W/W-100022

Rekha Shenoy
Partner
Membership No. 124129

Place: Mumbai
Date: May 14, 2020

For and on behalf of the Board of Directors
of V-Link Fleet Solutions Private Limited
CIN:U63040MH2006PTC165955

Neeraj Gupta
Director
DIN No. : 01783151

Manaswini Goel
Director
DIN No. : 08142619

Place: Mumbai
Date: May 14, 2020

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2020

(Currency in INR)

Particulars		Year ended 31 March, 2020	Year ended 31 March, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) before tax		**(27,558,079)**	(27,556,597)
Adjustments to reconcile loss before tax to net cash flows			
Depreciation expense		**1,077,482**	1,418,977
Amortisation expense		**334,042**	312,253
Sundry balance written back		**(3,297,761)**	(5,154,089)
Provision for debts, advances and deposits		**–**	4,290,226
Finance costs		**3,688,787**	9,899,336
Interest income on loan to related party		**(650,000)**	(650,000)
Interest income on finance lease		**(590,246)**	(1,643,690)
Operating (loss) before working capital changes		**(26,995,775)**	(19,083,584)
Movement in working capital			
Changes in trade payables, other payables and other liabilities		**(33,764,206)**	(30,148,959)
Change in trade receivables		**41,351,865**	(8,820,853)
Changes in other financial assets		**1,042,544**	36,857,308
Changes in other assets		**(7,212,826)**	(1,588,159)
Cash used in operations		**(25,578,398)**	(22,784,247)
Direct taxes paid (net of refunds)		**14,791,809**	(8,691,545)
Net cash flow (used in) operating activities	**(A)**	**(10,786,589)**	(31,475,792)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(89,794)**	(2,017,708)
Proceeds from finance lease		**5,664,691**	6,901,776
Interest income on finance lease		**590,246**	1,643,690
Proceeds from repayment of related party loan		**5,000,000**	–
Interest income on loan to related party		**4,091,979**	–
Net cash flow generated from investing activities	**(B)**	**15,257,122**	6,527,758
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs		**(3,710,468)**	(9,923,660)
Proceeds from long term borrowings		**–**	9,708,427
Repayment of long term borrowings		**(3,644,685)**	(13,726,334)
Proceeds of short term borrowings from fellow subsidiaries		**83,971,031**	66,888,840
Proceeds/ (repayments) for short term borrowings from bank		**(68,335,041)**	(27,989,142)
Net cash flow generated from financing activities	**(C)**	**8,280,837**	24,958,131
Net increase in cash and cash equivalents	**(A + B + C)**	**12,751,369**	10,097
Cash and cash equivalents at the beginning of the year		**83,721**	73,624
Cash and cash equivalents at the end of the year (refer note 10)		**12,835,091**	83,721

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2020 (CONTD...)

Reconciliation of the movements of liabilities to cash flows arising from financial activities:

(Currency in INR)

Particulars	Long–term borrowings*	Short–term Borrowings	Total
Opening Balance as on April 1, 2018	9,624,822	114,324,183	**123,949,005**
Changes from financing cash flows:			
Loan taken during the current year	–	66,888,840	**66,888,840**
Repayment during the current year	(4,017,907)	(27,989,142)	**(32,007,049)**
Opening Balance as on 1, April 2019	**5,606,915**	**153,223,881**	**158,830,796**
Changes from financing cash flows:			
Loan taken during the current year	–	83,971,031	**83,971,031**
Repayment during the current year	(3,644,685)	(68,335,041)	**(71,979,726)**
Closing Balance as on March 31, 2020	**1,962,230**	**168,859,871**	**170,822,101**

* includes current maturities of long-term borrowings

The notes referred to above are an integral part of the financial statements.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration
No. 101248W/W-100022

Rekha Shenoy
Partner
Membership No. 124129

Place: Mumbai
Date: May 14, 2020

For and on behalf of the Board of Directors
of V-Link Fleet Solutions Private Limited
CIN:U63040MH2006PTC165955

Neeraj Gupta
Director
DIN No. : 01783151

Manaswini Goel
Director
DIN No. : 08142619

Place: Mumbai
Date: May 14, 2020

STATEMENT OF CHANGES IN EQUITY

(Currency in INR)

For the year ended March 31, 2020

Particulars	Equity Share capital	Other Equity			Total
		Securities premium	Retained earnings	Total Other Equity	
As at April 1, 2019 (I)	**120,500**	**41,067,424**	**(134,441,781)**	**(93,374,357)**	**(93,253,857)**
Net loss for the year **(II)**	–	–	(28,095,883)	(28,095,883)	**(28,095,883)**
Other comprehensive income for the year **(III)**	–	–	537,804	537,804	**537,804**
Total comprehensive income IV=(II)+(III)	**–**	**–**	**(27,558,079)**	**(27,558,079)**	**(27,558,079)**
As at March 31, 2020 (I+IV)	**120,500**	**41,067,424**	**(161,999,860)**	**(120,932,436)**	**(120,811,936)**

For the year ended March 31, 2019

Particulars	Equity Share capital	Other Equity			Total
		Securities premium	Retained earnings	Total Other Equity	
As at April 1, 2018 (I)	**120,500**	**41,067,424**	**(106,885,184)**	**(65,817,760)**	(65,697,260)
Net loss for the year **(II)**	–	–	(26,090,621)	(26,090,621)	(26,090,621)
Other comprehensive income for the year **(III)**	–	–	(1,465,976)	(1,465,976)	(1,465,976)
Total comprehensive income IV= (II)+(III)	**–**	**–**	**(27,556,597)**	**(27,556,597)**	**(27,556,597)**
As at March 31, 2019 (I+IV)	**120,500**	**41,067,424**	**(134,441,781)**	**(93,374,357)**	**(93,253,857)**

Note:

a. Securities premium: The amount received in excess of face value of the equity shares is recognised in Securities premium. The securities premium can be utilized as per the provisions of the Companies Act, 2013.

b. Retained earnings: Retained earnings represents the amount of accumulated earnings at each Balance Sheet date of the Company.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration
No. 101248W/W-100022

Rekha Shenoy
Partner
Membership No. 124129

Place: Mumbai
Date: May 14, 2020

For and on behalf of the Board of Directors
of V-Link Fleet Solutions Private Limited
CIN:U63040MH2006PTC165955

Neeraj Gupta
Director
DIN No. : 01783151

Manaswini Goel
Director
DIN No. : 08142619

Place: Mumbai
Date: May 14, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

1. Company information

V-Link Fleet Solutions Private Limited ('the Company') is registered as a private limited company domiciled in India having its registered office at F-17, 4th Floor, Pinnacle Business Park, Shanti Nagar, Mahakali Caves Road, Andheri (East), Mumbai 400 093, India. The Company is a deemed public company as per definition of the Companies Act with effect from 5 December 2019. The Company is mainly engaged in the business of employee transportation and operates a fleet of vehicles which are aggregated from third parties.

These financial statements were authorized for issue in accordance with a Board resolution of May 14, 2020.

2. Significant accounting policies

(a) Basis of preparation:

These financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

(b) Functional and presentation currency:

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency.

(c) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for following assets and liabilities and measured at fair value:

- certain financial instruments which are measured at fair value (refer accounting policy 2(n))
- Defined benefit plans. (Note 26)

2.1 Summary of significant accounting policies

a) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses arising from de-recognition of assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is de-recognised.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part have a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. Such cost includes the cost of replacing parts of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Subsequent expenditure is capitalized if an only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress".

Depreciation on Property, plant and equipment

Depreciation is calculated on a Straight-Line basis using the rates arrived at based on the useful life of the assets estimated by the management. The estimated useful life considered for depreciation of property, plant and equipment is as follows:

Asset description	Useful lives estimated by management (in years)
Computers and peripherals	3
Vehicles	4 – 5
Furniture and fittings	5
Office equipment	3
Leasehold Improvements	Over the period of lease or useful life of the asset, whichever is lower

Except Computers and peripherals, useful lives of above property, plant and equipment are different from those prescribed under schedule II. These lives are based on estimates supported by internal technical evaluation.

b) Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Software:

ERP software is amortised using the straight-line method over a period of 5 years and other software are amortised using the straight-line method over a period of 3 years or contractual life, whichever is lower.

The residual values, useful lives and methods of amortisation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

c) Impairment of Property, plant and equipment and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available.

If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

d) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the Company is lessee:

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-ofuse assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

Where the Company is Lessor:

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognizes lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has applied Ind AS 116 initially on April 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 is being recognized as an adjustment to the opening balance of retained earnings at April 1, 2019, with no restatement of comparative information. The Company has applied Ind AS 116 to all contracts entered into before April 1, 2019 and identified as leases in accordance with Ind AS 17.

e) Borrowing costs

Borrowing costs include interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes as substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

f) Revenue recognition

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. The effect on adoption of Ind AS 115 was insignificant.

The Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time requires judgement.

Revenue includes only the gross inflows of economic benefits. It is measured based on the consideration specified in the contracts with customers. Amounts collected on behalf of third parties such as goods and services taxes and value added taxes are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from revenue.

The Company assesses its revenue arrangements to determine if it is acting as principal or agent. The Company has concluded that it is acting as an agent in case of its revenue from taxi aggregator services arrangements.

The following specific recognition criteria must also be met before revenue is recognized.

Income from services:

i. Revenue from employee transportation

Revenue from employee transportation represents revenue earned from providing taxi services to corporates for employee transportation. Revenue is measured as per the contractual terms and recognised as and when the service is rendered as per contract terms.

In respect of corporate customers, the Company credit period offered generally ranged from 30 days to 90 days.

Interest income:

For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit and loss.

g) Foreign currencies

i. Transactions - Initial recognition

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate at the date the transaction first qualifies for recognition.

ii. Balances

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Non-monetary items which are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of initial transaction. Non-monetary items, which are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

h) Retirement and other employee benefits

i. Provident fund and ESIC

Retirement benefit in the form of provident fund and ESIC are defined contribution schemes. The Company has no obligation, other than the contribution payable to these schemes. The Company recognises contribution paid / payable during the year to these schemes in the statement of profit and loss.

ii. Gratuity

The Company operates a defined benefit gratuity plan for its employees. This benefit is unfunded. The cost of providing benefits under the defined benefit plans is determined by independent actuaries using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur and are not reclassified to profit or loss in subsequent periods.

iii. Compensated Absences

The liability towards Long term compensated absences is determined by independent actuaries using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to Statement of profit and loss in the period in which they occur.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end.

i) Income taxes

Tax expense comprises of current and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

j) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

k) Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event; it is

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

l) Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non- occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

m) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

n) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

<u>Initial recognition and measurement</u>

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

<u>Subsequent measurement</u>

For purposes of subsequent measurement, financial assets are classified as measured at:

- Amortised cost
- Fair value through other comprehensive income (FVTOCI) – debt investment
- Fair value through other comprehensive income (FVTOCI) – equity investment
- Fair value through profit or loss (FVTPL)

<u>Financial assets at amortised cost</u>

A financial asset is measured at amortised cost if both the following conditions are met:

i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss. This category generally applies to trade and other receivables.

<u>Debt instrument at FVTOCI</u>

A debt instrument is classified as at the FVTOCI if both of the following criteria are met:

i. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in profit or loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

<u>Equity investments at FVTOCI</u>

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment by investment basis.

<u>Fair value through profit or loss (FVTPL)</u>

FVTPL is a residual category for financial assets. All financial assets not classified as measured at amortised cost of FVTOCI, as described above are classifed as at FVTPL. This includes all derivative financial assets. In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in profit or loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets:

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

b) Other financial assets such as deposits, other receivables etc.

The company follows 'simplified approach' for recognition of impairment loss allowance for Trade receivables. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis and considers historical experience, credit assessments and forward looking information.

Financial liabilities

<u>Initial recognition and measurement</u>

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or FVTPL.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not at FVTPL, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on financial liabilities at FVTLP including interest expense are recognised in the profit or loss.

Other financial liabilities

Financial liabilities other that FVTPL instruments are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchanges gains or losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

De-recognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

o) Current versus non-current classification:

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

p) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability

Or

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

q) Recent Indian Accounting standard (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

r) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit / (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, interest income, finance costs and tax expense. Any amount described as unusual or exceptional is classified by nature, in the same way as non-exceptional amounts. Their inclusion or exclusion in EBIDTA will depend on the nature of income/ expense described as exceptional. Impairment loss / reversal on property plant and equipment is disclosed under Depreciation, amortisation and impairment expenses, and not considered for calculation of EBIDTA.

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Following are the significant accounting judgements, estimates and assumptions:

2.2 Significant accounting judgements, estimates and assumptions

I. Useful lives of intangibles and property, plant and equipment:

The Company reviews the useful life and residual value of property, plant and equipment and intangible assets at the end of each reporting period. This re-assessment may result in change in depreciation and amortisation in future periods.

II. Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

III. Impairment of non-financial assets

The Company performs impairment testing for intangible assets and property, plant and equipment where there are indicators of impairment. If such an indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of value in use and fair value less costs of disposal. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Company's Statement of profit and loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as a credit to the Company's Statement of profit and loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency in INR)

Note 3: Property, plant and equipment

	Computers	Office Equipments	Vehicles	Furniture and Fixtures	Leasehold Improvements	Total
Gross Block						
Balance at April 1, 2018	1,088,012	2,662,180	3,048,265	153,740	1,279,541	8,231,738
Additions	–	17,400	2,000,308	–	–	2,017,708
Disposals	–	–	–	–	–	–
Balance at March 31, 2019	1,088,012	2,679,580	5,048,573	153,740	1,279,541	10,249,446
Additions	–	89,794	–	–	–	89,794
Disposals	–	–	(2,000,308)	–	–	(2,000,308)
Balance at March 31, 2020	**1,088,012**	**2,769,374**	**3,048,265**	**153,740**	**1,279,541**	**8,338,932**
Accumulated depreciation						
Balance at April 1, 2018	975,797	2,307,572	2,296,981	101,012	409,724	6,091,086
Depreciation charge for the year	82,399	331,774	593,449	17,555	393,800	1,418,977
Disposals	–	–	–	–	–	–
Balance at March 31, 2019	1,058,196	2,639,346	2,890,430	118,567	803,524	7,510,063
Depreciation charge for the year	25,460	86,606	571,101	329	393,986	1,077,482
Disposals	–	–	(643,475)	–	–	(643,475)
Balance at March 31, 2020	**1,083,656**	**2,725,952**	**2,818,056**	**118,896**	**1,197,510**	**7,944,070**
Net Block						
Balance at March 31, 2019	29,816	40,234	2,158,143	35,173	476,017	2,739,383
Balance at March 31, 2020	**4,356**	**43,422**	**230,209**	**34,844**	**82,031**	**394,862**

Note 4: Intangible Assets

	Computer software
Gross Block	
Balance at April 1, 2018	2,283,651
Additions	–
Disposals	–
Balance at March 31, 2019	2,283,651
Additions	–
Disposals	–
Balance at March 31, 2020	2,283,651

	Computer software
Accumulated amortisation	
Balance at April 1, 2018	1,435,589
Charge for the year	312,252
Disposals	–
Balance at March 31, 2019	1,747,841
Charge for the year	334,042
Disposals	–
Balance at March 31, 2020	2,081,883
Net block	
Balance at March 31, 2019	535,810
Balance at March 31, 2020	201,768

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency in INR)

Note 5: Loans

(Measured at amortised cost)	As at March 31, 2020	As at March 31, 2019
Current		
Loans to employees		
Unsecured, considered good	**122,940**	80,584
Loan to employees which have significant increase in credit risk	–	–
Unsecured, considered credit impaired	**12,500**	12,500
Less : Impairment allowance for doubtful loan	**(12,500)**	(12,500)
	122,940	80,584
Security deposits		
Unsecured, considered good	**1,057,600**	1,139,800
Unsecured Security Deposits which have significant increase in credit risk		
Unsecured, considered credit impaired	**1,218,388**	1,218,388
Less: Impairment allowance for doubtful deposits	**(1,850,188)**	(1,218,388)
	425,800	1,139,800
Loan to related parties (Unsecured, considered good)		
Loan to related parties (Refer notes 5a and 29)	–	5,000,000
	–	5,000,000
Total current	**548,740**	6,220,384

Note 5a: Loans

The Company had granted a loan amounting to INR 5,000,000 on November 08, 2013 to the erstwhile Managing Director of the Company who was also the Director of the Holding Company, under the scheme for granting of loan to a Managing Director or Whole Time Director. As per the scheme, the loan was repayable along with interest after a period of 5 years. Subsequently, the concerned person vacated the post of the Managing Director but continues to be the Director of the Holding Company and also the employee of the Company. As at March 31, 2019 the total amount of loan outstanding amounts to INR 8,441,979 including accrued interest of INR 3,441,979.

During the current year, the Company has recovered the loan along with the accrued interest.

Note 6: Other financial assets

	As at March 31, 2020	As at March 31, 2019
Non-current		
Unsecured, considered good		
Receivables towards assets given on finance lease	**868,221**	1,680,703
Total Non current	**868,221**	1,680,703

	As at March 31, 2020	As at March 31, 2019
Current		
Unsecured, considered good		
Receivables towards assets given on finance lease	603,998	4,099,374
Interest accrued on loan to employee (Refer Note 29 and 5a)	–	3,441,979
Recoverable from employees		
Unsecured, considered good	299,106	670,003
Unsecured, considered credit impaired	799,964	799,964
	1,099,070	1,469,967
Less: Impairment allowance for doubtful advances	(799,964)	(799,964)
	299,106	670,003
Total Current	903,104	8,211,356

Note 7: Non-current tax assets

	As at March 31, 2020	As at March 31, 2019
Advance income-tax	**10,477,869**	25,269,678
	10,477,869	25,269,678

Note 8 : Other non-current assets

	As at March 31, 2020	As at March 31, 2019
Balance with government and statutory authorities	**3,093,400**	–
	3,093,400	–

Note 9 : Trade receivables

(Measured at amortised cost)	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	**35,763,438**	77,115,304
Trade Receivables which have significant increase in credit risk	–	–
Unsecured, considered credit impaired	**13,882,440**	17,312,134
Less: Impairment allowance for doubtful trade receivables	**(13,882,440)**	(17,312,134)
	35,763,438	77,115,304

Note: The above trade receivables were hypothecated as a security against short term borrowings. The short term borrowings are repaid during the current year. Refer Note 25 for information about credit risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency in INR)

Note 10: Cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
Cash on hand	–	56,010
Balances with banks on current accounts	12,835,091	27,711
	12,835,091	83,721

Note 11: Other current assets

	As at March 31, 2020	As at March 31, 2019
Advance to vendors		
Unsecured, considered good	5,063,848	6,779,104
Unsecured, considered credit impaired	10,605,705	10,600,930
Less: Impairment allowance for doubtful advances	(10,605,705)	(10,600,930)
	5,063,848	6,779,104
(Unsecured, considered good)		
Balances with Statutory / Government Authorities	8,706,550	3,068,162
Prepaid expense	266,569	81,592
Other recoverable	11,319	–
	14,048,286	9,928,858

Note 12: Equity Share Capital

	As at March 31, 2020	As at March 31, 2019
Authorised shares capital		
100,000 equity shares of INR.10 each (March 31, 2019 : 100,000)	1,000,000	1,000,000
Issued, subscribed and fully paid-up shares		
12,050 equity shares of INR.10 each fully paid up (March 31, 2019: 12,050)	120,500	120,500
	120,500	120,500

a) Reconciliation of the equity shares outstanding at the beginning and at the end of the year

	As at March 31, 2020		As at March 31, 2019	
	No.	Rs.	No.	Rs.
At the beginning of the year	12,050	120,500	12,050	120,500
Issued during the year	–	–	–	–
Outstanding at the end of the year	12,050	120,500	12,050	120,500

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. No dividend has been declared during the year ended March 31, 2020 (March 31, 2019: Nil). No dividend has been proposed for the year ended 31 March 2020.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shares held by holding company

Out of the equity shares issued by the Company, shares held by its holding company are as below:

	As at March 31, 2020	As at March 31, 2019
Meru Travel Solutions Private Limited, the holding company (including nominees)		
No of shares	12,050	12,050
Amount	120,500	120,500

d) Details of shareholders holding more than 5% shares in the company

	As at March 31, 2020		As at March 31, 2019	
	No.	% holding	No.	% holding
Equity shares of Rs. 10 each fully paid				
Meru Travel Solutions Private Limited, the holding company (including nominees)	12,050	100%	12,050	100%

As per records of the Company, including its register of shareholders / members, the above shareholding represents legal and beneficial ownership of shares.

Note 13: Borrowings

	As at March 31, 2020	As at March 31, 2019
Non-current		
(a) Term Loans-Secured		
(i) Vehicle loans from bank	244,904	1,671,660
(ii) Vehicle loan from NBFC	61,017	871,712
Total Non-Current borrowings	305,921	2,543,372
Current maturities of long-term borrowings		
(a) Term Loans-Secured:		
(i) Vehicle loan from bank *	1,426,755	2,439,850
(ii) Vehicle loan from NBFC *	229,554	623,693
Total current maturities of long-term borrowings	1,656,309	3,063,543
Total Borrowings	1,962,230	5,606,915
	1,656,309	3,063,543

* Current maturities of long term borrowings disclosed under the head "Other financial liabilities" - refer note 17

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency in INR)

(i) Vehicle loans from bank

Vehicle loans from bank are secured against hypothecation of vehicles. The rate of interest on these loans range from 8.20% p.a. to 10.30% p.a. The loans are repayable in 36 to 48 equal monthly instalments of INR. 9,607 to INR. 22,882 for each vehicle from the date of loan. Refer note 25[C](iii) 'Liquidity risk' for maturity profile of future instalments.

(ii) Vehicle loans from NBFC

Vehicle loans from NBFC are secured against hypothecation of vehicles. The rate of interest on these loans is 9.95% p.a. The loans are repayable in 48 equal monthly instalments of INR 20,682 for each vehicle. Refer note 25[C](iii) 'Liquidity risk' for maturity profile of future instalments.

Note 14: Provisions

	As at March 31, 2020	As at March 31, 2019
Non-current portion		
Provision for gratuity (Refer note 26)	**685,612**	1,739,177
Other provisions		
Provision for contingencies *	**4,424,989**	–
	5,110,601	1,739,177
Current portion		
Provision for compensated absences	**681,124**	1,697,360
Provision for gratuity (Refer note 26)	**264,865**	1,051,731
	945,989	2,749,091

* The Company has created provision towards disputed legal matter pertains to Goods and Service tax that arise in the ordinary course of business on a best estimate basis. These provisions have not been discounted as it is not practicable for the Company to estimate the timing of the provision utilization and cash out flows, if any, pending resolution.

Particulars	As at March 31, 2020	As at March 31, 2019
At the beginning of the year	–	–
Arising during the year	**4,424,989**	–
Reversed during the year	–	–
At the end of the year	**4,424,989**	–
Current portion	–	–
Non-current portion	**4,424,989**	–

Note : 15 Short term borrowings

	As at March 31, 2020	As at March 31, 2019
From Banks		
Bank overdraft (Unsecured) *	–	39,935,730
Cash credit from bank (Secured) **	–	28,399,311
From Fellow Subsidiary		
Meru Mobility Tech Private Limited (formerly known as Meru Cab Company Private Limited ***)	**168,859,871**	84,888,840
	168,859,871	153,223,881

* Bank overdraft facility is basis a comfort letter from the ultimate holding company and is repayable on demand and carries an interest of base rate plus 400 basis points. This loan has been repaid during the current year.

** Cash credit facility is secured by first exclusive charge on trade receivables and book debts of the Company and carries an interest of base rate plus 325 basis points. This loan has been repaid during the current year.

*** The Company has taken interest free short term loan from fellow subsidiary company and is repayable on demand (refer note 29)

Note 16: Trade payables

	As at March 31, 2020	As at March 31, 2019
Trade payables		
a) total outstanding dues to small enterprises and micro enterprises	–	–
b) total outstanding dues of creditors other than small enterprises and micro enterprises	**22,600,271**	60,834,168
	22,600,271	60,834,168

Trade payables are non-interest bearing and the credit terms generally range from 30 to 90 days.

The Company's exposure to liquidity risk is disclosed in note 25[C](iii).

Details of dues to micro and small enterprises as per Micro, Small and Medium Enterprises Development Act, 2016

As at March 31 2020, March 31 2019, there are no outstanding dues on account of principal or interest to micro and small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, no additional disclosures have been made.

The above information regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Note 17: Other financial liabilities

	As at March 31, 2020	As at March 31, 2019
Current maturities of long term borrowings (Refer note 13)	**1,656,309**	3,063,543
Interest accrued but not due on borrowings	**9,723**	31,404
Employee benefits payable	**191,873**	418,846
	1,857,905	3,513,793

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency in INR)

Note 18: Other current liabilities

	As at March 31, 2020	As at March 31, 2019
Statutory dues	**266,157**	435,572
	266,157	435,572

Note 19: Revenue from Operations

	Year ended March 31, 2020	Year ended March 31, 2019
Sales of services		
Revenue from transportation services	**213,371,523**	466,692,604
	213,371,523	466,692,604

Note 20: Other income

	Year ended March 31, 2020	Year ended March 31, 2019
Provisions and liabilities written back (net)	**3,297,761**	5,154,089
Miscellaneous income	**23,693**	29,066
	3,321,454	5,183,155

Note 21: Employee benefits expense

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	**28,025,750**	38,125,336
Contributions to provident fund	**1,387,576**	1,860,863
Compensated absences	**765,229**	979,163
Gratuity expense (Refer note 26)	**491,135**	370,338
Staff welfare expenses	**1,001,246**	1,347,006
	31,670,936	42,682,706

Note : 22 Other expenses

	Year ended March 31, 2020	Year ended March 31, 2019
Legal and professional fees	**11,576,260**	7,309,981
Rent, rates and taxes	**6,334,370**	1,726,543
Bank charges	**3,673,761**	1,940,745
Conveyance, travelling and accommodation	**507,735**	1,179,167
Audit fees (Refer details below)	**607,700**	484,000
Repairs and maintenance (others)	**268,116**	447,924
Communication costs	**250,743**	347,516
Business promotion expenses and entertainment	**26,133**	816,858
Advances written off	–	1,634,008
Provision for debts, advances and deposits	–	2,656,218
Miscellaneous expenses	**523,196**	1,850,962
Total of Other expenses	**23,768,014**	20,393,922

Auditor's remuneration (including GST)	Year ended March 31, 2020	Year ended March 31, 2019
As auditor		
Audit fees	**590,000**	472,000
Out of pocket expenses	**17,700**	12,000
Total	**607,700**	484,000

Note : 23 Finance costs

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on borrowings	**3,675,319**	9,281,499
Interest Others	**13,468**	617,837
	3,688,787	9,899,336

Note : 24 Finance Income

	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income on		
Loan to related party (Refer note 29)	**650,000**	650,000
Income tax refund	**2,331,164**	–
Finance Lease	**590,246**	1,643,690
	3,571,410	2,293,690

Note 25: Financial instruments

A] Accounting classification of financial instruments

The following table summarises the accounting classification and carrying amounts (net off any provision for impairment) of financial instruments.

		Carrying value	
Particulars	**Notes**	**March 31, 2020**	March 31, 2019
Financial assets measured at amortized cost			
Security Deposits	5	**425,800**	1,139,800
Loans to related parties	5	–	5,000,000
Receivables towards assets given on finance lease	6	**1,472,219**	5,780,077
Loans to employees	5	**122,940**	80,584
Interest accrued on loan to related party (Refer Note 29)	6	–	3,441,979
Recoverable from employees	6	**299,106**	670,003
Trade receivables	9	**35,763,438**	77,115,304
Cash and cash equivalents	10	**12,835,091**	83,721
Total Financial Asset measured at amortized cost		**50,918,594**	93,311,468

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency in INR)

Particulars	Notes	Carrying value **March 31, 2020**	 March 31, 2019
Financial liabilities measured at amortized cost			
Borrowings	12, 14, 16	**170,822,101**	158,830,796
Employee benefits payable	17	**191,873**	418,846
Trade payables	16	**22,600,271**	60,834,168
Interest accrued but not due on borrowings	17	**9,723**	31,404
Total Financial liability measured at amortized cost		**193,623,969**	220,115,214

B] Fair Value Measurement

The management assessed that cash and cash equivalents, trade receivables, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

There were no transfers between level 1, 2 and 3 for recurring fair value measurements during each of the reporting period. The company's policy is to recognise transfers into and transfer out of fair value hierarchy levels at the end of the reporting period.

C] Financial risk management objectives and policies

The Company has exposure to the following risks arising from its financial instruments:

– Market risk - interest rate risk

– Credit risk

– Liquidity risk

The Company's senior management is responsible for the management of these risks with oversight of the Company's Board of Directors.

i] Market risk - interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any exposure to interest rate risks since its borrowings are all in fixed rate instruments and there is no investments that is exposed to interest rates.

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

	As at March 31, 2020	As at March 31, 2019
Fixed-rate instruments		
Financial assets	–	5,000,000
Financial liabilities	**(1,962,230)**	(5,606,915)
Total	**(1,962,230)**	(606,915)
Variable-rate instruments		
Financial liabilities	–	(68,335,041)
Total	–	(68,335,041)

Interest rate sensitivity

The following table demonstrates the sensitivity of the Company's variable-rate financial instruments based on reasonably possible change in interest rates assuming all other variables to be constant.

	Increase/ (decrease) in basis points	**Effect on profit before tax**
March 31, 2020	**0.5%**	–
March 31, 2020	**-0.5%**	–
March 31, 2019	0.5%	(341,675)
March 31, 2019	-0.5%	341,675

ii] Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), inter corporate deposits, cash deposits and other financial instruments.

Trade receivables from customers

Credit risk relating to customers is managed in accordance with the Company's established policy, procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing. Outstanding customer receivables are regularly monitored. For the purpose of measuring impairment allowance for trade receivables from customers, the Company estimates irrecoverable amounts based on the ageing of the outstanding receivables, its historical experience and its expectation of credit losses in the future.

	March 31, 2020	March 31, 2019
Gross Trade receivables from customers	**49,645,878**	94,427,438
Less: Provision for doubtful receivables	**(13,882,440)**	(17,312,134)
Net Trade receivables from customers	**35,763,438**	77,115,304
Ageing of gross trade receivables relating to customers:		
Within 6 months	**35,763,438**	77,115,303
More than 6 months	**13,882,440**	17,312,134
	49,645,878	94,427,437

Other financial assets

Financial assets other than trade receivables are neither past due nor impaired. Management believes that the amounts are collectible in full, based on its assessment including considering the historical payment behavior and future expectations.

iii] Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal sources of liquidity are cash flows generated from its operations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency in INR)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

		Undiscounted amount				
Year ended - March 31, 2020	**Carrying Value**	**Payable within 1 year**	**Payable within 1 to 2 years**	**Payable within 2 to 3 years**	**Payable within 3 to 4 years**	**Total**
Borrowings						
Vehicle loan from bank	**1,671,660**	**1,488,257**	**254,056**	–	–	**1,742,313**
Vehicle loan from NBFC	**290,571**	**248,184**	**62,046**	–	–	**310,230**
Loan from fellow subsidiary	**168,859,871**	**168,859,871**	–	–	–	**168,859,871**
Employee benefits payable	**191,873**	**191,873**	–	–	–	**191,873**
Trade payables	**22,600,271**	**22,600,271**	–	–	–	**22,600,271**
Interest accrued but not due on borrowings	**9,723**	**9,723**	–	–	–	**9,723**
	193,623,969	**193,398,179**	**316,102**	–	–	**193,714,281**

		Undiscounted amount				
Year ended - March 31, 2019	**Carrying Value**	**Payable within 1 year**	**Payable within 1 to 2 years**	**Payable within 2 to 3 years**	**Payable within 3 to 4 years**	**Total**
Borrowings						
Vehicle loan from bank	4,111,510	2,649,852	1,497,849	259,389	–	4,407,090
Vehicle loan from NBFC	1,495,405	744,552	744,552	186,138	–	1,675,242
Bank overdraft (Unsecured)	39,935,730	39,935,730	–	–	–	39,935,730
Cash credit from bank (Secured)	28,399,311	28,399,311	–	–	–	28,399,311
Loan from fellow subsidiary	84,888,840	84,888,840	–	–	–	84,888,840
Employee benefits payable	418,846	418,846	–	–	–	418,846
Trade payables	60,834,168	60,834,168	–	–	–	60,834,168
Interest accrued but not due on borrowings	31,404	31,404	–	–	–	31,404
	220,115,214	217,902,703	2,242,401	445,527	–	220,590,631

D] Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company capital management is to maximize the shareholder's value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may issue new shares. The Company manages its capital, considering the net debt position and rolling cash flow forecasts as at each period end and identifies need for additional funding from the share holders to meet the outstanding commitments and future cash flow requirements to meet the future business plans. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents, trade receivables and unbilled revenue.

Particulars	**March 31, 2020**	March 31, 2019
Borrowings	**170,822,101**	158,830,796
Less: Cash and Cash Equivalent (Including Trade receivables less Trade payable)	**25,998,258**	16,364,857
Net Debt	**144,823,843**	142,465,939

Note 26: Employee benefits

A. Defined contribution plans

The Company makes contributions determined as a specified percentage of employees' salary in respect of qualifying employees towards Provident Fund and Employees' State Insurance (ESI) which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to statement of profit and loss as they accrue. The Company has recognised the following amount as an expense and included in the Note 21 under the head "Contribution to provident fund".

Particulars	**Year ended March 31, 2020**	Year ended March 31, 2019
Contribution to employees provident fund	**1,211,777**	1,500,283
Contribution to ESI	**175,799**	360,580
Total	**1,387,576**	1,860,863

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency in INR)

B. Defined benefit plans

The Company operates one post-employment defined benefit plan (unfunded plan) that provides gratuity. The gratuity plan is governed by the Payment of Gratuity Act, 1972. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement.

i) Liability recognised in the Balance Sheet in respect of Gratuity

	As at March 31, 2020	As at March 31, 2019
Present value of the defined benefit obligation at the end of the year	**950,477**	2,790,908
Total	**950,477**	2,790,908

ii) Changes in the present value of the defined benefit obligation are as follows :

	Year ended March 31, 2020	Year ended March 31, 2019
Defined benefit obligation at beginning of the year	**2,790,908**	2,121,546
Current service cost	**220,447**	221,935
Interest cost	**270,688**	148,403
Past Service cost	–	–
Sub-total included in statement of profit and loss	**491,135**	370,338
Remeasurement losses \ (gains) recorded in OCI		
Actuarial changes arising from changes in demographic assumptions	**(7)**	–
Actuarial changes arising from changes in financial assumptions	**42,235**	29,185
Experience adjustments	**(580,032)**	1,436,791
Sub-total included in OCI	**(537,804)**	1,465,976
Transfer of liability to fellow subsidiary	**(1,746,505)**	–
Benefits paid	**(47,257)**	(1,166,952)
Defined benefit obligation at the end of the year	**950,477**	2,790,908

iii) Following table summarises the principal assumptions used for actuarial valuation of gratuity obligations for each reporting period:

Actuarial assumptions	**Year ended March 31, 2020**	Year ended March 31, 2019
Discount rate	**5.15%**	6.60%
Future salary increases	**8.00%**	8.00%
Attrition	**35.00%**	35.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Demographic Assumptions :

Mortality in Service: Indian Assured Lives Mortality 2012-14 [March 31, 2019: Indian Assured Lives Mortality 2006-08]

Mortality in Retirement : 58 Years

A quantitative sensitivity analysis for significant assumption as at each reporting date is as shown below:

	Discount rate assumption	
Gratuity plan:	**Year ended March 31, 2020**	Year ended March 31, 2019
Impact of increase of 1% p.a. on defined benefit obligation	**(29,523)**	(71,798)
Impact of decrease of 1 % p.a. on defined benefit obligation	**31,348**	75,634

	Future salary increase assumption	
Gratuity plan:	**Year ended March 31, 2020**	Year ended March 31, 2019
Impact of increase of 1% p.a. on defined benefit obligation	**30,208**	33,708
Impact of decrease of 1 % p.a. on defined benefit obligation	**(29,027)**	(32,432)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The average duration of the defined benefit plan obligation at the end of the reporting period is 3 years (March 31, 2019: 3 years).

The following are expected contributions over the future years (valued on undiscounted basis):

	Year ended March 31, 2020	Year ended March 31, 2019
Within the next 1 year (next annual reporting period)	**264,865**	1,051,731
Between 2 to 5 years	**637,157**	1,816,902
Between 6 to 10 years	**194,761**	437,904
Beyond 10 years	**38,699**	70,952
Total expected payments	**1,135,482**	3,377,489

C. Other employee benefits

Compensated absences are payable to employees at the rate of basic salary for each day of accumulated leave on death or resignation or upon retirement. The charge towards compensated absences for the year ended 31 March 2020 Rs 765,229 (March 31, 2019: Rs 979,163).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency in INR)

Note 27: Income Taxes

The major components of income tax expense for the years ended

	Year ended March 31, 2020	Year ended March 31, 2019
Current income tax:		
Current income tax charge	–	–
Adjustments in respect of current income tax of previous year	–	–
Deferred tax:		
Relating to origination and reversal of temporary differences	–	–
Income tax expense reported in the statement of profit or loss	–	–

Consolidated statement of OCI

	Year ended March 31, 2020	Year ended March 31, 2019
Net loss/(gain) on remeasurements of defined benefit plans	–	–
Income tax expense charged to OCI	–	–

Reconciliation of tax expense and the accounting profit / (loss) multiplied by India's domestic tax rate for the year ended

	Year ended March 31, 2020	Year ended March 31, 2019
Accounting (loss) before income tax	**(28,095,883)**	(26,090,621)
At India's statutory income tax rate of 26% (March 31, 2019: 26%)	**(7,304,930)**	(6,783,561)
Effect of current year losses for which no deferred tax asset is recognised	**7,304,930**	6,783,561
At the effective income tax rate for the Company	–	–
Income tax expense reported in the statement of profit and loss	–	–

Movement of Deferred tax asset/ (liabilities)

	Year ended March 31, 2020	Year ended March 31, 2019
Tax effect of items constituting deferred tax liabilities		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	–	–
Tax effect of items constituting deferred tax assets		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**3,400,155**	3,796,025
Provisions (Doubtful debts/Impairment/ Advances)	**6,894,939**	7,785,418
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	**424,216**	1,166,950
Carryforward Tax Loss		
Unabsorbed depreciation	**7,113,683**	5,915,891
Unabsorbed business losses	**23,162,619**	19,187,936
Deferred tax expense	**40,995,612**	37,852,220
Net deferred tax assets	**40,995,612**	37,852,220
Net deferred tax assets/(liabilities) recognised	–	–

Statement of Profit and Loss

	Year ended March 31, 2020	Year ended March 31, 2019
Tax effect of items constituting deferred tax liabilities		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	–	–
Tax effect of items constituting deferred tax assets		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**(395,870)**	(1,039,827)
Provisions (Doubtful debts/Impairment/ Advances)	**(890,479)**	690,617
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	**(742,734)**	259,614
Carryforward Tax loss		
Unabsorbed depreciation	**1,197,792**	1,408,762
Unabsorbed business losses	**3,974,683**	5,802,137
Deferred tax expense	**3,143,392**	7,121,303

The Company has a net deferred tax asset position as at March 31, 2020 and March 31, 2019. However, in terms of Ind AS 12, the Company has not recognised the net deferred tax assets as there is no reasonable certainty supported by convincing evidence that the Company will have adequate taxable profits in the future against which the carried forward tax losses/unabsorbed depreciation may be offset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency in INR)

The Company has following tax losses/unabsorbed depreciation which arose in India that are available for offsetting against future taxable profits.

	Year ended March 31, 2020	Year ended March 31, 2019
Losses that expire - Carry forward business losses	**89,086,994**	73,799,752
Losses that never expire - Unabsorbed depreciation	**27,360,320**	22,753,426

* The carry forward tax losses would expire beginning from the financial year 2021-22 up to 2027-28.

Note 28: Leases

a] Finance lease - where the Company is lessor

The Company has leased out 6 vehicles (March 31, 2019 : 17) on finance lease. The lease term is for 3 - 4 years and is non-renewable, after which the legal title is passed to the lessee. There is no escalation clause in the lease agreement.

	March 31, 2020	March 31, 2019
Gross investments		
Within one year	**748,869**	4,896,720
After one year but not more than five years	**944,733**	1,814,970
More than five years	–	–
	1,693,602	6,711,690
Less: Unearned finance income	**(221,382)**	(931,613)
Present value of minimum lease payments	**1,472,220**	5,780,077
Present value of future rentals		
Within one year	**604,088**	4,099,374
After one year but not more than five years	**868,132**	1,680,703
More than five years	–	–
Present value of minimum lease payments	**1,472,220**	5,780,077

During the year ended March 31, 2020, the Company has earned Interest income of INR 590,246 (March 31, 2019: INR 1,643,290) towards minimum lease payment. This has been recorded under finance income in the statement of profit and loss.

Movement for the receivables towards assets given on finance lease	Amount
Opening balance as at March 31, 2019	5,780,077
Add: Additions made during the year	1,410,361
Less: amount recovered during the year	(5,718,218)
Closing balance as at March 31, 2020	**1,472,220**

Note 29: Related party transactions

Names of related parties and related party relationship:

Related parties ('RP') where control exists

Ultimate holding Company	Mahindra & Mahindra Ltd. (w.e.f. Dec 5, 2019)
	True North Trusteeship Private Limited (as a nominee shareholder of True North Fund IIIA & True North Fund IV) (up to Dec 4, 2019)
Holding Company	Meru Travel Solution Private Limited

Related parties with whom transactions have taken place during the year

Fellow Subsidiaries	Meru Mobility Tech Private Limited
	V-Link Automotive Services Private Limited
Key Management Personnel (KMP)	Neeraj Gupta (Director of holding company) (Upto Dec 4, 2019)
	Sanjay Singh (General Manager) (Upto May, 2018)

Transactions with related parties

	Holding companies		Fellow subsidiaries		Key management personnel	
Particulars	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**
Revenue from operations:						
V-Link Automotive Services Private Limited	–	–	–	330,000	–	–
Meru Mobility Tech Private Limited	–	–	**14,664,224**	76,219,879	–	–
Services received (includes accrual):						
V-Link Automotive Services Private Limited	–	–	–	43,631	–	–
Meru Mobility Tech Private Limited	–	–	**364,884**	3,632,109	–	–
Loans taken:						
Meru Mobility Tech Private Limited	–	–	**193,723,394**	306,212,947	–	–
Loans repayment made:						
Meru Mobility Tech Private Limited	–	–	**93,552,333**	180,132,906	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency in INR)

	Holding companies		Fellow subsidiaries		Key management personnel	
Particulars	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**
Loans repayment received: (incl. interest)						
Neeraj Gupta	–	–	–	–	**9,091,975**	–
Interest income on loan given						
Neeraj Gupta	–	–	–	–	**650,000**	650,000
Remuneration to key management personnel*						
Neeraj Gupta	–	–	–	–	**9,022,991**	12,822,775
Sanjay Singh	–	–	–	–	–	1,932,911

Details of Balance receivable/payable to related parties

	Holding companies		Fellow subsidiaries		Key management personnel	
Particulars	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**
Interest accrued and due on loan given						
Neeraj Gupta	–	–	–	–	–	3,441,979
Guarantee obtained (Disclosed to the extent of closing balance of borrowings drawn by the Company)						
True North Fund IIIA	–	68,335,041	–	–		–
Meru Mobility Tech Private Limited	–	–	**290,570**	1,495,405	–	–
Balance of Loan / advances given to key managerial personnel						
Neeraj Gupta (Loan)	–	–	–	–	–	5,000,000
Neeraj Gupta (Other Advance)	–	–	–	–	–	129,474
Balance receivable / (payable) as at year end :						
Meru Mobility Tech Private Limited	–	–	**(168,859,871)**	(84,888,840)	–	–
V-Link Automotive Services Private Limited	–	–	**(620,506)**	(620,506)	–	–

* The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

Terms and conditions of transactions with related parties

All the related party transaction during the year were in ordinary course of business. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. The outstanding loans payable are repayable on demand. The Group has not recorded any impairment of receivables relating to amounts owed by related parties as at each reporting period. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note 30:

The outbreak of coronavirus (COVID 19) pandemic globally is causing a slowdown of economic activity. Measures are being taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered disruptions to business worldwide, resulting in an economic slowdown and uncertainties pertaining to future operations.

The Company has made a detailed assessment of its liquidity position for next one year and the recoverability and carrying value of its assets including Property, Plant and Equipment, Trade receivables as at Balance sheet date and has concluded that no material adjustments are required in the financial statements. Management believes that it has taken into account all possible impacts of known events arising from COVID 19 pandemic in preparation of these financial statements.

The impact of coronavirus on the business will depend on future developments that cannot be reliably predicted. The impact of global health pandemic, might be different from that estimated as at the date of approval of these financial statements depending on how long the pandemic lasts and time period taken for the economic activities to return to normalcy.

Note 31: Segment reporting

In accordance with the requirements of Indian Accounting Standard 108 – “Operating Segments”, the Company has determined that it operates only in one operating segment i.e. provision of transportation services. Thus, the financial statements reflect the results of only one operating segment. The Company’s operations are based only in India.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(Currency in INR)

Note 32: Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

	March 31, 2020	March 31, 2019
Loss attributable to equity holders	**(28,095,883)**	(26,090,621)
Number of Shares outstanding at the beginning of the year	**12,050**	12,050
Add: Shares issued during the year	–	–
Number of Shares outstanding at the end of the year	**12,050**	
Weighted average number of Equity shares for basic EPS	**12,050**	12,050
Basic and diluted EPS calculations	**(2,331.61)**	(2,165.20)

Note 33: As at March 31, 2020, the Company has accumulated losses of INR 161,999,860 (March 31, 2019: INR 134,441,781) and a negative net worth of INR 120,811,936 (March 31, 2019 INR 93,253,857). The shareholder of the Company, Meru Travel Solutions Private Limited ('MTSPL') and a fellow subsidiary, Meru Mobility Tech Private Limited, have committed to provide continuing financial and/or operational support to the Company for its continued operations for the foreseeable future.

In view of the foregoing, the going concern assumption has been considered appropriate in preparing these financial statements.

Note 34: There are no significant subsequent events that would require adjustments or disclosures in the financial statements as on the balance sheet date.

Note 35: Information with the regard to other matters specified in Schedule III to the Act is either Nil or not applicable to the Company for the year ended 31 March 2020.

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration
No. 101248W/W-100022

Rekha Shenoy
Partner
Membership No. 124129

Place: Mumbai
Date: May 14, 2020

For and on behalf of the Board of Directors
of V-Link Fleet Solutions Private Limited
CIN:U63040MH2006PTC165955

Neeraj Gupta
Director
DIN No. : 01783151

Manaswini Goel
Director
DIN No. : 08142619

Place: Mumbai
Date: May 14, 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
FIFTH GEAR VENTURES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fifth Gear Ventures Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including Other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (together referred to as "the financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's board report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Director's Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss (including Other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
   i. The Company does not have any pending litigation as on 31 March 2020 which could impact its financial position.
   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
   iii. The Company does not have any dues on account of Investor Education and Protection Fund.
   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

   According to the information and explanation given to us, the Company has not paid any managerial remuneration during the current year and accordingly the requirement as stipulated by the provisions of Section 197(16) of the act are not applicable to the Company.

For **B S R & Associates LLP**
Chartered Accountants
ICAI Firm's Registration No.: 116231W/W-100024

Rakesh Dewan
Partner
Membership No. 092212
UDIN: 20092212AAAABJ2540

Place: Gurugram
Date: 09 May 2020

Annexure A referred to in our Independent Auditor's Report of even date to the members of Fifth Gear Ventures Limited on the financial statements for the year ended 31 March 2020.

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified once in three years. In accordance with this programme, certain fixed assets were verified during the year. As informed to us the discrepancies noticed on such verification were not material and have been properly dealt with in the books of accounts. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us, the Company does not hold any immovable property in its name. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.

(ii) According to the information and explanations given to us, the Company does not hold any physical inventory. Accordingly, paragraph 3(ii) of the Order is not applicable.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3 (iii) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not entered into any transaction related to any loans, investments, guarantees, and securities to which the provisions of section 185 and 186 of the Companies Act, 2013 are applicable. Accordingly, the provisions of paragraph 3 (iv) of the Order are not applicable to the Company.

(v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, goods and services tax, cess and other statutory dues have generally been regularly deposited by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of customs and employees' state insurance.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, goods and services tax, cess and other statutory dues were in arrears as at 31 March 2020, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax and goods and services tax which have not been deposited with the appropriate authorities on account of any dispute. The company did not have any dues in respect of duty of customs.

(viii) According to the information and explanations given to us, the Company did not have any outstanding dues to any financial institutions, government or debenture holders during the year. Accordingly, paragraph 3 (viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not paid any managerial remuneration as stipulated under the provisions of Section 197 of the Companies Act, 2013. Accordingly, paragraph 3(xi) of the Order is not applicable.

(xii) According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has made preferential allotment or private placement of equity shares during the period in accordance with the requirements of section 42 of the Act and the amount raised have been used for the purpose for which the funds were raised.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him covered by Section 192 of the Act. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W/ W-100024

Rakesh Dewan
Partner
Membership No. 092212
UDIN: 20092212AAAABJ2540

Place: Gurugram
Date: 09 May 2020

Annexure B to the Independent Auditor's report on the financial statements of Fifth Gear Ventures Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Fifth Gear Ventures Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Associates LLP**
Chartered Accountants
Firm registration number: 116231W/ W-100024

Rakesh Dewan
Partner
Membership No. 092212
UDIN: 20092212AAAABJ2540

Place: Gurugram
Date: 09 May 2020

BALANCE SHEET AS AT 31 MARCH 2020

(All amounts in INR, unless otherwise stated)

	Note No.	**As at 31 March 2020**	As at 31 March 2019
Assets			
Non-current assets			
Property, plant and equipment	3	**10,49,420**	14,06,585
Intangible assets	4	**91,93,099**	1,03,17,914
Financial assets			
Loans	5	**–**	20,000
Income tax assets (net)	6	**13,56,372**	27,02,424
Other non-current assets	7	**19,994**	7,932
Total non-current assets		**1,16,18,885**	1,44,54,855
Current assets			
Financial assets			
Trade receivables	8	**4,05,53,900**	1,98,71,465
Cash and cash equivalents	9	**19,87,641**	96,22,212
Bank balances other than cash and cash equivalents mentioned above	10	**6,11,179**	–
Other financial assets	11	**6,797**	2,16,599
Other current assets	12	**29,47,609**	34,11,177
Total current assets		**4,61,07,126**	3,31,21,453
Total assets		**5,77,26,011**	4,75,76,308
Equity and liabilities			
Equity			
Equity share capital	13	**9,21,850**	8,98,380
Other equity	14	**(1,62,93,426)**	1,07,70,758
Total equity		**(1,53,71,576)**	1,16,69,138
Liabilities			
Non-current liabilities			
Provisions	15(a)	**19,21,107**	5,76,621
Total non-current liabilities		**19,21,107**	5,76,621
Current liabilities			
Financial liabilities			
Trade payables			
– total outstanding dues of micro enterprises and small enterprises	16	**32,769**	34,431
– total outstanding dues of creditors other than micro enterprises and small enterprises	16	**4,72,54,139**	3,00,58,035
Other financial liabilities	17	**74,80,194**	39,63,612
Income tax Liabilities (net)	18	**1,41,63,818**	–
Provisions	15(b)	**56,002**	1,285
Other current liabilities	19	**21,89,558**	12,73,186
Total current liabilities		**7,11,76,480**	3,53,30,549
Total liabilities		**7,30,97,587**	3,59,07,170
Total equity and liabilities		**5,77,26,011**	4,75,76,308

The accompanying notes are an integral part of these financial statements

As per our report of even date attached
For B S R & Associates LLP
Chartered Accountants
Firm registration number: 116231W/ W-100024

Rakesh Dewan
Partner
Membership Number: 092212
Place: Gurugram
Date: 09 May 2020
UDIN: 20092212AAAABJ2540

For and on behalf of the Board of Directors of Fifth Gear Ventures Limited

Rajeev Dubey
Director
DIN : 00104817
Place: Mumbai
Date: 09 May 2020

Kavinder Singh
Director
DIN : 06994031
Place: Mumbai
Date: 09 May 2020

Venkatraman Praveen Loganathan
CEO
PAN BEZPP5171F
Place: Chennai
Date: 09 May 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(All amounts in INR, unless otherwise stated)

	Note No.	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	20	**7,72,76,998**	5,53,97,958
Other income	21	**37,55,273**	5,71,086
Total income		**8,10,32,271**	5,59,69,044
Expenses			
Cost of services	22	**3,84,86,475**	2,39,08,485
Employee benefit expenses	23	**2,77,67,971**	4,78,74,397
Finance costs	24	**9,32,788**	5,389
Depreciation and amortization expense	25	**37,42,735**	36,49,766
Operations and administration expenses	26	**1,35,07,737**	1,16,76,986
Marketing, distribution and promotion expenses		**1,03,79,619**	30,94,025
Total expenses		**9,48,17,325**	9,02,09,048
Loss for the year before tax		**(1,37,85,054)**	(3,42,40,004)
Income tax expense			
Current tax		**1,49,57,289**	–
Total tax expenses		**1,49,57,289**	–
Loss for the year		**(2,87,42,343)**	(3,42,40,004)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit obligations	`	**(10,48,234)**	96,256
Other comprehensive income for the year		**(10,48,234)**	96,256
Total comprehensive income / (loss) for the year		**(2,97,90,577)**	(3,41,43,748)
Earnings / (loss) per share			
Basic earning / (loss) per share (INR)	30	**(315.62)**	(413.04)
Diluted earnings / (loss) per share (INR)	30	**(315.62)**	(413.04)

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm registration number: 116231W/ W-100024

Rakesh Dewan
Partner
Membership Number: 092212
Place: Gurugram
Date: 09 May 2020
UDIN: 20092212AAAABJ2540

For and on behalf of the Board of Directors of
Fifth Gear Ventures Limited

Rajeev Dubey
Director
DIN : 00104817

Place: Mumbai
Date: 09 May 2020

Kavinder Singh
Director
DIN : 06994031

Place: Mumbai
Date: 09 May 2020

Venkatraman
Praveen Loganathan
CEO
PAN BEZPP5171F
Place: Chennai
Date: 09 May 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

(All amounts in INR, unless otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flow from operating activities		
Loss before income tax	**(1,37,85,054)**	(3,42,40,004)
Adjustments to reconcile loss to net cash flows:		
Depreciation and amortization expense	**37,42,735**	36,49,766
Finance costs	**9,32,788**	5,389
Share based payment expense	**–**	1,80,27,290
Interest income on fixed deposits	**(17,976)**	(1,01,522)
Liabilities no longer required written back	**(35,77,063)**	(4,41,874)
Loss allowance on trade receivables	**1,29,976**	–
Profit on sale of property, plant and equipment	**(33,816)**	–
Cash used in operations before working capital changes	**(1,26,08,410)**	(1,31,00,955)
Working capital adjustments		
Change in trade receivables	**(2,08,12,411)**	(77,64,531)
Change in loans	**20,000**	(20,000)
Change in other assets	**4,51,506**	24,65,988
Change in trade payables	**2,07,71,505**	42,60,827
Change in other financial liabilities	**15,91,392**	(15,39,687)
Change in other liabilities	**9,16,372**	44,366
Change in provisions	**3,50,969**	2,50,331
Cash used in operating activities	**(93,19,077)**	(1,54,03,661)
Income taxes deducted at source (net)	**(3,80,207)**	(9,35,113)
Net cash used in operating activities (A)	**(96,99,284)**	(1,63,38,774)
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(2,36,820)**	(4,05,537)
Investment in deposit with banks	**(6,11,179)**	–
Interest received	**11,180**	1,01,522
Proceeds from sale of property, plant and equipment	**2,73,145**	–
Net cash used in investing activities (B)	**(5,63,674)**	(3,04,015)
Cash flows from financing activities		
Proceeds from issue of equity shares	**27,49,863**	2,42,47,897
Finance cost paid	**(1,21,476)**	–
Net cash generated from financing activities (C)	**26,28,387**	2,42,47,897

(All amounts in INR, unless otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**(76,34,571)**	76,05,108
Cash and cash equivalents at the beginning of the year	**96,22,212**	20,17,104
Cash and cash equivalents at the end of the year (refer note 9)	**19,87,641**	96,22,212

Notes to the statement of cash flows:

(a) Cash and cash equivalents		
Components of cash and cash equivalents:-		
Cash on hand	**46**	2,069
Balance with banks:		
– In current accounts	**19,87,595**	96,20,143
Balances per statement of cash flows	**19,87,641**	96,22,212
(b) Movement in financial liabilities*		
Opening balance	**1,21,476**	1,16,087
Interest expense	**9,32,788**	5,389
Finance cost paid	**(1,21,476)**	–
Closing Balance	**9,32,788**	1,21,476

***Amendment to Ind AS 7:** Effective 01 April 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

(c) The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm registration number: 116231W/ W-100024

Rakesh Dewan
Partner
Membership Number: 092212
Place: Gurugram
Date: 09 May 2020
UDIN: 20092212AAAABJ2540

For and on behalf of the Board of Directors of
Fifth Gear Ventures Limited

Rajeev Dubey
Director
DIN : 00104817
Place: Mumbai
Date: 09 May 2020

Kavinder Singh
Director
DIN : 06994031
Place: Mumbai
Date: 09 May 2020

Venkatraman Praveen Loganathan
CEO
PAN BEZPP5171F
Place: Chennai
Date: 09 May 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020
(All amounts in INR, unless otherwise stated)

I) Equity share capital

Particulars	Amounts
Balance as at 1 April 2018	6,91,310
Changes in equity share capital during the year	2,07,070
Balance as at 31 March 2019	8,98,380
Changes in equity share capital during the year	**23,470**
Balance as at 31 March 2020	**9,21,850**

II) Other equity

Figures in Rupees

Particulars	Securities premium reserve	General Reserve	Share based payment reserve	Retained earnings	Remeasurements of defined benefit obligations	Total
	Reserves and Surplus				Items of OCI	
Balance as at 1 April 2018	13,87,88,808	–	14,14,81,922	(27,76,82,480)	2,58,139	28,46,389
Loss for the year	–	–	–	(3,42,40,004)	–	(3,42,40,004)
Other comprehensive income/ (loss), net of tax	–		–	–	96,256	96,256
Total comprehensive income/ (loss) for the year	**–**	**–**	**–**	**(3,42,40,004)**	**96,256**	**(3,41,43,748)**
Transactions with owners, recorded directly in equity						
Contributions by owners						
Issue of equity shares	2,40,40,827	–	–	–	–	2,40,40,827
Share based payment expense	–	–	1,80,27,290	–	–	1,80,27,290
Total transactions with owners	**2,40,40,827**	**–**	**1,80,27,290**	**–**	**–**	**4,20,68,117**
Balance as at 31 March 2019	**16,28,29,635**	**–**	**15,95,09,212**	**(31,19,22,484)**	**3,54,395**	**1,07,70,758**
Loss for the year	–	–	–	(2,87,42,343)	–	(2,87,42,343)
Other comprehensive income/ (loss), net of tax	–	–	–	–	(10,48,234)	(10,48,234)
Total comprehensive income/ (loss) for the year	**–**	**–**	**–**	**(2,87,42,343)**	**(10,48,234)**	**(2,97,90,577)**
Transactions with owners, recorded directly in equity						
Contributions by owners						
Issue of equity shares	27,26,393	–	–	–	–	27,26,393
On account of surrender of share based awards*	–	15,95,09,212	(15,95,09,212)	–	–	–
Settlement on account of consideration paid for surrender of share base award*	–	(3,04,50,000)	–	3,04,50,000	–	–
Total transactions with owners	**27,26,393**	**12,90,59,212**	**(15,95,09,212)**	**3,04,50,000**	**–**	**27,26,393**
Balance as at 31 March 2020	**16,55,56,028**	**12,90,59,212**	**–**	**(31,02,14,827)**	**(6,93,839)**	**(1,62,93,426)**

*During the current period, pursuant to the sale of entire stake held by NDTV Convergence Limited and New Delhi Television Limited, shareholders, in the Company to Mahindra First Choice Wheels Limited, certain ex employees who were holders of share based awards have surrendered their vested awards to the Company. In lieu of surrender of vested awards, an ex-gratia payments of INR 30.45 million has been made to such ex-employees by New Delhi Television Limited and NDTV Convergence Limited. Consequently, the balance in Share based Payment Reserve related to such share based awards has been transferred to the General Reserve.

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm registration number: 116231W/ W-100024

Rakesh Dewan
Partner
Membership Number: 092212
Place: Gurugram
Date: 09 May 2020
UDIN: 20092212AAAABJ2540

For and on behalf of the Board of Directors of Fifth Gear Ventures Limited

Rajeev Dubey
Director
DIN : 00104817
Place: Mumbai
Date: 09 May 2020

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Director
DIN : 06994031
Place: Mumbai
Date: 09 May 2020

Venkatraman Praveen Loganathan
CEO
PAN BEZPP5171F
Place: Chennai
Date: 09 May 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Reporting entity

Fifth Gear Ventures Limited (the Company) is a public limited company incorporated in India on 1 September 2015, under the provisions of the Companies Act, 2013 with its registered office situated in New Delhi.

The Company maintains and operates carandbike.com, an e-commerce marketplace platform, which keeps its users updated with the latest information and reviews from the global automotive industry. Besides making online booking of new cars and bikes under marketplace model, the users can buy and sell used cars.

In January 2020, the Company and its beneficiary shareholders have entered into an agreement ("share purchase agreement") dated 17 January 2020 for sale of entire stake held by the beneficiary shareholders to Mahindra First Choice Wheels Limited ("the purchaser") for a total consideration of INR 304.5 million. The details of the beneficiary shareholders are as below;

1. New Delhi Television Limited
2. NDTV Convergence Limited
3. Autobyte Private Limited
4. Praveen Venkatraman Loganathan
5. Hirokazu Mashita
6. Ashley Menezes
7. Pramod Bhasin
8. Manvinder Singh Banga
9. Arun Uppuswamy

Note 1. Basis of preparation

a. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs Pursuant to section 133 of the Companies Act, 2013 ("Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

The Company has incurred losses in current and previous year and has a negative net worth as at 31 March 2020. The current liabilities exceed the current assets by INR 25,069,354 as at 31 March 2020. The Company has been acquired by Mahindra First Choice Wheels Limited ("the Holding Company") and based on the current business plan and projections prepared by the management and approved by the Board of directors of the Company, operational profits are expected in the subsequent year. The Holding Company has also provided an undertaking to the Company, for providing financial and other support as is necessary, for the next twelve months to enable the Company to continue its operations and to meet its financial obligations. In view of the above, the use of going concern assumption has been considered appropriate in the preparation of these financial statements and assets and liabilities have been recorded on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

The financial statements were authorized for issue by the Company's Board of Directors on 9 May 2020

b. Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest rupee, unless otherwise indicated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain Financial assets	Fair value

d. Use of estimates and judgements

In preparing the financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

(i) <u>Judgements:</u>

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management exercises judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

(ii) <u>Assumptions and estimation uncertainties:</u>

The areas involving critical estimates are:

- Recognition and measurement of provisions and contingencies;
- Estimation of defined benefit obligation;
- Estimated useful life of intangible assets;
- Impairment test of non-financial assets; and
- Impairment of trade receivables and other financial assets.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

e. Current versus non-current classification:

The Company presents assets and liabilities in the Balance Sheet based on the current / non current classification.

An asset is treated as current when:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current assets include the current portion of non-current financial assets. The Company classifies all other assets as non-current.

A liability is treated as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Current liabilities include current portion of non-current financial liabilities. The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current / non-current classification of assets and liabilities.

f. Measurement of fair values

A number of accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognize transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further the information about the assumptions made in measuring fair values is included in the note on financial instruments.

Note 2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of standalone financial statements. The accounting policies adopted are consistent with those of the previous financial year, except if mention otherwise.

a. Foreign currency

Foreign currency transactions:

Transactions in foreign currencies are translated into the functional currency of Company at the exchange rate at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss.

b. Financial instruments

Financial instrument is any contract that gives rise to a financial asset of the entity and a financial liability or equity instrument of another entity.

(i) <u>Recognition and initial measurement:</u>

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(ii) <u>Classification and subsequent measurement:</u>

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- FVOCI – fair value through other comprehensive income
- FVOCI – debt investment;
- FVOCI – equity investment;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI, if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income (FVOCI) are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is also recognized in the profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(iii) Derecognition:

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognized on its Balance Sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the profit or loss.

(iv) Offsetting:

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

c. Property, plant and equipment

(i) Recognition and measurement:

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure:

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation:

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognized in the Statement of Profit and Loss.

The useful lives as estimated for tangible assets are in accordance with the useful lives as indicated in Schedule II of the Companies Act, 2013 except for the following classes of assets where different useful lives have been used:

Asset Class	Useful life (in years)
Computers	5
Office equipments	3
Furniture and fixtures	8

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

d. Intangible assets

(i) Recognition and measurement:

Intangible assets including those acquired by the Company in a business combination are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure:

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization:

Amortization is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortization in the Statement of Profit and Loss.

The estimated useful lives are as follows:

Asset Class	Useful life (in years)
Computer Software	6
Website	6
Trade Mark	3
Copy Rights	3

Amortization method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

e. Impairment

(i) Impairment of financial instruments

The Company recognizes loss allowances for expected credit losses on:

- financial assets measured at amortized cost; and
- financial assets measured at FVOCI.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 180 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are measured at an amount at least equal to the lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

Measurement of expected credit

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the Balance Sheet:

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off:

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of assets for which impairment loss has been recognized in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

f. Employee benefits

(i) Short-term employee benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ii) Defined contribution plan:

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

(iii) Defined benefit plan:

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognized in OCI. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability , taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

expense and other expenses related to defined benefit plans are recognized in the profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Termination benefits:

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(v) Employee share based payments:

The grant date fair value of equity settled share-based payment awards granted to employees is recognized as an employee benefits expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as expense is based on the estimate of the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

g. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Expected future operating losses are not provided for.

h. Revenue from contracts with customers - Policy applicable from 1 April 2018:

The Company has adopted Ind AS 115 "Revenue from Contracts with Customers" from 1 April 2018 which resulted in changes in accounting policies. Ind AS 115 replaces Ind AS 18-"Revenue" and Ind AS-11 "Construction Contracts". The standard is applied retrospectively only to contracts that are not completed as at the date of initial application. In accordance with the transition provisions in Ind AS 115, the Company has adopted modified retrospective approach. The adoption of the new standard did not have any impact on opening balance of retained earnings as at 1 April 2018, and also on the current year financial statements.

The Company earns revenue primarily from advertisement, affiliate income model and commission income.

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services.

- Advertisement revenue - the Company recognizes revenue from the display of graphical advertisements ("display advertising") on the website as "impressions" are delivered. An "impression" is delivered when an advertisement appears in pages viewed by users. The Company recognizes revenue from the display of text based links to the websites of its advertisers ("search advertising") which are placed on the website. Search advertising revenue is recognized as "click through" occur. A "click-through" occurs when a user clicks on an advertiser's listing.
- Affiliate revenue is recognized as per the terms of the contract with customers once the services are rendered.
- Commission from online booking under marketplace model is recognized when the product is delivered to the buyer.

Revenue is measured based on the transaction price, which is the consideration and excludes taxes collected from customers.

Revenue from holding company is recognised based on transaction price which is at arm's length.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liabilities primarily relate to the consideration received from customers in advance for the Company's performance obligations which is classified as advance from customers and deferred revenue which is recognised when there is billings in excess of revenues.

i. Lease

(i) Determining whether an arrangement contains a lease:

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the incremental borrowing rate.

(ii) Assets held under leases:

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognized in the Company's Balance Sheet.

(iii) Lease payments:

Payments made under operating leases are generally recognized in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Lease (policy applicable from 1 April 2019)

The Company's lease asset classes primarily consist of lease for building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a leases if the contract conveys the right to use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assess whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefit from use of the asset through the period of the lease and (3) the group has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangement in which it is a lessees, except for leases with a term of twelve month or less (short-term leases) and low value leases, For these short-term and low value leases, the Company recognizes the lease payment as an operating expense on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Impact: There is no impact of IND AS 116 on financials of the Company as on assessment of lease contract, none of the lease has term period more than 12 month which requires recognition of right-to-use asset ("ROU") and corresponding lease liability. For all short-term leases, the Company recognizes the lease payment as an operating expense on a straight-line basis over the term of the lease.

j. Recognition of interest income or expense

Interest income or expense is recognized using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

k. Income tax

Income tax comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in other comprehensive income.

(i) Current tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred tax:

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits.

Deferred tax is not recognized for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

l. Cash and cash equivalent

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

m. Earnings per share

(i) Basic earnings per share:

Basic earnings per share is calculated by dividing:

- the profit / (loss) attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share:

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

n. Contingent liabilities and contingent assets

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent assets are not recognized, however, are disclosed in the financial statements where an inflow of economic benefit is probable. Contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 3. Property, plant and equipment

Particulars	Plant and machinery	Computers	Office equipment	Furniture and fixtures	Total
Balance as at 1 April 2018	74,259	26,10,812	1,87,663	22,598	28,95,332
Additions	–	1,48,654	25,625	–	1,74,279
Balance as at 31 March 2019	74,259	27,59,466	2,13,288	22,598	30,69,611
Additions	–	2,83,485	–	–	2,83,485
Disposals	–	78,179	–	–	78,179
Balance as at 31 March 2020	**74,259**	**29,64,772**	**2,13,288**	**22,598**	**32,74,917**

Accumulated depreciation

Particulars	Plant and machinery	Computers	Office equipment	Furniture and fixtures	Total
Balance as at 1 April 2018	2,776	8,97,109	1,04,491	22,598	10,26,974
Depreciation for the year	12,398	5,62,978	60,676	–	6,36,052
Balance as at 31 March 2019	15,174	14,60,087	1,65,167	22,598	16,63,026
Depreciation for the year	12,396	5,83,108	22,416	–	6,17,920
Deletion / adjustments	–	55,449	–	–	55,449
Balance at 31 March 2020	**27,570**	**19,87,746**	**1,87,583**	**22,598**	**22,25,497**
Carrying amount (net)					
Balance as at 31 March 2019	59,085	12,99,379	48,121	–	14,06,585
Balance at 31 March 2020	46,689	9,77,026	25,705	–	10,49,420

Note 4. Intangible assets

Particulars	Website	Computer Software	Trade Mark	Copy Rights	Total
Balance as at 1 April 2018	1,61,30,720	19,47,950	–	–	1,80,78,670
Additions	–	–	–	–	–
Balance as at 31 March 2019	1,61,30,720	19,47,950	–	–	1,80,78,670
Additions	–	–	10,00,000	10,00,000	20,00,000
Balance as at 31 March 2020	**1,61,30,720**	**19,47,950**	**10,00,000**	**10,00,000**	**2,00,78,670**

Accumulated amortization

Particulars	Website	Computer Software	Trade Mark	Copy Rights	Total
Balance as at 1 April 2018	43,76,057	3,70,985	–	–	47,47,042
Amortization for the year	26,88,991	3,24,723	–	–	30,13,714
Balance as at 31 March 2019	70,65,048	6,95,708	–	–	77,60,756
Amortization for the year	26,88,990	3,24,725	55,550	55,550	31,24,815
Balance at 31 March 2020	**97,54,038**	**10,20,433**	**55,550**	**55,550**	**1,08,85,571**
Balance at 31 March 2019	90,65,672	12,52,242	–	–	1,03,17,914
Balance at 31 March 2020	**63,76,682**	**9,27,517**	**9,44,450**	**9,44,450**	**91,93,099**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 5. Loans
Non current
(Unsecured, considered good unless otherwise stated)

In Indian Rupees

Particulars	As at 31 March 2020	As at 31 March 2019
Security deposits	–	20,000
	–	20,000

Refer note 29.

Note 6. Income tax assets (net)
Non current

In Indian Rupees

Particulars	As at 31 March, 2020	As at 31 March, 2019
Income tax asset	13,56,372	27,02,424
	13,56,372	27,02,424

Note 7: Other non-current assets
(Unsecured, considered good unless otherwise stated)

In Indian Rupees

Particulars	As at 31 March, 2020	As at 31 March, 2019
Advances recoverable	19,994	7,932
	19,994	7,932

Note 8. Trade receivables
(Unsecured, considered good unless otherwise stated)

In Indian Rupees

Particulars	As at 31 March, 2020	As at 31 March, 2019
Considered good *	4,05,53,900	1,98,71,465
Considridoubtful	1,29,976	–
	4,06,83,876	1,98,71,465
Loss allowance	(1,29,976)	–
	4,05,53,900	1,98,71,465

Refer note 29 & 31

*** Of the above, trade receivables from related parties are as below:**

In Indian Rupees

Particulars	As at 31 March, 2020	As at 31 March, 2019
Kun Capital Automotive Private Ltd (till 31 January 2020)	3,60,402	2,86,937
Kun Capital Motors Private Ltd (till 31 January 2020)	3,15,156	1,77,086
KUN Car Enterprises Pvt. Ltd. (till 31 January 2020)	5,13,448	–
Aadit Auto Company Pvt Ltd (till 31 January 2020)	4,41,787	2,61,695
NDTV Convergence Ltd (till 31 January 2020)	1,71,86,726	1,50,66,411
Mahindra and Mahindra Limited (from 31 January 2020)	3,33,763	–
Mahindra Two Wheelers Ltd. (from 31 January 2020)	575	–
	1,91,51,857	1,57,92,129

Note 9. Cash and cash equivalents

In Indian Rupees

Particulars	As at 31 March, 2020	As at 31 March, 2019
Cash on hand	46	2,069
Balances with banks		
– in current accounts	19,87,595	96,20,143
Cash and cash equivalents	19,87,641	96,22,212
Cash and cash equivalents as per statement of cash flows	19,87,641	96,22,212

Note 10. Bank balances other than cash and cash equivalents

In Indian Rupees

Particulars	As at 31 March, 2020	As at 31 March, 2019
Deposits with bank having maturity within 12 months of the reporting date .	6,11,179	–
	6,11,179	–

Note 11: Current - other financial assets
(Unsecured, considered good)

In Indian Rupees

Particulars	As at 31 March, 2020	As at 31 March, 2019
Interest accrued on fixed deposits	6,797	–
Receivable against fixed assets*	–	2,16,599
	6,797	2,16,599

*** Of the above, recoverable from related parties are as below:**

In Indian Rupees

Particulars	As at 31 March, 2020	As at 31 March, 2019
NDTV Convergence Limited (till 31 January 2020)	–	2,16,599
	–	2,74,811

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 12: Other current assets
(Unsecured, considered good unless otherwise stated)

In Indian Rupees

Particulars	As at 31 March, 2020	As at 31 March, 2019
Dues recoverable from government	**19,71,410**	27,13,368
Employee advances	**1,61,580**	16,342
Prepaid expenses	**8,14,619**	6,81,467
	29,47,609	34,11,177

Note 13. Equity share capital

In Indian Rupees

Particulars	As at 31 March, 2020	As at 31 March, 2019
Authorized		
200,000 (previous year 200,000) equity shares of INR 10 each	**20,00,000**	20,00,000
	20,00,000	20,00,000
Issued		
146,059 (previous year 143,712) equity shares of INR 10 each	**14,60,590**	14,37,120
	14,60,590	14,37,120
Subscribed and fully paid up		
92,185 (previous year 89,838) equity shares of INR 10 each	**9,21,850**	8,98,380
	9,21,850	8,98,380

A. Reconciliation of shares outstanding at the beginning and at the end of the year

In Indian Rupees

Particulars	No. of shares	Amount
As at 1 April 2018	**69,131**	6,91,310
Issued during the year	**20,707**	2,07,070
As at 31 March 2019	**89,838**	8,98,380
Issued during the year	**2,347**	23,470
As at 31 March 2020	**92,185**	9,21,850

B. Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company in proportion of the number of equity shares held.

C. Details of shareholders holding more than 5% shares in the Company

In Indian Rupees

	As at 31 March 2020		As at 31 March 2019	
Name of shareholder	**No. of shares**	**% holding**	**No. of shares**	**% holding**
Mahindra First Choice Wheels Limited	92,179	99.99%	–	–
Autobyte Private Limited	–	–	34,154	38.02%
NDTV Convergence Limited	–	–	21,000	23.38%
New Delhi Television Limited	–	–	21,000	23.38%
Praveen Venkatraman Loganathan	–	–	8,000	8.90%

In January 2020, the Company and its beneficiary shareholders have entered into an agreement ("Share Purchase Agreement") dated 17 January 2020 for sale of entire stake held by the beneficiary shareholders to Mahindra First Choice Wheels Limited ("the purchaser") for a total consideration of INR 304.5 million. The details of the beneficiary shareholders are as below;

1. New Delhi Television Limited
2. NDTV Convergence Limited
3. Autobyte Private Limited
4. Praveen Venkatraman Loganathan
5. Hirokazu Mashita
6. Ashley Menezes
7. Pramod Bhasin
8. Manvinder Singh Banga
9. Arun Uppuswamy

Note 14. Other equity

In Indian Rupees

Particulars	As at 31 March, 2020	As at 31 March, 2019
General reserve[a]	**12,90,59,212**	–
Retained earnings[b]	**(31,09,08,666)**	(31,15,68,089)
Securities premium[c]	**16,55,56,028**	16,28,29,635
Share based payment reserved	**–**	15,95,09,212
	(1,62,93,426)	1,07,70,758

a) General reserve

In Indian Rupees

Particulars	As at 31 March, 2020	As at 31 March, 2019
Opening balance	**–**	–
Additions during the period	**15,95,09,212**	–
Settlement on account of consideration paid for surrender of share based award	**(3,04,50,000)**	–
Closing balance	**12,90,59,212**	–

General reserve is created on account of surrender of share based awards by ex-employees of the Company (refer note 27)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

b) Retained earnings

In Indian Rupees

Particulars	As at 31 March, 2020	As at 31 March, 2019
Opening balance	**(31,15,68,089)**	(27,74,24,341)
Adjustment on account of surrender of share based award (refer note 27)	**3,04,50,000**	–
Loss for the year	**(2,97,90,577)**	(3,41,43,748)
Closing balance	**(31,09,08,666)**	(31,15,68,089)

Retained earnings are the profits/ (loss) that the Company has earned till date and it includes remeasurements of defined benefit obligations.

c) Securities premium

In Indian Rupees

Particulars	As at 31 March, 2020	As at 31 March, 2019
Opening balance	**16,28,29,635**	13,87,88,808
Additions during the year	**27,26,393**	2,40,40,827
Closing balance	**16,55,56,028**	16,28,29,635

Securities premium is used to record the premium received on issue of shares. It can be utilized in accordance with the provisions of the Companies Act, 2013.

d) Share based payment reserve

In Indian Rupees

Particulars	As at 31 March, 2020	As at 31 March, 2019
Opening balance	**15,95,09,212**	14,14,81,922
Charge for the year	**–**	1,80,27,290
On account of surrender of share based awards	**(15,95,09,212)**	**–**
Closing balance	**–**	15,95,09,212

The share based payment reserve has been transferred to general reserve on account of surrender of share based awards during the period.

Note 15(a): Provisions - non current

Particulars	As at 31 March 2020	As at 31 March 2019
Gratuity	**19,21,107**	5,76,621
	19,21,107	5,76,621

Note 15(b). Provisions - current

Particulars	As at 31 March 2020	As at 31 March 2019
Gratuity	**56,002**	1,285
	56,002	1,285

Note 16. Trade payables

Particulars	As at 31 March 2020	As at 31 March 2019
Trade payables		
- total outstanding dues of micro enterprises and small enterprises (see note below)	**32,769**	34,431
- total outstanding dues of creditors other than micro enterprises and small enterprises *	**4,72,54,139**	3,00,58,035
	4,72,86,908	3,00,92,466

*** Of the above, trade payables to related parties are as below:**

Particulars	As at 31 March 2020	As at 31 March 2019
New Delhi Television Limited (till 31 January 2020)	**77,47,730**	46,43,020
NDTV Convergence Limited (till 31 January 2020)	**1,94,57,418**	1,85,12,276
Autobyte Private Limited (till 31 January 2020)	–	1,16,087
Red Pixels Ventures Limited (till 31 January 2020)	**10,12,256**	–
Priyadarshini Baskaran (till 17 February 2020)	**1,13,400**	3,17,520
Mahindra First Choice Wheels Limited (from 31 January 2020)	**1,20,04,608**	–
	4,03,35,412	2,35,88,903

Refer note 29 & 31

Note:

Disclosures in relation to Micro and Small enterprises "Suppliers" as defined in Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31 March 2020	As at 31 March 2019
(i) the principal amount remaining unpaid to any supplier as at the end of the year;	**32,769**	34,431
(ii) the interest due on the principal remaining outstanding as at the end of the year;	–	5,389
(iii) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	–	–
(iv) the amount of the payment made to micro and small suppliers beyond the appointed day during each accounting year;	–	–
(v) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	–	–
(vi) the amount of interest accrued and remaining unpaid at the end of the year;	–	5,389
(vii) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 17. Current- other financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Interest payable	–	1,21,476
Payable to employees	**49,85,681**	33,94,288
Payable against fixed assets *	**24,94,513**	4,47,848
	74,80,194	39,63,612

*** Of the above, payable to related parties are as below:**

Particulars	As at 31 March 2020	As at 31 March 2019
NDTV Convergence Limited (till 31 January 2020)	**5,40,000**	2,74,811
New Delhi Television Limited (till 31 January 2020)	**16,20,000**	–
	21,60,000	2,74,811

Note 18. Income tax liabilities (Net of advance of tax)

Particulars	As at 31 March 2020	As at 31 March 2019
Income tax including interest{Net of advance of advance tax INR 1,726,259, (31 March 2019: NIL)}	**1,41,63,818**	–
	1,41,63,818	–

Note 19. Other current liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Statutory dues payable	**12,19,393**	11,85,012
Advances from customers*	**9,70,165**	88,174
	21,89,558	12,73,186

*** Of the above, payable to related parties are as below:**

Particulars	As at 31 March 2020	As at 31 March 2019
New Delhi Television Limited (till 31 January 2020)	–	82,924
	–	82,924

Note 20. Revenue from operations

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Advertisement revenue	**6,44,22,299**	4,84,75,822
Affiliate income	**1,28,54,699**	69,22,136
Total revenue from operations	**7,72,76,998**	5,53,97,958

Impact of COVID-19 (Global Pandemic)

While the Company believes that, Carandbike, being one of the trusted brands and 100% digital automobile platform, the impact on future revenue streams could come from

1. the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers
2. customers postponing their marketing spend due to change in priorities

Undoubtedly, the coronavirus pandemic outbreak has shaken the Indian automobile industry in many dimensions, but a very encouraging news from all OEMs ("Original Equipment Manufactures") is that they are all looking to adopt digital models very seriously and are gearing up to newer ways for customers to experience and consume products. Carandbike, could potentially see a huge surge as a go-to platform for most of the OEMs to advertise and test out the new digital transaction model. Considering these facts, we foresee that, though there might be a slump in traffic and revenue due to the lockdown and post lockdown effect, the potential to grow and scale as per the proposed business plan and the budget is highly possible.

Note 21. Other income

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income measured at amortized cost:		
- Fixed deposits	**17,976**	1,01,522
- Income tax refund	**1,26,418**	27,690
Profit on sale of property, plant and equipment	**33,816**	–
Liabilities no longer required written back	**35,77,063**	4,41,874
	37,55,273	5,71,086

Note 22: Cost of services

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Website hosting and streaming	**61,49,002**	62,56,408
Subscription fee	**1,49,168**	1,35,358
License fee	**10,86,967**	10,95,605
Consultancy and professional fee	**3,11,01,338**	1,64,21,114
	3,84,86,475	2,39,08,485

Note 23. Employee benefits expense

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	**2,62,57,644**	2,84,51,662
Expense related to post employment defined benefit plan (refer note 32)	**3,50,969**	2,50,331
Contribution to provident and other funds	**11,58,978**	11,33,749
Staff welfare expenses	**380**	11,365
Share based payment	–	1,80,27,290
	2,77,67,971	4,78,74,397

Note 24. Finance costs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense	**9,32,788**	5,389
	9,32,788	5,389

Note 25. Depreciation and amortization expense

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation on property, plant and equipment	**6,17,920**	6,36,052
Amortization on intangible assets	**31,24,815**	30,13,714
	37,42,735	36,49,766

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 26. Operations and administration expenses

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Rent (refer note 33)	**28,19,196**	20,99,080
Rates and taxes	**1,14,669**	5,19,778
Electricity and water	**2,16,493**	3,60,186
Printing and stationery	**2,403**	1,959
Postage and courier	**5,668**	1,795
Local conveyance, travelling and taxi hire	**2,56,295**	3,78,094
Business promotion	**73,866**	–
Repairs and maintenance – computers	**74,635**	33,504
Auditor's remuneration (excluding tax) a	**4,55,700**	79,625
Bank charges	**957**	12,033
Insurance	**6,83,908**	7,59,643
Communication	**4,09,892**	1,23,374
Software expenses	**7,49,775**	5,81,516
Vehicle running and maintenance	**45,000**	5,43,359
Legal, professional and consultancy	**74,44,124**	61,60,355
Loss allowance on trade receivables	**1,29,976**	–
Miscellaneous expenses	**25,180**	22,685
	1,35,07,737	1,16,76,986

a) Auditor's remuneration

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
As auditors :		
Audit fee	**4,50,000**	75,000
Reimbursement of expenses	**5,700**	4,625
	4,55,700	79,625

Note: 27. Share based payment

Description of share-based payment arrangements

As at 31 March 2020 the Company has the following share-based payment arrangement.

'Fifth Gear Ventures Limited - Employee Stock Option Plan 2016 ('the 2016 plan')

In 2016, the Company approved the 2016 Plan. The plan entitles key management personnel and senior employees of the Company to purchase the common shares of the Company at the fair value on the grant date, subject to compliance with vesting conditions. All exercised options shall be settled by allotment of shares. Upon vesting, the employees can acquire one common share of the Company for every option.

The terms and conditions related to the grant of the share options are as follows :

Grant date / employees entitled	Number of options granted	Vesting conditions	Contractual life of options
Options outstanding as at 1 April 2018	10,790		
Less : Options forfeited during the year ended 31 March 2019	(1,070)		
Options outstanding as at 31 March 2019	**9,720**	Refer note below	13 years
Less : Options surrendered during the year ended 31 March 2020	(9,720)		
Options outstanding as at 31 March 2020	–		

Note:

For options granted total vesting period is 36 months. 50% of the options granted will vest after the completion of 24 months of the continuous service from the grant date and the balance 50% will vest after completion of 36 months of the continuous service from the grant date.

Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under employee share based payment plan are as follows:

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of options	Weighted average exercise price (amount in INR)	No. of options	Weighted average exercise price (amount in INR)
Outstanding at the beginning of the year	**9,720**	**35,640**	10,790	35,640
Surrendered/ Forfeited during the year	**9,720**	**35,640**	1,070	35,640
Outstanding at the end of the year	–	–	9,720	35,640
Exercisable at the end of the year	–	–	9,720	35,640

There are no options outstanding as at 31 March 2020. The options outstanding as at 31 March 2019 had an exercise price in the range of INR 35,640 and a weighted average contractual life of 9.92 years.

During the year ended 31 March 2020 share based payment expense recognized under employee benefits expenses (refer note 23) amounted to INR Nil (previous year INR 18,027,290).

During the current year, pursuant to the sale of stake held by NDTV Convergence Limited and New Delhi Television Limited in the Company to Mahindra First Choice Wheels Limited, the holders of share based awards have surrendered their vested awards to the Company. In lieu of surrender of vested awards by ex-employees of the Company, ex-gratia payments of INR 30.45 million to such ex-employees has been made by New Delhi Television Limited and NDTV Convergence Limited. Consequently, the balance in Share based Payment Reserve related to such share based awards has been transferred to the General Reserve.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 28. Capital management

Equity share capital and other equity are considered for the purpose of Company's capital management. The Company's objective for capital management is to manage its capital so as to safeguard its ability to continue as a going concern and to support the growth of the Company. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investors, creditors and market confidence. The funding requirements are met through equity and operating cash. The Company is not subject to any externally imposed capital requirements.

Note 29. Financial instruments - fair value measurements and financial risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(i) As on 31 March 2020

		Carrying value				Fair value measurement using		
Particulars	**Note**	**FVTPL**	**FVOCI**	**Amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets - current								
Trade receivables*	**8**	–	–	**4,05,53,900**	**4,05,53,900**	–	–	**4,05,53,900**
Cash and cash equivalents*	**9**	–	–	**19,87,641**	**19,87,641**	–	–	**19,87,641**
Bank balances other than cash and cash equivalents mentioned above*	**10**	–	–	**6,11,179**	**6,11,179**	–	–	**6,11,179**
Interest accrued on fixed deposits*	**11**	–	–	**6,797**	**6,797**	–	–	**6,797**
Total		–	–	**4,31,59,517**	**4,31,59,517**	–	–	**4,31,59,517**
Financial liabilities - current								
Trade payables*	**16**	–	–	**4,72,86,908**	**4,72,86,908**	–	–	**4,72,86,908**
Payable to employees*	**17**	–	–	**49,85,681**	**49,85,681**	–	–	**49,85,681**
Payable against fixed assets*	**17**	–	–	**24,94,513**	**24,94,513**	–	–	**24,94,513**
Total		–	–	**5,47,67,102**	**5,47,67,102**	–	–	**5,47,67,102**

(i) As on 31 March 2019

		Carrying value				Fair value measurement using		
Particulars	Note	FVTPL	FVOCI	Amortized cost	Total	Level 1	Level 2	Level 3
Financial assets - non current								
Security deposits	5	–	–	20,000	20,000	–	–	20,000
Financial assets - current								
Trade receivables*	8	–	–	1,98,71,465	1,98,71,465	–	–	1,98,71,465
Cash and cash equivalents*	9	–	–	96,22,212	96,22,212	–	–	96,22,212
Receivable against fixed assets*	11	–	–	2,16,599	2,16,599	–	–	2,16,599
Total		–	–	2,97,30,276	2,97,30,276	–	–	2,97,30,276
Financial liabilities - current								
Trade payables*	16	–	–	3,00,92,466	3,00,92,466	–	–	3,00,92,466
Payable to employees*	17	–	–	33,94,287	33,94,287	–	–	33,94,287
Payable against fixed assets*	17	–	–	4,47,848	4,47,848	–	–	4,47,848
Interest payable on loans and others*	17	–	–	1,21,476	1,21,476	–	–	1,21,476
Total		–	–	3,40,56,077	3,40,56,077	–	–	3,40,56,077

* The carrying amounts of security deposit, trade receivables, cash and cash equivalents, receivable against fixed assets, bank balances other than cash and cash equivalents mentioned above, interest accrued on fixed deposit, trade payables, payable against fixed assets, payable to employees and interest payable on loan and others approximates the fair values due to their short-term nature.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There has been no transfers between Level 1, Level 2 and Level 3 for the year ended 31 March 2020 and for the previous year ended 31 March 2019.

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of the remaining financial instruments is determined using discounted cash flow method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk - interest rate

(i) Risk management framework

The Company's key management has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risks limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market condition and the Company's activities. The Company through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which employees understand their roles and obligations.

(ii) Credit risk

The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the Balance Sheet

Particulars	As at 31 March 2020	As at 31 March 2019
Security deposits	–	20,000
Trade receivables	**4,05,53,900**	1,98,71,465
Cash and cash equivalents	**19,87,641**	96,22,212
Bank balances other than cash and cash equivalents mentioned above	**6,11,179**	–
Other financial assets	**6,797**	2,16,599

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. Credit risk encompasses both, the direct risk of default and the risk of deterioration of credit worthiness as well as concentration of risks.

Credit risk on cash and cash equivalents and bank deposits is limited as the Company generally deals with banks with high credit ratings assigned by domestic credit rating agencies.

The Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available internal credit risk factors such as the Company's historical experience for customers. Based on the business environment in which the Company operates, management considers that the trade receivables are in default (credit impaired) if the payments are more than 180 days past due.

Trade receivables as at year end includes INR 40,219,562 (previous year INR 15,792,129) as amount recoverable from others and INR 334,338 (previous year INR 4,079,336) recoverable from related parties.

The movement in the allowance for impairment in respect of trade receivables is as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Balance as at beginning of the year	–	–
Loss allowance on trade receivables	**1,29,976**	–
Balance as at the end of the year	**1,29,976**	–

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents and other highly marketable equity investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next six months. The Company also monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade payables and other financial liabilities.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flow amounts are gross and undiscounted.

As at 31 March 2020	Carrying amount	Less than one year	Between one and three years	More than three years	Contractual cash flows
Trade payables	**4,72,86,908**	**4,72,86,908**	–	–	**4,72,86,908**
Other financial liabilities	**74,80,194**	**74,80,194**	–	–	**74,80,194**
	5,47,67,102	**5,47,67,102**	–	–	**5,47,67,102**

As at 31 March 2019	Carrying amount	Less than one year	Between one and three years	More than three years	Contractual cash flows
Trade payables	3,00,92,466	3,00,92,466	–	–	3,00,92,466
Other financial liabilities	39,63,611	39,63,611	–	–	39,63,611
	3,40,56,077	3,40,56,077	–	–	3,40,56,077

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

(iv) Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to such risk as the Company does not have any floating interest rate financial investment.

Note 30. Earnings / (loss) per equity share ('EPS')

The calculations of profit / (loss) attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of earnings / (loss) per share calculations are as follows:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Loss for the year - (A)	**(2,87,42,343)**	(3,42,40,004)
Calculation of weighted average number of equity shares		
Number of equity shares at the beginning of the year	**89,838**	69,131
Number of equity shares outstanding at the end of the year	**92,185**	89,838
Weighted average number of shares outstanding during the year - (B)	**91,066**	82,897
Face value of each equity share (INR)	**10**	10
Basic and diluted loss per equity share (INR) - (A)/(B)	**(315.62)**	(413.04)

Note 31. Related party disclosures

(a) List of related parties and nature of relationship

Ultimate Holding Company

Mahindra and Mahindra Limited (effective 31 January 2020)

Holding Company

Mahindra First Choice Wheels Limited (effective 31 January 2020)

Fellow subsidiary of Holding Company

Mahindra Two Wheelers Limited (effective 31 January 2020)

Principal shareholders

New Delhi Television Limited (till 31 January 2020)

NDTV Convergence Limited (till 31 January 2020)

Autobyte Private Limited (till 31 January 2020)

Entities controlled by principal shareholders

Red Pixels Ventures Limited (till 31 January 2020)

Entities over which key management personnel have significant influence

Aadit Auto Company Private Limited (till 31 January 2020)

Entities controlled by key management personnel

KUN Capital Motors Private Limited (till 31 January 2020)

KUN Capital Automotive Private Limited (till 31 January 2020)

KUN Car Enterprises Private Limited (till 31 January 2020)

Key management personnel

Arijit Chatterjee	Director (till 17 February 2020)
Praveen Venkatraman Loganathan	Chief Executive Officer
Sonali Sharma	Chief Financial Officer (till 30 September 2019)
Kawaljit Singh Bedi	Director (till 17 February 2020)
Uppuswamy Arunkumar	Director (till 17 February 2020)
Nagagowri	Director (till 17 February 2020)
Priyadarshini Baskaran	Director (till 17 February 2020)
Rajeev Bidyanand Dubey	Director (effective 24 January 2020)
Parthasarathy Vankipuram Srinivasa	Director (effective 24 January 2020)
Anupam Thareja	Director (effective 24 January 2020)
Kavinder Singh	Director (effective 24 January 2020)

(b) Transactions with related parties

The following table provides the total amount of transactions that have been entered into with related parties, in the ordinary course of business:

	Holding and Ultimate Holding Company		Fellow Subsidiary of Holding Company		Principal shareholders		Entities controlled by principal shareholders		Entities over which key management personnel have significant influence		Entities controlled by key management personnel		Key management personnel / Director	
Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2020	For the year ended 31 March 2019
Purchase of fixed assets														
NDTV Convergence Limited	–	–	–	–	5,00,000	17,298	–	–	–	–	–	–	–	–
New Delhi Television Limited	–	–	–	–	15,00,000	–	–	–	–	–	–	–	–	–
Reimbursement of expenses (incurred by related parties on behalf of the Company)														
New Delhi Television Limited	–	–	–	–	5,19,471	7,93,246	–	–	–	–	–	–	–	–
NDTV Convergence Limited	–	–	–	–	2,60,04,275	2,08,48,053	–	–	–	–	–	–	–	–
Red Pixels Ventures Limited	–	–	–	–	–	–	9,39,504	2,266	–	–	–	–	–	–
Services availed of														
Priyadarshini Baskaran	–	–	–	–	–	–	–	–	–	–	–	–	12,05,960	10,36,000
NDTV Convergence Limited	–	–	–	–	10,47,924	10,95,605								
Reimbursement of Expenses														
Mahindra First Choice Wheels Limited	12,98,016	–	–	–	–	–	–	–	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

	Holding and Ultimate Holding Company		Fellow Subsidiary of Holding Company		Principal shareholders		Entities controlled by principal shareholders		Entities over which key management personnel have significant influence		Entities over which key management personnel have significant control		Key management personnel	
Particulars	**For the year ended 31 March 2020**	For the year ended 31 March 2019	**For the year ended 31 March 2020**	For the year ended 31 March 2019	**For the year ended 31 March 2020**	For the year ended 31 March 2019	**For the year ended 31 March 2020**	For the year ended 31 March 2019	**For the year ended 31 March 2020**	For the year ended 31 March 2019	**For the year ended 31 March 2020**	For the year ended 31 March 2019	**For the year ended 31 March 2020**	For the year ended 31 March 2019
Rendering of services														
NDTV Convergence Limited	–	–	–	–	4,85,29,088	4,84,75,822	–	–	–	–	–	–	–	–
Aadit Auto Company Private Limited	–	–	–	–	–	–	–	–	14,69,240	8,47,955	–	–	–	–
KUN Capital Motors Private Limited	–	–	–	–	–	–	–	–	–	–	15,07,957	10,35,563	–	–
KUN Capital Automotive Private Limited	–	–	–	–	–	–	–	–	–	–	9,45,091	–	–	–
KUN Car Enterprise Private Limited	–	–	–	–	–	–	–	–	–	–	10,93,098	7,26,455	–	–
Mahindra and Mahindra Limited	1,49,742	–	–	–	–	–	–	–	–	–	–	–	–	–
Shared service cost														
New Delhi Television Limited	–	–	–	–	46,65,076	45,63,403	–	–	–	–	–	–	–	–
Sale of Fixed Assets														
NDTV Convergence Limited	–	–	–	–	–	2,16,599	–	–	–	–	–	–	–	–
Liabilities Written Off														
NDTV Convergence Limited	–	–	–	–	18,81,047	–	–	–	–	–	–	–	–	–
New Delhi Television Limited	–	–	–	–	10,64,614	–	–	–	–	–	–	–	–	–

(c) Key management personnel compensation

Particulars	**For the year ended 31 March 2020**	For the year ended 31 March 2019
Short term employee benefits	**44,59,446**	50,18,555
Secondment charges	**2,50,200**	21,67,609

(d) Outstanding balances

	Holding and Ultimate Holding Company		Fellow Subsidiary of Holding Company		Principal shareholders		Entities controlled by principal shareholders		Entities over which key management personnel have significant influence		Entities over which key management personnel have significant control		Key management personnel	
Particulars	**For the year ended 31 March 2020**	For the year ended 31 March 2019	**For the year ended 31 March 2020**	For the year ended 31 March 2019	**For the year ended 31 March 2020**	For the year ended 31 March 2019	**For the year ended 31 March 2020**	For the year ended 31 March 2019	**For the year ended 31 March 2020**	For the year ended 31 March 2019	**For the year ended 31 March 2020**	For the year ended 31 March 2019	**For the year ended 31 March 2020**	For the year ended 31 March 2019
Trade payable	1,20,04,608	–	–	–	2,72,05,148	2,32,71,383	10,12,256	–	–	–	–	–	1,13,400	3,17,520
Trade receivable	3,33,763	–	575	–	1,71,86,726	1,50,66,411	–	–	4,41,787	2,61,695	11,89,006	4,64,023	–	–
Payable against fixed assets	–	–	–	–	–	2,74,811	–	–	–	–	–	–	–	–
Receivable against fixed assets	–	–	–	–	–	2,16,599	–	–	–	–	–	–	–	–
Other payables	–	–	–	–	21,60,000	82,924	–	–	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 32. Employee Benefits

(i) Gratuity

Gratuity is payable to all eligible employees of the Company on retirement or separation from the Company. The following table sets out the status of the defined benefit plan as required under IND AS 19 - Employee Benefits:

(a) Changes in present value of defined benefit obligation:

Particulars	Present value of obligation
Balance as at 1 April 2018	4,23,831
Current service cost	2,17,296
Interest expense / (income)	33,035
Total amount recognized in profit or loss	**2,50,331**
Remeasurements:	
(Gain) / loss from change in financial assumptions	7,162
Experience (gains) / losses	(1,03,418)
Total amount recognized in other comprehensive income	**(96,256)**
Benefit payments	–
Balance as at 31 March 2019	**5,77,906**
Current service cost	3,06,376
Interest expense / (income)	44,593
Total amount recognized in profit or loss	**3,50,969**
Remeasurements:	
(Gain) / loss from change in demographic assumptions	(2,36,717)
(Gain) / loss from change in financial assumptions	11,18,895
Experience (gains) / losses	1,66,056
Total amount recognized in other comprehensive income	**10,48,234**
Benefit payments	–
Balance as at 31 March 2020	**19,77,109**

The net liability disclosed above relates to unfunded plans are as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Present value of obligations	**19,77,109**	5,77,906
Deficit of gratuity plan	**19,77,109**	5,77,906

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. Plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

(b) Assumptions:

1. Economic assumptions

Particulars	As at 31 March 2020	As at 31 March 2019
Discount rate	**6.65%**	7.70%
Salary growth rate	**10.00%**	5.00%

The discount rate is based on the prevailing market yields of high quality corporate bonds as at the balance sheet date for the estimated term of the obligations.

The salary escalation rate is based on estimates of salary increases, which takes into account inflation, promotion and other relevant factors.

2. Demographic assumptions:

Particulars	As at 31 March 2020	As at 31 March 2019
Withdrawal rate, based on age	**10%**	5%
Mortality rate (% of IALM 06-08)	**100%**	100%
Retirement age (years)	**58**	58

(c) Sensitivity analysis - pending

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
Particulars	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Discount rate	**1%**	1%	**2,76,887**	(66,190)	**(2,28,697)**	79,240
Salary growth rate	**1%**	1%	**(1,79,680)**	80,634	**1,93,342**	(68,338)
Attrition rate	**50%**	50%	**2,99,202**	9,599	**(1,97,753)**	(27,009)
Mortality rate	**10%**	10%	**614**	485	**(611)**	(487)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 33. Lease commitments

A. Non-cancellable operating leases

The Company has taken a commercial premises under cancellable operating lease. The rental expense for the current year, in respect of operating leases is INR 2,819,196 (previous year INR 2,099,080). The future minimum lease payments in respect of such leases is Nil.

Note 34. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") as required under Ind AS 108. The CODM is considered to be Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments. The principal activities of the Company comprises of e-commerce market place connecting buyers and sellers in respect of products related to cars and bikes, accordingly, the Company has one reportable segment.

Note 35. Taxation

A) The reconciliation of estimated income tax to income tax expense is as follows:

Particulars	For the year ended 31 March 2020		For the year ended 31 March 2019	
Loss before taxes		**(1,37,85,054)**		(3,42,40,004)
Tax using the Company's applicable tax rate	25.17%	(34,69,423)	26.00%	(89,02,401)
Tax effect of :				
Surrender of share based award previously claimed as deduction	–128.59%	1,77,25,956	0.00%	–
Non deductible expenses	–1.85%	2,55,113	–0.81%	2,77,972
Change in temporary differences	–3.23%	4,45,643	–0.72%	2,47,543
Current year losses for which no deferred tax asset was recognized	0.00%	–	–24.47%	83,76,886
Effective tax rate	**–109%**	**1,49,57,289**	–	–

B) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of following items:

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred tax liability		
- Property, plant and equipment and intangible assets	**(4,96,502)**	–
Deferred tax assets		
- Tax loss carry forwards	–	5,83,22,299
- Deductible temporary differences	**5,30,311**	1,50,256
Total deferred tax assets	**33,810**	5,84,72,555

As at 31 March 2020 and 31 March 2019, the Company did not recognize deferred tax assets on tax losses and other temporary differences because a trend of future profitability is not yet clearly discernible. In January 2020, the Company and its beneficiary shareholders have entered into an agreement ("share purchase agreement") dated 17 January 2020 for sale of entire stake held by the beneficiary shareholders to Mahindra First Choice Wheels Limited ("the purchaser").

As per Section 79 of the Income tax act 1961,"no loss shall be carried forward and set off against the income of the previous year, unless at least 51% of the voting power of the company are beneficially held (on the last day of the previous year in which the loss is sought to be set off) by the same person(s) who held at least 51% of the shares on the last day of the financial year in which the loss was incurred. As per the above provision, the Company shall not carry forward the losses incurred in the past.

C) Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to following:

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred tax liabilities		
- Property, plant and equipments and intangible asset	**(4,96,502)**	(8,39,452)
Total deferred tax liabilities	**(4,96,502)**	(8,39,452)
Deferred tax assets		
- Deductible temporary differences	**4,96,502**	8,39,452
- Deductible temporary differences	**5,30,311**	1,50,256
Total deferred tax assets	**4,96,502**	8,39,452
Net deferred tax assets / (liability)	–	–

D) Movement in deferred tax assets / (liabilities) during the year:

Movement in deferred tax assets during the year	Balance as at 1 April 2018	Recognized in profit or loss	Balance as at 31 March 2019	Recognized in profit or loss	Balance as at 31 March 2020
- Property, plant and equipments and intangible asset	(10,12,082)	1,72,630	(8,39,452)	3,42,950	(4,96,502)
- Tax loss carry forwards	10,12,082	(1,72,630)	8,39,452	(3,42,950)	4,96,502
Total	–	–	–	–	–

Note 36. Contingent liabilities

On 28 February 2019, a judgement of the Supreme Court of India interpreting certain statutory defined contribution obligations of employees and employers altered historical understandings of such obligations, extending them to cover additional portions of the employee's income. However, the judgement isn't explicit if such interpretation may have retrospective application resulting in increased contribution for past and future years. Based on management's assessment, there are numerous interpretative challenges on the retrospective application of the judgment which results in impracticability in estimation of and timing of payment and amount involved. As a result of lack of implementation guidance and interpretative challenges involved, and also in view of certain stakeholders' request to reevaluate the pronouncement itself, the Company is unable to reliably estimate the amount involved. Accordingly, the Company shall evaluate the amount of provision, if any, on obtaining further clarity on the matter.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2020

Note 37. Change in classifications

During the year ended 31 March 2020, the Company modified the classification of “Current Income tax assets (net)” classified in “current assets” to “Non-current Income tax assets (net)” to reflect more appropriately the nature of such current assets. Comparative amount in the notes to the financial statements were reclassified for consistency. As a result INR 1,389,140 for the year ended 31 March 2019 was reclassified from “Current Income tax assets (net)” classified in “current assets” to “Non-current Income tax assets (net)”.

Note 38. Subsequent event

As at 31 December 2019, a limited number of cases of a virus, known as COVID-19, had been reported to the World Health Organisation (“WHO”). Following the subsequent worldwide spread of the virus, on 11 March 2020, the WHO declared the COVID-19 outbreak as pandemic. Based on our assessment of the evolving situation of progressive lifting of lock down in response to the pandemic, the Company does not foresee any large-scale contraction in demand which could result in significant impact on the business and believes that the probability of impact on their business due to the COVID-19 pandemic is not significant.

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm registration number: 116231W/ W-100024

Rakesh Dewan
Partner
Membership Number: 092212
Place: Gurugram
Date: 09 May 2020
UDIN: 20092212AAAABJ2540

For and on behalf of the Board of Directors of
Fifth Gear Ventures Limited

Rajeev Dubey	**Kavinder Singh**	**Venkatraman Praveen Loganathan**
Director	Director	CEO
DIN : 00104817	DIN : 06994031	PAN BEZPP5171F
Place: Mumbai	Place: Mumbai	Place: Chennai
Date: 09 May 2020	Date: 09 May 2020	Date: 09 May 2020

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ART. 14 OF LEGISLATIVE DECREE N. 39 DATED JANUARY 27, 2010
(Translation from the original Italian text)

To the Sole Shareholder of
Graphic Research Design S.r.l. in liquidazione

REPORT ON THE AUDIT OF THE FINAL FINANCIAL STATEMENTS OF THE WINDING UP PROCEDURE

Opinion

We have audited the final financial statements of the winding up procedure of the Graphic Research Design S.r.l. in liquidazione (the Company), drawn up in abbreviated form pursuant to art. 2435-bis of the Civil Code, which comprise the balance sheet at March 11th 2020, the income statement for the period then ended and the related explanatory notes.

In our opinion, the final financial statements of the winding up procedure give a true e fair view of the financial position of the Company at March 11th 2020, of the economic result and of the cash flow statement for the period then ended in accordance with the Italian rules governing the drafting criteria.

Basis for opinion

We conducted our audit in accordance with international standards on auditing (ISA Italia). Our responsibilities under those standards are described in detail in the section of this report titled *Auditor's responsibilities for the audit of the Final Financial Statements of the winding up procedure*. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to the following:

- At the beginning of the *Explanatory notes* the liquidator points out that as a result of the winding up procedure, the going concern assumption on which certain accounting principles of the financial statements are based, is no longer valid; furthermore there are objective uncertainties in relation to the assets realization, on the occurrence of any other liquidation charges and if any contingencies occur;
- At the beginning of the *Explanatory notes* it is highlighted that the company has availing itself of the exemption from the preparation of the report on the management of the liquidator, and the reasons are explained;
- as illustrated by the liquidator in the relevant section of the financial statements for the closing of the winding up procedure, the *Final Distribution* Plan shows a net liquidation surplus of Euro 60.027, represented by cash and cash equivalents of 9.301 Euros and tax receivables for Euro 50.726 that will be requested as a refund at the presentation of the respective tax returns by the liquidator.

Our opinion is not modified with regard to the aspects mentioned above.

Other matters

The Company, as required by law, has included in the explanatory notes the main data of the last financial statements of the company exercising on it management and coordination activities. The opinion on the final financial statements of the winding up procedure of Graphic Research Design S.r.l. does not extend to such data.

Responsibilities of the directors for the final financial statements of the winding up procedure

The directors are responsible for the preparation of the final financial statements of the winding up procedure that give a true and fair view in accordance with the Italian rules governing the drafting criteria and, in the terms prescribed by law, for such internal control as the directors determine is necessary to enable the preparation of the final financial statements of the winding up procedure that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the final financial statements of the winding up procedure

Our objectives are to obtain reasonable assurance about whether the final financial statements of the winding up procedure as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance that, but is not a guarantee that an audit performed in accordance with international standards on auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on basis of these financial statements.

As part of the audit in accordance with international standards on auditing (ISA Italia), we exercised professional judgement and maintained professional skepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the final financial statements of the winding up procedure, whether due to fraud or error; we designed and performed audit procedures in response to those risks; we obtained sufficient and appropriate audit evidence on which to base our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;

- We obtained an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We evaluated the overall presentation, structure and content of the final financial statements of the winding up procedure, including the disclosures, and whether the final financial statements of the winding up procedure represent the underlying transactions and events in such a manner as to give a true and fair view;

We communicated to those charged with governance, identified at an appropriate level as required by ISA Italia, among other matters, the scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Turin, Italy
March 13th, 2020

Baker Tilly Revisa S.p.A.
Signed by: Nicola Fiore - Partner

This report has translated into the English language solely for the convenience of international readers.

FINAL FINANCIAL STATEMENTS AS AT 11TH MARCH 2020

The final financial statement for the closing of the winding up procedure as at 11st March 2020 are submitted to the Shareholders with the notes to the accounts and the allocation plan in accordance to articles 2277 and 2487-bis, paragraph 3, of the Civil Code.

CLOSING FINANCIAL STATEMENT

	11/03/2020	**31/03/2019**
Assets		
B) Fixed Assets		
I – Intangible fixed assets	**–**	1,910
II – Tangible fixed assets	**–**	42,418
Total Fixed Assets (B)	**–**	44,328
C) Current assets		
II – Receivables	**50,726**	190,188
Due within the following year	**50,726**	190,188
Due beyond the following year	**–**	–
IV – Liquid funds	**9,301**	62,857
Total current assets (C)	**60,027**	253,045
D) Accrued income and prepayments	**–**	9,106
Total Assets	**60,027**	306,479
Liabilities		
A) Shareholders' equity		
I – Share Capital	**64,133**	579,528
IV – Legal Reserve	**–**	–
VI – Other Reserves	**–**	1,450,000
VIII – Retained earnings (accumulated Losses)	**85,806**	–
IX – Profit (Loss) for the period	**(89,912)**	(1,965,395)
Total Shareholders' Equity	**60,027**	64,133
C) Total reserve for severance indemnities (TFR)	**–**	–
D) Payables	**–**	242,346
Due within the following year	**–**	242,346
E) Accrued liabilities and deferred income	**–**	–
Total Liabilities	**60,027**	306,479

CLOSING PROFIT AND LOSS ACCOUNT

	11/03/2020	31/03/2019
A) Value of production		
1) revenues from sales and services	**6,687**	2,030,715
5) other income and revenues	**–**	–
others	**78,857**	104,707
Total other income and revenues	**78,857**	104,707
Total value of production	**85,544**	2,135,422
B) Cost of production		
6) Raw, ancillary and consumable materials and goods for resale	**–**	1,519
7) Services	**92,834**	823,081
8) Use of third-party assets	**5,578**	64,682
9) Payroll and related costs	**–**	–
a) wages and salaries	**–**	1,022,534
b) related salaries	**–**	321,597
c/d/e) severance, pensions and similar commitments and other costs	**–**	**83,267**
c) severance	**–**	83,267
Total payroll and related costs	**–**	1,427,398
10) Amortization, depreciation and write-downs	**–**	–
a/b/c) amortization of intangible assets, depreciation of tangible fixed assets and other amounts write-down of fixed assets	**–**	23,058
a) amortization of intangible fixed assets	**–**	5,827
b) amortization of tangible fixed assets	**–**	17,231
Total Amortization, Depreciation and write-downs	**–**	23,058
14) other operating expenses	**75,903**	1,411,344
Total cost of production	**174,315**	3,751,082
Difference between value and cost of production (A - B)	**(88,771)**	(1,615,660)
C) Financial income and expenses		
16) other financial income	**–**	–
d) income other than the above	**–**	–
other	**–**	27
Total income other than the above	**–**	27
Total other financial income	**–**	27
17) Interest and other financial expenses	**–**	–
other	**1,080**	246
Total interest and other financial expenses	**1,080**	246
17-bis) Currency gains and losses	**(62)**	(166)
Total financial income and expenses (15+16-17+-17-bis)	**(1,142)**	**(385)**
Profit (Loss) before Taxes (A-B+-C+-D)	**(89,912)**	(1,616,045)
20) Taxes on the income		
Deferred tax assets and liabilities	**–**	349,350
Total Taxes on the income of the perios	**–**	349,350
21) Net Profit (Loss) for the period	**(89,912)**	(1,965,395)

SUMMARY OF THE NOTES TO THE ACCOUNTS FOR THE PERIOD 01/04/2019 - 11/03/2020

We submit to the Shareholders' attention the following Notes to the Accounts for the period 01.04.2019 – 11.03.2020, date of the closing of the winding up procedure.

With the Extraordinary Shareholders' Meeting of 30 September 2019, registered with the Turin Company Register on October 8th, 2019, Notary Colavincenzo Alessandra from Marino, the Company has been put into voluntary liquidation.

During the year ended at 31st March 2019, the Company sold its Engineering Business branch to PF Engineering S.r.l. Consequently, the Board of Directors of the company, in order to evaluate the associated effects and the effective possibility to continue the activity, has delayed the decision for the successive definite course of action to September 2019. The proved inability to continue the activity has then led the Board of Director to put the Company into voluntary liquidation.

These financial statements thus depict the final balance of the company at the end of the winding up procedure. It should be noted that these final liquidation financial statements have been prepared in accordance with Art. 2490 of the Civil Code with the application of evaluation criteria specific to the liquidation procedure and in accordance with the accounting records.

Considering the limited duration of the winding up procedure, it was not deemed necessary to draw up the liquidator's report since all information regarding the performance, principles and criteria adopted during the liquidation period have been provided in the relevant sections of this explanatory notes, which forms an integral part of the balance sheet at the closing date of the liquidation procedure together with the allocation plan.

Accounts have been prepared in accordance with article 2423 of the Italian Civil Code and by new Italian GAAP (OIC).

The accounts have been prepared in accordance with the Law in order to provide a true and fair description of the financial situation of the company and of the economic result for the period 01.04.2019 – 11.03.2020.

Balance sheet and profit and loss account have been prepared in accordance with articles 2424 and 2425 of the Italian Civil Code.

The company exploited the possibility granted by Law to prepare the accounts in the “short” format in accordance with article 2435-bis of the Italian Civil Code.

Pursuant to and for the purposes of art. 2428, numbers 3) and 4), it should be noted that the company does not hold either own shares or shares or holdings in parent companies, also through trust companies or third parties. This disclosure enables the company not to prepare the management report.

Basis of preparation

The following financial statements have been prepared in accordance with articles 2423 et seq of the Italian Civil Code, as reported in these notes, which have been drawn up in compliance with article 2427 of the Italian Civil Code, and, under article 2423, constitute an integral part of the financial statements for the period between the closing date of the previous financial statements and the closing date of the winding-up procedure.

The valuation criteria applied to items and adjustments in the financial statements comply with the provisions of the Italian Civil Code and with the guidance issued by the Italian Accounting Board.

The financial statements are presented in Euros and the amounts have been rounded. Any rounding differences have been recorded in the “Euro rounding reserve” within Shareholders' Equity and as “Euro rounding differences” within item “extraordinary income and costs” in the Profit and loss account.

In accordance with article 2423, paragraph 6, of the Italian Civil Code, the notes to the accounts have been prepared in Euros.

The financial statements have been drawn up in abbreviated form in accordance with article 2435-bis of the Italian Civil Code.

Valuation Criteria

Following the beginning of the winding up procedure started as at 30th September 2019, these closing financial statements are intended to summarize the liquidation procedure and have been drawn up in compliance with the legal provisions and accounting principles of the Italian GAAP 5. Operating criteria have been abandoned, and the assessments have been made in view of the liquidation of the company, therefore applying different criteria with respect to those envisaged by Art. 2426 C.C.

Assets have been valued based on the presumed realizable value net of any related charges.

Liabilities have been valued at their extinction value net of any related charges.

The Liquidator also specifies that, due to the state of liquidation, the assumption of the going concern was no longer applicable and that there are objective uncertainties with respect to the realization of assets, the occurrence of additional charges and upon the occurrence of additional contingencies.

Structure and contents of the financial statement

The Balance Sheet, P&L Account and accounting disclosures contained in these Explanatory Notes comply with the accounting entries from which they are directly obtained.

In accordance with article 2423 ter of the Italian Civil Code, it should be noted that all financial statement items are comparable with the previous fiscal year; therefore, it was necessary to adjust any items of the previous fiscal year.

With reference to the indications reported in the introduction of these Explanatory Notes, we declare that, in accordance with article 2423, 3rd paragraph of the Italian Civil Code, if the disclosures required by specific legal provisions are not sufficient for giving a truthful and fair representation of the company's situation, additional disclosures will be provided if considered necessary for the purpose.

Measurement policies

The criteria used to evaluate the financial statements' items and to adjust the values comply with the provisions of the Italian Civil Code and with the instructions found in the accounting principles issued by the Italian Accounting Board. In addition, said values changed due to the application of liquidation criteria consequent to the winding up procedure started in 2019.

The criteria applied to measure the financial statement items and in value adjustments comply with the provisions of the Italian Civil Code and instructions contained in the accounting standards issued by the Italian Accounting Board (Italian GAAP 5). They have changed compared to the previous fiscal year, moving from operational criteria to liquidation criteria.

In accordance with article 2427, paragraph 1, n° 1 of the Italian Civil Code, the most significant valuation criteria adopted in observance of the provisions of art. 2426 of the Italian Civil Code are shown, with special reference to the balance sheet items for which the law allows several valuation and adjustment criteria or for which no specific criteria are provided.

Based on application of the provision introduced with the company law reform, the accounting amounts expressed in foreign currency were entered, after conversion into euro according to the current exchange rate at the time of their assessment, or at the exchange rate, if lower, as at the date of closing of the financial year, if the reduction in value is lasting.

Other information

Assets and liability in foreign currency

If present, they have been converted into Euro to the exchange rate at the date of the transaction or at the exchange rate as at 11th March 2020 in accordance to OIC 26.

Transaction with re-conveyance obligation

The company did not carry any transaction subject to re-conveyance

CHANGES IN ASSETS

INTANGIBLE ASSETS

Description	Balance as at 31.03.2019	Change during the year	Balance as at 11.03.2020
Intangible assets	1,910	(1,910)	–
Total	**1,910**	**(1,910)**	**–**

Intangible assets are recorded at historical acquisition cost and shown net of accumulated amortisation charged directly to the individual items.

Rights to use intellectual property are amortised at an annual rate of 20%. These relate only to the software. Annual fees for the use of graphic licenses are recognised on an accrual basis in the Profit and loss account. Consequent to the winding up procedure, the company has not renewed the related licenses and the software has been dismissed.

In the event that, regardless of the amortisation already recorded, an impairment loss occurs, the fixed asset is written down accordingly. If in subsequent years the reasons for the write-down should cease to apply then the original value is reinstated, adjusted for the relevant amortisation.

As at 11th March 2020 no intangible asset is included in the Balance sheet.

The changes in intangible assets occurred in the period ending as at 11th March 2020 are shown in the following table:

Description	Cost	Acc. Amortisation as at 31.03.2019	Book value as at 31.03.2019	Decreases due to disposals	Decreases due to elimination	Reversal of Acc. Amort.	Cost	Value as at 11.03.2020
Industrial patent rights and right to use intellectual property	492,720	490,810	1,910	(1,668)	(491,052)	490,810	–	–
Total	**492,720**	**490,810**	**1,910**	**(1,668)**	**(491,052)**	**490,810**	**–**	**–**

TANGIBLE ASSETS

Description	Balnce as at 31.03.2019	Change during the year	Balance as at 11.03.2020
Tangible assets	42,418	(42,418)	–
Total	**42,418**	**(42,418)**	**–**

Tangible assets are recorded at acquisition cost and shown net of accumulated depreciation.

The carrying amounts take into account incidental costs and costs sustained for the use of the fixed asset, less any material trade or cash discount.

The depreciation rates charged to the profit and loss account have been calculated bearing in mind the use, destination, and the economic and technical life of the assets, based on the criterion of remaining useful life.

In the event that, regardless of the depreciation already recorded, an impairment loss occurs, the fixed asset is written down accordingly.

No assets have been discretionarily or voluntarily revalued and, if any, the valuations carried out have been determined objectively based on the use of the assets in question.

As at 11th March 2020 no tangible asset is included in the Balance sheet. Because of the winding up procedure, indeed, the company has sold or eventually dismissed all its remaining assets.

The changes in tangible assets occurred in the period ending as at 11th March 2020 are shown in the following table:

Description	Cost	Acc. Amortisation as at 31.03.2019	Book value as at 31.03.2019	Decreases due to disposals	Decreases due to elimination	Cost	Reversal. Amort. As at 11.03.2020	Book value as at 11.03.2020
Industrial and commercial equipment	33,060	32,272	788	(33,060)	–	–	(32,272)	–
Plant and machinery	3,970	3,970	–	–	(3,970)	–	(3,970)	–
Other tangible assets	200,360	158,720	41,640	(58,162)	(142,198)	–	(158,720)	–
Total	**237,390**	**194,962**	**42,428**	**(91,222)**	**(146,168)**	**–**	**(194,962)**	**–**

DISCLOSURES RELATING TO FINANCE LEASE TRANSACTIONS

Finance lease transactions (leasing)

At the closing date of the winding up procedure there are no finance leases.

RECEIVABLES

Receivables are recorded at their estimated realisable value net of any additional charges.

Receivables are derecognised in the financial statements when the rights to the cash flows from the assets expire or when the assets are sold, and all the risks connected to them are transferred.

Description	Balance as at 31.03.2019	Change during the year	Balance as at 11.03.2020
Receivables	190,188	(139,462)	50,726
Total	**190,188**	**(139,462)**	**50,726**

The changes in receivables occurred during the period were the following:

Description	Balance as at 31.03.2019	Change during the year	Balance as at 11.03.2020
Receivables from clients included in current assets	15,548	(15,548)	–
Receivables from parent companies included in current assets	121,517	(121,517)	–
Tax Credit included in current assets	35,446	15,280	50,726
Other receivables included in current assets	17,677	(17,677)	–
Total	**190,188**	**(139,462)**	**50,726**

Receivables from parent company" are receivables related to transactions concluded under normal market conditions. All receivables have been collected in due course of the winding up procedure.

The Tax Credit of Euro 50.726 will be claimed in refund in the respective Tax Returns.

LIQUID ASSETS

The balance represents the liquid assets, cash and cash equivalents on hand as at 11th March 2020.

Description	Balance as at 31.03.2019	Change during the year	Balance as at 11.03.2020
Bank and postal deposit	61,893	(52,841)	9,052
Cash	964	(715)	249
Total	**62,857**	**(53,556)**	**9,301**

PREPAYMENTS AND ACCRUED INCOME

Accrued income and prepaid expenses have been determined in accordance with the accrual concept.

For long term accruals and prepayments, the conditions that determined their initial recognition have been verified and any necessary changes made.

Accruals and prepayments include income and expenses whose impact on profit or loss comes before or after their actual cash payment and/or documentary support; regardless of the date of payment or collection of the income or expenses, they relate to two or more financial years and are allocated over time.

As at 11/03/2020 there are no accrued expenses; there are no accruals and prepayments with a duration of more than five years.

Description	Balance as at 31.03.2019	Change during the year	Balance as at 11.03.2020
Other accrued incomes	471	(471)	–
Other accrued expenses	8,635	(8,635)	–
Total	**9,106**	**(9,106)**	**–**

SHAREHOLDER'S EQUITY

Description	Balance as at 31.03.2019	Change during the year	Balance as at 11.03.2020
Shareholder's equity	64,133	(4,106)	60,027
Total	**64,133**	**(4,106)**	**60,027**

Changes in Shareholder's equity

The changes in net equity items during the period were the following:

Description	Balance as at 31.03.2019	Change during the year	Balance as at 11.03.2020
Share Capital	579,528	(515,395)	64,133
Legal reserve	–	–	–
Other Reserves	1,450,000	(1,364,194)	85,806
Profit (Loss) for the Period	(1,965,395)	1,875,483	(89,912)
Total	**64,133**	**(4,106)**	**60,027**

Movements in equity relates to:

– Waiver of Shareholder Loan for Euro 50,805 to increase Reserves in order to offset the loss of the period closing as at 31st March 2019;

– Loss for the period ended at 11th March 2020, Euro 89,912.

Share capital

The share capital of € 64.133 consists of a single share. Following Art.2482-bis of the Civil Code, the loss for the period ending as at 31st March 2019 has reduced the share capital below the one-third threshold. Consequently, as requested by the same Art.2482-bis c.4 C.C, the Board of Directors has approved the corresponding reduction.

On the 9th March 2020 the Shareholders made a transfer of Euro 35,000 to offset remaining liabilities.

Availability and use of shareholder's equity

The components of shareholders' equity are broken down as follows by origin, permitted use and amount available for distribution.

	Amount	Permitted Use	Amount available
Share Capital	64,133	B	
Other reserves	85,806	A;B;C	–
Loss for the Period	(89,912)		
Total	**60,027**		**–**

(*) A: to increase capital; B: to cover losses; C: for distribution to shareholders

In accordance with article 2427 of the Italian Civil Code we point out that the company has not issued shares or other securities or equity instruments.

ACCOUNTS PAYABLES

Description	Balance as at 31.03.2019	Change during the year	Balance as at 11.03.2020
Accounts payable	242,347	(242,347)	–
Total	**242,347**	**(242,347)**	**–**

Accounts payable are recorded at their nominal value can be broken down as follows:

Description	Balance as at 31.03.2019	Change during the year	Balance as at 11.03.2020
Shareholder loan	50,230	(50,230)	–
Towards Suppliers	174,384	(174,384)	–
Parent Suppliers	1,300	(1,300)	–
Tax payables	5,090	(5,090)	–
Towards Banks	309	(309)	–
Other Payables	11,034	(11,034)	–
Total	**242,347**	**(242,347)**	**–**

ACCRUED LIABILITIES AND DEFERRED INCOME

As at 11/03/2020 there are no deferred income and deferrals.

COMMITMENTS ARISING FROM OFF BALANCE SHEET AND MEMORANDUM ACCOUNTS

Disclosures relating to agreements not disclosed in the balance sheet

The company has no agreements that are not disclosed in the Balance Sheet.

PROFIT AND LOSS ACCOUNT

PRODUCTION VALUE

Recognition of revenues

Revenues from product sales are recognised upon transfer of ownership, which normally coincides with the delivery or shipment of goods.

Revenues from services are recognised on an accrual basis.

All revenues from sales have been realized towards India and amounts to Euro 6,687.

PRODUCTION COSTS

The costs and charges are attributed on accrual basis of accounting and according to their nature, net of returns, allowances, discounts, and premiums, in compliance with the principle of correlation with the revenues; they are entered in the respective items as required by accounting standard OIC 12. The costs incurred to purchase goods are entered when the substantive, not the formal transfer of the ownership title occurs; the reference parameter for the substantive transfer is the transfer of the risks and benefits. When services are purchased, the related costs are entered when the service is received, thus, when the service has been performed; in case of ongoing services, the related costs are entered for the portion accrued.

	Euro		
Description	**31.03.2019**	**11.03.2020**	**Change**
Raw materials, subsidiary materials, consumables and goods	1,519	–	(1,519)
Services	823,081	92,834	(730,247)
Rent/Lease	64,682	5,578	(59,104)
Salaries and wages	1,022,534	–	(1,022,534)
Social Contributions	321,597	–	(321,597)
Employees' leaving indemnity	83,267	–	(83,267)
Depreciation of intangible assets	5,827	–	(5,827)
Depreciation of tangible assets	17,231	–	(17,231)
Other operating cost	1,411,344	75,903	(1,335,441)
Total	**3,751,082**	**174,315**	**(3,576,767)**

FINANCIAL INCOME AND EXPENSES

Balance as at 31.03.2019	Change	Balance as at 11.03.2020
(383)	**(759)**	**(1,142)**

Financial expenses, amounting to Euro 1,080, relates to interest on Shareholders' loan (Euro 576) and interest for late payments (Euro 505).

During the year, currency losses of Euro 62 were also recorded.

CURRENT AND DEFERRED TAXES

Income Taxes

Taxes are accounted for on an accruals basis and therefore represent:

- provisions for taxes paid or to be paid for the year, determined in accordance with the rates and regulations in force
- the amount of taxes deferred or paid in advance in respect of temporary differences arising or reversed during the year

Tax payable are recorded under tax payables net of payments on account, withholding taxes and, generally, of tax credits.

Deferred IRES is calculated on the temporary differences between the carrying amounts of assets and liabilities determined according to statutory criteria and the corresponding tax values.

Deferred IRES is calculated on the temporary differences between the carrying amounts of assets and liabilities determined according to statutory criteria and the corresponding tax values solely with reference to the company.

Current and deferred IRAP is determined solely with reference to the company.

Deferred Taxes

Deferred tax assets have been recognised to the extent that there is a reasonable certainty that in the years in which the temporary differences against which deferred tax assets were recognised are reversed, the company will have a taxable income that is no lower than the amount of the differences to be offset.

As at 11th March 2020 there are no current taxes nor deferred taxes.

OTHER DISCLOSURES

EMPLOYMENT DATA

There are no employees since the exercise closed as at 31st March 2019.

RELATED PARTIES TRANSACTIONS

Any material transactions carried out by the company with related parties have been carried out under normal market conditions.

COMPANIES THAT MUST SUBMIT CONSOLIDATED FINANCIAL STATEMENTS

In accordance with art. 2427, paragraph 22, the company at the date of 11/03/20 is a subsidiary of MAHINDRA & MAHINDRA LTD (India) that submits consolidated financial statements.

SUMMARY DATA OF THE FINANCIAL STATEMENT OF THE COMPANY THAT EXERCISES MANAGEMENT AND COORDINATION – BELONGING TO A GROUP

Your company is part of the MAHINDRA & MAHINDRA LTD group.

The main data of the last approved balance sheet of that company which exercises management and coordination (article 2497-bis, fourth paragraph, Italian Civil Code) are shown in the following tables:

		Euro Thousand
Balance Sheet		**31/03/2019**
A)	Credits towards quota holders to be paid	–
B)	Fixed Assets	1,997,263
C)	Current assets	2,320,119
D)	Accrued income and prepaid expenses	–
E)	Non current investment	2,443,502
F)	Long term loans & advances	4,821
Total assets		**6,765,705**
Share capital		76,494
Reserves		3,698,240
Profit (loss) for the period		617,343
Total shareholders' equity		4,392,077
B)	Risk funds	–
C)	Employees' leaving indemnity	–
D)	Accounts payable	2,373,628
E)	Accrued liabilities and deferred income	–
Total Liabilities		**6,765,705**

		Euro Thousand
Income statement		**31/03/2019**
A)	Value of production	7,100,274
B)	Cost of production	6,269,840
C)	Financial Income & Expense	14,558
D)	Impairment of financial assets	–
E)	Extraordinary income and expense	3,817
Income Taxes		196,302
Profit (loss) for the period		**615,757**

DIRECTORS AND AUDITORS FEES

No fees have been paid to the Liquidators.

DISCLOSURES RELATING TO FEES PAID TO THE STATUTORY AUDITOR

In accordance with law, we note that the fees paid for the services of auditing firm Baker Tilly Revisa Spa amount to Euro 3,000.

DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY

The company has not issued any financial instrument.

AGREEMENT NOT INCLUDED IN THE BALANCE SHEET

No agreement not entered the Balance Sheet was undertaken during the period closing as at 11th March 2020.

TRANSACTIONS WITH GRANT BACK OBLIGATIONS

In accordance with art. 2427, n° 6-ter, the company certifies that, during the fiscal year, the company did not perform any transaction subject to the grant back obligation.

FINAL RESULT OF THE WINDING UP PROCEDURE

The Sole Shareholder will receive the VAT credit and the Corporate Tax credit claimed by the Company; the liquidator will proceed with the request for the related reimbursement and will therefore make the associated payment to the shareholder as soon as the amount will be made available by the Financial Administration.

Cash and cash equivalents present in the Bank account and cash values will be transferred to the current account communicated by the Shareholder.

The Sole Shareholder charges Sir. Niccolò Bisceglia to complete the procedures for requesting the reimbursement of tax receivables, to collect the related sums and then to proceed at the related payment to the Shareholder.

We thus invite you to approve the final liquidation balance sheet as of 11 March 2020 and the related allocation plan.

The above financial statements are true and real and correspond to the accounting records.

Milan, March 11, 2020

The Liquidator

Walsalam Jose Ebenezer

The process of liquidation of the company was initiated w.e.f. 30th Sept. 2019 and all its activities ceased to exist from 13th March, 2020. The name of the company was removed by the Chamber of Commerce, Turin from the Register of Companies on 1st April 2020. The last Audited Accounts of the company submitted by the Liquidator to the Tax Agency, Chamber of Commerce and to the Company were for the period - 1st April 2019 to 11th March 2020 in accordance with the requirements of the local regulations

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